

**R30B24**  
**Towson University**  
University System of Maryland

## ***Operating Budget Data***

(\$ in Thousands)

	<b>FY 06</b>	<b>FY 07</b>	<b>FY 08</b>	<b>FY 07-08</b>	<b>% Change</b>
	<b><u>Actual</u></b>	<b><u>Working</u></b>	<b><u>Allowance</u></b>	<b><u>Change</u></b>	<b><u>Prior Year</u></b>
General Funds	\$63,122	\$76,171	\$82,015	\$5,845	7.7%
Other Unrestricted Funds	190,290	194,470	208,094	13,624	7.0%
Total Unrestricted Funds	253,411	270,641	290,110	19,469	7.2%
Restricted Funds	<u>20,443</u>	<u>23,900</u>	<u>23,900</u>	<u>0</u>	<u>0.0%</u>
<b>Total Funds</b>	<b>\$273,854</b>	<b>\$294,541</b>	<b>\$314,010</b>	<b>\$19,469</b>	<b>6.6%</b>

- General funds increase \$5.8 million in the fiscal 2008 allowance, an increase of 7.7% over 2007. Other unrestricted funds increase \$13.6 million, or 7.0%, mostly due to an increase in tuition and fee revenue of \$10.6 million, which is 8.9% above fiscal 2007. Total unrestricted funds increase 7.2% in the fiscal 2008 allowance.
- Health insurance costs decline due to one-time savings. Adjusting for the one-time savings, the underlying increase in the proposed budget is \$23.6 million, or 8.1% over the fiscal 2007 working appropriation.

## ***Personnel Data***

	<b>FY 06</b>	<b>FY 07</b>	<b>FY 08</b>	<b>FY 07-08</b>
	<b><u>Actual</u></b>	<b><u>Working</u></b>	<b><u>Allowance</u></b>	<b><u>Change</u></b>
Regular Positions	1,637.50	1,751.50	1,858.50	107.00
Contractual FTEs	<u>734.90</u>	<u>813.70</u>	<u>872.60</u>	<u>58.90</u>
<b>Total Personnel</b>	<b>2,372.40</b>	<b>2,565.20</b>	<b>2,731.10</b>	<b>165.90</b>

### ***Vacancy Data: Regular Positions***

Turnover, Excluding New Positions	86.79	4.67%
Positions Vacant as of 12/31/06	109.00	6.00%

- The fiscal 2008 allowance provides Towson with an additional 107 regular positions and 59 contractual positions. The overall workforce at Towson will increase 6.5% over the fiscal 2007 working appropriation.

Note: Numbers may not sum to total due to rounding.

For further information contact: Erika S. Schissler

Phone: (410) 946-5530

## ***Analysis in Brief***

---

### **Major Trends**

***Teacher Education Enrollment Continues to Improve; Slight Decrease in Graduates Employed in Maryland:*** The number of students enrolled in and completing the program increases. The number of graduates employed in Maryland decreases slightly.

***Nursing Enrollment Steady; Graduates Increasing:*** Enrollment remained steady at 160 students indicating the program has reached capacity. The number of students graduating from the program increases for fourth consecutive year.

***Retention Rate of African American Students Exceeds That of All Students; Gap in Graduation Rate Continues to Shrink:*** Historically, African American students at Towson have a higher retention rate than that for all students. This trend continues. One reason for the shrinking gap in graduation rates is a decrease in the graduation rate for all students.

### **Issues**

***Joint Masters in Business Administration (MBA) Program with University of Baltimore:*** The joint MBA program enrolled 484 students in fall 2006. The joint MBA program is the subject of a lawsuit claiming unnecessary duplication with the MBA program at Morgan State University.

***Affordability Remains an Issue:*** Resident undergraduate tuition rates are frozen for the second consecutive year. Fees increase slightly. A larger proportion of students with a low expected family contribution receive need-based aid than do students with a higher expected family contribution.

***Personnel Study Continues:*** Instruction personnel account for a larger share of the total personnel in fiscal 2007 than in 2002. Towson receives an additional 107 regular positions in the allowance.

***New Audit Completed:*** Two self-supporting units at Towson have experienced operating losses.

### **Recommended Actions**

1. Concur with Governor's allowance.

**R30B24**  
**Towson University**  
**University System of Maryland**

## ***Operating Budget Analysis***

---

### **Program Description**

Towson University is the largest comprehensive university in the University System of Maryland (USM), serving nearly 19,000 students. The university generally serves students from Maryland and the adjoining mid-Atlantic and northeastern states. Programs and services are oriented toward those in the top one-third of high school graduates, as well as adult learners. Towson also has 3,600 graduate students.

Towson offers a comprehensive range of baccalaureate programs in the liberal arts; fine arts; sciences; professional programs in business, education, computer and information sciences; and the health professions. The university is committed to strengthening its core liberal and fine arts and sciences disciplines and to building a nationally renowned general education program for all undergraduate students. The university also strives to develop programs that are responsive to the metropolitan community, such as international, multi-cultural, ethnic, and women's studies curricula.

Post-baccalaureate certificates, master's programs, and applied doctoral programs focus on education, fine arts, the health professions, computer sciences and information systems, software design, and applied professional fields. Areas of emphasis include education, theater, human resources development, psychology, computer and information sciences, speech-language pathology, audiology, occupational therapy, and health administration.

The university also offers programs at the Higher Education and Applied Technology Center in Harford County and the Southern Maryland Higher Education Center. Towson continues to lead the State in the preparation and professional development of teachers.

### **Performance Analysis: Managing for Results**

One of Towson University's goals is to maximize the efficient and effective use of State funds. One measure of this goal is the number of students enrolled in distance education and off-campus courses. This measure has increased 60% from fiscal 2005 to 2006. In 2006, students were enrolled in 6,065 of these types of courses.

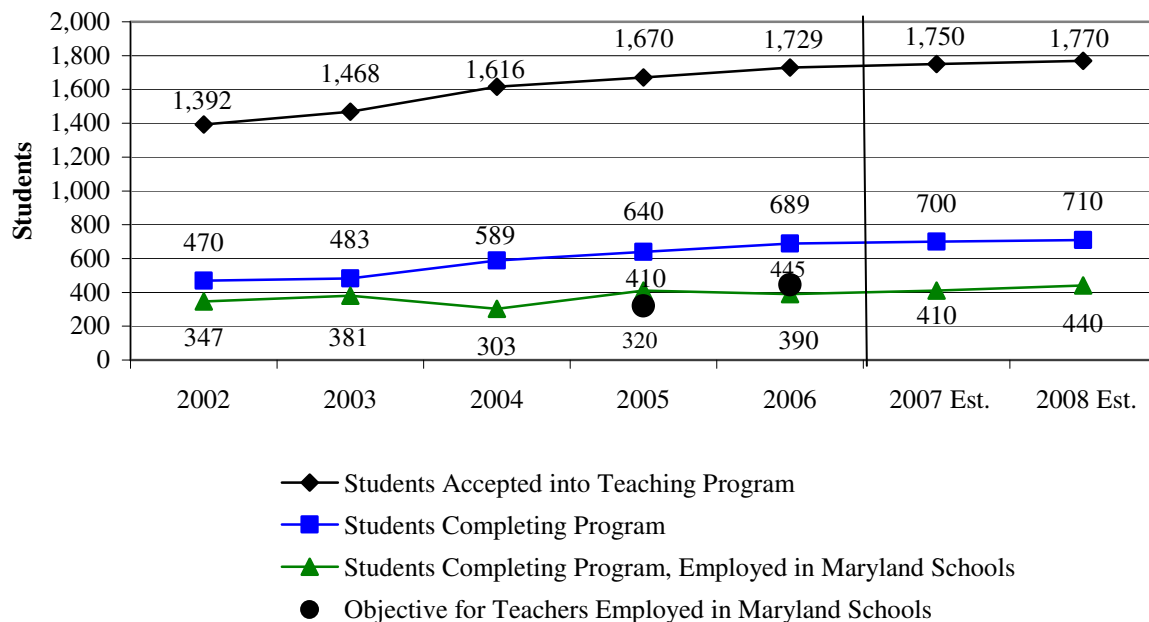
Towson also has the goal to create and maintain a well-educated workforce. One way that Towson tracks this is by measuring total enrollment and total degree recipients. Both of these measures continue to rise. Enrollment rose from 17,667 in fiscal 2005 to 18,011 in 2006. Total degree recipients also rose from 3,816 to 4,138 during the same time frame. Both measures met or exceeded the target for 2006.

## Teacher Education Enrollment Continues to Improve; Slight Decrease in Graduates Employed in Maryland

Another aspect of measuring the workforce goal is tracking Towson's teacher education program. As shown in **Exhibit 1**, the number of students accepted into the teacher education program continues to increase. In fiscal 2006, 1,729 students were accepted. This is 59 more than in fiscal 2005. Overall, there has been a 24% increase since fiscal 2002. The number of students completing the program has also increased. Specifically, 689 students completed the program in fiscal 2006 as compared to 640 in 2005. Overall, this measure has increased 47% since fiscal 2002.

The final measure regarding the teacher education program is the number of graduates that are employed in Maryland schools. This measure increased from 303 in 2004 to 410 in 2005. Although a slight decrease occurred in fiscal 2006 to 390 graduates, this is still above fiscal 2002. Towson attributes the decrease to the fact that fewer teachers were hired than in the past year. Overall, this measure has increased 12% since fiscal 2002.

**Exhibit 1**  
**Towson University Students Accepted into and Graduating from Teacher Education Programs Employed in Maryland Public Schools**  
**Fiscal 2002-2008**



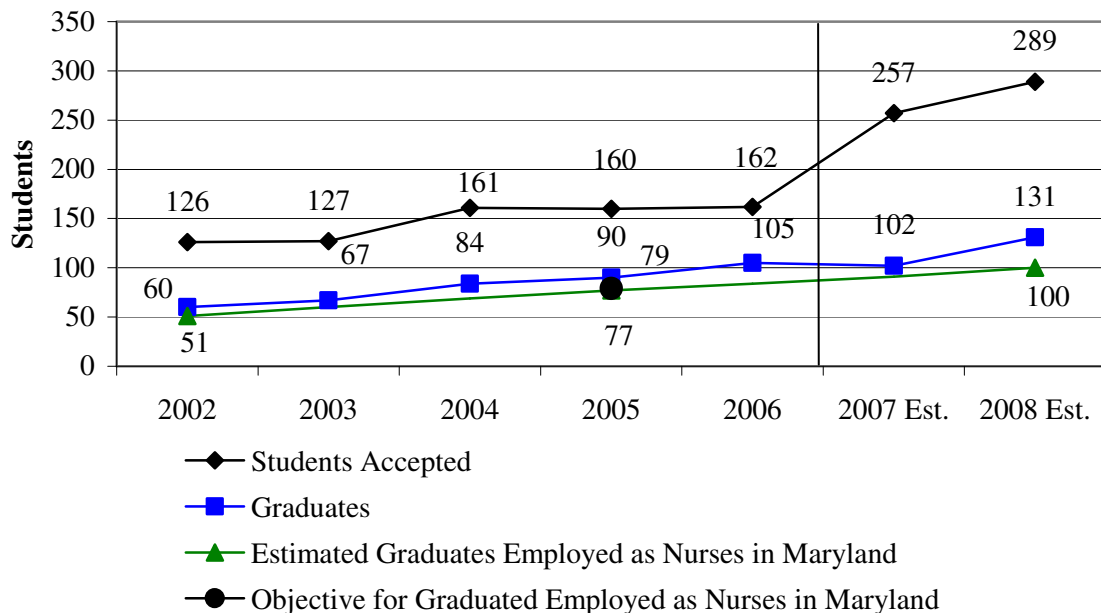
Source: Governor's Budget Books, Fiscal 2008

## Nursing Enrollment Steady; Graduates Increasing

Another workforce measure relates to nursing students. As shown in **Exhibit 2**, the number of students accepted into the nursing program has been stable for the past three years. During this period, the nursing program had a cap of 56 new students. Starting in the fall 2006 semester, this cap has been raised to 72 students as the university expands the capacity of the program. Also, Towson has streamlined the process by which pre-majors declare nursing as their major once they are officially accepted into the program. These two factors are the reasons for the increase in nursing enrollment of 95 students in fiscal 2007.

The number of students graduating from the nursing program has steadily increased to 105 in fiscal 2006. Overall, there has been an increase of 75% since fiscal 2002. The number of graduates employed in Maryland is measured by a triennial survey conducted by the Maryland Higher Education Commission. The most recent survey took place in 2005, and 77 of the 2004 graduates of Towson's nursing program reported being employed as nurses in Maryland. The prior survey of 2001 graduates (reported in the 2002 survey) indicated 51 graduates employed in Maryland. The next survey results will be available in 2008.

**Exhibit 2**  
**Towson University Students Enrolled in and Graduating from Nursing**  
**Programs Employed as Nurses in Maryland**  
**Fiscal 2002-2008**



Source: Governor's Budget Books, Fiscal 2008

**The President should comment on Towson’s efforts to increase teacher enrollment as well as nursing enrollment. Specifically, the President should address the actions that Towson took that allowed them to increase the nursing program capacity.**

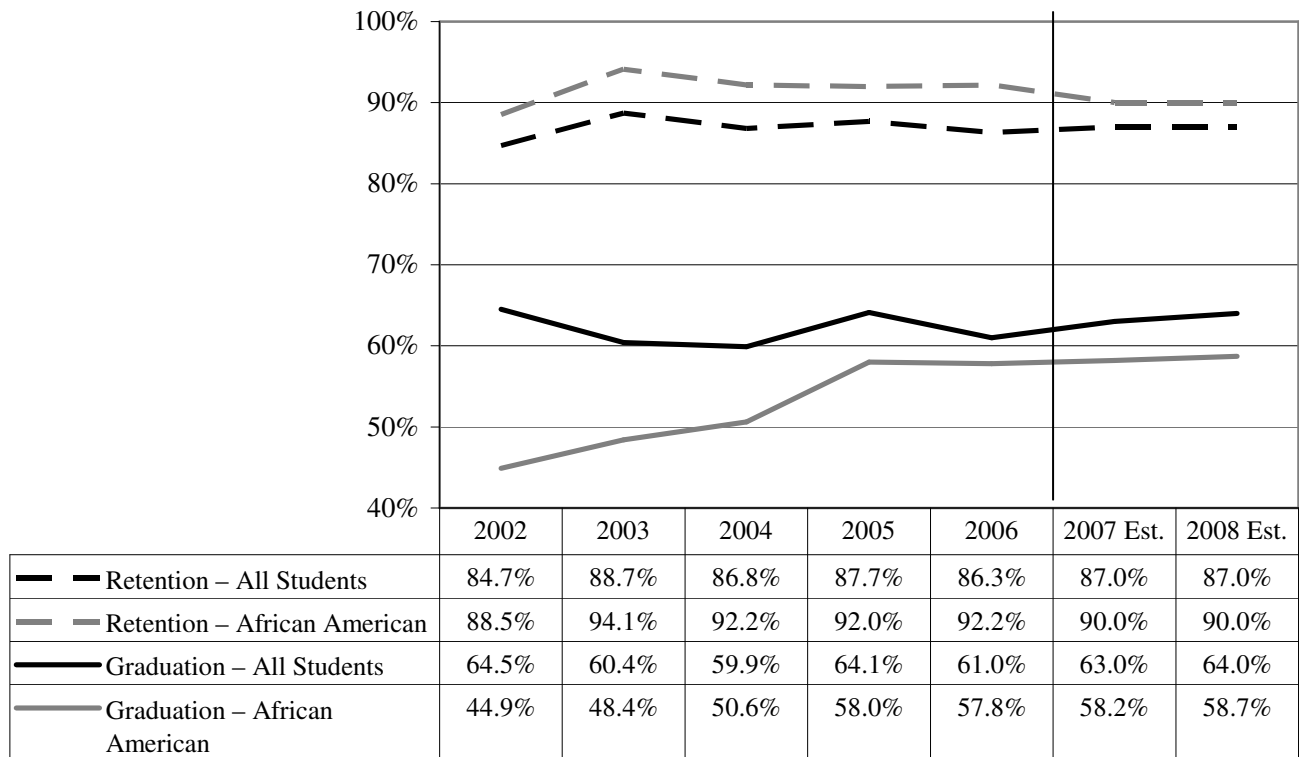
**Retention Rate of African American Students Exceeds That of All Students; Gap in Graduation Rate Continues to Shrink**

Another goal of Towson is to increase access for economically disadvantaged and minority students. The percent of minority undergraduate students increased 1 percentage point in 2006 to 16.9%. Specifically, the percent of African American students has increased by 0.5 percentage point to 10.6% in 2006.

Towson measures the retention and graduation rates of all students and African American students, as shown in **Exhibit 3**. In terms of two-year retention rates, the rate for African American students has exceeded that for all students by an average of 5.0 percentage points since fiscal 2002. However, the retention rates for all students and African American students have generally been decreasing since fiscal 2003. For six-year graduation rates, the rate for all students exceeds the rate for African American students. In fiscal 2002, the gap in graduation rates was 19.6 percentage points. This gap has shrunk considerably to 3.2 percentage points in fiscal 2006 due to a decrease in the rate for all students. When compared to other USM institutions, Towson’s retention and graduation rates for all students are fourth highest.

**The President should explain why the retention rates have been generally decreasing since fiscal 2003.**

**Exhibit 3**  
**Towson University Graduation and Retention Rates**  
**All Students and African American Students**  
**Fiscal 2002-2008**



Source: Governor's Budget Books, Fiscal 2008

## Governor's Proposed Budget

The general fund allowance for fiscal 2008 is \$5.8 million above the fiscal 2007 working appropriation, an increase of 7.7%, as shown in **Exhibit 4**. However, there is a one-time savings in health insurance that frees additional funds. The general fund portion of the one-time savings is approximately \$3.5 million. Therefore, total new general funds that are available for expenditure in fiscal 2008 are \$9.3 million, or a 12.8% increase. Of this amount, \$4.7 million will go toward current services costs. This includes merit increases, health inflation, retirement, academic revenue bond debt service, utility inflation, financial aid, and facility renewal. Towson is also receiving \$2.2 million for enrollment growth of 400 students in fiscal 2008 and \$0.3 million for fiscal 2007 enrollment growth overattainment for a total of \$2.5 million. Additionally, Towson is receiving \$0.1 million for the Science, Technology, Engineering, and Math initiative. The purpose of this initiative is to increase the number of teachers that are qualified in these subject areas.

**Exhibit 4**  
**Governor's Proposed Budget**  
**Towson University**  
**(\$ in Thousands)**

	<b>FY 06</b>	<b>FY 07</b>	<b>FY 08</b>	<b>FY 07-08</b>	<b>% Change</b>
	<b><u>Actual</u></b>	<b><u>Working</u></b>	<b><u>Allowance</u></b>	<b><u>Change</u></b>	<b><u>Prior Year</u></b>
General Funds	\$63,122	\$76,171	\$82,015	\$5,845	7.7%
Other Unrestricted Funds	190,290	194,470	208,094	13,624	7.0%
Total Unrestricted Funds	253,411	270,641	290,110	19,469	7.2%
Restricted Funds	20,443	23,900	23,900	0	0.0%
Retiree Health Adjustment*		-4,167		4,167	
<b>Total Funds</b>	<b>\$273,854</b>	<b>\$290,374</b>	<b>\$314,010</b>	<b>\$23,636</b>	<b>8.1%</b>

\*The retiree health insurance adjustment in fiscal 2007 amounts to an additional \$4.2 million that is available for expenditure in fiscal 2008.

Note: Numbers may not sum to total due to rounding.

Source: Governor's Budget Books, Fiscal 2008

Other unrestricted funds increase \$13.6 million. This increase is primarily due to an additional \$10.6 million, or 8.9%, in tuition and fee revenues that are expected in fiscal 2008. Considering all increases and decreases, including a \$2.7 million transfer to fund balance, total unrestricted funds increase 7.2%. Restricted funds remain unchanged from fiscal 2007 at \$23.9 million.

An additional \$4.2 million in total funds is available for expenditure in fiscal 2008 due to one-time savings in health insurance. When considering these savings, the total budget for Towson increases by \$23.6 million, or 8.1%.

**The President should comment on how the \$2.5 million for enrollment growth will be spent.**

Changes in Towson's budget by program are shown in **Exhibit 5**. This exhibit reflects unrestricted funds only, of which general funds and tuition and fee revenues are the majority. In the fiscal 2008 allowance, expenditures for operation and maintenance of plant increase at the highest rate (13.5%). Towson reports that the funds will go toward utility inflation and facility renewal. Also included in the increase is the installation of new instructional equipment to create smart classrooms. This is in response to the new Board of Regents policy that students earn at least 12 credit hours outside of traditional classroom settings. Instruction and scholarships and fellowships increase at the next highest rate (10.0%). Towson attributes the increase in instruction to hiring new faculty, adjuncts, and staff due to increased enrollment that took place in fiscal 2007 and that is

**Exhibit 5**  
**Towson University Budget Changes for Unrestricted Funds by Program**  
**Fiscal 2006-2008**

	<b>Fiscal 2006 <u>Actual</u></b>	<b>Fiscal 2007 <u>Working</u></b>	<b>06-07 % <u>Change</u></b>	<b>Fiscal 2008 <u>Allowance</u></b>	<b>07-08 \$ <u>Change</u></b>	<b>07-08 % <u>Change</u></b>
<b>Expenditures</b>						
Instruction	\$68,422	\$75,305	10.1%	\$82,833	\$7,528	10.0%
Research	1,221	1,799	47.3%	1,788	-12	-0.6%
Public Service	3,298	3,785	14.8%	3,776	-9	-0.2%
Academic Support	26,245	27,682	5.5%	29,124	1,442	5.2%
Student Services	12,274	13,828	12.7%	14,018	190	1.4%
Institutional Support	27,400	29,187	6.5%	29,841	654	2.2%
Operation and Maintenance of Plant	29,571	29,758	0.6%	33,770	4,013	13.5%
Scholarships and Fellowships	18,367	20,692	12.7%	22,762	2,069	10.0%
<b>Education and General Total</b>	<b>\$186,798</b>	<b>\$202,036</b>	<b>8.2%</b>	<b>\$217,911</b>	<b>\$15,875</b>	<b>7.9%</b>
Auxiliary Enterprises	\$66,613	\$68,605	3.0%	\$72,199	\$3,594	5.2%
<b>Grand Total</b>	<b>\$253,411</b>	<b>\$270,641</b>	<b>6.8%</b>	<b>\$290,110</b>	<b>\$19,469</b>	<b>7.2%</b>
<b>Revenues</b>						
Tuition and Fees	\$115,307	\$118,230	2.5%	\$128,785	\$10,555	8.9%
General Funds	63,122	76,171	20.7%	82,015	5,845	7.7%
Other Unrestricted Funds	9,687	6,848	-29.3%	7,110	262	3.8%
<b>Subtotal</b>	<b>\$188,116</b>	<b>\$201,249</b>	<b>7.0%</b>	<b>\$217,911</b>	<b>\$16,662</b>	<b>8.3%</b>
Auxiliary Enterprises	\$70,965	\$71,107	0.2%	\$74,905	\$3,798	5.3%
Transfer (to)/from Fund Balance	-5,669	-1,715	-69.7%	-2,706	-991	57.8%
<b>Grand Total</b>	<b>\$253,411</b>	<b>\$270,641</b>	<b>6.8%</b>	<b>\$290,110</b>	<b>\$19,469</b>	<b>7.2%</b>

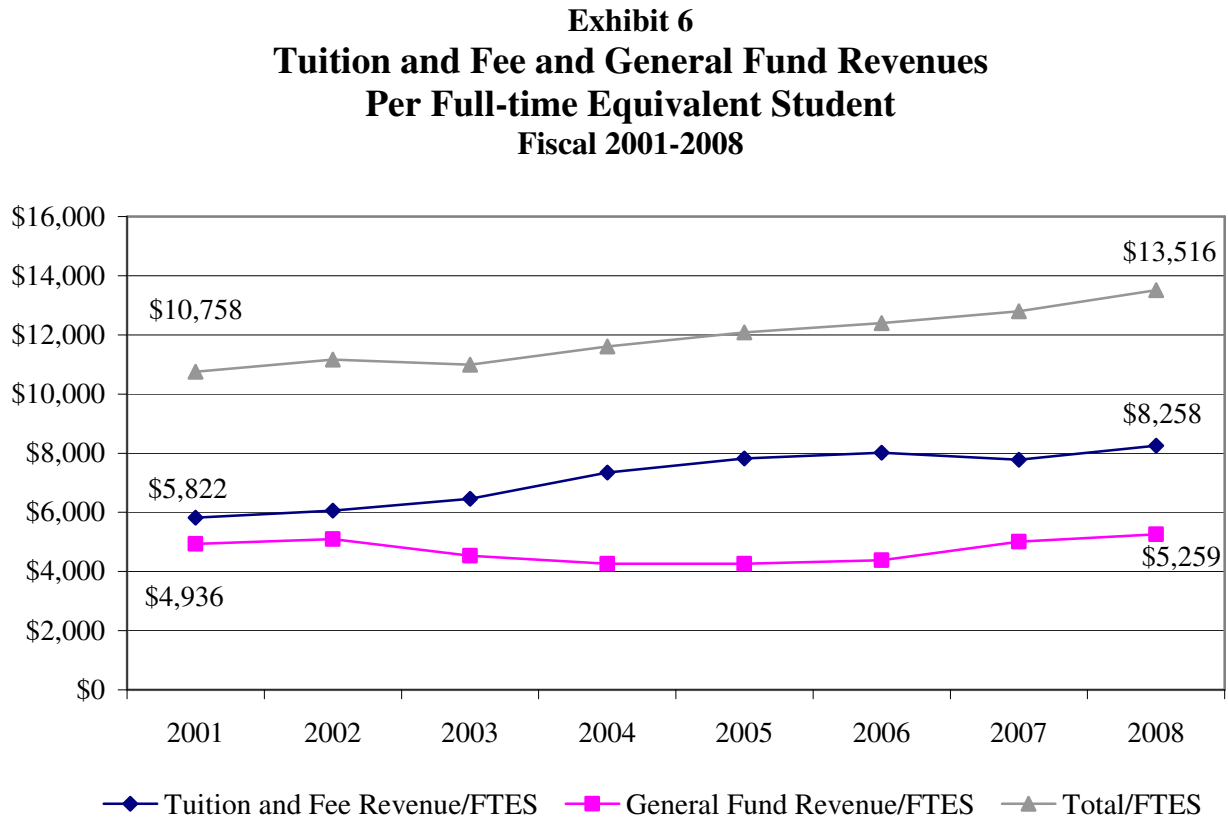
Note: Unrestricted funds only. All programs.

Source: Governor's Budget Books, Fiscal 2008

expected to take place in fiscal 2008. The increase in scholarship funds will go to undergraduate students. Academic support and auxiliary enterprises increase at the fourth highest rate (5.2%). Expenditures in the research program are expected to decrease from fiscal 2007 by 6%, and public service is also expected to decrease by 0.2%.

**The President should comment on the use of smart classrooms including the costs and benefits of the software and equipment.**

**Exhibit 6** shows the tuition and fee and general fund revenue per full-time equivalent student (FTES). Unlike many other USM institutions, Towson’s tuition and fee revenue per FTES has remained above the general fund revenue per FTES since at least fiscal 2001. In fiscal 2008, tuition and fee revenue per FTES is expected to be \$8,258, general fund revenue per FTES is expected to be \$5,259, and combined revenue per FTES is expected to be \$13,516.



FTES: Full-time Equivalent Student

Source: Governor’s Budget Books, Fiscal 2008

## ***Issues***

---

### **1. Joint Masters in Business Administration (MBA) Program with University of Baltimore**

In December 2004 Towson received approval from the Board of Regents to pursue a joint Masters in Business Administration program with the University of Baltimore (UB), which had an existing MBA program. The Maryland Higher Education Commission (MHEC) also approved the joint program. Morgan State University (MSU), which is in the geographic vicinity of Towson, already offers an MBA program and objected to the decision by MHEC on the grounds that the new program was duplicative of Morgan's existing program. The commissioners of MHEC upheld the decision in November 2005.

The joint MBA program began enrolling students in the fall 2006 semester. Headcount enrollment of Towson students was expected to increase by 30 to 90 students over a three-year period. There were a total of 484 students (headcount) enrolled in the joint program in the fall 2006 semester. Specifically, there were 326 students from UB that were already enrolled in the MBA program. An additional 128 students from UB enrolled in the program bringing the total to 454 UB students. There were 30 students from Towson that also enrolled. In terms of FTES, the total headcount enrollment of 484 in the joint program during the fall 2006 semester equals 239.5 FTES.

**The President should comment on future enrollment targets for the MBA program.**

#### **Status of Lawsuit**

In the fall of 2006, a lawsuit was filed against the State of Maryland. The lawsuit claimed that MHEC was in violation of the federal Office of Civil Rights agreements and federal regulations when it approved duplicative academic programs. Although Towson is not a named defendant, the joint MBA program is listed in the lawsuit as a duplicative program with the MBA program at MSU. If the lawsuit is successful, the Towson portion of the joint MBA program would need to be eliminated.

**The President should comment on the status of the lawsuit and its impact on Towson.**

### **2. Affordability Remains an Issue**

Maryland was awarded another F for affordability in *Measuring Up 2006*, produced by the National Center for Public Policy and Higher Education. The report measures whether students and families can afford to pay for a postsecondary education given income levels, financial aid, and the types of colleges and universities in the State.

## **Resident Undergraduate Tuition Frozen; Minimal Fee Increase**

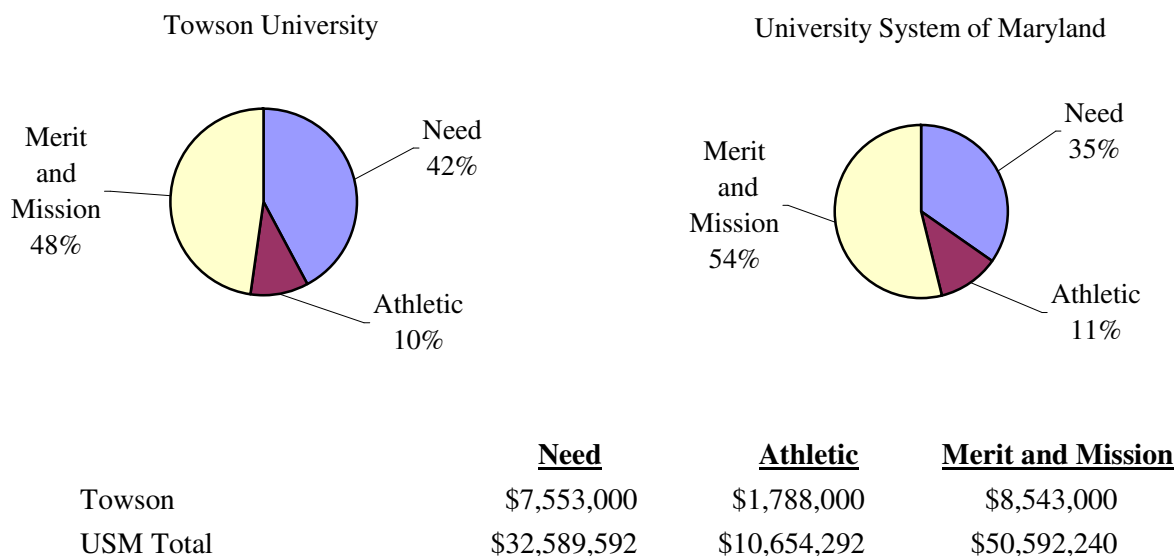
A factor that directly affects affordability is tuition and fee rates. The fiscal 2008 allowance provides general funds so that resident undergraduate tuition may be frozen at USM institutions. The resident undergraduate tuition has been frozen since fiscal 2006. However, fees are part of the total cost to the student, and they have not been frozen. Mandatory fees increase \$70, or 3.5%, in fiscal 2008 due to increased operational costs of auxiliary programs and facilities. When including tuition and fees, the cost to a Towson resident undergraduate student will have increased 1.9% since fiscal 2006. This is lower than the average USM increase of 2.9%.

## **Distribution of Types of Institutional Aid**

Another factor that affects affordability is financial aid. Categories of financial aid include merit, need, athletic, and mission. Data on funding are available only in categories of need, athletic, and combined merit and mission. Efforts have been made to increase the amount of need-based aid that is available to students.

In fiscal 2007, the majority of institutional aid at Towson remains in the merit and mission category (48%), and 42% goes to need, as shown in **Exhibit 7**. Athletic aid is 10% of the total institutional aid awarded to Towson students. Towson's proportion of need based aid is higher than it is for USM as a whole (35%). The proportion of athletic aid at Towson is slightly less than it is for USM as a whole (11%). In terms of dollars spent on institutional aid, \$7.6 million is expected to be spent in fiscal 2007 for need-based aid, \$1.8 million for athletic aid, and \$8.5 million for merit and mission aid. Institutional aid is one kind of aid students receive and may be accompanied by State and federal aid.

**Exhibit 7**  
**Institutional Financial Aid**  
**Fiscal 2007 Estimate**



Source: University System of Maryland

The Maryland Higher Education Commission is in the process of developing a Financial Aid Information System (FAIS) database. The FAIS data collected provide a profile of those students receiving financial aid. The FAIS data have information for institutional aid awarded at Towson in fiscal 2005 for students that filled out a Free Application for Federal Student Aid to determine a student's expected family contribution (EFC). In general, the lower a student's EFC, the greater a student's financial need. Certain students with very low family income automatically qualify for a \$0 EFC, *i.e.* no family contribution. **Exhibit 8** shows the percent of the students who received need-based aid and other types of institutional aid by EFC category. The majority of need-based aid awards in fiscal 2005 went to students with an EFC below \$5,000. This compares favorably with what would be expected based on Pell grant data. Towson has a relatively low percentage of students who receive federal Pell grants, which are given to students with an EFC of \$3,850 or less. Pell grants are an indicator of the degree of financial need of students. In fiscal 2005, 16% of total headcount enrollment at Towson received Pell grants. Students with an EFC of \$10,000 or more accounted for a small share of the students who received need-based aid and nearly half (49.3%) of other institutional aid.

**The President should comment on future plans to award more aid to students with greater financial need as well as whether a student's EFC is a factor in what type of and how much institutional aid is awarded.**

**Exhibit 8**  
**Recipients of Institutional Financial Aid by**  
**Expected Family Contribution (EFC)**  
**Fiscal 2005**

<u>EFC</u>	<u>Need-based</u>	<u>Other</u>
\$0	8.6%	5.4%
\$1 thru 2,499	30.1%	10.1%
\$2,500 thru 4,999	27.3%	13.1%
\$5,000 thru 9,999	33.6%	22.1%
\$10,000 thru 19,999	0.3%	26.6%
\$20,000 plus	0.1%	22.7%

Note: Other includes merit and mission, athletic and other institutional aid. Work study is not included.

Source: Maryland Higher Education Commission; Financial Aid Information System

---

### **3. Personnel Study Continues**

The composition of Towson's personnel has changed since fiscal 2002, as shown in **Exhibit 9**. The data in this exhibit reflects filled regular positions only. In terms of total personnel, Towson has 1,610 filled positions in fiscal 2007. This is 107 more positions than in fiscal 2002, prior to cost containment measures. In fiscal 2007, instructional personnel – who fulfill Towson's core mission – account for the largest share of the filled positions (42.2%). This has increased from 38.8% in fiscal 2002. The next largest share in fiscal 2007 is institutional support (17.4%). However, this has decreased from 18.1% in fiscal 2002.

**Exhibit 9**  
**Towson University Full-time Equivalent Personnel**  
**by Budget Program**  
**Filled Regular Positions**  
**Fiscal 2002, 2006, and 2007**

	<u>Fiscal 2002</u>		<u>Fiscal 2006</u>		<u>Fiscal 2007</u>		<u>Change in Share of Total 02-07</u>
	<u>FTEs</u>	<u>% of Total FTEs</u>	<u>FTEs</u>	<u>% of Total FTEs</u>	<u>FTEs</u>	<u>% of Total FTEs</u>	
Instruction	584	38.8%	637	41.4%	680	42.2%	3.4
Research	3	0.2%	4	0.3%	2	0.2%	0.0
Public Service	15	1.0%	15	1.0%	17	1.1%	0.1
Academic Support	191	12.7%	184	11.9%	187	11.6%	-1.1
Student Services	152	10.1%	145	9.4%	137	8.5%	-1.6
Institutional Support	272	18.1%	270	17.5%	280	17.4%	-0.7
Operations, Maintenance of Plant	114	7.6%	102	6.6%	106	6.6%	-1.0
Auxiliary Enterprises	174	11.6%	183	11.9%	199	12.4%	0.8
<b>Total</b>	<b>1,503</b>		<b>1,540</b>		<b>1,610</b>		

Note: Data are for filled regular positions only. All data is self-reported and unaudited. Numbers may not sum to total due to rounding.

Source: Towson University

The Department of Legislative Services also reviewed personnel by faculty, exempt, and non-exempt categories. Of the 1,610 filled regular positions at Towson, 35.8% of them are classified as faculty. This is lower than the systemwide total, which is 38.1% faculty. Exempt personnel, who generally are higher-paid administrators and managers and are exempt from overtime pay, make up 33.4% of staff at Towson, which is close to the systemwide total of 34.6%. Nonexempt personnel make up 30.8% of the staff at Towson. Systemwide there are 27.3% nonexempt personnel.

## Towson Grows by 107 Regular Positions

The fiscal 2008 allowance provides an additional 107 regular positions at Towson. **Exhibit 10** shows the new regular positions by program as well as the corresponding increase over the number of filled positions in the program in fiscal 2007. The exhibit also shows which regular positions are State-supported and which are supported by auxiliary or grant revenue. In terms of the number of new positions, instruction is expected to grow by 44 new State-supported positions. Institutional support is expected to grow by 21.5 new positions, the second highest number of new positions. In terms of the percent growth, institutional support is the highest (7.7%), followed by student services (7.3%). Instruction is the fourth highest with a growth of 6.6%. Towson reports that the increase in the number of institutional support personnel is primarily related to enrollment growth. Other reasons include expected increases in grant and contract activities; internal control and audit activities; and capital planning.

---

### Exhibit 10 Summary of Towson's Additional Positions Fiscal 2008

	<u>New Fiscal 2008 Positions</u>	<u>% Increase</u>
<b>State Supported Positions</b>		
Instruction	44.0	6.6%
Research	0	0.0%
Public Service	1.0	5.9%
Academic Support	13.5	7.2%
Student Services	10.0	7.3%
Institutional Support	21.5	7.7%
Operations, Maintenance of Plant	6.0	5.7%
<b>Total State Supported</b>	<b>96.0</b>	
<b>Non-State Supported Positions*</b>		
Instruction	1.0	n/a
Research	0	n/a
Auxiliary	10.0	5.0%
<b>Total Non-State Supported</b>	<b>11.0</b>	
<b>Towson Total New Positions</b>	<b>107.0</b>	

\*Funded by auxiliary revenue and grants.

Source: University System of Maryland

---

Towson also receives a net additional 59 contractual positions. Contractual positions in auxiliary, institutional support, and public service decrease by 18.3 positions. Contractual positions increase in academic support (18) and instruction (59.2) in the fiscal 2008 allowance. Of the additional contractual positions in instruction, 59 are faculty.

The fiscal 2008 budget calls for a vacancy rate of 4.67%, or 86.79 positions. The fiscal 2007 budget allows for a vacancy rate of 3.49%, but Towson has a vacancy rate of 6.2%, or 109 positions, as of December 31, 2006.

#### **4. New Audit Completed**

A new legislative audit of Towson was completed in October. There were 11 findings in total. One finding was related to two of the self-supporting units of the Division of Economic and Community Outreach (DECO) – the Regional Economic Studies Institute (RESI) and the Center for Geographic Information Sciences (CGIS). The audit reported that Towson’s “operating budget plan requires that self-supporting units spend within their approved plans or within revenues generated, whichever is less.” These two units, however, have experienced operating losses from fiscal 2004 through 2006. The audit also found that the two units did not take corrective action in time to avoid operating losses and that RESI spent a significant portion of its fund balance without authorization.

Towson’s response to the audit finding indicated that DECO has reduced the leadership staff at both units. They accomplished this by eliminating most of the highest paid staff at RESI and by not replacing staff at CGIS that voluntarily departed. Towson also indicated that a payment of \$0.6 million for the settlement of a lawsuit was included as an expenditure when this should not be considered an operating expense. Towson also explained that DECO has since created a policy that requires them to conduct monthly financial reviews.

**The President should comment on the underlying reasons for the operating losses as well as the current financial status of these two self-supporting units.**

## ***Recommended Actions***

---

1. Concur with Governor's allowance.

## ***Current and Prior Year Budgets***

---

### **Current and Prior Year Budgets Towson University (\$ in Thousands)**

	<b><u>General Fund</u></b>	<b><u>Other Unrestricted Fund</u></b>	<b><u>Total Unrestricted Fund</u></b>	<b><u>Restricted Fund</u></b>	<b><u>Total</u></b>
<b>Fiscal 2006</b>					
Legislative Appropriation	\$61,971	\$186,322	\$248,293	\$23,900	\$272,193
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	1,150	5,956	7,107	0	7,107
Reversions and Cancellations	0	-1,989	-1,989	-3,457	-5,446
<b>Actual Expenditures</b>	<b>\$63,122</b>	<b>\$190,290</b>	<b>\$253,411</b>	<b>\$20,443</b>	<b>\$273,854</b>
<b>Fiscal 2007</b>					
Legislative Appropriation	\$72,658	\$193,683	\$266,341	\$23,900	\$290,241
Budget Amendments	3,513	787	4,299	0	4,299
<b>Working Appropriation</b>	<b>\$76,171</b>	<b>\$194,470</b>	<b>\$270,641</b>	<b>\$23,900</b>	<b>\$294,541</b>

Note: Numbers may not sum to total due to rounding.

---

## **Fiscal 2006**

Towson University's general funds increased \$1.2 million through budget amendments. This amount included \$0.9 million for the State employee cost-of-living adjustment (COLA) and an increase of \$0.2 million to realign health insurance expenditures with projections. Other unrestricted funds increased \$6.0 million also through budget amendments. Of this amount, \$5.0 million is due to an increase in tuition revenue resulting from a change in the enrollment mix and an increase in investment income and \$1.0 million is due to the use of fund balance. Towson did not increase or decrease restricted revenues during fiscal 2006.

Towson cancelled \$2.0 million of unrestricted funds due to higher than anticipated revenues. These funds were then transferred to the fund balance. Towson also cancelled \$3.5 million of restricted funds due to lower than anticipated expenditures on grants and contracts.

## **Fiscal 2007**

For fiscal 2007, general funds increased \$3.5 million through budget amendments for the State employee COLA and to reflect the reallocation of general funds to balance health cost savings.

Other unrestricted funds increased \$0.8 million through budget amendments due to the use of fund balance to realign expenditures with actual projections.

## ***Audit Findings***

---

Audit Period for Last Audit:	March 6, 2003 – March 15, 2006
Issue Date:	October 2006
Number of Findings:	11
Number of Repeat Findings:	3
% of Repeat Findings:	27%
Rating: (if applicable)	n/a

- Finding 1:** Towson did not request approval from the Board of Public Works for an \$800,000 contract modification. In addition, Towson did not monitor the related contract to ensure that television advertisements paid for were broadcast.
- Finding 2:** During fiscal 2004 through 2006, the Regional Economic Studies Institute and the Center for Geographic Information Sciences, both self-supporting units, collectively incurred \$2.4 million in operating losses. In addition, the units did not comply with certain budgetary requirements.
- Finding 3:** Student refund checks were not adequately controlled.
- Finding 4:** **Non-cash credit adjustments recorded to student accounts were not adequately controlled.**
- Finding 5:** Towson did not adequately control and account for certain cash receipts, including student loan and scholarship checks.
- Finding 6:** Towson did not maintain proper accounts receivable records for certain research grant awards.
- Finding 7:** Corporate purchasing cards were not sufficiently controlled and numerous card purchases lacked required supporting documentation.
- Finding 8:** Changes to certain critical data maintained on Towson's automated systems were not sufficiently controlled and verified.
- Finding 9:** **Towson's computer network was not adequately secured.**
- Finding 10:** **Towson did not adequately monitor access to critical system data.**
- Finding 11:** The main firewall did not adequately secure Towson's internal network.

\*Bold denotes item repeated in full or part from preceding audit report.

**Object/Fund Difference Report  
Towson University**

<u>Object/Fund</u>	<u>FY06 Actual</u>	<u>FY07 Working Appropriation</u>	<u>FY08 Allowance</u>	<u>FY07-FY08 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	1637.50	1751.50	1858.50	107.00	6.1%
02 Contractual	734.90	813.70	872.60	58.90	7.2%
<b>Total Positions</b>	<b>2372.40</b>	<b>2565.20</b>	<b>2731.10</b>	<b>165.90</b>	<b>6.5%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 114,404,862	\$ 131,508,744	\$ 134,890,799	\$ 3,382,055	2.6%
02 Technical and Spec Fees	32,207,653	33,559,670	39,803,946	6,244,276	18.6%
03 Communication	1,984,698	2,453,960	2,427,054	-26,906	-1.1%
04 Travel	3,284,837	2,299,213	2,528,760	229,547	10.0%
06 Fuel and Utilities	8,416,998	8,996,618	10,405,346	1,408,728	15.7%
07 Motor Vehicles	897,626	381,237	911,322	530,085	139.0%
08 Contractual Services	29,491,865	33,461,149	33,567,981	106,832	0.3%
09 Supplies and Materials	15,824,648	17,196,078	17,613,500	417,422	2.4%
10 Equip – Replacement	1,687,493	4,543,140	4,543,140	0	0%
11 Equip – Additional	4,707,553	6,140,985	7,536,735	1,395,750	22.7%
12 Grants, Subsidies, and Contributions	28,751,012	29,973,998	32,043,231	2,069,233	6.9%
13 Fixed Charges	19,034,051	20,567,583	22,476,364	1,908,781	9.3%
14 Land and Structures	13,161,037	3,458,152	5,261,341	1,803,189	52.1%
<b>Total Objects</b>	<b>\$ 273,854,333</b>	<b>\$ 294,540,527</b>	<b>\$ 314,009,519</b>	<b>\$ 19,468,992</b>	<b>6.6%</b>
<b>Funds</b>					
40 Unrestricted Fund	\$ 253,411,438	\$ 270,640,527	\$ 290,109,519	\$ 19,468,992	7.2%
43 Restricted Fund	20,442,895	23,900,000	23,900,000	0	0%
<b>Total Funds</b>	<b>\$ 273,854,333</b>	<b>\$ 294,540,527</b>	<b>\$ 314,009,519</b>	<b>\$ 19,468,992</b>	<b>6.6%</b>

Note: The fiscal 2007 appropriation does not include deficiencies, and the fiscal 2008 allowance does not reflect contingent reductions.

Fiscal Summary Towson University					
<u>Program/Unit</u>	<u>FY06 Actual</u>	<u>FY07 Wrk Approp</u>	<u>FY08 Allowance</u>	<u>Change</u>	<u>FY07-FY08 % Change</u>
01 Instruction	\$ 68,422,241	\$ 75,304,649	\$ 82,832,559	\$ 7,527,910	10.0%
02 Research	2,303,992	8,831,887	8,820,319	-11,568	-0.1%
03 Public Service	13,164,151	12,480,121	12,471,446	-8,675	-0.1%
04 Academic Support	26,302,908	27,681,937	29,123,695	1,441,758	5.2%
05 Student Services	12,307,851	13,889,163	14,078,997	189,834	1.4%
06 Institutional Support	27,399,505	29,187,098	29,841,084	653,986	2.2%
07 Operation and Maintenance of Plant	29,571,242	29,757,556	33,770,483	4,012,927	13.5%
08 Auxiliary Enterprises	66,631,553	68,704,919	72,298,506	3,593,587	5.2%
17 Scholarships and Fellowships	27,750,890	28,703,197	30,772,430	2,069,233	7.2%
<b>Total Expenditures</b>	<b>\$ 273,854,333</b>	<b>\$ 294,540,527</b>	<b>\$ 314,009,519</b>	<b>\$ 19,468,992</b>	<b>6.6%</b>
Unrestricted Fund	\$ 253,411,438	\$ 270,640,527	\$ 290,109,519	\$ 19,468,992	7.2%
Restricted Fund	20,442,895	23,900,000	23,900,000	0	0%
<b>Total Appropriations</b>	<b>\$ 273,854,333</b>	<b>\$ 294,540,527</b>	<b>\$ 314,009,519</b>	<b>\$ 19,468,992</b>	<b>6.6%</b>

Note: The fiscal 2007 appropriation does not include deficiencies, and the fiscal 2008 allowance does not reflect contingent reductions.