

RESPONSES TO LEGISLATIVE ANALYST COMMENTS

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.

The College of Education has implemented a number of significant and on-going initiatives in the last four years that have helped increase the number of graduates in the teaching field.

We have developed new programs and expanded existing programs to address teacher shortages and increase teacher enrollment.

- Developed and received approval in 2002 for a BS in Special Ed (all grade level tracks). Enrollment has increased annually.
- Developed and received approval for the Integrated ELED/SPED (EESE) degree in 2003. Enrollment has increased annually.
- The MAT degree was expanded in 2004 to include a SPED track program. This program has attracted a number of students making a career change to this area.
- Built customized initial certification tracks into existing M. Ed programs (SPED, ECED).

We have created partnerships and expanded our offerings off-site to provide accessibility for more COE students.

- Support the statewide AAT articulation agreements and created AAT articulation agreements in areas that do not have a state articulation agreement with a number of area community colleges to facilitate seamless transfer from the community colleges to Towson.
- Established 2+2 programs at regional higher education centers: Laurel (Elementary Ed./ Special Ed. [EESE] - high need area), Shady Grove (EESE; F 07: ECED), CSM (ELED - local request and need), and HEAT (F 07: EESE)
- Established and continue to offer MAT (initial certification) at Southern Maryland Higher Education Center.

- Established a Teacher Academy program at Southside Academy High School to encourage and enable high school students to become familiar with and pursue careers as teachers. The program was established with support from a federal grant to the University System of Maryland.

The College of Health Professions is using funds allocated to the university specifically to address the need for more nurses in Maryland (\$384K annually). With additional funds from the USM Hagerstown Center (\$100K annually for five years) and from Towson University, the Department of Nursing has implemented initiatives that address the nursing shortage in Maryland and increase the capacity of the nursing program.

We have strategically increased enrollment to ensure high quality and hired faculty and administrative personnel to support the growth.

- Developed a fast-track program to prepare six nurses for full-time clinical faculty positions to allow Towson University to enroll additional students. Four have completed a MS in Nursing and are full-time Clinical Faculty members. Two are completing their degrees and are part-time clinical faculty while enrolled as full-time students.
- Hired a full-time program director for the Nursing at Hagerstown initiative (summer 2006) and a full-time administrative assistant. Employed a full-time clinical faculty member spring 2007.
- Admitted eight additional students into the normal cohort of students who enter the baccalaureate degree program in nursing at Towson each semester. Sixty-four students were admitted in fall 2006 and 56 were admitted in spring 2007 totaling 120 students this academic year.
- Anticipate admitting 72 students for the fall 2007 cohort (16 more than in fall 2005). This enrollment, in addition to the 56 admitted spring semester each year, will result in 128 students admitted in the 07-08 academic year.
- Increased the number of nurses enrolled in the master's degree program, most of whom are enrolled in the track that addresses nursing education. We now have over 70 nurses enrolled in this program.

- We have created partnerships and expanded our offerings off-site to expand opportunities for nursing students. Admitted the first class of 16 full-time baccalaureate students in the Towson nursing program at the USM Hagerstown Center fall 2006. A class of 16 full-time students will begin in fall 2007 at this location. By fall 2008 we anticipate enrollment of 24 students per year into this program.
- Began development of an on-line RN to BS program to increase the nursing program's accessibility to registered nurses who do not have baccalaureate degrees and cannot easily come to campus for courses. The home base for this program is at the USM Hagerstown location, thus increasing the on-site availability of nursing faculty for nurses from the western part of the state.

We have made improvements to structures, both physical and programmatic to support increased enrollment.

- Added a second fully-outfitted nursing skills lab, which opened this spring, increasing access to on-campus training in critical techniques.
- Planned a new format, scheduled to begin in fall 2007, for the MS in Nursing program. Graduate program courses will be offered to facilitate the student taking three classes per day. The program increases access to full-time enrollment by allowing nurses to plan for one day a week off from work in order to attend classes.

The President should explain why African American retention rates have been generally decreasing since fiscal 2003.

While it is true that Towson University's retention rates for African American students decreased from 94.1% to 92.2% from FY 2003 to FY 2006, it is important to note that this range of retention is extremely high. Towson University's retention rates for African Americans are consistently among the highest of Maryland public colleges and universities and are higher than the rates for the total Towson population. The university has consistently met its stated goal to maintain the retention rates for African American students above 90%.

Towson University works very hard to address its diverse student populations and provides appropriate support structures for those students. African American students are directly impacted by the strong Black Student Union presence on campus, the Students Achieve Goals through Education (SAGE) mentoring program, the African American Cultural Center, and indirectly by the Top 10% Scholars program implemented in 2005. Through the top 10% program and by other means Towson University strives to serve the needs of its immediate geographic area, namely Baltimore County and Baltimore City students.

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

The university will use enrollment growth funding to increase faculty and staff in support of its growing student body, and to fund mandatory cost increases. To maintain the quality of our academic programs, thirty full-time tenure-track faculty members are needed this year. Office space is required, whether leased or constructed, for the additional faculty members, as well as for support and service staff. The university's ultimate goal is to ensure the success of its students. Each student who enters TU's classrooms, counseling, health, and career centers, and academic and disability support units deserves assistance by qualified professionals who can address specific needs. As enrollment and staff numbers grow, operating expenses will increase as we create additional space and pay for mandatory cost increases in utilities, health insurance premiums, and cost of living adjustments. If this funding is not provided, Towson University will not be able to fund these initiatives.

DLS recommendation #3 to USM calls for the reduction of general fund support for enrollment growth. Towson University is expected to enroll an additional 400 FTE in Fall 2007. In agreement with the USM Board of Regents, funding of enrollment growth is a priority and a necessity for Towson and the State to meet the current and future enrollment demands. The university is committed to making education affordable and accessible, but needs assistance in rebalancing the funding mix. Proportionally, funding for a Towson University student's education is more

reliant on tuition than general fund support than any other institution in the State. Should Towson University not receive any general funds to support enrollment growth, Towson would fall well below the minimum funding level as codified in 1999 legislation for each USM institution.

Growth without funding is not an option.

Similarly, if the university is required to increase its total transfer to fund balance as recommended by DLS in the USM analysis recommendation #2, this would not allow Towson to fully spend all appropriations, which would impede our ability to achieve the aforementioned goals. Our targeted fund balance is \$2.7 million for fiscal year 2008. The university plans to achieve this amount. To increase this amount would further restrict our ability to fund mission critical initiatives.

Furthermore, DLS has also recommended an additional reduction of \$9.3 million of enhancement funding (USM analysis recommendation #1). This recommendation puts the entire USM budget in jeopardy. The USM's funding priorities to support enrollment growth, including the flagship initiative, expansion of a pharmacy to Shady Gove by UMB, enhancements for HBIs, and increased need based financial aid funding, become compromised by the proposed \$9.3 million reduction in general funds. Additionally, we agree with the assertion that the support for financial aid is not enhancement resources but more properly classified as mandatory expenses. This cut, if implemented, would adversely impact students who least can afford it.

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

Smart classrooms, or technology enhanced classrooms, are used to expand the teaching and learning experience at Towson University.

Today's students rely on a digitally interconnected, virtualized lifestyle that is compelling higher education to re-design its delivery methods. A technologically smart classroom is imperative to address multiple learning styles and is an investment vital to ensuring student success.

The standard technology enhanced classroom consists of a ceiling mounted LCD projector, a

VCR, DVD, a document camera, standard PC or laptop that can access local or Internet information with high speed connectivity and a screen.

Ensuring that classrooms meet this "baseline" level of technology is an important part of keeping the on-campus infrastructure up to date. The university has approximately 187 non-lab classrooms. Of these, 106 are equipped in some fashion, and we are seeking funding for an additional 30.

In addition to ensuring a base level classroom technology infrastructure level for the campus, a parallel need is to virtually "grow" the university. This will help facilitate enrollment growth without putting added pressure on the existing physical campus. Several complementary technologies will provide the ability to:

- Digitally "capture" classes for off-hours/off-site viewing
- Reuse and redistribute instruction (the "teach once-learn many" approach)
- Allow learners at home or in their workplace to electronically participate in traditional on-campus courses through live two-way audio-video links
- Construct entire courses, built from high-quality, media-rich materials, for online delivery through a course management system (i.e., Blackboard)

In addition, a sound classroom infrastructure will help facilitate:

- Collaborative relationships between other colleges and universities, locally, nationally, and internationally, using broadband and Internet 2 connectivity
- The ability for distance learners to receive the same quality education as traditional students
- Development of course documents and instructional materials in a format suitable for real-time and after-the-fact viewing on portable devices such as notebook computers and "smartphones"
- Balance of career, family and education by making digitally captured class sessions and course materials available "24-7"

Technology supports teaching and learning and is an important faculty recruitment tool for Towson University. Faculty and students use this technology to develop course content, provide alternate methods of delivery of instruction, and

increase innovative approaches to obtaining and maintaining subject matter over the course of the semester. This has helped make learning a more interactive experience for both the faculty and students. It helps students to develop informational skills they need to flourish in their chosen careers, and it helps faculty members grow professionally. Hiring faculty members who know how to teach in a multimedia classroom will be an expectation of most institutions.

We need to keep raising the lowest common denominator of classroom technology. As one young faculty member recently related, "I need technology tools in the classroom to provide not only support to the class work, but to help me grow as a member of the new professoriate. It is important to me to be innovative in how I present the materials to my classes. Technology helps me to do that."

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

The following was copied from the proposal for the joint program:

Preamble: The **student audience** for the UB/TU MBA is individuals employed full-time in the region that the University of Baltimore and Towson University serve (i.e., the State of Maryland, particularly the Greater Baltimore region). The program is an evening/weekend program for these part-time students. The Merrick School of Business at UB had approximately 475 headcount students admitted and enrolled in its MBA program in fall 2005. The number of new students jumped from 90 in fall 2005 to 158 in fall 2006.

In its first year of admissions for the UB/TU MBA, 30 new students declared Towson University as their home institution. During that same period, 86 students took MBA coursework at our campus. Towson University can maintain an increase of at least 30 new students per year because of three major factors. First, the College of Business and Economics' annual undergraduate degrees conferred averages over 550 per year. This means that the university will serve as a significant

feeder resource to the joint MBA program.

Second, because of the strong alumni tie to this University, we will bring students to the program who would otherwise have gone to one of the MBA programs at a private institution of higher education in the state. Third, the reputation for the joint degree is already strong, as exemplified in the positive effect on admissions and acceptance into the program. Per the UB/TU MBA Director, last year, admission applications totaled 278, a 61% increase over the year before.

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

The university is not in a position to comment on the status of this lawsuit because it is not a named defendant. If Towson University is not allowed to offer the joint UB/TU MBA program it will adversely impact Towson University and the citizens of Maryland.

Information provided to MHEC before it approved the joint MBA showed Towson University granted 42 percent of the undergraduate business degrees among the five universities in the Baltimore metropolitan area. Denying the MBA to the metropolitan region's largest provider of undergraduate business degrees is patently unsound. Not only will the denial restrict educational access, the lack of an MBA at Towson markedly diminishes its ability to attract the caliber of faculty and academic administrators necessary to sustain a strong undergraduate business program.

Additionally, the information provided to MHEC before it approved the joint MBA showed an alarming imbalance between the number of MBA degrees awarded by the private universities in the region (Johns Hopkins and Loyola, 78 percent) and the public universities in the region (Morgan and UB, 22 percent). This imbalance reveals an underutilization of public university resources in an area of critical need.

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.

Towson University continues to increase funding to financially needy students through its need-based Institutional Grant (IG) program. Students are awarded aid in priority order beginning with the lowest EFC until all funds are used. In 2000-2001, \$1,877,371 in IG assistance was awarded to 961 students. In 2005-2006, \$5,295,614 in IG was disbursed to 1,469 students. Towson University anticipates awarding approximately \$6,500,000 to 2,200 needy students by the end of the 2006-2007 academic year.

The Federal Supplemental Educational Grant (SEOG) compliments our IG program and is used only for students with a \$0 EFC. In 2005-2006 (last reported year), 367 \$0 Pell Grant recipients received \$907,906 that supplemented Towson's IG program.

Towson University will continue its commitment to needy students by increasing the amount of institutional dollars available in the IG Program each year. For the upcoming 2007-2008 academic year, the university will award IG funds totaling over \$7.5 million dollars.

A new legislative audit of Towson was completed in October. 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 President should comment on the underlying reasons for the operating losses as well as the current financial status of these two self-supporting units.

DECO inherited many operational and financial problems, including deficits, with the self-support units when the division was created four years ago. Since the creation of DECO, the financial problems have been fixed and the units are now profitable. To accomplish this, DECO increased revenue and reduced staff and expenses at both units. Through reorganization, many of the highest paid staff at RESI were eliminated, and vacant positions at CGIS and RESI were not filled.

By FY06, RESI's budget showed a significant profit before a payment of over \$631,300 was made for settlement of a lawsuit. The expense for the lawsuit was included as an expenditure, but this should not have been considered as an operating expense. DECO has created a policy requiring all divisional self-support entities to conduct monthly financial reviews. Since the restructuring actions were taken, both RESI and CGIS are running in the black. In addition, the division has increased its fund balance by almost \$400,000 since July 1, 2006. The current fund balance for the division as of February 15, 2007 is over \$1.7 million.

UPDATE TO LEGISLATIVE AUDIT FINDINGS

FOR THE PERIOD MARCH 6, 2003 – MARCH 15, 2006

Finding #1

TU did not request approval from the Board of Public Works (BPW) for an \$800,000 contract modification. In addition, TU did not monitor the related contract to ensure that television advertisements paid for were broadcast.

The contract in question began in November 2004. Since that time the university has followed USM guidance that provided that costs for broadcast media placements are considered pass-through costs and are to be excluded from the contract value in determining the need for approvals. In November 2005, as the result of a contract submitted by the University of Baltimore, the BPW requested the total amount of the contract costs including pass-throughs. Per the audit recommendation, we placed on the BPW agenda for October 18, 2006, an information item for the contract modification on this contract. This contract modification includes the cost of media placement pass-through and was approved by the BPW on that date.

We have contacted the vendor for supporting documentation regarding media advertising. A procedure has been developed to verify media advertising purchases were actually aired.

Finding #2

During fiscal years 2004, 2005, and 2006, two self-supporting units within TU's Division of Economic and Community Outreach (DECO) incurred \$2.4 million in operating losses. In addition, the units did not comply with certain budgetary requirements.

To control expenses, DECO has reduced the staff at both units. This was done by reducing many of the highest paid positions at RESI and by not replacing staff at CGIS that voluntarily departed. More effective cost controls on overhead spending have benefited both RESI and CGIS. Many of these changes took place before the audit. The RESI net loss for FY 2006 includes the effect of a

non operating extraordinary payment of \$631,300. The payment was the result of a legal settlement and should not be considered when determining the net gain or loss from operations.

DECO has formalized a policy of conducting monthly financial reviews, as well as formally documenting the existing operational changes that have enhanced its financial governance. In addition, the university requires DECO and all other self-supporting units to comply with the reporting and approval requirements stipulated in the university's annual operating budget plan document.

Finding #3

Student refund checks were not adequately controlled.

Procedures have been implemented that require an employee independent of the refund check receipt and issuance functions to periodically verify that all student refund checks initially received are either on hand or issued to students by examining the applicable signed refund check release forms. In addition the university has created a physically secure area for refund checks that will only be accessible to authorized personnel.

Finding #4

Non-cash credit adjustments recorded to student accounts were not adequately controlled.

The university has reviewed the non-cash credit privileges of all employees in the department and has removed privileges from those employees with access to cash receipts. The university has also restricted privileges for a number of other employees in order to comply with audit recommendation. Finally, verifications of recorded non-cash credit adjustments are now performed by employees who cannot record such adjustments.

Finding #5

TU did not adequately control and account for certain cash receipts, including student loan and scholarship checks.

The university has established a procedure to record student loan checks immediately upon receipt. An employee independent of our payment center periodically verifies that all such receipts were deposited. In addition, we have initiated procedures to ensure that employees who maintain accounts receivable records for RESI and CGSR do not have access to related cash receipts.

Finding #6

TU did not maintain proper accounts receivable records for certain research grant awards.

The university has established and will maintain formal accounts receivable records, which include an aging report for all grant awards. This is being used to monitor the payment status of related grants.

Finding #7

Corporate purchasing cards were not sufficiently controlled and numerous card purchases lacked required supporting documentation.

The university has in place a procedure for an annual review of all corporate purchasing transaction logs and related receipts. As a result of this procedure, the university was aware of the two instances cited in the audit. The loss of corporate purchasing card transaction logs and related receipts for the department mentioned occurred during a move to a renovated building. In the other case the individual has provided all but 12 missing receipts and he, as well as his supervisor, have received additional training on corporate purchasing card procedures.

The President has directed all vice presidents to conduct a review of all cardholders and spending limits in their departments. The university will periodically review card usage and establish credit limits commensurate with card usage. Currently assigned credit limits do not exceed \$25,000, well below the state's liability limit of \$100,000 for any card holder.

The employee who requests corporate purchasing cards from the bank no longer is responsible for receiving and distributing the cards. The situation mentioned by the auditors was a temporary situation that occurred for a short time due to extended medical leave. The employee who receives the cards from the bank verifies, prior to distribution, that the cards have been authorized.

Finding #8

Changes to certain critical data maintained on TU's automated systems were not sufficiently controlled and verified.

For grade changes, the university prepares a report of all grade changes and verifies these changes to appropriate supporting documents. This verification is done by an employee who does not have the ability to change grades.

The university has removed the capability to change residency status from four of the employees mentioned. The university will prepare a report of all residency changes and verify these to appropriate supporting documents.

As the auditors state, changes in the university's internal records will not affect employee pay nor will it change employee addresses as recorded by Central Payroll. The employee must contact Central Payroll for address changes. The university is reviewing the number of people with access to PeopleSoft payroll and PeopleSoft address changes to our internal records and will reduce this number.

Finding #9

TU's computer network was not adequately secured.

A new de-militarized zone (DMZ) was created before the audit and several publicly accessible servers were being moved during the audit. TU's Office of Technology Services believes that all critical services have already been placed in the DMZ. Additional non-critical servers will be moved to the DMZ as deemed necessary.

A new virtual firewall (VF) system was being installed and configured before the audit. This effort set the stage for resegmenting the TU network to provide greater security. The campus network was broken into trusted and untrusted networks using the VF system. This included a DMZ, server farm, Internet, campus and other areas. Some critical servers were segregated from the Internet using access control lists to control traffic and restrict access from untrusted network segments. The university was in the process of moving the balance of the critical servers behind the VF system before the audit.

Since the last audit, the university has deployed intrusion detection systems (IDS) in various places to monitor the entire network and critical systems. The alerts generated by all the IDSs are constantly monitored by the security team with critical alerts immediately investigated. The university has also integrated the automatic tracking of events into a centralized security information system for rapid response. The university is also currently installing additional IDSs at strategic points for improved protection. Automatic alerts are being established for identifying possible intrusions.

Finding #10

TU did not adequately monitor access to critical system data.

The university has reviewed these eleven computer accounts and all but four are system service accounts. These service accounts are required for necessary computer system operations. The four user accounts are all valid system user accounts. All access activity is now being monitored and reviewed through online security logs.

The university was logging specific database tables and recording changes. This list of tables has been expanded to reflect the additional tables recommended.

The university did not regularly document its review of the system security reports. A policy was prepared and has been implemented. Documentation of this review will be retained for audit purposes.

Finding #11

The main firewall did not adequately secure TU's internal network.

Steps have been taken to resolve this situation by the implementation of the policy of "least privilege." This entails review and strengthening of the current firewall rule set. The university is currently deleting outdated and unused conduits, documenting current rules and strengthening current rules by limiting Internet Protocol (IP) addresses and ports.