

Planning Assumptions

Revised 4/14/17

1. Introduction

This “Planning Assumptions” document provides background information for the Goals Conference stage of the strategic planning process. It will identify assumptions that help create a shared understanding of the current state of the university and trends likely to shape its future.

2. Points of Pride

- a. 2012 “College of Distinction” for academic excellence for engaging students, great teaching, a vibrant community and successful outcomes.
- b. High marks from *The Economist* and the Brookings Institute for elevating graduates earning potential.
- c. A rating in the 92nd percentile of “value added” on the White House College Scorecard.
- d. Faculty student ratio of 17:1.
- e. 84% of classes with fewer than 30 students.
- f. 82% of faculty hold highest academic degree in their field of study.
- g. 43.8% of students are minority students (including a growing international student population).
- h. 88% of students are Maryland residents (undergraduate and graduate).
- i. Graduation rates and freshman retention rates are above the national average.

3. National Trends

- a. Shrinking campus-based markets, shifting student demographics, declining state funds, growth in technology and focus on the value of a college degree are forcing institutions to retool, redesign and develop new business models and teaching strategies.
- b. Declining first-time freshman enrollment due to a decreasing number of high school graduates, particularly in the Northeast region (FSU’s market).
- c. Changing demographics - growing segments include students age 25 and older, part-time students, and minority students by 2025 (largest growth segment Hispanic (34%), Blacks (25%), two or more races (14%), and Asian/Pacific Islander (11%).
- d. More students entering from lower socioeconomic backgrounds, particularly in Maryland.
- e. Increasing need for developmental instruction.
- f. Increase in noncredit continuing education enrollment at community colleges,
- g. Expected increase in graduate enrollment growth of 21% between 2014 and 2025.

- h. Growing international student enrollment - 5.2% of overall enrollment in US. Top areas of origin China (32%), India (16%), Saudi Arabia (6%), and South Korea (6%).
 - i. Continued distance education enrollment growth - (14% of overall enrollment). Public institutions enroll the largest number of students, mostly undergraduate (72.7% undergraduate vs. 38.7% graduate level) with the largest majority enrolling in "some but not all" online courses.
4. Competitive Enrollment Environment in Maryland and the Region
- a. FSU's rural location presents challenges as we compete with Institutions located in areas of greater population density.
 - b. FSU graduates find limited regional employment opportunities.
 - c. The decline in Garrett and Allegany College graduates reduces the pool of regional transfer students.
 - d. Frostburg has done well in recruiting minority and ethnically diverse students.
 - e. National competition for international students has increased significantly.
 - f. Despite the State's relatively high-level of educational attainment, degree attainment and preparation for college in Maryland are marked by sharp disparities among demographic groups and regions.
5. Economic
- a. Inflation is currently at 2.5% and will remain under 4% and short-term interest rates are likely to remain low.
 - b. Healthcare expenses will continue to significantly outpace inflation and take up a larger and larger portion of Institutions operating budgets.
 - c. The amount of unsubsidized student loans and expected family contributions to cover the costs of Higher Education is increasing.
 - d. Concern about high student debt, students' ability to repay loans, and rising student loan default rates will limit the availability of loan funding for students.
 - e. Students' concern over the possible burden of student debt after receiving their degree.
 - f. FSU is not traditionally considered a research Institution, limiting our access to those revenue sources.
 - g. Family income levels have been flat since 2000, while the cost of a Bachelor's Degree has more than doubled.
 - h. Tuition for 4-year universities has skyrocketed, whereas tuition at 2-year colleges has increased modestly over the past 16 years.
6. Social
- a. Maryland's and FSU's traditional college age population continues to grow more racially and ethnically diverse.
 - b. Social networking such as Facebook as a means of communication is becoming pervasive and FSU will need to continue integrating it and other social networking tools as communication and promotion tools.

- c. Aging of the American population will have a significant impact on society and Higher Education.

7. Technology

- a. The number and popularity of online universities and programs will continue to grow.
- b. Emerging technology will bring significant challenges to traditional faculty roles.
- c. The speed of change in technology will increase student expectations, raise costs, and accelerate obsolescence.
- d. The future job market shows a strong need for graduates with degrees in the STEM field.

8. Political/Legal

- a. Institutions of Higher Education are under greater scrutiny for accountability on key performance metrics from accrediting organizations and the federal and state governments. Additional resources to support these efforts are scarce.
- b. Education is one of a limited number of discretionary spending categories in federal and state budgets. Resource competition over available funds is intense.
- c. Some states (e.g., New York) have begun to look at and even offer free tuition under some circumstances.

9. Fiscal and Human Resources

- a. State support has continued to decrease over the years as the institution has to rely on tuition to operate. For example, in 1987 State appropriations accounted for 51% and tuition was 18.5% of revenue. However, in 2016, State appropriation dropped to less than 35% and tuition revenue had risen to equal it. FSU has an annual unrestricted budget of about \$100 million which is comprised of \$39 million in State funding, \$39 million in Tuition, and \$19 million in Auxiliary which is Room, Board, Athletic, Student Life fees. Further, the university must deal with unfunded mandates which include salary increases, insurance increases, and the cost of new facilities coming on line.
- b. Having a modest tuition is a major aspect of our success. However, in terms of cost of attendance, FSU is ranked 5th out of the 10 institutions in the System. Further, declining traditional college age students creates more competition amongst the institutions. Raising tuition could make FSU a less attractive choice which would decrease enrollment and revenue.
- c. FSU, the University System of Maryland Board of Regents, and the Maryland General Assembly and Governor have most often tried to balance affordability and access with state support. Prior governors pledged additional funds in exchange for not raising tuition. Even if FSU desired to sharply increase tuition it might not pass in the legislature or with the governor.
- d. Approximately 23% of employees are eligible to retire within 2 years. This will create concerns about succession planning, loss of institutional history, and likely escalating salary needs for replacements.

- e. As with any service organization, the employee costs are the largest expense. In fact, salaries and benefits amount to \$70 million or 62% of budget. Salary issues are exacerbated by infrequent State COLA and merit increases.
- f. The cost of benefits generally runs between 30-40% of salary.
- g. Health insurance expense will continue to grow as in 2003, the University cost of family coverage was \$10,832 but had increased 130% to \$24,915 in 2016.

10. Enrollment

- a. FSU is currently facing enrollment challenges as the number of undergraduate students has decreased 474 from 2010 to 2016. This loss affects tuition but also room and board revenue as well.
- b. The top ten programs are the choice of over half (53%) of majors, while the top twenty programs account for three-fourths of the majors. However, high enrollment is not the only criteria as disciplines provide critical service classes. For example, Math and English both have relatively small numbers of majors, but they provide classes necessary for the education of every student. In addition, since there are limited resources, programs with high demand could be kept from growing. For example, in Fall 2011, Nursing had 32 majors, but by Fall 16, Nursing had grown to 445 majors, making it the second most popular educational choice.
- c. Of the twelve graduate programs the top two programs account for fifty-seven percent of enrollment. Some programs are offered face to face while others are offered exclusively online.
- d. State emphasis on time-to-degree will increasingly challenge those departments and programs with high demand for their courses.