R30B29
Salisbury University
University System of Maryland

Operating Budget Data

($ in Thousands)

	FY 12 Actual	FY 13 Working	FY 14 Allowance	FY 13-14 Change	% Change Prior Year
General Funds	$37,573	$36,287	$40,112	$3,825	10.5%
Contingent & Back of Bill Reductions	0	0	-76	-76	
Adjusted General Fund	**$37,573**	**$36,287**	**$40,036**	**$3,749**	**10.3%**
Special Funds	2,024	3,684	2,833	-851	-23.1%
Adjusted Special Fund	**$2,024**	**$3,684**	**$2,833**	**-$851**	**-23.1%**
Other Unrestricted Funds	107,461	113,128	117,197	4,069	3.6%
Adjusted Other Unrestricted Fund	**$107,461**	**$113,128**	**$117,197**	**$4,069**	**3.6%**
Total Unrestricted Funds	147,058	153,099	160,141	7,042	4.6%
Contingent & Back of Bill Reductions	0	0	-76	-76	
Adjusted Total Unrestricted Funds	**$147,058**	**$153,099**	**$160,065**	**$6,966**	**4.6%**
Restricted Funds	11,702	12,409	12,475	66	0.5%
Adjusted Restricted Fund	**$11,702**	**$12,409**	**$12,475**	**$66**	**0.5%**
Adjusted Grand Total	**$158,760**	**$165,508**	**$172,540**	**$7,032**	**4.2%**

- General funds increase approximately $3.8 million, or 10.3%, in the fiscal 2014 allowance after adjusting for the $75,712 across-the-board reduction. Overall, funds increase about $7.0 million, or 4.2%.

- Of the general fund increase, $2.0 million is due to the replacement of fiscal 2013 Budget Restoration Funds, created by Chapter 1 of the First Special Session of 2012, with general funds. In all, State funds increase $2.9 million, or 7.2%, above fiscal 2013.

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

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Personnel Data

	FY 12 Actual	FY 13 Working	FY 14 Allowance	FY 13-14 Change
Regular Positions	938.00	988.00	988.00	0.00
Contractual FTEs	358.00	381.60	392.10	10.50
Total Personnel	**1,296.00**	**1,369.60**	**1,380.10**	**10.50**

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	28.14	2.86%
Positions and Percentage Vacant as of 12/31/12	79.00	8.0%

- As of December 31, 2012, Salisbury University (SU) had 79.0 vacant positions, 62.0 of which are State-supported.

- The allowance reflects no change in regular positions and an increase of 10.5 contractual positions. Most of these positions are related to new initiatives planned by the University System of Maryland (USM) in 2014.

Analysis in Brief

Major Trends

Second- and Third-year Retention Rates Improve: SU's second-year retention rate rose 1.5 percentage points, and the third-year rate rose 0.2 percentage points. Both rates have remained very stable and near the State average since at least 2004.

Six-year Graduation Rate Remains High: SU's six-year graduation rate was 67% in the most recent federal data reported. This is 10 percentage points higher than SU's peers, whom SU has outperformed for at least the past seven years.

Degree Production and Cost Per Degree: SU performs almost exactly at the State average in degrees per 100 full-time equivalent students but surpasses its peers. Additionally, SU's degrees are nearly 25% cheaper to produce than those of its peers, representing a strong relative cost effectiveness for the State.

Issues

Making College Affordable: About 23% of SU students use Pell grants. Comparisons of institutional aid to Pell-eligible students must take into consideration a recent significant financial aid policy change that shifts institutional aid away from the neediest students. Overall, many students still rely on loans to pay for an SU education.

Expansion of Degree Programs: To maintain competitiveness, SU has launched a number of new degree programs, including its first doctoral program in nursing and an innovative cybersecurity degree program with a university in Estonia.

Recommended Actions

1. See the University System of Maryland overview for systemwide recommendations.

Updates

Larger Tuition Increases Continue: For the third straight year, SU has exercised the ability to raise tuition faster than other USM institutions to better align its tuition rate with both its peers and student demand. Tuition growth is proposed at 6%, or 3 percentage points higher than other USM institutions.

R30B29

Salisbury University

University System of Maryland

Operating Budget Analysis

Program Description

Salisbury University (SU) is a comprehensive university emphasizing undergraduate liberal arts; sciences; pre-professional programs; and select, mostly applied, graduate programs. SU prepares students to pursue careers in a global economy and to meet the State's workforce needs. The university aims to empower students with knowledge, skills, and core values that contribute to active citizenship, gainful employment, and life-long learning.

SU is recognized nationally for excellence by its peers and regionally for its commitment to model programs in civic engagement. The university will continue to enhance the quality of life for students, the State, and the region. Although SU emphasizes undergraduate education, it also provides specialized master's degree programs that uniquely serve regional areas of need. SU seeks to prepare students for a life of leadership and cultural appreciation through academics and participation in university activities and organizations.

Carnegie Classification: Master's L: Master's Colleges and Universities (larger programs)

Fall 2012 Undergraduate Enrollment Headcount	
Male	3,454
Female	4,515
Total	**7,969**

Fall 2012 Graduate Enrollment Headcount	
Male	203
Female	485
Total	**688**

Fall 2012 New Students Headcount	
First-time	1,350
Transfers/Others	918
Graduate	242
Total	**2,510**

Campus (Main Campus)	
Acres	155
Buildings	70
Average Age	46
Oldest	1924

Programs	
Bachelor's	42
Master's	14
Doctoral	1

Degrees Awarded (2011-2012)	
Bachelor's	1,787
Master's	253
Doctoral	0
Total Degrees	**2,040**

Proposed Fiscal 2014 In-state Tuition and Fees*	
Undergraduate Tuition	$5,912
Mandatory Fees	$2,216

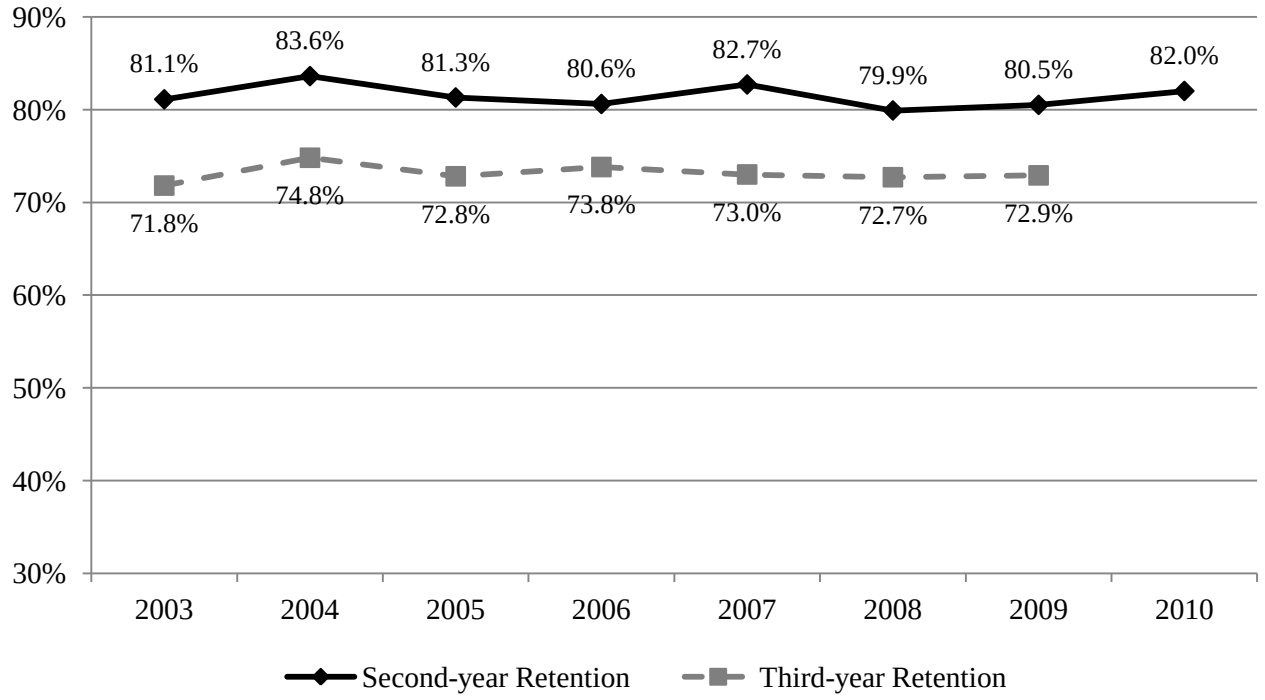
*Contingent on Board of Regents approval.

Performance Analysis: Managing for Results

1. Second- and Third-year Retention Rates Improve

Maintaining and strengthening academic excellence and effectiveness to meet the educational needs of the State is a key strategic goal of the University System of Maryland (USM) and SU. **Exhibit 1** shows the most recent data for second- and third-year retention rates for first time, full-time undergraduate students at SU.

Exhibit 1
Second- and Third-year Retention Rates
2003-2010 Cohorts



Source: Maryland Higher Education Commission

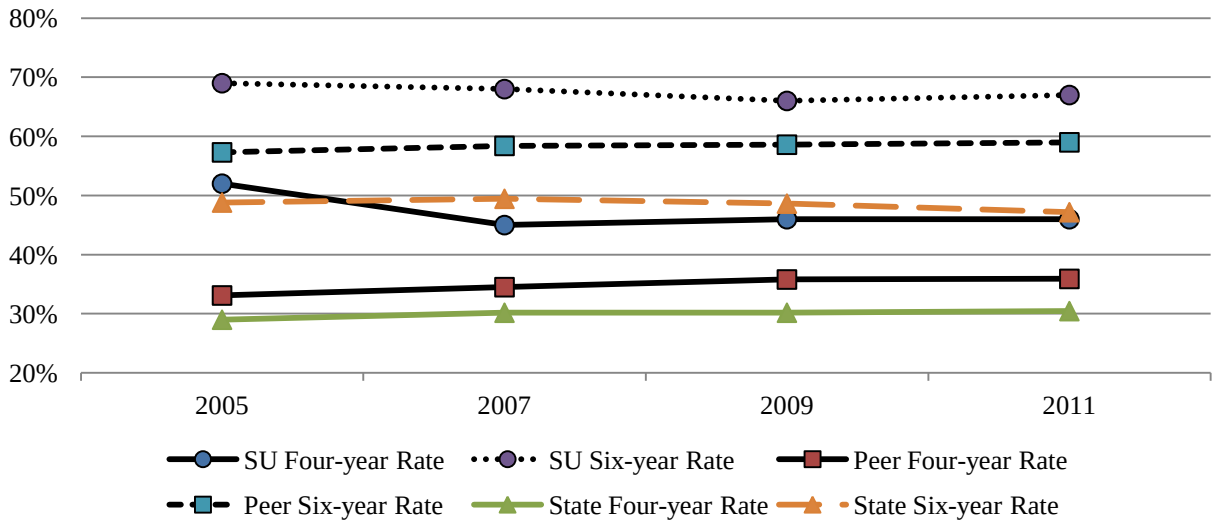
Since the 2003 cohort, SU has maintained at least a 79.9% second-year retention rate. From the 2009 to 2010 cohort, SU's second-year retention rate increased 1.5 percentage points to 82.0%, a three-year high equal to the State average. The third-year retention rate has not fallen below 71.8% since 2003. The 2009 cohort increased third-year retention by 0.2% to 72.9%. Overall, the third-year rate has remained around the State average since at least 2003, and both retention rates have remained

remarkably stable. SU attributes its strong retention rates to the implementation of supplemental instruction for poorly performing students; issuing mid-semester progress reports; the expansion of living-learning communities; and the Powerful Connections program, where underrepresented students are matched with mentors to assist in the transition to college life.

2. Six-year Graduation Rate Remains High

Exhibit 2 compares the four- and six-year graduation rates of SU to the average of its peer institutions and the State using national data from the Integrated Postsecondary Education Data System. Peer institutions are determined to be similar to SU based upon a variety of characteristics, designated by USM as performance peers, and used as a basis to assess SU's performance. SU's four-year rate has remained 10 percentage points above its peers since 2007, after having notably declined 7 percentage points from fiscal 2005 to 2007. The trend in the six-year rates is also a decline, but of only 3 percentage points. Within the six-year rates, the gap between SU and its peers shrank from about 12 to 8 percentage points from fiscal 2005 to 2011. Overall, however, SU has maintained a significantly better rate than its peer group and the State for many years.

Exhibit 2
Four- and Six-year Graduation Rates
Fiscal 2005-2011



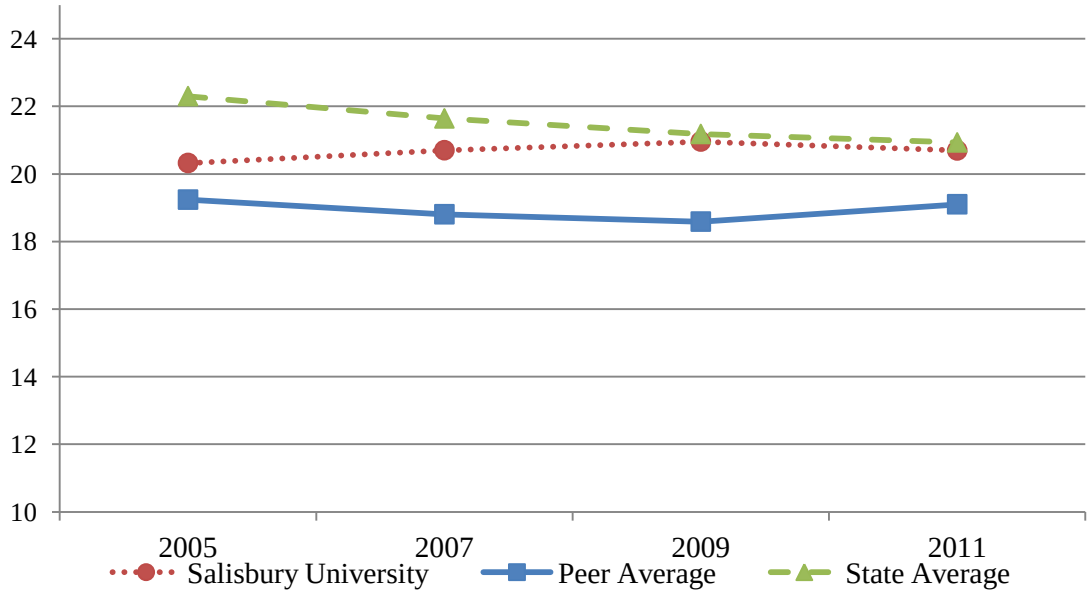
Note: The State rates do not include the University of Maryland, Baltimore or the University of Baltimore.

Source: Integrated Postsecondary Education Data System; Department of Legislative Services

3. Degree Production and Cost Per Degree

Ultimately, how well an institution meets its mission is measured by the number of undergraduate degrees awarded. Trends in the number of undergraduate degrees awarded per 100 undergraduate full-time equivalent students (FTES) show if an institution is being more or less productive in graduating students. Overall, SU converged to the State average as shown in **Exhibit 3**. After reaching a high point of 21.0 degrees in fiscal 2009, degree production fell slightly to 20.7 in fiscal 2011. Over the period of fiscal 2005 to 2011, SU's rate is up slightly, its peers were flat, and the State average declined. Given that retention and graduation rate have been so steady at SU, it would be expected that the degrees per FTES would remain stable as well.

Exhibit 3
Undergraduate Degrees Per 100 FTES
Fiscal 2005-2011

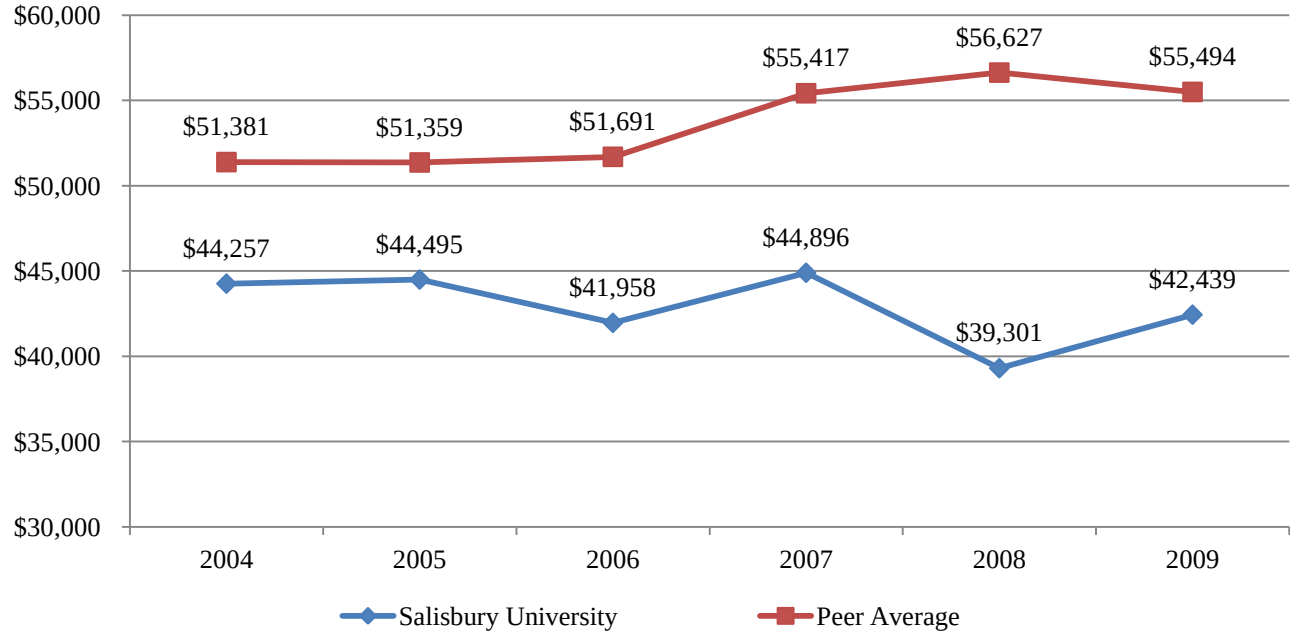


FTES: full-time equivalent students

Source: Integrated Postsecondary Education Data System; Department of Legislative Services

Another measure of how effectively institutions translate resources into degrees is the ratio of education and related (E&R) expenditures per degree (undergraduate and graduate). E&R expenditures include total spending on direct educational costs, such as instruction and student services, and the educational share of spending on administrative overhead, such as academic support, institutional support, and operations and maintenance. **Exhibit 4** shows SU's E&R expenditures per degree compared to the mean of its performance peers from fiscal 2004 to 2009, the most recent year for which data is available.

Exhibit 4
Educational and Related Expenditures Per Degree
Fiscal 2004-2009



Note: Education and related expenditures include direct spending on instruction and student services, the education share of spending on academic and institutional support, and operations and maintenance. All dollar amounts are reported in 2009 dollars.

Source: Delta Project, *Trends in College Spending Online*; Department of Legislative Services

In fiscal 2004, SU's E&R expenditures at $44,257 per degree were $7,124 below those of its peers. By fiscal 2009, however, spending per degree at SU had decreased 4.1% to $42,439, while spending at SU's peer institutions increased 8.0% to $55,494. By fiscal 2009, SU's degrees were 23.5% cheaper than its peers. SU's falling spending per degree is likely due to flat State support for the operating budget and capital projects during this period, coupled with increased enrollment at SU.

Fiscal 2013 Actions

Proposed Budget

As shown in **Exhibit 5**, SU's total State allowance for fiscal 2014, including general funds and Higher Education Investment Funds (HEIF), is $42.9 million, a 7.2% increase over fiscal 2013. Other unrestricted funds increase about $2.9 million, or 7.2%, due primarily to increases in enrollment and tuition. Restricted funds grow only $66,000, or 0.5%.

Exhibit 5
Proposed Budget
Salisbury University
($ in Thousands)

	Actual 2012	Working 2013	Adjusted Allowance 2014	$ Change 2013-14	% Change Prior Year
General Funds	$37,573	$36,287	$40,036	$3,749	10.3%
HEIF	2,024	1,714	2,833	1,118	65.2%
BRF	0	1,970	0	-1,970	-100.0%
Total State Funds	39,597	39,971	42,869	2,898	7.2%
Other Unrestricted Funds	107,461	113,128	117,197	4,069	3.6%
Total Unrestricted Funds	147,058	153,099	160,065	6,966	4.6%
Restricted Funds	11,702	12,409	12,475	66	0.5%
Total Funds	**$158,760**	**$165,508**	**$172,540**	**$7,032**	**4.2%**

BRF: Budget Restoration Funds
HEIF: Education Investment Funds

Note: Fiscal 2014 general funds are reduced by $75,712 to reflect across-the-board reductions. Numbers may not sum to total due to rounding.

Source: Governor's Budget Book, Fiscal 2014

Unrestricted budget changes in the allowance by program are shown in **Exhibit 6**. This exhibit considers only unrestricted funds, which are comprised mostly of State funds and tuition and fee revenues.

Exhibit 6
SU Budget Changes for Current Unrestricted Funds by Program
Fiscal 2012-2014
($ in Thousands)

	2012	Working 2013	% Change 2012-13	Adjusted 2014	$ Change 2013-14	% Change 2013-14
Expenditures						
Instruction	$44,497	$48,662	9.4%	$50,233	$1,571	3.2%
Research	$496	$569	14.7%	$619	$50	8.8%
Public Service	$1,488	$1,925	29.4%	$1,928	$3	0.1%
Academic Support	8,796	9,727	10.6%	9,957	230	2.4%
Student Services	5,178	5,747	11.0%	6,161	415	7.2%
Institutional Support	13,236	14,234	7.5%	14,945	711	5.0%
Operation and Maintenance of Plant	19,057	16,948	-11.1%	17,904	956	5.6%
Scholarships and Fellowships	5,007	6,283	25.5%	7,928	1,645	26.2%
Subtotal Education and General	***$97,754***	***$104,094***	***6.5%***	***$109,674***	***$5,580***	***5.4%***
Auxiliary Enterprises	49,304	49,005	-0.6%	50,391	1,386	2.8%
Total	**$147,058**	**$153,099**	**4.1%**	**$160,065**	**$6,966**	**4.6%**
Revenues						
Tuition and Fees	$59,736	$63,139	5.7%	$65,712	2,574	4.1%
General Funds	37,573	36,287	-3.4%	40,036	3,749	10.3%
Higher Education Investment Fund	2,024	1,714	-15.3%	2,833	1,118	65.2%
Other*	1,307	3,850	194.6%	1,582	-2,268	-58.9%
Subtotal	***$100,639***	***$104,989***	***4.3%***	***$110,163***	***$5,173***	***4.9%***
Auxiliary Enterprises	49,497	49,850	0.7%	51,251	392	2.8%
Transfers (to) from Fund Balance	-3,079	-1,741	-43.5%	-1,348		
Total	**$147,058**	**$153,099**	**4.1%**	**$160,065**	**$6,966**	**4.6%**

SU: Salisbury University

* Includes Budget Restoration Funds in fiscal 2013. In total, State support increased $371,000, or 0.9%, in fiscal 2013.

Note: Fiscal 2014 expenditures and general funds are reduced by $75,712 to reflect across-the-board reductions.

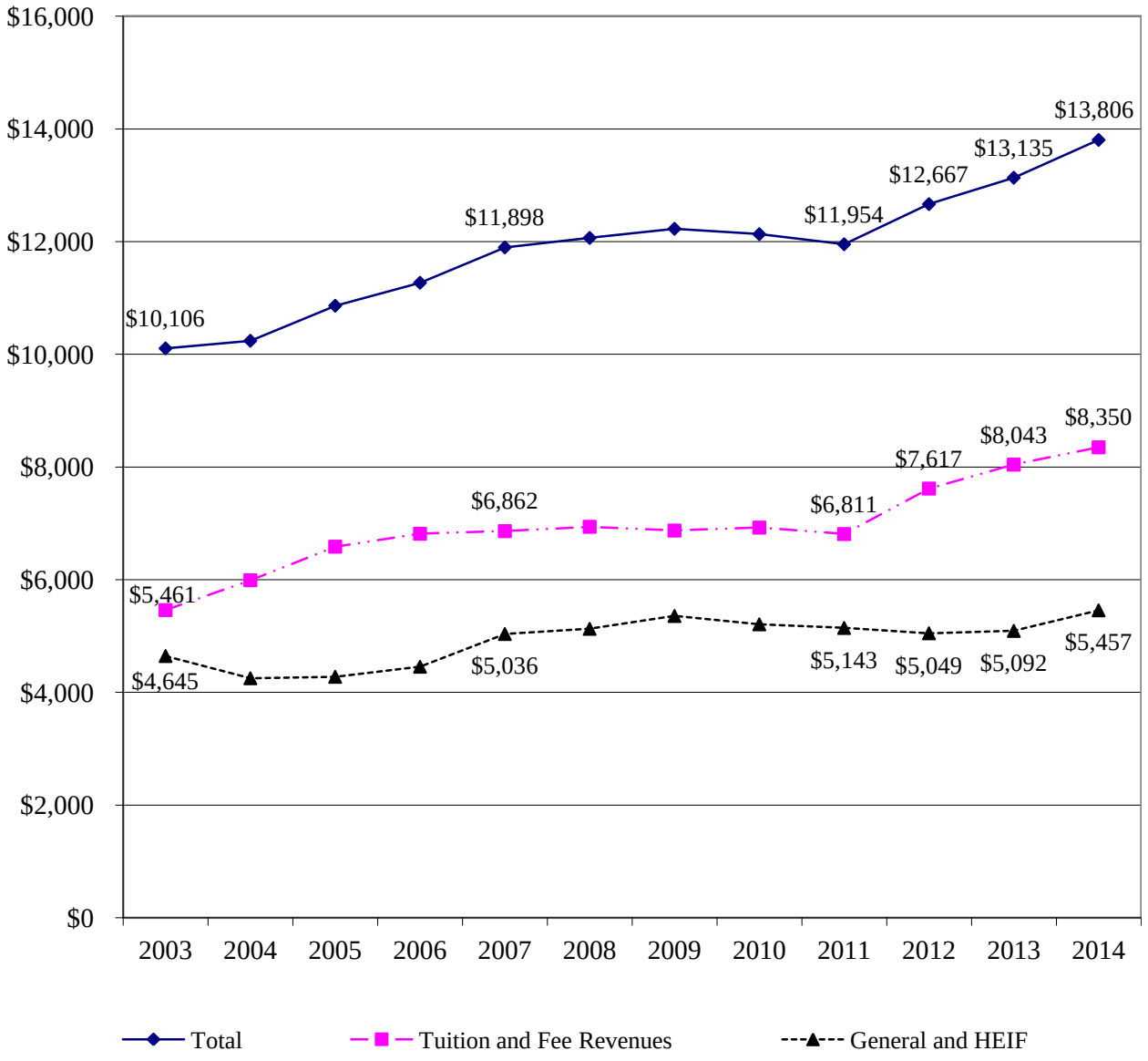
Source: Governor's Budget books, Fiscal 2014

In fiscal 2014, all budget categories show funding increases. Overall, the current services budget increases $3.9 million to account for rising personnel costs, facilities renewal, and financial aid. Instruction, the largest budget category, increases nearly $1.6 million, or 3.2%, due to personnel costs. Scholarships and fellowships increase 26.2%, compared to an increase in tuition of 6.0% in fiscal 2014, due to enhancement funding to bolster several undergraduate financial aid programs. Academic support and student services grow 2.4 and 7.2%, respectively, due to USM initiative money in Achievement Gap/Completion and education technology. After decreasing last year by 11.0%, operation and maintenance of plant grows 5.6% due to SU having received one-time increased funds for campus improvement in fiscal 2012, and now SU budgets operating costs for a larger campus directly into its budget. Research activity receives an additional $50,000, or 8.8%. Although tuition rates increase 6.0%, tuition revenue only grows 4.1% due to enrollment leveling off in fiscal 2013 and 2014. From fiscal 2010 to 2012, SU's closing unrestricted fund balance grew $6.2 million, or 13.3%, to $52.7 million; projections through fiscal 2014 bring the fund balance to $55.6 million.

Funding Increases Per FTES

FTES enrollment at SU reached a new high of 7,842 in fiscal 2012, having grown 33.9% since fiscal 2003. **Exhibit 7** shows tuition and fees revenue and State revenue per FTES between fiscal 2003 and 2014. Tuition and fees revenue increased slowly from fiscal 2003 and 2011, reflecting modest tuition increases and campus growth. Total funding per FTES grew each year with the exception of 2010 and 2011, due to rising tuition and fees revenue. Fiscal 2012 saw a sharp change in the trend line due to SU beginning to raise annual tuition by 6.0%, rather than 3.0%. State funding has represented a smaller proportion of per student revenues than tuition and fees over this time period, with tuition and fees rising from 54.0 to 60.3%.

Exhibit 7
SU Tuition and Fees and State Revenues
Per Full-time Equivalent Student
Fiscal 2003-2014



HEIF: Higher Education Investment Funds
SU: Salisbury University

Source: Governor's Budget Books

Issues

1. Making College Affordable

Financial aid is an important component to helping many students succeed in earning a degree. Lack of financial support frequently contributes to a student's decision to stop out or drop out of college. Generally, by combining various types of aid – federal, State, and institutional – students are able to effectively lower the cost of college. According to the *College Navigator* of the National Center for Education Statistics, the total cost, or "sticker price," for a Maryland student attending SU in fiscal 2011 was $19,296 (this includes tuition, mandatory fees, books and supplies, other expenses, and the weighted average of room and board). However, when accounting for the average amount of federal, State, and institutional grants and scholarships, the average net cost of attendance was $14,722, a 23.7% reduction from the sticker price.

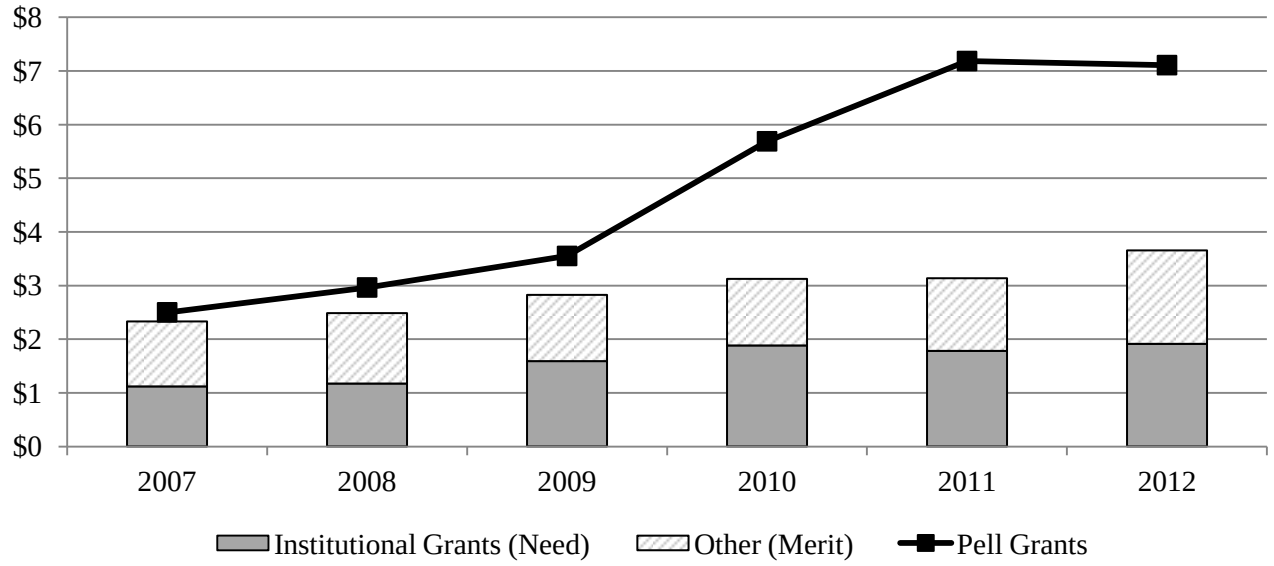
Institutional Aid and Pell Awards

About 23% of SU's students receive Pell awards, which are given to those who could not otherwise afford college and have an Expected Family Contribution (EFC) of less than a specified amount, which was $5,273 in 2012. EFC is an indicator of the amount a family is required to contribute to pay for a student's college education; therefore, the lower the EFC, the greater the financial need.

Exhibit 8 shows total institutional aid (need-based grants and merit-based scholarships) and federal Pell expenditures from fiscal 2007 to 2012. Over these five years, Pell grant aid to SU students grew about $4.6 million, or 184.4%. Fiscal 2010 had the largest single year change, an increase of $2.1 million, or 60.2%.

In terms of institutional aid, merit- and need-based aid amounts were similar in fiscal 2007. The percentage shares of need- and merit-based aid went from 48/52% in fiscal 2007 to 52/48% in fiscal 2012, for a slight shift toward need-based aid, although need-based aid had been as much as 60% in fiscal 2010. Overall, merit-based aid grew by $536,000, or 44.3%, over this time period, while need-based aid grew $790,000, or 70.6%. This trend is consistent with the Board of Regents' recommendation to increase the portion of aid allocated to need-based aid.

Exhibit 8
Total Institutional Aid and Pell Grant Expenditures
Fiscal 2007-2012
($ in Millions)



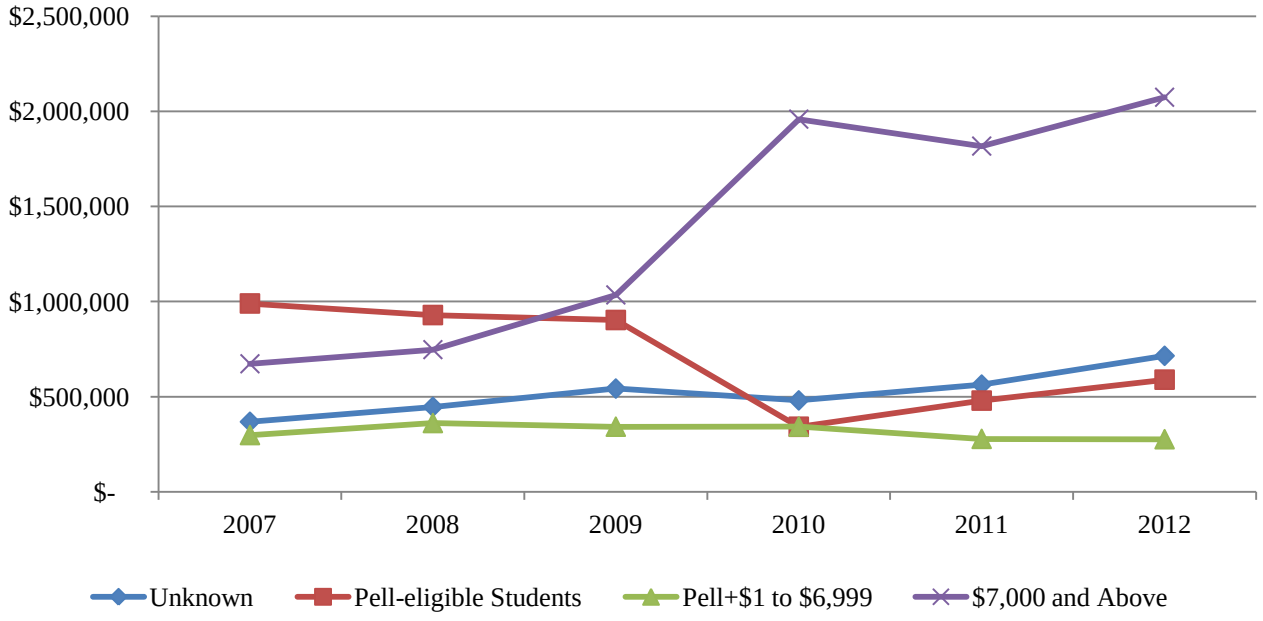
Source: University System of Maryland

As the expenditures on need-based aid grew, there was, in reality, a corresponding decrease in the amount of institutional aid awarded to Pell-eligible students, as shown in **Exhibit 9**. In fiscal 2012, Pell-eligible students received 16.1% of institutional aid – a decrease of 26.4 percentage points and more than $400,000 since fiscal 2007. The change in 2009 to 2010 represents a shift in SU's financial aid policy. The traditional policy of funding highest need students fully meant that SU had limited funds to distribute across the remainder of the student population, who also had financial need. Financial aid packaging was modified to a baseline of meeting 20% of need for returning students, so a higher need student would still receive more funding from available sources, but other students who also demonstrated need would receive some institutional aid as well.

Since highest need students have access to some additional resources from federal and State sources to meet their need threshold, more of SU's institutional aid could be applied to students in higher EFC categories. Most noticeably, the share of aid for students with an EFC of $7,000 and higher grew from 28.9% of all aid to 89.1%, or an increase of $1.4 million. Funds for students in the Pell+$1 to $6,999 EFC category were flat across this time period.

The President should comment on why so little institutional aid is going to students in the Pell +$1 to $6,999 EFC group.

Exhibit 9
Total Expenditures on Institutional Aid by EFC
Fiscal 2007-2012



EFC: Expected Family Contribution

Source: University System of Maryland

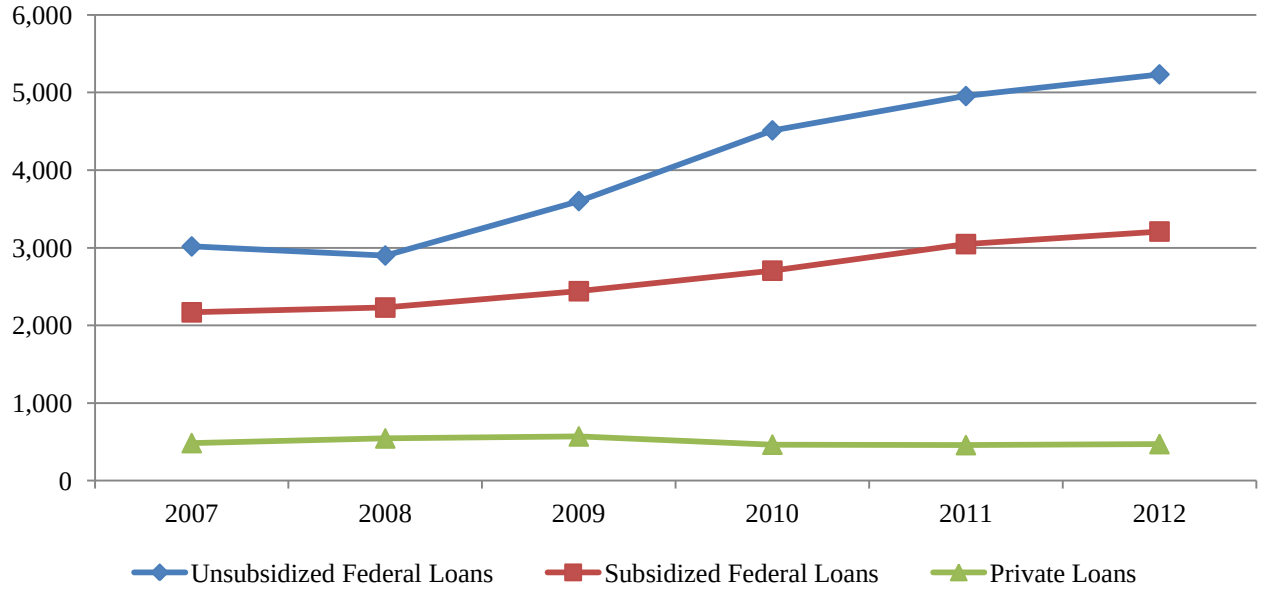
However, Financial Aid Does Not Cover All Costs

In addition to Pell grants and institutional aid, students may take out loans to pay for higher education. There are three types of loans:

- **Federal Subsidized** – based on financial need; the government pays the interest while the student is enrolled in school;
- **Federal Unsubsidized** – generally for students who do not demonstrate financial need; interest is added to the balance of the loan while the student is enrolled in school; and
- **Private Sources** – often used to cover any remaining unmet need; offered by banking institutions whose interest rates and repayment policies vary.

As illustrated in **Exhibit 10**, the number of unsubsidized loans grew nearly 73.5%, or 2,216, between fiscal 2007 and 2012, suggesting that the economic downturn started to impact students very quickly beginning in fiscal 2009. This can also be attributed to a change in the federal loan limits. In fiscal 2008, the annual loan limit increased $2,000 for dependent undergraduate students and an additional $1,000 for independent students.

Exhibit 10
Loans by Type
Fiscal 2007-2012

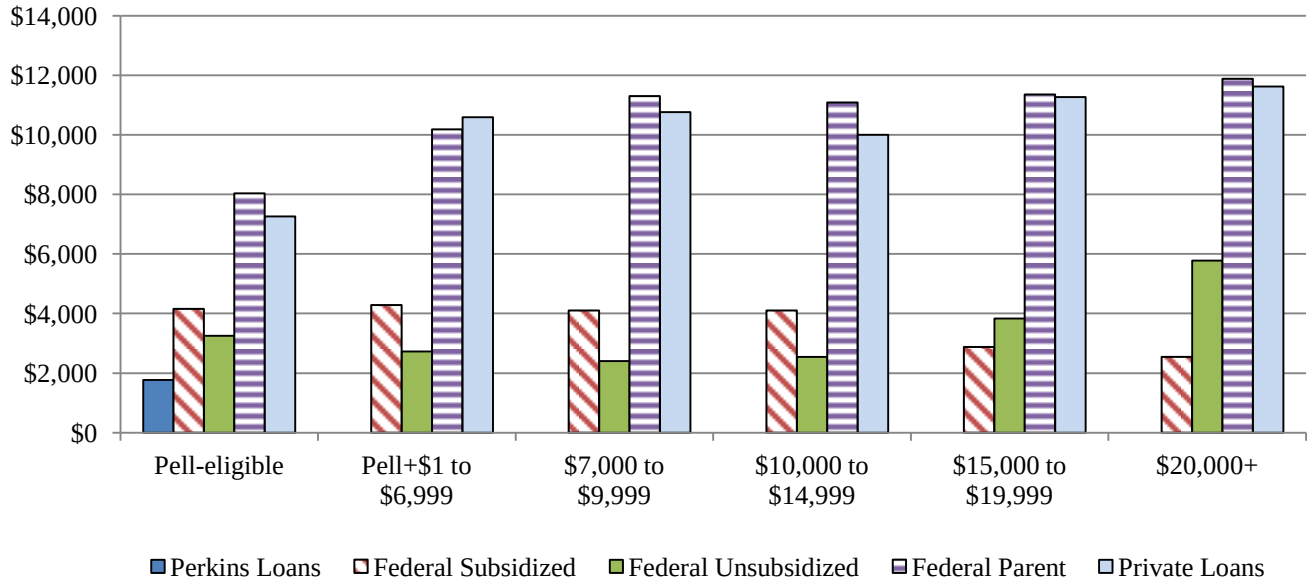


Source: University System of Maryland

Over the past four years, the number of subsidized loans taken out by SU students and their families increased, on average, about 10% per year. It should be noted that in 2009, the Federal Family Educational Loan program was eliminated, and, in addition, borrowers were no longer able to consolidate multiple federal loans into one loan. Meanwhile, from 2007 to 2012, the number of private loans taken out by students decreased slightly from 484 to 471, unlike many other institutions in Maryland where private loan use has fallen dramatically. This trend suggests that, with the economic downturn, families with higher incomes are filing the Free Application for Federal Student Aid to receive unsubsidized federal loans, but that SU students are also retaining more burdensome private loans, which increasingly now require cosigners and adherence to tighter credit criteria, as an option to pay their bills.

Lastly, **Exhibit 11** shows the average loan amount by student EFC and the type of loan. A Parent PLUS loan is taken out on behalf of the student by the student's parent or legal guardian if the cosigner meets certain credit-worthiness criteria. Perkins loans are special low-interest loans from the federal government to needy students.

Exhibit 11
Average Loan Amount by Type and EFC
Fiscal 2012



Source: University System of Maryland

As noted in Exhibit 10, the number of private loans is small, but Exhibit 11 shows that the average value of Parent PLUS loans and private loans are high across all EFC categories, with these two loans being only slightly lower for Pell-eligible students. This is perhaps most concerning for students in the Pell +$1 to 6,999 category, who are taking out loans in similar sizes to those in much higher EFC categories. It is not clear why Pell-eligible students are not receiving higher average Perkins loans, as such loans average only $1,800, when the yearly cap is up to $5,500.

The President should comment on what SU is doing to increase financial aid literacy and responsible borrowing among new students, given the very high average borrowing occurring in Parent PLUS loans and private loans.

2. Expansion of Degree Programs

SU's 2005 mission statement emphasizes its goal to be a "premier comprehensive Maryland public university" by offering degrees in "liberal arts, sciences, pre-professional and professional programs, including education, nursing, social work, and business, and a limited number of applied graduate programs." In recent years, many of SU's regional and national peers have rapidly expanded programs to take advantage of emerging fields of study and critical workforce shortages ranging from information technology to specialized healthcare needs. In response, SU has expanded many of its course offerings, as well as degree programs.

Exhibit 12 shows new degree programs, new locations of programs, and a new 3+2 program since fall 2011. A number of factors contributed to this expansion. For example, the procurement management degree was due to employer requests as part of a Base Realignment and Closure initiative in the State.

Exhibit 12
Academic Developments at Salisbury University
Fiscal 2012-2014

New Degrees		
Fall 2011	Bachelors	Environmental Studies
Fall 2013	Bachelors	Management with a Concentration in Purchasing, Procurement, and Government Contracts (with Cecil College)
Fall 2012	Doctorate	Nursing Practice
Fall 2014	Doctorate	Curriculum Theory and Instruction: Literacy (proposed)
New Locations		
Fall 2013	Bachelors	Interdisciplinary Studies at Eastern Shore Higher Education Center
Fall 2013	Bachelors	Social Work at Southern Maryland Higher Education Center
Fall 2013	Masters	Social Work at Southern Maryland Higher Education Center
New 3+2 Program		
Fall 2013	Bachelors	Mathematics, Information Systems, or Computer Science (from SU)
Fall 2013	Masters	Cybersecurity (from TUT)

SU: Salisbury University
TUT: Tallinn University of Technology (Estonia)

Source: Salisbury University

Cybersecurity is a growing national and international issue. SU built upon an existing relationship with the Tallinn University of Technology (TUT) in Estonia to establish a new 3+2 program. After three years of undergraduate work at SU, students spend their senior year at TUT to finish an undergraduate degree from SU. Students can then remain at TUT and seamlessly continue on into a cybersecurity/software engineering graduate degree that requires one additional year of study. Thus, in five years total, the student receives two degrees from two different institutions. SU expects these graduates to be in high demand for Maryland employers, such as at the National Security Agency at Fort Meade, as well as the private sector.

In fiscal 2013, SU received $421,878 to bring programs to non-USM Regional Higher Education Centers (RHEC). With this funding SU is able to take three new degree programs to RHECs, as shown in Exhibit 12.

The Doctor of Nursing Practice (DNP) began in the fall of 2012 and is the first doctoral-level program offered at SU. The DNP was established in response to requirements for professional education in the nursing field and because of a shift to requiring nursing faculty to have a doctorate. SU ended its Masters-level nursing program at the end of fiscal 2012. SU is also reviewing plans to launch an Ed.D in Curriculum in fall 2014, which would build off of the institution's history as a teacher's college. An academic program proposal has not yet been submitted to MHEC. Despite the addition of a doctoral program, the university does not plan to pursue Doctoral/Research University status at this time.

Although not leading to any new degree programs, the completion of the new Perdue School of Business building in 2011 greatly expanded the resources for the school's business programs in business administration and related degrees.

The President should comment on whether other graduate programs are in the pipeline and on whether SU has closed or merged degree programs that are not in demand. Finally, the President should comment on how SU's proposed Ed.D. program will differ from the Education Leadership Doctorate offered at the nearby University of Maryland Eastern Shore.

Recommended Actions

1. See the University System of Maryland overview for systemwide recommendations.

Updates

1. Larger Tuition Increases Continue

For the third year in a row, SU's proposed resident undergraduate tuition for fiscal 2014 shows a 6% increase over fiscal 2013, exceeding the 3% increase proposed by other public four-year institutions in Maryland. This tuition market adjustment comes as a result of language in Chapters 192 and 193 of 2010 permitting governing boards of public four-year institutions to adjust tuition at individual institutions to align resident tuition with peer institutions beyond the State goal set in the law, and to reflect student demand as demonstrated by admissions data and productivity measures.

From fiscal 2010 to 2014, SU's tuition and fees rose from $6,618 to $8,128 per year, or 22.8%, compared to an average of 13.8% for the entire USM.

Appendix 1

Current and Prior Year Budgets

Current and Prior Year Budgets
Salisbury University
($ in Thousands)

Fiscal 2011	General Fund	Special Fund	Federal Fund	Other Unrestricted Fund	Total Unrestricted Fund	Restricted Fund	Total
Legislative Appropriation	$37,593	$0	$0	$92,931	**$130,524**	$7,436	**$137,960**
Deficiency Appropriation	0	0	0	0	**$0**	0	**$0**
Budget Amendments	0	1,457	0	$525	**$1,982**	4,600	**$6,582**
Reversions and Cancellations	0	0	0	-41	**-$41**	-784	**-$825**
Actual Expenditures	**$37,593**	**$1,457**	**$0**	**$93,415**	**$132,465**	**$11,252**	**$143,716**
Fiscal 2012							
Legislative Appropriation	$36,957	$2,024	$0	$102,602	$141,583	$11,004	**$152,587**
Deficiency Appropriation	0	0	0	0	$0	0	**$0**
Budget Amendments	616	0	0	5,976	$6,592	1,496	**$8,088**
Reversions and Cancellations	0	0	0	-1,117	-$1,117	-798	**-$1,914**
Actual Expenditures	**$37,573**	**$2,024**	**$0**	**$107,461**	**$147,058**	**$11,702**	**$158,760**
Fiscal 2013							
Legislative Appropriation	$36,287	$3,188	$0	$109,547	$149,022	$12,000	$161,022
Budget Amendments	0	497	0	3,581	4,077	409	4,486
Working Appropriation	**$36,287**	**$3,684**	**$0**	**$113,128**	**$153,099**	**$12,409**	**$165,508**

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

Fiscal 2011

Special funds increased $1,457,868 from the HEIF authorized by the General Assembly to replace general funds reduced during the 2011 legislative session.

Other unrestricted funds increased $484,266 overall due to a $525,000 increase in tuition and fees and in sales and auxiliary services revenue. A cancellation of $40,733 decreased the appropriation to account for miscellaneous unspent funds.

Restricted funds increased $3,815,675 due to an increase of $4,600,000 from additional federal Pell grant funds and other contracts and grants. A cancellation of $784,324 decreased the appropriation to account for funds being received and expended at a different pace than originally projected.

Fiscal 2012

General funds increased $615,857 to allocate funds for the $750 State employee bonus appropriated by the Department of Budget and Management to the various State agencies.

Other unrestricted funds increased $5,975,855 overall, mostly due to a $4,834,852 increase in tuition and fees and in sales and auxiliary services revenue due to increases in enrollment. Other increases came from educational activities, sales, services, and miscellaneous revenue sources. A cancellation of $1,116,563 decreased the appropriation to account for miscellaneous unspent funds. Of that amount, $800,000 was related to construction of a new athletic building.

Restricted funds increased $1,495,893 due to an increase from additional federal Pell grant funds and other contracts and grants. A cancellation of $797,823 decreased the appropriation to account for funds being received and expended at a different pace than originally projected.

Fiscal 2013

Special funds increased $488,085 to account for the cost-of-living adjustment for State employees. Special funds also increased $8,510 due to the HEIF adjustments.

Other unrestricted funds increased $3,581,736 due to an increase in enrollment and sales and services of auxiliary and educational activities related to the enrollment growth.

Restricted funds increased $408,996 to account for an increase in State, federal, and private grants.

Appendix 2

Audit Findings

Audit Period for Last Audit:	August 28, 2008 – June 30, 2011
Issue Date:	July 10, 2012
Number of Findings:	6
Number of Repeat Findings:	0
% of Repeat Findings:	0%
Rating: (if applicable)	

Finding 1: Salisbury University's (SU) procurement and payment processing procedures were not always followed.

Finding 2: Proper controls had not been established over credit cards used for travel related expenditures.

Finding 3: SU had not established adequate controls over the bookstore's point-of-sale system and purchases for its bookstore operation.

Finding 4: SU had not restricted user access capabilities for certain critical applications on its financial management system.

Finding 5: Internal controls were inadequate to ensure that noncash credit adjustments recorded in student accounts were proper.

Finding 6: Procedures and controls over SU's dietary inventory for dining services were not adequate.

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

Object/Fund Difference Report
USM – Salisbury University

Object/Fund	FY 12 Actual	FY 13 Working Appropriation	FY 14 Allowance	FY 13 - FY 14 Amount Change	Percent Change
Positions					
01 Regular	938.00	988.00	988.00	0.00	0%
02 Contractual	358.00	381.60	392.10	10.50	2.8%
Total Positions	**1,296.00**	**1,369.60**	**1,380.10**	**10.50**	**0.8%**
Objects					
01 Salaries and Wages	$ 67,387,896	$ 75,723,354	$ 77,963,080	$ 2,239,726	3.0%
02 Technical and Special Fees	19,860,785	20,114,839	20,572,998	458,159	2.3%
03 Communication	536,047	668,862	668,871	9	0%
04 Travel	2,062,431	2,025,551	2,121,946	96,395	4.8%
06 Fuel and Utilities	4,058,144	5,353,430	5,353,430	0	0%
07 Motor Vehicles	57,913	221,183	221,183	0	0%
08 Contractual Services	8,846,445	9,694,747	10,103,556	408,809	4.2%
09 Supplies and Materials	10,248,896	11,698,197	12,077,367	379,170	3.2%
10 Equipment – Replacement	246,091	109,750	134,750	25,000	22.8%
11 Equipment – Additional	2,202,616	2,579,599	2,645,603	66,004	2.6%
12 Grants, Subsidies, and Contributions	12,975,032	14,987,082	16,640,082	1,653,000	11.0%
13 Fixed Charges	13,017,735	15,319,825	16,483,777	1,163,952	7.6%
14 Land and Structures	17,260,161	7,011,500	7,629,125	617,625	8.8%
Total Objects	**$ 158,760,192**	**$ 165,507,919**	**$ 172,615,768**	**$ 7,107,849**	**4.3%**
Funds					
40 Unrestricted Fund	$ 147,058,015	$ 153,098,923	$ 160,140,768	$ 7,041,845	4.6%
43 Restricted Fund	11,702,177	12,408,996	12,475,000	66,004	0.5%
Total Funds	**$ 158,760,192**	**$ 165,507,919**	**$ 172,615,768**	**$ 7,107,849**	**4.3%**

Note: The fiscal 2013 appropriation does not include deficiencies. The fiscal 2014 allowance does not include contingent reductions.

Fiscal Summary
USM – Salisbury University

Program/Unit	FY 12 Actual	FY 13 Wrk Approp	FY 14 Allowance	Change	FY 13 - FY 14 % Change
01 Instruction	$ 44,496,577	$ 48,662,492	$ 50,264,473	$ 1,601,981	3.3%
02 Research	746,775	808,213	858,967	50,754	6.3%
03 Public Service	5,499,888	5,820,742	5,889,507	68,765	1.2%
04 Academic Support	8,795,714	9,727,027	9,963,465	236,438	2.4%
05 Student Services	5,272,097	5,881,530	6,301,045	419,515	7.1%
06 Institutional Support	13,236,319	14,233,919	14,955,232	721,313	5.1%
07 Operation and Maintenance of Plant	19,056,605	16,948,134	17,911,668	963,534	5.7%
08 Auxiliary Enterprises	49,303,769	49,004,780	50,405,329	1,400,549	2.9%
17 Scholarships and Fellowships	12,352,448	14,421,082	16,066,082	1,645,000	11.4%
Total Expenditures	**$ 158,760,192**	**$ 165,507,919**	**$ 172,615,768**	**$ 7,107,849**	**4.3%**
Unrestricted Fund	$ 147,058,015	$ 153,098,923	$ 160,140,768	$ 7,041,845	4.6%
Restricted Fund	11,702,177	12,408,996	12,475,000	66,004	0.5%
Total Appropriations	**$ 158,760,192**	**$ 165,507,919**	**$ 172,615,768**	**$ 7,107,849**	**4.3%**

Note: The fiscal 2013 appropriation does not include deficiencies. The fiscal 2014 allowance does not include contingent reductions.