

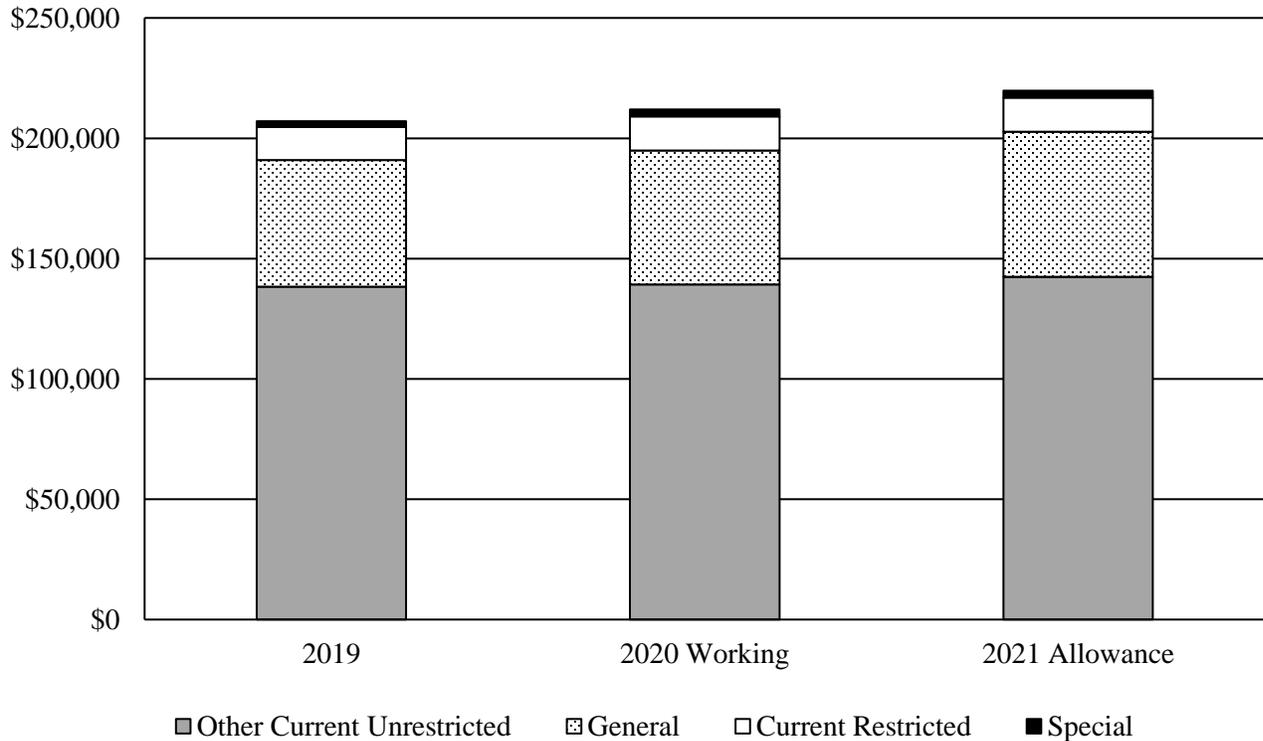
R30B29
Salisbury University
University System of Maryland

Executive Summary

Salisbury University (SU) is a comprehensive university emphasizing undergraduate liberal arts, sciences, pre-professional programs, and selected applied graduate programs.

Operating Budget Summary

**Fiscal 2021 Budget Increases by \$7.8 Million or 3.7% to \$219.8 Million
(\$ in Thousands)**



Note: Numbers may not sum due to rounding. The fiscal 2020 appropriation includes deficiencies, planned reversions, and general salary increases. The fiscal 2021 allowance includes general salary increases.

- State funding increases 7.8%, or \$4.6 million, over fiscal 2021.
- There is \$1.9 million in general funds to support six Workforce Development Initiatives (WDI), increasing WDI funding by \$0.7 million over fiscal 2020. The additional funding will support two new initiatives in computer science and nursing.

For further information contact: Sara J. Baker

Phone: (410) 946-5530

Key Observations

- After two years of decline SU admitted its largest first-time, full-time class of 1,473 students, an increase of 14.2% over fall 2018. However, SU continues to struggle to retain students and attract transfer students with enrollment of continuing students declining for a fifth consecutive year and transfer students declining in four of the past five years.
- In fiscal 2016, there was a noticeable shift in institutional aid expenditures with spending on need-based aid falling 36.8%, while spending on scholarships increased by 68.8%. Need-based aid, which used to account for half of institutional aid, only comprises 15.7% of spending in fiscal 2020.
- The education and general deficit exceeded \$10.0 million from fiscal 2018 to 2020. The surplus has been covered by relatively large auxiliary surpluses in those years. This raises concerns if students may have been overcharged for auxiliary services.

Operating Budget Recommended Actions

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

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 selected 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 citizenships, gainful employment, and life-long learning.

SU seeks to be a widely recognized comprehensive institution for excellence in education both in and out of the classroom and for its model programs in civic engagement. Traditional academic curriculum will be enriched with undergraduate research, international experiences, internships, and community outreach activities. Although SU emphasizes undergraduate education, it also provides specialized master’s degree programs that uniquely serve the needs of the regional area.

Carnegie Classification: Master’s Colleges and Universities: Larger Programs

Fall 2019 Undergraduate Enrollment Headcount

Male	3,417
Female	4,269
Total	7,686
	(29 at Shady Grove)

Fall 2019 Graduate Enrollment Headcount

Male	197
Female	734
Total	931
	(5 at Shady Grove)

Fall 2019 New Students Headcount

First-time	1,470
Transfers/Others	695
Graduate (Masters)	329
Graduate (Doctoral)	22
Total	2,516

Campus (Main Campus)

Acres	204.2
Buildings	96
Average Age	37
Oldest	Holloway Hall – 1924

Programs

Bachelor’s	45
Master’s	15
Doctoral – Professional	1
Doctoral – Research	1
Total Programs	62

Degrees Awarded (2018-2019)

Bachelor’s	1,805
Master’s	334
Doctoral – Professional	7
Doctoral – Research	0
Total Degrees	2,146

Proposed Fiscal 2021 In-state Tuition and Fees*

Undergraduate Tuition	\$7,408
Mandatory Fees	\$2,860

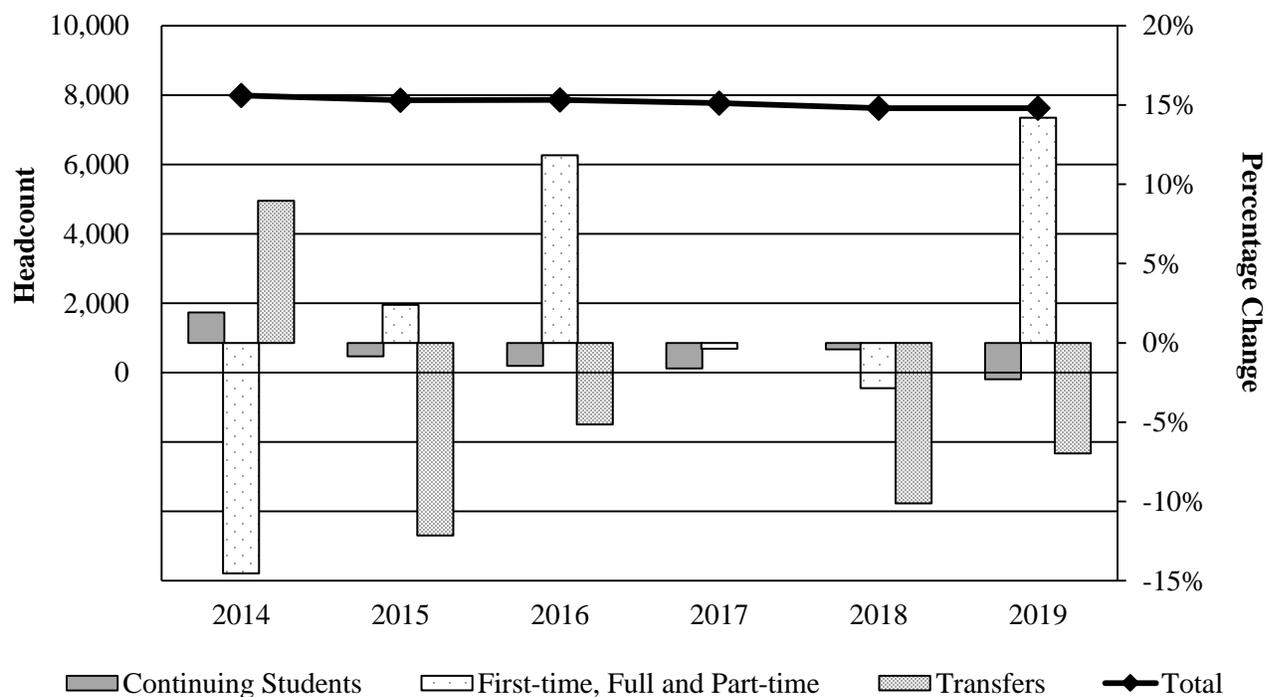
*Contingent on Board of Regents approval.

Performance Analysis

1. Undergraduate Fall Headcount

Total undergraduate enrollment increased by 3 students in fall 2019. Declines in continuing and transfer students of 128 and 52 students, respectively, were offset by an increase of 183 first-time, full-time students (FT/FT), as shown in **Exhibit 1**. After declining for two years, SU admitted its largest class of first-time students (1,473) in fall 2019. However, SU continues to struggle to retain students after the first year and attract transfer students. In fall 2014, enrollment of continuing and transfer students reached its highest level of 5,830 and 997 students, respectively. By fall 2019, continuing students declined 6.4% (376 students) compared to fall 2014, while transfers fell 30.3% (302 students). Overall, since fiscal 2014, undergraduate enrollment has declined 4.6%, or 369 students.

Exhibit 1
Percentage Change and Total Head Count Undergraduate Enrollment
Fall 2014-2019



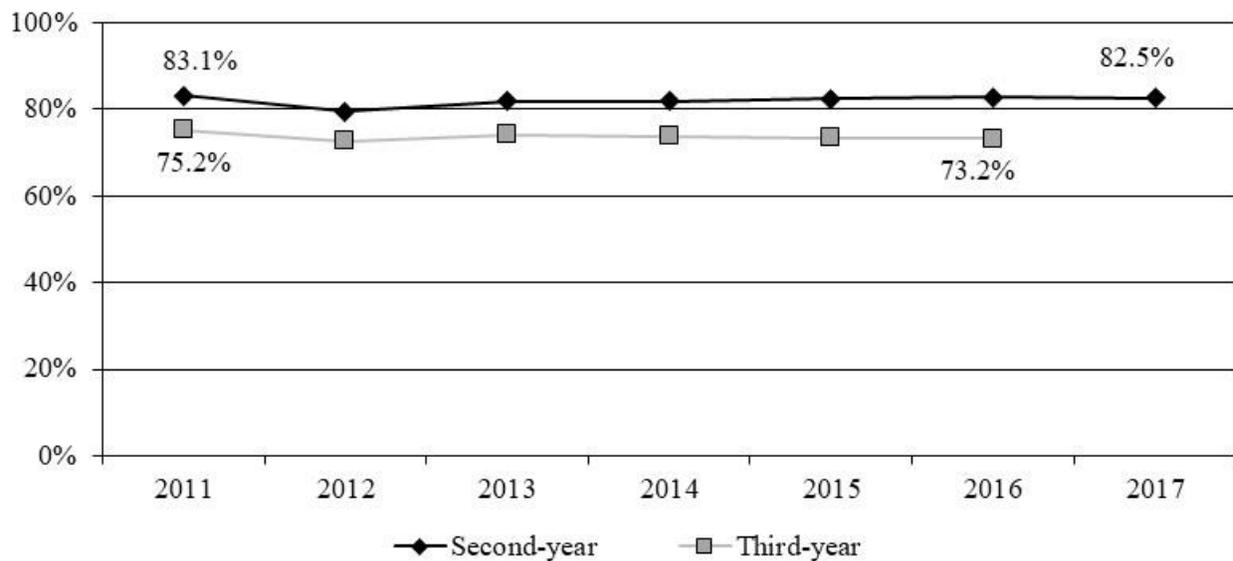
Source: University System of Maryland, Department of Legislative Services

The President should comment on factors attributing to the decline in the number of continuing and transfer students.

2. Student Performance

Student persistence, or retention, provides a measure of student progress and an indication of an institution’s performance: the higher the retention rate, the more likely students will persist and graduate. As students are most likely to drop out during their first year, the second-year retention rate provides an indication if retention strategies are working or if further investigation is needed to identify areas of improvement. As shown in **Exhibit 2**, the second-year retention rate remained fairly stable for the past four years, averaging 82.3%. The third-year rate slightly declined from a high of 75.2% with the 2011 cohort to 73.2% with the 2016 cohort.

Exhibit 2
Second- and Third-year Retention Rates
First-time, Full-time 2011-2017 Cohorts

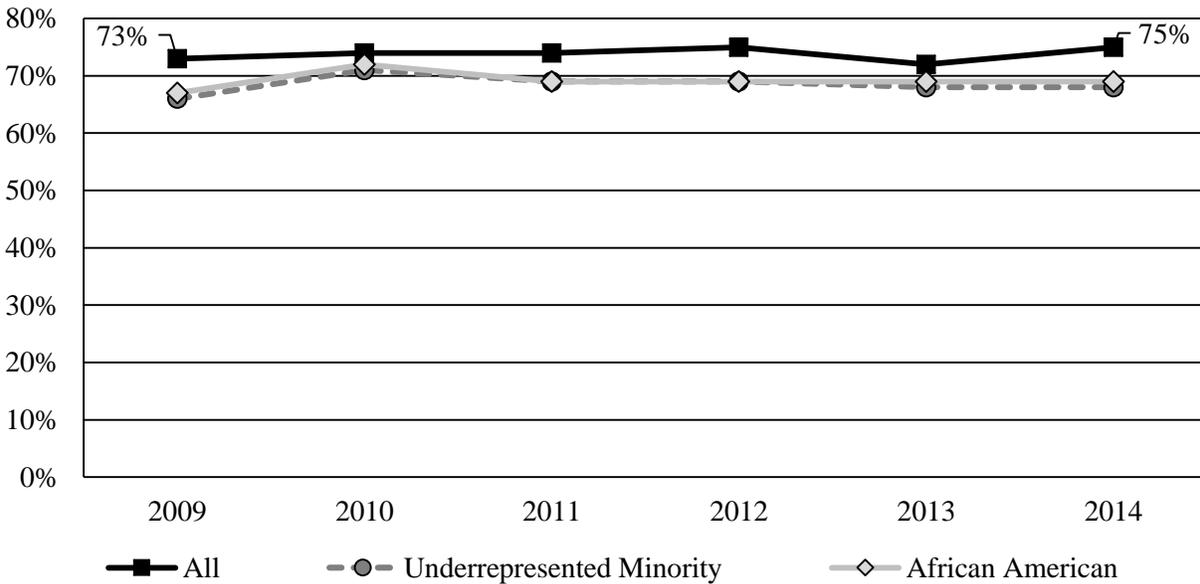


Note: Percentages include first-time, full-time students who persisted at and graduated from the institution they initially enrolled in and those who transferred and graduated from any Maryland public or private four-year institution.

Source: Maryland Higher Education Commission

Graduation rates are, in part, another measure of student persistence and efficiency – as more students graduate, it frees up more room, allowing an institution to enroll more students. **Exhibit 3** shows the six-year graduation rates for the fiscal 2009 and 2014 cohorts. After a dip of three percentage points with the 2013 cohort, the graduation rate for all students rebounded to 75% with the 2014 cohort. After narrowing with the 2010 cohort, the achievement gap for underrepresented minority and African American students widened by seven and six percentage points, respectively, with the 2014 cohort.

Exhibit 3
Six-year Graduation Rates
2009-2014 Fiscal Year Cohorts



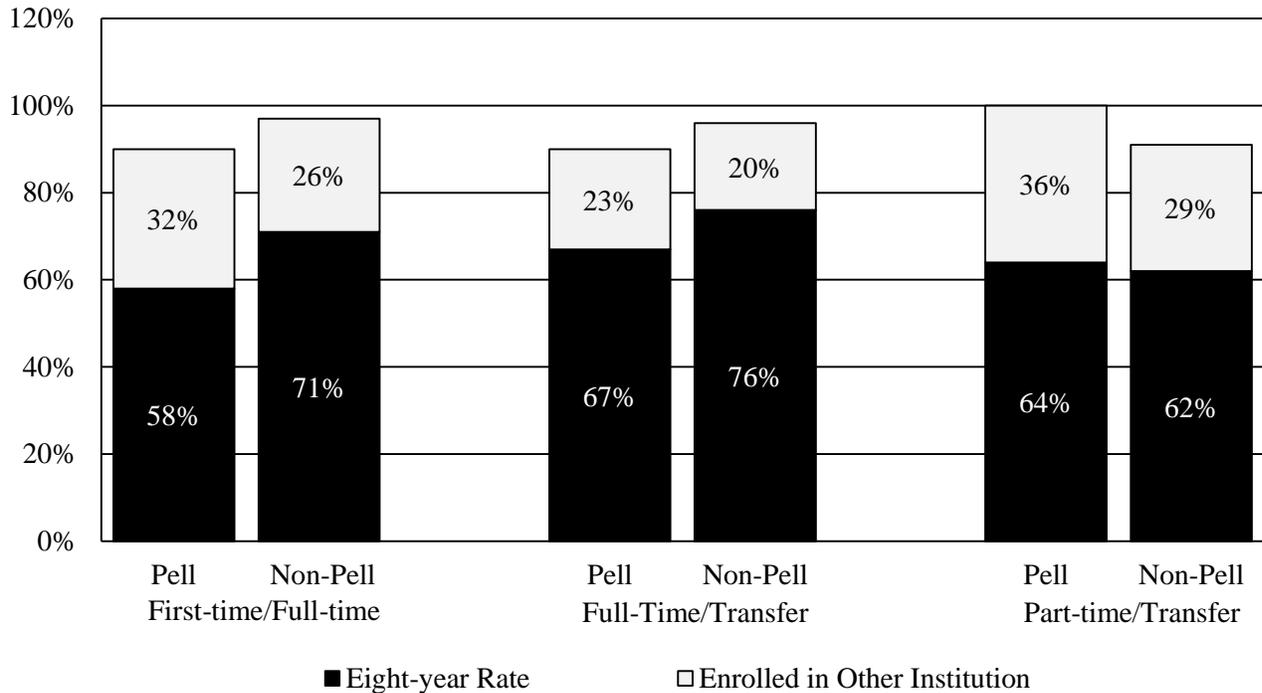
Note: Includes all degree-seeking students (e.g., first-time/full-time, part-time, transfers, spring admits) who enrolled in the fiscal year. Underrepresented minority includes African American/Black; Hispanic/Latino; American Indian/Native American; Native Hawaiian/Pacific Islander

Source: University System of Maryland

Traditional graduation measures only capture the outcomes of the traditional FT/FT students who are increasingly comprising a smaller portion of the student population. In order to have a more inclusive graduation rate that captures the progress on nontraditional students, the Integrated Postsecondary Education Data System reports on the outcomes of first-time, transfers, and part-time students by Pell and non-Pell recipients.

As shown in **Exhibit 4**, FT/FT Pell students are less likely to earn a degree than non-Pell students with only 58% of Pell students graduating within eight years compared to 71% of non-Pell students. Full- and part-time Pell students graduate at rates of 67% and 64%, respectively. This indicates that there are opportunities for SU to target programs directed at the unique needs of this population to help them succeed and earn a degree.

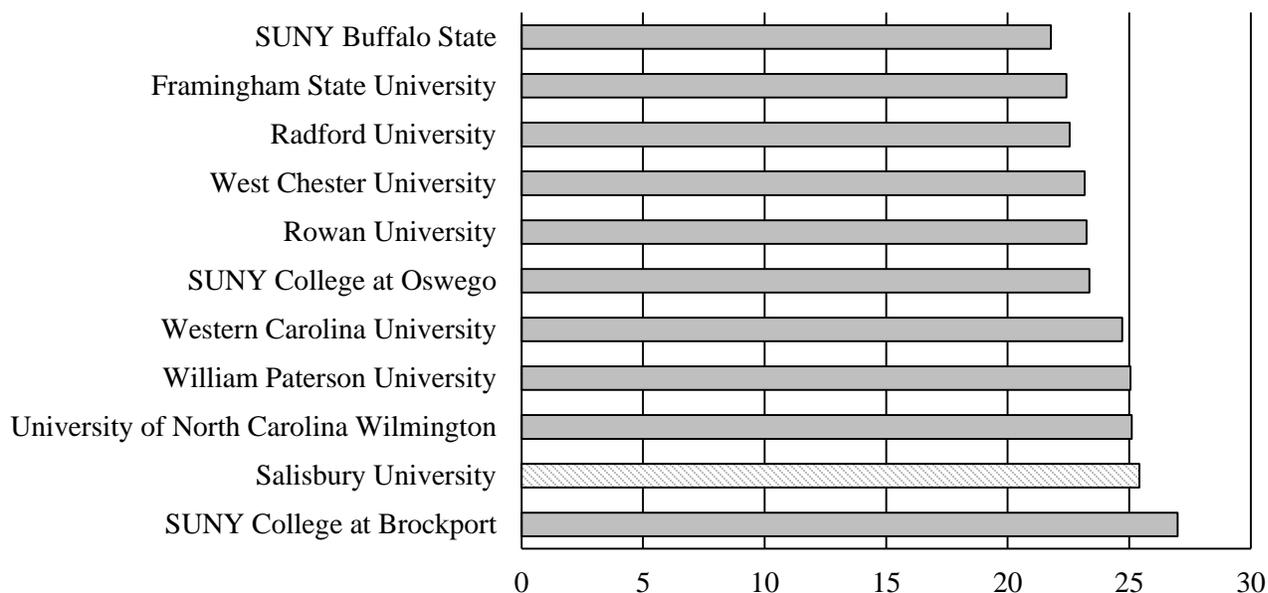
**Exhibit 4
Eight-year Graduation Rate
For Students Entering in Academic Year 2010-2011**



Source: National Center for Education Statistics; College Navigator

Ultimately, how well an institution meets its academic mission is measured by the number of undergraduate degrees awarded. The number of undergraduate degrees awarded per 100 full-time equivalent students shows how effectively institutions turn degree-seeking students into degree holders. **Exhibit 5** compares the three-year average of SU’s ratio to that of its peers. Peer institutions are those used to benchmark SU’s performance in the University System of Maryland’s (USM) Dashboard Indicators. Depending on the institution, the optimal value is 25.0 for those that predominantly offer bachelor’s degrees but also could be higher for those who mainly offer upper-division programs or have a relatively higher number of transfer students. Overall, only one institution – The College at Brockport – State University of New York – at 27.0 degrees performs better than SU at 25.4 degrees.

Exhibit 5
Comparison of Three-year Average Undergraduate Degrees Per 100
Undergraduate FTES to Performance Peers
Academic Years 2015-2018



FTES: full-time equivalent student
 SUNY: State University of New York

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

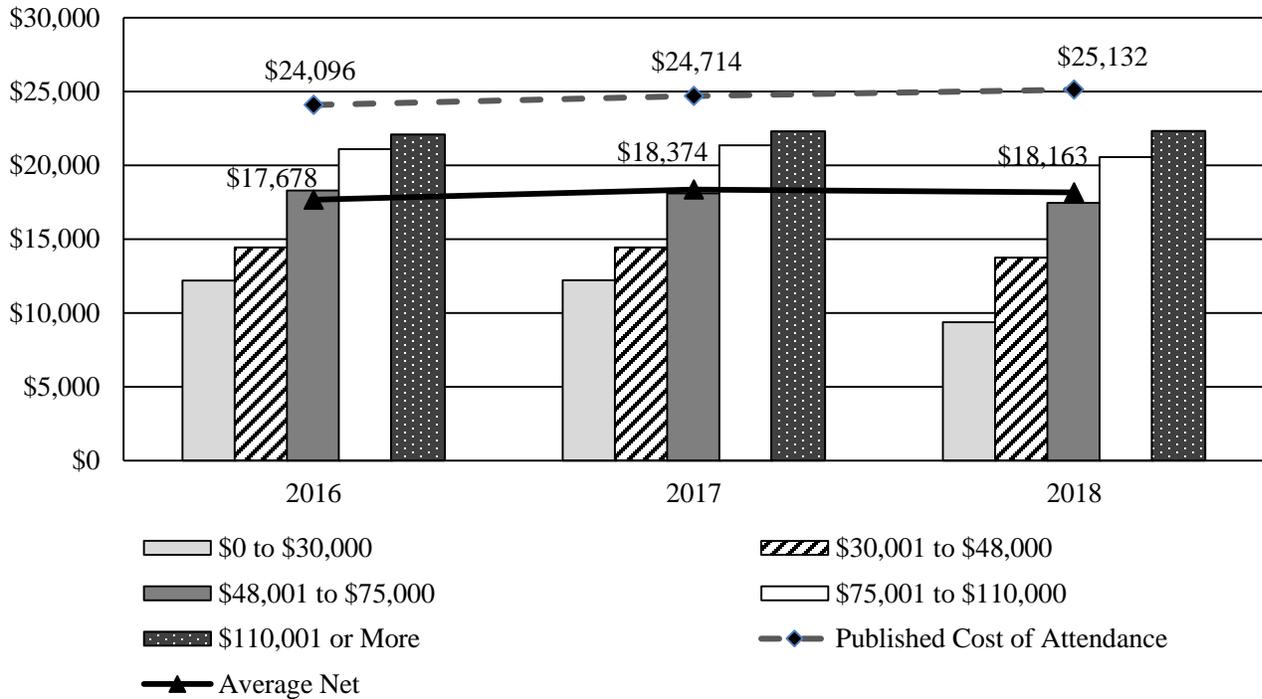
3. Affordability and Accessibility

Cost of Attendance

When considering the affordability of college, students and families tend to focus on the published cost of attendance (COA) or sticker price. COA is the total cost of attending college for one year including tuition and fees, room and board, books, supplies, and other expenses. However, the focus should be on the average net price, which is the cost to the student after accounting for the average amount of federal, State, and institutional aid awarded to all undergraduate SU students. As shown in **Exhibit 6**, in fiscal 2018, the average net price was \$6,969, or 27.7% less than the published COA for a FT/FT student. The average cost to a student varies by income level. Those with a lower family income receive more financial aid, thereby lowering the average price for attending college. The average net price for a family with an income between \$0 and \$30,000 decreased by \$2,823 from

\$12,202 in fiscal 2016 to \$9,379 in fiscal 2018. Overall, the cost of college declined for SU students across all income categories except for those at the highest level.

Exhibit 6
Estimated In-state Cost of Attendance versus Average Net Price by Income Level
Fiscal 2016-2018

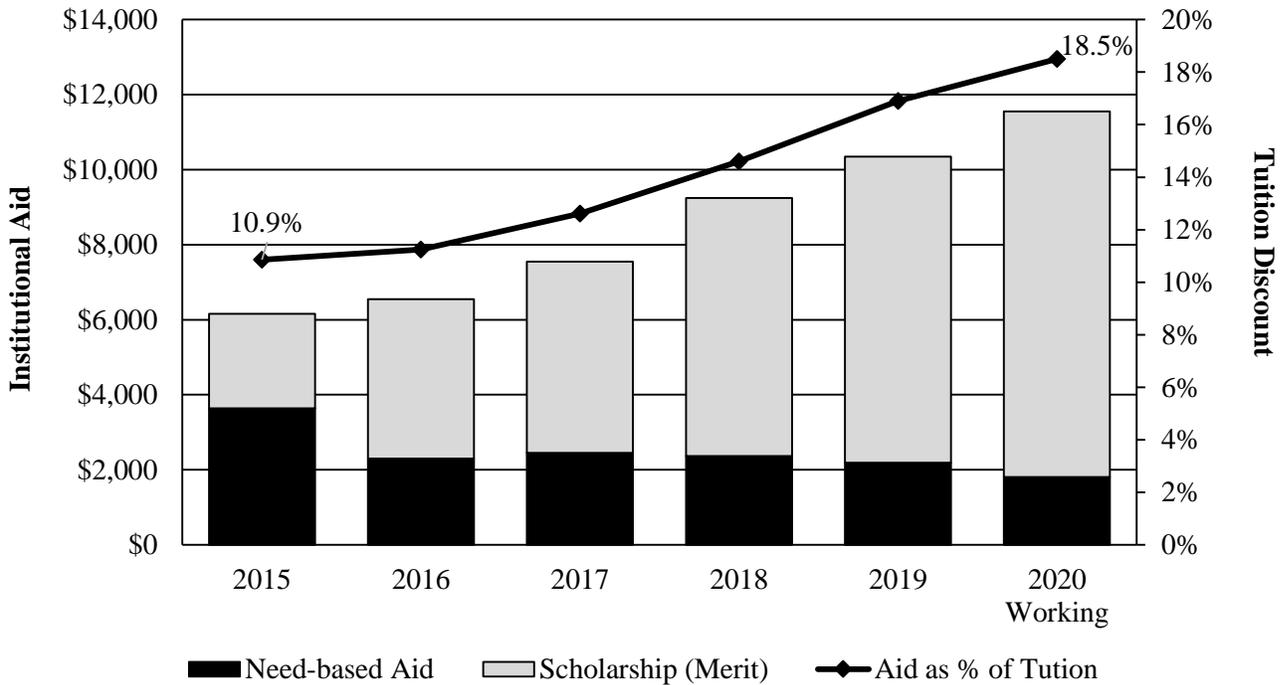


Source: National Center for Education Statistics' College Navigator

Tuition Discount

In order to increase accessibility and make college more affordable, public colleges have been increasing the amount that they discount tuition through institutional aid (need-based, merit, and athletic scholarships). The discount rate is the ratio of total institutional aid to undergraduate tuition. As shown in **Exhibit 7**, the tuition discount rate increases to 18.5% in fiscal 2020.

Exhibit 7
Institutional Aid: Total Aid and Aid as a Percentage of Undergraduate Tuition Revenue
Fiscal 2015-2020
(\$ in Thousands)



Source: University System of Maryland; Maryland Higher Education Commission; Department of Legislative Services

Institutional Aid

Total expenditures on institutional aid grew 87.5%, or \$5.4 million, from fiscal 2015 to 2020, as shown in Exhibit 7. However, during this time period, total spending on need-based aid declined 50.3%, to \$1.8 million in fiscal 2020. Prior to fiscal 2016, expenditures on need-based aid comprised over half of the spending on institutional aid and have since declined to 15.7% in fiscal 2020. A noticeable shift in spending occurred in fiscal 2016 with \$1.3 million, or 36.8% less being spent on need-based aid, while the amount spent on scholarships grew by \$1.7 million, or 68.8%. While there was a slight increase (\$0.1 million) in spending on need-based aid in fiscal 2017, spending decreased by a total of \$0.6 million from fiscal 2018 to 2020. Conversely, between fiscal 2016 and 2020, spending on scholarships grew 287.0%, or \$7.2 million, to \$9.7 million.

The shift away from need-based aid runs counter to the USM Board of Regents instruction to institutions to use a portion of the tuition revenue increases for institution aid directed toward those undergraduate students with the highest financial need, offsetting increases in tuition rates, thereby holding harmless those with the greatest need.

The President should comment on why a shift was made toward spending more on scholarships and less on need-based aid.

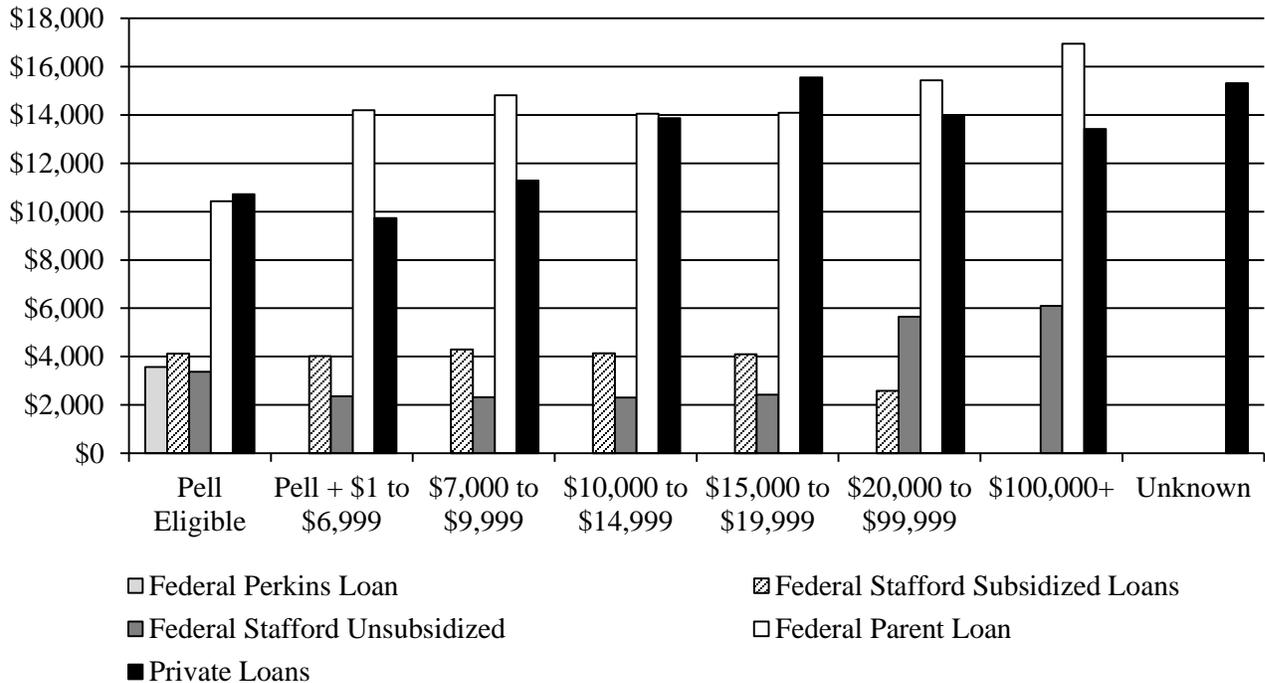
Loans

In fiscal 2019, 25.9% of SU's undergraduate students received a Pell grant, which is given to those students who otherwise could not afford college. These students have an expected family contribution (EFC) of less than a specific amount that was \$5,140 in fiscal 2019. EFC is an indicator of the amount that a family is expected to contribute for a student's college education; the lower the EFC, the greater the financial need.

While students with the greatest financial need typically receive Pell and institutional aid, it is not enough to cover the cost of attending college. As shown in **Exhibit 8**, students in all EFC categories take out various types of loans to finance their education. There are three types of loans:

- federal subsidized loans are based on financial need with the government paying the interest while the student is enrolled in school (Stafford subsidized loans);
- federal unsubsidized loans are general loans for those who do not demonstrate financial need with interest added to the balance of the loan while the student is enrolled in school (Stafford unsubsidized and Parent PLUS loans); and
- private loans.

**Exhibit 8
Mean Loan Amount by Type and Expected Family Contribution
Fiscal 2018**



Source: Maryland Higher Education Commission

In fiscal 2018, of the 2,488 Pell-eligible students, 1,587 and 1,305 used subsidized and unsubsidized loans, respectively, to help pay for their college education with average loans of \$4,121 and \$3,368. In addition, 129 Pell-eligible students took out private loans and, on average, borrowed \$10,717. In general, the federal parent loans were the highest average loans taken out for those in all EFC categories with those with an EFC of greater than \$100,000 taking out the highest average loan of \$16,944.

Student Debt

Recently, the U.S. Department of Education’s College Scoreboard started reporting the median debt (excluding private and Parent PLUS loans) for 2016 and 2017 graduates. This is an effort to give students a better picture of outcomes at the program rather than the institutional level. The median debt of SU students ranged from \$17,495 for geography and cartography majors to \$25,800 for liberal arts and sciences majors.

Fiscal 2020 Working Budget

A proposed deficiency would replace \$0.4 million in general funds with the Higher Education Investment Fund (HEIF) due to the use of the HEIF fund balance and revised revenue estimates.

Education and General Expenditures

Since tuition and fee revenues in the allowance are based on enrollment projections, increases and decreases in enrollment can have a significant effect on an institution's revenues. Therefore, looking at the changes in expenditures by program areas between fiscal 2019 and 2020, when institutions know their fall enrollment, provides a more accurate picture of funding priorities.

Exhibit 9 shows budget changes for unrestricted funds by program area for fiscal 2019 and 2020, which increase by \$4.5 million, or 2.3% in fiscal 2020. The fiscal 2020 education and general (E&G) expenditures and revenues are adjusted to reflect a 1.0% general salary increase totaling \$0.4 million. Spending increases of \$2.4 million in four program areas are partly offset by \$1.2 million decreased spending in the other four areas. SU was not able to provide details regarding the change in spending by program area due to the transition to a new decentralized budget system. Currently, the system is not able to pull expenditure data by program area. However, SU is currently working with USM Office (USMO) and the information technology department at SU in developing a process to upload the working budget data into the appropriate program area to ensure accurate reporting in fiscal 2021.

Exhibit 9
Budget Changes for Unrestricted Funds by Program
Fiscal 2019-2020
(\$ in Thousands)

	<u>2019</u> <u>Actual</u>	<u>2020</u> <u>Working</u>	<u>2019-2020</u> <u>Change</u>	<u>2019-2020</u> <u>% Change</u>
Expenditures				
Institutional Support	\$17,906	\$19,350	\$1,443	8.1%
Operation and Maintenance of Plant	30,553	31,032	\$479	1.6%
Instruction	60,323	60,593	\$270	0.4%
Scholarships and Fellowships	11,575	11,788	\$213	1.8%
Public Service	3,293	3,219	-\$73	-2.2%
Research	647	568	-\$80	-12.3%
Student Services	8,607	8,380	-\$227	-2.6%
Academic Support	17,244	16,441	-\$803	-4.7%
General Salary Increase		379		
E&G Total	\$150,149	\$151,750	\$1,601	1.1%
Auxiliary Enterprises	\$43,290	\$46,167	\$2,877	6.6%
Total Expenditures	\$193,439	\$197,917	\$4,478	2.3%
Revenues				
Tuition and Fees	\$77,353	\$78,507	\$1,154	1.5%
State Funds ¹	55,095	58,659	\$3,565	6.5%
Other	2,451	3,135	\$684	27.9%
Total E&G Revenues	\$134,898	\$140,301	\$5,404	4.0%
Auxiliary Enterprises	59,178	59,615	\$437	0.7%
Transfer (to)/from Fund Balance	-637	-2,000		
Available Unrestricted Revenues	\$193,439	\$197,917	\$4,478	2.3%

E&G: education and general

¹ State funds include general funds and Higher Education Investment Funds.

Note: Fiscal 2020 State funds adjusted to reflect a general salary increase.

Source: Governor's Fiscal 2021 Budget Books; Department of Legislative Services

Continuing E&G Deficit

As shown in Exhibit 9, E&G expenditures exceed revenues by \$15.3 million and \$11.4 million in fiscal 2019 and 2020, respectively, which will be covered by auxiliary surpluses of \$15.9 million and \$13.4 million. Auxiliary enterprises, such as residence halls, dining services, athletics, and bookstores, are self-supporting relying on charges to students and faculty to cover expenses. Surpluses are expected in order to pay for future expenses such as renovations or upgrades. While institutions will use auxiliary surpluses to cover shortfalls in E&G expenditures, the relatively large E&G deficits and auxiliary surpluses raise numerous concerns including why E&G expenditures have not been reduced to better align with E&G revenues, are students being overcharged for auxiliary services, and/or is auxiliary spending being reduced in order to cover the E&G shortfall.

Exhibit 10, shows E&G and auxiliary revenues and expenditures from fiscal 2015 to 2020. During this time period, in all but one year, fiscal 2016, when there was a deficit in auxiliary, there were shortfalls in the academic enterprise. From fiscal 2015 to 2020, E&G revenues and expenditures increased 19.2% and 25.1%, respectively. In fiscal 2018, the E&G deficit increased to \$10.9 million that was covered by the use of auxiliary surplus (\$10.0 million) and transfers from the fund balance (\$0.9 million). In fiscal 2019, the E&G deficit totaled \$15.3 million with expenditures growing 5.8%, while revenues increased 3.3%. In fiscal 2020, it appears that efforts are being made to control E&G spending, which grows by only 0.3%, resulting in a decline in the deficit to \$11.4 million. From fiscal 2016 to 2020, three program areas accounted for 75.3% of the increase: operations and maintenance of plant (\$10.1 million); academic support (\$6.1 million); and instruction (\$5.5 million).

Exhibit 10
Education and General Revenues and Expenditures
Fiscal 2015-2020
(\$ in Thousands)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>Adjusted 2020</u>
E&G Revenues	\$117,428	\$123,281	\$129,975	\$130,602	\$134,898	\$140,301
E&G Expenses	\$120,378	\$121,604	\$131,750	\$141,477	\$150,149	\$151,750
E&G Surplus/Deficit	-\$2,950	\$1,677	-\$1,774	-\$10,875	-\$15,251	-\$11,449
Auxiliary						
Revenues	\$54,098	\$55,269	\$57,924	\$58,398	\$59,178	\$59,615
Expenditures	49,701	56,136	55,789	48,383	43,290	46,167
Auxiliary Surplus/Deficit	\$4,398	-\$867	\$2,135	\$10,016	\$15,888	\$13,448
Total Surplus/Deficit	\$1,448	\$810	\$360	-\$860	\$637	\$2,000

E&G: education and general

Note: Fiscal 2020 adjusted to reflect general salary increase.

Source: Governor's Fiscal 2017 to 2021 Budget Books

There are concerns that students may have been overcharged for auxiliary services, particularly in fiscal 2017 when, despite an undergraduate enrollment decline of 1.2%, auxiliary revenues increased 4.8%, or \$2.7 million. This combined with a slight decline in auxiliary spending of \$0.3 million resulted in a surplus of \$2.1 million to cover a \$1.8 million E&G shortfall. While growth in auxiliary revenues slowed after fiscal 2017, it appears that spending on auxiliary services was reduced to cover the growing spending on E&G. In fiscal 2018 and 2019, spending fell by \$7.4 million and \$5.1 million, respectively, resulting in surpluses of \$10.0 million and \$15.9 million. In fiscal 2020 while auxiliary expenditures increase by \$2.9 million, or 6.6%, auxiliary enterprises are projected to generate a surplus of \$13.4 million.

When asked about the overreliance on auxiliary surpluses to cover E&G shortfalls, SU expressed concerns that the State support that it receives is not adequate. However, it was SU's decision to continue to increase expenditures despite the enrollment decline that led to the current situation. Further, as will be shown in **Exhibit 13**, State support for SU as a percentage of its unrestricted funds has been consistently increasing in recent years.

The President should comment on the reliance on relatively high auxiliary surpluses to cover E&G spending and on efforts to align E&G expenditures with revenue given the recent declines in enrollment.

USMO should comment on whether SU’s State fund appropriation is appropriate given its size and mission when compared to other USM institutions.

Fiscal 2021 Proposed Budget

As shown in **Exhibit 11**, the adjusted allowance for fiscal 2021 provides an increase of \$4.6 million, or 7.8%, in State support compared to the adjusted fiscal 2020 working appropriation.

Exhibit 11
Proposed Budget
Salisbury University
Fiscal 2019-2021
(\$ in Thousands)

	<u>2019</u> <u>Actual</u>	<u>2020</u> <u>Working</u>	<u>2021</u> <u>Adjusted</u>	<u>2020-2021</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Funds	\$52,659	\$55,779	\$58,827		
Deficiency		-440			
General Salary Increase		379	1,516	\$1,137	
Total General Funds	\$52,659	\$55,718	\$60,342	\$4,624	8.3%
HEIF	\$2,436	\$2,501	\$2,884		
Deficiency		440			
Total HEIF	2,436	2,941	2,884	-\$57	-1.9%
Total State Funds	\$55,095	\$58,659	\$63,226	\$4,624	7.8%
Other Unrestricted Funds	\$138,982	\$141,258	\$144,418	\$3,160	2.2%
Transfer to Fund Balance	-637	-2,000	-2,000		
Net Unrestricted Funds	\$193,439	\$197,917	\$205,644	\$7,727	3.9%
Restricted Funds	13,642	14,050	14,142	\$92	0.7%
Total Funds	\$207,081	\$211,967	\$219,786	\$7,819	3.7%

HEIF: Higher Education Investment Fund

Note: Numbers may not sum due to rounding. The fiscal 2020 appropriation includes deficiencies, and general salary increases. The fiscal 2021 allowance includes general salary increases.

Source: Governor’s Fiscal 2021 Budget Books, Department of Legislative Services

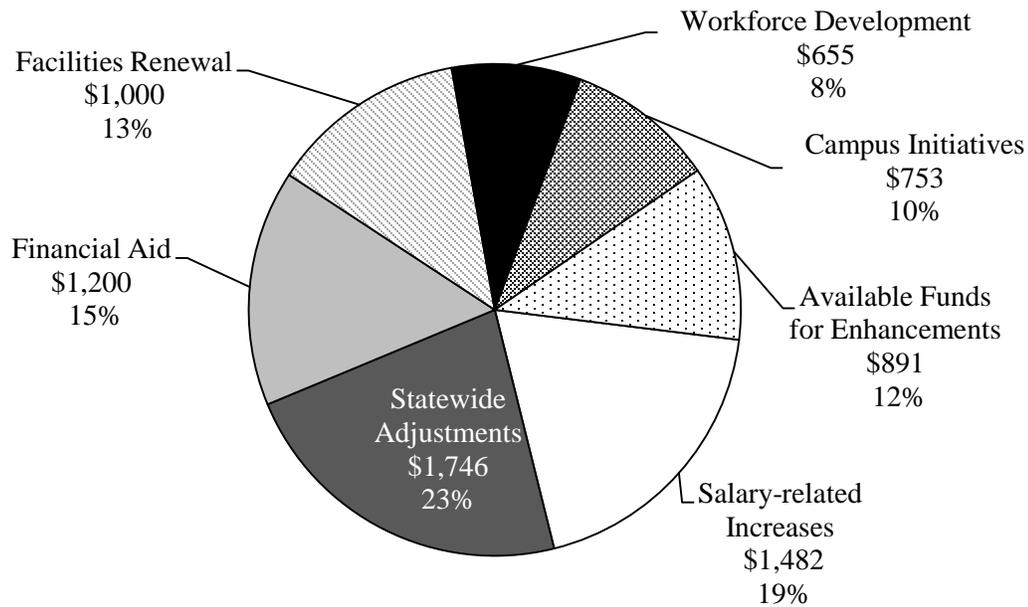
Proposed Increases

The fiscal 2021 State-support increase provides:

- \$1.7 million for statewide miscellaneous adjustments of which \$1.4 million is related to health insurance;
- \$1.1 million for annualization of the fiscal 2020 general salary increase and the 2% fiscal 2021 general salary increase;
- \$0.9 million for other operating cost increases;
- \$0.7 million for Workforce Development Initiatives (WDI) of which \$0.3 million are to support retention and degree completion in computer science and \$0.4 million to support a registered nurse to a Bachelor of Science in Nursing program, commonly known as an “RN to BSN” program; and
- \$0.2 million for SU’s Center for Entrepreneurship.

Other current unrestricted funds increase 2.2%, or \$3.2 million, of which \$2.3 million is from additional tuition revenue partly due to a planned 2% increase in resident undergraduate tuition and a \$1.1 million increase in auxiliary revenues that is slightly offset by declines in other revenues. Overall, when including a planned fund balance transfer of \$2.0 million, unrestricted funds grow 3.9%, or \$7.7 million, to fund increases in current services costs totaling \$6.8 million and leaving \$0.9 million to fund additional enhancements. As shown in **Exhibit 12**, 23% of the increase is related to statewide adjustments (mainly health insurance), and 19% is related to salary increases. Financial aid comprises 15% of the increase in spending and facilities renewal accounts for 13%.

Exhibit 12
Break Down of Unrestricted Spending Increases
Fiscal 2021
(\$ in Thousands)



Total: \$7.7 Million

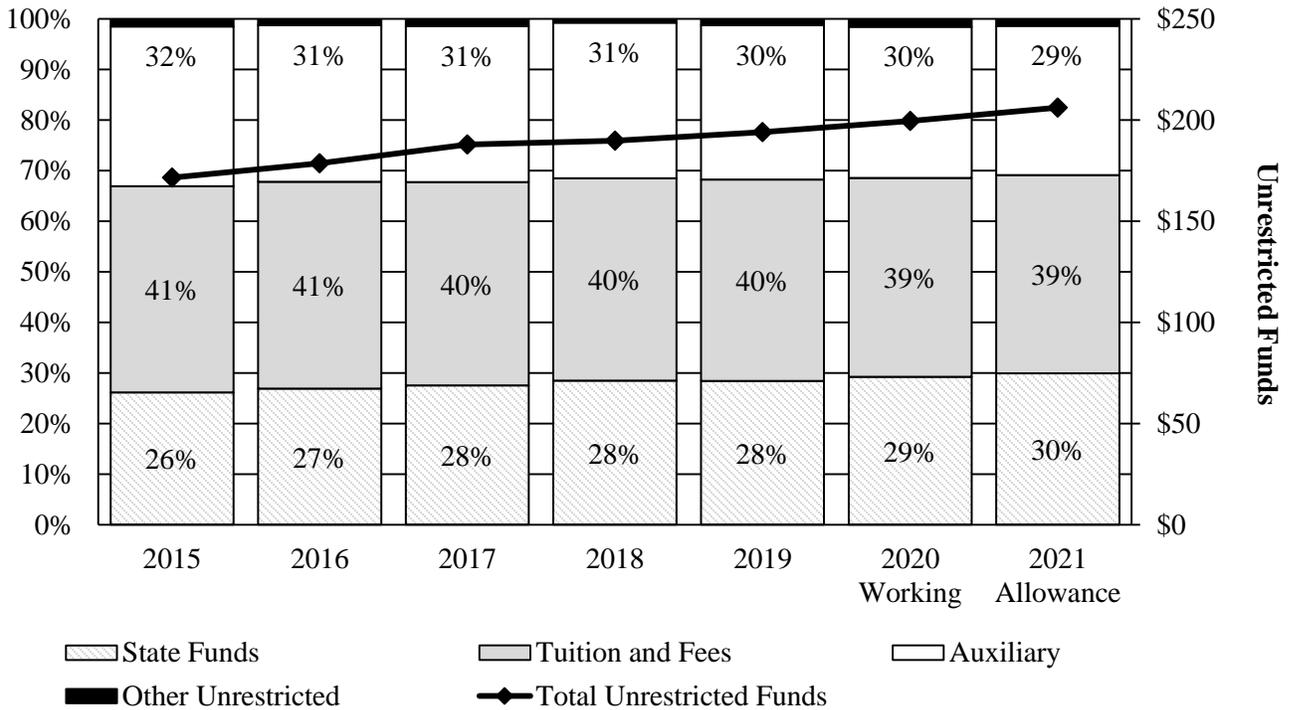
Note: Salary-related increases include annualization of the fiscal 2020 salary increases, the fiscal 2021 general salary increase, and costs related to the increase in minimum wage. Campus initiatives include program enhancements and the Salisbury University Center for Entrepreneurship.

Source: University System of Maryland; Department of Legislative Services

Revenue Sources

In the fiscal 2021 allowance, State funds (general funds and the HEIF) and tuition and fee revenues comprise 30% and 39% of SU’s State-supported revenues, as shown in Exhibit 13. Since fiscal 2015, State funds are comprising an increasing portion of revenues growing from 26% to 30% in fiscal 2021. During this same time period, tuition and fee and auxiliary revenues accounted for less of the total revenue. This trend can be attributed to declining enrollment in conjunction with a 37.5% increase in State funding to support various personnel and new facilities costs, program enhancements, and WDI. Overall, between fiscal 2015 and 2021, unrestricted revenue increases \$34.6 million, or 20.2%, with State funds accounting for \$16.8 million of the increase and tuition and fees for \$10.9 million.

**Exhibit 13
Unrestricted Revenues by Fund Source
Fiscal 2015-2021
(\$ in Millions)**



Note: State funds include general funds and the Higher Education Investment Fund.

Source: Governor’s Fiscal 2017 to 2021 Budget Books

Personnel Data

	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 20-21</u>
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>
Regular Positions	1,084.00	1,106.00	1,106.00	0.00
Contractual FTES	<u>418.50</u>	<u>389.30</u>	<u>400.60</u>	<u>11.30</u>
Total Personnel	1,502.50	1,495.30	1,506.60	11.30

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	41.14	3.72%
Positions and Percentage Vacant as of 12/31/19	60.00	5.42%
Vacancies Above Turnover	18.86	45.8%

- The fiscal 2021 allowance does not provide for any new regular positions. However, USM institutions have personnel autonomy and may create new positions during the year. In fiscal 2020 year to date, 22.0 new State-supported positions were added of which 18.0 were conversions of contractual to regular positions. The other 4.0 positions include 2.0 positions associated with the Center for Entrepreneurship, a director of professional development at the Perdue Business School, and a financial aid coordinator.
- The allowance provides for an additional 11.3 contractual full-time equivalent students (FTES). According to SU, the actual increase may be 6.4 FTES: 4.4 faculty; and 2.0 staff related to its nominal increase in enrollment.

Operating Budget Recommended Actions

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

Appendix 1
Audit Findings

Audit Period for Last Audit:	September 9, 2014 – December 10, 2018
Issue Date:	October 2019
Number of Findings:	5
Number of Repeat Findings:	0
% of Repeat Findings:	0%
Rating: (if applicable)	n/a

Finding 1: Salisbury University (SU) did not obtain approval from the University System of Maryland Board of Regents to make a total of \$1.1 million disbursements to an affiliated foundation.

Finding 2: SU did not adequately verify certain contract invoices to ensure that payments were made only in accordance with the contract terms and conditions.

Finding 3: SU procedures for verifying the propriety of financial aid awards recorded in its automated records were not effective since the employee responsible for performing the verification was not independent of the process.

Finding 4: SU did not ensure that the vendors responsible for disbursing student refunds and for collecting student online payments were properly safeguarding students' sensitive personal information.

Finding 5: The monitoring of the student administration and financial system's security was not adequate because critical database activities either were not logged or could not be reviewed when logged.

Appendix 2
Object/Fund Difference Report
USM – Salisbury University

<u>Object/Fund</u>	<u>FY 19</u> <u>Actual</u>	<u>FY 20</u> <u>Working</u> <u>Appropriation</u>	<u>FY 21</u> <u>Allowance</u>	<u>FY 20 - FY 21</u> <u>Amount Change</u>	<u>Percent</u> <u>Change</u>
Positions					
01 Regular	1,084.00	1,106.00	1,106.00	0.00	0%
02 Contractual	418.50	389.30	400.60	11.30	2.9%
Total Positions	1,502.50	1,495.30	1,506.60	11.30	0.8%
Objects					
01 Salaries and Wages	\$ 97,945,484	\$ 100,450,966	\$ 102,339,435	\$ 1,888,469	1.9%
02 Technical and Spec. Fees	23,484,123	21,553,291	22,370,248	816,957	3.8%
03 Communication	462,458	592,750	592,750	0	0%
04 Travel	2,873,372	2,916,500	2,916,500	0	0%
06 Fuel and Utilities	4,097,245	4,753,423	4,753,423	0	0%
07 Motor Vehicles	286,970	629,060	635,720	6,660	1.1%
08 Contractual Services	12,420,760	12,350,722	12,203,278	-147,444	-1.2%
09 Supplies and Materials	9,422,771	9,492,683	9,987,884	495,201	5.2%
10 Equipment – Replacement	1,919,841	1,832,304	1,882,304	50,000	2.7%
11 Equipment – Additional	1,671,959	1,691,500	1,806,500	115,000	6.8%
12 Grants, Subsidies, and Contributions	21,745,460	22,861,422	24,226,422	1,365,000	6.0%
13 Fixed Charges	14,059,764	13,986,564	14,779,231	792,667	5.7%
14 Land and Structures	16,690,699	18,476,790	19,776,790	1,300,000	7.0%
Total Objects	\$ 207,080,906	\$ 211,587,975	\$ 218,270,485	\$ 6,682,510	3.2%
Funds					
40 Unrestricted Fund	\$ 193,438,804	\$ 197,537,975	\$ 204,128,485	\$ 6,590,510	3.3%
43 Restricted Fund	13,642,102	14,050,000	14,142,000	92,000	0.7%
Total Funds	\$ 207,080,906	\$ 211,587,975	\$ 218,270,485	\$ 6,682,510	3.2%

Note: The fiscal 2020 appropriation does not include deficiencies, planned reversions, or general salary increases. The fiscal 2021 allowance does not include contingent reductions or general salary increases.

**Appendix 3
Fiscal Summary
USM – Salisbury University**

<u>Program/Unit</u>	<u>FY 19 Actual</u>	<u>FY 20 Wrk Approp</u>	<u>FY 21 Allowance</u>	<u>Change</u>	<u>FY 20 - FY 21 % Change</u>
01 Instruction	\$ 60,322,825	\$ 60,593,205	\$ 62,290,942	\$ 1,697,737	2.8%
02 Research	1,898,829	1,535,316	1,575,411	40,095	2.6%
03 Public Service	6,727,623	6,768,865	6,966,793	197,928	2.9%
04 Academic Support	17,244,480	16,441,171	16,759,024	317,853	1.9%
05 Student Services	8,743,103	8,483,384	8,648,286	164,902	1.9%
06 Institutional Support	17,906,291	19,349,505	19,658,424	308,919	1.6%
07 Operation and Maintenance of Plant	30,552,847	31,031,850	32,413,268	1,381,418	4.5%
08 Auxiliary Enterprises	43,290,290	46,166,967	47,495,625	1,328,658	2.9%
17 Scholarships and Fellowships	20,394,618	21,217,712	22,462,712	1,245,000	5.9%
Total Expenditures	\$ 207,080,906	\$ 211,587,975	\$ 218,270,485	\$ 6,682,510	3.2%
Unrestricted Fund	\$ 193,438,804	\$ 197,537,975	\$ 204,128,485	\$ 6,590,510	3.3%
Restricted Fund	13,642,102	14,050,000	14,142,000	92,000	0.7%
Total Appropriations	\$ 207,080,906	\$ 211,587,975	\$ 218,270,485	\$ 6,682,510	3.2%

Note: The fiscal 2020 appropriation does not include deficiencies, planned reversions, or general salary increases. The fiscal 2021 allowance does not include contingent reductions or general salary increases.