

R30B29
Salisbury University
University System of Maryland

Operating Budget Data

(\$ in Thousands)

| | <u>FY 08</u> <u>Actual</u> | <u>FY 09</u> <u>Working</u> | <u>FY 10</u> <u>Allowance</u> | <u>FY 09-10</u> <u>Change</u> | <u>% Change</u> <u>Prior Year</u> |
|------------------------------------------|-------------------------------|--------------------------------|----------------------------------|----------------------------------|--------------------------------------|
| General Funds | \$35,019 | \$36,376 | \$40,808 | \$4,432 | 12.2% |
| Contingent & Back of Bill Reductions | 0 | 0 | -95 | -95 | |
| Adjusted General Fund | \$35,019 | \$36,376 | \$40,713 | \$4,337 | 11.9% |
| Special Funds | 0 | 3,265 | 0 | -3,265 | -100.0% |
| Adjusted Special Fund | \$0 | \$3,265 | \$0 | -\$3,265 | -100.0% |
| Other Unrestricted Funds | 78,972 | 87,030 | 89,123 | 2,092 | 2.4% |
| Contingent & Back of Bill Reductions | 0 | 0 | -25 | -25 | |
| Adjusted Other Unrestricted Fund | \$78,972 | \$87,030 | \$89,098 | \$2,068 | 2.4% |
| Total Unrestricted Funds | 113,991 | 126,671 | 129,930 | 3,260 | 2.6% |
| Contingent & Back of Bill Reductions | 0 | 0 | -120 | -120 | |
| Adjusted Total Unrestricted Funds | \$113,991 | \$126,671 | \$129,811 | \$3,140 | 2.5% |
| Restricted Funds | 6,725 | 6,556 | 6,556 | 0 | |
| Contingent & Back of Bill Reductions | 0 | 0 | -6 | -6 | |
| Adjusted Restricted Fund | \$6,725 | \$6,556 | \$6,551 | -\$6 | -0.1% |
| Adjusted Grand Total | \$120,716 | \$133,227 | \$136,361 | \$3,134 | 2.4% |

- General funds increase \$4.4 million, or 12.2%, in the fiscal 2010 allowance. However, after adjusting for \$3.3 million of Higher Education Investment Funds in fiscal 2009 that are budgeted as general funds in fiscal 2010 and contingent reductions to deferred compensation, the underlying increase is \$1.1 million, or 2.7%, over fiscal 2009.
- Other unrestricted funds increase \$2.1 million, or 2.4%, in the fiscal 2010 allowance after adjusting for \$24,566 in contingent reductions to deferred compensation.
- The Administration's budget plan assumes additional reductions to fiscal 2009 and 2010, some of which may affect higher education.

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

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Personnel Data

| | <u>FY 08</u> <u>Actual</u> | <u>FY 09</u> <u>Working</u> | <u>FY 10</u> <u>Allowance</u> | <u>FY 09-10</u> <u>Change</u> |
|------------------------|---------------------------------------------|----------------------------------------------|------------------------------------------------|------------------------------------------------|
| Regular Positions | 888.00 | 918.00 | 938.00 | 20.00 |
| Contractual FTEs | <u>315.00</u> | <u>322.50</u> | <u>310.50</u> | <u>-12.00</u> |
| Total Personnel | 1,203.00 | 1,240.50 | 1,248.50 | 8.00 |

Vacancy Data: Regular Positions

| | | |
|-----------------------------------------------------------|-------|-------|
| Turnover and Necessary Vacancies, Excluding New Positions | 31.42 | 3.35% |
| Positions and Percentage Vacant as of 12/31/08 | 42.00 | 4.48% |

- As of December 31, 2008, Salisbury University (SU) had 42 vacant positions, of which 31 are State-supported; 4 of these State-supported positions have been vacant over a year.
- The allowance reflects an increase of 20 regular positions, of which 17 are State-supported contractual conversions of full-time non-tenured faculty. The remaining 3 positions are for auxiliary services.

Analysis in Brief

Major Trends

Six-year Graduation Rates for African American Students Decrease: The six-year graduation rate for African American students decreased more than four percentage points between fiscal 2007 and 2008 to 58.1%, though it is expected to stabilize in fiscal 2009.

Minority and Economically Disadvantaged Populations Increase Slightly: The percentage of minority and economically disadvantaged undergraduate students increased slightly in fiscal 2008. This trend is expected to continue in fiscal 2009 and 2010.

Issues

Institutional Aid: SU directs 67% of its institutional financial aid to need-based aid, which is significantly above the University System of Maryland average. Almost 50% of the university's non-need-based aid, however, went to students with no demonstrated financial need in fiscal 2007.

Closing the Achievement Gap: As a follow-up to the University System of Maryland's symposium held in November 2007, each campus identified and developed strategies to address institution specific factors leading to gaps in retention and graduation rates for low-income and minority students. SU has a 29 percentage point gap in the four-year graduation rate of African American and white students, and an 18 percentage point gap between Hispanic and white students. To address this disparity, SU plans to better support at-risk students in "barrier" courses like first-year math and science through placement tests, an Early Warning Program, and online supplemental instruction.

Recommended Actions

1. Concur with Governor's allowance.

Updates

SAT/ACT Optional Initiative Enters Second Year: During the application period for fall 2007 enrollment, SU began a pilot program allowing students with a high school grade point average of 3.5 or higher the option of submitting SAT and ACT scores when applying. In its second year of implementation, freshman applications increased 10.3%, and test optional students represented a larger percentage of applicants than the prior year.

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Operating Budget Analysis

Program Description

Salisbury University (SU) is a comprehensive university emphasizing undergraduate liberal arts; sciences; pre-professional and professional programs; and select, mostly applied, graduate programs. SU prepares graduates to pursue careers in a global economy and to meet the State's workforce needs. The university's purpose is 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 College and Universities (larger programs)

Fall 2008 Undergraduate Enrollment Headcount

| | |
|--------------|-----------------------------|
| Male | 45% |
| Female | 55% |
| Total | 7,281 (60 at RHECs*) |

Fall 2008 Graduate Enrollment Headcount

| | |
|--------------|------------|
| Male | 29% |
| Female | 71% |
| Total | 587 |

Fall 2008 New Students Headcount

| | |
|------------------|--------------|
| First-time | 1,199 |
| Transfers/Others | 820 |
| Graduate | 89 |
| Total | 2,108 |

Campus (Main Campus)

| | |
|-------------|------|
| Acres | 155 |
| Buildings | 51 |
| Average Age | 41.6 |
| Oldest | 1925 |

Programs

| | |
|------------|----|
| Bachelor's | 41 |
| Master's | 13 |
| Doctoral | 0 |

Degrees Awarded (2007-2008)

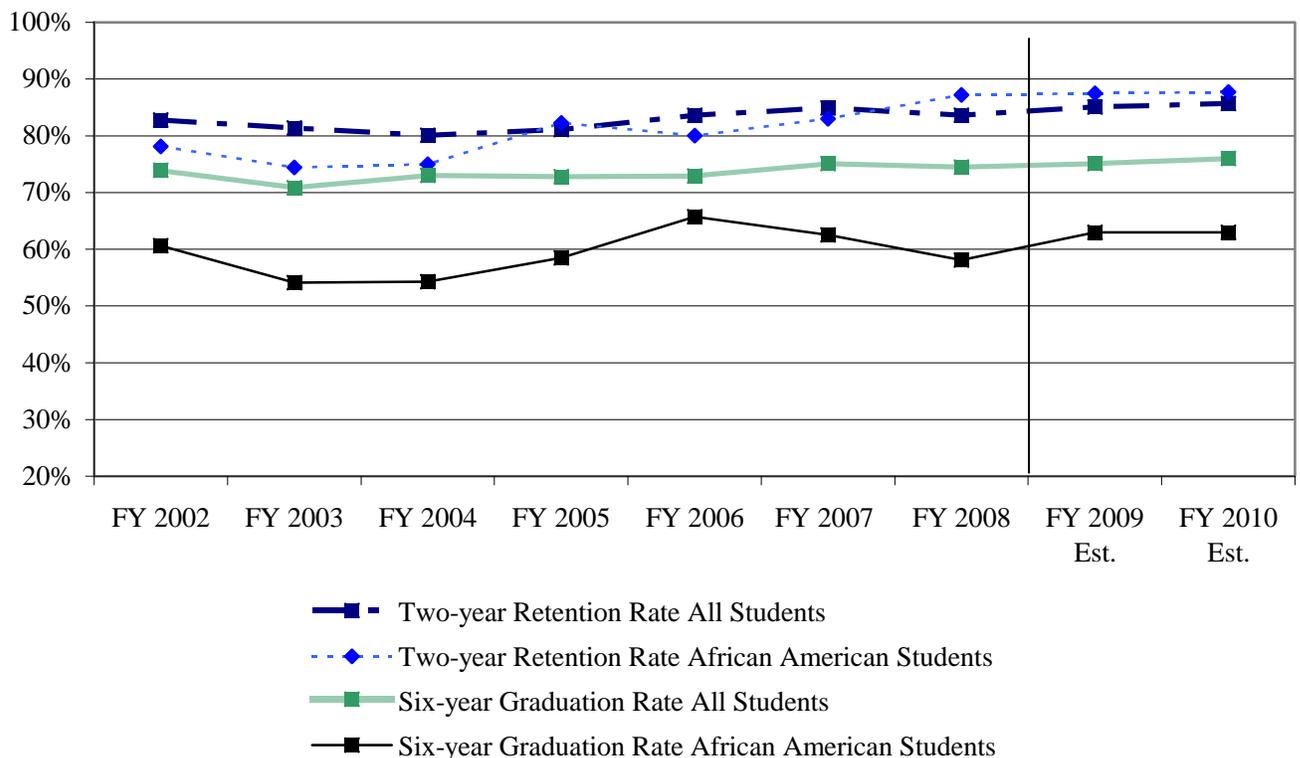
| | |
|----------------------|--------------|
| Bachelor's | 1,553 |
| Master's | 222 |
| Doctoral | 0 |
| Total Degrees | 1,775 |

*RHEC: Regional Higher Education Center

Performance Analysis: Managing for Results

Improving retention and graduation rates while advancing a student-centered environment is a goal of SU. **Exhibit 1** shows the trends in two-year retention and six-year graduation rates for all students and African American students at SU from fiscal 2002 to 2010. Two-year retention has fluctuated among all students since fiscal 2002, though it is expected to increase slightly in fiscal 2009 and 2010. Two-year retention among African American students fluctuated between fiscal 2002 and 2006 and increased significantly in fiscal 2007 and 2008 to reach 87%. Two-year retention among African American students is expected to remain level in fiscal 2009 and 2010. The six-year graduation rate for all students has fluctuated between 71 and 75% since fiscal 2002 but is expected to increase slightly in fiscal 2009 and 2010. Six-year graduation rates for African American students increased significantly between fiscal 2004 and 2006 before declining in fiscal 2007 and 2008. The six-year graduation rate for African American students is expected to increase in fiscal 2009 and 2010.

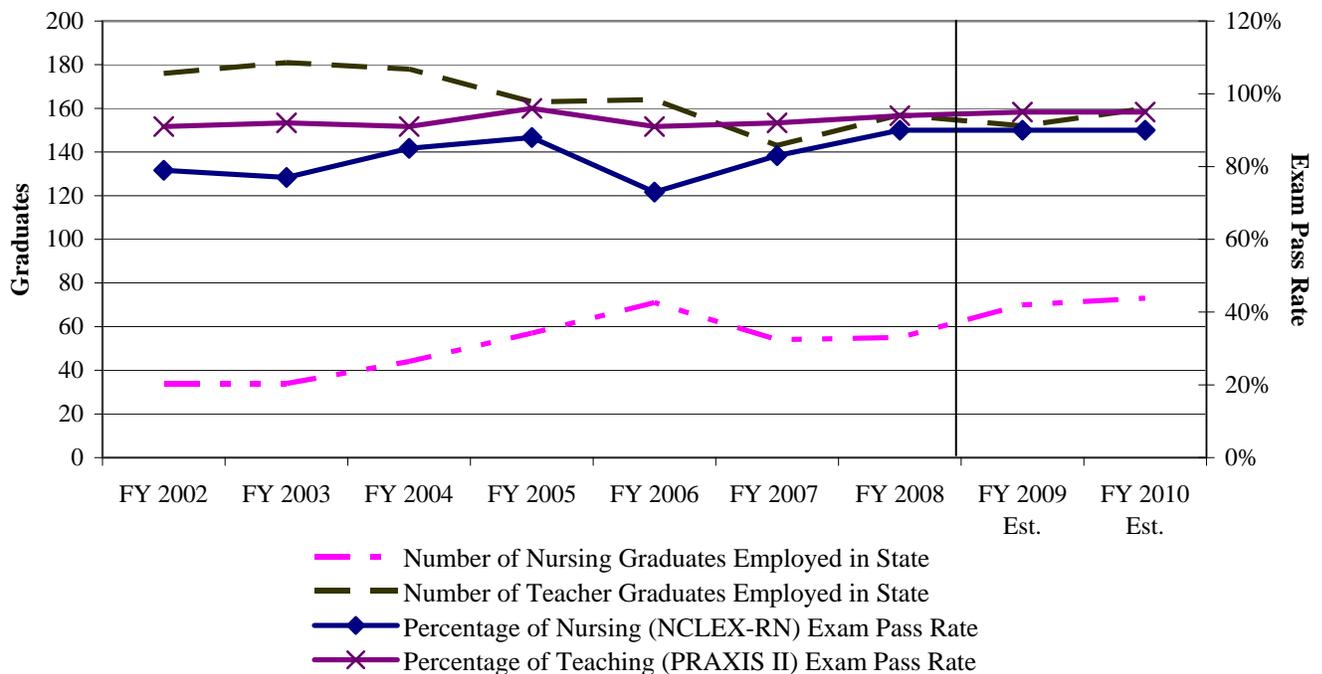
Exhibit 1
Retention and Graduation Rate
Fiscal 2002-2010



Source: Fiscal 2002-2007 data from the Maryland Higher Education Commission; Fiscal 2008 data is the 2006 cohort for two-year retention and 2001 cohort for six-year graduation; Fiscal 2008-2010 data from the Governor’s Budget Books, Fiscal 2009-2010

SU is committed to responding to the educational, economic, cultural, and social needs of the Eastern Shore and the State through pre-professional and professional undergraduate and graduate programs. **Exhibit 2** shows the percentage of students passing nursing and teaching exams, as well as the number of graduates employed as teachers and nurses in Maryland. The percentage of students passing the nursing exam fluctuated from fiscal 2002 to 2006 before increasing substantially in fiscal 2007 and 2008. The percentage is expected to remain level in fiscal 2009 and 2010. SU implemented several initiatives to improve graduate performance on the NCLEX-RN exam, such as using a software package with practice tests in the nursing curriculum, requiring students to take the HESI exit exam four to six weeks prior to graduation which mimics the NCLEX-RN, and providing full-time faculty the opportunity to complete an online workshop on NCLEX-RN item construction to improve the quality of university exams. The university anticipates a stable passage rate on the NCLEX-RN for fiscal 2009 and 2010 due to the large gains accomplished during the previous two years.

Exhibit 2
Trends in Teaching and Nursing
Fiscal 2002-2010



Source: Governor’s Budget Books, Fiscal 2005, 2007, 2009, and 2010

The number of SU nursing graduates employed in the State increased significantly from fiscal 2002 to 2006, but declined in 2007 and remained level in 2008. The number is expected to increase in fiscal 2009 and 2010. While the university reports that the nursing program is operating at full capacity, SU enrolled slightly fewer new students in fiscal 2007 than previous years due to a

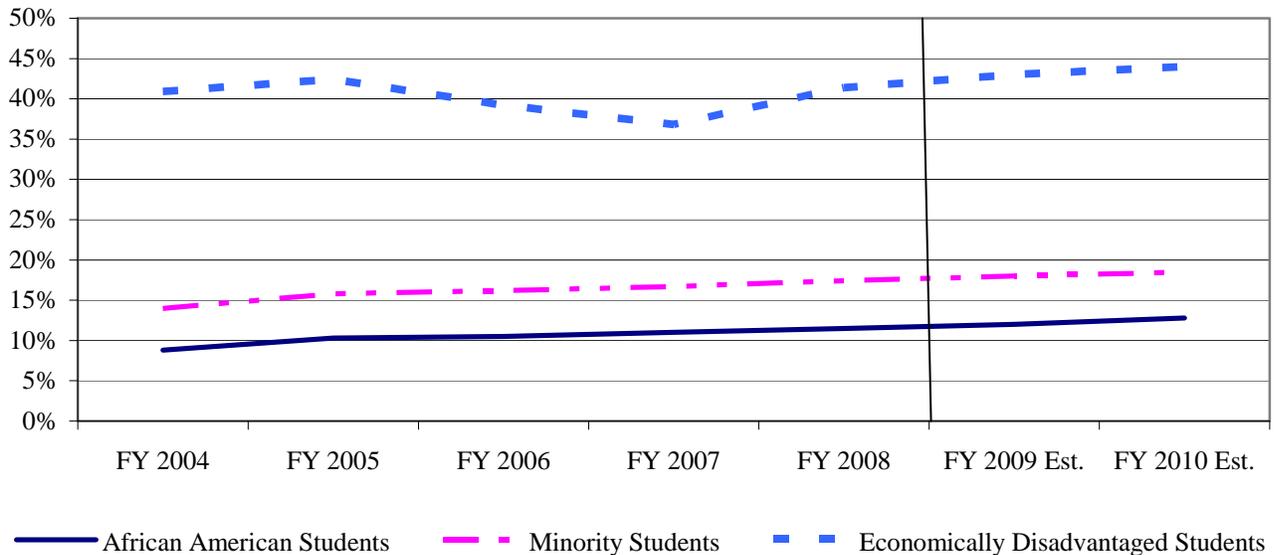
4% decline in applications. To address this issue, the nursing department and admission office met to clarify admission requirements and developed a policy that guarantees freshman admission in their junior year if they maintain a 3.0 grade point average and meet additional criteria. SU also plans to expand enrollment in the Second Degree program pending additional grant funding. The Second Degree program allows students with bachelor's degrees in other fields to acquire a Bachelor's of Science in Nursing over three semesters and requires fewer prerequisites. SU is in the process of submitting applications for three grant opportunities that would support this initiative. **The President should comment on why the university expects the number of new student applicants to the nursing program to remain level despite these measures.**

As shown in Exhibit 2, the percentage of students passing Praxis II, the teacher licensure exam, was relatively flat from fiscal 2002 to 2004. After increasing in fiscal 2005, the passage rate declined in 2006 and has increased slightly since. The passage rate is expected to remain level in fiscal 2009 and 2010. The number of teacher graduates employed in the State declined between fiscal 2002 and 2007 before increasing in fiscal 2008. The number is expected to fluctuate in fiscal 2009 and 2010.

Exhibit 3 shows trends in enrollment of students from diverse backgrounds as reported in the Governor's budget books. Enrollment of economically disadvantaged students decreased in fiscal 2006 and 2007 before increasing in 2008. The number of economically disadvantaged students is expected to continue to increase in fiscal 2009 and 2010. African American and minority enrollment has slowly and steadily climbed since fiscal 2004 and is expected to continue to grow in fiscal 2009 and 2010.

Pursuant to language in the 2008 *Joint Chairmen's Report*, each public four-year institution submitted disaggregated minority enrollment data for African American, Asian, Hispanic, and Native American students. Projected data for minority enrollment was not included in institutional Managing for Results reports to avoid the suggestion that they are performance goals. The percentage of Asian and Native American students increased slightly in fiscal 2007 and 2008. Enrollment for these groups is expected to change slightly in fiscal 2009 and 2010, though SU has not projected whether it will increase or decrease. Hispanic enrollment decreased slightly between fiscal 2007 and 2008, though it is expected to increase in fiscal 2009 and 2010. A number of strategies have been recommended as part of SU's Strategic Enrollment Plan to benefit minority recruitment that have been prioritized and will be implemented as resources become available. **The President should comment on these strategies to increase the enrollment of students from diverse backgrounds and the status of their implementation.**

**Exhibit 3
Trends in Enrollment for Diversity
Fiscal 2004-2010**



Source: Governor’s Budget Books, Fiscal 2005, 2007, 2009, and 2010

Fiscal 2009 Actions

Impact of Cost Containment

In June 2008, the Board of Public Works (BPW) approved cost containment measures resulting in a \$154,147 reduction in SU’s general funds which were to be replaced with revenues previously restricted for Other Post Employment Benefits liability costs. In October 2008, BPW approved a second cost containment measure resulting in a \$573,282, or 1.6%, decrease in SU’s State appropriations. SU absorbed this reduction through a hiring freeze.

Furthermore, SU was requested to reduce the current salary and wage budget by \$607,848 as part of a statewide furlough plan. According to SU’s plan, the number of furlough days is based on an employee’s annual salary. University police and two full-time police communications officers are exempt. Employees have until June 30, 2009, to take their assigned furlough days. Classes will not be cancelled due to the furlough.

In addition, an unexpected fiscal 2009 shortfall in HEIF due to lower than expected corporate tax revenues may lead to a \$263,410 cancellation of funds at the end of the fiscal year. Further reductions may occur as part of \$54 million of unspecified reductions to the Executive Branch expected in fiscal 2009.

Proposed Budget

As **Exhibit 4** shows, SU’s total State allowance for fiscal 2010, including general funds and Higher Education Investment Funds (HEIF), is \$40.7 million. This reflects a 3.4% increase from fiscal 2009, when the expected fiscal 2009 shortfall in HEIF funds of \$263,410 and deferred compensation are accounted for. The fiscal 2010 allowance includes \$1.1 million to continue to hold undergraduate resident tuition at fiscal 2006 rates. Contingent across-the-board reductions of \$145,405 in current unrestricted and restricted funds affect SU’s fiscal 2010 budget to delete the deferred compensation match.

Exhibit 4
Proposed Budget
Salisbury University
(\$ in Thousands)

| | <u>Actual</u> <u>FY 2008</u> | <u>Working</u> <u>FY 2009</u> | <u>Adjusted</u> <u>Allowance</u> <u>FY 2010</u> | <u>Change</u> <u>FY 2009-10</u> | <u>% Change</u> <u>Prior Year</u> |
|--------------------------|---------------------------------|----------------------------------|-------------------------------------------------------|------------------------------------|--------------------------------------|
| General Funds | \$35,019 | \$36,376 | \$40,713 | \$4,337 | 11.9% |
| HEIF* | 0 | 3,001 | 0 | -3,001 | -100.0% |
| Total State Funds | 35,019 | 39,377 | 40,713 | 1,335 | 3.4% |
| Other Unrestricted Funds | 78,972 | 87,030 | 89,098 | 2,068 | 2.4% |
| Total Unrestricted Funds | 113,991 | 126,408 | 129,811 | 3,403 | 2.7% |
| Restricted Funds | 6,725 | 6,556 | 6,551 | 0 | -0.4% |
| Total Funds | \$120,716 | \$132,964 | \$136,361 | \$3,378 | 2.5% |

HEIF: Higher Education Investment Funds

*It is expected HEIF appropriations in fiscal 2009 will be reduced by \$263,410 due to underattainment of revenues. Does not include pending furlough reductions.

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

Unrestricted fund budget changes in the allowance by program are shown in **Exhibit 5**. This exhibit considers only unrestricted funds which are comprised mostly of general funds and tuition and fee revenues. Scholarships and fellowships and operation and maintenance of plant have the two largest increases in fiscal 2010 at 3.75 and 3.57%, respectively. The largest category, instruction, increases 2.9% in fiscal 2010 while academic support, student services, and institutional support show small declines over fiscal 2009.

Exhibit 5
Salisbury University Budget Changes
Current Unrestricted Funds by Program
Fiscal 2008-2010
(\$ in Thousands)

| | <u>2008</u> | <u>Working</u> <u>2009</u> | <u>%</u> <u>Change</u> <u>2008-09</u> | <u>Allowance</u> <u>2010</u> | <u>\$</u> <u>Change</u> <u>2009-10</u> | <u>%</u> <u>Change</u> <u>2009-10</u> |
|------------------------------------------------|------------------|-------------------------------|---------------------------------------------|---------------------------------|----------------------------------------------|---------------------------------------------|
| <u>Expenditures</u> | | | | | | |
| Instruction | \$37,582 | \$42,193 | 12.27% | \$43,399 | \$1,206 | 2.86% |
| Research | 368 | 436 | 18.39% | 437 | 0 | 0.06% |
| Public Service | 1,069 | 1,424 | 33.15% | 1,423 | -1 | 0% |
| Academic Support | 7,919 | 8,420 | 6.32% | 8,206 | -214 | -2.54% |
| Student Services | 4,924 | 5,200 | 5.61% | 5,100 | -100 | -1.92% |
| Institutional Support | 12,204 | 12,782 | 4.74% | 12,736 | -46 | -0.36% |
| Operation and Maintenance of Plant | 12,733 | 14,542 | 14.20% | 15,060 | 519 | 3.57% |
| Scholarships and Fellowships | 3,419 | 3,830 | 12.00% | 3,974 | 144 | 3.75% |
| Subtotal Education and General | \$80,219 | \$88,826 | 10.73% | \$90,334 | \$1,508 | 1.70% |
| Auxiliary Enterprises | 33,772 | 37,845 | 12.06% | 39,596 | 1,751 | 4.63% |
| Pending Unrestricted Reductions ⁽¹⁾ | | -263 | | -120 | 144 | |
| Total | \$113,991 | \$126,408 | 10.89% | \$129,811 | \$3,403 | 2.69% |
| <u>Revenues</u> | | | | | | |
| Tuition and Fees | \$47,387 | \$47,627 | 0.51% | \$48,517 | \$891 | 1.87% |
| General Funds | 35,019 | 36,376 | 3.88% | 40,713 | 4,337 | 11.92% |
| Higher Education Investment Fund | n/a | 3,001 | n/a | n/a | n/a | n/a |
| Other | 2,140 | 2,697 | 26.01% | 1,968 | -729 | 27.02% |
| Subtotal | \$84,546 | \$89,701 | 6.10% | \$91,198 | \$1,497 | 1.67% |
| Auxiliary Enterprises | 37,376 | 38,075 | 1.87% | 39,855 | 1,780 | 4.68% |
| Transfers (to) from Fund Balance | -7,930 | -1,368 | -82.74% | -1,242 | 126 | -9.21% |
| Total | \$113,991 | \$126,408 | 10.89% | \$129,811 | \$3,403 | 2.69% |

⁽¹⁾ Does not include furlough reductions.

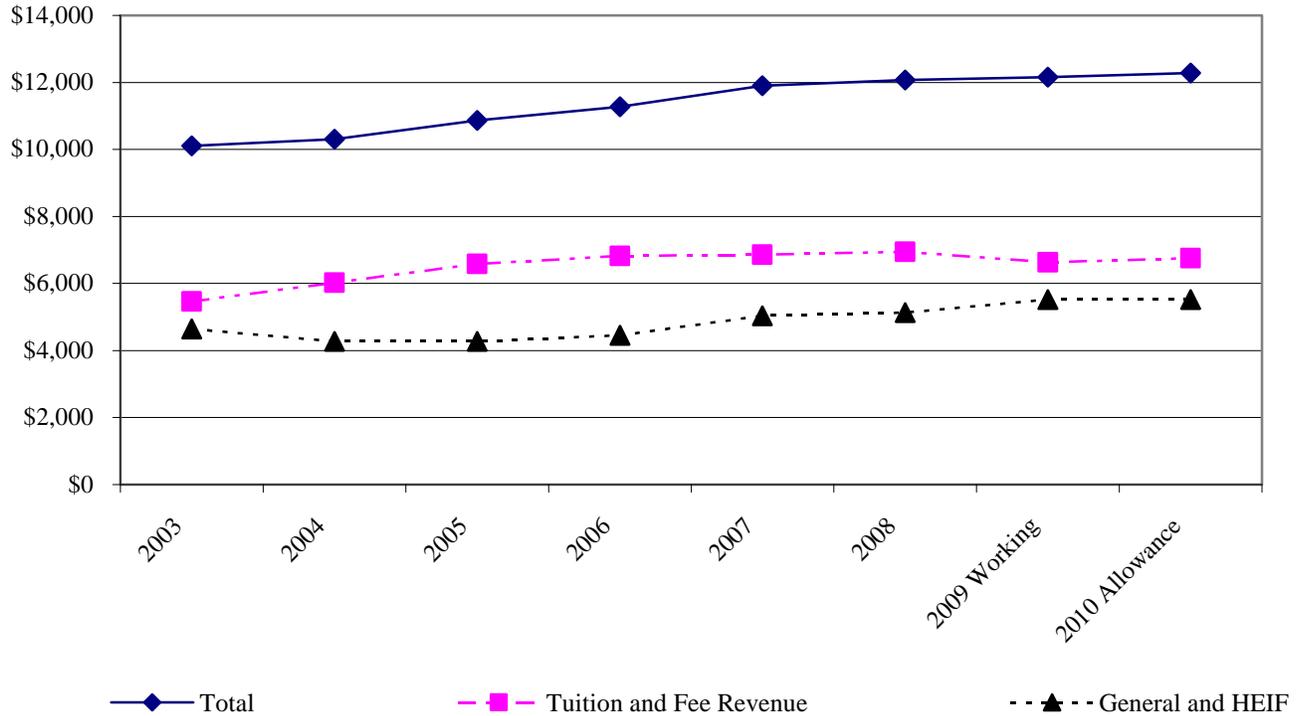
Source: Governor's Budget Books, Fiscal 2010

Despite a 5.2% increase in enrollment in fall 2008, tuition and fee revenue is expected to increase only 0.5% in fiscal 2009. It appears tuition and fee revenues are understated in the fiscal 2009 budget, and SU attributes the growth to a rise in full-time equivalent student (FTES) enrollment from increased retention and changes to the Fulton School's course credit structure. Revenue from tuition and fees is expected to increase 1.87% in fiscal 2010 while enrollment is expected to remain relatively level.

Tuition and Fees and State Revenues

Exhibit 6 shows tuition and fees and State revenues per FTES between fiscal 2003 and 2010. In fiscal 2010, SU's proposed in-state undergraduate full-time tuition and mandatory fee rate is \$6,618, a 1.9% increase over fiscal 2009 due to an increase in fees. Tuition and fee revenue increased from fiscal 2003 to 2007. However, due to the low enrollment projection described above, the fiscal 2009 budget understates tuition and fee revenue, causing what appears to be a decline in tuition and fees per FTES for fiscal 2009. Additional tuition and fee revenue generated by the unanticipated enrollment growth will be recognized in fiscal 2009 through a budget amendment. Tuition and fee revenue per FTES is expected to remain relatively level in fiscal 2010. State funding per FTES declined in fiscal 2004, increased through fiscal 2009, and is expected to remain level in fiscal 2010. **The President should comment on measures the university is taking to improve enrollment projections for budgetary purposes.**

Exhibit 6
Salisbury University Tuition and Fees and State Revenues
Per Full-time Equivalent Student
Fiscal 2003-2010



HEIF: Higher Education Investment Funds

Source: Governor's Budget Books, Fiscal 2005, 2007, 2009, and 2010

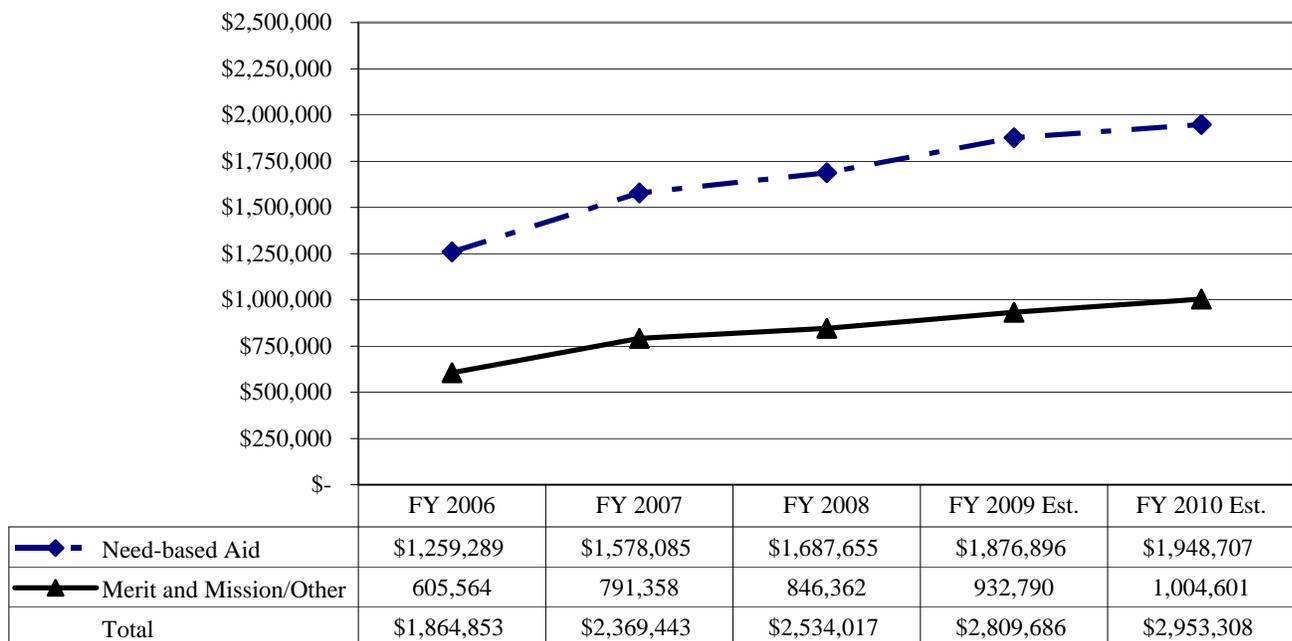
Issues

1. Institutional Aid

Financial aid is important in helping many students achieve their educational goals. A lack of financial support is one of the many factors attributed to students dropping out of school. Along with federal and State financial aid, the university provides financial assistance to students in categories which include need, merit, and mission. USM institutions have committed to increasing institutional need-based aid for students.

In fiscal 2009, 33% of institutional aid across USM was need-based, 57% merit and mission, and 10% athletic. SU does not provide athletic scholarships. **Exhibit 7** shows SU’s distribution of institutional aid between need-based and merit and mission from fiscal 2006 to 2010. Need-based and merit- and mission-based aid increased at the same rate between fiscal 2006 and 2008, which is expected to continue in fiscal 2009 and 2010. In fiscal 2009 approximately 67% of SU’s institutional aid was awarded based on need. The university expects to increase need-based and merit and mission aid by 4 and 8%, respectively, in fiscal 2010.

Exhibit 7
Salisbury University Financial Aid
Fiscal 2006-2010



Source: University System of Maryland

The Maryland Higher Education Commission collects annual data for the Financial Aid Information System (FAIS) database, which provides a profile of students receiving financial aid. The 2007 FAIS data has information for institutional aid awarded at SU for students that completed the Free Application for Federal Student Aid (FAFSA) that includes the student’s expected family contribution (EFC). In general, the lower a student’s EFC, the greater a student’s financial need. Students with an EFC of \$0 to \$3,850 are eligible for the Federal Pell Grant program and have the most need. **Exhibit 8** shows the percent of awards made for need-based aid and merit, mission, and other aid at each EFC category. More than three quarters of the awards at SU for need-based aid went to students in the \$0 to \$3,850 range, compared to 10% of other aid. Almost 50% of other aid was awarded to students who did not file a FAFSA, meaning that they had not demonstrated financial need. **The President should comment on the amount of aid awarded to students without a demonstrated financial need.**

Exhibit 8
Percent of Institutional Financial Aid Awards by EFC
Fiscal 2007

| <u>EFC Category</u> | <u>Percent of All Need-based Aid</u> | <u>Percent of All Other Aid</u> | <u>Number of Awards</u> |
|---------------------|--------------------------------------|---------------------------------|-------------------------|
| \$0 | 25.8% | 3.2% | 190 |
| \$1 – \$3,850 | 51.4% | 7.1% | 386 |
| \$3,851 – \$6,999 | 20.1% | 5.6% | 181 |
| \$7,000 – \$9,999 | 1.7% | 5.1% | 65 |
| \$10,000 – \$14,999 | 0.8% | 7.9% | 90 |
| \$15,000 – \$19,999 | 0.0% | 6.1% | 66 |
| \$20,000 + | 0.2% | 16.4% | 178 |
| Total | 100.0% | 51.4% | 1,156 |

EFC: Expected Family Contribution

Source: Maryland Higher Education Commission, Financial Aid Information System Database 2006-07

USM collects annual data on a series of performance measures to help assess the progress and enhance the accountability of each institution in a report called the *Dashboard Indicators*. According to the 2008 *Dashboard Indicators*, SU’s average annual undergraduate debt burden has increased since 2004 to \$18,330 in fiscal 2006, while the percent of undergraduates receiving financial aid has slightly declined. USM’s fiscal 2006 average undergraduate debt burden, excluding the University of Baltimore, which has a unique undergraduate program, was \$16,768. The Board of Regents recommends decreasing the debt burden for all undergraduate students, particularly those with the highest need, by increasing institutional grants. Furthermore, the debt burden for students with the highest need should be at least 25% less than the institutional average debt burden for undergraduate

students. SU attributes the increased debt burden to students using private rather than federal loans to cover growing educational costs such as books, housing, and transportation, and to students taking on loans rather than using parental support due to the worsening economy. SU recently developed a Strategic Enrollment Plan that includes a strategy to increase and appropriately allocate institutional financial aid. As part of this strategy, SU will conduct a Return on Investment study to project the impact of its resource allocation methodology. **The President should discuss SU’s plans to study allocation of institutional aid.**

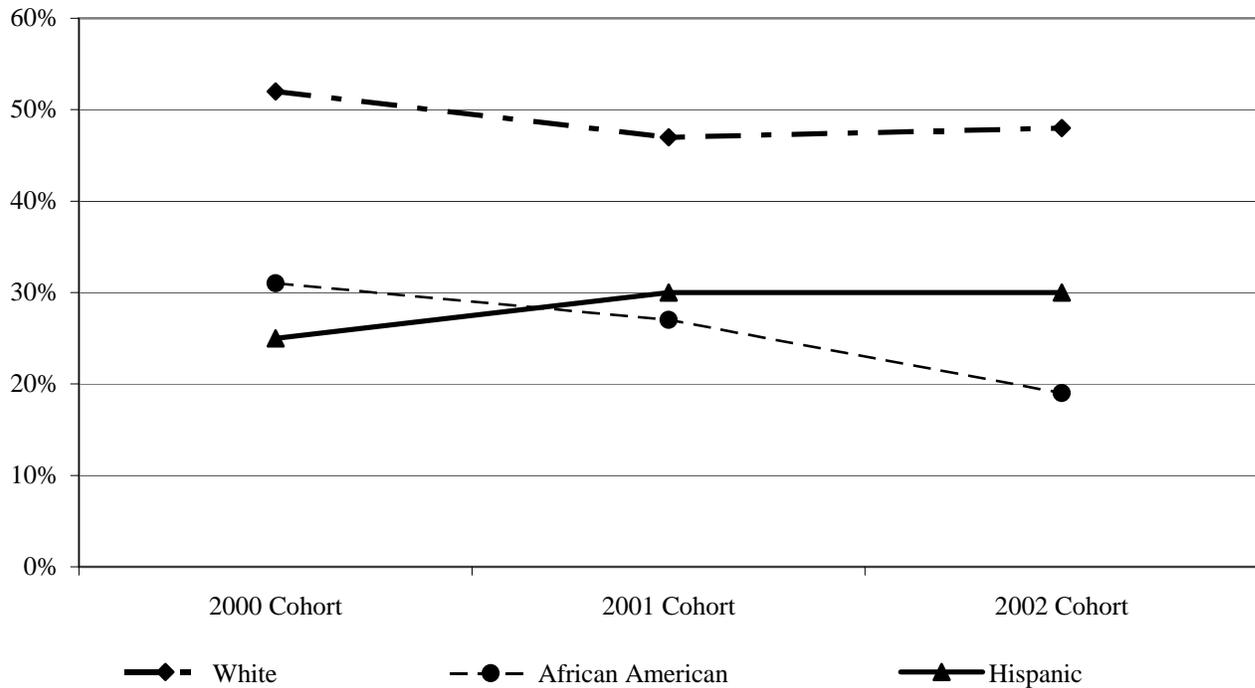
2. Closing the Achievement Gap

As a follow-up to USM’s symposium held in November 2007, each campus identified and developed strategies to address institution-specific factors leading to gaps in retention and graduation rates for low-income and minority students. This resulted in the development of an Achievement Gap Action Plan and Funding Initiative which campuses implemented in the fall of 2008 to reduce the achievement gap by one-half by 2015.

SU submitted a report to USM in April 2008 that defines the university’s achievement gap, sets a goal for the reduction, and identifies strategies to meet the goal. In the report, SU defines its achievement gap as the difference in retention and graduation rates between African American and Hispanic students and white students at the university. As shown in **Exhibit 9**, according to the report, there is a 29-point gap between the four-year graduation rates of African American and white students in the 2002 cohort, at 19 and 48%, respectively. This gap has grown since the 2000 cohort, when there was a 21-point gap between African American and white students. In contrast, the four-year graduation gap between Hispanic and white students is shrinking. There was an 18-point gap between the four-year graduation rate of Hispanic and white students of the 2002 cohort, 30 and 48%, respectively, compared to a 27-point gap for the 2000 cohort.

To meet the USM goal of reducing the achievement gap by one-half by 2015, SU must close the gap in four-year graduation rates between African American and white students by 14.5 points and the gap between Hispanic and white students by 9.0 points.

**Exhibit 9
Four-year Graduation Rate Gap by Ethnicity**



Source: University System of Maryland; Salisbury University

The Plan

To address the achievement gap, SU has identified courses with high failure rates, such as math and science, as a barrier to minority success, and is developing an early warning system to detect students in academic distress. Between 28 and 40% of first-time, first-year students failed entry-level math and science courses between academic years 2003 and 2007, and minority students were two times more likely to fail such courses than white students. In contrast, the failure rate for first-year English and history courses over the same period was between 8 and 15%, though minority students were disproportionately likely to fail these courses as well.

To improve first-year student success in math and science, SU plans to enroll students in courses at their readiness level, as measured by placement tests and high school records, and to provide supplemental instruction for students with academic deficiencies. SU piloted a math placement test in fall 2008 among first-year students identified as at-risk based on SAT scores, high school GPA, and previous coursework. Students that did not perform well were offered the opportunity to take online learning modules to improve their math skills. Some at risk students were enrolled in a pilot course reserved for students that need to develop additional skills to prepare for college level math. Contingent on funding, SU plans to explore additional online learning tools to provide skill development in Science, Technology, Engineering, and Math (STEM) courses.

In addition, an Early Warning Program in which instructors provide mid-semester progress reports was implemented in fall 2008. All faculty teaching first-year students were asked to report on students receiving a “D” or “F” at mid-semester. Students identified during this Early Warning process were contacted by the Center for Student Achievement and were asked to meet with an advisor to discuss how the university could help them reach their academic goals. In the future, at risk students may be required to participate in workshops, seminars, or bridge programs housed in the Center for Student Achievement. The center offers tutoring, online learning modules, and workshops.

SU will track progress toward closing the achievement gap by monitoring the failure rates of all students and subgroups in science and math courses for the 2008 cohort, compared to the data collected during the 2003-2007 academic years. SU will also track the four- and six-year graduation rates of all students and subgroups, using the 2002 cohort as the baseline.

Budget Impacts

The university’s achievement gap activities are expected to cost \$359,000 as shown in **Exhibit 10**.

Exhibit 10 Summary of Action Items

| <u>Action Item</u> | <u>Budget</u> |
|-----------------------------------------------------------------|----------------------------------------|
| Early Warning Program, Mid-semester Advising, Mid-year Advising | \$130,000 |
| Math Placement Test | Pilot – \$2,000, Full Scale – \$12,000 |
| STEM Readiness Initiatives and Online Tools | \$25,000 |
| Curriculum Guides | – |
| Center for Student Achievement | \$250,000 |

STEM: Science, Technology, Engineering and Math

Source: Salisbury University

The implementation of online learning tools and full-scale math placement test deployment will be contingent on funding, at a cost of \$25,000 and \$12,000 respectively. SU used funds not expended in fiscal 2008 to support the activities implemented in fiscal 2009 and planned to use Enrollment Funding Initiative or enhancement funds as the permanent source of funding for this initiative. **Given that the fiscal 2010 allowance does not provide enhancements over the \$1.1 million SU will receive for the tuition freeze, the President should comment on how the university will implement the achievement gap strategies.**

Recommended Actions

1. Concur with Governor's allowance.

Updates

1. SAT/ACT Optional Initiative Enters Second Year

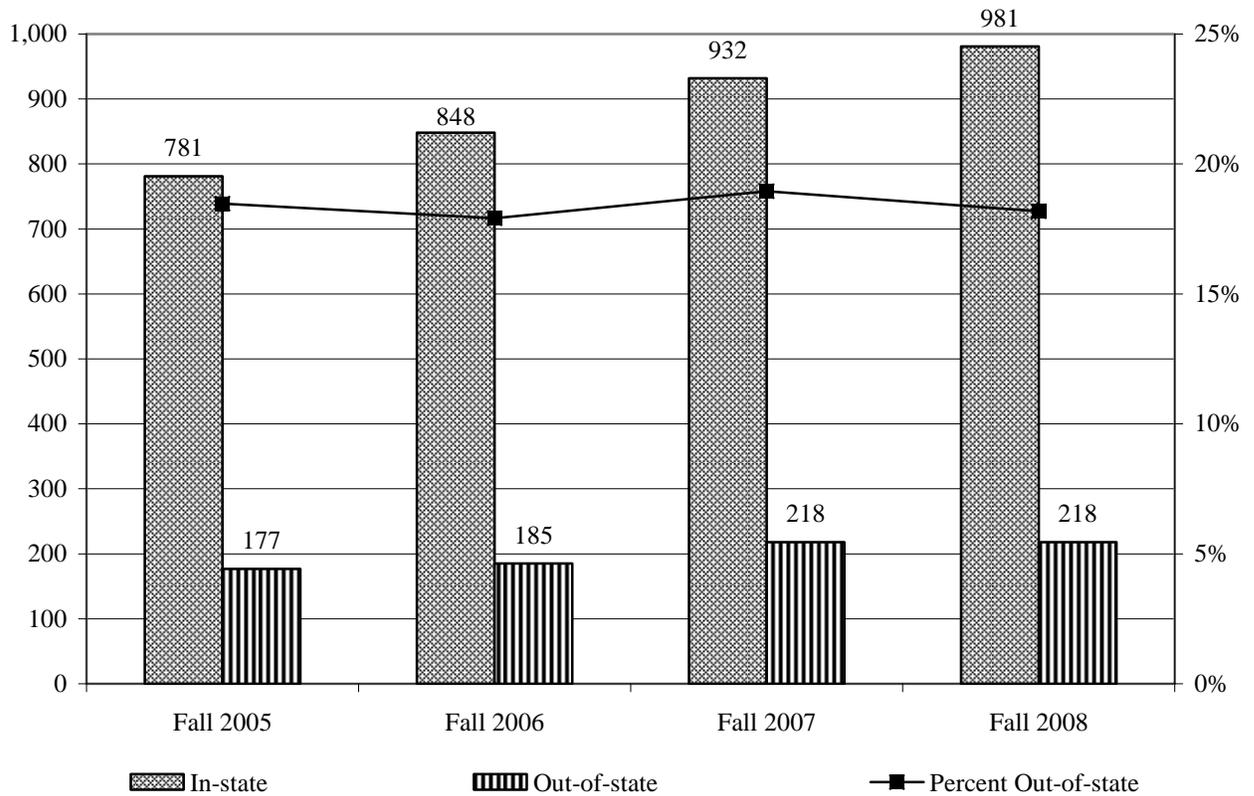
The USM Board of Regents approved SU's proposal for a five-year pilot program to make the submission of SAT and ACT scores optional for applicants with a high school grade point average of 3.5 or higher. SU was the first USM institution to make SAT and ACT results optional in applying for freshman admission. SU expected the policy to attract a more diverse pool of highly motivated, civic-minded students with distinct talents in academics, the arts, leadership, and other fields of achievement. Students with a GPA of 3.5 or higher who choose not to submit SAT or ACT scores are encouraged to provide additional information to demonstrate their strengths in these areas. The university believes the policy more closely aligns the admissions process with core values and better supports the mission of providing a superior learning community to students who show exceptional promise and motivation.

Twenty percent of incoming freshman took advantage of the new policy in its first year for fall 2007 enrollment. The university partially attributed its 11.6% increase in freshman applicants and 11.4% increase in freshman enrollment that year to the new policy. Second-year retention rates for this group of test-optional students were 81%, slightly lower than retention among students who did submit test scores, though comparable to the retention rate among SU's 2006 freshman cohort.

In fall 2008, the new policy entered the second year and freshman applications increased 10.3% while enrollment increased 5.2%. Test-optional students made up approximately 12.5% of the fall 2008 applicant pool compared to 9.4% the previous year. Overall, test-optional students composed 24% of the fall 2008 entering freshman class.

The percent of in-state first time freshman enrolled at SU has not been changed by the new policy. **Exhibit 11** shows the number of in-state and out-of-state freshman students enrolled between fall 2005 and 2008. The percentage of out-of-state freshman has fluctuated since 2005 and does not appear to have affected the enrollment of in-state students.

Exhibit 11
First-time Freshman Students Enrolled at Salisbury University
Fall 2005-2008



Source: Salisbury University

Current and Prior Year Budgets

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

| | <u>General</u> <u>Fund</u> | <u>Special</u> <u>Fund</u> | <u>Other</u> <u>Unrestricted</u> <u>Fund</u> | <u>Total</u> <u>Unrestricted</u> <u>Fund</u> | <u>Restricted</u> <u>Fund</u> | <u>Total</u> |
|----------------------------------|---------------------------------------------|---------------------------------------------|-------------------------------------------------------------------------|-------------------------------------------------------------------------|------------------------------------------------|---------------------|
| Fiscal 2008 | | | | | | |
| Legislative Appropriation | \$34,601 | \$0 | \$77,897 | \$112,498 | \$6,075 | \$118,573 |
| Deficiency Appropriation | 0 | 0 | 0 | 0 | 1,200 | 1,200 |
| Budget Amendments | 836 | 0 | 3,894 | 4,730 | 0 | 4,730 |
| Cost Containment | -418 | 0 | 0 | -418 | 0 | -418 |
| Reversions and Cancellations | 0 | 0 | -2,819 | -2,819 | -550 | -3,369 |
| Actual Expenditures | \$35,019 | \$0 | \$78,972 | \$113,991 | \$6,725 | \$120,716 |
| Fiscal 2009 | | | | | | |
| Legislative Appropriation | \$36,203 | \$2,218 | \$82,813 | \$121,234 | \$6,066 | \$127,300 |
| Cost Containment | -727 | 0 | 0 | -727 | 0 | -727 |
| Budget Amendments | 900 | 1,047 | 4,217 | 6,164 | 491 | 6,655 |
| Working Appropriation | \$36,376 | \$3,265 | \$87,030 | \$126,671 | \$6,556 | \$133,227 |

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

Fiscal 2008

General Funds: General funds increased \$835,941 to cover costs associated with the fiscal 2008 general salary increase and decreased \$418,167 due to cost containment actions.

Unrestricted Funds: Unrestricted funds increased \$3,893,957 due to the following changes:

- \$1,092,739 from increased enrollment and a change in enrollment ratios across graduate and undergraduate programs;
- \$2,840,550 from an increase in sales and services of auxiliary related to food operations, auxiliary fees from enrollment growth, bookstore operations, and residential life; and
- \$39,332 decrease due to transfers to fund balance.

Unrestricted funds decreased due to the following cancellations:

- \$1,125,358 in savings from staff attrition through retirements, vacant positions, and the use of adjunct faculty to cover vacant faculty positions;
- \$867,945 due to reduced fuel and utility costs;
- \$754,300 related to lower resale inventory costs; and
- \$71,445 in other savings.

Restricted Funds: Restricted funds increased \$1,200,000 due to a deficiency appropriation to provide funds for expenditures associated with increased contract and grant activity; \$549,858 was returned through a cancellation because the university overestimated the need for additional allocation.

Fiscal 2009

General Funds: General funds declined \$727,429 due to cost containment actions and increased \$900,169 to cover costs associated with the fiscal 2009 general salary increase.

Special Funds: Special funds increased \$1,047,077 from Higher Education Investment Funds authorized by the General Assembly to replace general funds reduced during the 2008 legislative session.

R30B29 – USM – Salisbury University

Unrestricted Funds: Unrestricted funds increased \$4,217,084 due to the following changes:

- \$1,200,000 increase in tuition and fees from enrollment and mix change;
- \$2,600,000 increase in sales and services of auxiliary revenue;
- \$517,512 increase in investment income;
- \$35,000 increase in federal contracts and grants; and
- \$126,000 decrease related to transfer to fund balance.

Restricted Funds: Restricted funds increased \$490,732 due to an increase in State and local contracts and grants (\$100,000) and financial aid (\$390,732).

**Personnel by Budget Program
Salisbury University
Fiscal 2007-2009**

| <u>Budget Program</u> | Fiscal 2007 | | Fiscal 2008 | | <u>FTEs</u> | Fiscal 2009 | FTEs 2008-09 |
|----------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------------------|
| | <u>FTEs</u> | <u>FTEs</u> | <u>FTEs</u> | <u>FTEs</u> | | <u>FTEs</u> | <u>% Change</u> |
| Instruction | 303.00 | 38.4% | 326.00 | 39.76% | 351.00 | 38.98% | 7.67% |
| Research | 6.00 | 0.8% | 6.00 | 0.73% | 6.00 | 0.67% | 0.00% |
| Public Service | 0.00 | 0.0% | 1.00 | 0.12% | 1.00 | 0.11% | 0.00% |
| Academic Support | 69.00 | 8.7% | 75.00 | 9.15% | 82.00 | 9.11% | 9.33% |
| Student Services | 52.00 | 6.6% | 53.00 | 6.46% | 61.00 | 6.77% | 15.09% |
| Institutional Support | 129.00 | 16.3% | 126.00 | 15.37% | 136.10 | 15.11% | 8.02% |
| Operations and Maintenance of Plant | 75.00 | 9.5% | 76.00 | 9.27% | 86.00 | 9.55% | 13.16% |
| Auxiliary Enterprises | 156.00 | 19.7% | 157.00 | 19.15% | 177.40 | 19.70% | 12.99% |
| Total | 790.00 | 100.0% | 820.00 | 100.00% | 900.50 | 100.00% | 9.82% |

**Object/Fund Difference Report
USM – Salisbury University**

| <u>Object/Fund</u> | <u>FY08 Actual</u> | <u>FY09 Working Appropriation</u> | <u>FY10 Allowance</u> | <u>FY09 - FY10 Amount Change</u> | <u>Percent Change</u> |
|-----------------------------------------|------------------------|-------------------------------------------|---------------------------|--------------------------------------|---------------------------|
| Positions | | | | | |
| 01 Regular | 888.00 | 918.00 | 938.00 | 20.00 | 2.2% |
| 02 Contractual | 315.00 | 322.50 | 310.50 | -12.00 | -3.7% |
| Total Positions | 1,203.00 | 1,240.50 | 1,248.50 | 8.00 | 0.6% |
| Objects | | | | | |
| 01 Salaries and Wages | \$ 57,363,671 | \$ 65,663,541 | \$ 67,474,843 | \$ 1,811,302 | 2.8% |
| 02 Technical and Spec. Fees | 15,634,718 | 15,884,705 | 15,349,308 | -535,397 | -3.4% |
| 03 Communication | 398,224 | 472,629 | 472,135 | -494 | -0.1% |
| 04 Travel | 1,183,425 | 1,217,051 | 1,262,051 | 45,000 | 3.7% |
| 06 Fuel and Utilities | 3,922,288 | 4,799,442 | 5,561,522 | 762,080 | 15.9% |
| 07 Motor Vehicles | 474,385 | 484,760 | 308,449 | -176,311 | -36.4% |
| 08 Contractual Services | 6,824,860 | 7,709,451 | 8,096,042 | 386,591 | 5.0% |
| 09 Supplies and Materials | 9,765,689 | 12,760,316 | 12,845,064 | 84,748 | 0.7% |
| 10 Equipment – Replacement | 1,046,634 | 547,807 | 668,250 | 120,443 | 22.0% |
| 11 Equipment – Additional | 3,073,537 | 2,866,374 | 2,813,822 | -52,552 | -1.8% |
| 12 Grants, Subsidies, and Contributions | 7,140,533 | 7,581,420 | 7,725,042 | 143,622 | 1.9% |
| 13 Fixed Charges | 7,689,491 | 7,050,285 | 7,420,806 | 370,521 | 5.3% |
| 14 Land and Structures | 6,198,542 | 6,189,608 | 6,489,608 | 300,000 | 4.8% |
| Total Objects | \$ 120,715,997 | \$ 133,227,389 | \$ 136,486,942 | \$ 3,259,553 | 2.4% |
| Funds | | | | | |
| 40 Unrestricted Fund | \$ 113,990,856 | \$ 126,670,925 | \$ 129,930,478 | \$ 3,259,553 | 2.6% |
| 43 Restricted Fund | 6,725,141 | 6,556,464 | 6,556,464 | 0 | 0% |
| Total Funds | \$ 120,715,997 | \$ 133,227,389 | \$ 136,486,942 | \$ 3,259,553 | 2.4% |

Note: The fiscal 2009 appropriation does not include deficiencies. The fiscal 2010 allowance does not include contingent reductions.

**Fiscal Summary
USM – Salisbury University**

| <u>Program/Unit</u> | <u>FY08 Actual</u> | <u>FY09 Wrk Approp</u> | <u>FY10 Allowance</u> | <u>Change</u> | <u>FY09 - FY10 % Change</u> |
|---------------------------------------|------------------------|----------------------------|---------------------------|---------------------|---------------------------------|
| 01 Instruction | \$ 37,582,227 | \$ 42,192,872 | \$ 43,398,749 | \$ 1,205,877 | 2.9% |
| 02 Research | 947,647 | 1,446,051 | 1,446,328 | 277 | 0% |
| 03 Public Service | 3,676,750 | 3,396,774 | 3,395,763 | -1,011 | 0% |
| 04 Academic Support | 7,919,249 | 8,419,930 | 8,206,270 | -213,660 | -2.5% |
| 05 Student Services | 5,040,184 | 5,334,928 | 5,235,102 | -99,826 | -1.9% |
| 06 Institutional Support | 12,203,528 | 12,781,667 | 12,735,927 | -45,740 | -0.4% |
| 07 Operation and Maintenance of Plant | 12,733,168 | 14,541,605 | 15,060,483 | 518,878 | 3.6% |
| 08 Auxiliary Enterprises | 33,771,958 | 37,845,142 | 39,596,278 | 1,751,136 | 4.6% |
| 17 Scholarships and Fellowships | 6,841,286 | 7,268,420 | 7,412,042 | 143,622 | 2.0% |
| Total Expenditures | \$ 120,715,997 | \$ 133,227,389 | \$ 136,486,942 | \$ 3,259,553 | 2.4% |
| Unrestricted Fund | \$ 113,990,856 | \$ 126,670,925 | \$ 129,930,478 | \$ 3,259,553 | 2.6% |
| Restricted Fund | 6,725,141 | 6,556,464 | 6,556,464 | 0 | 0% |
| Total Appropriations | \$ 120,715,997 | \$ 133,227,389 | \$ 136,486,942 | \$ 3,259,553 | 2.4% |

Note: The fiscal 2009 appropriation does not include deficiencies. The fiscal 2010 allowance does not include contingent reductions.