

R30B29
Salisbury University
University System of Maryland

Operating Budget Data

(\$ in Thousands)

	<u>FY 10</u> <u>Actual</u>	<u>FY 11</u> <u>Working</u>	<u>FY 12</u> <u>Allowance</u>	<u>FY 11-12</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Funds	\$37,165	\$37,593	\$37,595	\$3	
Contingent & Back of Bill Reductions	0	0	-664	-664	
Adjusted General Fund	\$37,165	\$37,593	\$36,932	-\$661	-1.8%
Special Funds	1,498	1,457	2,024	567	38.9%
Adjusted Special Fund	\$1,498	\$1,457	\$2,024	\$567	38.9%
Other Unrestricted Funds	90,312	93,456	102,671	9,215	9.9%
Contingent & Back of Bill Reductions	0	0	-90	-90	
Adjusted Other Unrestricted Fund	\$90,312	\$93,456	\$102,581	\$9,125	9.8%
Total Unrestricted Funds	128,975	132,506	142,291	9,785	7.4%
Contingent & Back of Bill Reductions	0	0	-754	-754	
Adjusted Total Unrestricted Funds	\$128,975	\$132,506	\$141,537	\$9,031	6.8%
Restricted Funds	9,754	11,036	11,036	0	
Contingent & Back of Bill Reductions	0	0	-41	-41	
Adjusted Restricted Fund	\$9,754	\$11,036	\$10,995	-\$41	-0.4%
Adjusted Grand Total	\$138,729	\$143,542	\$152,531	\$8,990	6.3%

- General funds increase \$2,622 in the fiscal 2012 allowance. However, when accounting for Higher Education Investment Funds and across-the-board and contingent reductions related to health insurance savings and employee retirement, State funds decrease \$93,880, or 0.2%.
- Other unrestricted funds increase \$9.2 million, or 9.9%, in the fiscal 2012 allowance, though when adjusting for across-the-board and contingent reductions to health insurance, the increase is \$9.1 million, or 9.8%.

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

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Personnel Data

	<u>FY 10 Actual</u>	<u>FY 11 Working</u>	<u>FY 12 Allowance</u>	<u>FY 11-12 Change</u>
Regular Positions	931.00	928.00	928.00	0.00
Contractual FTEs	<u>310.50</u>	<u>306.50</u>	<u>319.50</u>	<u>13.00</u>
Total Personnel	1,241.50	1,234.50	1,247.50	13.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	43.24	4.66%
Positions and Percentage Vacant as of 12/31/10	62.00	6.66%

- As of December 31, 2010, Salisbury University (SU) had 62 vacant positions, of which 45 are State-supported.
- The allowance reflects an increase of 13 contractual positions to support the new Perdue School of Business and the Sea Gull Square residential complex.

Analysis in Brief

Major Trends

Second-year Retention Declines: Second-year retention for first-time, full-time students declined 2.8 percentage points for the 2008 entering cohort to 79.9%, the institution's lowest second-year retention rate since the 1994 cohort.

Bachelor's Degrees Per 100 Undergraduate Full-time Equivalent Students Exceed State Average: Between fiscal 2004 and 2009, the number of bachelor's degrees per 100 undergraduate full-time equivalent students awarded at SU remained level at around 22, exceeding the State average of 21.5 in fiscal 2008 and 2009.

Issues

Making College Affordable: In fiscal 2006, SU awarded slightly more merit and mission aid than need-based institutional undergraduate aid, though by fiscal 2009, appropriations to need-based aid had surpassed merit and mission aid. In fiscal 2012, SU plans to increase undergraduate aid \$702,500, \$393,922 of which will be directed to need-based aid. Overall, SU plans to award \$3.8 million through undergraduate institutional aid in fiscal 2012.

SU Undergraduate Resident Tuition Increase to Exceed 3%: SU's proposed resident undergraduate tuition for fiscal 2012 shows a 6% increase over fiscal 2011, 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.

Recommended Actions

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

Updates

SU Renovates Residence Halls to Accommodate Living Learning Communities: SU offers eight Living Learning Communities (LLC) to entering first-time students with similar majors and interests. LLC students are housed together and enroll in the same core academic classes which take place in the cohort's residence hall. In total, four traditional residence halls will have been renovated by the 2011-2012 academic year to accommodate all the LLCs with residential space in buildings that include a classroom and open study and discussion spaces. Renovations were funded by the University System of Maryland academic and auxiliary facility revenue bonds.

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.

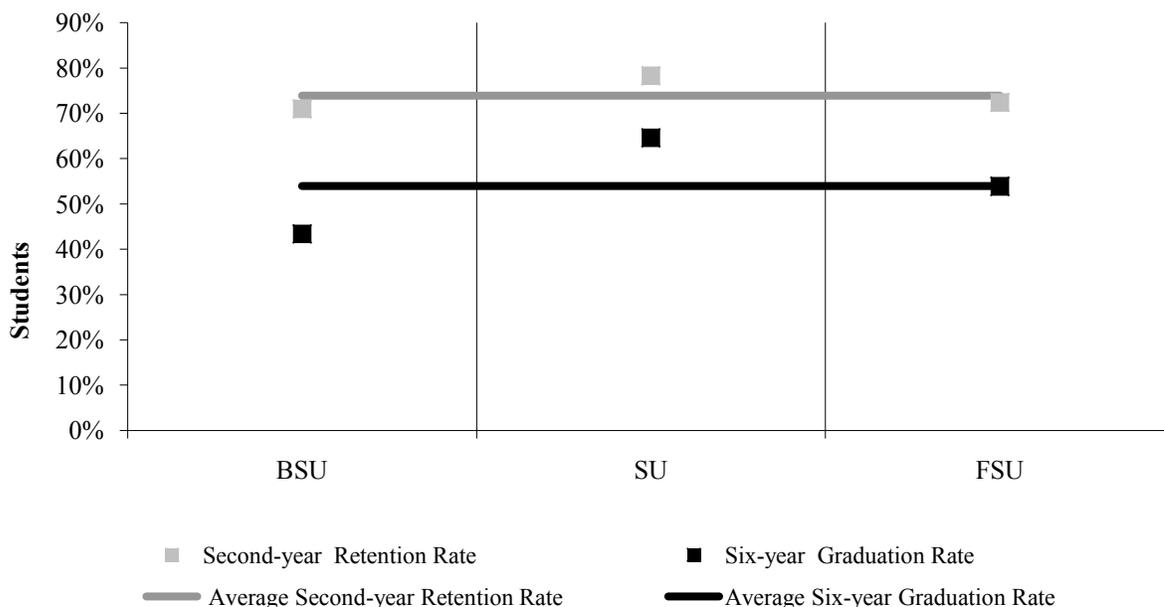
Carnegie Classification: Master's L: Master's Colleges and Universities (larger programs)

Fall 2010 Undergraduate Enrollment Headcount		Fall 2010 Graduate Enrollment Headcount	
Male	3,366	Male	214
Female	4,340	Female	477
Total	7,706 (37 at RHECs)	Total	691 (30 at RHECs)
Fall 2010 New Students Headcount		Campus (Main Campus)	
First-time	1,250	Acres	156
Transfers/Others	892	Buildings	55
Graduate	95	Average Age	42
Total	2,237	Oldest	1924
Programs		Degrees Awarded (2009-2010)	
Bachelor's	42	Bachelor's	1,661
Master's	15	Master's	223
Doctoral	0	Doctoral	0
		Total Degrees	1,881

Performance Analysis: Managing for Results

Maintaining and strengthening academic excellence and effectiveness to meet the educational needs of the State is a strategic goal of the University System of Maryland (USM) and SU. **Exhibit 1** shows second-year retention and six-year graduation rates for first-time, full-time undergraduate students at SU compared to Frostburg State University (FSU) and Bowie State University (BSU),

Exhibit 1
Graduation and Retention Rates
SU, BU, and FSU
Cohorts Entering 2003 and 2008



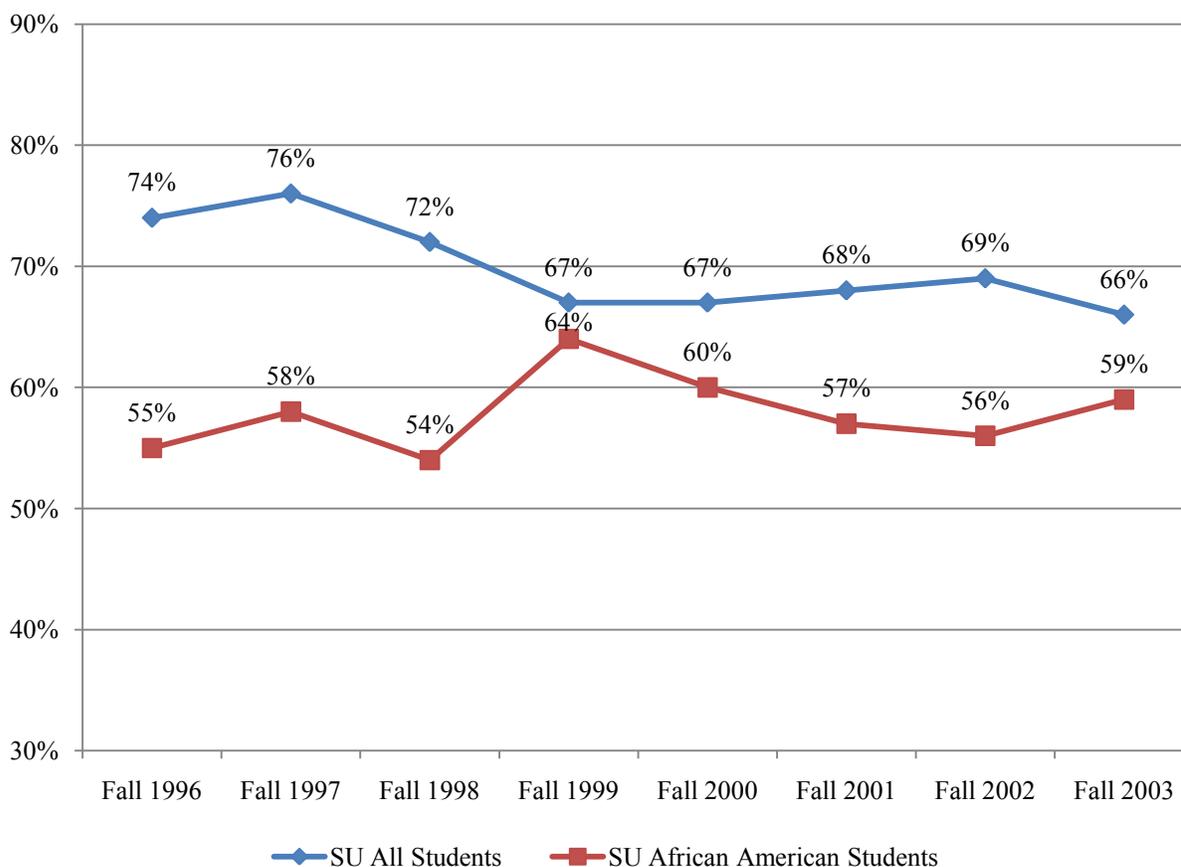
BSU: Bowie State University
 FSU: Frostburg State University
 SU: Salisbury University

Source: Maryland Higher Education Commission Retention and Graduation Rates at Maryland Four-year Institutions, June 2010

which have the same Carnegie Classification and similar program mixes. SU’s six-year graduation rate of 64.6% and the second-year retention rate of 78.3% are highest among the comparison institutions shown.

Another goal shared by the State, USM, and SU is to ensure that all Marylanders have the opportunity for educational attainment. Under the USM Achievement Gap Initiative, each USM institution identified achievement gaps in retention and degree completion for lower-income and/or underrepresented students compared to majority students in 2008, and developed strategies to reduce the gap by half by 2015. **Exhibit 2** shows the achievement gap in six-year graduation rates between SU’s African American students and all SU students. SU’s gap reached its smallest point in the 1999 cohort when the graduation rate of African American students and all students differed by only 3 percentage points. Since then, the gap has widened to 7 percentage points for the cohort entering in 2003. Fluctuations in the achievement gap between the 1996 and 2003 cohorts may be attributable

Exhibit 2
Salisbury University Achievement Gap – Six-year Graduation Rates
Cohorts Entering 1996-2003



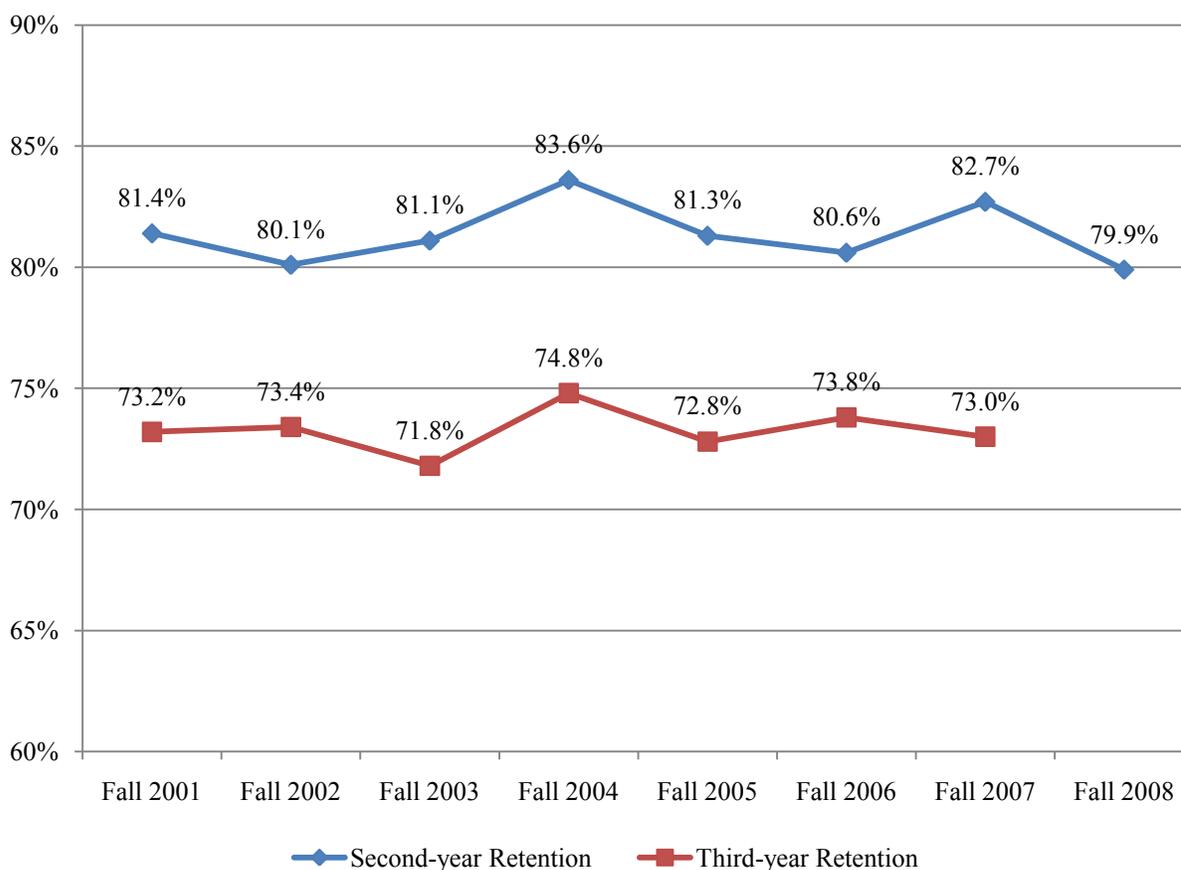
SU: Salisbury University

Source: University System of Maryland Retention and Graduation Rates of First-time Full-time Degree-seeking Undergraduates, June 2010; University System of Maryland Institutional Achievement Gap Reports, September 2010

to the small number of African American students enrolled, with fewer than 100 first-time, full-time African American students enrolled in any cohort prior to 2006. SU’s campus diversity has increased, however, with a 2010 entering cohort of 129 African American students. The institution provides intentional advising through an Early Warning Program and offers learning communities and freshman seminars as strategies to close the achievement gap. In addition, the institution piloted supplemental instruction in the 2009 and 2010 academic years in eight historically difficult courses to improve student success. Courses with supplemental instruction each have student tutors who attend class and hold weekly out-of-class meetings throughout the semester.

Exhibit 3 shows second- and third-year retention rates for first-time, full-time students in cohorts entering SU between 2001 and 2008. Second-year retention fluctuated over this period, declining 2.8 percentage points to 79.9% in the 2008 cohort. Third-year retention also fluctuated between the 2001 and 2007 cohorts, reaching 73.0% for the cohort entering in 2007. SU attributes the decline in second-year retention to lower than expected retention among nonresident students, which may be a result of the financial strain of paying nonresident tuition. Institutional data also indicates that students from the 2008 cohort who were not retained received on average 21.0% more of their financial aid through student loans than their retained counterparts. **The President should comment on how SU is working to reduce student loan burden to improve retention.**

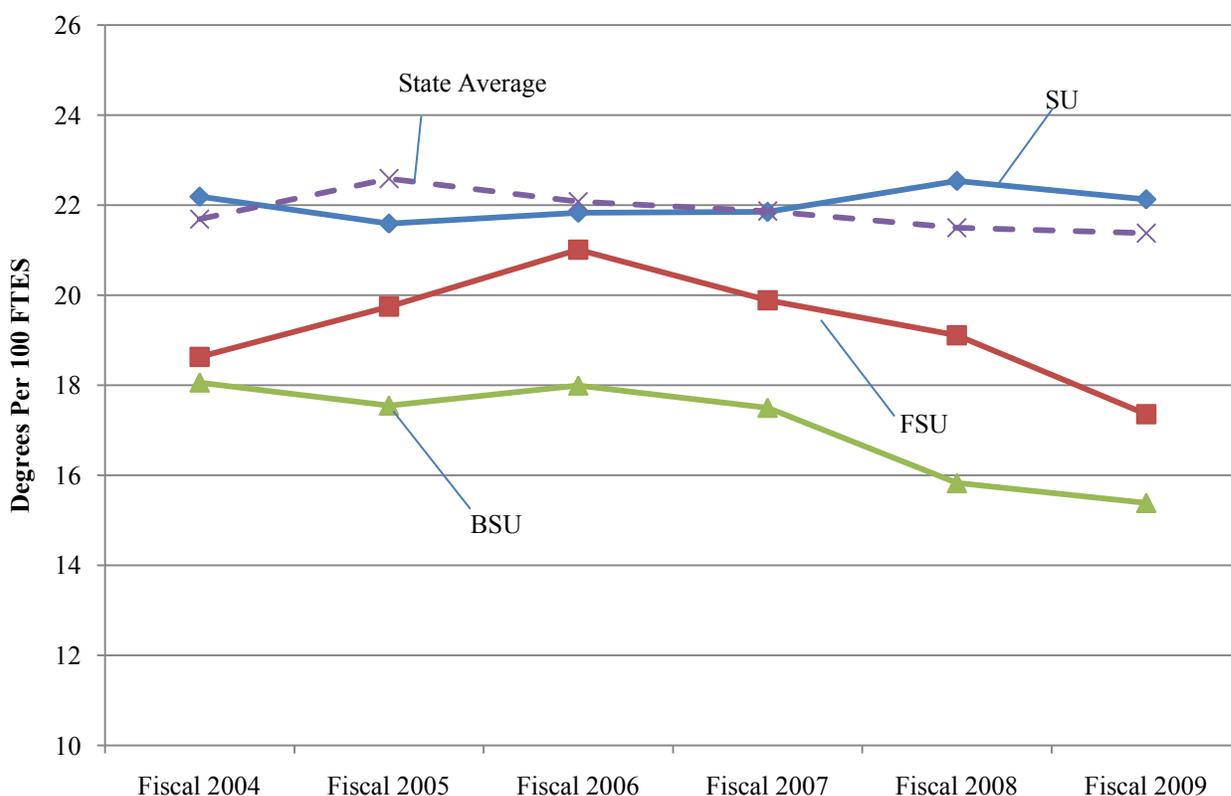
**Exhibit 3
Second- and Third-year Retention
Cohorts Entering Fall 2001-2008**



Source: Maryland Higher Education Commission Retention and Graduation Rates at Maryland Four-year Institutions, June 2010

Another measure of institutional quality is the number of undergraduate degrees awarded per 100 undergraduate full-time equivalent students (FTES). Trends in bachelor’s degrees per 100 undergraduate FTES provide information regarding whether or not an institution is becoming more effective at translating inputs (undergraduate students) into outputs (bachelor’s degrees). **Exhibit 4** shows the number of bachelor’s degrees per 100 undergraduate FTES at SU compared to BSU, FSU, and the statewide average from fiscal 2004 to 2009. Over this period, the number of bachelor’s degrees awarded at SU remained level around 22 per 100 undergraduate FTES, higher than both BSU and FSU and slightly above the State average of 21.5 in fiscal 2008 and 2009.

Exhibit 4
Degrees Awarded Per 100 Undergraduate Full-time Equivalent Students
SU, BSU, FSU



	FTES	Degrees										
BSU	3,300	596	3,305	580	3,390	610	3,549	621	3,891	616	3,984	613
SU	5,864	1,301	6,081	1,313	6,419	1,401	6,585	1,439	6,891	1,553	7,267	1,608
FSU	4,278	797	4,227	835	4,041	849	4,027	801	4,135	790	4,331	752

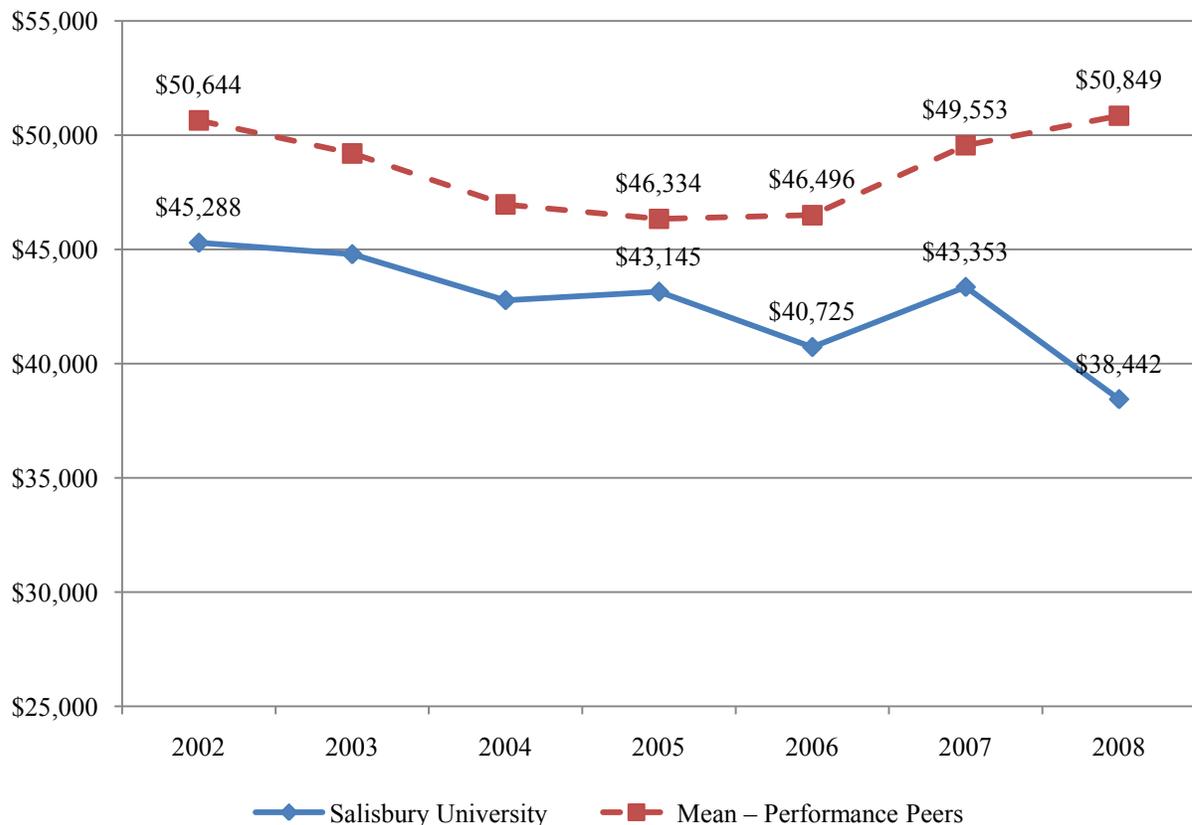
BSU: Bowie State University
 FSU: Frostburg State University

FTES: full-time equivalent student
 SU: Salisbury University

Source: Integrated Postsecondary Education Data System

One way to measure 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; student services; and the education share of spending on administrative overhead including academic support, institutional support, and operations and maintenance. **Exhibit 5** shows SU’s E&R expenditures per degree compared to the mean of its performance peers, institutions with similar characteristics and program mix against which SU’s performance is assessed by the Maryland Higher Education Commission (MHEC) and USM on a variety of measures. Between 2005 and 2008, E&R expenditures per degree at SU declined 10.9% to \$38,442, while spending among SU’s performance peers increased 9.7%, from \$46,334 to \$50,849. SU attributes this spending decrease to an 18.1% increase in the number of degrees awarded between fiscal 2005 and 2008, and a \$1.2 million increase in institutional financial aid over this period (financial aid expenditures are excluded from E&R).

Exhibit 5
Educational and Related Expenditures Per Degree Completed
Academic Years 2002-2008



Source: Delta Cost Project

Impact of Cost Containment

Section 44 of the fiscal 2011 budget bill required the Governor to abolish 500 positions in the Executive Branch as of June 30, 2011. The positions have been removed from the fiscal 2011 working appropriation. SU's share of the reduction was 3 full-time equivalent positions in fiscal 2011.

Proposed Budget

As shown in **Exhibit 6**, SU's total State allowance for fiscal 2012, including general funds and Higher Education Investment Funds (HEIF), is \$39.0 million. This reflects a 0.2% decrease from fiscal 2011 when accounting for across-the-board and contingent actions, including health insurance and employee retirement savings of \$663,669 in general funds. Other unrestricted funds increase \$9.1 million, or 9.8%, after accounting for across-the-board and contingent reductions to health insurance due largely to a proposed 6.0% increase in resident undergraduate tuition and auxiliary revenues from the opening of a new student apartment complex. Restricted funds decrease \$41,356 due to across-the-board and contingent reductions to health insurance.

Exhibit 6 Proposed Budget Salisbury University (\$ in Thousands)

	<u>Actual FY 2010</u>	<u>Working FY 2011</u>	<u>Adjusted Allowance FY 2012</u>	<u>\$ Change FY 2011-2012</u>	<u>% Change Prior Year</u>
General Funds	\$37,165	\$37,593	\$36,932	-\$661	-1.8%
Higher Education Investment Fund	1,498	1,457	2,024	567	38.9%
Total State Funds	38,662	39,049	38,956	-94	-0.2%
Other Unrestricted Funds	90,312	93,456	102,581	9,125	9.8%
Total Unrestricted Funds	128,975	132,506	141,537	9,031	6.8%
Restricted Funds	9,754	11,036	10,995	-41	-0.4%
Total Funds	\$138,729	\$143,542	\$152,531	\$8,990	6.3%

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

Source: Governor's Proposed Budget

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The fiscal 2012 allowance provides \$1,586,164 in unrestricted funds related to the opening of the new Perdue School of Business.

Unrestricted fund budget changes in the allowance by program are shown in **Exhibit 7**. This exhibit considers only unrestricted funds which are comprised mostly of general funds and tuition and fee revenues. In fiscal 2011, expenditures in most categories decline except instruction, research, public service, and student services. Instruction, the institution's largest expenditure category, increased 8.4%, or \$3.5 million. Operation and maintenance of plant, the institution's second largest category, showed the largest fiscal 2011 decline of \$929,573.

In fiscal 2012, all spending categories show increases. Scholarships and fellowships show the largest percentage increase of 17.4%, or \$725,000, which SU attributes to dedicating \$750,000 in additional tuition revenue to institutional aid in fiscal 2012. Operation and maintenance of plant increases 7.3% in the fiscal 2012 allowance due to a reallocation of funds to support operating expenditures related to the opening of the new Perdue School of Business and to meet academic revenue bond commitments. Despite the increase, funding for operation and maintenance of plant remains below fiscal 2010 levels. Instruction shows a 1.6% increase in fiscal 2012.

Auxiliary revenues and expenditures increase 15.9% in the fiscal 2012 budget due to an increase in debt service as part of the institution's Comprehensive Housing Renovation Plan and the opening of Sea Gull Square, a new student apartment complex. Fiscal 2012 will represent the first fiscal year in which all residence halls will be continuously open, as one hall each semester has been offline over the last two years to accommodate renovations.

Exhibit 7
Unrestricted Fund Budget Changes by Program
(\$ in Thousands)

	<u>2010</u>	<u>Working 2011</u>	<u>% Change 2010-2011</u>	<u>Allowance 2012</u>	<u>\$ Change 2011-2012</u>	<u>% Change 2011-2012</u>
Expenditures						
Instruction	\$41,161	\$44,633	8.43%	\$45,325	\$692	1.55%
Research	421	450	6.90%	466	16	3.52%
Public Service	1,225	1,544	26.09%	1,546	2	0.00%
Academic Support	8,538	8,249	-3.38%	8,594	345	4.18%
Student Services	5,046	5,216	3.36%	5,338	122	2.33%
Institutional Support	12,985	12,971	-0.11%	13,306	335	2.58%
Operation and Maintenance of Plant	15,417	14,487	-6.03%	15,550	1,063	7.34%
Scholarships and Fellowships	4,352	4,172	-4.13%	4,897	725	17.38%
Subtotal Education and General	\$89,146	\$91,723	2.89%	\$95,022	\$3,299	3.60%
Auxiliary Enterprises	\$39,829	\$40,783	2.40%	\$47,269	\$6,486	15.90%
Pending Unrestricted Reductions				-754	-754	
Total	\$128,975	\$132,506	2.74%	\$141,537	\$9,031	6.82%
Revenues						
Tuition and Fees	\$51,402	\$51,707	0.59%	\$54,465	\$2,757	5.33%
General Funds	37,165	37,593	1.15%	36,932	-661	-1.76%
Higher Education Investment Fund	1,498	1,457	-2.72%	2,024	567	38.93%
Other	1,636	1,672	2.22%	1,560	-112	-6.72%
Subtotal	\$91,700	\$92,429	0.79%	\$94,980	\$2,551	2.76%
Auxiliary Enterprises	\$40,236	\$41,406	2.91%	\$47,957	\$6,552	15.82%
Transfers (to) from Fund Balance	-2,961	-1,329	-55.11%	-1,401	-72	5.38%
Total	\$128,975	\$132,506	2.74%	\$141,537	\$9,031	6.82%

Note: Fiscal 2012 revenues are reduced by \$663,669 in general funds and \$90,071 in other unrestricted funds to reflect across-the-board reductions.

Source: Governor's Budget Books, Fiscal 2012

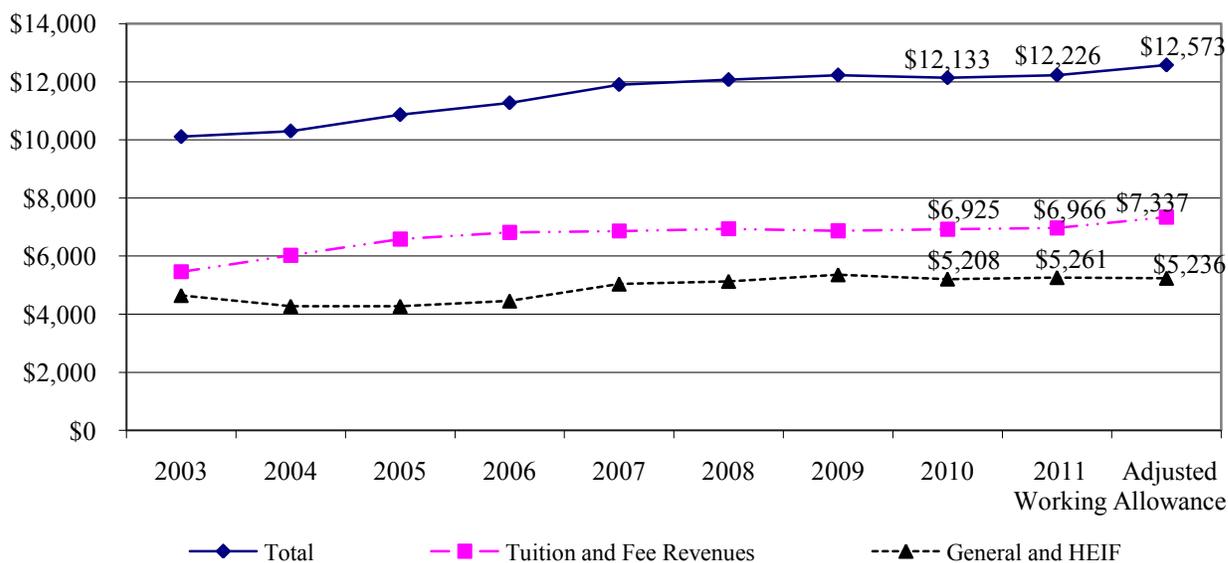
Impact of Cost Containment

The fiscal 2012 budget reflects several across-the-board actions. In fiscal 2012, SU’s share of the reduction is \$166,448 in general funds and \$33,923 in other unrestricted funds for changes in employee health insurance. Reductions contingent upon statutory changes include \$275,497 in general funds, \$56,148 in other unrestricted funds, and \$25,780 in restricted funds for retiree prescription drug benefits and \$221,724 in general funds for retirement benefits.

Funding Per Full-time Equivalent Student Increases

Exhibit 8 shows tuition and fees and State funding per FTES between fiscal 2003 and 2012. Over this period, tuition and fees have consistently generated more revenue per FTES than State appropriations. Tuition and fee revenues increased from fiscal 2003 to 2008 but declined slightly in fiscal 2009 due to a curriculum change in the Fulton School of Liberal Arts that enhanced three-credit courses to four-credits. Tuition and fee revenue per FTES increased in fiscal 2011 and is expected to increase in 2012 as well, due to a planned 6% increase in undergraduate resident tuition, discussed in Issue 2. State appropriations per FTES increased between fiscal 2006 and 2009 before declining slightly in fiscal 2010, due to growth in the institution’s enrollment. State funding per FTES is expected to remain fairly level in fiscal 2012.

Exhibit 8
Tuition and Fees and State Revenues Per Full-time Equivalent Student
Fiscal 2003-2012



HEIF: Higher Education Investment Fund

Source: Governor’s Budget Books, Fiscal 2011 and 2012

Issues

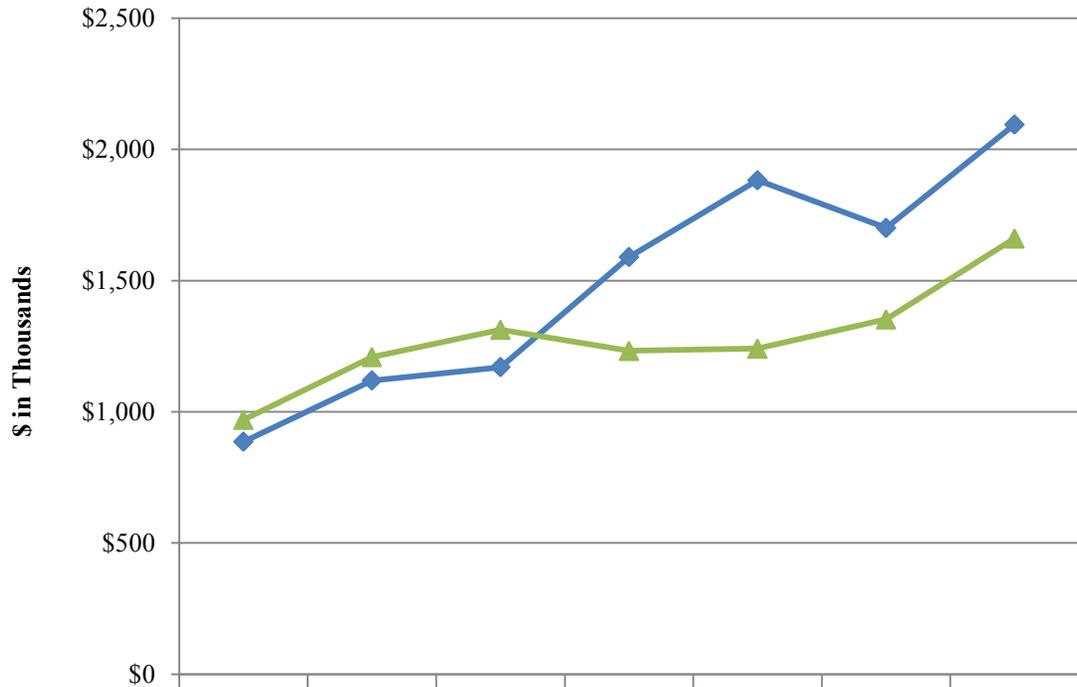
1. Making College Affordable

Financial aid is important in helping many students achieve their educational goals. A lack of financial support often contributes to a student's decision to stop out or drop out of school. Along with federal and State financial aid, the university provides need-based, athletic, and merit- and mission-based financial aid. USM institutions have committed to increasing institutional need-based aid. Though resident undergraduate tuition was frozen between fiscal 2007 and 2010, tuition grew 3.0% in fiscal 2011, and is proposed to increase 6.0% at SU in fiscal 2012, as discussed in Issue 2. In fiscal 2012, SU's proposed resident undergraduate full-time tuition and mandatory fee rate is \$7,332, a 6.1% increase over fiscal 2011. To maintain affordability, need-based institutional aid should increase at least enough to offset the increase in tuition and fees, and enrollment growth, though SU is not budgeted to increase enrollment in fiscal 2012.

Exhibit 9 shows SU's distribution of undergraduate institutional aid between need-based and merit and mission awards from fiscal 2006 and 2012. In fiscal 2006, SU awarded slightly more merit and mission aid than need-based aid; though, in fiscal 2009, appropriations to need-based aid surpassed merit and mission aid. In fiscal 2011, need-based institutional aid decreased 9.6% due to a one-time increase in fiscal 2010 to replace aid typically awarded by the SU Foundation, which was not available due to endowment declines. In fiscal 2012, SU plans to increase undergraduate institutional aid 23.0%, or \$702,500. Need-based aid is budgeted to increase \$393,922 in fiscal 2012. Overall, SU plans to award \$3.8 million through undergraduate institutional aid in fiscal 2012, though unrestricted expenditures in scholarships and fellowships in fiscal 2012 total \$4.9 million. Undergraduate institutional aid as a proportion of tuition and fee revenue is discussed in Issue 2. **The President should comment on the amount of undergraduate institutional aid provided by SU, and on the amount of unrestricted funds expended on scholarships and fellowships compared to institutional aid for undergraduate students.**

MHEC collects annual data for the Financial Aid Information System (FAIS) database, which provides a profile of students receiving financial aid. FAIS data has information from institutional aid awarded at SU in fiscal 2008 for undergraduate students that completed the Free Application for Federal Student Aid (FAFSA), from which MHEC calculates the student's expected family contribution (EFC). In general, the lower a student's EFC, the greater their financial need. Though the EFC maximum for federal Pell Grant eligibility increases regularly, the maximum EFC in fiscal 2008 was \$4,350. Students with EFCs below this level have the greatest need. **Exhibit 10** shows the number of undergraduate recipients of institutional aid and average award at SU in fiscal 2008 by EFC. Among students who filed a FAFSA, SU provides 43% of awards to students with EFCs between \$0 and \$3,850. Award size is fairly flat across EFC categories, though awards to students with the greatest ability to pay in the highest EFC category on average are nearly \$500 more than awards to students in the lowest EFC category. SU made 644 institutional awards to students who did not file a FAFSA and are "missing" EFC data as a result. SU attributes this to tuition waivers, primarily provided to employees and their dependents. Students do not need to file a FAFSA to receive such waivers.

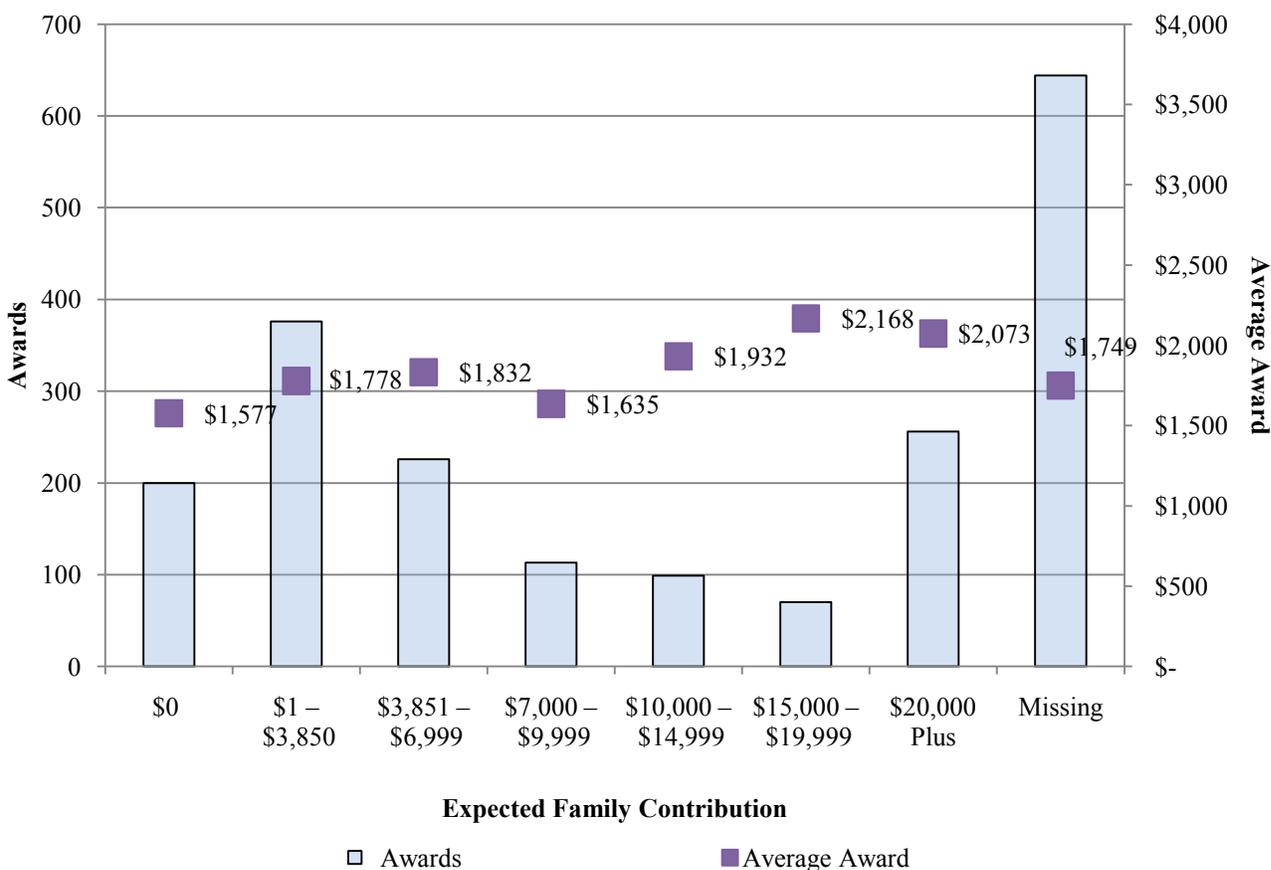
**Exhibit 9
Salisbury University Institutional Aid
Fiscal 2006-2012**



	2006	2007	2008	2009	2010	2011 Work.	2012 Est.
◆ Need-based Grant Aid	\$886,104	\$1,119,23	\$1,170,17	\$1,589,57	\$1,882,12	\$1,700,52	\$2,094,44
▲ Merit and Mission	969,558	1,208,843	1,313,024	1,232,282	1,241,027	1,352,421	1,660,999
Subtotal	\$1,855,66	\$2,328,08	\$2,483,20	\$2,821,85	\$3,123,14	\$3,052,94	\$3,755,44

Source: University System of Maryland

**Exhibit 10
Institutional Aid Awards
Fiscal 2008**



Source: Maryland Higher Education Commission Financial Aid Information System 2007-2008

2. SU Undergraduate Resident Tuition Increase to Exceed 3%

Due to negotiations between the Administration and USM and Morgan State University, undergraduate resident tuition is expected to increase 3.0% in fiscal 2012. In return, the fiscal 2012 allowance includes \$8.6 million in additional operating support to prevent further tuition increases. Chapters 192 and 193 of 2010 set a goal that any increase in resident undergraduate tuition and academic fees be limited to a percent not to exceed the increase in the three-year rolling average of the State’s median family income, or 3.0% in fiscal 2011 and an estimated 2.6% in fiscal 2012. The law allows for exceptions to align tuition with market demand and rates at peer institutions. Based on this legislation, SU’s proposed fiscal 2012 undergraduate resident tuition increases 6.0% to more closely align its tuition with that of its peers.

Analysis of the FY 2012 Maryland Executive Budget, 2011

Undergraduate Tuition Is Low Compared to Northeastern Competitors and Other Maryland Institutions

Exhibit 11 compares SU to the top 12 schools identified in *U.S. News and World Report's* “Top Northern Public Universities” category; 3 of which are also SU peer institutions. The exhibit shows schools from most to least expensive by fall 2010 undergraduate resident tuition and fee rates. SU's resident tuition and mandatory fee rate is sixth most expensive, \$1,356 below the unweighted average of these institutions.

Exhibit 11 Tuition and Mandatory Fee Rates *U.S. News and World Report* Top Northern Public Universities Fall 2009-2010

	Resident			Nonresident		
	<u>Fall 2009</u>	<u>Fall 2010</u>	<u>% Change 2009-2010</u>	<u>Fall 2009</u>	<u>Fall 2010</u>	<u>% Change 2009-2010</u>
College of New Jersey**	\$12,722	\$13,549	6.5%	\$21,408	\$23,907	11.7%
Rutgers – Camden (NJ)	11,698	12,364	5.7%	22,726	23,423	3.1%
Ramapo College of New Jersey	11,416	11,874	4.0%	19,079	19,679	3.1%
Rowan Univ. (NJ)	11,234	11,676	3.9%	18,308	19,034	4.0%
Towson Univ.	7,418	7,656	3.2%	18,232	19,114	4.8%
Salisbury Univ.	6,618	6,908	4.4%	15,114	15,404	1.9%
SUNY Col. Arts and Sci. – Geneseo**	6,326	6,401	1.2%	14,226	14,811	4.1%
SUNY - Fredonia**	6,259	6,333	1.2%	14,159	14,743	4.1%
SUNY College – Oneonta	6,185	6,250	1.1%	14,085	14,660	4.1%
SUNY Col. Arts and Sci. – New Paltz	6,081	6,135	0.9%	13,981	14,545	4.0%
CUNY – Baruch College	4,970	5,020	1.0%	12,820	12,870	0.4%
CUNY - Hunter College	4,999	4,999	0.0%	12,849	12,849	0.0%
Unweighted Average	\$7,994	\$8,264	3.4%	16,416	17,087	4.1%

CUNY: City University of New York

SUNY: State University of New York

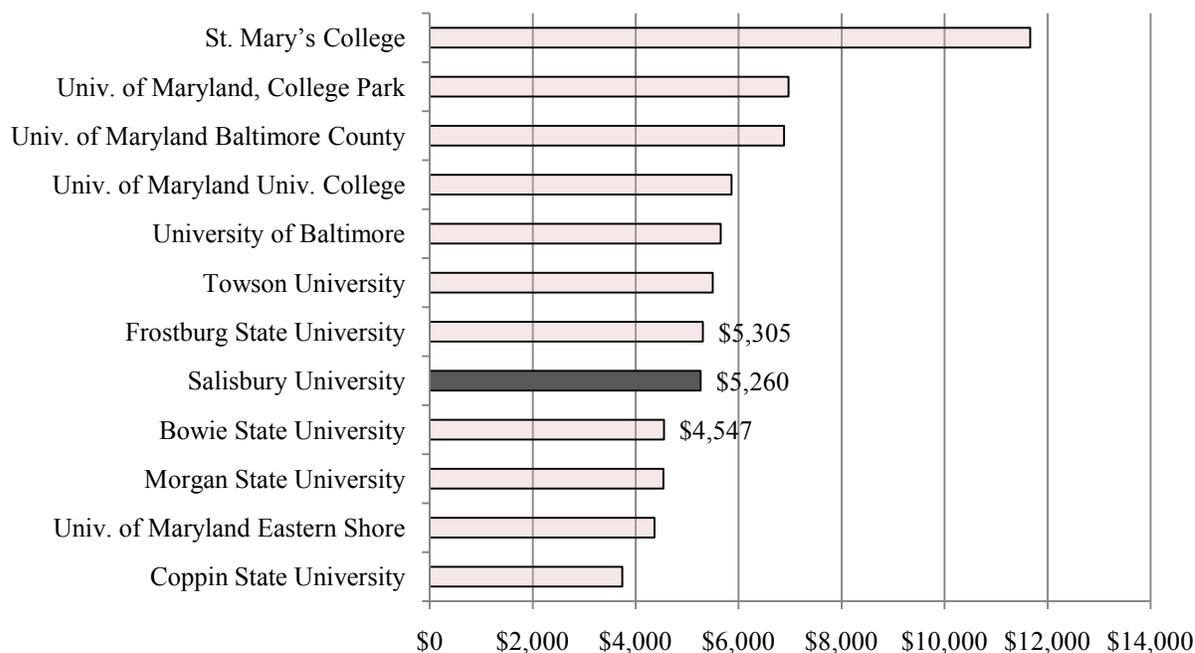
** Salisbury University peer institution

Source: The Chronicle of Higher Education website database, <http://chronicle.com/premium/stats/tuition/2008>; *U.S. News and World Report* – America's Best Colleges 2009

In fall 2010, SU’s resident undergraduate tuition was fifth lowest among public four-year institutions in Maryland, exceeding only the State’s historically black institutions whose mission is to educate students from underserved populations. **Exhibit 12** shows proposed fall 2011 tuition levels at Maryland’s public four-year institutions. SU’s tuition increase of 6% brings fall 2011 undergraduate resident tuition to \$5,260. Despite the increase, SU’s tuition will remain fifth lowest in the State. The increase will generate \$975,000 more in tuition revenue than three percent tuition growth. SU plans to use most (74%) of the additional revenue to increase institutional financial aid by \$725,000. The remaining funds will support the following initiatives:

- hire tutors and mentors for the Center for Student Achievement and purchase math placement modules (\$110,000);
- increase funds for research and graduate studies (\$50,000);
- support facilities renewal (\$50,000); and
- sponsor course redesign efforts (\$40,000).

Exhibit 12
Tuition Rates at Maryland Public Four-year Institutions
Proposed Fall 2011
Resident Undergraduate Full-time Students



Source: Governor’s Budget Books, Fiscal 2012

The President should comment on whether SU views the 6% undergraduate resident tuition increase as a one-time market adjustment, or one of a series of increases needed to attain market parity. The President should also comment on whether the institution will continue to direct most additional revenue generated by tuition increases above the USM average to undergraduate financial aid.

SU's nonresident undergraduate tuition and fee rate is also low compared to competitor institutions identified by *U.S. News and World Report*, as shown in Exhibit 11, and public four-year institutions in Maryland. SU's nonresident undergraduate tuition and fee rate ranks it sixth most expensive among the top public northern institutions. Among public four-year institutions in Maryland, only Coppin State University, the University of Maryland Eastern Shore, and the University of Maryland University College have lower nonresident undergraduate tuition rates. Despite this, SU's proposed fall 2011 nonresident undergraduate tuition increases only \$150, or 1.1%, to \$13,606. Based on a market analysis conducted by the institution for the 2008-2009 academic year, SU holds that an additional increase would translate into lower out-of-state enrollment as the proportion of nonresident undergraduate students has declined from 17.4% in fiscal 2003 to 12.9% in 2010.

The President should comment on the findings of the 2008-2009 tuition and fee rate market analysis and on SU's nonresident undergraduate tuition rate compared to other public four-year institutions in Maryland.

Despite Planned Increase to Undergraduate Financial Aid, SU Aid Not on Par with Other Maryland Institutions

Though SU plans to increase undergraduate institutional aid 23.0% in fiscal 2012 to \$3.8 million, budgeted undergraduate institutional aid is equivalent to only 6.9% of the institution's tuition and fee revenue, exceeding only University of Maryland University College and the University of Baltimore among public four-year institutions in Maryland. To be comparable to FSU, which has both the next highest undergraduate resident tuition rate and proportion of tuition and fee revenue budgeted for undergraduate institutional aid, SU would need to allocate an additional \$4.0 million to its undergraduate aid budget. SU attributes the underfunding of institutional aid to inadequate State support.

The President should comment on the amount of institutional undergraduate financial aid budgeted in fiscal 2012 and on whether SU intends to reach parity with other USM institutions on the percent of tuition and fee revenue used to support undergraduate institutional aid.

Recommended Actions

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

Updates

1. SU Renovates Residence Halls to Accommodate Living Learning Communities

Learning communities consist of a small cohort of students taking a cluster of courses together taught by faculty members who integrate thematic concepts across classes. Research suggests that learning communities enhance student achievement and decrease time-to-degree. Learning communities are identified in the 2010 MHEC report, *Best Practices for Accelerating Student Success at Maryland's Public Historically Black Institutions*, as a best practice for promoting academic achievement among underprepared students.

SU introduced learning communities in 2003 for honor students and students majoring in education. Since then, the institution has expanded its Living Learning Community (LLC) program to eight LLCs for entering first-time students with similar majors and interests:

- Honors (2);
- Education;
- Science, Technology, Engineering and Math (2);
- Arts;
- Business; and
- Sustainability.

SU plans to add new LLCs for music and undecided majors in the future.

Students within an LLC are housed together and enroll in the same core academic classes, which take place in the cohort's residence hall. For example, freshman biology majors would be housed in the same dorm and attend biology 101 together each week. SU reports that LLCs create positive peer pressure and foster mutual support systems and opportunities to meet and participate in social activities related to a student's academic major. Each LLC has a lead professor that creates in- and out-of-classroom experiences, including trips related to the academic theme, meals, study sessions, and a resident assistant. The cost of each LLC is estimated to be \$7,500 per year, which covers faculty stipends and programming. Expenses are funded through the Provost's office in Academic Affairs and the Housing office in Student Affairs.

In fall 2011, SU plans to open a newly renovated residence hall with practice rooms and art studio space to accommodate the music and arts LLCs. In total, four traditional residence halls will have been renovated by the 2011-2012 academic year to accommodate all LLCs with residential space in buildings that include a classroom and open study and discussion spaces. Residence hall renovations were funded through USM academic and auxiliary facility revenue bonds.

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>Federal</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 2010							
Legislative Appropriation	\$37,562	\$0	\$1,110	\$89,098	\$127,769	\$6,551	\$134,320
Deficiency Appropriation	0	0	0	0	0	0	0
Budget Amendments	312	1,498	0	1,880	3,689	4,385	8,074
Cost Containment	-709	0	-1,110	-585	-2,403	0	-2,403
Reversions and Cancellations	0	0	0	-80	-80	-1,182	-1,262
Actual Expenditures	\$37,165	\$1,498	\$0	\$90,312	\$128,975	\$9,754	\$138,729
Fiscal 2011							
Legislative Appropriation	\$37,593	\$0	\$0	\$92,931	\$130,524	\$7,436	\$137,960
Cost Containment	0	0	0	0	0	0	0
Budget Amendments	0	1,457	0	525	1,982	3,600	5,582
Working Appropriation	\$37,593	\$1,457	\$0	\$93,456	\$132,506	\$11,036	\$143,542

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

Fiscal 2010

General funds declined by a total of \$397,077 through budget amendments and cost containment actions. This included a decrease of \$708,755 from the first of two Board of Public Work (BPW) reductions and an increase of \$303,220 from a USM reallocation of general funds among USM institutions.

Special funds increased \$1,497,556 from the HEIF authorized by the General Assembly to replace general funds reduced during the 2009 legislative session.

Federal funds declined \$1,109,624 due to cost containment measures, \$691,224 of which was reverted to the general fund in a second BPW action and the remaining \$418,400 was used by the institution to reduce its current salary and wage budget as part of the statewide furlough plan, thereby cancelling the appropriation.

Other unrestricted funds increased \$1,214,503 overall due to a \$584,557 reduction from cost containment actions to account for the institution's remaining furlough savings which was moved to the fund balance and then transferred via the Budget Reconciliation and Financing Act of 2010 to the general fund, and a \$1,879,508 increase due primarily to tuition and fee revenues from additional enrollment and a change in the ratio of undergraduate and graduate students. Cancellations from miscellaneous adjustments decreased unrestricted funds \$80,448.

Restricted funds increased \$3,203,471 from an increase in contracts and grants and additional federal Pell Grant funds. A cancellation of \$1,181,529 decreased the appropriation primarily to account for funding for a National Science Foundation science, technology, engineering, and mathematics program and a Maryland Hospital Association "Who Will Care?" nursing grant that would actually be spent in subsequent years.

Fiscal 2011

Special funds increased \$1,456,068 from the HEIF authorized by the General Assembly to replace general funds reduced during the 2010 legislative session.

Other unrestricted funds increased \$525,000 due to an increase in tuition and fee and auxiliary revenues from increased enrollment and food and bookstore operations.

Restricted funds increased \$3,600,000 due to an increase in the maximum Pell Grant award.

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

<u>Object/Fund</u>	<u>FY 10 Actual</u>	<u>FY 11 Working Appropriation</u>	<u>FY 12 Allowance</u>	<u>FY 11 - FY 12 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	931.00	928.00	928.00	0.00	0%
02 Contractual	310.50	306.50	319.50	13.00	4.2%
Total Positions	1,241.50	1,234.50	1,247.50	13.00	1.1%
Objects					
01 Salaries and Wages	\$ 63,499,830	\$ 67,785,682	\$ 69,684,844	\$ 1,899,162	2.8%
02 Technical and Spec. Fees	17,070,662	16,532,576	17,376,529	843,953	5.1%
03 Communication	436,645	468,152	468,130	-22	0%
04 Travel	1,494,741	1,587,051	1,837,051	250,000	15.8%
06 Fuel and Utilities	3,857,095	4,952,897	5,430,623	477,726	9.6%
07 Motor Vehicles	280,724	274,870	274,870	0	0%
08 Contractual Services	6,159,829	8,855,858	9,415,690	559,832	6.3%
09 Supplies and Materials	9,692,336	13,064,249	13,282,249	218,000	1.7%
10 Equipment – Replacement	136,008	118,250	118,250	0	0%
11 Equipment – Additional	2,284,488	3,219,220	2,502,512	-716,708	-22.3%
12 Grants, Subsidies, and Contributions	11,194,733	12,023,718	12,748,718	725,000	6.0%
13 Fixed Charges	9,508,081	9,669,406	14,285,450	4,616,044	47.7%
14 Land and Structures	13,113,814	4,989,608	5,901,506	911,898	18.3%
Total Objects	\$ 138,728,986	\$ 143,541,537	\$ 153,326,422	\$ 9,784,885	6.8%
Funds					
40 Unrestricted Fund	\$ 128,974,632	\$ 132,505,654	\$ 142,290,539	\$ 9,784,885	7.4%
43 Restricted Fund	9,754,354	11,035,883	11,035,883	0	0%
Total Funds	\$ 138,728,986	\$ 143,541,537	\$ 153,326,422	\$ 9,784,885	6.8%

Note: The fiscal 2011 appropriation does not include deficiencies. The fiscal 2012 allowance does not include contingent reductions.

Fiscal Summary
USM – Salisbury University

<u>Program/Unit</u>	<u>FY 10</u> <u>Actual</u>	<u>FY 11</u> <u>Wrk Approp</u>	<u>FY 12</u> <u>Allowance</u>	<u>Change</u>	<u>FY 11 - FY 12</u> <u>% Change</u>
01 Instruction	\$ 41,161,204	\$ 44,632,527	\$ 45,324,521	\$ 691,994	1.6%
02 Research	801,039	1,060,205	1,076,071	15,866	1.5%
03 Public Service	3,967,233	4,296,847	4,298,733	1,886	0%
04 Academic Support	8,538,244	8,249,282	8,594,176	344,894	4.2%
05 Student Services	5,184,091	5,350,875	5,472,548	121,673	2.3%
06 Institutional Support	12,984,582	12,970,669	13,305,904	335,235	2.6%
07 Operation and Maintenance of Plant	15,417,020	14,487,447	15,550,130	1,062,683	7.3%
08 Auxiliary Enterprises	39,829,052	40,782,967	47,268,621	6,485,654	15.9%
17 Scholarships and Fellowships	10,846,521	11,710,718	12,435,718	725,000	6.2%
Total Expenditures	\$ 138,728,986	\$ 143,541,537	\$ 153,326,422	\$ 9,784,885	6.8%
Unrestricted Fund	\$ 128,974,632	\$ 132,505,654	\$ 142,290,539	\$ 9,784,885	7.4%
Restricted Fund	9,754,354	11,035,883	11,035,883	0	0%
Total Appropriations	\$ 138,728,986	\$ 143,541,537	\$ 153,326,422	\$ 9,784,885	6.8%

Note: The fiscal 2011 appropriation does not include deficiencies. The fiscal 2012 allowance does not include contingent reductions.

**Personnel by Budget Program
Salisbury University
Fiscal 2006, 2010, and 2011**

<u>Budget Program</u>	<u>Fiscal 2006</u>		<u>Fiscal 2010</u>		<u>Fiscal 2011</u>		<u>% Change in FTEs 2006-2011</u>
	<u>FTEs</u>	<u>%FTEs</u>	<u>FTEs</u>	<u>%FTEs</u>	<u>FTEs</u>	<u>%FTEs</u>	
Instruction	295.00	39.9%	363.00	41.62%	367.0	42.35%	24.41%
Research	6.00	0.8%	6.00	0.69%	6.0	0.69%	0.00%
Public Service	0.00	0.0%	1.00	0.11%	1.0	0.12%	-
Academic Support	67.00	9.1%	74.00	8.49%	69.0	7.96%	2.99%
Student Services	44.00	6.0%	52.60	6.03%	54.5	6.29%	23.86%
Institutional Support	112.00	15.2%	129.10	14.80%	127.0	14.66%	13.39%
Operations and Maintenance of Plant	69.00	9.3%	76.00	8.71%	75.0	8.66%	8.70%
Auxiliary Enterprises	146.00	19.8%	170.40	19.54%	167.0	19.27%	14.38%
Total	739.00	100.0%	872.1	100.00%	866.50	100.00%	17.25%

FTEs: full-time equivalent positions.

Note: Data is for filled regular positions only.

Source: University System of Maryland