

R30B29
Salisbury University
University System of Maryland

Operating Budget Data

(\$ in Thousands)

	<u>FY 14</u> <u>Actual</u>	<u>FY 15</u> <u>Working</u>	<u>FY 16</u> <u>Allowance</u>	<u>FY 15-16</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Funds	\$39,214	\$44,383	\$48,148	\$3,765	8.5%
Deficiencies and Reductions	0	-1,505	-3,749	-2,244	
Adjusted General Fund	\$39,214	\$42,878	\$44,399	\$1,521	3.5%
Special Funds	2,609	2,019	2,147	129	6.4%
Adjusted Special Fund	\$2,609	\$2,019	\$2,147	\$129	6.4%
Other Unrestricted Funds	117,673	121,037	125,731	4,694	3.9%
Adjusted Other Unrestricted Fund	\$117,673	\$121,037	\$125,731	\$4,694	3.9%
Total Unrestricted Funds	159,496	167,439	176,026	8,587	5.1%
Deficiencies and Reductions	0	-1,505	-3,749	-2,244	
Adjusted Total Unrestricted Funds	\$159,496	\$165,934	\$172,277	\$6,343	3.8%
Restricted Funds	12,855	13,000	13,000	0	
Adjusted Restricted Fund	\$12,855	\$13,000	\$13,000	\$0	0.0%
Adjusted Grand Total	\$172,351	\$178,934	\$185,277	\$6,343	3.5%

Note: The fiscal 2015 working appropriation reflects the Board of Public Works reductions. The fiscal 2016 allowance reflects back of the bill reductions to the University System of Maryland, which were allocated to institutions based on the Department of Legislative Services estimates.

- The general fund increases \$1.5 million, or 3.5%, in fiscal 2016 after adjusting for a fiscal 2015 Board of Public Works reduction and \$3.7 million in back of the bill reductions in fiscal 2016.
- The Higher Education Investment Fund increases \$0.1 million, or 6.4%, in fiscal 2016, resulting in an overall growth of 3.7%, or \$1.7 million, in State funds above fiscal 2015.

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

For further information contact: Sara J. Baker

Phone: (410) 946-5530

Personnel Data

	<u>FY 14 Actual</u>	<u>FY 15 Working</u>	<u>FY 16 Allowance</u>	<u>FY 15-16 Change</u>
Regular Positions	1,009.00	1,030.00	1,030.00	0.00
Contractual FTEs	<u>426.00</u>	<u>413.50</u>	<u>435.00</u>	<u>21.50</u>
Total Personnel	1,435.00	1,443.50	1,465.00	21.50

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	34.09	3.31%
Positions and Percentage Vacant as of 12/31/14	79.00	7.7%

- While the fiscal 2016 allowance does not provide for any new regular positions, it does include 21.5 new contractual full-time equivalents, of which 11.0 are full-time nontenure contractual positions, and the remaining positions are related to the transfer of ownership of Delmarva Public Radio from the Salisbury University Foundation to the university.

Analysis in Brief

Major Trends

Enrollment: Undergraduate enrollment declined 0.1% in fall 2014. A 14.6% decline in first-time (full- and part-time) students was offset by a 9.0% and 1.8% increase in transfers and continuing students, respectively.

Student Performance: The second-year retention rate fell to its lowest point since the 1994 cohort of 79.4% with the 2012 cohort while the third-year rate reached the highest rate of 75.2% with the 2011 cohort. The six-year first-time, full-time graduation rate remained fairly stable around 73.0% while the four-year transfer graduation rate improved from 61.2% with the 2005 cohort to 67.6% with the 2009 cohort.

Degree Production Efficiency: In fiscal 2013, undergraduate degrees per 100 full-time equivalent students reached its highest level of 23.6 degrees since fiscal 2007, surpassing the average of its peers and the State's public four-year institutions. Since fiscal 2006, education and related spending per degree has declined by \$4,565.

Issues

Meeting College Expenses: Expenditures on institutional aid increased \$1.6 million in fiscal 2014, of which \$1.1 million went toward need-based aid. Since fiscal 2012, spending on institutional aid increased \$2.2 million, of which \$1.5 million went toward need-based aid. This is due to using the additional revenues generated from an annual 6% tuition increase to fund institutional aid.

Structural Tuition Adjustment: Between fiscal 2012 and 2015, resident undergraduate tuition increased 6% annually, in order for Salisbury University to more closely align tuition with its peers. The adjustment in tuition resulted in the generation of an additional \$4.1 million in revenues, of which \$2.4 million went toward increasing expenditures on institutional aid.

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 citizenship, gainful employment, and life-long learning.

SU seeks to be a widely recognized comprehensive university 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 2014 Undergraduate Enrollment Headcount

Male	3,435
Female	4,562
Total	7,997

Fall 2014 Graduate Enrollment Headcount

Male	197
Female	576
Total	773

Fall 2014 New Students Headcount

First-time	1,157
Transfers/Others	996
Graduate	269
Total	2,442

Campus (Main Campus)

Acres	181
Buildings	75
Average Age	38 years
Oldest	Holloway Hall (1924)

Programs

Bachelor's	42
Master's	14
Doctoral	2

Degrees Awarded (2013-2014)

Bachelor's	1,899
Master's	258
Total Degrees	2,170

Proposed Fiscal 2016 In-state Tuition and Fees*

Undergraduate Tuition	\$6,712
Mandatory Fees	\$2,374

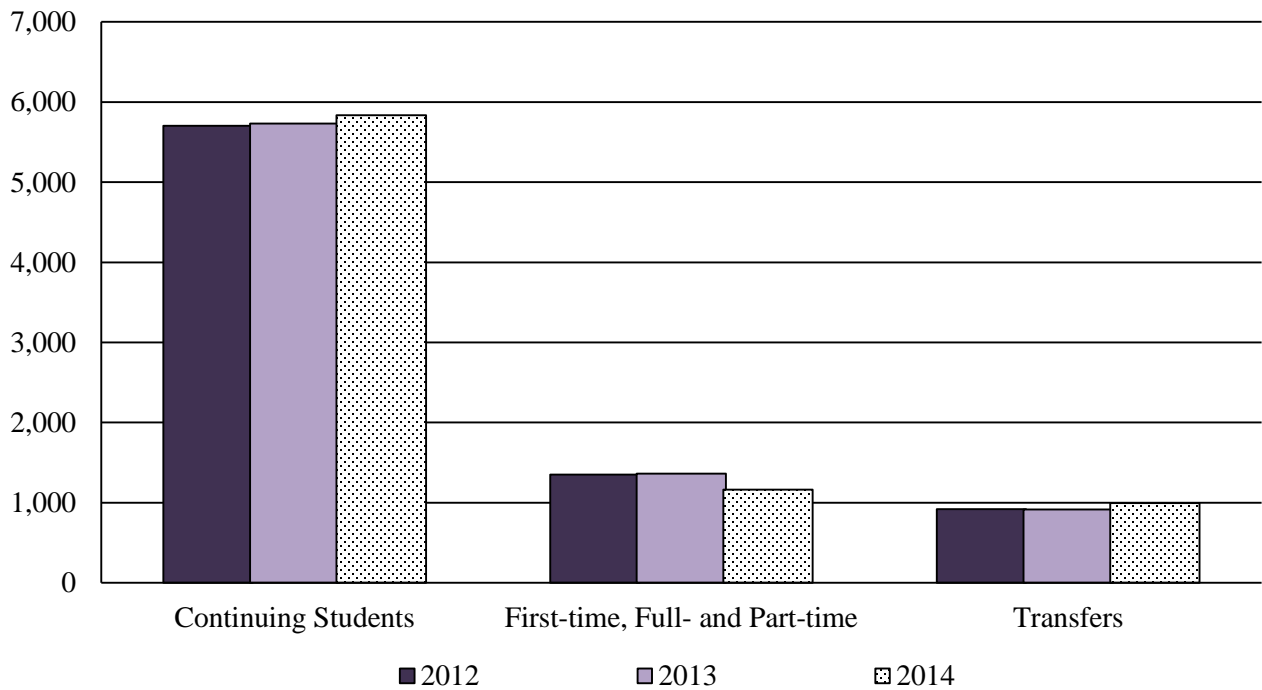
*Contingent on Board of Regents approval.

Performance Analysis

1. Enrollment

Undergraduate enrollment declined 0.1% in fall 2014. A 14.5% decline in first-time (full- and part-time) students was offset by a 9.0% and 1.9% increase in transfers and continuing students, respectively, as shown in **Exhibit 1**. Since fall 2012, transfer students grew 8.6% while first-time students declined 13.8%. Overall, undergraduate and graduate enrollment grew 0.4% and 12.4%, respectively, since fall 2012, reflecting SU’s goal to hold overall enrollment steady while increasing the portion of transfer and graduate students. In fall 2014, total enrollment grew 1.5%. **The President should comment on SU’s enrollment strategy and the decline of first-time students.**

Exhibit 1
Undergraduate Headcount Enrollment
Fall 2012-2014

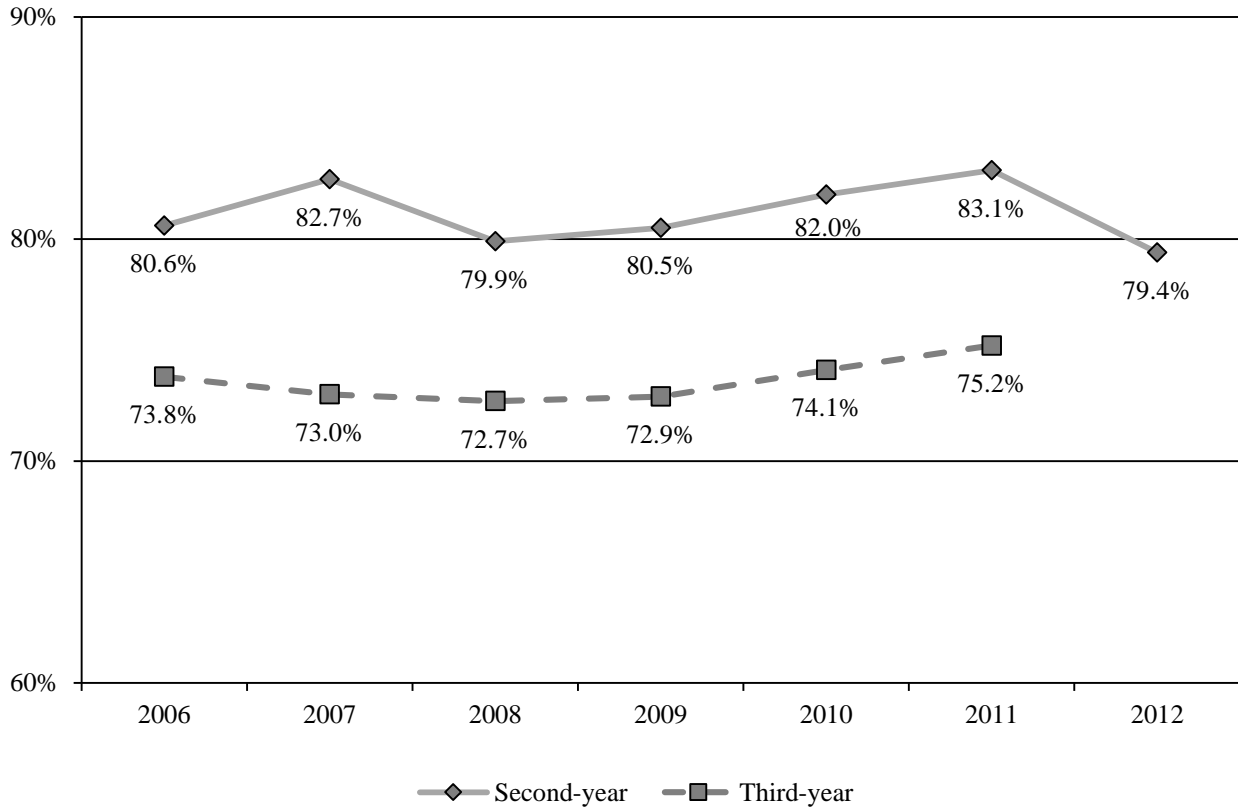


Source: University System of Maryland

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. After the second-year retention of the 2008 cohort dropped 2.8 percentage points to 79.9%, the rate improved to 83.1% with the 2011 cohort, as shown in **Exhibit 2**. However, the rate fell to its lowest point since the 1994 cohort of 79.4% with the 2012 cohort. Overall, the trend of the third-year rate mirrors that of the second-year rate with the 2011 cohort reaching the highest rate of 75.2%; however, it is expected that the rate will decline with the 2012 cohort.

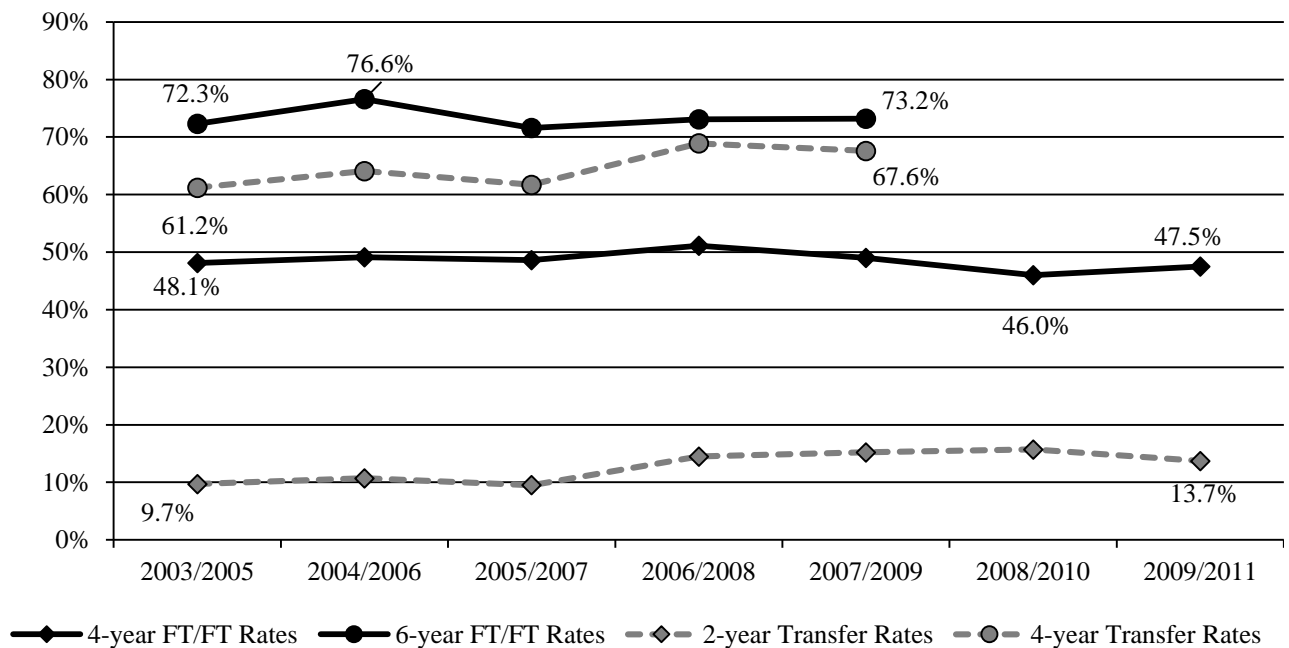
Exhibit 2
Second- and Third-year Retention Rates
First-time, Full-time 2006-2012 Cohorts



Source: Maryland Higher Education Commission, Retention and Graduation Rates at Maryland Four-year Institutions, October 2014

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 four- and six-year graduation rates for first-time, full-time (FT/FT) students and the equivalent rate for transfer students: the two- and four-year graduation rates. Overall, the FT/FT students graduate at a higher rate than transfer students, with the gap being significantly wider when comparing the two- and four-year rates. However, while the two-year rate for transfers improved from 9.7% (2005 cohort) to 13.7% (2011 cohort), the four-year FT/FT rate slightly decreased from 48.1% (2003 cohort) to 47.5% (2009 cohort). The 2008 FT/FT cohort, which as previously discussed, had the lowest second- and third-year retention rates, also had the lowest four-year graduation rate of 46.0%. It is expected that the six-year rate for this cohort will be lower than the preceding cohort.

Exhibit 3
Graduation Rate of First-time, Full-time and
Maryland Community College Transfer Students
2003-2011 Cohorts



FT/FT: first-time, full-time

Note: The graduation rates for the FT/FT cohort include those graduated from the institution or those that transferred and graduated from any Maryland public four-year institution. The rates for the Maryland community college transfer students include those that graduate from the institution or those that transferred and graduated from any other University System of Maryland institution.

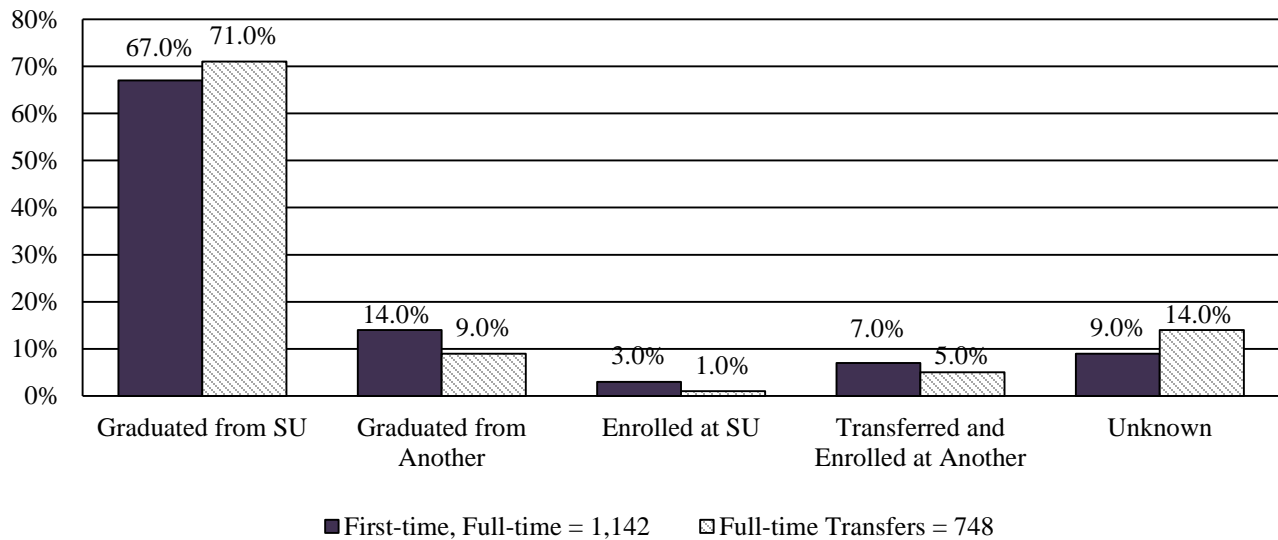
Source: Maryland Higher Education Commission, Retention and Graduation Rates at Maryland Four-year Institutions; University System of Maryland, Transfer Students to the University System of Maryland

Overall, the six-year FT/FT rate remained fairly stable around 73.0% except for the 2004 cohort, which had the highest graduation rate since the 1991 cohort of 76.7%. The four-year transfer rate improved 5.9 percentage points from 61.2% (2005 cohort) to 67.6% (2009 cohort).

Completion or graduation rates are greatly influenced by time – the longer it takes a student to graduate, the more likely (s)he will drop out as other priorities compete with classes. Longer completion time translates into increased costs, not only for the student, but for the institution and the State as well. According to the most recent data, time to degree for the FT/FT 2006 cohort decreased from 8.5 to 8.1 semesters, slightly over four years.

Traditionally, retention and graduation rates, as previous discussed, only measure the progress of FT/FT students and do not account for students who enroll in multiple institutions over the course of their college career. One in five students who complete a degree will do so at a different institution than the one they first enrolled in, according to the National Student Clearinghouse. Student Achievement Measures provide a more comprehensive picture of a student’s progression to completion by tracking student movements across institutions. Overall, within six years of enrolling at SU, transfer students graduated at a higher rate than FT/FT; 71.0% versus 67.0%, respectively, as illustrated in **Exhibit 4**. However, the status of 14.0% of the transfer students is unknown compared to 9.0% of the FT/FT students.

Exhibit 4
Status of FT/FT and Transfers Seeking a Bachelor’s Degree After Six Years
Fall 2007 Cohort



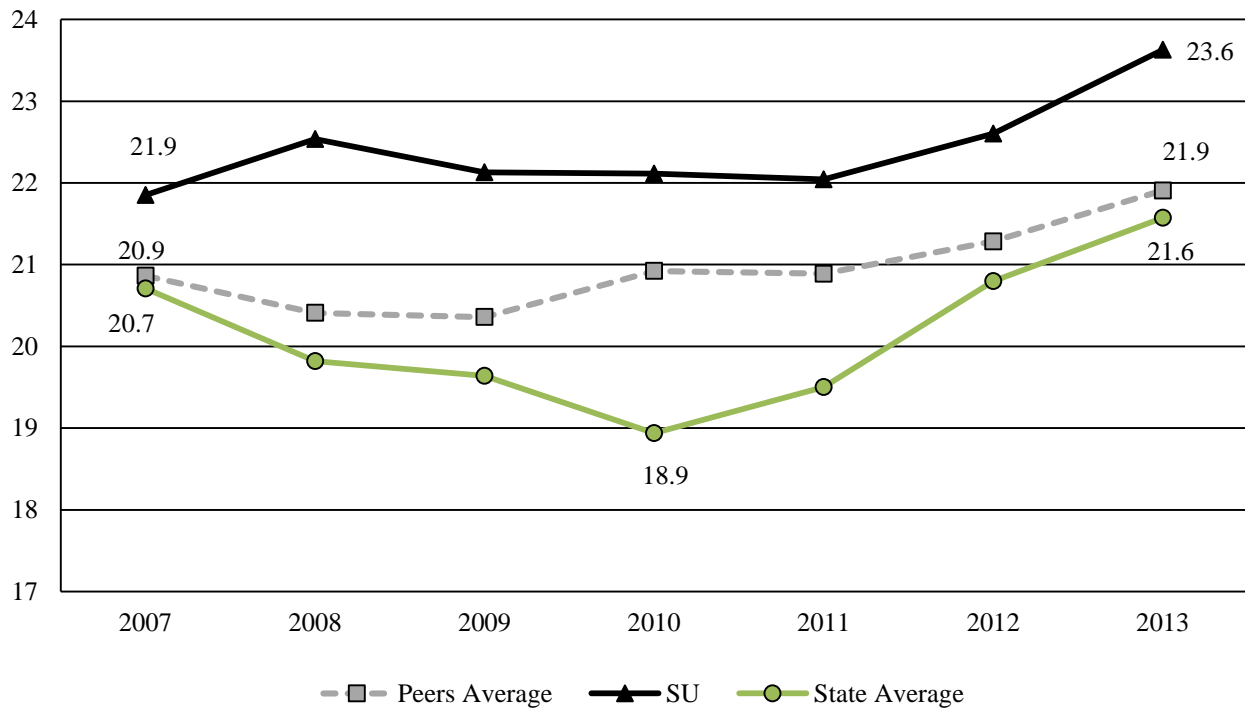
FT/FT: first-time, full-time

Source: Student Achievement Measures

3. Degree Production Efficiency

How well an institution meets its mission is ultimately measured by the number of undergraduate degrees awarded. Trends in the number of undergraduate degrees awarded per 100 undergraduate full-time equivalent students (FTES) show that an institution is being more or less productive in graduating students. Ideal performance on this indicator would be 25 completions per 100 FTES since, in general, one-quarter of all students enrolled, would graduate each year. **Exhibit 5** compares SU’s ratio to the average of its peers and the State’s public four-year institutions. Peer institutions are those used to benchmark SU’s performance in the University System of Maryland’s (USM) Dashboard Indicators. In fiscal 2013, SU’s ratio reached its highest level since fiscal 2007 of 23.6 degrees per 100 FTES, continuing to surpass the average of the State and its peers. This can be attributed to moderate growth in the number of degrees awarded coupled with a low enrollment growth.

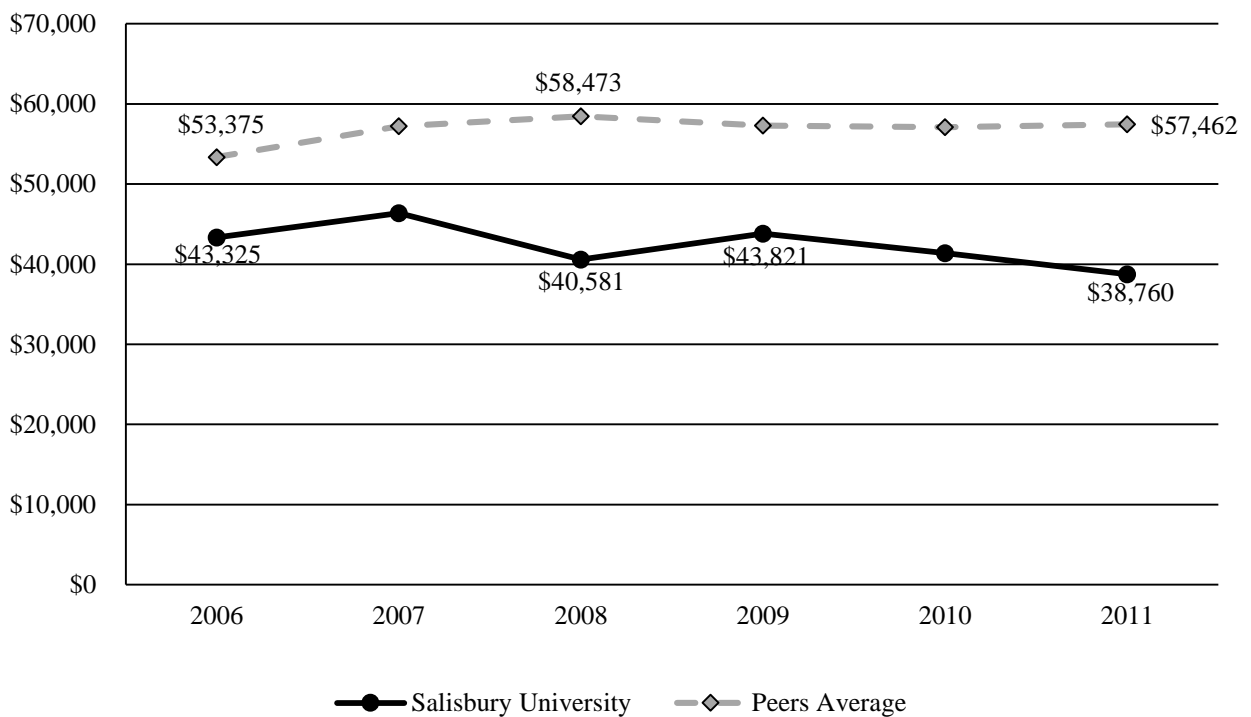
Exhibit 5
Undergraduate Degrees Per 100 Full-time Equivalent Students
Fiscal 2007-2013



Source: Integrated Postsecondary Education System; Department of Legislative Services

Education and related expenditures per degree measures the cost of producing a degree, showing if an institution is becoming more or less productive over time in using its resources to produce degrees. Therefore, the lower the expenditures, the more efficient an institution is in producing degrees. SU’s expenditures per degree were consistently lower than the average of its peers, as shown in **Exhibit 6**. While expenditures per degree of its peers increased \$4,087 from fiscal 2006 to 2011, SU’s expenditures declined \$4,565 to its lowest point since fiscal 2006 of \$38,760 in fiscal 2011.

Exhibit 6
Education and Related Expenditures Per Degree Completed
Academic Year 2006-2011



Note: Education and related expenditures include direct spending on instruction; student services; and education share of spending on academic and institutional support; and operations and maintenance. All dollar amounts are reported in 2011 dollars (Higher Education Price Index adjusted).

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

Fiscal 2015 Actions

Cost Containment

The Board of Public Works (BPW) approved two rounds of cost containment measures resulting in total reductions of \$1.7 million to SU's State appropriation. In July 2014, BPW reduced SU's State appropriation by \$0.2 million, which included the elimination of a vacant position that did not have any associated State funding. SU met the reduction by not increasing funding for facilities renewal projects.

In January 2015, BPW approved a \$1.5 million reduction of SU's State appropriation. SU will meet this reduction through a combination of reducing expenditures, using fund balance, and increasing tuition revenues. Operating expenditures will be reduced by \$1.1 million: \$0.6 million from facilities renewal and \$0.5 from a hiring freeze. A transfer of \$63,566 from fund balance will be used to cover operating expenses. After the transfer, SU's State-supported portion of the fund balance will total \$9.5 million at the end of fiscal 2015.

The remaining portion of the reduction will be met through a 2.0% and 0.8% increase in spring 2015 tuition for in- and out-of-state undergraduate students, respectively, resulting in a \$62 increase for both. This will generate an additional \$0.5 million in tuition revenue, of which \$0.1 million will go toward financial aid to hold low-income students harmless with the remaining \$0.4 million to be used to cover operating expenses.

Proposed Budget

As shown in **Exhibit 7**, the general fund allowance for fiscal 2016 is 3.5%, or \$1.5 million, higher than fiscal 2015 after including the fiscal 2015 cost containment actions and adjusting for across-the-board reductions in the fiscal 2016 allowance. The across-the-board reductions include a general 2.0% reduction, elimination of employee increments, and a 2.0% pay reduction. The Department of Legislative Services estimates SU's share of these reductions to be \$3.7 million. The Higher Education Investment Fund (HEIF) increases 6.4%, or \$0.1 million over fiscal 2015, resulting in an overall growth in State funds of 3.7%, or \$1.7 million, to \$46.5 million.

Other unrestricted funds grow 3.9%, or \$4.7 million, due to tuition and fee revenues increasing \$3.0 million, including a planned 5.0% increase in resident undergraduate tuition. Revenues are underestimated for fiscal 2015 and 2016 due to a 2.0% and 0.8% increase in the spring 2015 tuition for in- and out-of-state undergraduate students, respectively. The increases are estimated to generate an additional \$0.5 million in revenue in fiscal 2015. When determining the 5.0% tuition increase for fall 2015, the fall 2014 tuition rate of \$6,268 was adjusted in spring 2015 to reflect the mid-year tuition increase. The new annualized spring 2015 tuition rate of \$6,392 was then used to calculate the proposed 5.0% increase in the fall 2015 tuition rates. Using this calculation, the actual annual increase in tuition between fall 2014 and fall 2015 is 7.1%.

Exhibit 7
Proposed Budget
USM – Salisbury University
(\$ in Thousands)

	FY 14 <u>Actual</u>	FY 15 <u>Adjusted</u>	FY 16 <u>Adjusted</u>	FY 15-16 <u>Change</u>	% Change <u>Prior Year</u>
General Funds	\$39,214	\$44,618	\$48,148		
July 2014 BPW		-235			
January 2015 BPW		-1,505			
Across the Board			-3,749		
Total General Funds	\$39,214	\$42,878	\$44,399	\$1,521	3.5%
HEIF	2,609	2,019	2,147	129	6.4%
Total State Funds	41,823	44,897	46,546	1,650	3.7%
Other Unrestricted Funds	117,673	121,037	125,731	4,694	3.9%
Total Unrestricted Funds	159,496	165,934	172,277	6,343	3.8%
Restricted Funds	12,855	13,000	13,000		0.0%
Total Funds	\$172,351	\$178,934	\$185,277	\$6,343	3.5%

BPW: Board of Public Works
 HEIF: Higher Education Investment Fund
 USM: University System of Maryland's

Note: The fiscal 2016 allowance is adjusted to reflect Salisbury University's (SU) portion of USM's across-the-board reductions: \$0.9 million related to the 2% reduction was based on SU's share of USM's total State appropriations; \$1.2 million for the fiscal 2015 cost-of-living adjustment (COLA) was calculated by annualizing the half-year fiscal 2015 COLA; and \$1.6 million attributed to salary increments was based on SU's portion of fiscal 2016 salary increments as estimated by the Department of Legislative Services.

Source: Governor's Budget Books, Fiscal 2016; Department of Legislative Services

The allowance provides \$2.3 million in additional other current unrestricted funds for expenses related to new facilities (\$0.9 million); information technology support for online graduate programs and full-time nontenure track faculty (\$0.7 million); financial aid (\$0.5 million); and debt service (\$0.1 million). However, no additional funds are included related to the costs of implementing the revised sexual misconduct policy, in which one of the requirements is the training of all faculty, staff, and students. **The President should comment on how SU is able to comply with the Title IX requirements within its existing budget.**

Budget changes by program area in the allowance are shown in **Exhibit 8**. This data includes unrestricted funds only, the majority of which consist of general funds, the HEIF, and tuition and fees revenue. Expenditures in all program areas, except scholarships and fellowship, increase due to filling several positions at the end of fiscal 2014 with the annualized costs reflected in fiscal 2015. Positions included 19 in instruction, of which 8 part-time positions were converted to regular positions; 6 in student services; 7 in institutional support; and several in operation and maintenance of plant. Spending in operation and maintenance also includes increases from internally funded facilities renewal projects and facility maintenance service contracts. The decline in public service is related to the transfer of the license for Delmarva Public Radio from the SU Foundation to the university in fiscal 2014.

Overall, revenues in fiscal 2015 (adjusting for \$0.4 million from the mid-year tuition increase and \$63,566 from fund balance to cover \$1.5 million of the cost containment) total \$115.1 million, excluding auxiliary enterprises. The decrease in other unrestricted revenues in fiscal 2015 is related to interest being less than projected, a one-time transfer of revenues related to Delmarva Public Radio, and a transfer from the fund balance.

Total expenditures grow 3.6%, or \$5.9 million, in fiscal 2016 after adjusting for across-the-board reductions of \$3.7 million. However, since at this time, it is not known how SU will allocate the reduction across the program areas, it is difficult to compare the difference in expenditures between fiscal 2015 and 2016. **The President should comment on the institutional priorities when determining how the budget reductions will be allocated over the program areas and in particular minimizing the impact on financial aid.**

Exhibit 8
SU Budget Change for Unrestricted Funds by Program
Fiscal 2014-2016
(\$ in Thousands)

	<u>Actual</u> <u>2014</u>	<u>Adjusted</u> <u>Working</u> <u>2015</u>	<u>% Change</u> <u>2014-15</u>	<u>Adjusted</u> <u>2016</u>	<u>Change</u> <u>2015-16</u>	<u>% Change</u> <u>2015-16</u>
Expenditures						
Instruction	\$50,939	\$53,814	5.6%	\$58,062	\$4,247	7.9%
Research	559	624	11.7%	655	30,419	4.9%
Public Service	2,370	2,074	-12.5%	2,752	678	32.7%
Academic Support	9,978	10,147	1.7%	10,495	348	3.4%
Student Services	6,039	6,700	11.0%	6,963	263	3.9%
Institutional Support	16,052	16,682	3.9%	17,754	1,072	6.4%
Operation and Maintenance of Plant	15,460	17,059	10.3%	17,438	379	2.2%
Scholarships and Fellowships	7,331	8,170	11.4%	8,578	408	5.0%
Net Cost Containment/ATB Reductions		-1,100		-3,749		
Education and General Total	\$108,727	\$114,169	5.0%	\$118,947	\$4,778	4.2%
Auxiliary Enterprises	\$50,769	\$52,170	2.8%	\$53,330	\$1,160	2.2%
Adjusted Total	\$159,496	\$166,339	4.3%	\$172,277	\$5,938	3.6%
Revenues						
Tuition and Fees	\$66,800	\$68,960	3.2%	\$71,940	\$2,980	4.3%
General Funds	39,214	42,878	9.3%	44,399	1,521	3.5%
Higher Education Investment Fund	2,609	2,019	-22.6%	2,147	129	6.4%
Other Unrestricted Funds	2,127	1,235	-41.9%	1,371	136	11.0%
Adjusted Subtotal	\$110,750	\$115,092	3.9%	\$119,857	\$4,766	4.1%
Auxiliary Enterprises	\$50,879	\$52,938	4.0%	\$54,164	\$1,226	2.3%
Transfer (to)/from Fund Balance	-2,133	-1,691		-1,745		
Total	\$159,496	\$166,339	4.3%	\$172,277	\$5,938	3.6%

ATB: across-the-board
SU: Salisbury University

Note: Net cost containment is adjusted to reflect additional revenue from the mid-year tuition increase and a transfer from fund balance that will partially offset the \$1.5 million reduction. Fiscal 2015 general funds reflect \$1.5 million of cost containment actions, tuition and fee revenues reflect \$0.3 million of additional revenue from the mid-year tuition increase, and other revenues reflect a \$63,566 transfer from fund balance. Fiscal 2016 general funds are adjusted by \$3.7 million to reflect across-the-board reductions.

Source: Governor's Budget Books, Fiscal 2016; Department of Legislative Services

Issues

1. Meeting College Expenses

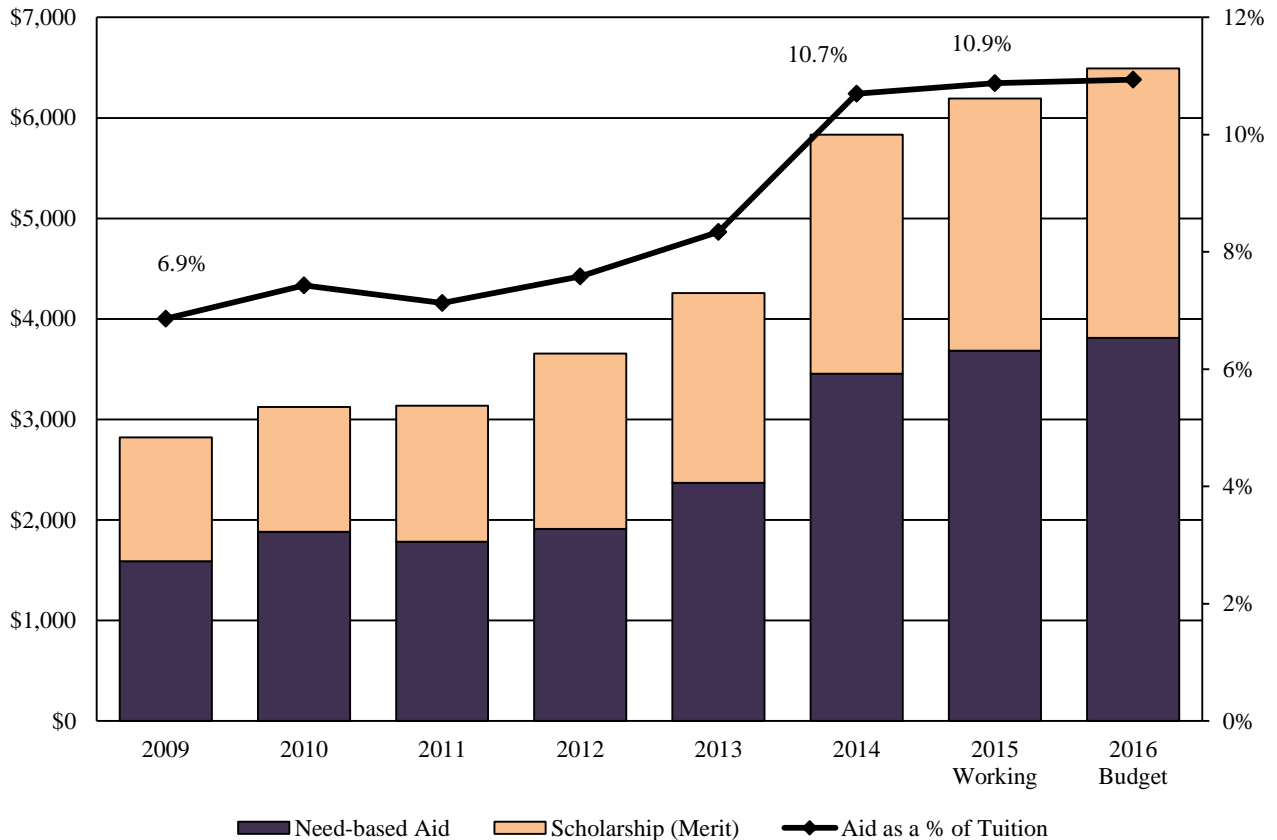
The lack of financial resources frequently contributes to a student's decision to stop or drop out of college. As the costs of a college education continue to escalate, students and families are relying more on various types of financial aid, *e.g.*, federal, State, and institutional, to effectively bring down the cost of college. According to the National Center for Education Statistics' College Navigator, the total cost for a FT/FT Maryland undergraduate student at SU in fiscal 2013 was \$21,320 (based on tuition, mandatory fees, books and supplies, other expenses, and the weighted average of room and board). However, when accounting for the average amount of federal, State, and institutional aid, the average cost of attendance was \$16,840, a 21.0% reduction in the net cost of attendance.

Twenty-three percent of SU's undergraduate students receive Pell awards, which are given to those who otherwise could not afford college and have an expected family contribution (EFC) of less than a specific amount, which was \$5,081, in fiscal 2014. The EFC is an indicator of the amount that a family is required to contribute to pay for a student's college education; therefore, the lower the EFC, the greater the financial aid.

Expenditures on institutional aid increased \$1.6 million, or 37.0%, in fiscal 2014, of which \$1.1 million went toward need-based aid, as shown in **Exhibit 9**. Since fiscal 2012, spending on institutional aid grew 59.7%, or \$2.2 million, of which \$1.5 million went toward need-based aid. This is due to using additional revenue generated from an annual 6.0% tuition increase (related to realigning tuition with its peers, and is further discussed in Issue 2) to fund institutional aid. This resulted in need-based aid accounting for 59.2% of expenditures in fiscal 2014. In fiscal 2015, expenditures are projected to increase by \$0.4 million; however, this does not account for the estimated \$0.1 million of additional tuition revenue from the mid-year increase being directed to need-based aid to hold Pell-eligible students harmless.

The USM Board of Regents instructed institutions to use a portion of the tuition revenue increases for institutional aid directed toward those undergraduate students with the highest financial need, offsetting increases in tuition rates, thereby holding harmless those with the greatest need. Since fiscal 2009, when institutional aid as a percentage of undergraduate tuition revenue was at its lowest point, 6.9%, it has steadily increased to its highest level of 10.9% in fiscal 2015.

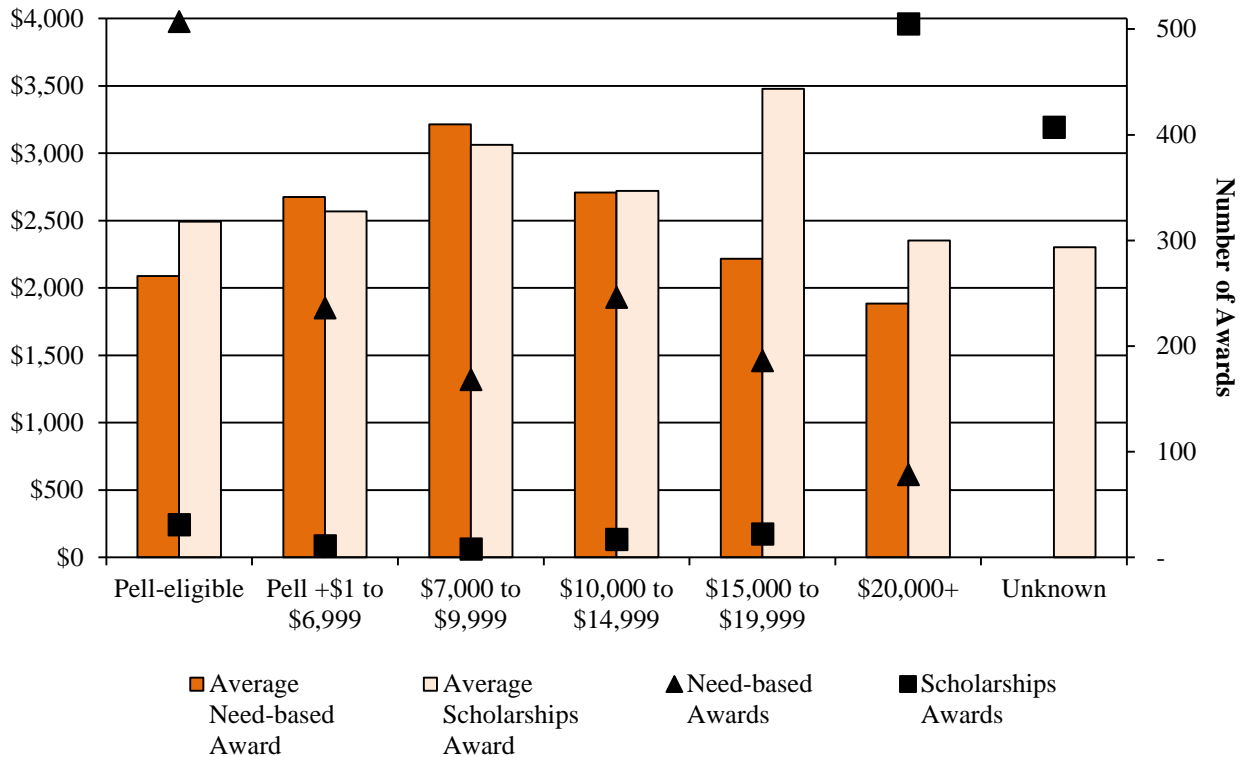
**Exhibit 9
Institutional Aid and Aid as a Percentage of Undergraduate Tuition Revenue
Fiscal 2009-2016
(\$ in Thousands)**



Source: University System of Maryland; Department of Legislative Services

In fiscal 2014, 35.7% of those receiving need-based institutional aid were Pell-eligible students who received an average award of \$2,089, as shown in **Exhibit 10**. Students in all EFC categories received need-based aid awards with 11.8% going to students with an EFC of \$7,000 to \$9,999 who received the highest average award of \$3,215. Students in all EFC categories received institutional scholarships (or merit awards). Of the 1,001 merit awards, 91.1% went to students with an EFC greater than \$20,000 and in the unknown category (these are students who did not file a Free Application for Federal Student Aid or FAFSA) with average awards of \$2,352 and \$2,303, respectively.

**Exhibit 10
Number and Average Amount of Institutional Aid Received Per Recipient
Fiscal 2014**

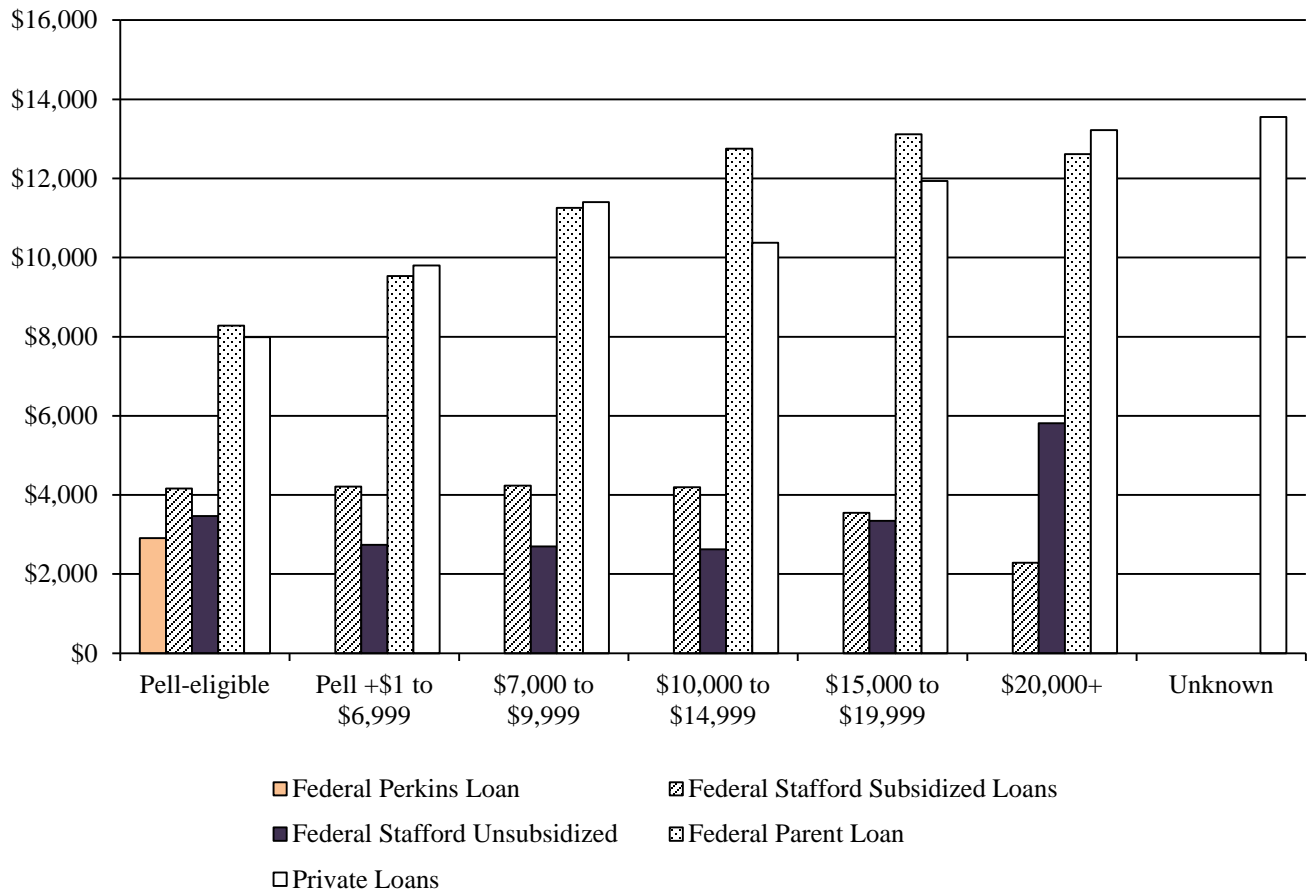


Source: University System of Maryland

While the students with the greatest financial need typically receive Pell and institutional aid, it is still not enough to cover the cost of college. As shown in **Exhibit 11**, 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 (Perkins and Stafford loans);
- federal unsubsidized loans are generally for those students who do not demonstrate financial need with the interest added to the balance of the loan while the student is enrolled in school; and
- private loans.

**Exhibit 11
Mean Loan Amount by Type and Expected Family Contribution
Fiscal 2014**



Source: University System of Maryland

In fiscal 2014, of the 1,952 Pell-eligible students, 81.8% and 63.4% used a Stafford subsidized and unsubsidized loans, respectively, to help finance their college education with average loans of \$4,166 and \$3,467. Students in all EFC categories took out private loans to finance their education, which typically carry a higher interest rate. In all, 88 Pell-eligible students took out private loans, the average loan amount being \$7,986.

The President should comment on whether financial literacy or other programs are offered to students to educate them about options and implications of using various methods to finance their college education.

2. Structural Tuition Adjustment

Between fiscal 2012 and 2015, resident undergraduate tuition increased 6% annually, exceeding the annual 3% increase at the other USM institutions and Morgan State University. Chapters 192 and 193 of 2010 permit governing boards of public four-year institutions to adjust tuition at individual institutions in order to align resident tuition with peer institutions. This adjustment may be at a level beyond the State goal set in law to reflect student demand, as demonstrated by admission data and productivity measures. Based on this legislation, in fiscal 2012 SU raised undergraduate tuition 6% to more closely align it with its peers. This allowed SU to keep pace with tuition increases at its peer institutions, as shown in **Exhibit 12**, and maintain its rank as the fifth most expensive resident undergraduate tuition. In fiscal 2011, SU's tuition was \$584 below that of Southeast Missouri State University, which had the fourth highest tuition, and by fiscal 2014, the difference narrowed to \$15. In relation to Maryland's other public four-year institutions, in fiscal 2011, SU had the fourth lowest tuition, \$376 less than Towson University (TU), as shown in **Exhibit 13**. In fiscal 2014, SU had the sixth highest tuition rate exceeding TU by \$82.

Exhibit 12
Comparison and Rank of Resident Undergraduate Tuition
Fiscal 2011 and 2014

<u>Peer Institution</u>	<u>2011</u>	<u>Ranking</u> <u>2011</u>	<u>2014</u>	<u>Ranking</u> <u>2014</u>	<u>\$</u> <u>Increase</u> <u>2011-14</u>	<u>Percentage</u> <u>Increase</u> <u>2011-14</u>
University of Northern Iowa	\$6,102	1	\$6,648	1	\$546	9%
Bloomsburg University of Pennsylvania	5,804	2	6,622	2	818	14%
Millersville University of Pennsylvania	5,804	2	6,622	2	818	14%
Southeast Missouri State University	5,544	4	5,927	4	383	7%
Salisbury University	4,960	5	5,912	5	952	19%
SUNY at Fredonia	4,970	5	5,870	6	900	18%
SUNY College at Oswego	4,970	5	5,870	6	900	18%
SUNY College at Plattsburgh	4,970	5	5,870	6	900	18%
Sonoma State University*	n/a	n/a	5,472	9	n/a	n/a
University of North Carolina Wilmington	3,029	9	4,026	10	997	33%
University of Massachusetts – Dartmouth	1,417	10	1,417	11	0	0%

*Prior to fiscal 2012, California institutions charged fees only.

Note: Peer institutions are those used to benchmark Salisbury University's performance in the University System of Maryland's Dashboard Indicators.

Source: Salisbury University

Exhibit 13
Undergraduate Resident Tuition Comparison Among USM Institutions
Fiscal 2011 and 2014

	<u>2011</u>	<u>2011</u>	<u>2014</u>	<u>2014</u>	<u>\$</u>	<u>%</u>
		<u>Ranking</u>		<u>Ranking</u>	<u>Increase</u>	<u>Increase</u>
St. Mary's College of Maryland	11,325	1	12,245	1	920	8%
University of Maryland, College Park	\$6,763	2	\$7,390	2	\$627	9%
University of Maryland Baltimore County	6,679	3	7,298	3	619	9%
University of Maryland University College	5,688	4	6,192	4	504	9%
University of Baltimore	5,484	5	5,992	5	508	9%
Towson University	5,336	6	5,830	7	494	9%
Frostburg State University	5,150	7	5,630	8	480	9%
Salisbury University	4,960	8	5,912	6	952	19%
Bowie State University	4,415	9	4,824	9	409	9%
Morgan State University	4,408	10	4,816	10	408	9%
University of Maryland Eastern Shore	4,235	11	4,628	11	393	9%
Coppin University	3,633	12	3,970	12	337	9%

Source: University System of Maryland; Morgan State University; St. Mary's College of Maryland

The adjustment in tuition resulted in the generation of an additional \$4.1 million in revenues, of which \$2.4 million went toward institutional aid, as shown in **Exhibit 14**. As previously shown in Exhibit 9, expenditures on institutional aid increased 16.4% in fiscal 2012 and 2013, and 37.0% in fiscal 2014. Overall, 50.5% of the additional financial aid went toward scholarships to recruit and retain students. The remaining \$1.2 million of new aid was targeted toward returning students (\$0.6 million); science, technology, engineering, and mathematics majors (\$0.3 million); transfers (\$0.3 million); and low-income students (\$75,000).

Of the remaining \$1.7 million of additional revenue, \$0.6 million was used to purchase Educational Advisory Board (EAB) programs to help increase student success and focus services on students who most need support services. EAB provides three services: academic and student affairs forum, which provides access to research and provides opportunities for EAB to conduct research projects for SU and the student success collaborative. The collaborative is a student success analytic developed by analyzing 10 years of academic data from SU and can predict an individual student's academic success based on their first semester freshman grades; which majors are most appropriate; and how a student will do in certain courses based on how faculty graded in the past and how they did in introductory level courses.

Exhibit14
Use of Additional Tuition Revenue
Fiscal 2012-2015

	<u>Institutional Aid</u>						<u>Total Aid</u>	<u>Academic Achievement/ Retention</u>	<u>Other</u>
	<u>Additional Revenue</u>	<u>Recruitment/ Retention</u>	<u>STEM</u>	<u>Need-based</u>	<u>Returning</u>	<u>Transfers</u>			
2012	\$925,000	\$725,000					\$725,000	\$110,000	\$90,000
2013	987,000	500,000					500,000	233,001	253,999
2014	1,050,000		\$320,000		\$354,500	\$175,000	849,500	200,500	
2015	1,125,000			\$75,000	200,000	75,000	350,000	100,000	675,000
Total	\$4,087,000	\$1,225,000	\$320,000	\$75,000	\$554,500	\$250,000	\$2,424,500	\$643,501	\$1,018,999

STEM: science, technology, engineering, and mathematics

Source: Salisbury University

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The remaining revenue was used for hiring additional faculty (\$0.7 million); funding academic support activities (\$0.3 million); supporting graduate studies and undergraduate research (\$50,000); and course redesign (\$40,000).

The President should further comment on the student success collaborative and how it is being used to improve student success.

Recommended Actions

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

Current and Prior Year Budgets

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

	<u>General</u>	<u>Special</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>	<u>Restricted</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Unrestricted</u>	<u>Unrestricted</u>	<u>Fund</u>	<u>Fund</u>
Fiscal 2014							
Legislative Appropriation	\$40,036	\$2,833	\$0	\$117,197	\$160,065	\$12,475	\$172,540
Deficiency Appropriation	-1,562	0	0	-248	-1,809	0	-1,809
Budget Amendments	796	-19	0	186	962	1,025	1,987
Reversions and Cancellations	-56	0	0	-162	-218	-645	-863
Reported Expenditures	\$39,214	\$2,814	\$0	\$116,972	\$159,000	\$12,855	\$171,855
Adjusted Expenditures							
Cancellations	\$0	-\$205	\$0	\$0	-\$205	\$0	\$0
Other Adjustment	0	0	0	701	701	0	0
Actual Expenditures	\$39,214	\$2,609	\$0	\$117,673	\$159,496	\$12,855	\$172,351
Fiscal 2015							
Legislative Appropriation	\$44,146	\$1,906	\$0	\$120,765	\$166,818	\$13,000	\$172,351
Cost Containment	-235	0	0	0	-235	0	-235
Budget Amendments	472	112	0	273	856	0	859
Working Appropriation	\$44,383	\$2,019	\$0	\$121,037	\$167,439	\$13,000	\$180,439

Note: Numbers may not sum to total due to rounding. Fiscal 2014 special and other unrestricted funds adjusted to reflect cancellation of the HEIF and a retirement deficiency. The fiscal 2015 working appropriation does not include January 2015 Board of Public Works reductions and deficiencies.

Fiscal 2014

For fiscal 2014, the general fund decreased \$0.8 million, which included \$1.6 million in reductions by deficiency appropriations related to health insurance, retirement, and the State Personnel System. Budget amendments added \$0.8 million related to a 3% cost-of-living adjustment (COLA). Language in the fiscal 2014 budget bill transferred funds to the Maryland Higher Education Commission to provide additional funding for the Educational Assistance Grants. However, since the funds were not used for this purpose, \$55,554 were reverted to the general fund.

The special fund appropriation decreased \$19,053 related to language in the fiscal 2014 budget bill that transferred a portion of the HEIF to St. Mary's College of Maryland. A cancellation of \$0.2 million is due to the underattainment of the HEIF.

Other unrestricted funds decreased \$0.5 million, which included a reduction of \$0.2 million in deficiency appropriations related to retirement. Budget amendments added \$0.2 million, primarily due to \$0.5 million not being transferred to the fund balance and \$50,782 in tuition and fee revenues due to a change in the enrollment mix. This increase was offset by a \$0.4 million decline in indirect cost recovery. Cancellations of unrestricted funds amounted to \$0.2 million due to expenditures being less than anticipated. An adjustment of \$0.7 million is related to the cancellation of the HEIF and a deficiency related to retirement not being reflected in the unrestricted funds.

Restricted funds increased \$0.4 million due to \$1.2 million in additional State grants and contracts partially offset by a \$0.2 million decrease in private gifts and contracts. Cancellations of restricted funds totaled \$0.6 million due to expenditures being less than anticipated.

Fiscal 2015

For fiscal 2015, general funds for SU increased \$0.2 million. Budget amendments added \$0.5 million related to the fiscal 2015 2% COLA partially offset by \$0.2 million in cost containment measures. Other unrestricted funds increased \$0.3 million due to \$0.5 million in the sales and services of auxiliary enterprises related to an increase in the dining hall plans that is partially offset by a \$0.2 million decrease related to increasing the amount transferred to the fund balance.

Personnel by Budget Program
USM – Salisbury University
Fiscal 2006, 2014, and 2015

<u>Budget Program</u>	Fiscal 2006		Fiscal 2014		Fiscal 2015		<u>% Change in FTEs 06-15</u>
	<u>FTEs</u>	<u>%FTEs</u>	<u>FTEs</u>	<u>%FTEs</u>	<u>FTEs</u>	<u>%FTEs</u>	
Instruction	295	39.9%	394	42.5%	411	43.7%	39.3%
Research	6	0.8%	6	0.6%	6	0.6%	0.0%
Public Service	0	0.0%	1	0.1%	2	0.2%	-
Academic Support	67	9.1%	79	8.5%	69	7.3%	3.0%
Student Services	44	6.0%	57	6.2%	59	6.3%	34.3%
Institutional Support	112	15.2%	135	14.6%	140	14.8%	24.6%
Operations and Maintenance of Plant	69	9.3%	86	9.3%	84	8.9%	21.7%
Auxiliary Enterprises	146	19.8%	168	18.1%	170	18.1%	16.6%
Total	739	100.0%	926.0	100.00%	941	100.0%	27.3%

Note: Data are for filled regular positions only. All data are self-reported and unaudited. Numbers may not sum to total due to rounding.

Source: Salisbury University

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

<u>Object/Fund</u>	<u>FY 14 Actual</u>	<u>FY 15 Working Appropriation</u>	<u>FY 16 Allowance</u>	<u>FY 15 - FY 16 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	1,009.00	1,030.00	1,030.00	0.00	0%
02 Contractual	426.00	413.50	435.00	21.50	5.2%
Total Positions	1,435.00	1,443.50	1,465.00	21.50	1.5%
Objects					
01 Salaries and Wages	\$ 75,751,760	\$ 83,514,924	\$ 89,034,062	\$ 5,519,138	6.6%
02 Technical and Spec. Fees	22,326,323	21,531,073	22,733,855	1,202,782	5.6%
03 Communication	501,876	707,817	707,811	-6	0%
04 Travel	2,309,442	2,628,120	2,548,120	-80,000	-3.0%
06 Fuel and Utilities	4,660,256	4,979,103	4,985,910	6,807	0.1%
07 Motor Vehicles	195,859	220,003	220,634	631	0.3%
08 Contractual Services	10,111,088	10,545,931	10,798,929	252,998	2.4%
09 Supplies and Materials	10,364,717	12,077,367	12,758,709	681,342	5.6%
10 Equipment – Replacement	32,723	159,750	109,750	-50,000	-31.3%
11 Equipment – Additional	3,323,312	2,834,380	2,740,697	-93,683	-3.3%
12 Grants, Subsidies, and Contributions	15,508,353	16,733,724	17,142,209	408,485	2.4%
13 Fixed Charges	14,872,445	16,359,904	17,520,706	1,160,802	7.1%
14 Land and Structures	12,392,860	8,146,746	7,724,657	-422,089	-5.2%
Total Objects	\$ 172,351,014	\$ 180,438,842	\$ 189,026,049	\$ 8,587,207	4.8%
Funds					
40 Unrestricted Fund	\$ 159,495,972	\$ 167,438,842	\$ 176,026,049	\$ 8,587,207	5.1%
43 Restricted Fund	12,855,042	13,000,000	13,000,000	0	0%
Total Funds	\$ 172,351,014	\$ 180,438,842	\$ 189,026,049	\$ 8,587,207	4.8%

Note: The fiscal 2015 working appropriation does not include January 2015 Board of Public Works reductions and deficiencies. The fiscal 2016 allowance does not reflect contingent or across-the-board reductions.

Fiscal Summary
USM – Salisbury University

<u>Program/Unit</u>	<u>FY 14 Actual</u>	<u>FY 15 Wrk Approp</u>	<u>FY 16 Allowance</u>	<u>Change</u>	<u>FY 15 - FY 16 % Change</u>
01 Instruction	\$ 50,938,918	\$ 53,814,427	\$ 58,061,629	\$ 4,247,202	7.9%
02 Research	990,110	863,857	894,276	30,419	3.5%
03 Public Service	7,125,093	6,910,494	7,588,616	678,122	9.8%
04 Academic Support	9,977,987	10,146,679	10,494,901	348,222	3.4%
05 Student Services	6,138,748	6,834,843	7,098,107	263,264	3.9%
06 Institutional Support	16,052,212	16,682,006	17,753,738	1,071,732	6.4%
07 Operation and Maintenance of Plant	15,459,589	17,058,565	17,437,889	379,324	2.2%
08 Auxiliary Enterprises	50,769,189	52,169,757	53,330,194	1,160,437	2.2%
17 Scholarships and Fellowships	14,899,168	15,958,214	16,366,699	408,485	2.6%
Total Expenditures	\$ 172,351,014	\$ 180,438,842	\$ 189,026,049	\$ 8,587,207	4.8%
Unrestricted Fund	\$ 159,495,972	\$ 167,438,842	\$ 176,026,049	\$ 8,587,207	5.1%
Restricted Fund	12,855,042	13,000,000	13,000,000	0	0%
Total Appropriations	\$ 172,351,014	\$ 180,438,842	\$ 189,026,049	\$ 8,587,207	4.8%

Note: The fiscal 2015 working appropriation does not include January 2015 Board of Public Works reductions and deficiencies. The fiscal 2016 allowance does not reflect contingent or across-the-board reductions.