

R30B29
Salisbury University
University System of Maryland

Operating Budget Data

(\$ in Thousands)

	<u>FY 15</u> <u>Actual</u>	<u>FY 16</u> <u>Working</u>	<u>FY 17</u> <u>Allowance</u>	<u>FY 16-17</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Funds	\$42,878	\$45,386	\$48,190	\$2,805	6.2%
Deficiencies and Reductions	0	491	-224	-715	
Adjusted General Fund	\$42,878	\$45,877	\$47,966	\$2,089	4.6%
Special Funds	2,019	2,147	2,338	191	8.9%
Adjusted Special Fund	\$2,019	\$2,147	\$2,338	\$191	8.9%
Other Unrestricted Funds	125,181	126,711	132,603	5,891	4.6%
Adjusted Other Unrestricted Fund	\$125,181	\$126,711	\$132,603	\$5,891	4.6%
Total Unrestricted Funds	170,078	174,244	183,132	8,887	5.1%
Deficiencies and Reductions	0	491	-224	-715	
Adjusted Total Unrestricted Funds	\$170,078	\$174,736	\$182,908	\$8,172	4.7%
Restricted Funds	12,473	13,500	13,225	-275	-2.0%
Adjusted Restricted Fund	\$12,473	\$13,500	\$13,225	-\$275	-2.0%
Adjusted Grand Total	\$182,552	\$188,236	\$196,133	\$7,897	4.2%

- A fiscal 2016 deficiency appropriation is provided to the University System of Maryland Office to cover an increase in health insurance, which will be allocated among the institutions, of which the Salisbury University (SU) share is estimated to be \$0.5 million.
- General Fund support increases by \$2.1 million, or 4.6 %, in fiscal 2017 after adjusting for the fiscal 2016 deficiency and a \$0.2 million across-the-board reduction in health insurance in fiscal 2017.
- The Higher Education Investment Fund increases by \$0.2 million, or 8.9%, in fiscal 2017 resulting in an overall growth of 4.7%, or \$2.2 million, in State funds above fiscal 2016. The fiscal 2017 allowance also includes funding for increments budgeted in the Department of Budget and Management totaling \$1.6 million, and SU will receive \$0.4 million in enhancement funds. If these are taken into account, State funds increase 8.8%, or \$4.2 million.

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

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Personnel Data

	<u>FY 15</u> <u>Actual</u>	<u>FY 16</u> <u>Working</u>	<u>FY 17</u> <u>Allowance</u>	<u>FY 16-17</u> <u>Change</u>
Regular Positions	1,030.00	1,040.00	1,040.00	0.00
Contractual FTEs	<u>420.00</u>	<u>433.00</u>	<u>439.00</u>	<u>6.00</u>
Total Personnel	1,450.00	1,473.00	1,479.00	6.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	34.39	3.31%
Positions and Percentage Vacant as of 12/31/15	98.00	9.40%

- The allowance does not provide for any new regular positions. Contractual positions increase by 6 full-time equivalent positions, of which 5 are teaching faculty and 1 is an administrative position in physical plant.

Analysis in Brief

Major Trends

Enrollment: Undergraduate enrollment declined 1.8%, or 142 students, in fall 2015, primarily due to the number of transfer students decreasing 12.1%. After falling 14.5% in fall 2014, the number of first-time, full-time (FT/FT) and part-time students rebounded in fall 2015 growing 2.4%.

Student Performance: After the second-year retention rate of the 2012 cohort dropped to 79.4%, the rate rebounded to 81.9% with the 2013 cohort. The six-year graduation rate of the fiscal year cohort improved from a low of 70.0% with the 2007 cohort to 74.0% with the 2010 cohort, surpassing the 2008 FT/FT cohort rate of 72.9%.

Expenditures Per Degree: While education and related expenditures per degree for SU rose by \$1,703 in fiscal 2012, that of its peers declined by \$1,694. However, at \$41,108 per degree, SU remains below that of its peers at \$55,838.

Issues

Meeting College Expenses: Total expenditures on institutional aid increased 68.6%, or \$2.5 million, between fiscal 2012 and 2015, totaling \$6.2 million in fiscal 2015. During this time, spending on need-based aid grew 90.8%, or \$1.7 million, due to using the additional revenue generated from an annual 6.0% tuition increase to fund institutional aid.

Test Optional Admissions: In 2007, SU began a five-year pilot program to make submission of test scores optional for freshmen applicants who have a minimum grade point average (GPA) of 3.5 on a 4.0 scale. Based on the results, the test-optional program was fully implemented in the 2011 cohort.

Recommended Actions

1. Concur with Governor's allowance.

Updates

Student Success Collaborative: SU partnered with the Education Advisory Board's Student Success Collaborative in 2014, in which 10 years of academics data from SU and analytics will be used to improve student outcomes by considering more than just a student's GPA when measuring student progress and success.

R30B29
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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 2015 Undergraduate Enrollment Headcount

Male	3,374
Female	4,475
Total	7,849 (83.9% in-state)

Fall 2015 Graduate Enrollment Headcount

Male	204
Female	618
Total	822

Fall 2015 New Students Headcount

First-time	1,189
Transfers/Others	876
Graduate	203
Total	2,268

Campus (Main Campus)

Acres	184
Buildings	95
Average Age	35 years
Oldest	Holloway Hall (1924)

Programs

Bachelor's	42
Master's	14
Doctoral	2

Degrees Awarded (2014-2015)

Bachelor's	1,935
Master's	262
Doctoral	8
Total Degrees	2,205

Proposed Fiscal 2017 In-state Tuition and Fees*

Undergraduate	
Tuition	\$6,846
Mandatory Fees	\$2,518

% Graduate with debt	57%
Average debt	\$24,567

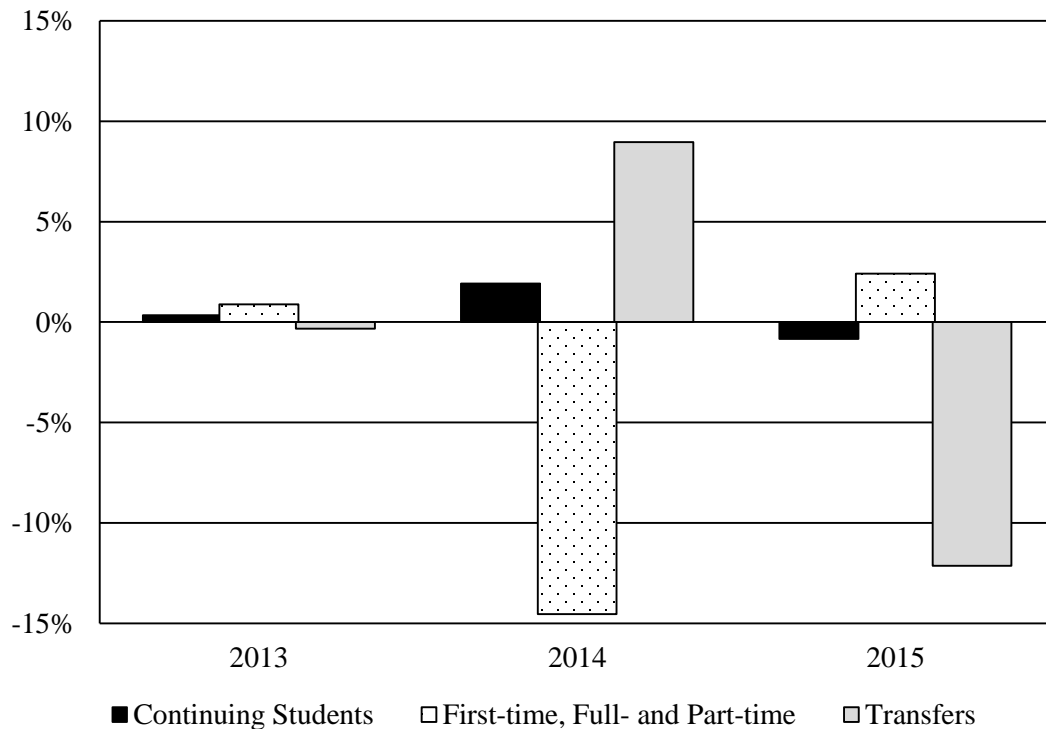
*Contingent on Board of Regents approval.

Performance Measures

1. Enrollment

Undergraduate enrollment declined 1.8%, or 142 students, in fall 2015, primarily due to the number of transfer students decreasing by 12.1%, or 121 students, as shown in **Exhibit 1**. SU attributes this to their financial aid packages not being competitive with other institutions. It should be noted that SU is to receive \$0.4 million in enhancement funds specifically to increase financial aid for transfer students. SU also experienced a 0.8% decline in the continuing students. After falling by 14.5% in fiscal 2014, the number of first-time, full-time (FT/FT) and part-time students grew 2.4% in fall 2015. SU attributed the drop in fiscal 2014 to a change in who constitutes a FT/FT student to the Maryland Higher Education Commission’s (MHEC) definition in which any student who earned credits post-high school graduation is to be counted as a continuing or transfer student.

Exhibit 1
Percentage Change in Undergraduate Headcount Enrollment
Fall 2013-2015

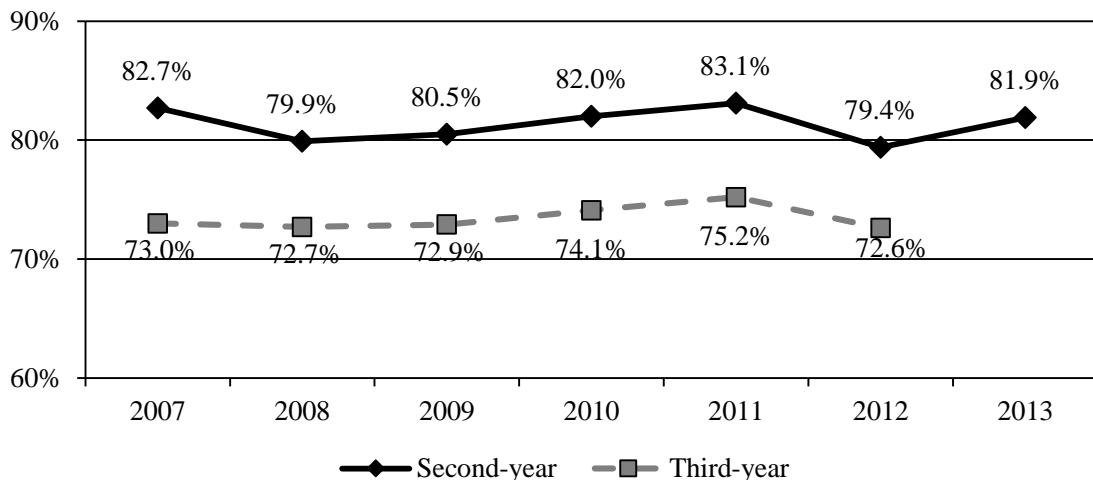


Source: University System of Maryland

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 steadily improving from 79.9% with the 2008 cohort, the second-year retention rate reached its highest level of 83.1% with the 2011 cohort, as shown in **Exhibit 2**. After dropping to 79.4% with the 2012 cohort, the rate rebounded to 81.9% with the 2013 cohort. The third-year rate mirrors the trends in the second-year rate, declined from a high point of 75.2% with the 2011 cohort to its lowest rate of 72.6% with the 2012 cohort. It is expected that the third-year rate will improve with the 2013 cohort.

Exhibit 2
Second- and Third-year Retention Rates
Frist-time, Full-time 2007-2013 Cohorts



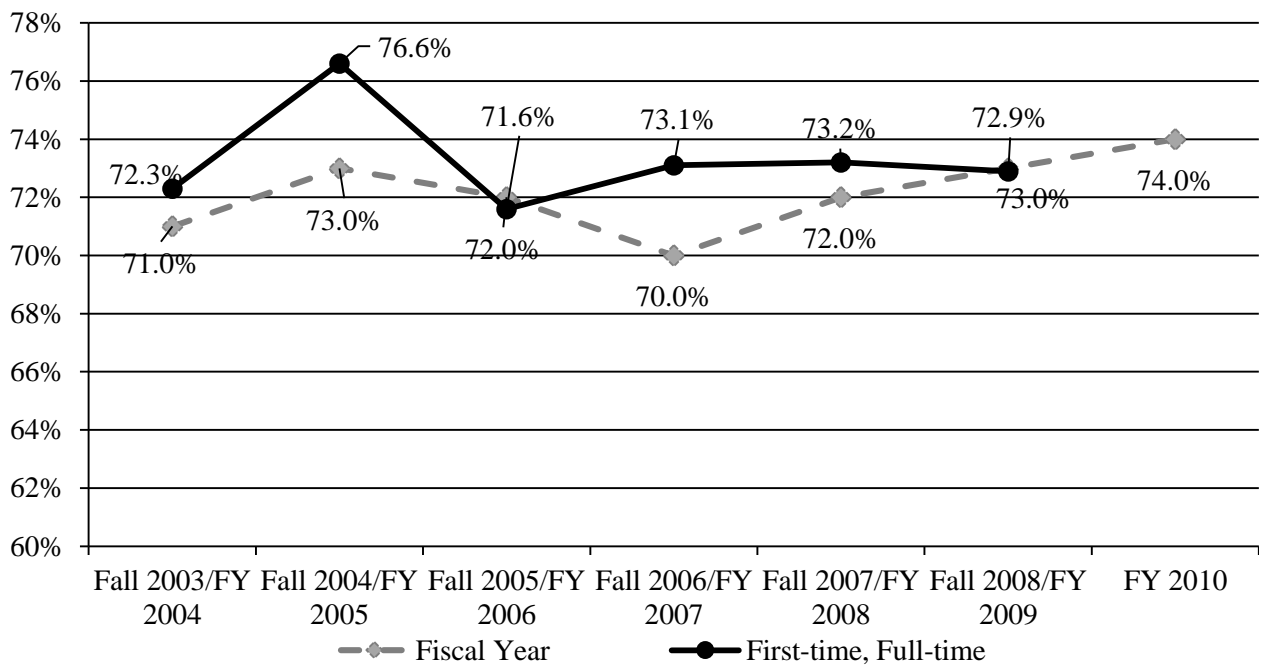
Source: Maryland Higher Education Commission, *Retention and Graduation Rates at Maryland Four-year Institutions*, September 2015

Completion rates are greatly influenced by time – the longer it takes a student to graduate, the more likely (s)he will dropout as other priorities compete with classes. Longer completion times translate into increased costs, not only for the student, but for the institution and State as well. According to College Measures, the total cost of attrition for all FT/FT students not returning for a second year at SU is \$2.1 million or \$10,455 per student in fiscal 2012. The average time to degree, according to the *Report on the Instructional Workload of the USM Faculty* for those graduating in 2015 was 4.0 years, slightly up from 3.9 years in fiscal 2014.

Traditional student progress measures, such as those reported by MHEC and the federal government, only track the success of the “traditional” FT/FT student – those enrolled at an institution

at the start of the academic year and continuously enrolled as a full-time student until completion. These measures do not include part-time students, transfer students, those who enroll in the spring, changed enrollment status, or stopped-out, thereby only providing a partial picture of an institution’s performance. The University System of Maryland (USM) revised the graduation measure to include these students by defining the cohort as all new degree-seeking students who enrolled during the fiscal year. **Exhibit 3** compares the traditional MHEC six-year graduation rate to the USM revised measure. After the graduation rate for the 2004 FT/FT cohort spiked to a high of 76.6%, it declined to 71.6% with the subsequent cohort and has since stabilized around 73.0%. Meanwhile, the graduation rate of the fiscal year cohort improved from a low of 70.0% with the 2007 cohort to 74.0% with the 2010 cohort, slightly surpassing that of the FT/FT students. This indicates SU efforts to improve the completion rates of other students and in particular transfers have proven to be successful.

Exhibit 3
Comparison of Six-year Graduation Rates
First-time, Full-time Fall 2003 and 2008 and Fiscal 2004 and 2010 Cohorts



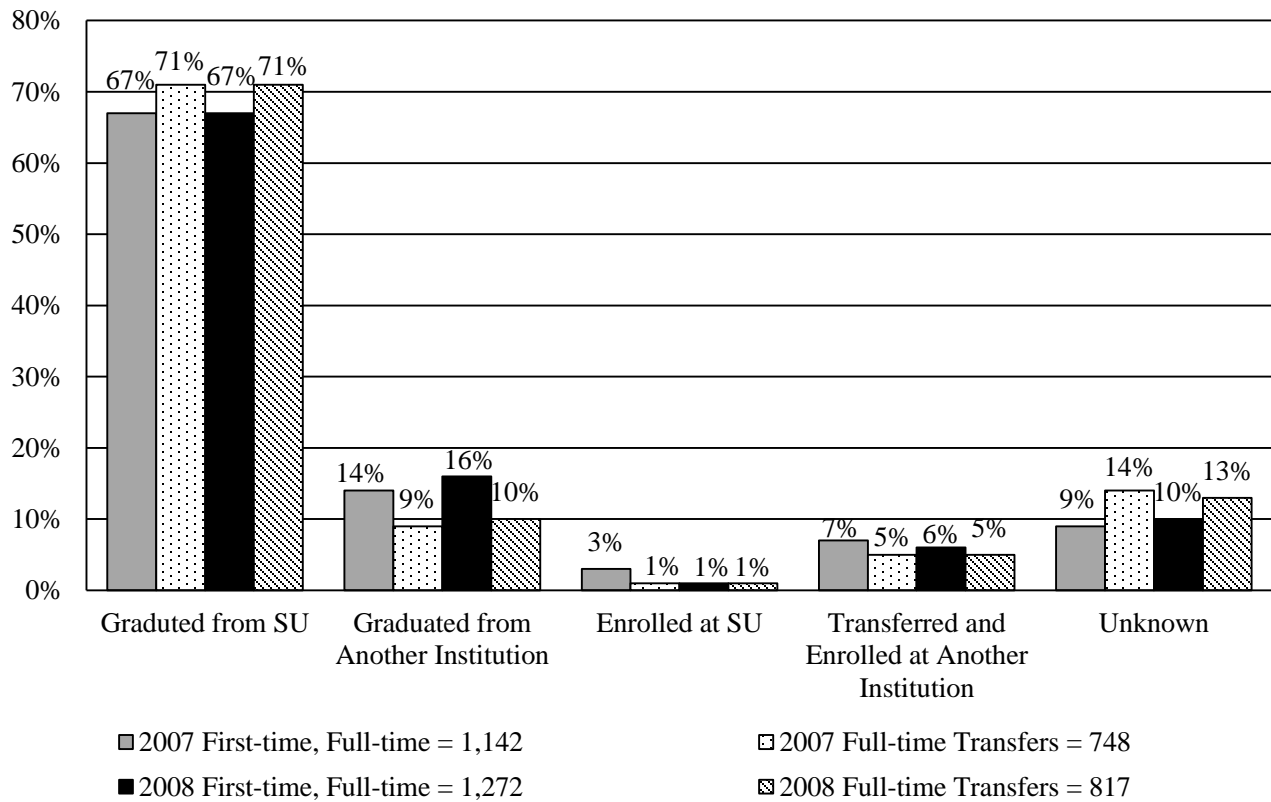
FY: fiscal year

Note: Full-time, first-time (FT/FT) cohorts include students who persisted at and graduated from the institution that they initially enrolled in and those who transferred and graduated from any Maryland public or private four-year institution. Fiscal year cohorts include all degree-seeking students (e.g., FT/FT, part-time, transfers, and spring admits) who enrolled in the fiscal year.

Source: Maryland Higher Education Commission; University System of Maryland

While the new six-year graduation rate provides a more accurate picture of the total graduation rate of an institution, it does not tell what happened to those who did not graduate nor how transfers perform. To help address this lack of information, the Student Achievement Measures was created, which is a voluntary reporting system that tracks the progress of FT/FT and full-time transfer students throughout their college career. As shown in **Exhibit 4**, within six years of enrolling at SU transfer students graduated at a higher rate than FT/FT students; 71% compared to 67%, respectively, for both the 2007 and 2008 fall cohorts. Approximately 22% of the fall 2008 FT/FT students who started at SU subsequently transferred to another institution while the status of 10% of these students is unknown.

Exhibit 4
Status of First-time, Full-time and First-time Transfers Seeking a Bachelor’s Degree after Six Years
Fall 2007 and 2008 Cohort



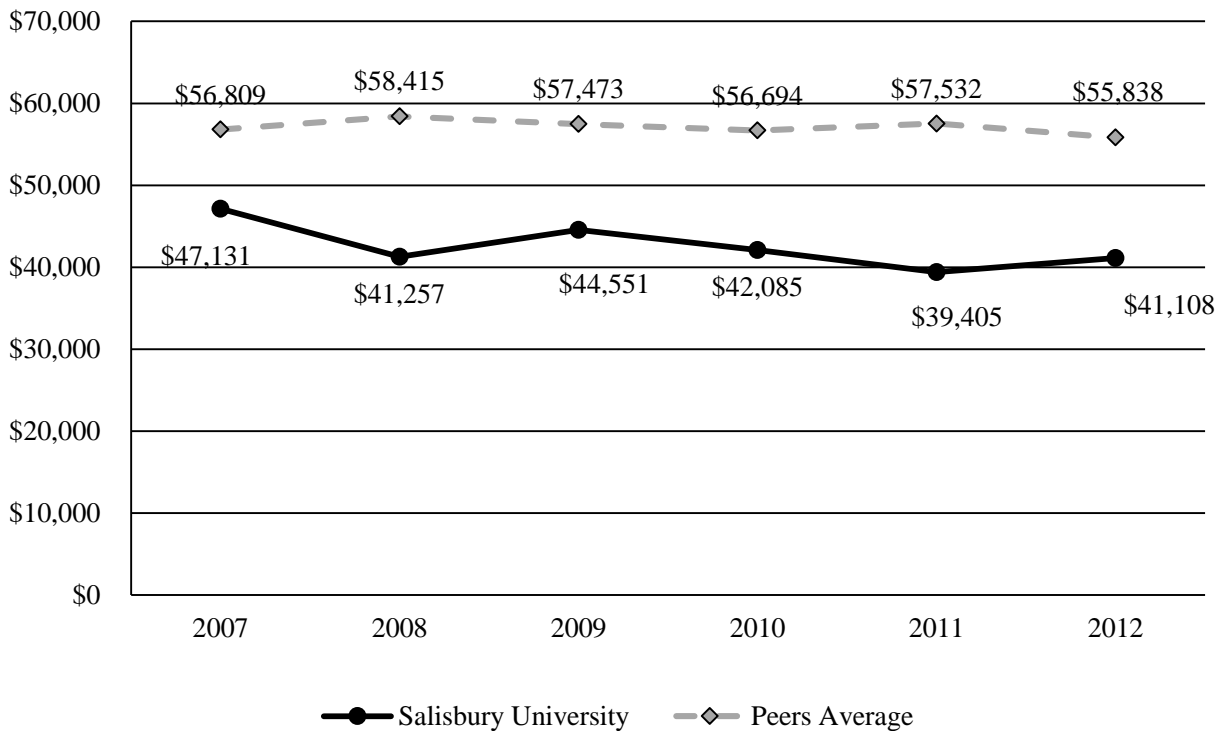
SU: Salisbury University

Source: Student Achievement Measures

3. Expenditures Per Degree

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. **Exhibit 5** compares SU’s expenditures per degree to the average of its peers, which are those used to benchmark SU’s performance in the USM’s Dashboard Indicators. While SU’s expenditures per degree increased by \$1,703 in fiscal 2012, that of its peers decreased by \$1,694. However, at \$41,108 per degree, SU remains below that of its peers at \$55,838.

Exhibit 5
Education and Related Expenditures Per Degree Completed
Academic Year 2007-2012



Note: Education and related expenditures includes direct spending on instruction; student services; education share of spending on academic and institutional support; and operations and maintenance. All dollar amounts are reported in 2012 dollars (Higher Education Price Index adjusted).

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

Fiscal 2016 Actions

Proposed Deficiency

A fiscal 2016 deficiency would provide the University System of Maryland Office (USMO) with \$16.5 million to cover an increase in health insurance costs at all USM institutions (see USM Overview for further discussion). The SU estimated portion of the deficiency is \$0.5 million.

Cost Containment

Cost containment measures in fiscal 2016 resulted in a 2%, or \$1.0 million, reduction in SU appropriations. This was met by reducing construction management fees (\$0.3 million), general operating expenses (\$0.3 million), contractual positions (\$0.2 million), financial aid (\$0.1 million), and delaying equipment purchases (\$0.1 million).

Proposed Budget

As shown in **Exhibit 6**, the general fund allowance for fiscal 2017 is 5.4%, or \$2.5 million, higher than in fiscal 2016 after including the fiscal 2016 deficiency, adjusting for the fiscal 2017 across-the-board reduction for employees health insurance based on a revised estimate of the amount of funding needed, and enhancement funds. The Higher Education Investment Fund (HEIF) increases by 8.9%, or \$0.2 million, over fiscal 2016, resulting in an overall growth in State funds of 5.6%, or \$2.68 million, to \$50.7 million. However, when including \$1.55 million for salary increments budgeted in the Department of Budget and Management, State funds grow 8.8%, or \$4.23 million. Other unrestricted funds grow 4.6%, or \$5.9 million, primarily due to tuition and fee and auxiliary revenues increasing \$3.5 million and \$2.0 million, respectively. The allowance provides \$4.6 million in other unrestricted funds for expenses related to new facilities (\$2.3 million), facilities renewal (\$1.8 million), financial aid (\$0.3 million), debt service (\$0.2 million), and fuel and utilities (\$65,796).

The fiscal 2017 allowance also includes \$0.4 million to replace revenues equivalent to a 1% increase in resident undergraduate tuition rate. The Governor's allowance assumes a 2% increase in resident undergraduate tuition. As previously mentioned, the allowance provides for a salary increment that totals \$1.9 million, of which the general fund portion is \$1.5 million with the remaining \$0.4 million to be funded from other current unrestricted and restricted revenues. In addition, SU was awarded \$0.4 million of the \$6.8 million of enhancement funding included in USMO's budget (see USM Overview for further discussion), which will be used to provide financial aid to transfer students.

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

	FY 15	FY 16	FY 17	FY 16-17	% Change
	<u>Actual</u>	<u>Adjusted</u>	<u>Adjusted</u>	<u>Change</u>	<u>Prior Year</u>
General Funds	\$42,878	\$45,386	\$48,190		
Deficiencies		491			
Across-the-board			-224		
Enhancement Funds			400		
Total General Funds	\$42,878	\$45,877	\$48,366	\$2,489	5.4%
HEIF	\$2,019	\$2,147	\$2,338	\$191	8.9%
Total State Funds	44,897	48,024	50,705	2,680	5.6%
Other Unrestricted Funds	\$125,181	\$126,711	\$132,603	\$5,891	4.6%
Total Unrestricted Funds	170,078	174,736	183,308	8,572	4.9%
Restricted Funds	\$12,473	\$13,500	\$13,225	-\$275	-2.0%
Total Funds	\$182,552	\$188,236	\$196,533	\$8,297	4.4%

HEIF: Higher Education Investment Funds

Note: Fiscal 2016 general funds are adjusted to reflect SU’s estimated portion of the deficiency, and fiscal 2017 is adjusted to reflect across-the board reduction and enhancement funds.

Source: Governor’s Budget Books, Fiscal 2017; Department of Legislative Services

Budget changes by program area in the allowance are shown in **Exhibit 7**. This data includes unrestricted funds only, the majority of which consist of general funds, the HEIF, and tuition and fee revenues. In fiscal 2015, education and general (E&G) expenditures exceeded revenues by \$3.0 million. As a result, a portion of the auxiliary surplus, \$4.4 million, was used to cover the shortfall with the remaining \$1.4 million being transferred to the fund balance. E&G expenditures grew 1.2%, or \$1.4 million, in fiscal 2016. Increased spending of \$0.8 million and \$0.6 million on institutional and academic support, respectively, are related to personnel costs and the addition of 4 positions. While personnel costs for instruction increased by \$3.9 million, expenditures only increase 0.1%, or \$79,684, due to incurring \$4.6 million in construction and facility renewal costs in fiscal 2015 and recording an expected bond payment of \$0.9 million in fiscal 2016 that was not included as a cost in fiscal 2015.

In fiscal 2016, operations and maintenance of plant decline 10.5%, or \$2.0 million, due to spending \$3.3 million less on facilities renewal, which was partially offset by increases of \$0.7 million

in fuel and utilities and \$0.6 million in personnel costs. The 1.6%, or \$43,832, decline in public service reflects a net decrease in contractual services. In regards to revenues, the decrease of 47.4%, or \$1.2 million, in other unrestricted funds is due to the revenue from the Delmarva Public radio not being included in fiscal 2016, something that is corrected in fiscal 2017.

Exhibit 7
SU Budget Changes for Unrestricted Funds by Program
Fiscal 2015-2017
(\$ in Thousands)

	<u>Actual 2015</u>	<u>Adjusted Working 2016</u>	<u>% Change 2015-16</u>	<u>Adjusted 2017</u>	<u>Change 2016-17</u>	<u>% Change 2016-17</u>
Expenditures						
Instruction	\$57,371	\$57,450	0.1%	\$59,302	\$1,852	3.2%
Research	652	641	-1.7%	660	19	3.0%
Public Service	2,790	2,746	-1.6%	3,245	500	18.2%
Academic Support	9,733	10,334	6.2%	10,960	626	6.1%
Student Services	6,695	6,855	2.4%	7,252	398	5.8%
Institutional Support	16,406	17,265	5.2%	18,182	917	5.3%
Operation and Maintenance of Plant	19,356	17,325	-10.5%	21,524	4,198	24.2%
Scholarships and Fellowships	7,375	8,693	17.9%	8,424	-270	-3.1%
Deficiency/ATB Reduction		491		-\$224		
Enhancement Funds				\$400		
Education and General Total	\$120,378	\$121,801	1.2%	\$129,725	\$7,924	6.5%
Auxiliary Enterprises	\$49,701	\$52,935	6.5%	\$53,582	\$648	1.2%
Grand Total	\$170,078	\$174,736	2.7%	\$183,308	\$8,572	4.9%
Revenues						
Tuition and Fees	\$69,924	\$73,002	4.4%	\$76,492	\$3,490	4.8%
General Funds	42,878	45,877	7.0%	48,366	2,489	5.4%
Higher Education Investment Fund	2,019	2,147	6.4%	2,338	191	8.9%
Other Unrestricted Funds	2,608	1,371	-47.4%	2,046	675	49.2%
Subtotal	\$117,428	\$122,397	4.2%	\$129,242	\$6,845	5.6%
Auxiliary Enterprises	54,098	54,164	0.1%	\$56,155	\$1,990	3.7%
Transfer (to)/from Fund Balance	-1,448	-1,826		-2,089		
Grand Total	\$170,078	\$174,736	2.7%	\$183,308	\$8,572	4.9%

ATB: across-the-board

SU: Salisbury University

Note: Fiscal 2016 general funds are adjusted by \$0.5 million to reflect proposed deficiency. Fiscal 2017 general funds are adjusted to reflect \$0.2 million across-the-board reduction and \$0.4 million in enhancement funds.

Source: Governor's Budget Books, Fiscal 2017; Department of Legislative Services

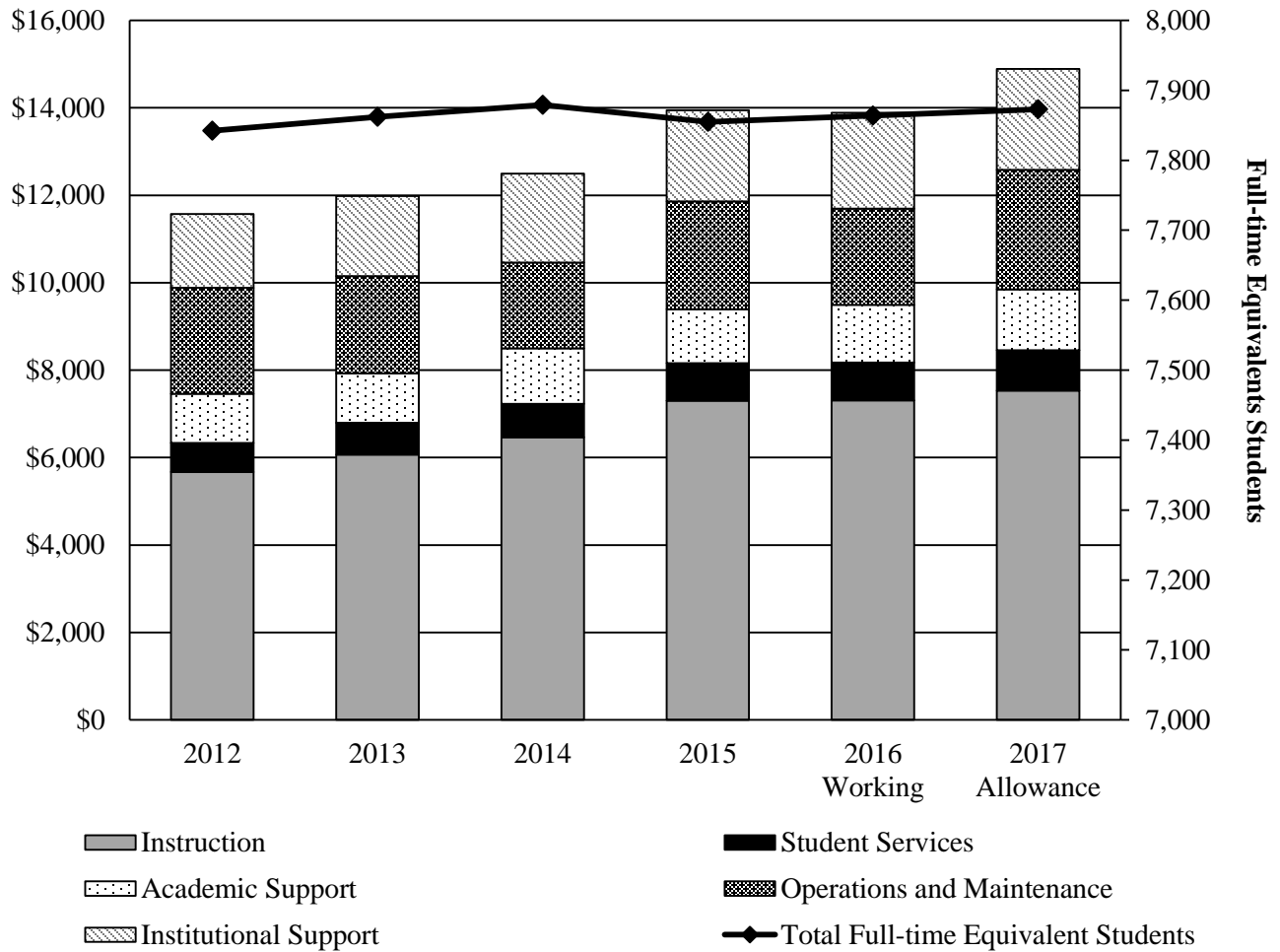
In fiscal 2017 E&G expenditures increase 6.5%, or \$7.9 million. When including \$1.5 million for salary increments in fiscal 2017, E&G expenditures increase 7.8%, or \$9.5 million. Expenditures on operations and maintenance of plant grow at the highest rate of 24.2%, or \$4.2 million, due to the inclusion of personnel and operating costs for opening the Academic Commons and increasing expenditures on facilities renewal to better reflect expected spending, which will be closer to the fiscal 2015 actuals. Spending on instruction grows 3.2%, or \$1.9 million, due to adding \$1.0 million for facilities renewal that was not included in fiscal 2016 and \$0.9 million in personnel cost. Increases in other program areas are mainly attributed to personnel costs.

As in fiscal 2015, it appears that there will be a shortfall in revenues to cover E&G expenditures, \$0.5 million. It is expected that some of the anticipated \$2.6 million surplus in auxiliary revenue will go to cover the shortfall in E&G expenses.

Expenditure Per Full-time Equivalent Student

Expenditures per full-time equivalent student (FTES) grow 28.6% between fiscal 2012 and 2017 from \$11,574 to \$14,889, respectively, with over half of the increase related to spending on instruction, as shown in **Exhibit 8**. The largest increase occurred in fiscal 2015 when expenditures grew 11.6%, or \$1,450 per FTES, despite \$1.7 million in cost containment measures, which was partially met through a 2% mid-year increase in tuition. Most of the increase was related to spending on instruction and operation and maintenance of plant growing \$839 and \$502, respectively. In fiscal 2016, expenditures per FTES decline 0.4%, or \$58, which was mainly due to operations and maintenance of plant decreasing by \$261. However, spending on institutional support increased \$107 per FTES. Overall, despite low enrollment growth (0.4% from fiscal 2012 to 2017) and budget reductions, SU was able to increase spending on the academic enterprise.

Exhibit 8
Unrestricted Fund Expenditures Per Full-time Equivalent Student
Fiscal 2012-2017



Source: Governor’s Budget Books; Department of Legislative Services

Issues

1. Meeting College Expenses

As the cost of college continues to increase, students and families are relying on a variety of financial aid to pay for college with more students taking out loans. When accounting for the average amount of federal, State, and institutional aid awarded to all SU students, the average net price for a FT/FT Maryland undergraduate student at SU was \$16,683 in fiscal 2015 compared to the list price of \$23,180 (based on tuition, mandatory fees, books and supplies, other expenses, and the weighted average of room and board), according to the National Center for Education Statistics' College Navigator. This amounts to a 28% reduction in the net cost of attendance. For those with a family income up to \$30,000 the average net price was \$8,468 in fiscal 2015.

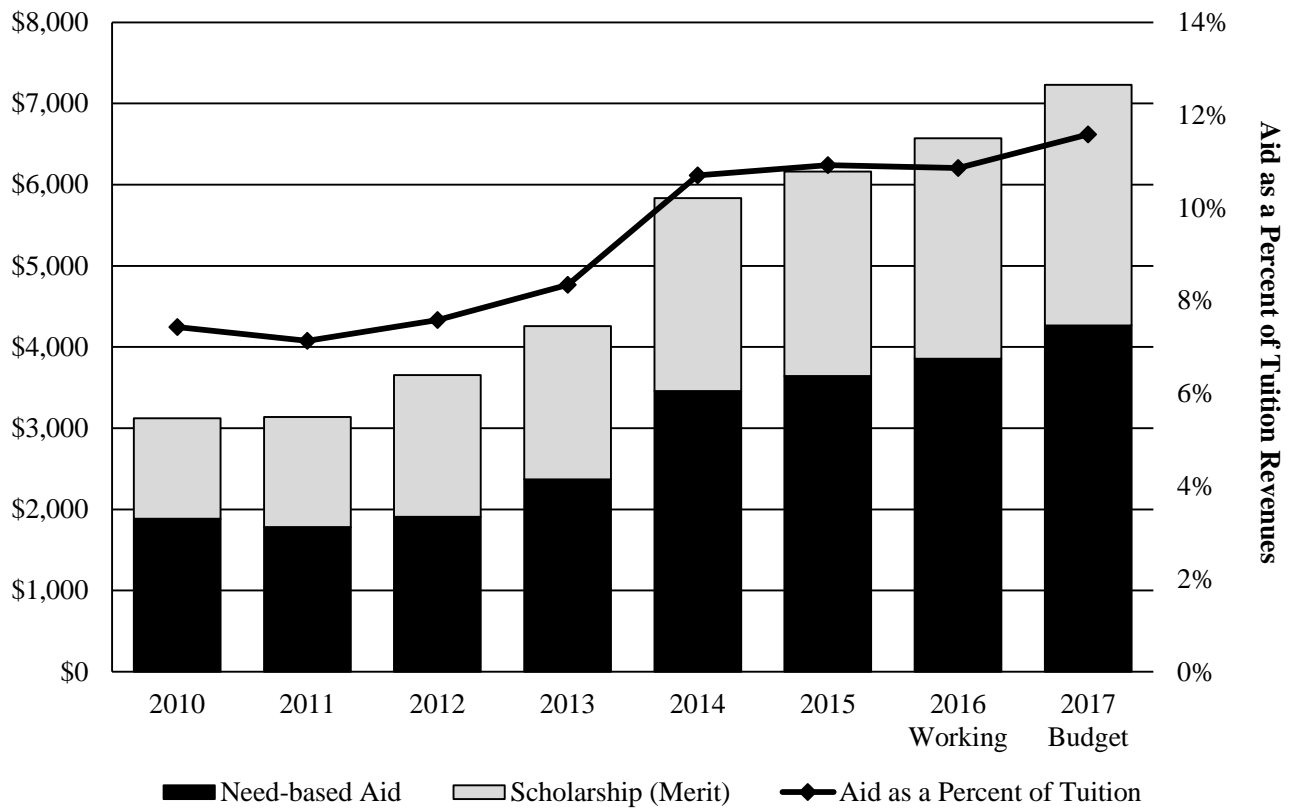
In fiscal 2015, 25% of SU's undergraduate students received Pell awards, which are given to those who otherwise could not afford college and have an expected family contribution (EFC) of less than a specific amount, which was \$5,730 in fiscal 2015. EFC is an indicator of the amount that a family is able to contribute for a student's college education: the lower the EFC, the greater the financial aid.

Total expenditures on institutional aid increased 68.6%, or \$2.5 million, between fiscal 2012 and 2015, totaling \$6.2 million in fiscal 2015, as shown in **Exhibit 9**. During this time period spending on need-based aid grew 90.8%, or \$1.7 million, while scholarships increased by \$0.8 million. This is due to using the additional revenue generated from an annual 6.0% tuition increase between fiscal 2012 and 2015 (related to realigning tuition with its peers) to fund institutional aid. This resulted in need-based aid accounting for 59.1% of expenditures in fiscal 2015, up from 52.3% in fiscal 2012. The largest increase in aid funding, \$1.6 million, occurred in fiscal 2014 of which \$1.1 million went toward need-based aid.

When considering institutional aid as a percentage of undergraduate tuition revenue, while the percentage has increased from 7.1% in fiscal 2011 to 10.9% in fiscal 2015, it is the lowest among the USM institutions. The USM Board of Regents (BOR) 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 and thereby holding harmless those with the greatest need.

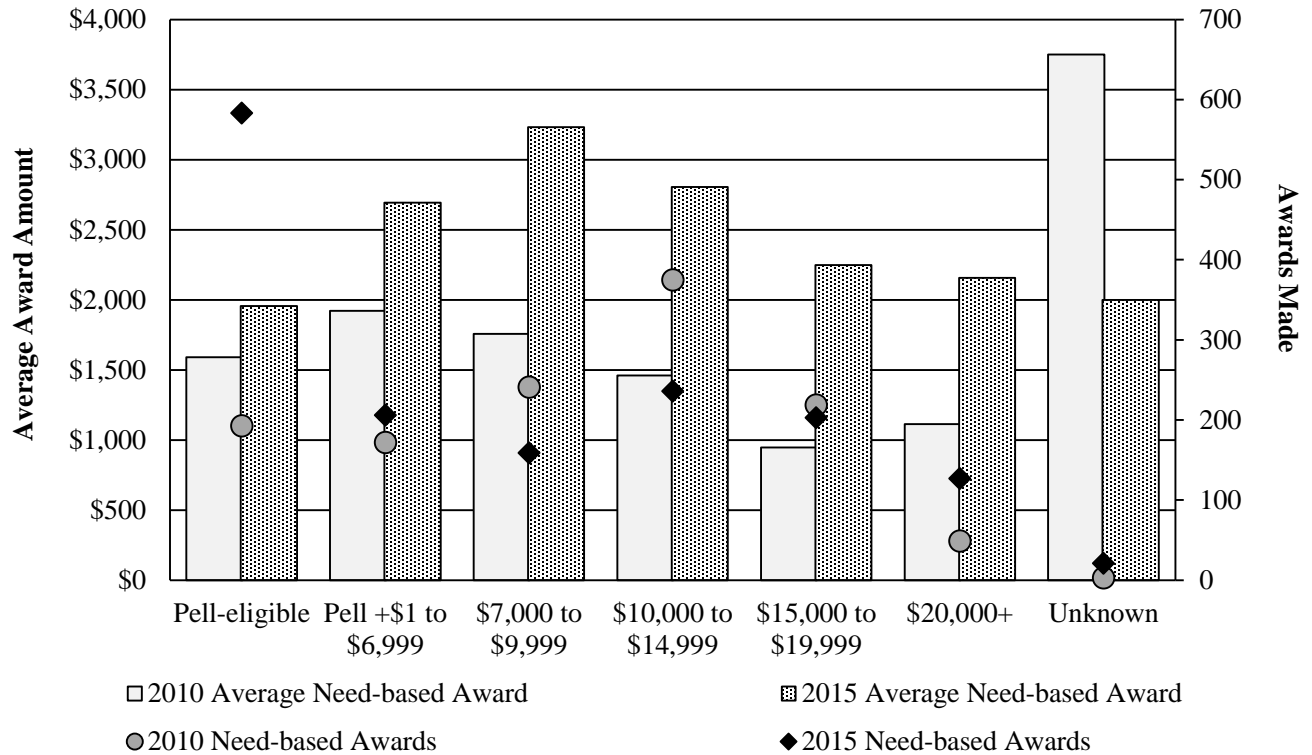
Between fiscal 2010 and 2015, the number of awards going to Pell-eligible students increased from 193 to 583, as shown in **Exhibit 10**. During this time period, the portion of awards going toward Pell-eligible students increased from 15.4% to 38.0%. However, the number of need-based awards going to those in the unknown category (those who did not file a Free Application for Federal Student Aid) increased from 3 in fiscal 2010 to 21 in fiscal 2015. Overall, the average amount awarded increased across all EFC categories except Unknown with those with an EFC of \$7,000 to \$9,999 receiving the highest increase in the average award of \$1,575.

Exhibit 9
Institutional Aid: Total Aid and Aid as a Percentage of Undergraduate Tuition Revenue
Fiscal 2010-2017
(\$ in Thousands)



Source: University System of Maryland; Department of Legislative Services

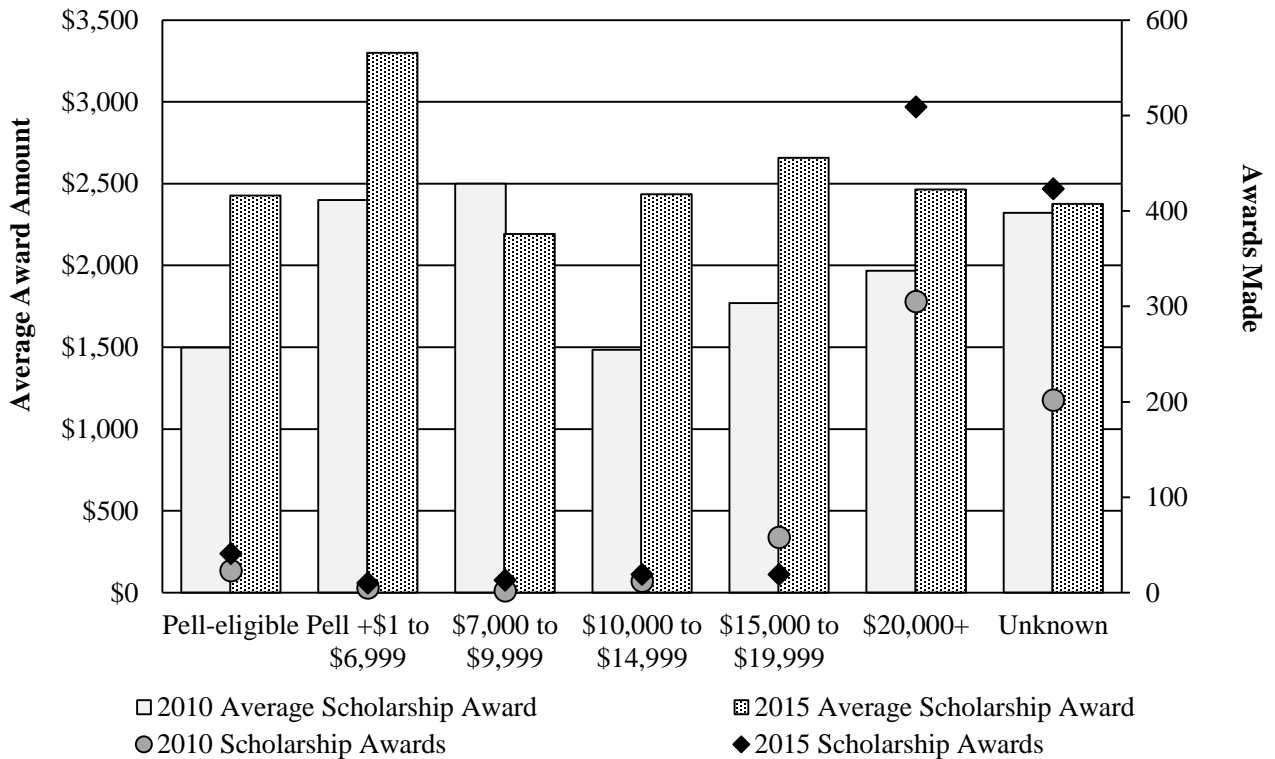
Exhibit 10
Comparison of Number and Average Amount of Need-based Aid
Received per Recipient
Fiscal 2010 and 2015



Source: University System of Maryland

While the number of scholarship awards grew 70.3% between fiscal 2010 and 2015, the portion of these awards going to those with an EFC of \$20,000 or greater or Unknown increased from 85.5% to 90.1%, as shown in **Exhibit 11**. The average award increased across all categories except those with an EFC \$7,000 to \$9,999, in which the average award decreased by \$308, the average award increased by \$928 to \$2,427 for Pell-eligible students.

Exhibit 11
Comparison of Number and Average Amount of Scholarships
Received Per Recipient
Fiscal 2010 and 2015

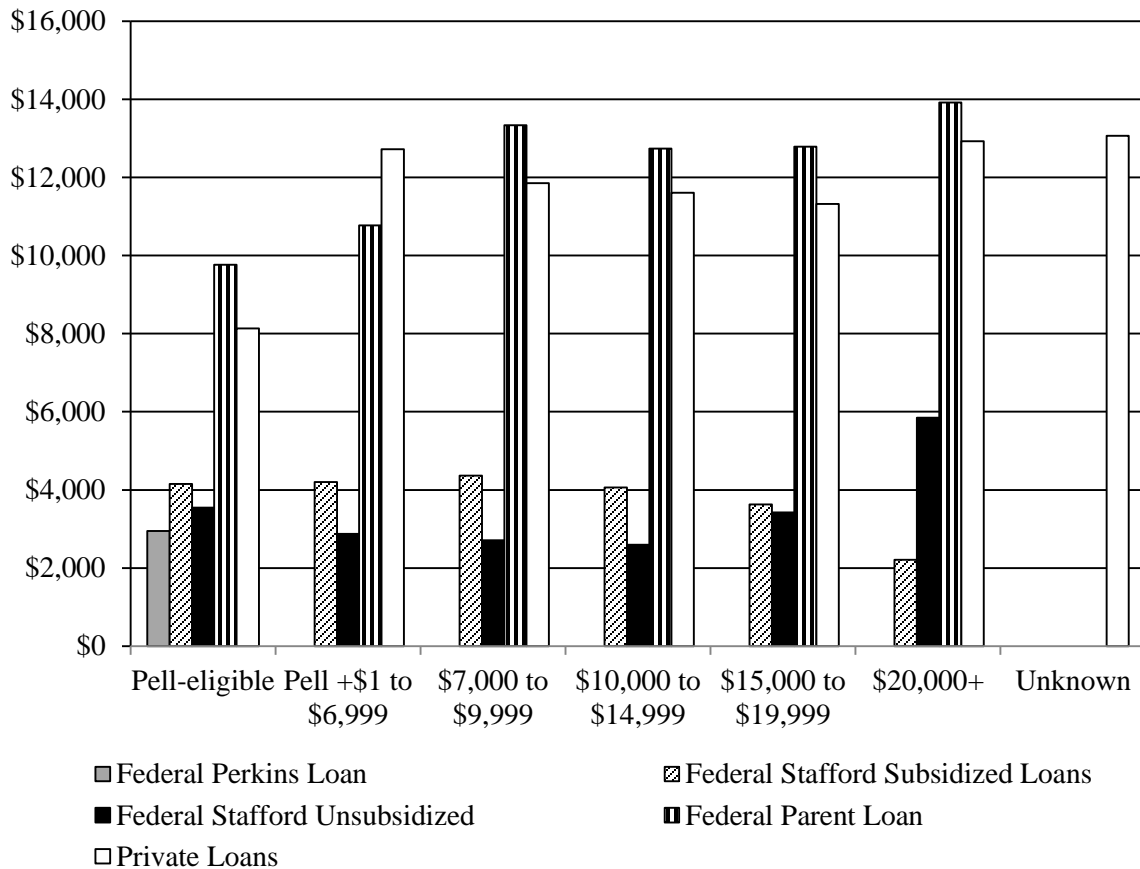


Source: University System of Maryland

While students with the greatest financial need typically receive Pell and institutional aid, it is not enough to cover the cost of college. As shown in **Exhibit 12**, students in all EFC categories take out various types of loans to finance their education. These are three types of loans:

- federal subsidized loans, which 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, which are generally for those who do not demonstrate financial need with the interest added to the balance of the loan while the student is enrolled in school (Stafford and Parent loans); and
- private loans.

**Exhibit 12
Mean Loan Amount by Type and Expected Family Contribution
Fiscal 2015**



Source: University System of Maryland

In fiscal 2015, of the 1,992 Pell-eligible students, 81.7% and 66.2%, used subsidized and unsubsidized loans, respectively, to help pay for their college education with average loans of \$4,148 and \$3,545. In general, the federal parent loans were the highest average loans taken out for those in all but one EFC category, with those with an EFC of \$7,000 to \$9,999 taking out the highest average loan of \$13,335.

According to College Insight, the percentage of students graduating with debt from SU decreased from 59.0% to 57.0% from fiscal 2012 to 2014, lower than the national rate of 61.0% in fiscal 2014. However, during this same time period, the average debt for a graduate increased 6.1% from \$23,159 to \$24,567, although still below the national average of \$27,022 in fiscal 2014.

2. Test Optional Admissions

In 2007 the USM BOR approved the SU proposal to conduct a five-year pilot program to make submission of SAT and ACT scores optional for freshmen applicants who have a minimum grade point average (GPA) of 3.5 on a 4.0 scale. At the end of the pilot program, it was found that students in the test-optional and regular admit groups performed similarly in terms of retention and GPAs. In addition, test-optional students outperformed the regular admit students in course completions (completing the courses they registered for at the start of the semester). Based on the results of the pilot program, in June 2011, BOR approved SU to be permanently exempt from the USM admissions policy of requiring SAT and ACT test scores from applicants.

Of the 8,360 applicants for the fall 2015 class:

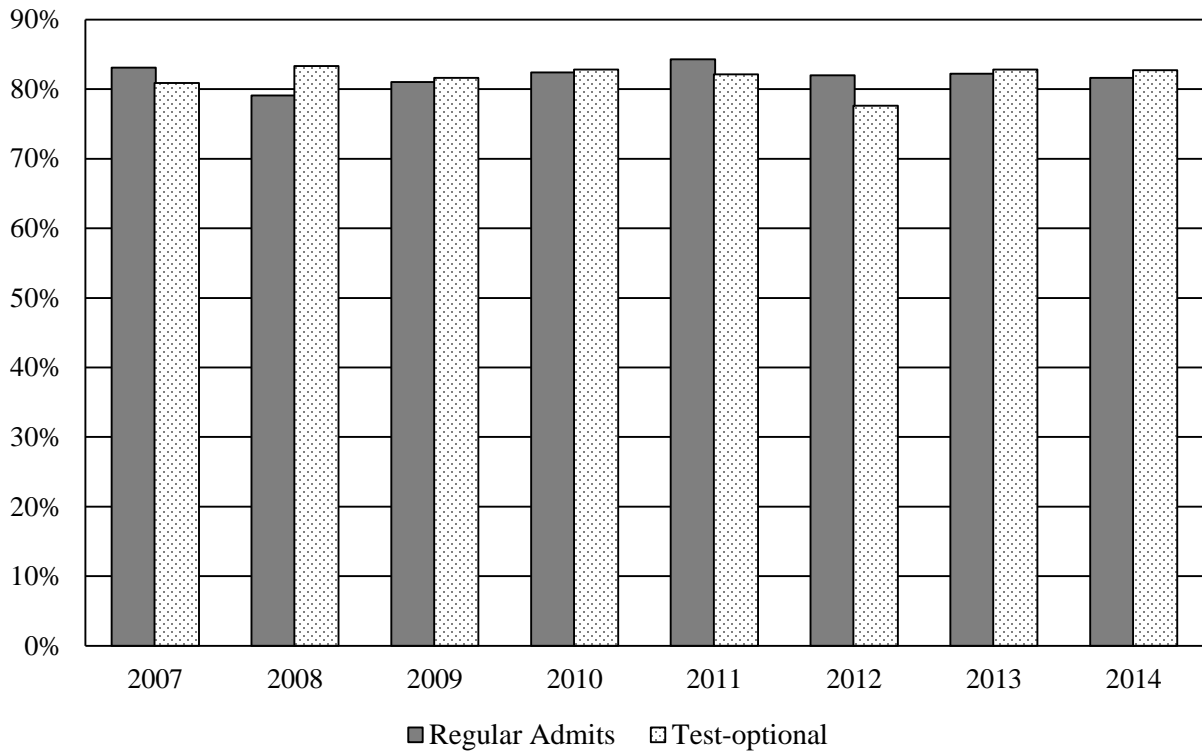
- 25% (2,128) applied under the test-optional program;
- of the 2,128 test-optional applicants, 81% (1,721) were admitted; and
- of the 1,721 admitted students, 26% (446) enrolled.

SU implemented the test-optional program in hopes of attracting a more diverse pool of applicants, which appears to be successful:

- 30% of those enrolling under the test-optional admission were minorities compared to 19% using the standard admission process;
- approximately 49% of the total minority students enrolled did so under the test-optional policy; and
- 30% of the test-optional enrollees received a Pell grant compared to 16% who submitted test scores.

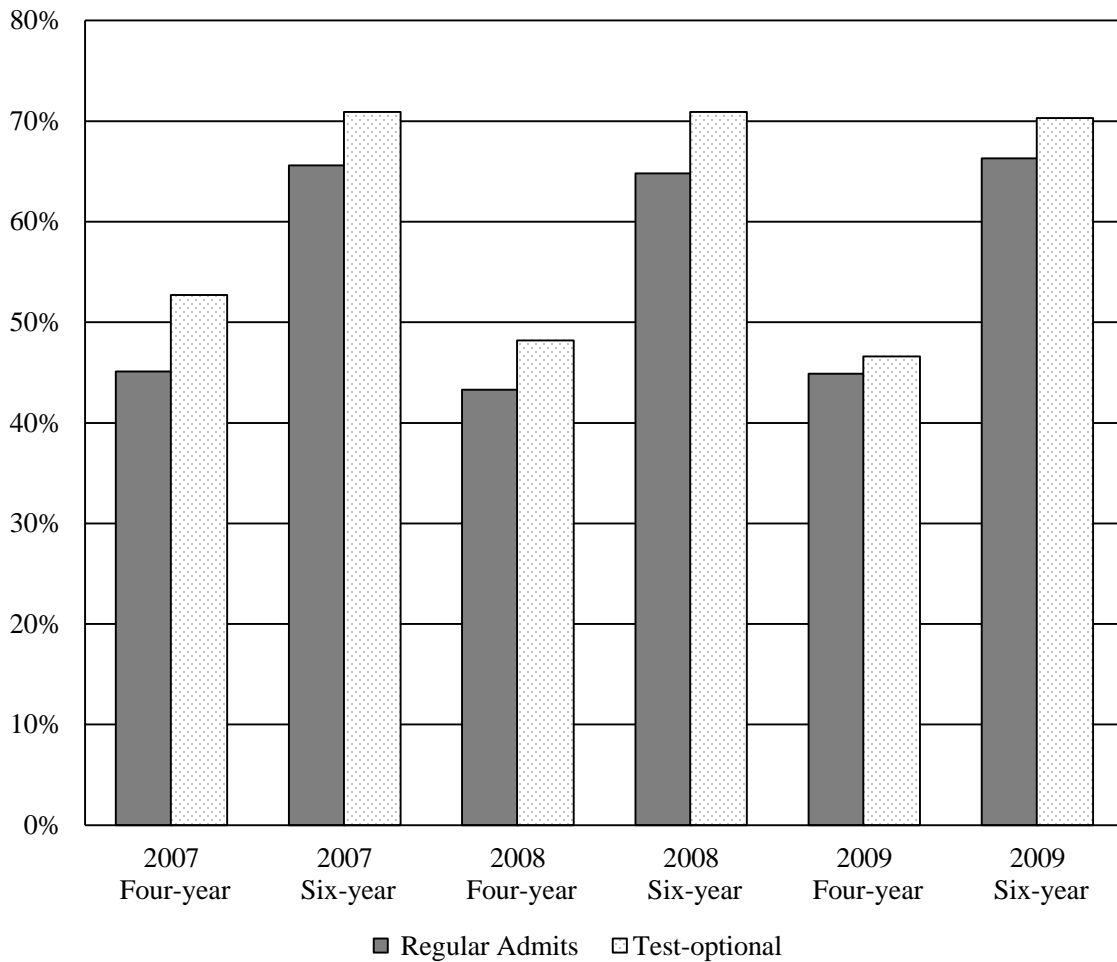
Overall, the second-year retention rate of the test-optional students is comparable to the regular admits, as shown in **Exhibit 13**. However, the test-optional students graduate at a higher rate in four and six years than the regular admit students, as shown in **Exhibit 14**.

Exhibit 13
Second-year Retention Rate
Regular Admits Compared to Test-optional
Fall 2007 to 2014 Cohorts



Source: Salisbury University

Exhibit 14
Four- and Six-year Graduation Rates of Regular and Test-optional Admits
2007 to 2009 Fall Cohorts



Source: Salisbury University

Recommended Actions

1. Concur with Governor's allowance.

Updates

1. Student Success Collaborative

In 2014 SU partnered with the Education Advisory Board's (EAB) Student Success Collaborative (SSC). SSC uses 10 years of SU academic data and analytics to improve student outcomes by using more than a GPA to measure student progress and success. The analytic can predict a student's academic success through the use of a dashboard platform with red (high risk), yellow (moderate risk), and green (low risk) indicators that shows the likelihood a student will graduate in their declared major. In addition, risk scores for other majors are also provided so as to better inform a student who may seek to change majors. SSC also highlights student's risky behavior patterns such as a number of Ds, or Fs, or withdraws, or not performing well in pre-requisite courses.

The SSC platform was made available to the campus community including the academic deans, department chairs, faculty advisors, professional advisors, and student affairs. An immediate advantage is the number of student success supports such as Career Services, the Center for Student Achievement, and Residence Life that can now engage with students in a more informed and interactive manner. Use of SSC during one-on-one advising is slowly increasing with 205 faculty, staff, and administrators using the system.

SSC has proven successful in helping to facilitate outreach efforts to special populations. For example, the Advising Services Coordinator for the Henson School of Science and Technology is working with at-risk pre-professional nursing students to develop a back-up plan or help in selecting another appropriate major earlier in their academic career. Professional advisors use SSC when meeting individually with undecided students who are approaching 45 credits to encourage them to declare a major before a registration hold is placed on their account. SSC has also been used to the benefit of high-performing students with graduate program directors contacting students to suggest undergraduate research projects and application to graduate school. In addition, freshmen with specific attributes highlighted in SSC have been recruited to participate in the SU Sophomore Living Learning Communities program.

SU recently joined EAB's Academic Performance Solutions that combines data from student records, financials, and human resources, to construct a series of reports on cost, critical capacity, enrollment, and student outcomes at the university, school, and department levels. This will help identify outlier programs, help in the allocation of resources, infuse program review with related analytics to create a culture of data-driven decision making, and allow for a year-to-year comparison against internal and external benchmarks.

Current and Prior Year Budgets

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

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Other Unrestricted Fund</u>	<u>Total Unrestricted Fund</u>	<u>Restricted Fund</u>	<u>Total</u>
Fiscal 2015							
Legislative Appropriation	\$44,146	\$1,906	\$0	\$120,765	\$166,818	\$13,000	\$179,818
Deficiency Appropriation	0	0	0	0	0	0	0
Cost Containment	-1,740	0	0	0	-1,740	0	-1,740
Budget Amendments	472	112	0	4,473	5,056	500	5,556
Reversions and Cancellations	0	0	0	-56	-56	-1,027	-1,083
Actual Expenditures	\$42,878	\$2,019	\$0	\$125,181	\$170,078	\$12,473	\$182,552
Fiscal 2016							
Legislative Appropriation	\$44,218	\$2,147	\$0	\$125,731	\$172,096	\$13,000	\$185,096
Budget Amendments	1,168	0	0	981	2,148	500	2,648
Working Appropriation	\$45,386	\$2,147	\$0	\$126,711	\$174,244	\$13,500	\$187,744

Note: The fiscal 2016 working appropriation does not include deficiencies or reversions. Numbers may not sum to total due to rounding.

Fiscal 2015

The fiscal 2015 legislative appropriation for SU was increased by \$2.7 million. General funds decreased by \$1.3 million, which included \$1.7 million in cost containment measures. This was met through a combination of a reduction in operating expenditures, increased revenue from a 2% mid-year tuition increase, and a transfer of \$63,566 from the fund balance. A budget amendment added \$0.6 million related to a 2% cost-of-living adjustment, and a \$0.1 million decrease was offset by a corresponding increase in the special fund appropriation, which is comprised of the HEIF.

Other unrestricted funds increased by \$4.4 million. Budget amendments added \$4.5 million including:

- \$2.0 million in tuition and fee revenues related to the mid-year tuition increase and international study abroad program;
- \$1.8 million in sales and services of auxiliary enterprises from residence halls and food service;
- \$0.4 million due to an increase use of fund balance; and
- \$0.3 million in investment income.

Cancellations of unrestricted funds amounted to \$55,905 due to expenditures being less than anticipated.

Restricted funds decreased by \$0.5 million. A budget amendment increased funds by \$0.5 million related to State grant and contract activity. Cancellation of restricted funds totaled \$1.0 million due to expenditures being less than anticipated.

Fiscal 2016

To date, the fiscal 2016 legislative appropriation has increased by \$2.6 million. General funds increased \$1.2 million by budget amendment to restore a 2% pay reduction. Other unrestricted funds increased by \$981,000 including \$1.1 million in tuition and fee revenues related to the annualization of the mid-year rate increase in fiscal 2015 that was partially offset by an additional \$81,390 being transferred to the fund balance.

Current restricted funds increased \$0.5 million due to Pell grants (\$0.3 million) and nursing grants (\$0.2 million).

Audit Findings

Audit Period for Last Audit:	July 1, 2011 to September 8, 2014
Issue Date:	May 2015
Number of Findings:	4
Number of Repeat Findings:	0
% of Repeat Findings:	0%
Rating: (if applicable)	n/a

- Finding 1:** SU did not adequately restrict employee access capabilities for critical functions on its financial management systems.
- Finding 2:** SU stored sensitive personally identifiable information within a database in clear text.
- Finding 3:** SU's workstations, laptops, and servers were not sufficiently protected against malware.
- Finding 4:** SU had not established adequate controls over the processing of noncash credit adjustments related to student housing.

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

<u>Object/Fund</u>	<u>FY 15 Actual</u>	<u>FY 16 Working Appropriation</u>	<u>FY 17 Allowance</u>	<u>FY 16 - FY 17 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	1,030.00	1,040.00	1,040.00	0.00	0%
02 Contractual	420.00	433.00	439.00	6.00	1.4%
Total Positions	1,450.00	1,473.00	1,479.00	6.00	0.4%
Objects					
01 Salaries and Wages	\$ 82,634,585	\$ 88,223,082	\$ 90,441,188	\$ 2,218,106	2.5%
02 Technical and Spec. Fees	20,700,014	22,278,057	24,097,619	1,819,562	8.2%
03 Communication	508,604	707,811	841,649	133,838	18.9%
04 Travel	2,785,318	2,548,120	2,731,400	183,280	7.2%
06 Fuel and Utilities	4,132,371	4,935,910	5,472,200	536,290	10.9%
07 Motor Vehicles	19,822	220,634	78,020	-142,614	-64.6%
08 Contractual Services	10,567,935	10,609,852	11,254,210	644,358	6.1%
09 Supplies and Materials	10,598,513	12,758,709	11,317,600	-1,441,109	-11.3%
10 Equipment – Replacement	85,447	109,750	111,500	1,750	1.6%
11 Equipment – Additional	2,373,279	2,640,697	2,711,000	70,303	2.7%
12 Grants, Subsidies, and Contributions	16,153,407	17,757,486	17,788,000	30,514	0.2%
13 Fixed Charges	15,104,825	17,520,706	16,576,830	-943,876	-5.4%
14 Land and Structures	16,887,453	7,433,685	12,935,291	5,501,606	74.0%
Total Objects	\$ 182,551,573	\$ 187,744,499	\$ 196,356,507	\$ 8,612,008	4.6%
Funds					
40 Unrestricted Fund	\$ 170,078,371	\$ 174,244,499	\$ 183,131,507	\$ 8,887,008	5.1%
43 Restricted Fund	12,473,202	13,500,000	13,225,000	-275,000	-2.0%
Total Funds	\$ 182,551,573	\$ 187,744,499	\$ 196,356,507	\$ 8,612,008	4.6%

Note: The fiscal 2016 working appropriation does not include deficiencies or reversions. The fiscal 2017 allowance does not include contingent reductions.

Fiscal Summary
USM – Salisbury University

<u>Program/Unit</u>	<u>FY 15 Actual</u>	<u>FY 16 Wrk Approp</u>	<u>FY 17 Allowance</u>	<u>Change</u>	<u>FY 16 - FY 17 % Change</u>
01 Instruction	\$ 57,370,638	\$ 57,450,322	\$ 59,301,913	\$ 1,851,591	3.2%
02 Research	1,145,600	880,802	1,005,901	125,099	14.2%
03 Public Service	6,852,905	8,082,584	7,548,602	-533,982	-6.6%
04 Academic Support	9,732,652	10,333,930	10,959,824	625,894	6.1%
05 Student Services	6,790,082	6,989,682	7,352,368	362,686	5.2%
06 Institutional Support	16,406,189	17,265,032	18,181,546	916,514	5.3%
07 Operation and Maintenance of Plant	19,356,077	17,325,475	21,523,864	4,198,389	24.2%
08 Auxiliary Enterprises	49,700,533	52,934,696	53,582,489	647,793	1.2%
17 Scholarships and Fellowships	15,196,897	16,481,976	16,900,000	418,024	2.5%
Total Expenditures	\$ 182,551,573	\$ 187,744,499	\$ 196,356,507	\$ 8,612,008	4.6%
Unrestricted Fund	\$ 170,078,371	\$ 174,244,499	\$ 183,131,507	\$ 8,887,008	5.1%
Restricted Fund	12,473,202	13,500,000	13,225,000	-275,000	-2.0%
Total Appropriations	\$ 182,551,573	\$ 187,744,499	\$ 196,356,507	\$ 8,612,008	4.6%

Note: The fiscal 2016 working appropriation does not include deficiencies or reversions. The fiscal 2017 allowance does not include contingent reductions.