

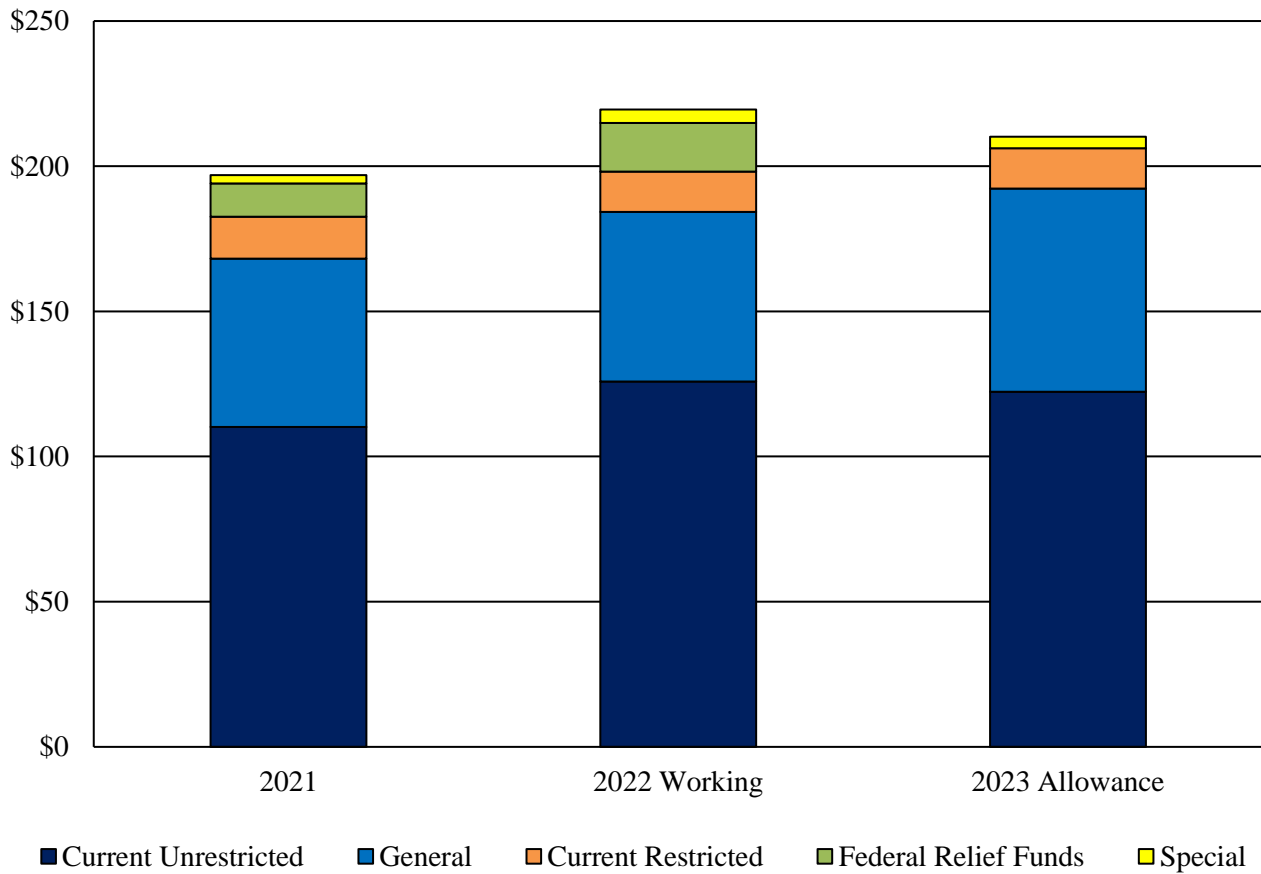
R30B29
Salisbury University

Executive Summary

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

Operating Budget Summary

**Fiscal 2023 Budget Decreases \$9.4 Million, or 4.3%, to \$210.2 Million
(\$ in Millions)**



Note: The fiscal 2022 working appropriation is adjusted to reflect general salary increases, increments, a one-time bonus, and a deficiency appropriation. The fiscal 2023 allowance is adjusted to reflect the annualization of fiscal 2022 general salary increases and increments and fiscal 2023 general salary increases and increments. The personnel actions are budgeted within the Department of Budget and Management Statewide Expenses.

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- General funds increase by \$11.6 million, or 19.9%, in the fiscal 2023 allowance compared to fiscal 2022 after adjusting for a deficiency that would replace \$1.6 million in general funds with the Higher Education Investment Fund (HEIF) and statewide salary actions. After adjusting for the deficiency appropriation, the HEIF decreases by 15.1%, or \$0.7 million, in the fiscal 2023 allowance compared to fiscal 2022.
- The increase in general funds in the fiscal 2023 allowance includes increases related to funding guideline attainment (\$1.0 million) as mandated in Chapter 683 of 2021 and \$3.3 million to restore a reduction taken by the Board of Public Works (BPW) in fiscal 2021.
- Total funds decline 4.3%, or \$9.4 million, primarily due to the final drawdown of federal relief funds in fiscal 2022, a decrease of \$16.8 million, which is partially offset by the general fund increase.

Key Observations

- Undergraduate enrollment declined for a second year, decreasing by 6.9%, or 492 students, in fall 2021 compared to the prior year, mainly due to a 10.0% drop in continuing students, reflecting the impact of COVID-19. Overall, since fall 2019 (prepandemic), enrollment has declined 13.1%, or 1,001 students.
- The availability of federal relief funds has tempered the financial impact of the pandemic on SU. In particular, in fiscal 2020, SU used \$11.0 million of these funds to offset revenue losses related to providing student refunds in the spring 2020 semester. In fiscal 2021, \$6.6 million was used to offset revenue loss related to enrollment decline.
- SU projects a continual decline in enrollment in fiscal 2023, resulting in an estimated \$0.4 million decline in tuition and fee revenues.

Operating Budget Recommended Actions

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

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Operating Budget Analysis

Program Description

SU is a comprehensive university emphasizing undergraduate liberal arts, sciences, preprofessional 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 lifelong learning.

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

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

Fall 2021 Undergraduate Enrollment Headcount		Fall 2021 Graduate Enrollment Headcount	
Male	2,974	Male	195
Female	3,721	Female	680
Total	6,695 (40 at Shady Grove)	Total	875 (6 at Shady Grove)

Fall 2021 New Students Headcount		Campus (Main Campus)	
First-time	1,217	Acres	205.8
Transfers/Others	586	Buildings	97
Graduate	189	Average Age	41
Total	1,992	Oldest	1900

Programs		Degrees Awarded (2020-2021)	
Bachelor’s	46	Bachelor’s	1,842
Master’s	15	Master’s	349
Doctoral Research	1	Doctoral – Research	4
Doctoral – Professional	1	Doctoral – Professional	5
		Total Degrees	2,200

Proposed Fiscal 2023 In-state Tuition and Fees*

Undergraduate Tuition	\$7,556
Mandatory Fees	\$2,840

*Contingent on Board of Regents approval.

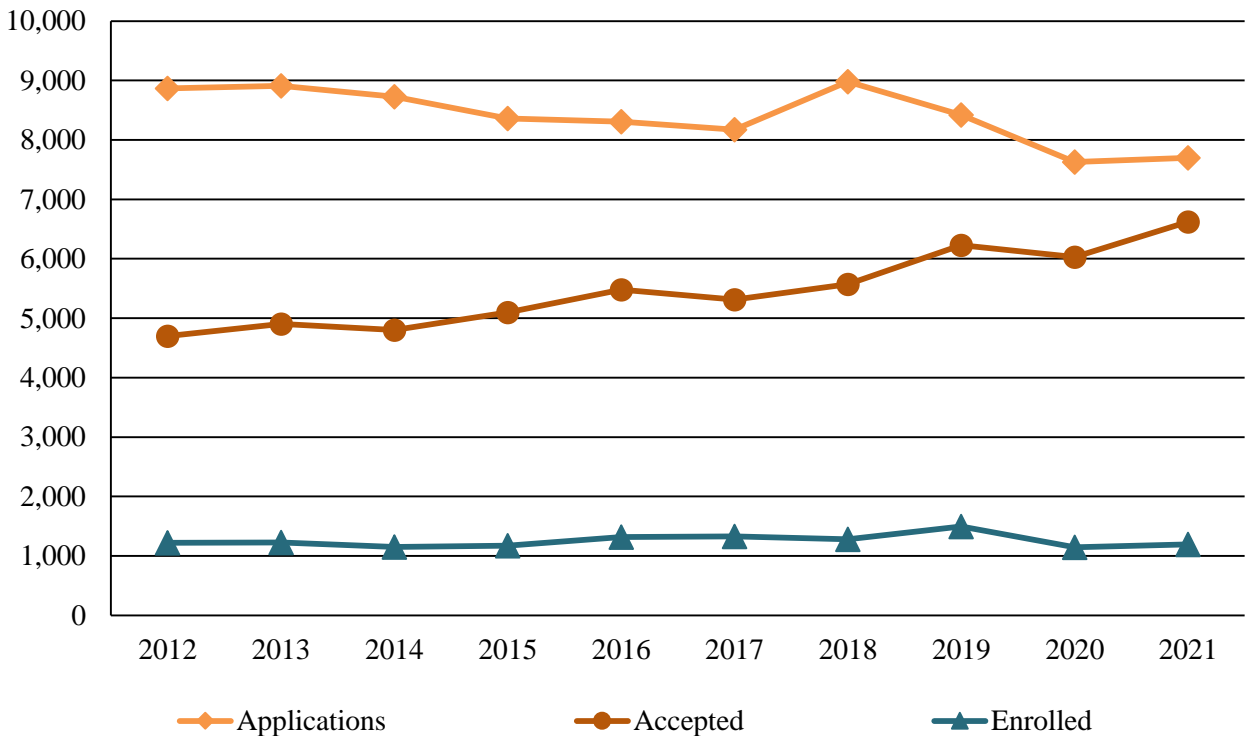
Performance Analysis

1. Undergraduate Enrollment

First-time Applications

As institutions entered the second fall semester in a pandemic and opened campuses with various health and safety practices and procedures, questions remained if students would return. An early indication was the number of first-time (FT) applicants received by an institution. As shown in **Exhibit 1**, SU experienced a slight increase (66) in the number of applications received for fall 2021. This was preceded by a two-year decline in which applications decreased from a high of 8,983 in fall 2018 to a low of 7,631 applicants for fall 2020, a decrease of 15%. As the number of applications decreased for fall 2019 compared to fall 2018, SU increased its acceptance rate from 62% to 74%, which allowed for a higher number enrolled despite the application decline.

Exhibit 1
Undergraduate Applications, Accepted, and Enrolled
Fall 2012-2021

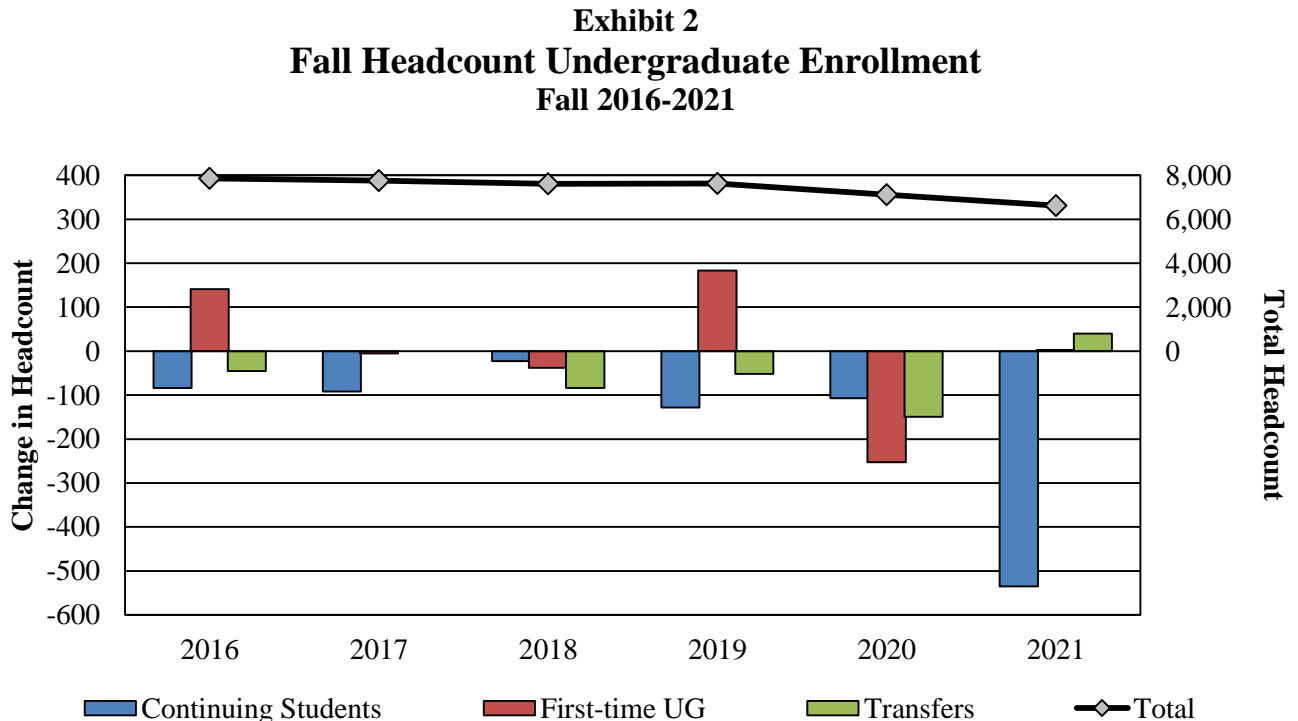


Source: University System of Maryland

As the pandemic continued into the fall 2020 semester, institutions, in general, expected a decline in their yield rate (the percentage of accepted students who enrolled) due to COVID-19 and, therefore, increased their admittance rate. SU increased its acceptance rate to 79% in fall 2020 and further to 86% in fall 2021. It should be noted that, in these two years, institutions were allowed to become test optional without getting an exemption from the admissions policy from the Board of Regents. Overall, since fall 2019 (prepandemic), the number of accepted students who enrolled declined by 304 students despite the higher acceptance rate due to lower yield rates, a decrease from 24% to 18%. Although lower than fall 2019, the number that enrolled increased by 46 in fall 2021 compared to the prior year.

Fall Enrollment

As shown in **Exhibit 2**, undergraduate enrollment declined for a second year, falling 6.9%, or 492 students, to 6,621 students in fall 2021 compared to fall 2020. Overall, since fall 2019 (prepandemic), enrollment has dropped 13.1%, or 1,001 students, which was primarily driven by continuing students who accounted for 64.1% (642 students) of the decline. The decline in fall 2021 was driven by a 10.0% (535 students) decrease in continuing students, reflecting the impact of COVID-19. Although the pandemic has led to further declines, it should be noted that continuing students have declined in all recent years.



UG: undergraduate

Source: University System of Maryland

After three years of decline, the number of transfer students grew 7.3%, or 40 students, in fall 2021. Despite the increase in fall 2021, the transfers have declined by 109 students (or 15.7%) and, since fall 2016, enrollment is down by 29.5%, or 245 students. The continual decline of continuing and transfer students is of concern and indicates that SU may need to re-evaluate its programs and supports to not only attract but retain students.

After declining by 253 students, or 17.2%, in fall 2020, there was a slight (3 students) increase in the number of FT students in fall 2021 resulting in a net decrease of 250 FT students since fall 2019. While not shown here, graduate enrollment fell by 99 students, or 10.2%. Overall, when including graduate students, enrollment dropped 7.3%, or 591 students, in fall 2021.

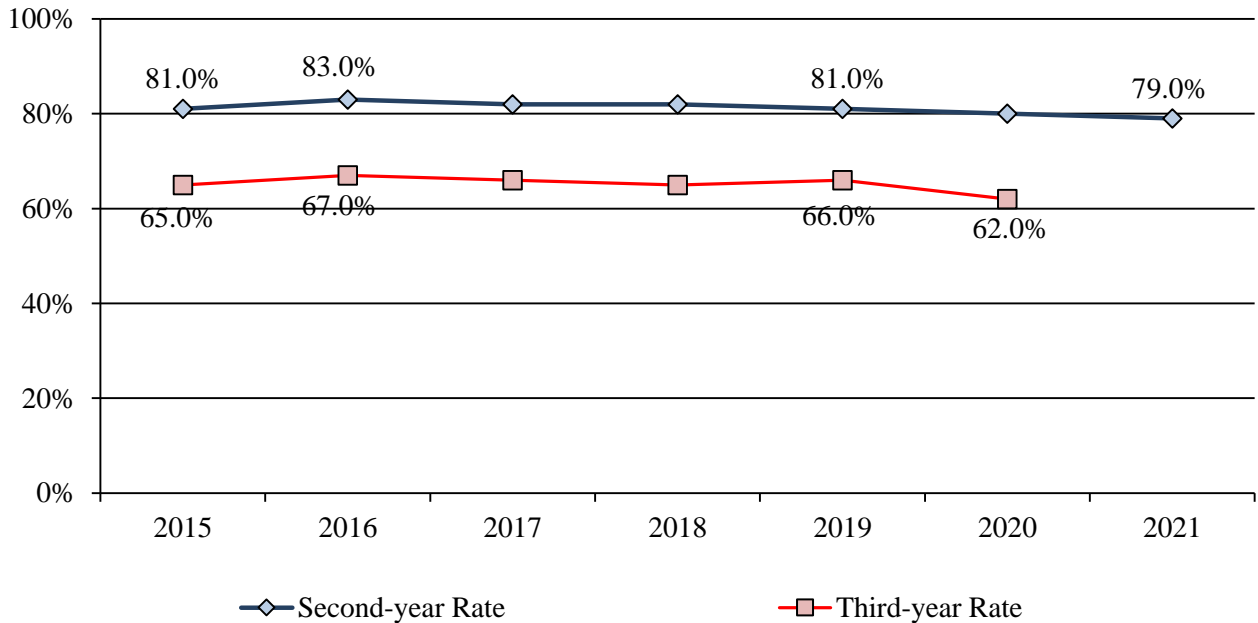
The President should comment on, given the national trend of enrollment declines at regional institutions across the country, how SU will be able to stabilize enrollment and eventually bounce back to prepandemic levels and will this lead to changes in SU’s business and academic model. In particular, the President should comment on efforts to reverse the decline in continuing students and transfers, which predates the pandemic.

2. Retention Rates

Student retention rates provide a measure of student progress and an institution’s performance; a high retention rate indicates the ability of an institution to keep students and the more likely a student will succeed and graduate. As students are more likely to drop out during their first year, the second-year rate is an indicator of a number of factors from students not being prepared for college to institutional support designed to retain students. However, institutions tend to focus efforts on retaining first-year students and not providing supports needed to keep students beyond their second year thereby increasing their chances to graduate.

As shown in **Exhibit 3**, the second-year fiscal cohort retention rate exceeded 81% in all recent cohorts prior to the fiscal 2020 cohort (80%). The second-year rate subsequently declined during the pandemic to 79% with the 2021 cohort. While the second-year rate declined by 1 percentage point for the 2020 cohort, the third-year rate fell by 4 percentage points, reflecting the impact of the pandemic. Given that the rates tend to mirror each other, it is expected that the third-year rate for the 2021 cohort will also decline. Overall, on average, there is a 16 percentage point gap between the second- and third-year rates indicating that there are opportunities for SU to improve retention of third year students and thereby enrollment by targeting supports to retain students after their second year.

**Exhibit 3
Second- and Third-year Retention Rates
Fiscal 2015-2021 Cohorts**



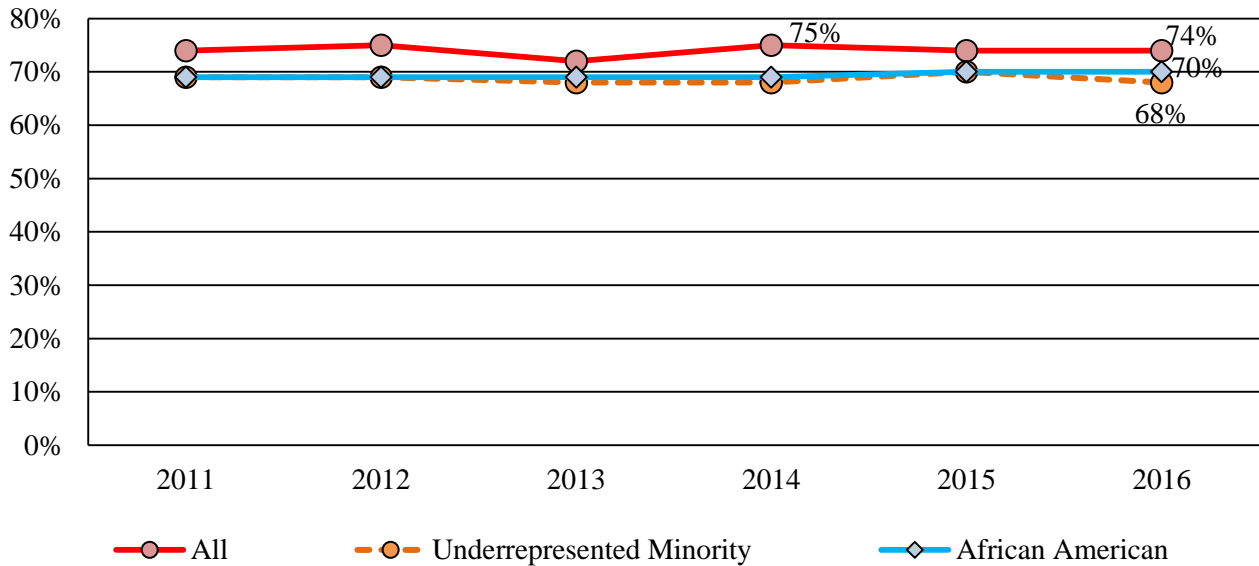
Source: University System of Maryland

3. Graduation Rates

Graduation rates are, in part, another measure of student retention and efficiency – as more students graduate, it frees up more room, allowing an institution to enroll more students. National data show that students of color, low-income students, and/or first-generation students graduate at a lower rate than their peers, which points to the need to develop strategies and services to support the success of these students and close the achievement gap.

The six-year graduation rates for all students have met or exceeded 72% among all recent cohorts, as shown in **Exhibit 4**. The rate for underrepresented minorities has met or exceeded 68% among these cohorts, reaching its highest level of 70% with the 2015 fiscal year cohort. The last two African American cohorts maintain a graduation rate of 70%. Overall, the achievement gap for both groups of students averaged 5 percentage points.

**Exhibit 4
Six-year Graduation Rates
2011-2016 Fiscal Year Cohorts**

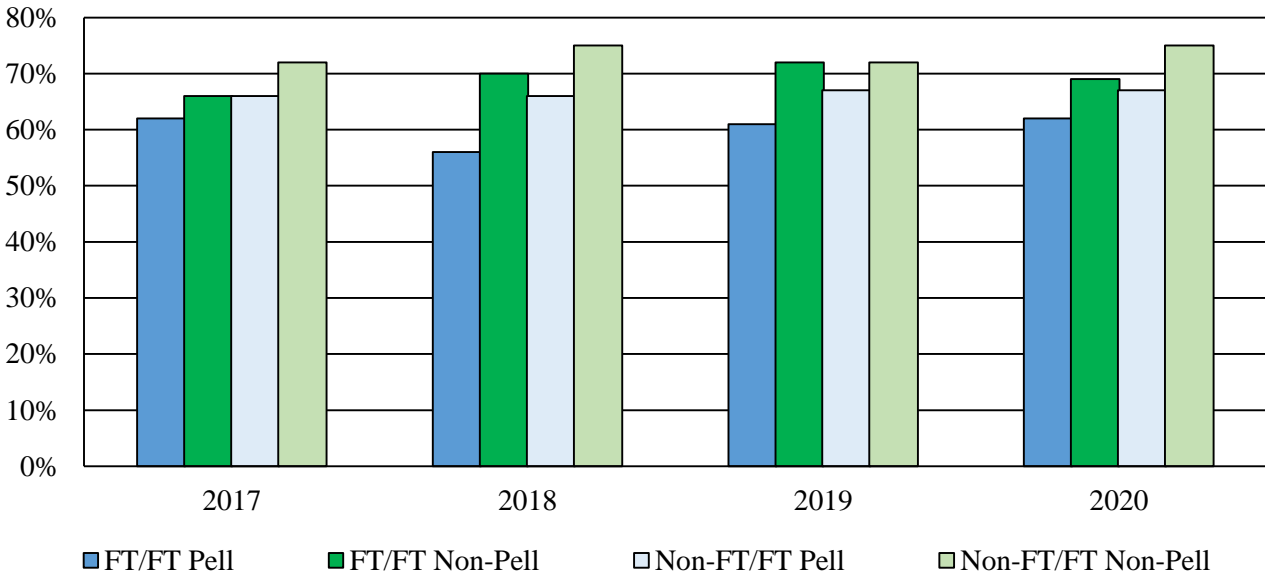


Note: Includes all degree-seeking students (e.g., first-time/full-time, part-time, transfers, spring admits) who enrolled in the fiscal year. Underrepresented minority includes African American/Black, Hispanic/Latino, American Indian/Native American, and Native Hawaiian/Pacific Islander

Source: University System of Maryland

While much attention has been paid to the achievement gap between the races, increasingly, attention has turned to the achievement gap between low-income and other students. Nationally, according to the National Center for Education Statistics, the average six-year graduation rate of the 2014 cohort of Pell students at four-year public institutions was 47.6%, compared to 60.1% of all students. Overall, as shown in **Exhibit 5**, at SU, non-Pell students graduate at a higher rate than Pell students. The graduation rate for first-time/full-time (FT/FT) non-Pell students averaged 70% for the last three cohorts compared to 60% for the Pell students. Among both Pell and non-Pell students, non-FT/FT students graduate at a higher rate than FT/FT students. On average, non-FT non-Pell students had the highest rate of 74%, followed by non-FT Pell students at 67% compared to 70% and 60% of FT/FT non-Pell and Pell students, respectively. This indicates that there are opportunities for improvements in providing supports to help FT/FT students succeed.

**Exhibit 5
Pell and Non-Pell Six-year Graduation Rates
2017-2020**



Note: Graduation rates as of August of each year

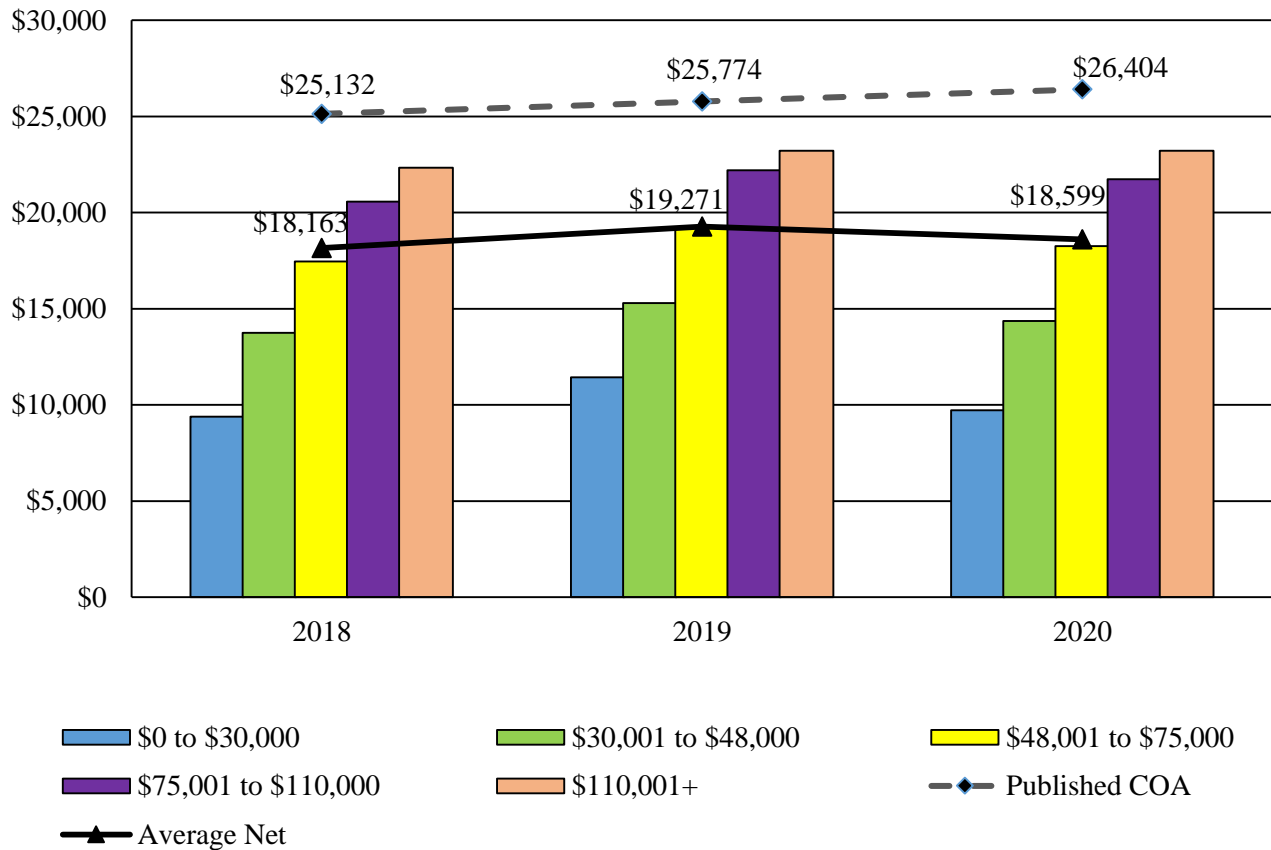
Source: Integrated Postsecondary Education Data System

4. Affordability

Cost of Attendance

When considering the affordability of college, students and families tend to focus on the published cost of attendance (COA) or sticker price. COA is the total cost of attending college for one year, including tuition and fees, room and board, books, supplies, and other expenses. However, the focus should be on the average net price, which is the cost to the student after accounting for the average amount of federal, State, and institutional aid awarded to all undergraduate SU students. As shown in **Exhibit 6**, in fiscal 2020, the average net price for beginning full-time students was \$18,599, or 29.6%, less than the published COA for a FT/FT student. The average cost to a student varies by income level. Those with a lower family income receive more financial aid, thereby lowering the average price for attending college. The average net price for a family with an income between \$0 and \$30,000 decreased by \$1,713 (15.0%) from \$11,432 in fiscal 2019 to \$9,719 in fiscal 2020. The average net price for these families in fiscal 2020 is \$16,685, or 63.2%, below the published price. Overall, the average net price decreased across all other income categories in fiscal 2020, though the decrease was minimal for the highest income category.

Exhibit 6
Estimated In-state Cost of Attendance vs Average Net Price by Income Level
Fiscal 2018-2020

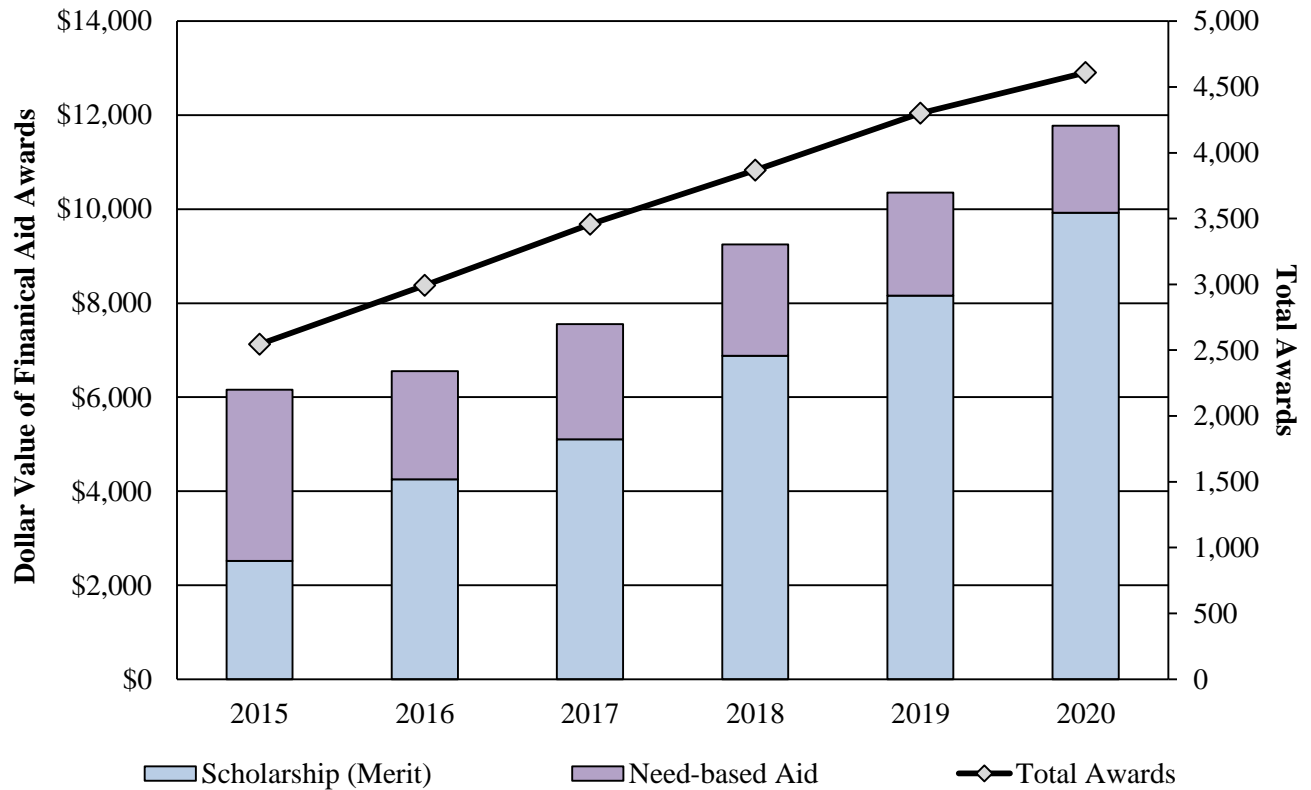


Source: National Center for Education Statistics, College Navigator

Institutional Aid

Since fiscal 2015, expenditures on institutional aid almost doubled from \$6.2 million to \$11.8 million in fiscal 2020, as shown in **Exhibit 7**. Despite the overall increase during this time period, need-based aid expenditures declined by 49.2%, or \$1.8 million, resulting in a 36.3% (551 awards) decrease in the number of awards. Meanwhile spending on scholarships grew 294.2%, or \$7.4 million, allowing for a 254.0% (1,862) increase in the number of awards. According to SU, this was due to a change in reporting. Prior to fiscal 2016, scholarships awarded to students demonstrating financial need were reported as need-based aid. When the University System of Maryland (USM) was asked to clarify appropriate procedures for reporting scholarships awarded to students with financial need, SU was asked to report these as scholarships; however, the change was not retroactive.

**Exhibit 7
Institutional Aid and Awards
Fiscal 2015-2020
(\$ in Thousands)**



Source: Maryland Higher Education Commission

In fiscal 2020, total expenditures on aid grew by \$1.4 million with scholarships increasing by \$1.8 million and need-based aid declining by \$0.3 million. While the number of total awards increased by 308, need-based aid award decreased by 81 awards.

Fiscal 2022 Working Budget

Actions Affecting Fiscal 2022 Budget

A proposed deficiency of \$45.5 million across institutions would replace general funds with the HEIF due to higher revenue estimates and availability of the HEIF fund balance, of which SU’s share is \$1.6 million.

Federal Stimulus Funds

In total, from fiscal 2020 and 2022, SU received \$32.2 million from the three federal relief packages, as shown in **Exhibit 8**. Of the \$32.2 million, \$14.4 million was designated for financial aid. A majority of the funds, 52.1%, or \$16.8 million, are to be expended in fiscal 2022, of which \$10.0 million was brought in through a fiscal 2022 budget amendment.

Exhibit 8
Summary of HEERF
Fiscal 2020-2022
(\$ in Thousands)

	2020	2021		2022	Total
	<u>HEERF I</u>	<u>HEERF I</u>	<u>HEERF II</u>	<u>HEERF III</u>	
Financial Aid	\$2,411	\$569	\$2,980	\$8,403	\$14,363
Institutional Aid	2,980		6,514	8,390	\$17,884
Total	\$5,390	\$569	\$9,494	\$16,794	\$32,247

Total by Type

HEERF I	\$5,959
HEERF II	9,494
HEERF III	16,794
Grand Total	\$32,247

HEERF: Higher Education Emergency Relief Fund

HEERF I: Coronavirus Aid, Relief, and Economic Security Act

HEERF II: Coronavirus Response and Relief Supplemental Appropriations Act of 2021

HEERF III: American Rescue Plan

Source: University System of Maryland

A shown in **Exhibit 9**, of the funds not required to be used for financial aid, 61.4%, or \$11.0 million, were used in fiscal 2020 to reimburse SU for refunds provided to students when the campus closed during the spring 2020 semester. In fiscal 2021, \$6.6 million was used to offset revenue loss related to enrollment decline.

Exhibit 9
Spending for HEERF
Fiscal 2020-2022
(\$ in Thousands)

	<u>2020</u>	<u>Institutional Aid</u> <u>2021</u>	<u>2022</u>	<u>Total</u>
Revenue Loss ¹	\$10,978	\$6,590		\$17,568
COVID-19 Testing			300	300
Other ²			15	15
Total Funds	\$10,978	\$6,590	\$316	\$17,884

Direct Aid to Students

	<u>Students</u>	<u>Total Funds</u>
2020 (HEERF I)	5,060	\$2,980
2021 (HEERF II)	2,259	2,980
2022 (HEERF III) ³	<u>2,908</u>	5,075
	10,227	\$11,035

HEERF: Higher Education Emergency Relief Fund

HEERF I - Coronavirus Aid, Relief, and Economic Security Act

HEERF II - Coronavirus Response and Relief Supplemental Appropriations Act of 2021

HEERF III - American Rescue Plan

¹ Fiscal 2020 funds were used for reimbursements related to spring 2020 refunds; fiscal 2021 funds were used to cover tuition and fee revenue loss due to enrollment decline and auxiliary revenues related to reduced resident hall occupancy.

² Financial Aid Office outreach efforts as required under HEERF III.

³ Numbers are as of December 2021; funding for HEERF III institutional aid totals \$8.4 million; the remaining \$3.3 million will be awarded after the spring semester drop/add period.

Source: Salisbury University

Education and General Expenditures

Since tuition and fee revenues in the allowance are based on enrollment projections, increases and decreases in enrollment can have a significant effect on an institution's revenues. Therefore, looking at the changes in expenditures by program areas between fiscal 2021 and 2022, when institutions know their fall enrollment, provides a more accurate picture of funding priorities.

Exhibit 10 shows unrestricted fund expenditures increase by \$18.3 million, or 10.2% in fiscal 2022. The fiscal 2022 education and general (E&G) expenditures and revenues are adjusted to reflect general salary increases, increments, and one-time bonuses totaling \$3.5 million.

Exhibit 10
Budget Changes for Unrestricted Funds by Programs
Fiscal 2021-2022
(\$ in Thousands)

	<u>2021</u>	<u>2022</u>	<u>2021-22</u>	<u>2021-22</u>
	<u>Actual</u>	<u>Working</u>	<u>Change</u>	<u>% Change</u>
<u>Expenditures</u>				
Operation and Maintenance of Plant	\$20,224	\$24,058	\$3,834	19.0%
Institutional Support	18,558	22,217	3,659	19.7%
Instruction	60,498	62,362	1,864	3.1%
Scholarships and Fellowships	13,078	13,865	786	6.0%
Public Service	2,867	3,449	583	20.3%
Academic Support	17,216	17,745	529	3.1%
Student Services	10,118	10,534	416	4.1%
Research	638	549	-89	-13.9%
General Salary Increase/Bonus		3,509		
E&G Total	\$143,198	\$158,288	\$15,090	10.5%
Auxiliary Enterprises	\$35,793	\$38,984	\$3,191	8.9%
Total Expenditures	\$178,991	\$197,272	\$18,281	10.2%
<u>Revenues</u>				
Tuition and Fees	\$73,237	\$70,620	-\$2,618	-3.6%
State Funds ¹	60,828	63,046	\$2,218	3.6%
Other	9,874	10,086	\$211	2.1%
Total E&G Revenues	\$143,939	\$143,751	-\$188	-0.1%
Auxiliary Enterprises	44,435	49,029	4,594	10.3%
Transfer (to)/from Fund Balance	-9,383	4,491		
Available Unrestricted Revenues	\$178,991	\$197,272	\$18,281	10.2%

E&G: education and general

¹ State funds include general funds and the Higher Education Investment Fund.

Note: Fiscal 2022 expenditures and State funds are adjusted to include statewide salary enhancements.

Source: Governor's Fiscal 2023 Budget Books; Department of Legislative Services

Spending in operations and maintenance of plant grows \$3.8 million, or 19.0%, with the majority of the increases related to utilities and facilities renewal and the remaining amount associated with facilities maintenance contracts and housekeeping supplies. Expenditures for institutional support increase \$3.7 million, or 19.7%, of which about half are related to contingency planning to cover revenue shortfalls and/or unanticipated costs. SU notes that it has already overspent the budget for COVID-19-related testing and monitoring and will be “dipping” into these funds. Other increases include a new Enterprise Resource Planning subscription, filling vacancies in University Policy and human resources, rollout of a new branding initiative, and travel.

Instruction expenditures increase 3.1%, or \$1.9 million, of which \$1.3 million is related to the partial restoration of the fiscal 2021 BPW reductions, which was included in Supplemental Budget No. 4 to the fiscal 2022 budget. These funds were designated to be used to expand public health and health profession programs and are being used to fund 5 positions in the College of Health and Human Services and equipment for the Medical Simulation Center.

Spending increases totaling 3.1%, or \$0.5 million, in academic support are related to information technology COVID-19-related software (*i.e.*, increase Zoom capacity and secure test administration software), cybersecurity, contractual library personnel, and classroom furniture. Spending growth of 4.1%, or \$0.4 million, on student services is due to an increase in student counseling staff and new online student counseling and health services.

In terms of E&G revenues, in fiscal 2021, due to declining enrollment, SU revised the original fiscal 2021 tuition and fee revenues down by \$7.5 million. Reducing expenditures and using \$6.4 million of Higher Education Emergency Relief Fund II to offset some of the revenue loss resulted in a slight E&G surplus. This, along with an auxiliary surplus of \$8.6 million, allowed SU to transfer \$9.4 million to the fund balance.

In fiscal 2022, while E&G spending grows by 10.5% (\$15.1 million), revenues decline by 0.1% (\$0.2 million). The revenue decline is reflective of the decline in enrollment, which resulted in a \$4.9 million downward revision in tuition and fee revenues from the original budget and a decrease of \$2.6 million compared to the fiscal 2021 level. SU will need to use a \$10.0 million auxiliary surplus and have a \$4.5 million transfer from fund balance to cover the E&G shortfall. However, according to SU, in looking at its January 31 closing data, it appears that it will be in a better financial position with an expected E&G shortfall around \$6.7 million and an approximate auxiliary surplus of \$7.0 million, which would mean no transfer from fund balance would be required. SU notes that it needs to “realistically” assess the future state of enrollment and related revenues and is currently analyzing for efficiencies in all campus operations.

The President should comment on the budgetary impacts of enrollment projections and efforts being taken to identify efficiencies to better align the budget with projected revenues.

Fiscal 2023 Proposed Budget

In fiscal 2023, the adjusted State funding increases by 17.3%, or \$10.9 million, compared to the adjusted fiscal 2022 working appropriation, as shown in **Exhibit 11**. The general fund increase of

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\$11.6 million, or 19.9%, is slightly offset by \$0.7 million decline in the HEIF after accounting for the proposed deficiency.

Exhibit 11
Proposed Budget
Salisbury University
Fiscal 2021-2023
(\$ in Thousands)

	<u>2021</u> <u>Actual</u>	<u>2022</u> <u>Adjusted</u>	<u>2023</u> <u>Adjusted</u>	<u>2022-2023</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Funds	\$57,944	\$56,475	\$61,688	5,213	9.2%
Deficiency – HEIF Swap		-1,595			
Statewide Employee Compensation		3,509	8,300	4,792	
Total General Funds	\$57,944	\$58,389	\$69,989	\$11,600	19.9%
Special Funds					
HEIF	\$2,884	\$3,062	\$3,955	\$892	29.1%
Deficiency – HEIF Swap		1,595			
Total HEIF	\$2,884	\$4,657	\$3,955	-\$702	-15.1%
Total State Operating Funds	\$60,828	\$63,046	\$73,943	\$10,898	17.3%
Other Unrestricted Funds	\$119,607	\$121,344	\$124,086	\$2,741	2.3%
CARES/CRRSAA/ARPA – Direct Support	7,939	8,390			
Transfer (to)/from Fund Balance	-9,383	4,491	-1,806		
Net Unrestricted Funds	\$178,991	\$197,272	\$196,223	-\$1,049	-0.5%
Restricted Funds	\$14,433	\$13,875	\$13,940	\$65	0.5%
CARES/CRRSSA/ARPA – Direct Federal Support	3,550	8,403	0	-8,403	
Total Restricted Funds	\$17,983	\$22,278	\$13,940	-\$8,338	-37.4%
Total Funds	\$196,974	\$219,550	\$210,163	-\$9,387	-4.3%

ARPA: American Rescue Plan Act

CARES: Coronavirus Aid, Relief, and Economic Security

CRRSA: Coronavirus Response and Relief Supplemental Appropriations Act of 2021

HEIF: Higher Education Investment Fund

Note: The fiscal 2022 working appropriation is adjusted to reflect general salary increases, increments, a one-time bonus, and a deficiency appropriation. The fiscal 2023 allowance is adjusted to reflect the annualization of fiscal 2022 general salary increases and increments and fiscal 2023 3% general salary increase and increments. The personnel actions are budgeted within the Department of Budget and Management Statewide Expenses.

Source: Governor’s Fiscal 2023 Budget Books; Department of Legislative Services

The additional fiscal 2023 State support provides:

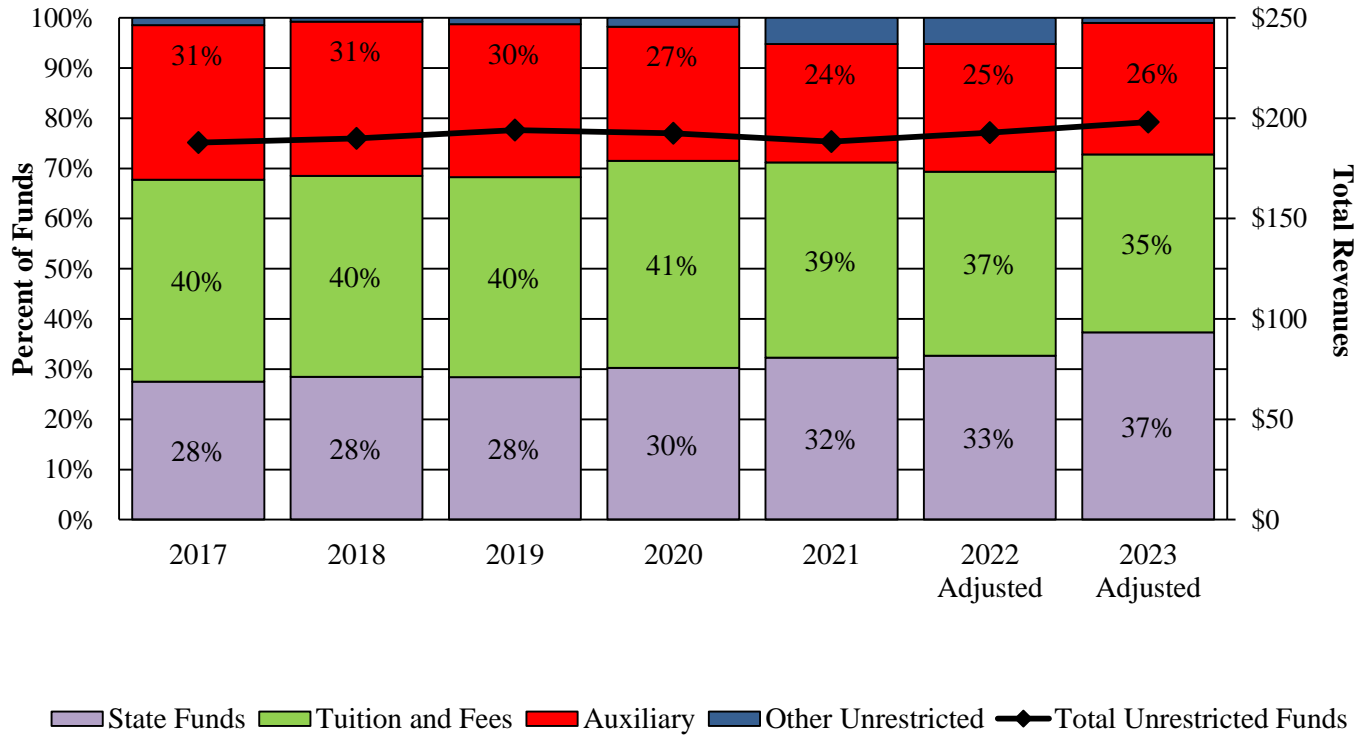
- \$4.8 million for annualization of a fiscal 2022 general salary increase and increments and fiscal 2023 general salary increase and increments;
- \$3.3 million to restore funding related to the reduction taken by BPW in fiscal 2021;
- \$1.8 million for increases related to various statewide allocations and rate changes; and
- \$1.0 million as mandated in Chapter 683 for funding guideline attainment.

Other unrestricted funds increase by 2.3%, or \$2.7 million, primarily due to an increase of \$2.8 million in auxiliary revenues. This increase is partly offset by a decline of \$0.4 million in tuition and fee revenues. While this estimate was based on a planned 2% increase in resident tuition, it also accounts for enrollment levels including a projected 1% decrease in undergraduate and a 2% increase in graduate enrollment. Net unrestricted funds decline \$1.0 million, or 0.5%, and restricted funds decrease 37.4%, or \$8.3 million, due to the anticipated use of the remaining federal relief funds in fiscal 2022. Overall, this resulted total funds declining 4.3%, or \$9.4 million.

Unrestricted Revenues and Expenditures

The financial impact of COVID-19 can be seen in fiscal 2021 with a revenue decline of \$4.2 million, to \$188.4 million, compared to fiscal 2019, as shown in **Exhibit 12**. In fiscal 2021, SU de-densified campus while most classes were taught remotely, which led to a \$7.1 million and \$6.1 million decline in auxiliary and tuition and fee revenues, respectively. The loss in revenues was partly offset by the use of \$6.6 million in federal relief funds. In fiscal 2022, even though tuition and fees decline by \$2.6 million, total revenues increase \$4.4 million partly due to the use of \$8.0 million in federal relief funds. While total revenues exceed the prepandemic level in fiscal 2022, the composition has changed with general funds comprising the largest share of the revenues at 37% compared to 28% in fiscal 2019. Prior to the pandemic, tuition and fees accounted for 40% and auxiliary 30% of revenues but, by fiscal 2023, these revenues account for 35% and 26%, respectively. If the enrollment continues to decline, tuition and fees will continue to account for less of the revenues.

Exhibit 12
Unrestricted Revenues by Fund Source
Fiscal 2017-2023
(\$ in Thousands)



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

Source: Governor’s Fiscal 2023 Budget Books; Department of Legislative Services

Personnel Data

	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 22-23</u>
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>
Regular Positions	1,085.00	1,096.00	1,096.00	0.00
Contractual FTEs	<u>360.46</u>	<u>371.20</u>	<u>356.70</u>	<u>-14.50</u>
Total Personnel	1,445.46	1,467.20	1,452.70	-14.50

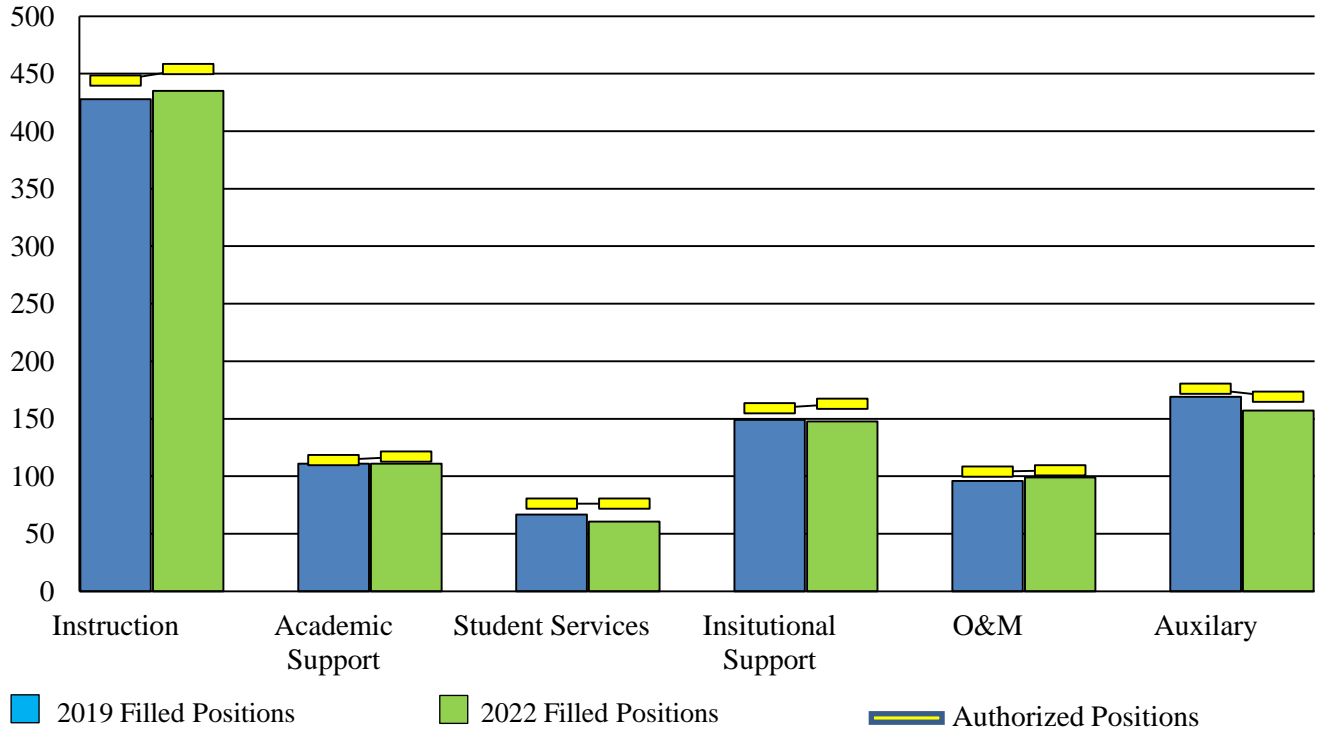
Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	60.39	5.51%
Positions and Percentage Vacant as of 12/31/21	68.00	6.20%
Vacancies Above Turnover	7.61	

- USM institutions have personnel autonomy and may create or abolish positions during the fiscal year. In the year to date, SU created 11.0 State-supported positions: 5 are related to funding provided to expand health programs; 3 are related to SU’s strategic initiatives and priorities; 2 are in student service; and 1 is related to diversity and inclusion.

Between fall 2019 and 2021, the vacancy rate in all positions, excluding research and public service, increased from 5.0% (53.65 full-time equivalents (FTE)) to 6.8% (73.65 FTE). As shown in **Exhibit 13**, the largest percentage increase in vacant positions (11.3 percentage points) occurred in student services, which is of concern as these are “front” line positions who work directly with the students to provide needed services. While the number of authorized positions for institutional support increase by 4.0 FTEs, the number of unfilled positions increased by 5 FTEs, resulting in the vacancy rate of 10.3%. In fiscal 2022, while the number of auxiliary positions declined by 7, the number of vacant positions grew from 7 to 12, which may reflect the reduction of services in 2020 and 2021 and the current challenges to filling positions.

Exhibit 13
Comparison Authorized and Filled Positions
Fiscal 2019 and 2022



O&M: operations and maintenance

Source: Department of Budget and Management; Department of Legislative Services

Operating Budget Recommended Actions

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

**Appendix 1
Object/Fund Difference Report
Salisbury University**

<u>Object/Fund</u>	<u>FY 21 Actual</u>	<u>FY 22 Working Appropriation</u>	<u>FY 23 Allowance</u>	<u>FY 22 - FY 23 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	1,085.00	1,096.00	1,096.00	0.00	0%
02 Contractual	360.46	371.20	356.70	-14.50	-3.9%
Total Positions	1,445.46	1,467.20	1,452.70	-14.50	-1.0%
Objects					
01 Salaries and Wages	\$ 102,767,140	\$ 103,570,841	\$ 104,482,327	\$ 911,486	0.9%
02 Technical and Special Fees	20,993,347	22,735,688	21,075,880	-1,659,808	-7.3%
03 Communication	368,900	414,947	414,947	0	0%
04 Travel	352,865	1,809,484	934,484	-875,000	-48.4%
06 Fuel and Utilities	3,285,391	5,953,085	5,203,085	-750,000	-12.6%
07 Motor Vehicles	43,734	111,745	112,825	1,080	1.0%
08 Contractual Services	13,873,013	17,383,521	15,184,933	-2,198,588	-12.6%
09 Supplies and Materials	7,059,651	9,606,660	8,906,660	-700,000	-7.3%
10 Equipment – Replacement	1,235,748	942,985	892,985	-50,000	-5.3%
11 Equipment – Additional	977,075	1,191,754	881,754	-310,000	-26.0%
12 Grants, Subsidies, and Contributions	26,999,304	32,713,886	24,213,901	-8,499,985	-26.0%
13 Fixed Charges	11,759,864	11,921,523	11,118,396	-803,127	-6.7%
14 Land and Structures	7,258,071	7,685,287	8,439,922	754,635	9.8%
Total Objects	\$ 196,974,103	\$ 216,041,406	\$ 201,862,099	-\$ 14,179,307	-6.6%
Funds					
40 Unrestricted Fund	\$ 178,991,178	\$ 193,763,124	\$ 187,922,099	-\$ 5,841,025	-3.0%
43 Restricted Fund	17,982,925	22,278,282	13,940,000	-8,338,282	-37.4%
Total Funds	\$ 196,974,103	\$ 216,041,406	\$ 201,862,099	-\$ 14,179,307	-6.6%

Note: The fiscal 2022 appropriation does not include deficiency appropriations. The fiscal 2022 working appropriation and fiscal 2023 allow do not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management, which include cost-of-living adjustments, increments, bonuses, and may include annual salary review adjustments.

**Appendix 2
Fiscal Summary
Salisbury University**

<u>Program/Unit</u>	<u>FY 21 Actual</u>	<u>FY 22 Wrk Approp</u>	<u>FY 23 Allowance</u>	<u>Change</u>	<u>FY 22 - FY 23 % Change</u>
01 Instruction	\$ 60,498,096	\$ 62,362,437	\$ 62,258,501	-\$ 103,936	-0.2%
02 Research	1,676,392	1,437,439	1,437,721	282	0%
03 Public Service	7,695,705	7,597,532	7,183,335	-414,197	-5.5%
04 Academic Support	17,216,089	17,744,920	17,063,201	-681,719	-3.8%
05 Student Services	10,192,311	10,603,217	8,619,727	-1,983,490	-18.7%
06 Institutional Support	18,558,379	22,216,916	22,981,198	764,282	3.4%
07 Operation and Maintenance of Plant	20,224,242	24,057,901	23,801,642	-256,259	-1.1%
08 Auxiliary Enterprises	35,793,192	38,983,774	35,979,489	-3,004,285	-7.7%
17 Scholarships and Fellowships	25,119,697	31,037,270	22,537,285	-8,499,985	-27.4%
Total Expenditures	\$ 196,974,103	\$ 216,041,406	\$ 201,862,099	-\$ 14,179,307	-6.6%
Unrestricted Fund	\$ 178,991,178	\$ 193,763,124	\$ 187,922,099	-\$ 5,841,025	-3.0%
Restricted Fund	17,982,925	22,278,282	13,940,000	-8,338,282	-37.4%
Total Appropriations	\$ 196,974,103	\$ 216,041,406	\$ 201,862,099	-\$ 14,179,307	-6.6%

Note: The fiscal 2022 appropriation does not include deficiency appropriations. The fiscal 2022 working appropriation and fiscal 2023 allowance do not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management, which include cost-of-living adjustments, increments, bonuses, and may include annual salary review adjustments.