

**R30B29**  
**Salisbury University**  
**University System of Maryland**

***Operating Budget Data***

(\$ in Thousands)

	<u>FY 09</u> <u>Actual</u>	<u>FY 10</u> <u>Working</u>	<u>FY 11</u> <u>Allowance</u>	<u>FY 10-11</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Funds	\$35,768	\$37,165	\$39,818	\$2,653	7.1%
Contingent & Back of Bill Reductions	0	0	-694	-694	
<b>Adjusted General Fund</b>	<b>\$35,768</b>	<b>\$37,165</b>	<b>\$39,124</b>	<b>\$1,959</b>	<b>5.3%</b>
Special Funds	2,899	1,498	0	-1,498	-100.0%
<b>Adjusted Special Fund</b>	<b>\$2,899</b>	<b>\$1,498</b>	<b>\$0</b>	<b>-\$1,498</b>	<b>-100.0%</b>
Other Unrestricted Funds	80,579	90,393	93,021	2,629	2.9%
Contingent & Back of Bill Reductions	0	0	-519	-519	
<b>Adjusted Other Unrestricted Fund</b>	<b>\$80,579</b>	<b>\$90,393</b>	<b>\$92,503</b>	<b>\$2,110</b>	<b>2.3%</b>
Total Unrestricted Funds	119,246	129,055	132,839	3,784	2.9%
Contingent & Back of Bill Reductions	0	0	-1,213	-1,213	
<b>Adjusted Total Unrestricted Funds</b>	<b>\$119,246</b>	<b>\$129,055</b>	<b>\$131,627</b>	<b>\$2,572</b>	<b>2.0%</b>
Restricted Funds	7,373	7,436	7,436	0	
<b>Adjusted Restricted Fund</b>	<b>\$7,373</b>	<b>\$7,436</b>	<b>\$7,436</b>	<b>\$0</b>	<b>0.0%</b>
<b>Adjusted Grand Total</b>	<b>\$126,619</b>	<b>\$136,491</b>	<b>\$139,063</b>	<b>\$2,572</b>	<b>1.9%</b>

Note: For purposes of illustration, the Department of Legislative Services has estimated the distribution of selected across-the-board reductions. The actual allocations are to be developed by the Administration.

- General funds increase \$2.7 million, or 7.1%, in the fiscal 2011 allowance. However, after adjusting for \$1.5 million in Higher Education Investment Funds in fiscal 2010 that are budgeted as general funds in fiscal 2011 and across-the-board reductions related to employee furloughs and health insurance savings, the underlying increase is \$461,529, or 1.2%, over fiscal 2010.
- Other unrestricted funds increase \$2.6 million, or 2.9%; though when adjusting for across-the-board reductions to employee furloughs and health insurance savings, the increase is \$2.1 million, or 2.3%.

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

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***Personnel Data***

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	<b><u>FY 09 Actual</u></b>	<b><u>FY 10 Working</u></b>	<b><u>FY 11 Allowance</u></b>	<b><u>FY 10-11 Change</u></b>
Regular Positions	914.00	931.00	931.00	0.00
Contractual FTEs	<u>310.50</u>	<u>310.50</u>	<u>320.00</u>	<u>9.50</u>
<b>Total Personnel</b>	<b>1,224.50</b>	<b>1,241.50</b>	<b>1,251.00</b>	<b>9.50</b>

***Vacancy Data: Regular Positions***

Turnover and Necessary Vacancies, Excluding New Positions	43.20	4.64%
Positions and Percentage Vacant as of 12/31/09	68.0	7.30%

- As of December 31, 2009, Salisbury University (SU) had 68.0 vacant positions, of which 54.0 are State-supported.
- The allowance reflects an increase of 9.5 contractual positions for additional adjunct faculty to support enrollment growth.

## ***Analysis in Brief***

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### **Major Trends**

***Two-year Retention for African American Students Declines:*** In fiscal 2009, two-year retention rates for African American students declined 10 percentage points to 76% from fiscal 2008 when the African American retention rate was the highest reported since the 1987 cohort. SU attributes the decline to the subgroup's small cohort size and to a larger than normal proportion of students transferring to another four-year institution.

***Six-year Graduation Rates Remain Level:*** Six-year graduation rates for all students remained at 75% for the third consecutive year in fiscal 2009, which is expected to continue in fiscal 2010. This level exceeds SU's target of 73%.

### **Issues**

***Making College Affordable:*** SU has shifted the use of institutional aid resources from majority merit and mission aid to majority need-based since fiscal 2006. In fiscal 2010, 58.6% of SU's institutional aid was awarded as need-based aid. Despite this shift, in fiscal 2008, SU's institutional aid met only 11.0% of the financial need among students with \$0 expected family contribution. In comparison, institutional aid at public four-year institutions in Maryland on average met 20.0% of the need of students in this group in fiscal 2008.

***Undergraduate Enrollment Increases in Fiscal 2010 Despite Budgeted Level Enrollment:*** Although SU planned on level enrollment in fiscal 2010 due to budget constraints, the Maryland Higher Education Commission's (MHEC) 2009 Opening Fall Enrollments indicate that undergraduate headcount enrollment increased 3.8%. MHEC projections for fall 2010 show a 0.9% growth in undergraduate students, though the fiscal 2011 budget again anticipates level enrollment.

### **Recommended Actions**

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



**R30B29**  
**Salisbury University**  
**University System of Maryland**

***Operating Budget Analysis***

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**Program Description**

Salisbury University (SU) is a comprehensive university emphasizing undergraduate liberal arts; sciences; pre-professional and professional programs; and select, mostly applied, graduate programs. SU prepares students to pursue careers in a global economy and to meet the State's workforce needs. The university aims to empower students with knowledge, skills, and core values that contribute to active citizenship, gainful employment, and life-long learning.

SU is recognized nationally for excellence by its peers and regionally for its commitment to model programs in civic engagement. The university will continue to enhance the quality of life for students, the State and the region. Although SU emphasizes undergraduate education, it also provides specialized master's degree programs that uniquely serve regional areas of need. SU seeks to prepare students for a life of leadership and cultural appreciation through academics and participation in university activities and organizations.

**Carnegie Classification:** Master's L: Master's Colleges and Universities (Larger Programs)

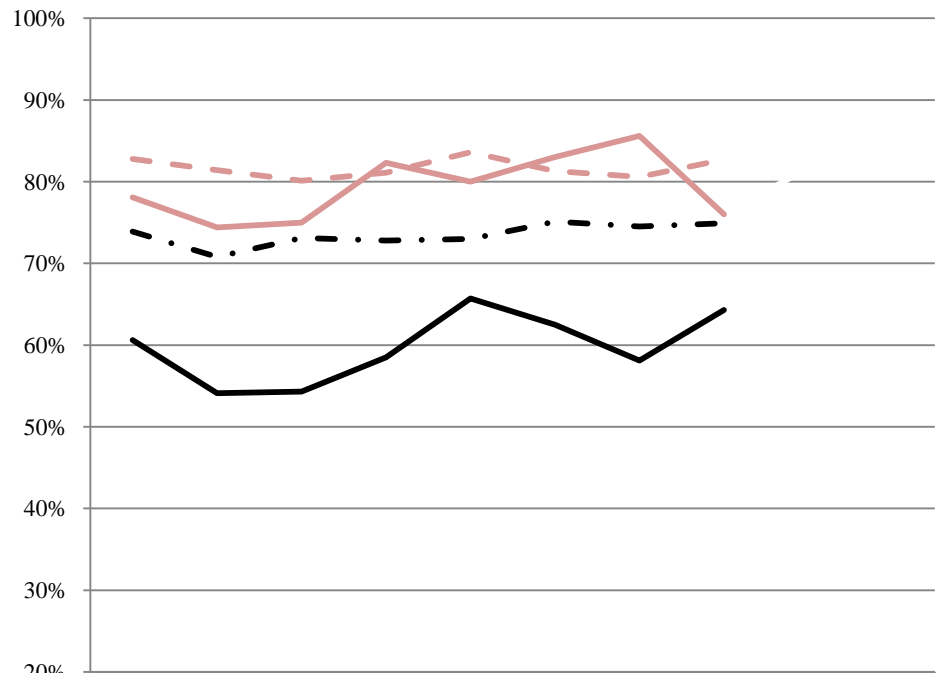
<b>Fall 2009 Undergraduate Enrollment Headcount</b>		<b>Fall 2009 Graduate Enrollment Headcount</b>	
Male	3,379	Male	257
Female	4,178	Female	390
<b>Total</b>	<b>7,557 (36 at RHECs)</b>	<b>Total</b>	<b>647 (30 at RHECs)</b>
<b>Fall 2009 New Students Headcount</b>		<b>Campus (Main Campus)</b>	
First-time	1,276	Acres	155
Transfers/Others	866	Buildings	55
Graduate	99	Average Age	43.1
<b>Total</b>	<b>2,241</b>	Oldest	1925
<b>Programs</b>		<b>Degrees Awarded (2008-2009)</b>	
Bachelor's	42	Bachelor's	1,608
Master's	13	Master's	209
Doctoral	0	Doctoral	0
		<b>Total Degrees</b>	<b>1,826</b>

## **Performance Analysis: Managing for Results**

Improving retention and graduation rates, while advancing a student-centered environment, is a goal of SU. **Exhibit 1** shows trends in two-year retention and six-year graduation rates for all students and African American students at SU from fiscal 2002 to 2009. Two-year retention has fluctuated among all students since fiscal 2002 and is expected to increase in fiscal 2010 and 2011. Two-year retention among African American students has also fluctuated since fiscal 2002, rising above two-year retention for all students in fiscal 2005 and again in fiscal 2008 before declining significantly in fiscal 2009 to 76%. Two-year retention for African American students is expected to increase to 82% in fiscal 2010 and 2011. SU attributes some of the fluctuation in retention among African American students to the cohort's small size of 129. A university study of this cohort revealed that a larger than normal percentage of African American students transferred to other four-year institutions in that year. In addition, retention was especially low among out-of-state African American students with undeclared majors. **The President should comment on actions being taken to improve two-year retention among African American students.**

The six-year graduation rate for all students remained level between fiscal 2004 and 2006, increased to 75% in fiscal 2007, and has remained level since. The six-year graduation rate for African American students increased from fiscal 2004 to 2006, declined until fiscal 2008, and stabilized in 2009 to 64%, closing the graduation rate gap between all students and African American students to 11 percentage points. The 10 percentage point decline in two-year retention rates among this group in fiscal 2009, however, could indicate that the achievement gap is likely to grow in future years. In 2007, the University System of Maryland (USM) launched a Closing the Achievement Gap initiative to cut in half the graduation rate gap between minority and majority students. SU's goal is to reduce the four-year graduation rate gap between white students and African American students from 29 percentage points for the 2002 cohorts to 14.5 percentage points. **The President should comment on the implementation of SU's achievement gap plan, particularly in light of recent budget constraints.**

**Exhibit 1  
Retention and Graduation  
Fiscal 2002-2011**



	2002	2003	2004	2005	2006	2007	2008	2009	2010 Est.	2011 Est.
Two-year Retention All Students	83%	81%	80%	81%	84%	81%	81%	83%	86%	87%
Two-year Retention African American	78%	74%	75%	82%	80%	83%	86%	76%	82%	82%
Six-year Graduation All Students	74%	71%	73%	73%	73%	75%	75%	75%	75%	76%
Six-year Graduation African American	61%	54%	54%	59%	66%	63%	58%	64%	65%	66%

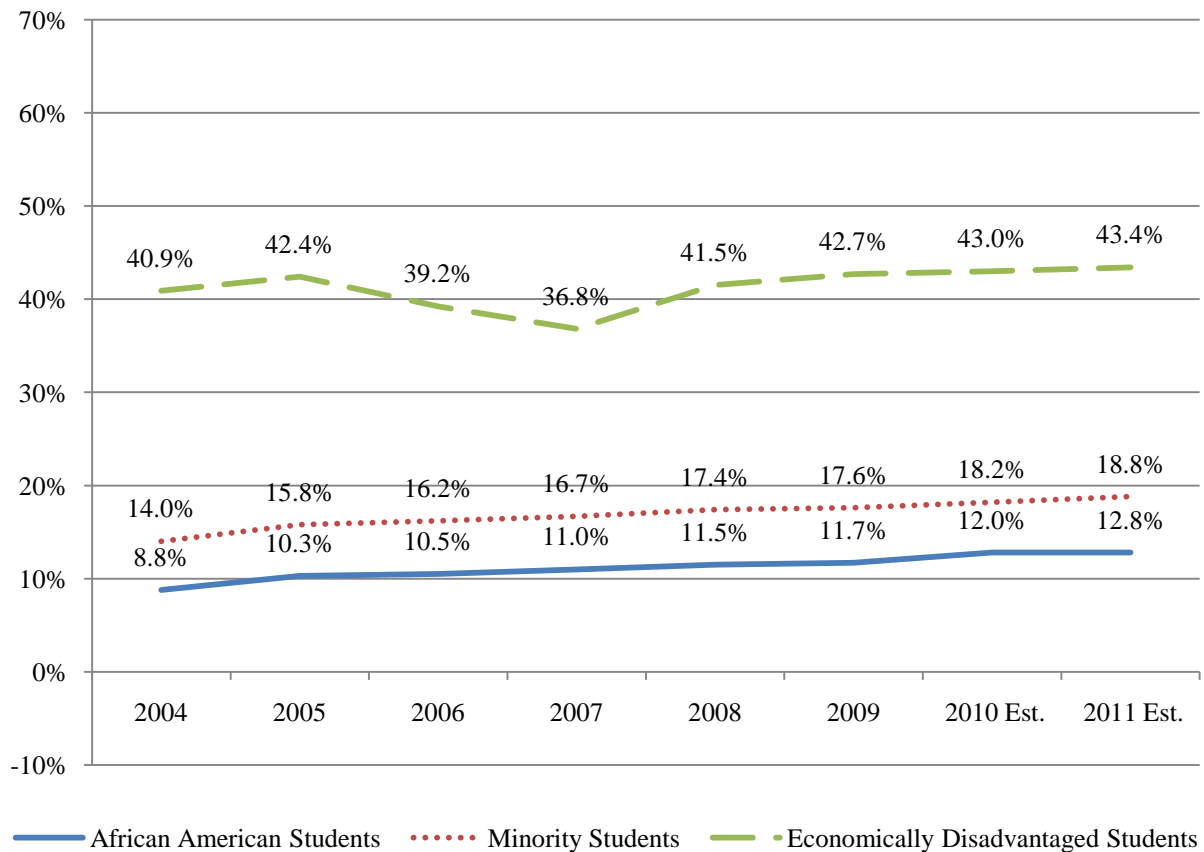
Note: Fiscal 2009 two-year retention data reflects the 2007 cohort, and six-year graduation rate data reflects the 2002 cohort.

Source: Fiscal 2002-2009 data is from the Maryland Higher Education Commission; Fiscal 2010-2011 data from the Governor’s Budget Books, Fiscal 2011

**Exhibit 2** shows trends in enrollment of students from diverse backgrounds. Enrollment of economically disadvantaged students, defined as those qualifying for need-based financial assistance, decreased in fiscal 2006 and 2007 before increasing in fiscal 2009. The number of economically disadvantaged students is expected to increase slightly in fiscal 2010 and 2011 as well, though it is not expected to reach SU’s 2009 target of 46%. African American and minority enrollment has increased since fiscal 2004 and is expected to continue to grow in fiscal 2010 and 2011. SU has

increased the minority student population through enhanced visibility in selected high schools on the Western Shore, additional marketing efforts, the expansion of institutional scholarship programs, and expanded efforts by the Office of Multiethnic Student Services. **The President should comment on university efforts to improve diversity in light of recent findings that African American student retention has declined.**

**Exhibit 2  
Trends in Diversity Enrollment  
Fiscal 2004-2011**



Source: Governor’s Budget Books, Fiscal 2005, 2007, 2009, and 2011

### **Impact of Cost Containment**

The Board of Public Works (BPW) approved two cost containment measures resulting in a \$1.1 million reduction to SU’s State appropriations. In July 2009, BPW approved the first cost containment measure which resulted in a \$708,755, or 1.8%, decrease in SU’s State appropriation. A second reduction was approved in August 2009, which led to a \$368,344 decrease in federal stimulus

funds, representing 0.9% of SU's State appropriation. To accommodate these reductions, SU eliminated 3 vacant positions; reduced funds for facilities renewal and utility costs; and delayed routine maintenance such as painting, structural repairs, and chiller replacements.

Additionally, SU reduced its current salary and wage budget by \$1.0 million, \$438,060 in federal stimulus funds and \$584,557 in current unrestricted funds, as part of the statewide furlough. According to SU's plan, the university will be closed for five furlough days over spring break. The number of furlough days an employee takes is based on his or her annual salary, and employees that are required to take furlough days beyond the five designated closure days, may schedule those days over the remainder of the fiscal year. Employees earning up to \$70,000 must take between three and four furlough days and may use annual, personal, and/or holiday leave to cover the closure days beyond their required furlough period. All furlough days must be taken by June 15, 2010. Employees with H-1B visa status and some positions fully funded from grants are exempt. Classes will not be cancelled due to the furlough.

SU will move \$584,557 of unrestricted funds related to the furlough to the fund balance which will then be transferred via the Administration's Budget Reconciliation and Financing Act (BRFA) of 2010, to the general fund. In addition, the BRFA of 2010 includes a \$65.0 million reduction of USM's fund balance of which SU's portion is \$2.5 million. After the transfer, SU is expected to have a \$9.2 million State-supported fund balance.

### **Federal Stimulus Fund**

In fiscal 2010, SU was awarded three non-research American Recovery and Reinvestment Act of 2009 (ARRA) grants totaling \$761,873. These grants include \$79,041 to continue work as an AmeriCorps sub-contractor; \$180,000 to develop modules identifying location, pattern and trends in criminal activity through the Eastern Shore Regional Geographic Information Systems (GIS) cooperative in partnership with the Salisbury Police Department; and \$502,832 to research and map broadband in Maryland through the Eastern Shore Regional GIS cooperative and the Business, Economic and Community Outreach Network.

### **Proposed Budget**

As shown in **Exhibit 3**, SU's total State allowance for fiscal 2011, including general funds and Higher Education Investment Funds (HEIF), is \$39.1 million. This reflects a 1.2% increase from fiscal 2010 when across-the-board actions including employee furloughs and health insurance savings of \$694,006 in general funds are accounted for. Total unrestricted funds increase \$2.6 million, or 2.0%, after accounting for employee furlough and health insurance savings of \$518,729. Restricted funds show no change in the fiscal 2011 allowance.

**Exhibit 3**  
**Governor’s Proposed Budget**  
**Salisbury University**  
**(\$ in Thousands)**

	<u>Actual</u> <u>FY 09</u>	<u>Working</u> <u>FY 10</u>	<u>Adjusted</u> <u>Allowance</u> <u>FY 11</u>	<u>Change</u> <u>FY 10-11</u>	<u>% Change</u> <u>Prior Year</u>
General Funds	\$35,768	\$37,165	\$39,124	\$1,959	5.3%
HEIF*	2,899	1,498	0	-1,498	-100.0%
Total State Funds	38,667	38,662	39,124	462	1.2%
Other Unrestricted Funds	80,579	90,393	92,503	2,110	2.3%
Total Unrestricted Funds	119,246	129,055	131,627	2,572	2.0%
Restricted Funds	7,373	7,436	7,436		0.0%
<b>Total Funds</b>	<b>\$126,619</b>	<b>\$136,491</b>	<b>\$139,063</b>	<b>\$2,572</b>	<b>1.9%</b>

HEIF: Higher Education Investment Fund

\* Higher Education Investment Fund appropriations in fiscal 2010 were reduced \$148,464 due to under attainment of revenues.

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

Source: Governor’s Proposed Budget

The fiscal 2011 allowance provides \$577,886 in unrestricted funds to pay for critical scientific equipment replacement and additional faculty required to support enrollment growth. SU has also assumed additional costs in the fiscal 2011 allowance associated with fiscal 2010 enrollment growth, which is estimated to be \$506,241.

Unrestricted fund budget changes in the allowance by program are shown in **Exhibit 4**. This exhibit considers only unrestricted funds which are comprised mostly of general funds and tuition and fee revenues. In fiscal 2010, research and public service show the largest increases at 10.9 and 24.9%, respectively, though these categories represent a small part of the budget. Meanwhile, academic support and student services declined 4.1 and 0.3%, respectively. SU attributes declines in academic support to a reallocation of funds to cover mandatory health benefit and retirement costs. Expenditures in academic support also declined as positions were vacated and then frozen. Fiscal 2010 reductions to student services are also credited to a decrease in personnel expenses related to the hiring freeze. Operation and maintenance of plant, the largest category excluding instruction, increased 4.4% in fiscal 2010. In fiscal 2011, all categories show an increase over fiscal 2010 levels. Scholarships and fellowships show the greatest percentage increase at 5.0% as institutional funds are being used to cover endowed scholarships that are unavailable due to underperforming investments. Operation and maintenance of plant also increase 4.6%.

**Exhibit 4**  
**Budget Changes for Unrestricted Funds by Program**

	<u>2009</u>	<u>Working 2010</u>	<u>% Change 2009-10</u>	<u>Allowance 2011</u>	<u>\$ Change 2010-11</u>	<u>% Change 2010-11</u>
<b>Expenditures</b>						
Instruction	\$41,096	\$43,646	6.21%	\$45,166	\$1,520	3.48%
Research	386	428	10.88%	437	9	2.22%
Public Service	1,232	1,538	24.88%	1,545	7	0.46%
Academic Support	8,395	8,049	-4.12%	8,228	179	2.22%
Student Services	5,027	5,013	-0.28%	5,213	200	3.99%
Institutional Support	12,609	12,820	1.67%	13,101	281	2.19%
Operation and Maintenance of Plant	13,329	13,920	4.44%	14,553	633	4.55%
Scholarships and Fellowships	3,951	3,974	0.58%	4,172	199	5.00%
<b>Subtotal Education and General</b>	<b>\$86,024</b>	<b>\$89,388</b>	<b>3.91%</b>	<b>\$92,416</b>	<b>\$3,028</b>	<b>3.39%</b>
Auxiliary Enterprises	33,222	39,667	19.40%	40,423	756	1.91%
Pending Unrestricted Reductions				-1,213	-1,213	
<b>Total</b>	<b>\$119,246</b>	<b>\$129,055</b>	<b>8.23%</b>	<b>\$131,627</b>	<b>\$2,572</b>	<b>1.99%</b>
<b>Revenues</b>						
Tuition and Fees	49,614	50,027	0.83%	51,282	1,255	2.51%
General Funds	35,768	37,165	3.90%	39,124	1,959	5.27%
Higher Education Investment Fund	2,899	1,498	-48.33%	0	-1,498	-100.00%
Other	987	2,088	111.48%	1,594	-494	-23.65%
<b>Subtotal</b>	<b>\$89,267</b>	<b>\$90,777</b>	<b>1.69%</b>	<b>\$92,000</b>	<b>\$1,223</b>	<b>1.35%</b>
Auxiliary Enterprises	38,611	40,125	3.92%	40,956	831	2.07%
Transfers (to) from Fund Balance	-8,633	-1,847	-78.61%	-1,329	518	-28.03%
<b>Total</b>	<b>\$119,246</b>	<b>\$129,055</b>	<b>8.23%</b>	<b>\$131,627</b>	<b>\$2,572</b>	<b>1.99%</b>

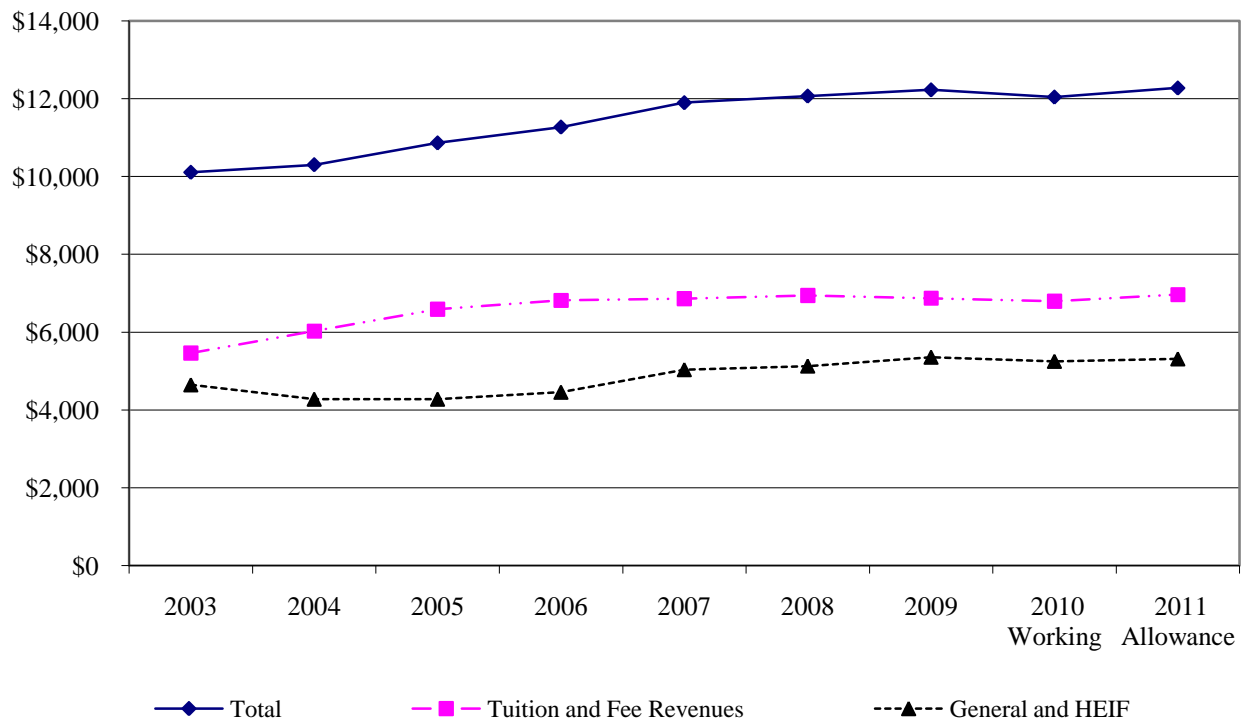
Note: Fiscal 2011 revenues are reduced by \$694,006 in general funds and \$518,729 in other unrestricted funds to reflect across-the-board reductions.

Source: Governor's Budget Books, Fiscal 2011

## Tuition and Fees and State Revenues

**Exhibit 5** shows tuition and fees and State revenues per full-time equivalent student (FTES) between fiscal 2003 and 2011. In fiscal 2011, SU’s in-state undergraduate full-time tuition and mandatory fee rate, pending Board of Regents approval, will be \$6,908. This 4.4% increase is due largely to a 3% tuition increase and a 19.0% increase in student athletic fees. Tuition and fee revenues increased from fiscal 2003 to 2008 but declined in fiscal 2009 and 2010 due to a curriculum change in the Fulton School of Liberal Arts that enhanced three-credit courses to four-credits. As a result of this transition, the same number of students generates more student credit hours, increasing FTES but not revenue. It was expected that the effects of this transition would take two years to be fully realized as many students take the bulk of their general education courses in their first and second years. Tuition and fee revenues in fiscal 2011 are expected to stabilize due to the tuition increase.

**Exhibit 5**  
**Salisbury University Tuition and Fees and State Revenues**  
**Per Full-time Equivalent Student**  
**Fiscal 2003-2011**



HEIF: Higher Education Investment Fund

Source: Governor’s Budget Books, Fiscal 2010 and 2011

## **Impact of Cost Containment**

In addition to the \$11.7 million cash transfer from USM's fund balance related to the furlough, the BRFA of 2010 includes a \$40.0 million reduction of the fund balance of which SU's portion is \$1.5 million. After the transfer, SU's State-supported fund balance will total \$7.7 million. SU expects to transfer \$1.3 million to the fund balance in fiscal 2011. After the reductions and transfers, the total State and non-State supported fund balance in fiscal 2011 is estimated to be \$47.0 million.

Additionally, for fiscal 2011, language in the BRFA prohibits bonuses related to individual performance, merit increases, and cost-of-living adjustments, but allows salary increases necessary for faculty retention.

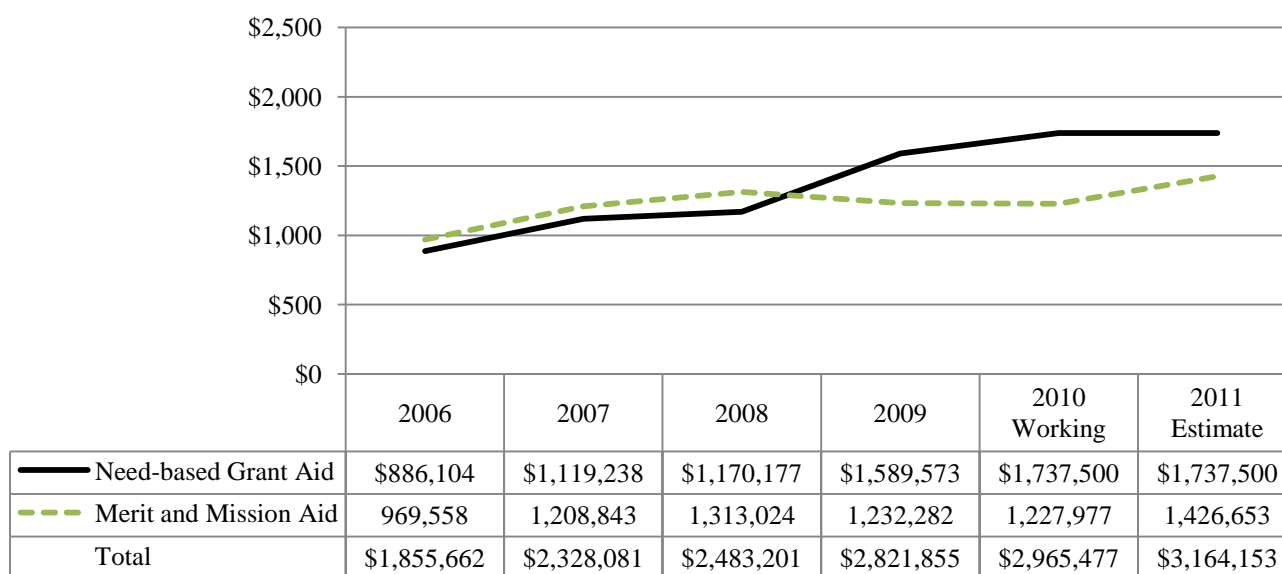
## Issues

### 1. Making College Affordable

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

**Exhibit 6** shows SU's distribution of undergraduate institutional aid between need-based and merit and mission awards from fiscal 2006 to 2011. In fiscal 2010, institutional aid increased \$143,622, or 5.1%. All of this increase was directed to need-based aid to replace financial aid typically awarded by the SU Foundation, which was not available as endowments suffered from the financial crisis. Need-based aid increased 9.3% in fiscal 2010 as a result, while merit and mission aid decreased slightly. In fiscal 2010, need-based and merit and mission aid represent 58.6 and 41.4% of undergraduate institutional aid, respectively. In contrast, merit and mission aid constituted the majority of SU's institutional aid in fiscal 2006. In fiscal 2011, undergraduate institutional aid is budgeted to increase 6.7% and is expected to be used for merit and mission aid, despite a planned 3.0% undergraduate resident tuition increase.

**Exhibit 6**  
**Salisbury University Institutional Aid**  
**Fiscal 2006-2011**  
**(\$ in Thousands)**



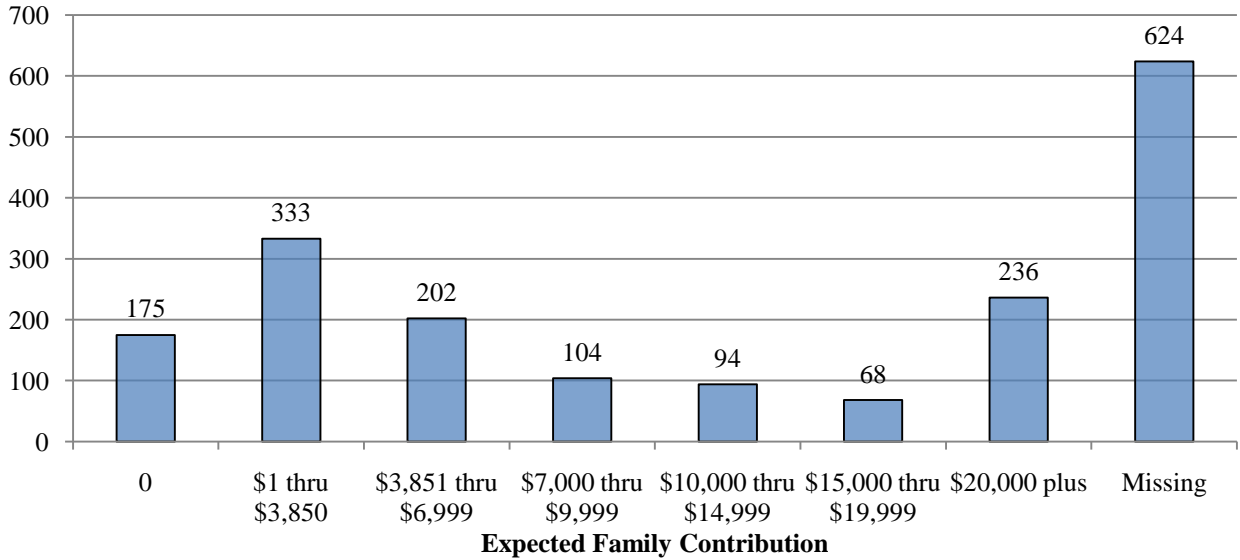
Source: University System of Maryland

The Maryland Higher Education Commission (MHEC) collects annual data for the Financial Aid Information System (FAIS) database, which provides a profile of students receiving financial aid. FAIS data has information for institutional aid awarded at SU to undergraduate students that completed the Free Application for Federal Student Aid (FAFSA) from which MHEC calculates the student's expected family contribution (EFC). In general, the lower a student's EFC, the greater their financial need. Students with an EFC of \$0 to \$3,850 are eligible for the Federal Pell Grant program and have the most need. **Exhibits 7 and 8** show the number of undergraduate recipients of institutional aid and the percentage of undergraduate student need met by institutional aid at SU by EFC. Among students who filed a FAFSA, SU provides the greatest number of awards to students with EFCs between \$0 and \$3,850, although these awards on average only meet 11% of need for students with \$0 EFC and 13% for those between \$1 and \$3,850. In comparison, public four-year institutions in Maryland on average meet 20% of student need for students with \$0 EFC and 15% for those between \$1 and \$3,850. When considering all financial aid sources, SU students with \$0 EFC and EFCs between \$1 and \$3,850 have 45 and 43% of their need met, respectively.

SU meets a smaller percentage of student need on average than other public four-year institutions at all EFC levels except for those with EFC's of \$20,000 or more. Nearly 40% of institutional awards were made to students who did not file a FAFSA and are "missing" EFC data as a result. At higher EFC levels, students have less financial need. As a result, small awards can satisfy a very large proportion of student need.

**The President should comment on the decision to level fund need-based undergraduate institutional aid in fiscal 2011 despite the planned 3.0% undergraduate resident tuition increase, and on the level of need SU meets for the neediest students. The President should also comment on the significant number of institutional awards provided to students that did not file a FAFSA.**

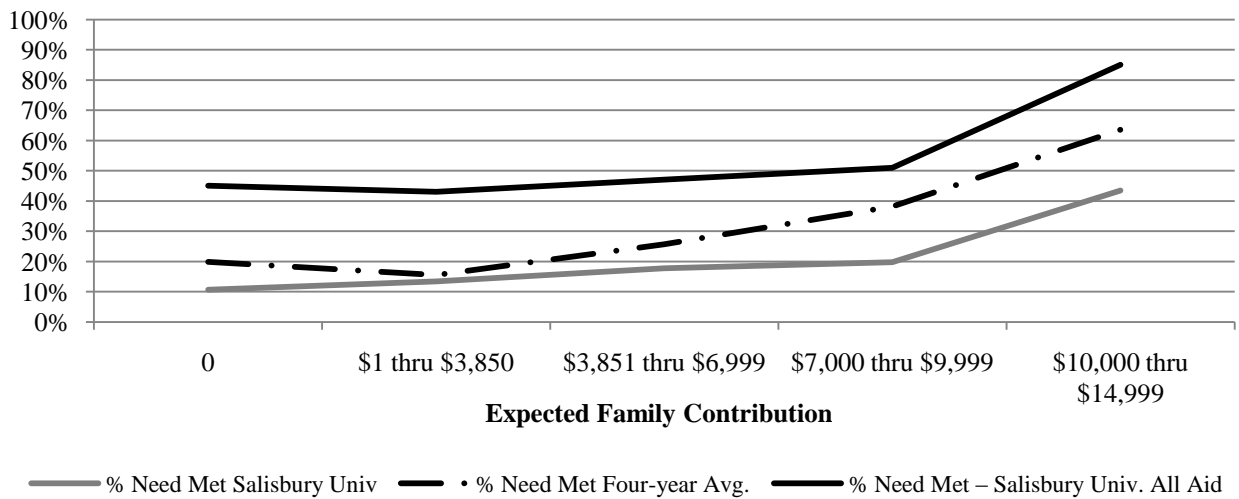
**Exhibit 7  
Institutional Aid Recipients by Expected Family Contribution  
Fiscal 2008**



Note: Missing category includes students who did not file a Free Application for Federal Student Aid.

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

**Exhibit 8  
Need Met by Expected Family Contribution  
Fiscal 2008**



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

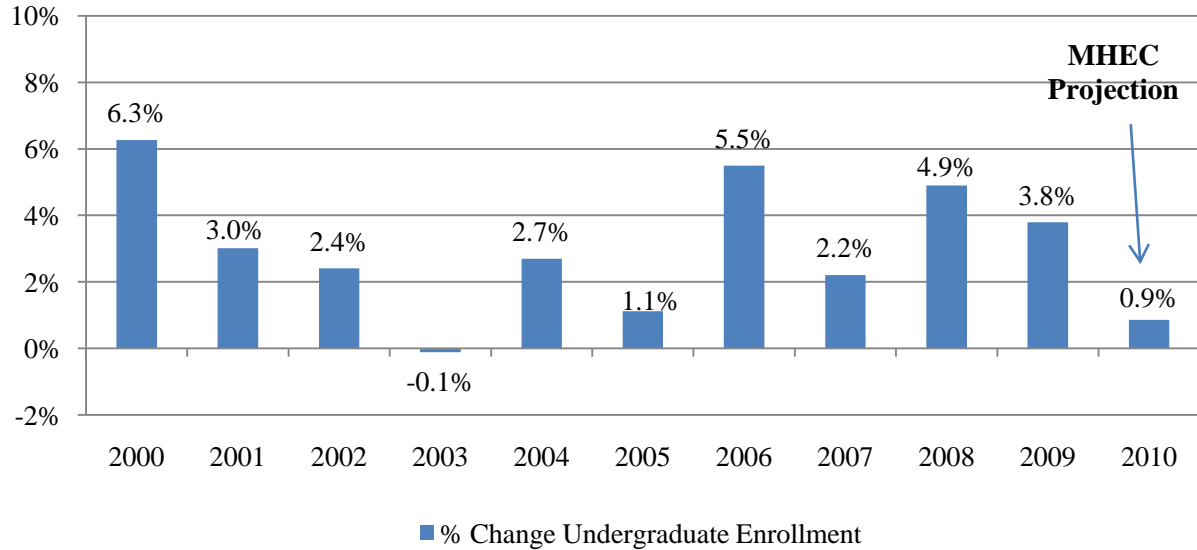
## **2. Undergraduate Enrollment Increases in Fiscal 2010 Despite Budgeted Level Enrollment**

In 2006, USM named the University of Maryland University College (UMUC), Towson University (TU), and SU designated growth institutions to satisfy increasing demand for undergraduate enrollment capacity at public four-year institutions. Bowie State University (BSU) was included as a growth institution in 2008 to increase the system's capacity for undergraduate expansion. These institutions were selected due to their status as comprehensive institutions, where growth is more cost effective, the existence of physical capacity on each campus to support growth, and a presidential commitment to expand. In fiscal 2010 and 2011, however, expansion at designated growth institutions was put on hold due to budget constraints. USM plans to direct undergraduate enrollment growth to designated growth institutions in the future, however, when budget pressures are relieved.

**Exhibit 9** shows SU's actual and estimated year-over-year growth in undergraduate students from fall 2000 to 2010, as reported by MHEC. Undergraduate headcount enrollment has increased steadily since fall 2004. Although SU budgeted level enrollment in fiscal 2010, MHEC's 2009 Opening Fall Enrollments indicate that undergraduate headcount enrollment increased 3.8%. MHEC projections show a 0.9% growth in undergraduate students in fall 2010 as well, though the fiscal 2011 budget also anticipates level enrollment.

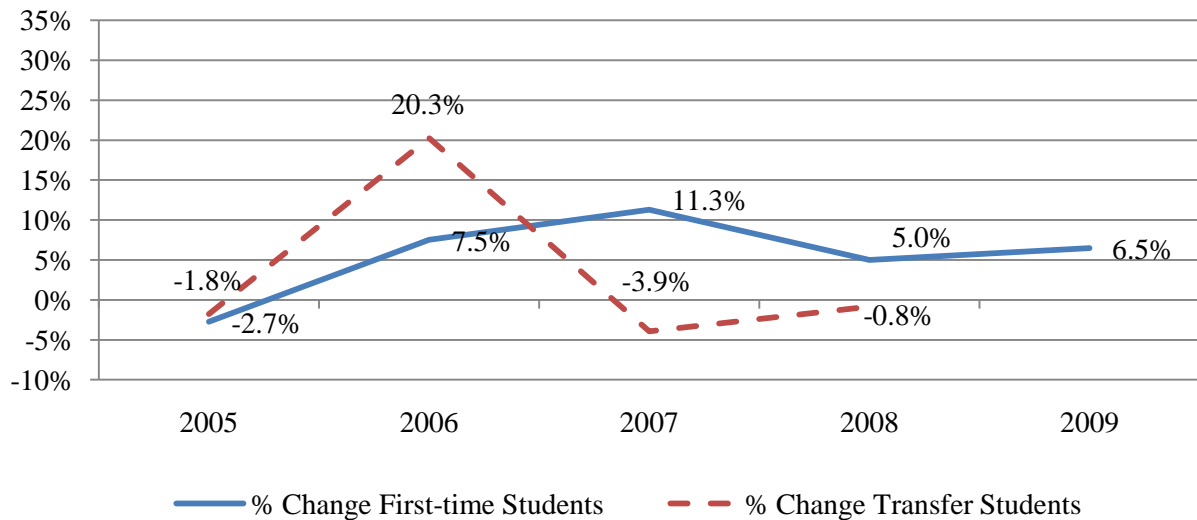
Increases in first-time student enrollment have continued despite the budgeted undergraduate enrollment freeze, as shown in **Exhibit 10**. In fall 2009, first-time student enrollment grew by 78, or 6.5%, over the previous year, the fourth consecutive year of enrollment growth among such students. From fall 2004 to 2008, first-time student headcount enrollment at SU has increased 22.2% to 1,201. Exhibit 10 also shows trends in transfer student enrollment. According to MHEC, the majority of students transferring into SU come from community colleges. After increasing significantly in fall 2006 due to an influx of applications, the number of transfer students enrolled declined in fall 2007 and 2008. SU reports closing admissions to transfer students in July 2008 for fall 2008 enrollment when enrollment goals for fiscal 2009 were exceeded. In 2009, admissions to transfer students were closed early for both fall and spring semesters due to budget constraints as well, which is likely to lead to a third consecutive year of declines in such enrollment. **The President should comment on the impact of the university's enrollment practices on access to students transferring to SU from other institutions, particularly community colleges, and on the university's ability to manage unplanned enrollment growth despite existing budget constraints.**

**Exhibit 9**  
**Salisbury University Percent Change in Undergraduate Enrollment**  
**Fall 2000-2010**



Source: Maryland Higher Education Commission, 2009 Trends in Enrollment by Race and Gender, Fall 2007-2008; Maryland Higher Education Commission 2009 Opening Fall Enrollment, November 2009; Maryland Higher Education Commission Enrollment Projections 2009-2018, June 2009

**Exhibit 10**  
**First-time and Transfer Undergraduate Student Headcount Growth**  
**Fall 2005–2009**



Source: Maryland Higher Education Commission 2009 Opening Fall Enrollment, November 2009; Salisbury University

## ***Recommended Actions***

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

## ***Current and Prior Year Budgets***

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

<b>Fiscal 2009</b>	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Federal Fund</u></b>	<b><u>Other Unrestricted Fund</u></b>	<b><u>Total Unrestricted Fund</u></b>	<b><u>Restricted Fund</u></b>	<b><u>Total</u></b>
Legislative Appropriation	\$36,203	\$2,218	\$0	\$82,813	\$121,234	\$6,066	\$127,300
Deficiency Appropriation	0	0	0	0	0	2,000	2,000
Budget Amendments	900	681	0	4,217	5,798	491	6,289
Cost Containment	-1,335	0	0	0	-1,335	0	-1,335
Reversions and Cancellations	0	0	0	-6,451	-6,451	-1,184	-7,635
<b>Actual Expenditures</b>	<b>\$35,768</b>	<b>\$2,899</b>	<b>\$0</b>	<b>\$80,579</b>	<b>\$119,246</b>	<b>\$7,373</b>	<b>\$126,619</b>
<b>Fiscal 2010</b>							
Legislative Appropriation	\$37,562	\$0	\$1,110	\$89,098	\$127,769	\$6,551	\$134,320
Cost Containment	-709	0	-1,110	-585	-2,403	0	-2,403
Budget Amendments	312	1,498	0	1,880	3,689	885	4,574
<b>Working Appropriation</b>	<b>\$37,165</b>	<b>\$1,498</b>	<b>\$0</b>	<b>\$90,393</b>	<b>\$129,055</b>	<b>\$7,436</b>	<b>\$136,491</b>

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

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## **Fiscal 2009**

General funds increased \$900,169 to cover costs associated with the fiscal 2009 cost-of-living adjustments but also decreased \$1,335,277 due to cost containment actions, including replacing general funds with revenues previously restricted for Other Post Employment Benefits liability costs, a hiring freeze, and employee furloughs.

Special funds increased \$1,047,077 from the HEIF authorized by the General Assembly to replace general funds reduced during the 2008 legislative session but later decreased \$366,103 to reflect a revised estimate of these corporate tax collections.

Unrestricted funds increased \$3,790,572 from additional tuition and fees and auxiliary revenue related to enrollment growth and changes in enrollment ratios across graduate and undergraduate programs, \$517,512 from increased investment income, and \$35,000 from an increase in federal grants and contracts. Unrestricted funds decreased \$126,000 due to transfers to fund balance and \$6,451,184 due to cancellations. These cancellations resulted from savings in personnel caused by the hiring freeze, lower than anticipated fuel and utility costs, the timing of cash flows related to projects spanning multiple fiscal years, and cost saving measures in technical and special fees, communications, travel, and motor vehicle operations.

Restricted funds increased \$2,000,000 due to a deficiency appropriation to provide adequate funds at mid-year when restricted expenditures were on pace to exceed the allocated amount; \$1,183,651 of this deficiency request was later cancelled as the timing and nature of restricted programs resulted in less than anticipated spending.

## **Fiscal 2010**

General funds declined by a total of \$397,077 through budget amendments and cost containment actions. This included \$708,755 in cost containment measures and an increase of \$311,678 from a USM reallocation of general funds among USM institutions.

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

Federal funds declined \$1,109,624 due to cost containment measures, thereby cancelling the appropriation.

Unrestricted funds increased \$1,294,951 overall due to a \$584,557 reduction from cost containment actions and a \$1,879,508 increase due primarily to tuition and fee revenues from additional enrollment and a change in the ratio of undergraduate and graduate students.

Restricted funds increased \$885,000 from an increase in contracts and grants and additional federal Pell grant funds.

## ***Audit Findings***

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Audit Period for Last Audit:	October 1, 2005 – August 27, 2008
Issue Date:	June 2009
Number of Findings:	6
Number of Repeat Findings:	2
% of Repeat Findings:	33%
Rating: (if applicable)	

**Finding 1:** SU did not adequately control certain critical transactions processed on its automated system.

**Finding 2:** Key administrative systems on the computer network were not adequately secured.

**Finding 3:** Controls over the Student Administration, Human Resources, and Financial Information Systems were not adequate to help prevent and detect unauthorized and inappropriate access.

**Finding 4:** Employees who received collections processed voided transactions without independent approval, and there was no documentation of a subsequent supervisory review.

**Finding 5:** Materials and supplies for SU's dining services were not adequately controlled.

**Finding 6:** Acquisitions were not always recorded in the equipment records and equipment was not always tagged for identification and control purposes.

\*Bold denotes item repeated in full or part from preceding audit report.

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

<u>Object/Fund</u>	<u>FY09 Actual</u>	<u>FY10 Working Appropriation</u>	<u>FY11 Allowance</u>	<u>FY10 - FY11 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	914.00	931.00	931.00	0	0%
02 Contractual	310.50	310.50	320.00	9.50	3.1%
<b>Total Positions</b>	<b>1224.50</b>	<b>1241.50</b>	<b>1251.00</b>	<b>9.50</b>	<b>0.8%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 62,492,825	\$ 65,845,693	\$ 68,172,090	\$ 2,326,397	3.5%
02 Technical and Spec. Fees	16,585,894	16,644,808	17,204,963	560,155	3.4%
03 Communication	422,959	468,184	468,152	-32	0%
04 Travel	1,422,033	1,262,051	1,262,051	0	0%
06 Fuel and Utilities	4,295,871	4,934,135	4,952,897	18,762	0.4%
07 Motor Vehicles	266,943	308,449	274,870	-33,579	-10.9%
08 Contractual Services	7,767,828	8,755,050	8,855,858	100,808	1.2%
09 Supplies and Materials	10,033,829	12,845,064	13,064,249	219,185	1.7%
10 Equipment – Replacement	521,260	668,250	668,250	0	0%
11 Equipment – Additional	3,452,380	3,013,822	3,269,220	255,398	8.5%
12 Grants, Subsidies, and Contributions	8,149,831	8,225,042	8,423,718	198,676	2.4%
13 Fixed Charges	7,339,434	7,530,806	7,669,406	138,600	1.8%
14 Land and Structures	3,867,516	5,989,608	5,989,608	0	0%
<b>Total Objects</b>	<b>\$ 126,618,603</b>	<b>\$ 136,490,962</b>	<b>\$ 140,275,332</b>	<b>\$ 3,784,370</b>	<b>2.8%</b>
<b>Funds</b>					
40 Unrestricted Fund	\$ 119,245,790	\$ 129,055,079	\$ 132,839,449	\$ 3,784,370	2.9%
43 Restricted Fund	7,372,813	7,435,883	7,435,883	0	0%
<b>Total Funds</b>	<b>\$ 126,618,603</b>	<b>\$ 136,490,962</b>	<b>\$ 140,275,332</b>	<b>\$ 3,784,370</b>	<b>2.8%</b>

Note: The fiscal 2010 appropriation does not include deficiencies.

**Fiscal Summary  
USM – Salisbury University**

<u>Program/Unit</u>	<u>FY09 Actual</u>	<u>FY10 Wrk Approp</u>	<u>FY11 Allowance</u>	<u>Change</u>	<u>FY10 - FY11 % Change</u>
01 Instruction	\$ 41,095,933	\$ 43,646,190	\$ 45,166,240	\$ 1,520,050	3.5%
02 Research	812,894	1,037,350	1,046,829	9,479	0.9%
03 Public Service	4,049,459	4,290,815	4,298,039	7,224	0.2%
04 Academic Support	8,395,046	8,049,454	8,228,253	178,799	2.2%
05 Student Services	5,137,694	5,147,613	5,347,658	200,045	3.9%
06 Institutional Support	12,609,093	12,820,199	13,101,048	280,849	2.2%
07 Operation and Maintenance of Plant	13,329,205	13,920,429	14,553,378	632,949	4.5%
08 Auxiliary Enterprises	33,221,565	39,666,870	40,423,169	756,299	1.9%
17 Scholarships and Fellowships	7,967,714	7,912,042	8,110,718	198,676	2.5%
<b>Total Expenditures</b>	<b>\$ 126,618,603</b>	<b>\$ 136,490,962</b>	<b>\$ 140,275,332</b>	<b>\$ 3,784,370</b>	<b>2.8%</b>
Unrestricted Fund	\$ 119,245,790	\$ 129,055,079	\$ 132,839,449	\$ 3,784,370	2.9%
Restricted Fund	7,372,813	7,435,883	7,435,883	0	0%
<b>Total Appropriations</b>	<b>\$ 126,618,603</b>	<b>\$ 136,490,962</b>	<b>\$ 140,275,332</b>	<b>\$ 3,784,370</b>	<b>2.8%</b>

Note: The fiscal 2010 appropriation does not include deficiencies.

**Personnel by Budget Program  
Salisbury University  
Fiscal 2008, 2009, and 2010**

<b><u>Budget Program</u></b>	<b>Fiscal 2008</b>		<b>Fiscal 2009</b>		<b>Fiscal 2010</b>		<b><u>% Change in FTEs 09-10</u></b>
	<b><u>FTEs</u></b>	<b><u>%FTEs</u></b>	<b><u>FTEs</u></b>	<b><u>%FTEs</u></b>	<b><u>FTEs</u></b>	<b><u>%FTEs</u></b>	
Instruction	326.00	39.8%	351.00	38.98%	363.00	41.62%	3.42%
Research	6.00	0.7%	6.00	0.67%	6.00	0.69%	0.00%
Public Service	1.00	0.1%	1.00	0.11%	1.00	0.11%	0.00%
Academic Support	75.00	9.1%	82.00	9.11%	74.00	8.49%	-9.76%
Student Services	53.00	6.5%	61.00	6.77%	52.60	6.03%	-13.77%
Institutional Support	126.00	15.4%	136.10	15.11%	129.10	14.80%	-5.14%
Operations and Maintenance of Plant	76.00	9.3%	86.00	9.55%	76.00	8.71%	-11.63%
Auxiliary Enterprises	157.00	19.1%	177.40	19.70%	170.40	19.54%	-3.95%
<b>Total</b>	<b>820.00</b>	<b>100.0%</b>	<b>900.5</b>	<b>100.00%</b>	<b>872.10</b>	<b>100.00%</b>	<b>-3.15%</b>

FTE: full-time equivalent

Note: Data is for filled regular positions only.

Source: University System of Maryland