

R30B29
Salisbury University
University System of Maryland

Operating Budget Data

(\$ in Thousands)

	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	<u>FY 02-04</u> <u>Change</u>	<u>FY 05</u>	<u>FY 04-05</u> <u>Change</u>
Instruction	\$25,606	\$27,144	\$28,389	\$2,783	\$28,743	\$354
Research/Public Service	5,244	3,844	3,147	-2,097	1,799	-1,348
Administration/Operations	30,684	30,652	30,939	255	33,601	2,662
Auxiliary Enterprises	24,379	24,460	26,134	1,755	26,950	816
Scholarships & Fellowships	3,542	3,906	4,034	492	4,268	234
Adjusted Grand Total	\$89,455	\$90,006	\$92,643	\$3,188	\$95,361	\$2,718
 General Funds	 29,500	 27,325	 25,442	 -4,058	 25,442	 0
Other Unrestricted Funds	52,534	56,381	61,785	9,251	65,785	4,000
Total Unrestricted Funds	82,034	83,706	87,227	5,193	91,227	4,000
 Restricted Funds	 7,421	 6,300	 5,416	 -2,005	 4,134	 -1,282
Adjusted Grand Total	\$89,455	\$90,006	\$92,643	\$3,188	\$95,361	\$2,718
 Annual % Change		0.6%	2.9%		2.9%	

- Cost containment reduced general funds \$4 million between fiscal 2002 and 2004.
- In fiscal 2005, administration and operations will increase \$2.6 million, while instruction increases \$345,517.
- Restricted funds decreased \$2 million between fiscal 2002 and 2004 and are expected to decrease another \$1.2 million in fiscal 2005.

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

For further information contact: Jessica Jordan

Phone: (410) 946-5530

Personnel Data

	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	<u>FY 02-04</u> <u>Change</u>	<u>FY 05</u>	<u>FY 04-05</u> <u>Change</u>
Regular Positions	805.5	815.5	807.5	2	807.5	0.0
Contractual FTEs	287.5	264.3	269.3	-18	269.3	0.0
Total Personnel	1,093.0	1,079.8	1,076.8	-16	1,076.8	0.0

Vacancy Data: Regular Positions

Turnover Expectancy	36.82	4.56%
Positions Vacant as of 12/31/03	62.00	7.70%

- Between fiscal 2002 and 2004, Salisbury University (SU) added 2 regular positions.
- Contractual positions were reduced by 18 and are expected to remain the same for fiscal 2005.

Analysis in Brief

Major Trends

Nursing and Teaching Graduates Fall Short of Goal: Salisbury University set the goals of graduating 60 nursing students and 285 teaching students in fiscal 2004; SU expects to fall short of these goals as the numbers have remained stagnant for several years.

Gap between Retention and Graduation Rates for All Students and African American Students Remains the Same: Since fiscal 2002, the difference in retention and graduation rates for all students and African American students has not changed and is not expected to in fiscal 2004 or 2005.

Issues

Personnel Changes and Comparisons: This issue looks at filled positions by program; instruction rose by 16 positions between fiscal 2002 and 2004.

Faculty Salaries Consistent with Peers: Since salaries are a large portion of the University System of Maryland's (USM) budget, they are examined as an option for gaining efficiencies. SU's faculty salaries appear to be in line with its peers.

Faculty Workload Above the University System of Maryland Average Since Fiscal 2001: Average course loads at SU were below the Board of Regents' (BOR) standard in fiscal 1999 and 2000 but increased in fiscal 2001.

Recommended Actions

1. Concur with Governor's allowance.

R30B29
Salisbury University
University System of Maryland

Operating Budget Analysis

Program Description

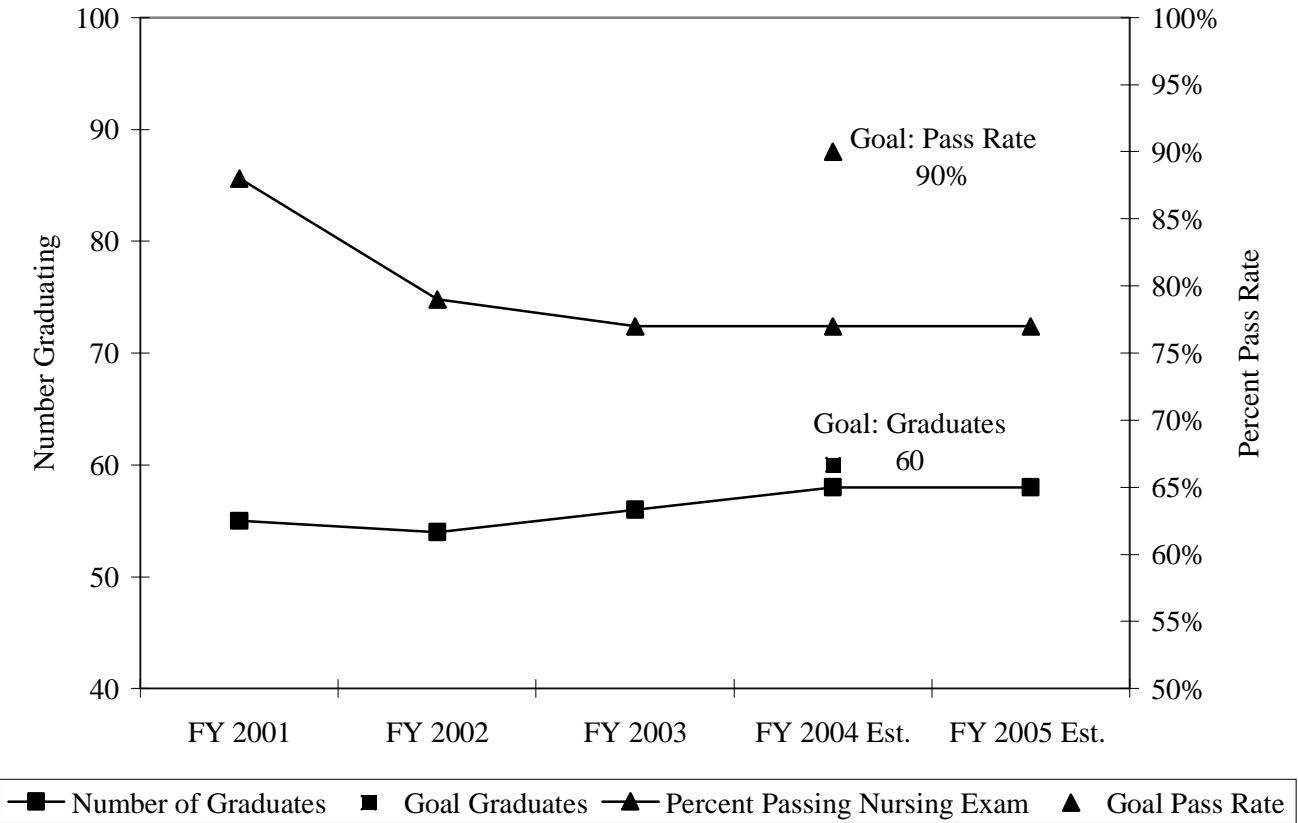
Salisbury University (SU) provides a traditional liberal arts and sciences curriculum, as well as undergraduate and graduate, pre-professional, and professional programs for teachers, administrators, and business leaders on Maryland's Eastern Shore. SU organizes all of its teaching, research, and service activities around seven mission goals: development of critical thinking skills, comprehensive general education, conscientious citizenship, preparation for careers and advanced study, graduate education, pursuit of total health, and service to the community.

Although Salisbury emphasizes undergraduate education, it is a major provider of graduate education to teachers in the Delmarva region. Baccalaureate and master's degree programs build upon the arts and sciences and the professional fields of business, education, and nursing. Salisbury students are predominantly traditional high school graduates, many of whom come from the nine counties on the Eastern Shore of Maryland. The university engages in a variety of cooperative efforts across the University System of Maryland (USM), including dual-degree programs with the University of Maryland Eastern Shore (UMES) and the University of Maryland, College Park's College of Engineering, and a joint-degree program with the University of Baltimore Law School.

Performance Analysis: Managing for Results

Salisbury is cognizant of the needs of the State in areas of workforce shortage such as teaching and nursing and has expanded its offerings and graduation rates in these areas in recent years. The total number of nursing graduates and their performance on the nursing exam is shown in **Exhibit 1**. While the goal was that 90% of nursing graduates would pass the exam by fiscal 2004, the current pass rate is expected to be closer to 77%, where it has been for several years. The goal for total number of nursing graduates was 60 by fiscal 2004; the estimates for fiscal 2004 and 2005 are for 58 graduates. **The Department of Legislative Services (DLS) recommends the President comment on the delays in reaching goals for nursing graduates and exam pass rates.**

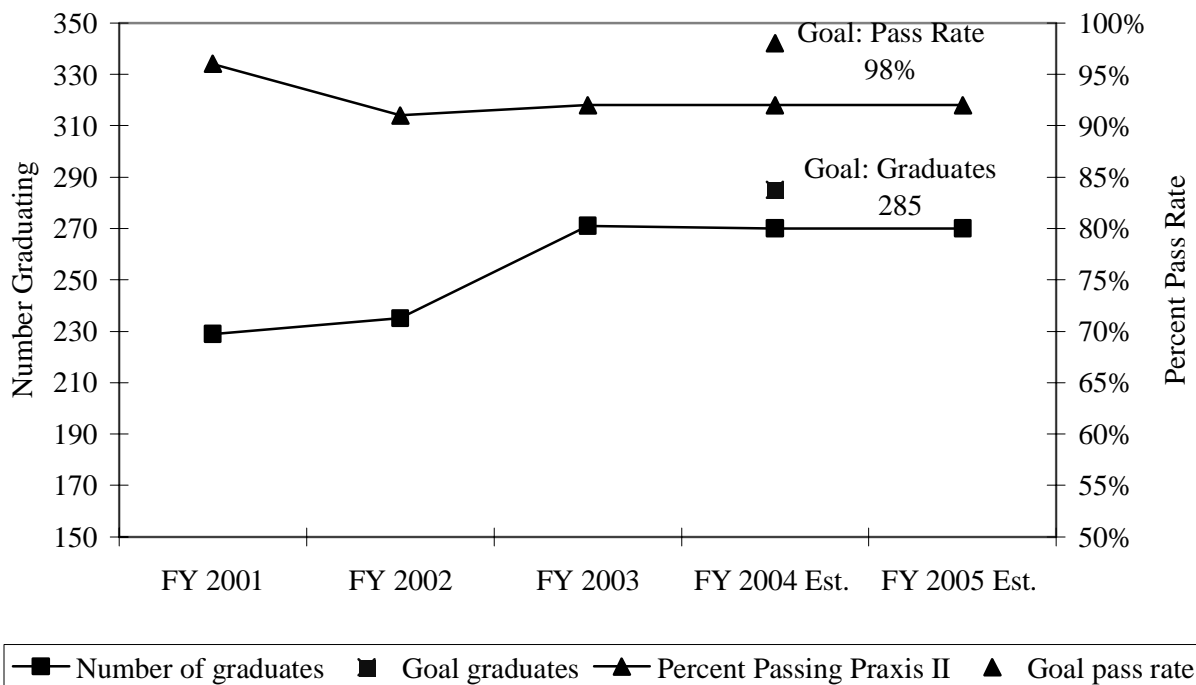
Exhibit 1
Nursing Graduates and Nursing Exam Pass Rates
Fiscal 2001 through 2005 Estimate



Source: Salisbury University

Salisbury also makes an effort to increase its teacher education graduates to help address the State’s need for teachers. However, the data in **Exhibit 2** shows parallel results to the nursing program. The number of teachers graduating is expected to fall short of the fiscal 2004 goal, as will the percent of graduates passing the teacher education exam, known as the Praxis II. **The President should explain why the estimates fall short of the goals and how Salisbury is working to attain the goals.**

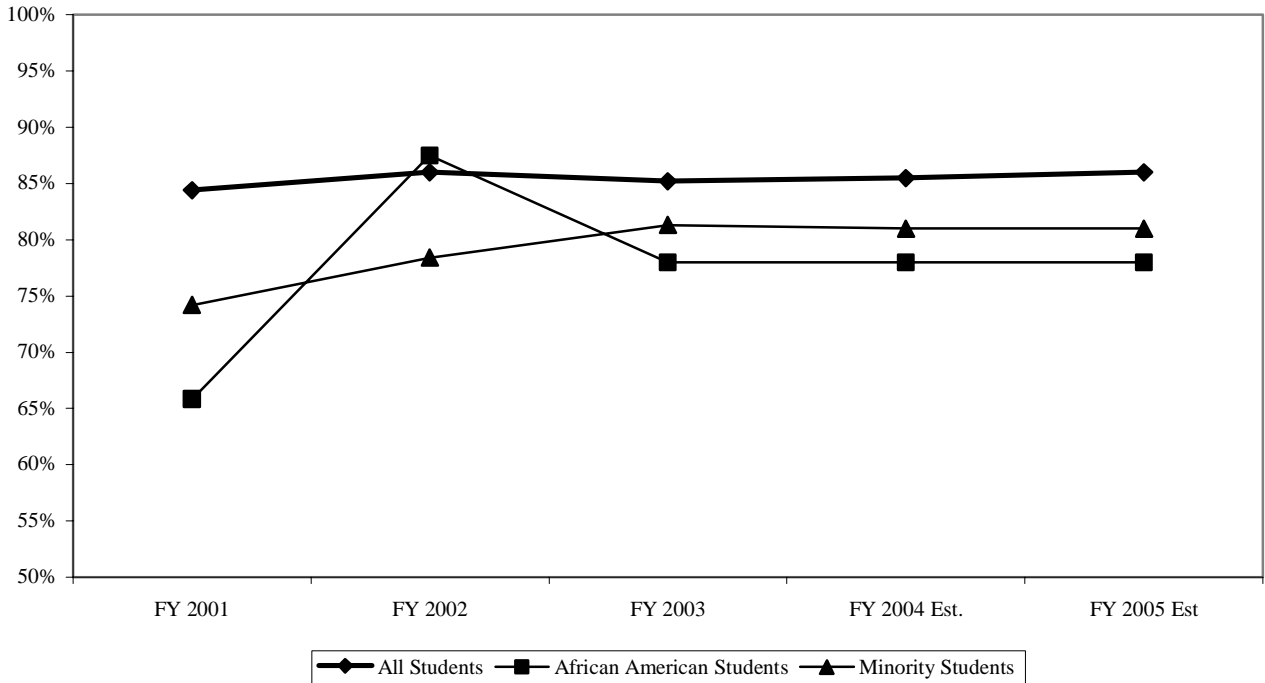
Exhibit 2
Teacher Graduates and Percent Passing the Praxis II Teaching Exam
Fiscal 2001 through 2005 Estimate



Source: Salisbury University

Increasing the second-year retention and six-year graduation rates is a goal at all institutions for all students, but special emphasis is placed on racial/ethnic minority students. **Exhibits 3 and 4** show the trends in retention and graduation for students at Salisbury. Exhibit 3 shows that retention for all students remains about 5 to 7 percentage points higher than for either African American students or racial/ethnic minority students. Retention rates are expected to remain at 81% for all minority students and at 78% for African American students for fiscal 2003, 2004, and 2005. **The President should comment on whether retention rates are expected to increase in the near future.**

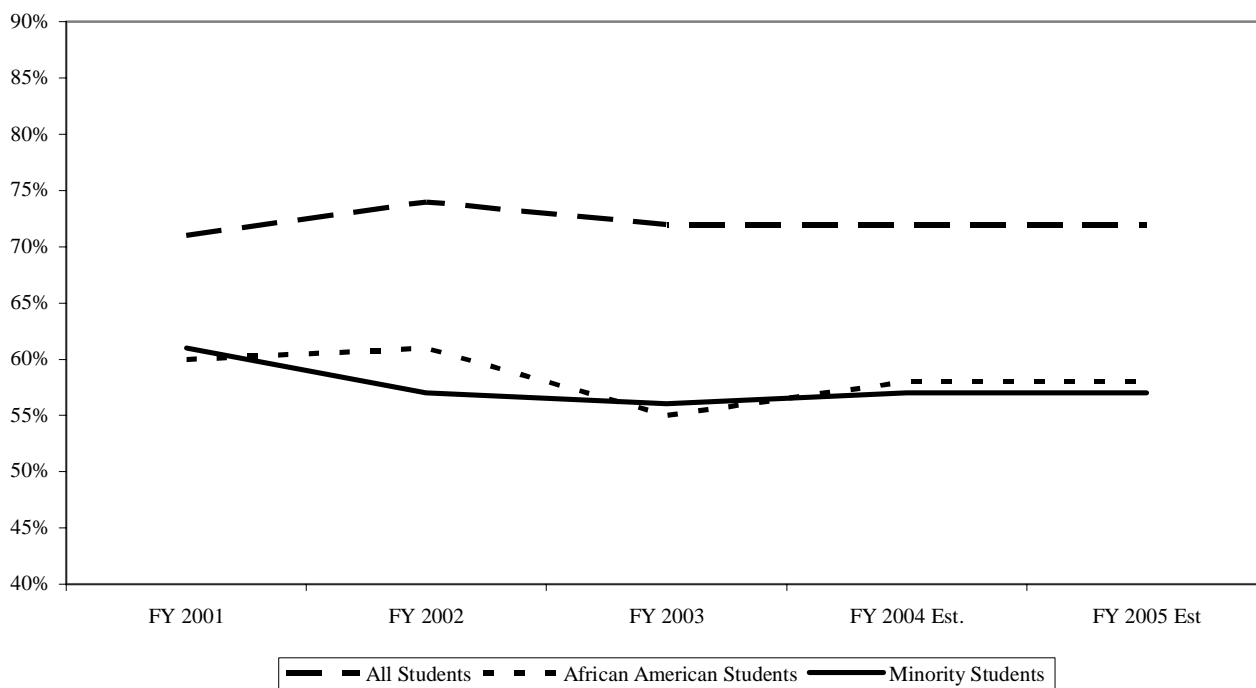
Exhibit 3
Second-year Retention Rates
Fiscal 2001 through 2005 Estimates



Source: Salisbury University

The six-year graduation rates for the same categories of students are shown in Exhibit 4. Though the graduation rates for these groups are high in comparison to other institutions, there is very little change overall for any of the groups, and nothing to suggest the gap between all students and African American or minority students is decreasing.

Exhibit 4
Six-year Graduation Rates
Fiscal 2001 through 2005 Estimates



Source: Salisbury University

Fiscal 2004 Actions

Impact of Cost Containment

Cost containment in fiscal 2003 and 2004 reduced general funds by \$4.1 million; \$1.4 million was reduced by the Board of Public Works action in July 2003. Despite the general fund reductions of almost 14%, the education and general expenditure growth increased \$3.1 million, or 6% during this three-year period. **Exhibit 5** shows the changes in current unrestricted funds from fiscal 2002 through 2004.

Exhibit 5
Budget Changes for Current Unrestricted Funds by Program
Fiscal 2002 – 2004
(\$ in Thousands)

	<u>FY 2002</u>	<u>FY 2004</u> <u>Working</u>	<u>FY 02-04</u> <u>\$ Change</u>	<u>FY 02-04</u> <u>% Change</u>
<u>Expenditures</u>				
Instruction	\$25,606	\$28,389	\$2,783	10.9%
Research	238	221	-17	-7.1%
Public Service	0	0	0	0.0%
Academic Support	6,291	6,687	396	6.3%
Student Services	4,206	3,972	-234	-5.6%
Institutional Support	11,037	10,387	-650	-5.9%
Operation and Maintenance of Plant	9,008	9,687	679	7.5%
Scholarships and Fellowships	1,269	1,750	481	37.9%
Subtotal Education and General	\$57,655	\$61,093	\$3,438	6.0%
Auxiliary Enterprises	24,379	26,134	1,755	7.2%
Total	\$82,034	\$87,227	\$5,193	6.3%
<u>Revenues</u>				
Tuition and Fees	27,633	35,972	8,339	30.2%
General Funds	29,500	25,442	-4,058	-13.8%
Other	1,665	444	-1,221	-73.3%
Subtotal Education and General	58,798	61,858	3,060	5.2%
Auxiliary Enterprises	25,509	28,169	2,660	10.4%
Transfers (to) from fund balance	-1,248	-2,801	-1,553	124.4%
Total	\$82,034	\$87,228	\$5,194	6.3%

Note: Current unrestricted funds only.

Source: Governor's Budget Books, FY 2004 and FY 2005

The largest increase from fiscal 2002 to 2004 was \$2.8 million in instruction. Scholarships and fellowships increased \$0.5 million (38%) from fiscal 2002 to 2004.

On the revenue side, also shown in Exhibit 5, tuition and fee revenue increased 30% from fiscal 2002 to 2004. General funds decreased 13.6% from fiscal 2002 to 2004. Other revenues, which include State, local, and federal grants and contracts decrease \$1.2 million. Salisbury transferred funds from fund balance in fiscal 2003 but put \$2.8 million back into fund balance in fiscal 2004. SU is budgeting another transfer of \$1.6 million to fund balance in fiscal 2005. The university should comment on the impact of constraining expenditure growth to about 3% per year. **DLS recommends the President explain the transfers to fund balance during years of fiscal constraint, rising tuition rates, and cost containment reductions.**

Governor's Proposed Budget

Current unrestricted fund changes in fiscal 2004 and 2005 are shown in **Exhibit 6**. Current unrestricted funds increase a total of 4.6% including auxiliary funds and 5.2% when auxiliary funds are excluded. The largest increase is in plant operations and maintenance, which comprises 12% of current unrestricted funds. Services for students, including instruction, academic support, students services, and scholarships and fellowships comprise 47% of the current unrestricted fund budget but grow only 3%.

Exhibit 6
Governor's Proposed Budget
Salisbury University
Current Unrestricted Funds

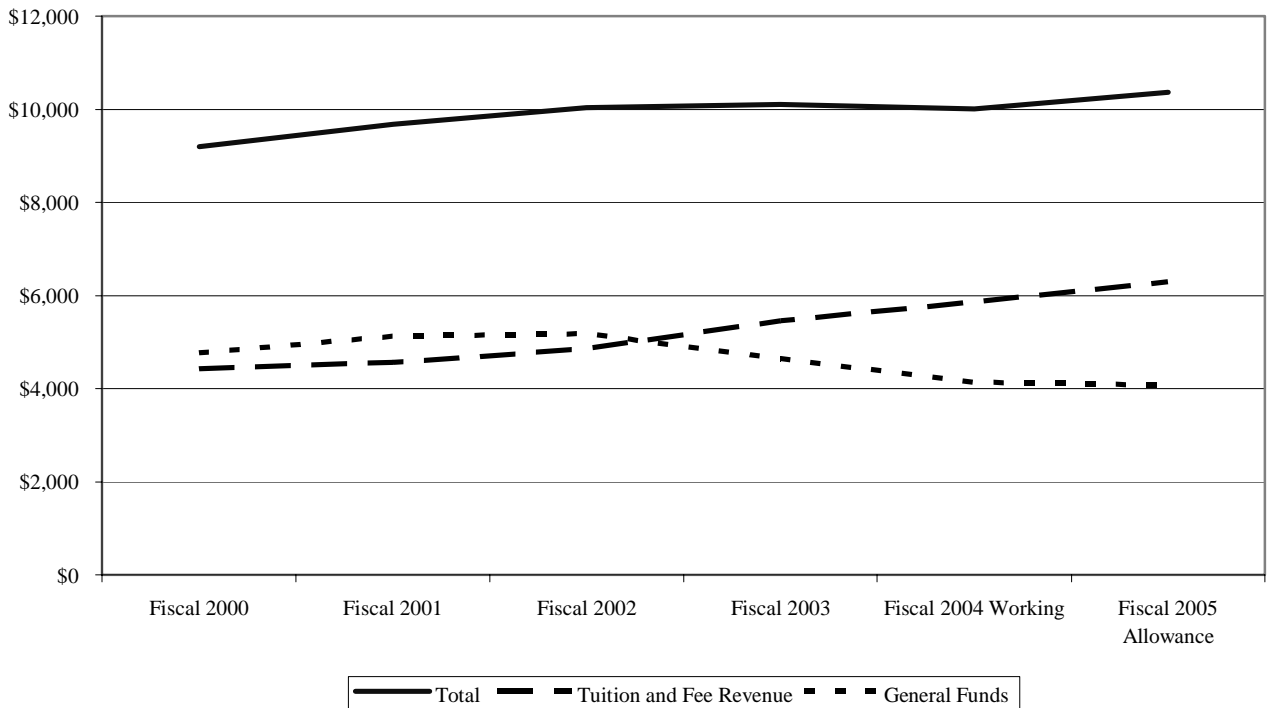
	<u>FY 2004</u> <u>Working</u>	<u>FY 2005</u> <u>Allowance</u>	<u>FY 04-05</u> <u>\$ Change</u>	<u>FY 04-05</u> <u>% Change</u>
<u>Expenditures</u>				
Instruction	\$28,389	\$28,743	\$354	1.2%
Research	221	224	3	1.4%
Public Service	0	0	0	0.0%
Academic Support	6,687	7,390	703	10.5%
Student Services	3,972	4,002	30	0.8%
Institutional Support	10,387	11,031	644	6.2%
Operation and Maintenance of Plant	9,687	10,936	1,249	12.9%
Scholarships and Fellowships	\$1,750	\$1,951	201	11.5%
Subtotal	61,093	64,277	\$3,184	5.2%
Auxiliary Enterprises	\$26,133	\$26,950	\$817	3.1%
Total	\$87,226	\$91,227	\$4,001	4.6%
<u>Revenues</u>				
Tuition and Fees	35,973	39,286	\$3,313	9.2%
General Funds	25,442	25,442	\$0	0.0%
Other	444	378	-\$67	-14.9%
Subtotal	61,859	65,106	\$3,247	5.2%
Auxiliary Enterprises	28,169	27,775	-\$394	-1.4%
Transfers (to) from fund balance	-2,801	-1,654	\$1,147	-40.9%
Total	\$87,227	\$91,227	\$4,000	4.6%

Source: Governor's Budget Books, FY 2005

Tuition and Fee and General Fund Revenues

Exhibit 7 shows the relationship between tuition and fee and general fund revenues since fiscal 2000. Tuition and fee revenue surpassed general funds as the primary source of operating revenues in fiscal 2002. Since then, tuition and fee revenues have grown 2.4% per year while general funds have declined an average of 3% per year. The combined revenues per FTES remained nearly level, increasing less than one percent between fiscal 2002 and 2003, and decreasing to less than the fiscal 2002 level in fiscal 2004. Total revenues are expected to increase 3.5% between fiscal 2004 and 2005. Meanwhile, full-time equivalent enrollment has increased an average of 4% per year from 5,133 in fiscal 2000 to 6,242 in fiscal 2005. From fiscal 2004 to 2005 FTES enrollment is expected to increase 108 students (1.7%).

**Exhibit 7
Tuition and Fee and General Fund Revenues Per Full-time Equivalent Student**



Source: Governor’s Budget Books, Fiscal 2003 and 2005; University System of Maryland

Issues

1. Personnel Changes and Comparisons

The largest percentage of Salisbury’s 740 filled positions are in instruction. In fiscal 2002 and 2004 instruction personnel made up 35% and 37% of full-time equivalent employees, respectively. Academic support and student services made up 16% of FTEs in both years, as shown in **Exhibit 8**. Auxiliary Enterprises are the second largest category of FTEs, comprising around 22% of personnel. Institutional support FTEs declined by five positions from fiscal 2002 to 2004 while instruction rose by 16 positions. There are no new positions requested in fiscal 2005.

Exhibit 8
Personnel by Budget Program
Salisbury University
Fiscal 2002 and 2004

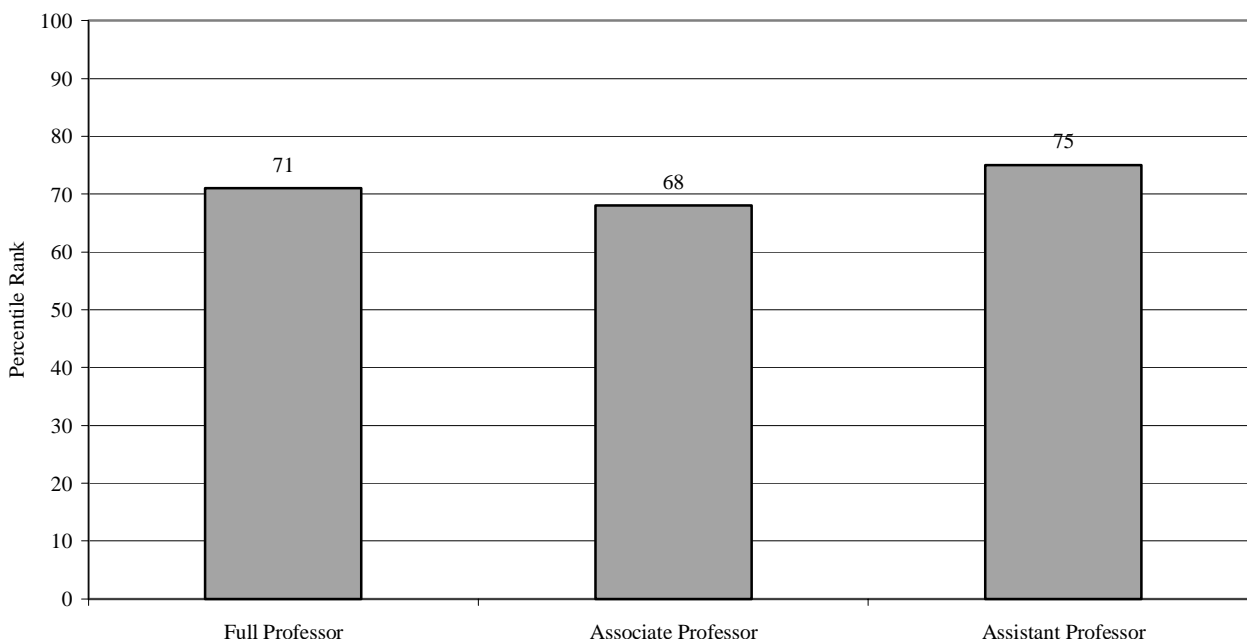
<u>Budget Program</u>	<u>FY 2002</u>		<u>FY 2004</u>	
	<u>FTEs</u>	<u>% FTEs</u>	<u>FTEs</u>	<u>% FTEs</u>
Instruction	257.75	35.5%	273.75	37.0%
Research	4.00	0.6%	2.00	0.3%
Academic Support	65.00	8.9%	65.00	8.8%
Student Services	54.50	7.5%	50.50	6.8%
Institutional Support	118.30	16.3%	113.70	15.4%
Operations and Maintenance of Plant	68.00	9.4%	68.00	9.2%
Auxiliary Enterprises	<u>159.00</u>	<u>21.9%</u>	<u>166.60</u>	<u>22.5%</u>
Total	726.55	100.0%	739.55	100.0%

Source: Salisbury University

2. Faculty Salaries Consistent with Peers

Since faculty salaries are a large portion of each USM institution’s budget, the department examined faculty salaries in relationship to each institution’s current peers as designated by the funding guidelines. An institution’s peers are those schools nationwide that most resemble the Maryland institution. **Exhibit 9** compares the salaries of full professors, associate professors, and assistant professors as a percentile ranking amongst peer institutions.

Exhibit 9
Faculty Salary Percentile Rank Compared to Peer Institutions



Source: American Association of University Professors

Salisbury’s faculty salaries appear to be in line with its peers; full professors at Salisbury are paid at the 71st percentile of peer institutions. Associate professors are paid at the 68th percentile, and assistant professors receive salaries that rank at the 75th percentile of peer institutions. **DLS recommends the President comment on faculty salary levels.**

3. Faculty Workload Above the University System of Maryland Average Since Fiscal 2001

The University System of Maryland (USM) examines faculty workload at each of the institutions as another area where efficiencies may be gained. As determined by the Board of Regents (BOR), the standard instructional workload for tenured and tenure-track faculty at the comprehensive institutions is seven to eight course units annually. (One course unit is defined as one three-credit course.) The average number of course units for faculty at Salisbury is shown in **Exhibit 10**. Average courses were below the BOR’s standard in fiscal 1999 and 2000 but increased to 7.2 in fiscal 2001. Although Salisbury has been within the BOR approved average since then, the average course units remains at the low end of the acceptable range. Therefore, faculty workload increases may be a way to increase efficiencies at the university. **The President should comment on the feasibility of increasing faculty workloads and how this would affect the university.**

Exhibit 10
Course Units Taught by FTE Tenured and Tenure-track Faculty
Fiscal 1999 - 2003

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Salisbury University	6.7	6.8	7.2	7.2	7.1
All USM Comprehensive Institutions	7.0	7.1	7.4	7.0	7.0

Note: Tenured and tenure-track faculty includes sabbaticals and excludes department chairs. State-supported FTEs only.

Source: University System of Maryland

Recommended Actions

1. Concur with Governor's allowance.

Current and Prior Year Budgets

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

	<u>General Fund</u>	<u>Other Unrestricted Fund</u>	<u>Total Unrestricted Fund</u>	<u>Restricted Fund</u>	<u>Total</u>
Fiscal 2003					
Legislative Appropriation	\$29,594	\$52,656	\$82,250	\$4,805	\$87,055
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	3,815	3,815	1,500	5,315
Cost Containment	-2,269	0	-2,269	0	-2,269
Reversions and Cancellations	0	-90	-90	-5	-95
Actual Expenditures	\$27,325	\$56,381	\$83,706	\$6,300	\$90,006
Fiscal 2004					
Legislative Appropriation	\$26,871	\$57,328	\$84,199	\$5,416	\$89,615
Cost Containment	-1,429	0	-1,429	0	-1,429
Budget Amendments	0	4,457	4,457	0	4,457
Working Appropriation	\$25,442	\$61,785	\$87,227	\$5,416	\$92,643

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

Fiscal 2003

Current unrestricted funds were increased in fiscal 2003 for several reasons. \$1.2 million was appropriated to re-establish 50 full-time contingent positions that were originally requested as conversions. The funds were provided through increased tuition revenues and auxiliary revenues.

Another budget amendment increased the appropriation \$1.1 million from the mid-year tuition increase and transfers from fund balance to offset costs of salaries and benefits. Finally, \$1.5 million reflected the anticipated increase in costs for the university's auxiliary operations based on increased enrollments.

Current restricted funds (CRF) were increased \$1.5 million for new and/or additional grant funding and sponsored research projects. Pell grants and federal need-based aid for students made up one-third of the increase.

**Object/Fund Difference Report
Salisbury University**

<u>Object/Fund</u>	<u>FY03 Actual</u>	<u>FY04 Working Appropriation</u>	<u>FY05 Allowance</u>	<u>FY04 - FY05 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	815.50	807.50	807.50	0	0%
02 Contractual	264.30	269.30	269.30	0	0%
Total Positions	1079.80	1076.80	1076.80	0	0%
Objects					
01 Salaries and Wages	\$ 47,126,894	\$ 47,400,569	\$ 48,900,902	\$ 1,500,333	3.2%
02 Technical & Spec Fees	11,268,623	9,911,735	10,588,290	676,555	6.8%
03 Communication	572,220	504,263	527,902	23,639	4.7%
04 Travel	687,994	764,598	787,702	23,104	3.0%
06 Fuel & Utilities	2,475,138	2,321,524	2,718,356	396,832	17.1%
07 Motor Vehicles	160,171	401,688	555,081	153,393	38.2%
08 Contractual Services	6,852,540	6,521,499	5,331,008	-1,190,491	-18.3%
09 Supplies & Materials	7,624,880	9,667,087	10,278,074	610,987	6.3%
10 Equip - Replacement	704,376	940,245	394,919	-545,326	-58.0%
11 Equip - Additional	762,199	1,960,193	1,618,279	-341,914	-17.4%
12 Grants, Subsidies, Contr.	4,100,069	4,108,372	4,342,244	233,872	5.7%
13 Fixed Charges	6,826,988	7,226,764	7,873,480	646,716	8.9%
14 Land & Structures	843,621	915,000	1,445,202	530,202	57.9%
Total Objects	\$ 90,005,713	\$ 92,643,537	\$ 95,361,439	\$ 2,717,902	2.9%
Funds					
40 Unrestricted Fund	\$ 83,705,610	\$ 87,227,737	\$ 91,227,265	\$ 3,999,528	4.6%
43 Restricted Fund	6,300,103	5,415,800	4,134,174	-1,281,626	-23.7%
Total Funds	\$ 90,005,713	\$ 92,643,537	\$ 95,361,439	\$ 2,717,902	2.9%

Note: The fiscal 2004 appropriation does not include deficiencies and the fiscal 2005 allowance does not reflect contingent reductions.

**Fiscal Summary
Salisbury University**

<u>Unit/Program</u>	<u>FY03 Actual</u>	<u>FY04 Legislative Appropriation</u>	<u>FY04 Working Appropriation</u>	<u>FY03 - FY04 % Change</u>	<u>FY05 Allowance</u>	<u>FY04 - FY05 % Change</u>
01 Instruction	\$ 27,143,771	\$ 28,313,953	\$ 28,388,918	4.6%	\$ 28,743,435	1.2%
02 Research	3,844,407	3,150,062	3,147,540	-18.1%	1,798,977	-42.8%
04 Academic Support	6,502,508	6,798,927	6,687,560	2.8%	7,389,872	10.5%
05 Student Services	4,351,177	4,237,491	4,176,804	-4.0%	4,244,263	1.6%
06 Institutional Support	11,472,467	10,554,744	10,387,320	-9.5%	11,030,637	6.2%
07 Operation And Maintenance Of Plant	8,325,668	8,635,799	9,687,257	16.4%	10,935,950	12.9%
08 Auxiliary Enterprises	24,459,823	24,289,247	26,133,633	6.8%	26,949,928	3.1%
17 Scholarships And Fellowships	3,905,892	3,634,505	4,034,505	3.3%	4,268,377	5.8%
Total Expenditures	\$ 90,005,713	\$ 89,614,728	\$ 92,643,537	2.9%	\$ 95,361,439	2.9%
Unrestricted Fund	\$ 83,705,610	\$ 84,198,928	\$ 87,227,737	4.2%	\$ 91,227,265	4.6%
Restricted Fund	6,300,103	5,415,800	5,415,800	-14.0%	4,134,174	-23.7%
Total Appropriations	\$ 90,005,713	\$ 89,614,728	\$ 92,643,537	2.9%	\$ 95,361,439	2.9%

Note: The fiscal 2004 appropriation does not include deficiencies and the fiscal 2005 allowance does not reflect contingent reductions.