

R30B29
Salisbury University
University System of Maryland

Operating Budget Data

(\$ in Thousands)

	<u>FY 04</u> <u>Actual</u>	<u>FY 05</u> <u>Working</u>	<u>FY 06</u> <u>Allowance</u>	<u>FY 05-06</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Funds	\$25,442	\$25,995	\$27,077	\$1,082	4.2%
Other Unrestricted Funds	60,080	67,093	70,153	3,059	4.6%
Total Unrestricted Funds	85,522	93,088	97,230	4,141	4.4%
Restricted Funds	<u>6,145</u>	<u>6,476</u>	<u>6,476</u>	<u>0</u>	
Total Funds	\$91,667	\$99,564	\$103,706	\$4,141	4.2%
Contingent & Back of Bill Reductions					
Adjusted Total	\$91,667	\$99,564	\$103,706	\$4,141	4.2%

- General funds increase \$1.1 million, or 4.2% in the fiscal 2006 allowance.
- Other unrestricted funds grow mostly from a tuition and fee revenue increase of \$2.3 million, which is 5.9% above fiscal 2005.

Personnel Data

	<u>FY 04</u> <u>Actual</u>	<u>FY 05</u> <u>Working</u>	<u>FY 06</u> <u>Allowance</u>	<u>FY 05-06</u> <u>Change</u>
Regular Positions	807.50	807.50	807.50	0.00
Contractual FTEs	<u>269.30</u>	<u>319.30</u>	<u>319.30</u>	<u>0.00</u>
Total Personnel	1,076.80	1,126.80	1,126.80	0.00

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	25.11	3.11%
Positions Vacant as of 12/31/04	62.00	7.70%

- Fiscal 2005 included 50 more contractual positions than fiscal 2004.
- There are no position changes in fiscal 2006.

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

For further information contact: Danielle M. Prendergast

Phone: (410) 946-5530

Analysis in Brief

Major Trends

Six-year Graduation Rates for Minorities Lag Rates for All Students: A fiscal 2004 gap of nearly 20 percentage points between the graduation rate for all students and minority students is expected to continue in fiscal 2005 and 2006.

Issues

Plans Set for Achieving Administrative and Academic Efficiencies: The University System of Maryland (USM) has begun an ambitious efficiency initiative. Salisbury University's (SU) share of the administrative savings in fiscal 2006 is \$700,764. Academic efficiencies are expected to support 255 additional students at no cost to the State. Faculty workload increases are a key part of USM's academic efficiencies, but workload at SU was already near the top of the Board of Regents' range in fiscal 2004.

Affordability in Spotlight at SU and across USM: Tuition and fee increases at SU are more than the USM average in fiscal 2006. SU institutional aid focuses on merit and mission.

Selected Executive and Mid-level Administrative Salaries Tend to Be Above Median: All of the executive and mid-level administrative salaries reported are above the national and regional medians.

Personnel: There were no changes in personnel from fiscal 2005. Contractual positions are 19% higher in the allowance than they were in fiscal 2004.

Fund Balance and Facilities Maintenance Put Pressure on Unrestricted Funds: USM has begun a plan to improve institutions' ratio of fund balance to debt after the system's credit rating was downgraded in 2004. At SU, fund balance has grown from \$2.8 million in fiscal 1999 to \$8.8 million in fiscal 2004.

Recommended Actions

1. Concur with Governor's allowance.

R30B29
Salisbury University
University System of Maryland

Operating Budget Analysis

Program Description

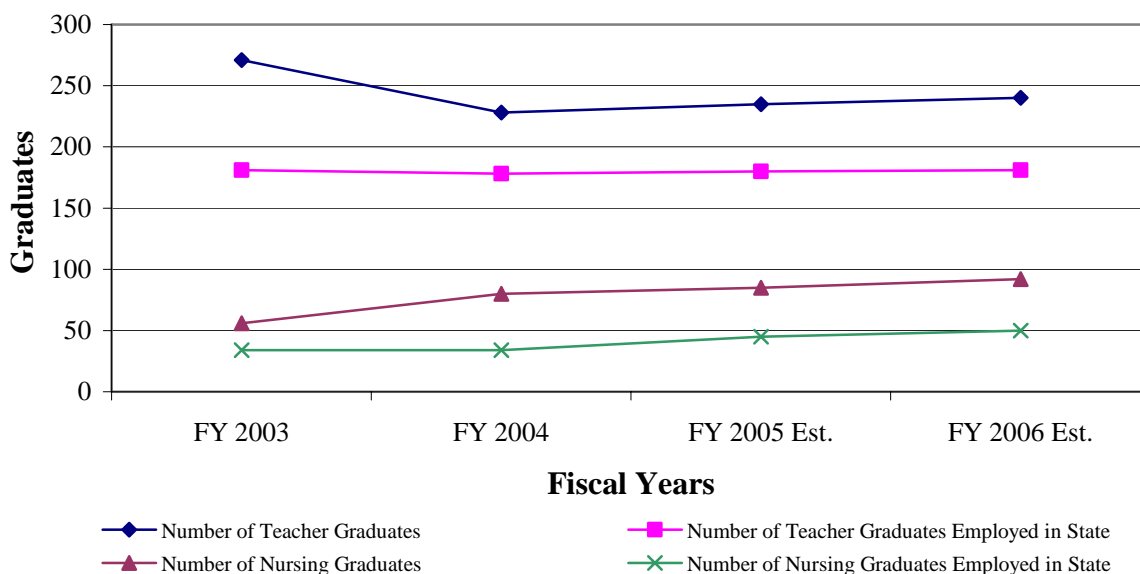
Salisbury University (SU) provides a traditional liberal arts and sciences curriculum, as well as undergraduate and graduate, pre-professional, and professional programs for teachers, administrators, and business leaders on Maryland's Eastern Shore. SU organizes all of its teaching, research, and service 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 SU 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 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

SU 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 teaching and nursing graduates, as well as the estimated numbers employed in Maryland is shown in **Exhibit 1**. While the goal is that SU graduate 285 students from the Teacher Education program, only 240 graduates are expected in fiscal 2006. The goal for total number of nursing graduates employed in the State was 43 by fiscal 2004; the estimates for fiscal 2005 and 2006 are for 50 graduates.

**Exhibit 1
Teaching and Nursing Graduates
Fiscal 2003 – 2006 Estimate**

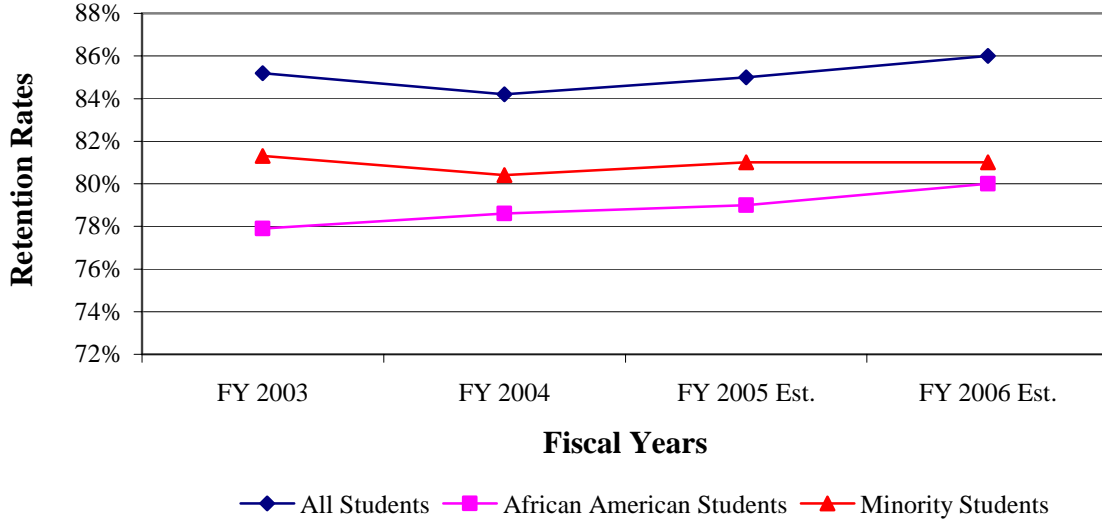


Source: Salisbury University

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 2 and 3** show the trends in retention and graduation for students at Salisbury. Exhibit 2 shows that retention for all students is expected to remain about 5 to 6 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 increase slowly for African American students for fiscal 2005 and 2006. **The President should comment on whether retention rates are expected to increase in the near future.**

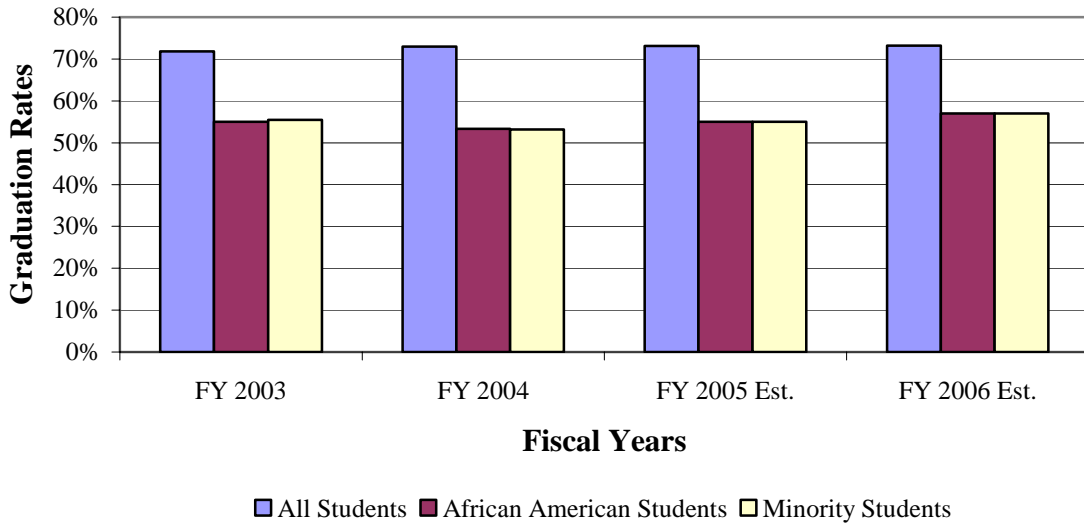
The six-year graduation rates for the same categories of students are shown in Exhibit 3. A gap of nearly 20 percentage points between all students and African American and all minority students is expected to continue for fiscal 2005 and 2006. **The President should explain why the estimates fall short of the goals and how Salisbury is working to attain the goals.**

Exhibit 2
Second-year Retention Rates
Fiscal 2003 – 2006 Estimate



Source: Salisbury University

Exhibit 3
Six-year Graduation Rates
Fiscal 2003 – 2006 Estimate



Source: Salisbury University

Governor's Proposed Budget

As **Exhibit 4** shows, the general fund allowance for fiscal 2006 is \$27 million. This reflects a \$1.1 million increase from the 2005 level, or an increase of 4.2%. Other unrestricted funds grow by 4.6%, or \$3 million over fiscal 2005. Tuition and fee revenues account for 59% of other unrestricted funds in fiscal 2006. Overall, the SU budget increases 4.2%.

Exhibit 4
Governor's Proposed Budget
Salisbury University
Fiscal 2004 – 2006
(\$ in Thousands)

	<u>FY 04</u> <u>Actual</u>	<u>FY 05</u> <u>Working</u>	<u>FY 06</u> <u>Allowance</u>	<u>FY 05-06</u> <u>\$ Change</u>	<u>% Change</u> <u>Prior Year</u>
General Funds	\$25,442	\$25,995	\$27,077	\$1,082	4.2%
Other Unrestricted Funds	60,080	67,093	70,153	3,060	4.6%
Total Unrestricted Funds	85,522	93,088	97,230	4,142	4.4%
Restricted Funds	6,145	6,476	6,476	0	0.0%
Total Funds	\$91,667	\$99,564	\$103,706	\$4,142	4.2%

Source: Maryland Budget Books

Budget changes in the allowance by program are shown in **Exhibit 5**. This exhibit considers only unrestricted funds, which are comprised mostly of general funds and tuition and fee revenues. Education and general expenditures increased by \$3.4 million, or 5.2% between fiscal 2005 and 2006. Within this expansion, scholarships and fellowships has the largest growth rate (31.8%) over fiscal 2005. This is followed by increases of 5.8% in operation and plant maintenance and 5.2% in institutional support. Scholarships and fellowships was also the fastest growing category from fiscal 2002 to 2005.

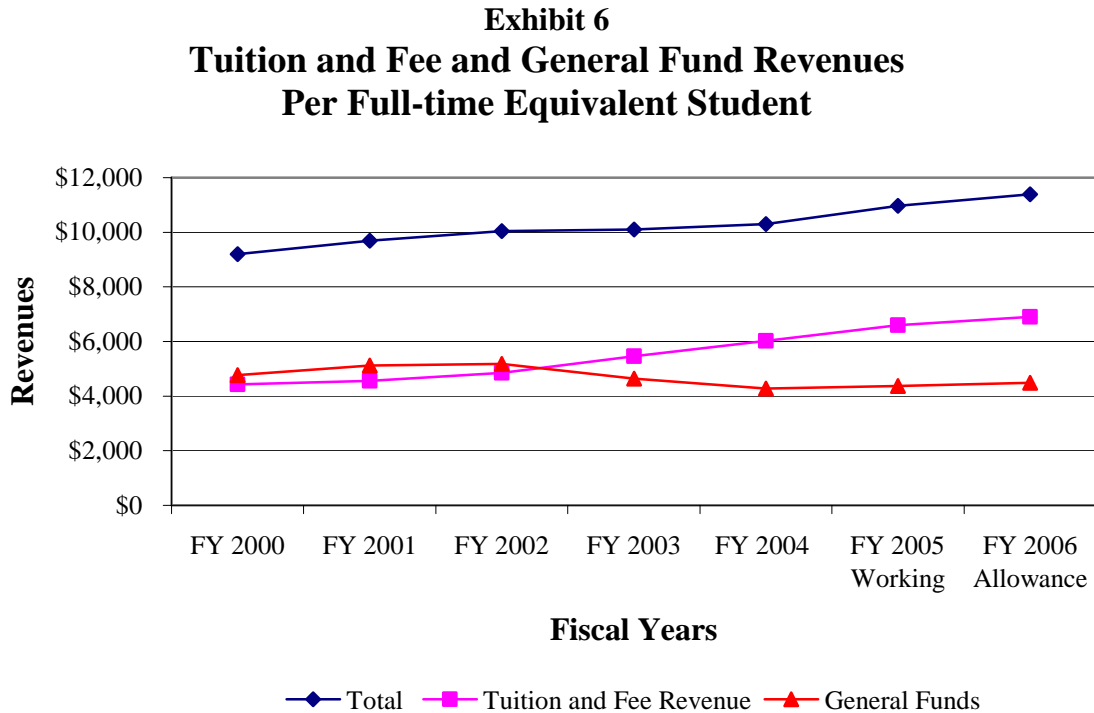
Exhibit 5
Budget Changes for Current Unrestricted Funds by Program
Fiscal 2002, 2005, and 2006
(\$ in Thousands)

	<u>FY 2002</u>	<u>FY 2005</u> <u>Working</u>	<u>FY 02-05</u> <u>% Change</u>	<u>FY 2006</u> <u>Allowance</u>	<u>FY 05-06</u> <u>\$ Change</u>	<u>FY 05-06</u> <u>% Change</u>
<u>Expenditures</u>						
Instruction	\$25,606	\$29,864	16.6%	\$31,053	\$1,189	4.0%
Research	238	227	-4.6%	230	3	1.3%
Public Service	0	473	n/a	473	0	0.0%
Academic Support	6,291	7,255	15.3%	7,446	191	2.6%
Student Services	4,206	4,047	-3.8%	4,244	197	4.9%
Institutional Support	11,037	11,205	1.5%	11,786	581	5.2%
Operation and Maintenance of Plant	9,008	10,221	13.5%	10,814	593	5.8%
Scholarships and Fellowships	1,269	1,951	53.7%	2,571	620	31.8%
Subtotal Education and General	\$57,655	\$65,243	13.2%	\$68,617	\$3,374	5.2%
Auxiliary Enterprises	24,379	27,845	14.2%	28,612	767	2.8%
Total	\$82,034	\$93,088	13.5%	\$97,229	\$4,141	4.4%
<u>Revenues</u>						
Tuition and Fees	\$27,633	\$39,286	42.2%	\$41,609	\$2,323	5.9%
General Funds	29,500	25,995	-11.9%	27,077	1,082	4.2%
Other	640	378	-40.9%	377	-1	-0.3%
Subtotal	\$57,773	\$65,659	13.6%	\$69,063	\$3,404	5.2%
Auxiliary Enterprises	25,509	29,083	14.0%	29,411	328	1.1%
Transfers (to) from fund balance	-1,248	-1,654	32.5%	-1,245	409	-24.7%
Total	\$82,034	\$93,088	13.5%	\$97,229	\$4,141	4.4%

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

Tuition and Fee and General Fund Revenues

Exhibit 6 shows tuition and fee and general fund revenues per full-time equivalent student (FTES) from fiscal 2000 through 2006. In fiscal 2002, the gap between general funds and tuition and fee revenues was less than \$400,000. The following year, tuition and fees surpassed general funds. Tuition and fee revenues have continued to outpace general fund support. In fiscal 2006, general fund revenue per FTES grows by 2.9% over fiscal 2005, while tuition and fee revenue increases by 4.6%.



Source: Maryland Budget Books, Fiscal 2003 – 2006; University System of Maryland

Issues

1. Plans Set for Achieving Administrative and Academic Efficiencies

Given the continuing constrained State fiscal environment, the USM Board of Regents examined how the system can improve its efficiency. After more than a year of study, USM unveiled its efficiency and effectiveness plan in October 2004. The system will pursue more than a dozen initiatives beginning in fiscal 2006, and some of them will continue through 2008.

In its report, USM estimates fiscal effects for administrative and academic efficiency initiatives. Across USM institutions, administrative cost savings are expected to be \$17.1 million in fiscal 2006. These savings are built into the 2006 allowance, meaning estimates of mandatory cost increases would be \$17.1 million higher without the efficiency savings.

Salisbury's share of the administrative savings is estimated at \$700,764. SU anticipates that containing energy costs through cooperative purchasing, gaining efficiencies through the strategic deployment of information technologies, and utilizing academic polices to enhance capacity and time to degree will likely have the most immediate impact on cost savings. SU is in the process of aggregating demand with its sister institutions to purchase electricity cooperatively. Though the per kilowatt cost will rise over the contract years, the cooperative pricing structure should yield savings when compared to cost escalations predicted for fiscal 2006. SU is continuing to refine its administrative software (PeopleSoft) to streamline processes and find best practices. And academically, Salisbury is pursuing alternatives related to enrollment management, time to degree, and on-line learning.

Academic Initiatives Estimated to Support 255 Additional Students at No Cost to State

To estimate the fiscal effects of academic initiatives, the USM Office identified the number of additional FTES each institution can serve with existing resource levels as a result of the efficiency efforts. This is in addition to increased enrollment supported with funds in the fiscal 2006 allowance. At SU, the estimate is 255 additional FTES to be served at no cost to the State in fiscal 2006. (The actual number of additional FTES could vary in any given year of the three-year efficiency initiative.) This translates into \$1.2 million in cost avoidance, based on SU's fiscal 2003 general fund support of \$4,645 per FTES. Since these are avoided costs, they are not reflected in the budget.

Faculty Workload at High End of Regents' Range

For the 2003-2004 academic year, the USM Board of Regents' policy called for an expected instructional workload range of seven to eight course units per tenured/tenure-track faculty member at USM comprehensive institutions. SU faculty workload increased in fiscal 2004 to 7.8 average course units taught, as shown in **Exhibit 7**. This places them above the comprehensive average of 7.5.

R30B29 – USM – Salisbury University

The President should comment on the challenges and opportunities provided by the efficiency initiatives. The President should also comment on alternative initiatives to achieve academic efficiencies.

Exhibit 7
Average Course Units Taught by Tenured and Tenure-track Faculty

	<u>1999-2000</u> Courses/FTEF	<u>2000-2001</u> Courses/FTEF	<u>2001-2002</u> Courses/FTEF	<u>2002-2003</u> Courses/FTEF	<u>2003-2004</u> Courses/FTEF
SU	6.8	7.2	7.2	7.1	7.8
All USM					
Comprehensives	7.1	7.4	7.0	7.0	7.5

Notes: Tenured and tenure-track faculty include those on sabbatical and exclude department chairs.
 The Board of Regents standard for instructional workload at comprehensive institutions is seven to eight course units annually.

FTEF = Full-time equivalent faculty

Source: University System of Maryland

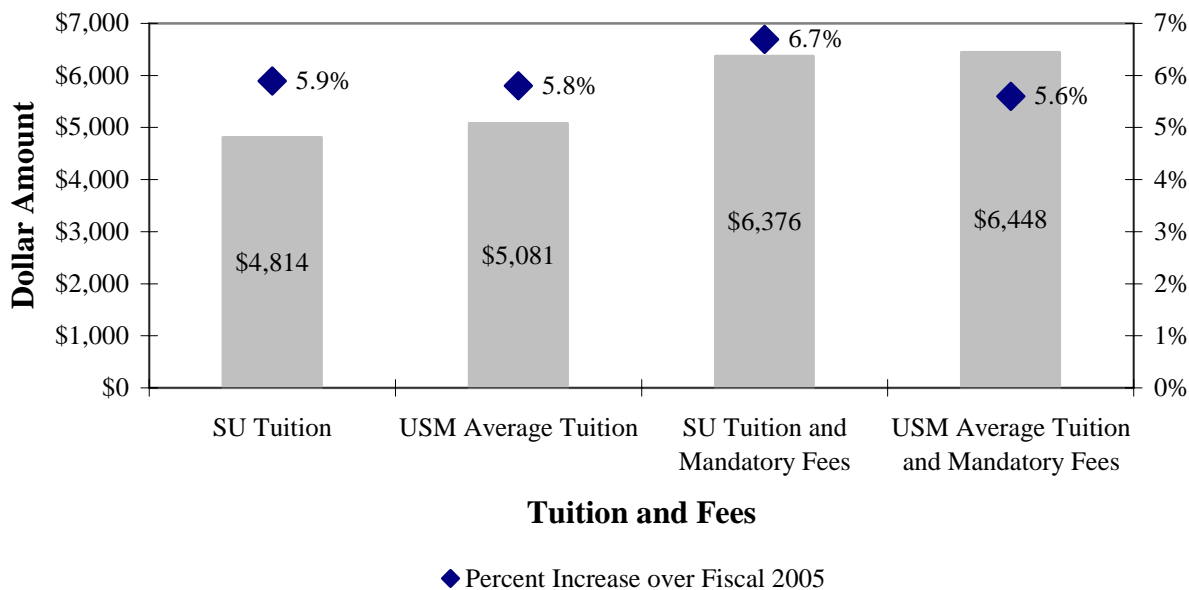
2. Affordability in Spotlight at SU and across USM

Affordability continues to be a concern for Maryland public education. In *Measuring Up 2004*, a national report card for higher education, Maryland's grade dropped from D- to F in the affordability category that measures whether students and families can afford to pay for a postsecondary education given income levels, financial aid, and the types of colleges and universities in the State.

Tuition and Fee Increases Less Than USM Average

A factor that directly affects affordability is tuition and fee rates. For fiscal 2006 the USM weighted average tuition rate increases 5.8% as shown in **Exhibit 8**. By comparison, SU's tuition rate increases 5.9%. Considering tuition and mandatory fees combined, the USM weighted average increases 5.6%. SU tuition and mandatory fees increase 6.7%.

**Exhibit 8
Tuition and Mandatory Fees for Resident Undergraduates
Fiscal 2006**



Note: University System of Maryland averages are weighted.

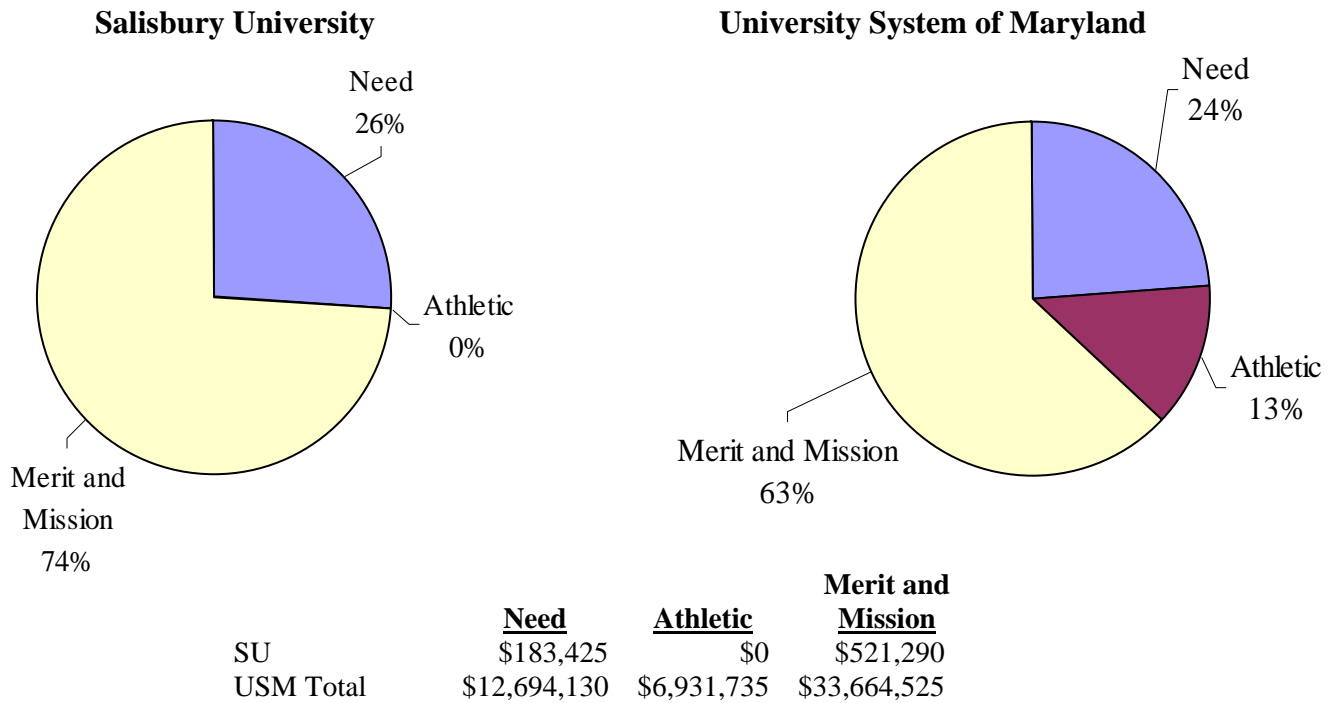
Source: University System of Maryland fiscal 2006 Board of Regents Budget Request

Institutional Aid Focuses on Non-need

Another factor that affects affordability is financial aid. Categories of institutional financial aid include merit, need, athletic, and mission. Data on funding amounts is available only in categories of need, athletic, and a combination of merit and mission. In summer 2004, the USM Chancellor convened a task force on financial aid, which found that much more aid should be directed to the need-based category.

At SU, nearly three-quarters of institutional aid is merit- and mission-based, and 26% is need-based as shown in **Exhibit 9**. Unlike USM as a whole, SU did not provide any athletic-based aid in fiscal 2003. Institutional aid is one type of aid students receive and may be accompanied by State and federal aid as well. **The President should comment on the distribution of SU institutional aid and on the school’s future financial aid strategies.**

**Exhibit 9
Institutional Financial Aid
Fiscal 2003**



Source: Maryland Higher Education Commission Financial Aid Information Systems report, September 2004

3. Selected Executive and Mid-level Administrative Salaries Tend to Be Above Median

An analysis of administrative salaries by the Department of Legislative Services found that average faculty salaries at Maryland’s four-year public higher education institutions vary widely compared to peers in other states. The administrative salary analysis is based on fiscal 2004 data from the College and University Professional Association (CUPA) for Human Resources. Salaries for positions at or above the director level are reported with executive-level data, while positions below the director level are reported in mid-level data.

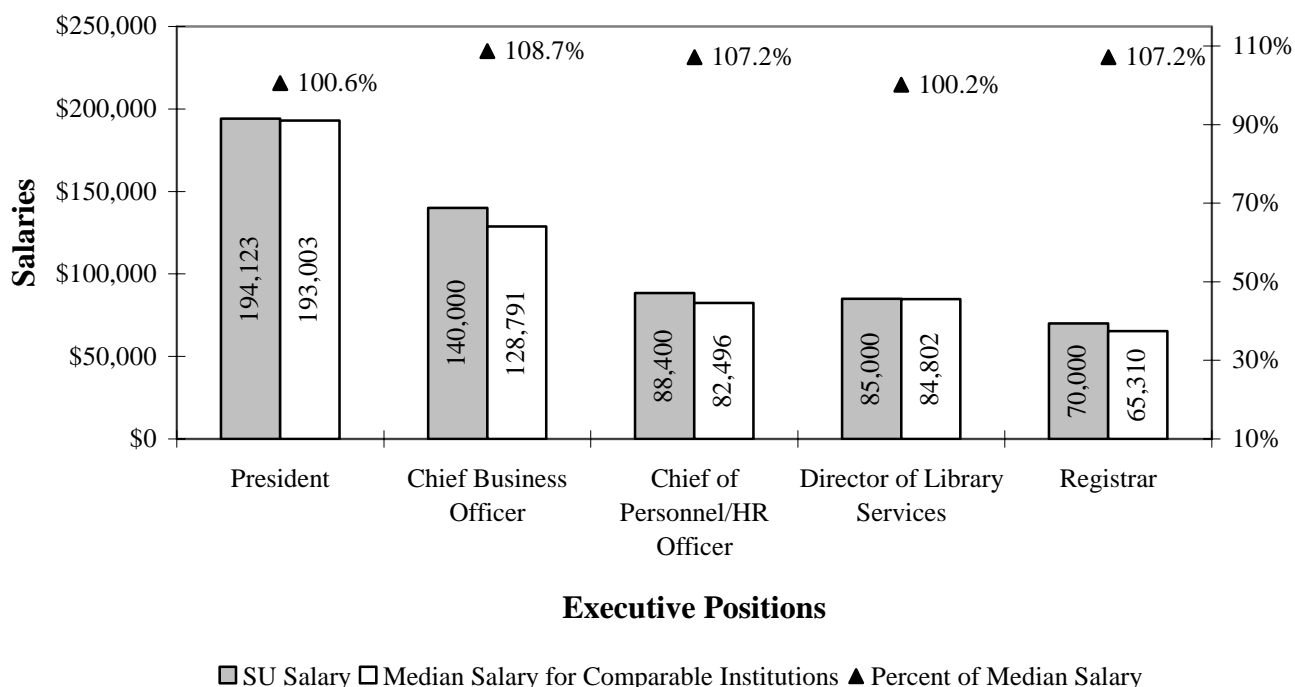
Executive-level Salaries

Five executive positions (president, chief business officer, chief of personnel, director of library services, and registrar) were selected for the comparison to represent several functional administrative areas. For executive-level positions, CUPA categorizes institutions according to their operating budget size and compares them on a national level since institutions draw from a nationwide pool to

fill top-level vacancies. The fiscal 2004 data represents 1,379 institutions, of which 52% are public and 48% are private.

A comparison of the fiscal 2004 salaries of five executive positions at SU and median salaries at similar-size institutions is shown in **Exhibit 10**. The Board of Regents has a target that senior administrative salaries should fall between the fiftieth and seventy-fifth percentile rank. Thus, salaries are expected to exceed the median. As the exhibit shows, all of the five reported positions are above the median salaries for comparable institutions. The salary of the president of SU is just above the median. The salary for the chief financial officer position is the furthest above comparable median salaries, earning \$140,000 compared to \$128,791.

Exhibit 10
Salisbury University Salaries
Fiscal 2004



HR = Human Resources

Source: College and University Professional Association for Human Resources; Department of Legislative Services'

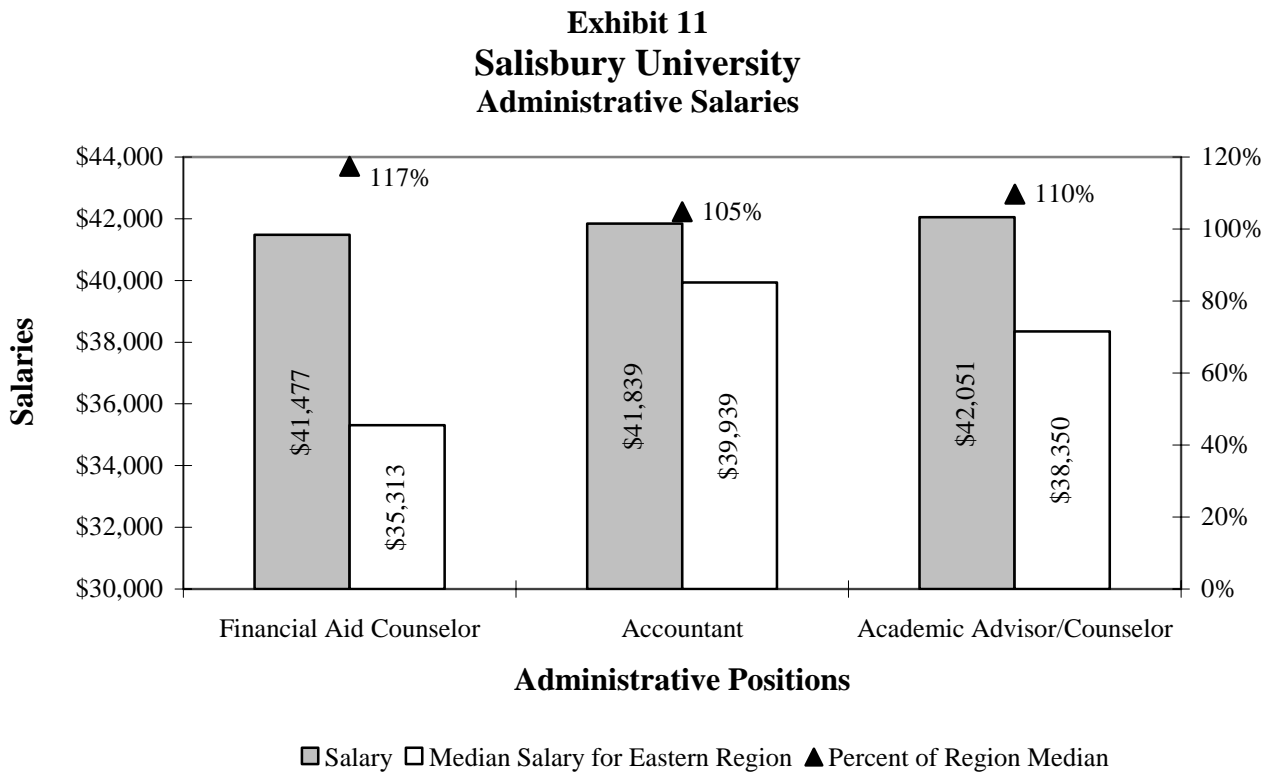
Mid-level Salaries

For mid-level administrative positions, five positions were selected for comparison – financial aid counselor, accountant, academic advisor, senior accountant, and security guard. Like the executive positions, they represent several functional areas. CUPA data for mid-level comparisons are condensed into a regional median since recruitment for these positions is usually regional.

R30B29 – USM – Salisbury University

The regional medians reported by CUPA for each position apply to all institutions in the region regardless of their budget sizes. The mid-level salary survey had 1,131 institutions responding, and public and private institutions each accounted for approximately 50% of the sample. For purposes of the survey, the eastern region includes Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont.

The mid-level administrative data, as shown in **Exhibit 11**, reveals a similar pattern to that of executive salaries. Each of the three positions reported salaries above the median for the region. The salary of the financial aid counselor position is nearly \$6,000 above the regional median. The accountant and academic positions both exceed the region median by at least \$1,800.



Source: College and University Professional Association for Human Resources; Department of Legislative Services'

4. Personnel

The total SU workforce, regular and contractual, is 1,127 in the fiscal 2006 allowance. There was no change from fiscal 2005. Regular positions have not increased over fiscal 2004; however, contractual positions have increased by 19% for the same period. These numbers include filled and unfilled positions.

R30B29 – USM – Salisbury University

SU, as of December 2004, has a vacancy rate of 7.7%. This is the highest vacancy rate of the USM institutions. The system average is 4.8%. There are 10 vacancies among state-supported faculty, and more vacancies among non-exempt positions than exempt.

Exhibit 12 shows how the composition of regular filled SU positions has changed from fiscal 2002 to 2005. Filled positions increased a net of 3 positions from fiscal 2004 to 2005. Instructional personnel – who fulfill the institution’s core mission – increased by 19 full-time equivalent employees (FTEs). Several other categories lost personnel in fiscal 2005, including 14 positions in auxiliary enterprises and 2 positions in both institutional support and support services.

Exhibit 12 Personnel by Budget Program Salisbury University Fiscal 2002, 2004 and 2005

<u>Budget Program</u>	FY 2002		FY 2004		FY 2005	
	<u>FTEs</u>	<u>% FTEs</u>	<u>FTEs</u>	<u>% FTEs</u>	<u>FTEs</u>	<u>% FTEs</u>
Instruction	257.8	35.5%	273.8	37.0%	292.8	39.4%
Research	4.0	0.6%	2.0	0.3%	3.0	0.4%
Public Service	0.0	0.0%	0.0	0.0%	0.0	0.0%
Academic Support	65.0	8.9%	65.0	8.8%	67.0	9.0%
Student Services	54.5	7.5%	50.5	6.8%	48.5	6.5%
Institutional Support	118.3	16.3%	113.7	15.4%	111.7	15.0%
Operations and Maintenance of Plant	68.0	9.4%	68.0	9.2%	67.0	9.0%
Auxiliary Enterprises	159.0	21.9%	166.6	22.5%	152.6	20.6%
Scholarships and Fellowships	0.0	0.0%	0.0	0.0%	0.0	0.0%
Total	726.6	100.0%	739.6	100.0%	742.6	100.0%

Source: Salisbury University

5. Fund Balance and Facilities Maintenance Put Pressure on Unrestricted Funds

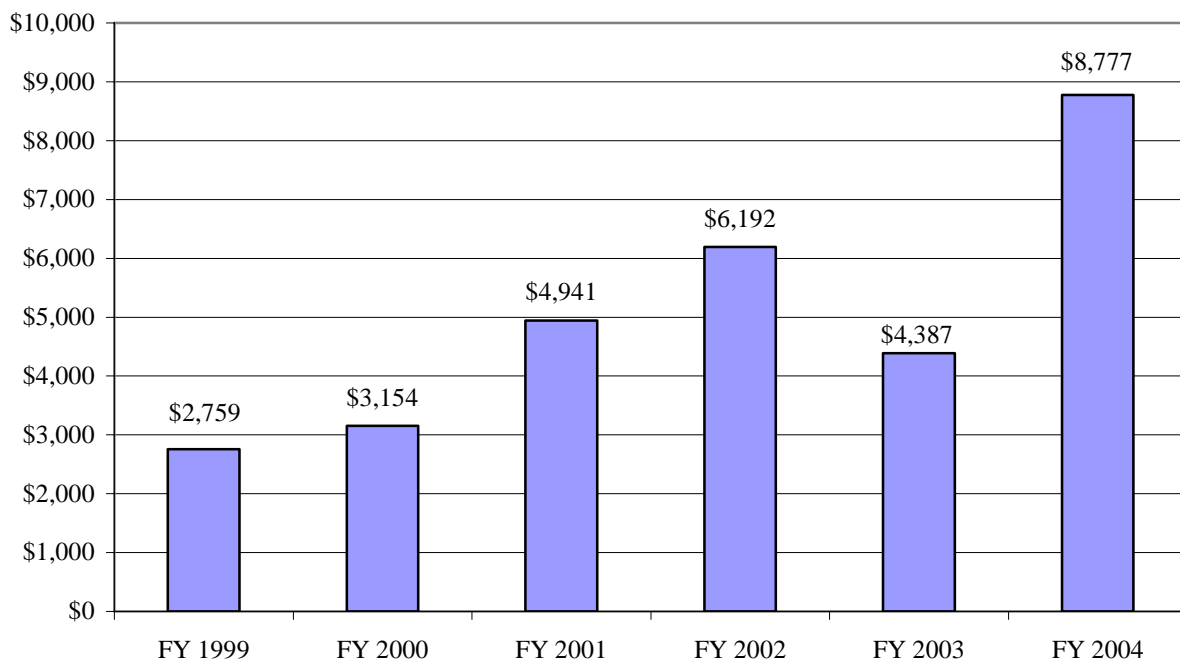
Fund balance is an important part of the assets against which debt is issued. In May 2004, Standard & Poor’s Rating Services lowered the rating on USM debt from AA+ to AA. In response, USM has a systemwide program to improve the ratio of fund balance to debt. As shown in **Exhibit 13**, SU’s fund balance has increased from \$2.8 million in fiscal 1999 to \$8.8 million in 2004. Institutions can build up fund balance by not spending all of their unrestricted funds.

Facilities maintenance needs also are putting pressure on unrestricted funds. Systemwide, the backlog for facilities maintenance and renewal projects is estimated at \$1.7 billion. At SU, projects that need to be addressed within the next five years are estimated at \$13.4 million, and projects that need to be addressed within the subsequent five years, 2011-2016, are estimated at another \$11.4 million.

R30B29 – USM – Salisbury University

A 1992 Regents’ policy states that each year system institutions are supposed to set aside funds for maintenance in their operating budgets equal to 2% of the replacement value of all capital assets. Systemwide, the spending is about 0.63%, and at SU, the spending was 0.9% in fiscal 2004. This includes operating funds as well as the capital funds channeled through the USM office. **The President should comment on the outlook for contributing unrestricted funds to fund balance and facilities maintenance.**

**Exhibit 13
Salisbury University
Unrestricted Fund Balance
Fiscal 1999 – 2004
(\$ in Thousands)**



	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
Fund Balance	\$2,758,515	\$3,153,650	\$4,940,657	\$6,192,450	\$4,387,389	\$8,776,703
Change		\$395,135	\$1,787,007	\$1,251,793	-\$1,805,061	\$4,389,314

Note: Amounts reflect ending fund balances.

Source: Maryland State Budget Book

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 2004					
Legislative Appropriation	\$26,871	\$57,672	\$84,543	\$5,416	\$89,959
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	4,113	4,113	1,000	5,113
Cost Containment	-1,428	0	-1,428	0	-1,428
Reversions and Cancellations	0	-1,706	-1,706	-271	-1,977
Actual Expenditures	\$25,443	\$60,079	\$85,522	\$6,145	\$91,667
Fiscal 2005					
Legislative Appropriation	\$25,432	\$66,348	\$91,780	\$4,134	\$95,914
Budget Amendments	563	745	1,308	2,342	3,650
Working Appropriation	\$25,995	\$67,093	\$93,088	\$6,476	\$99,564

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

Fiscal 2004

SU's general funds were reduced \$1.4 million in fiscal 2004 through the Governor's July 2003 cost containment action. Budget amendments added \$4.1 million in other unrestricted funds primarily due to:

- an increase of \$3.3 million in tuition revenue;
- an increase of \$1.8 million in sales and services of auxiliary services in food service and the bookstore;
- a decrease of \$380,005 in a transfer to fund balance; and
- a decrease of \$344,386 to represent the amount of the General Assembly's general fund reduction in fiscal 2004 that was not originally deducted from the total unrestricted fund appropriation.

Other unrestricted funds were further reduced by \$1.7 million from State-supported, self-support, and auxiliary funds that were reverted to increase fund balance.

Budget amendments increased restricted funds by \$1 million due to \$650,000 in increased federal and State contracts and grants, and additional financial aid funds of \$350,000.

Restricted funds were further reduced by \$271,213 in cancellations related to the timing of new and/or expired grants.

Fiscal 2005

Budget amendments increased unrestricted funds by \$1.3 million due to an increase in sales and services of educational activities and auxiliary services, and increased restricted funds by \$2.3 million due to federal and State contracts and services. Additional general funds cover costs associated with the fiscal 2006 general salary increase for State employees.

Audit Findings

Audit Period for Last Audit:	November 6, 1998 – October 28, 2001
Issue Date:	June 2002
Number of Findings:	8
Number of Repeat Findings:	1
% of Repeat Findings:	13%
Rating: (if applicable)	

Finding 1: The procedures used to procure the copying services contract limited competition and resulted in the receipt of only one proposal, which was from the incumbent vendor.

Finding 2: The University made payments totaling \$182,000 to the incumbent vendor to cancel the previous copier leases without verifying the propriety of the payments.

Finding 3: The university routinely leased its vehicles to private groups for non-university business, in violation of the university's policy. Claims totaling approximately \$147,000 were paid to settle an accident involving a university vehicle without advising the State Treasurer and the Board of Public Works, who approved the claims, that the vehicle was on non-university business.

Finding 4: Proper internal controls were not established over the processing of purchasing transactions.

Finding 5: The university did not always require students to provide sufficient documentation to substantiate their Maryland residency for tuition purposes.

Finding 6: Security measures to protect critical network resources were deficient in several areas.

Finding 7: **Procedures were inadequate to ensure that tuition waivers and financial aid awards recorded in the university's computer system were properly authorized and accurately recorded.**

Finding 8: Payroll adjustments were not verified to supporting documentation.

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

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

<u>Object/Fund</u>	<u>FY04 Actual</u>	<u>FY05 Working Appropriation</u>	<u>FY06 Allowance</u>	<u>FY05 - FY06 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	807.50	807.50	807.50	0	0%
02 Contractual	269.30	319.30	319.30	0	0%
Total Positions	1076.80	1126.80	1126.80	0	0%
Objects					
01 Salaries and Wages	\$ 46,453,332	\$ 50,640,193	\$ 51,607,619	\$ 967,426	1.9%
02 Technical & Spec Fees	11,206,721	11,794,871	12,686,973	892,102	7.6%
03 Communication	507,716	635,238	602,837	-32,401	-5.1%
04 Travel	618,484	880,202	969,868	89,666	10.2%
06 Fuel & Utilities	2,571,774	2,919,856	3,620,976	701,120	24.0%
07 Motor Vehicles	245,166	261,074	388,015	126,941	48.6%
08 Contractual Services	6,409,404	6,361,315	6,994,112	632,797	9.9%
09 Supplies & Materials	8,219,901	9,520,247	10,225,760	705,513	7.4%
10 Equip - Replacement	34,752	74,919	77,757	2,838	3.8%
11 Equip - Additional	1,895,621	1,864,695	1,973,774	109,079	5.8%
12 Grants, Subsidies, and Contributions	4,993,621	5,122,927	5,742,927	620,000	12.1%
13 Fixed Charges	7,551,647	8,543,480	7,540,011	-1,003,469	-11.7%
14 Land & Structures	958,408	945,202	1,275,000	329,798	34.9%
Total Objects	\$ 91,666,547	\$ 99,564,219	\$ 103,705,629	\$ 4,141,410	4.2%
Funds					
40 Unrestricted Fund	\$ 85,521,960	\$ 93,088,227	\$ 97,229,637	\$ 4,141,410	4.4%
43 Restricted Fund	6,144,587	6,475,992	6,475,992	0	0%
Total Funds	\$ 91,666,547	\$ 99,564,219	\$ 103,705,629	\$ 4,141,410	4.2%

Note: The fiscal 2005 appropriation does not include deficiencies, and the fiscal 2006 allowance does not reflect contingent reductions.

**Fiscal Summary
USM – Salisbury University**

<u>Program/Unit</u>	<u>FY04 Actual</u>	<u>FY05 Wrk Approp</u>	<u>FY06 Allowance</u>	<u>Change</u>	<u>FY05 - FY06 % Change</u>
01 Instruction	\$ 27,653,328	\$ 29,864,220	\$ 31,053,479	\$ 1,189,259	4.0%
02 Research	3,540,899	3,626,426	3,629,724	3,298	0.1%
03 Public Service	0	516,351	516,351	0	0%
04 Academic Support	6,824,539	7,255,267	7,445,679	190,412	2.6%
05 Student Services	4,087,274	4,288,699	4,485,312	196,613	4.6%
06 Institutional Support	11,273,168	11,205,343	11,786,309	580,966	5.2%
07 Operation and Maintenance of Plant	9,003,396	10,220,906	10,814,326	593,420	5.8%
08 Auxiliary Enterprises	24,624,457	27,844,763	28,612,205	767,442	2.8%
17 Scholarships and Fellowships	4,659,486	4,742,244	5,362,244	620,000	13.1%
Total Expenditures	\$ 91,666,547	\$ 99,564,219	\$ 103,705,629	\$ 4,141,410	4.2%
Unrestricted Fund	\$ 85,521,960	\$ 93,088,227	\$ 97,229,637	\$ 4,141,410	4.4%
Restricted Fund	6,144,587	6,475,992	6,475,992	0	0%
Total Appropriations	\$ 91,666,547	\$ 99,564,219	\$ 103,705,629	\$ 4,141,410	4.2%

Note: The fiscal 2005 appropriation does not include deficiencies, and the fiscal 2006 allowance does not reflect contingent reductions.