



Thursday, February 6, 2020
Salisbury University FY 2020 Budget Testimony
Maryland House Appropriations Committee
Subcommittee on Education and Economic Development

Friday, February 7, 2020
Salisbury University FY 2020 Budget Testimony
Maryland Senate Budget and Taxation Committee
Subcommittee on Education, Business and Administration

Chairman and members of the Committee, my name is Chuck Wight, and I am pleased to join you today.

I am in my second year as President of Salisbury University but this is my first time presenting testimony in the Maryland General Assembly, and I truly appreciate the opportunity.

I want to start by emphasizing my support for the USM appropriation in the Governor's budget.

And I want to thank all of you for your on-going support of public higher education.

We also appreciate the thorough analysis put together by Sara Baker and her team.

Salisbury University is a great investment for your higher education support.

This fall, SU welcomed the largest and most diverse incoming class in our institution's history.

Over the last four years, we have doubled institutional aid and thereby lowered the net cost of attendance for our students.

For low-income families, we have lowered the net cost of tuition by 23% since 2016.

Thanks to the support of the Governor and the General Assembly, construction is underway on our downtown Entrepreneurship Center, which will serve as a hub for regional economic development.

We are excited to partner with UMES, Wor-Wic Community College and Chesapeake College to provide access and support to their students as well.

We continue to look for ways to engage in more sustainable practices, and since 2016 we have decreased our reliance on fossil fuels so that 73% of our electricity now comes from renewable sources.

We take our responsibility to prepare Maryland's workforce very seriously, and I ask that you support the system's workforce development initiatives.

At Salisbury University, that funding will go to supporting in-demand fields in Health Physiology at Shady Grove and Community Health and Social Work at Hagerstown, and computer science at Salisbury University's main campus.

And our students are successful.

As you will see in the DLS analysis and in our presentation, SU is a system and peer leader when measuring the number of degrees awarded each year relative to the size of our student body.

I have answered the analyst's questions in the provided document, but I am happy to address those or any additional questions that you may have for me now.

Thank you for your time.

ENROLLMENT

Comment Requested:

1. *Page: 4—The President should comment on factors attributing to the decline in the number of continuing and transfer students.*

Salisbury University Response:

- While Salisbury University saw a slight dip in overall enrollment in the last two years, most of that decline came from the transfer and international student categories.
- This appears to be a trend that many of the USM institutions are also facing.
- As local community college enrollments dropped, SU saw a commensurate decline in transfers from those institutions.
- Additionally, SU saw a challenging immigration landscape affecting international enrollments.
- Conversely, SU saw greater interest from traditional aged, in-state students over that time frame.
- SU was one of only two USM institutions that grew in enrollment this past fall semester.
- In fact, SU welcomed the largest and most diverse freshman class in our history.
- To date, freshman applications are up by approximately 500 students, an increase of 7% for next fall compared to this point last year.
- Therefore, SU expects to see another robust entering class in fall 2020.
- With that said, we are expanding a number of enrollment initiatives that have assisted in helping SU sustain strong enrollments.

FINANCIAL AID

Comment Requested:

2. *Page: 11—The President should comment on why a shift was made toward spending more on scholarships and less on need-based aid.*

Salisbury University Response:

- In 2016, the USM changed the guidance on how we report aid for students who receive both need-based and merit-based aid. Since FY16, all such cases are now reported as merit-based aid.
- Using the old methodology, these percentages are largely unchanged from past years. Therefore, the apparent decline in need-based aid is mostly a result of the reporting changes.
- In 2015, students with an expected family contribution of \$10,000 or lower received roughly \$2.3 million dollars in institutional aid.
- For 2020, we expect that number to come to roughly \$4.8 million dollars in aid.
- In fact, DLS noted that for families with a net income of \$30,000 or less, tuition decreased by \$2,823 or 23% between fiscal years 2016 and 2018.

- It is a priority of mine, the Chancellor and the Board of Regents to continue to make a college education as accessible and affordable as possible, so we are squeezing every dollar to make that happen.

EDUCATION AND GENERAL

Comment Requested:

3. *Page 17—The President should comment on the reliance on relatively high auxiliary surpluses to cover E&G spending and on efforts to align E&G expenditures with revenue given the recent declines in enrollment.*

Salisbury University Response:

- SU does use auxiliary surpluses to cover some educational and general costs that cannot be paid with tuition or state funding.
- The fact is that, among our peer institution and other schools within the System, we are among the lowest funded on a per-student basis. To maintain quality and in order to increase institutional aid and other necessary services, we rely on revenue from auxiliary services to help support SU's mission.
- Important items to note as it relates to that revenue:
 - The System has clear governors in place to manage the costs of our auxiliary services.
 - Our price adjustments are made at levels equal to or less than cost-of-living.
 - We track costs at peer and other System institutions to ensure that we're not just in line but that we're also remaining competitive. Our prices are typically lower because we manage these auxiliary services in-house.
- An example of why our numbers look the way that they do is the current facilities renewal process.
 - The USM requires all campuses to set aside funds each year to maintain campus infrastructure.
 - Within the last few years, our facilities renewal obligation has nearly doubled, going from \$6 million to \$11.2 million dollars.
 - In the last few years, we have been fortunate enough to receive private and public support for a number of desperately needed academic buildings.
 - These new buildings forced us to set aside a substantially larger amount of funds for buildings that are not yet at the point where they require a lot of maintenance.
 - This is a subject that the System has been working with us, and other campuses, to address.
- Since FY16, we have increased institutional aid from \$6.3 million to \$12 million.
- An increase in State support would allow us to decrease or maintain our current auxiliary revenue and dedicate even more money to student aid and support services.
- And, as noted in your summary from DLS, SU has a great track record of efficiency and effectiveness with taxpayer dollars and we are at the top of the pack among our peer institutions and within the USM when it comes to degree production per FTE student.

AUDIT FINDINGS

- SU procedures for verifying the propriety of financial aid awards recorded in its automated records were not effective since the employee responsible for performing the verification was not independent of the process.

- The Director of Financial Aid now completes a monthly quality assurance review of a 5% random sampling to review financial aid awards. The Director's supervisor completes a monthly quality assurance review of a 5% random sampling of any awards the Director awards. SU believes that this item is resolved.
- Salisbury University (SU) did not obtain approval from the University System of Maryland Board of Regents to make a total of \$1.1 million disbursements to an affiliated foundation.
 - SU presented an item in June to have the BOR Finance Committee retroactively approve the disbursements and forgive \$380,000 in a bridge loan. The Finance Committee tabled the item. SU again intended to present the same item to the Finance Committee in October and the item was pulled from the agenda. SU has tried to resolve this issue, but it remains unresolved.
- SU did not adequately verify certain contract invoices to ensure that payments were made only in accordance with the contract terms and conditions.
 - SU has revised procedures to ensure that invoices are adequately verified in accordance with contract terms and conditions. SU believes that this item is resolved.
- SU did not ensure that the vendors responsible for disbursing student refunds and for collecting student online payments were properly safeguarding students' sensitive personal information.
 - SU obtained reports from the vendors indicating that sensitive student data was protected. In addition, SU has implemented procedures during the RFP process that ensure the vendors have independent reports demonstrating that students' sensitive personal information is protected. SU believed that this item is resolved.
- The monitoring of the student administration and financial system's security was not adequate because critical database activities either were not logged or could not be reviewed when logged.
 - SU implemented additional procedures to ensure that all critical database activities are logged, reported and independently reviewed and documented. SU believes that this item is resolved.



February 6 & 7, 2020
Salisbury University
University System of Maryland FY 2021 Budget Testimony
System Office Response

Page 16 - USMO should comment on whether SU's State fund appropriation is appropriate given its size and mission when compared to other USM institutions.

USMO Response:

First and foremost, it is important to note the University System of Maryland fully supports the Governor's Allowance and acknowledges the historical state support from the Legislature. Salisbury University (SU) has been recognized for its high-quality academic programs and continued student success in both graduation and retention rates. The campus is a model for efficiency and effectiveness that the USM is proud of.

The majority of the state funding increases are required to fund mandated expenditures such as salary and fringe benefits, new facilities operating costs and required legislative initiatives (for example the Maryland Strategic Partnership SB1052/897). In FY 2021, these increases accounted for 88% of the total state funding increment received. The remaining 12% of state funding relates to the Workforce Development Initiative (WDI). The USM has directed WDI funding to SU at a greater ratio than that of other campuses.

When all FY 2021 state funding increases are considered (mandated and WDI increases) Salisbury's state funding grows at a rate of 7.8%, well above the USM average increase of 5.5%.

The USM is required to allocate state funding to institutions that have distinct missions, student demographics and academic programs. Salisbury University is a high-quality institution worthy of the state's investment. That said, the USM recognizes the state funding limitations and competing priorities of the Legislature.

It should be noted that the DLS recommended reductions, if accepted, will exacerbate funding issues and **we urge the committee to reject the USM recommended reductions to preserve funding levels for Salisbury as well as our other institutions.**