



Salisbury University
FY 2027 Operating Budget
Testimony & Response to Department of Legislative Services Analysis
SU President Carolyn R. Lepre, PhD.

Maryland House Appropriations
Education and Economic Development
Subcommittee
Stephanie M. Smith, Chair
Wednesday, March 4, 2026

Maryland Senate Budget and Taxation
Subcommittee on Education, Business and
Administration
Nancy J. King, Chair
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Madame Chair and members of the subcommittee, thank you for the opportunity to speak today.

This year marks a historic milestone for Salisbury University as we celebrate 100 years of educating Maryland's students and serving Maryland's communities. What began in 1925 with just over one hundred students has grown into a university that strengthens every sector of our state - from education, and health care, to business, science, and public service. Our centennial celebration, "Salisbury. Forever.", honors that legacy through community events, partnerships, and campus enhancements that reflect the depth of our commitment to Maryland.

Today's students continue to carry that legacy forward. Our incoming class this fall was the second-largest in SU's history, with strong representation from first-generation and minority students. Their success is reflected in our outcomes: SU holds the highest four-year graduation rate among USM master's institutions and the second-highest six-year graduation rate. Both rates improved this year.

First-year retention also increased to 79%, with minority student retention rising by two percentage points, showing that students who come to SU want to stay at SU, and furthering our progress toward closing equity gaps. Our student body is now more diverse than ever, with 33% of students identifying as minorities.

As we continue to impact the lives of not just our students, but our entire community, we are grateful for the General Assembly's support for the Performing Arts Center planned for downtown Salisbury. This new facility will not only significantly enhance performing arts education for students but will serve as a cultural anchor and economic driver for the region.

SU's commitment to community runs deep. Thousands of residents visit our galleries, theatres, and research centers each year, and through Delmarva Public Radio and PAC 14, we bring cultural, civic, and educational programming into homes across the region.

Our students, faculty, and staff engage beyond campus as well. Through Maryland's largest AmeriCorps program, our Presidential Citizen Scholars develop long-term civic projects that address pressing community needs. Teams of SU volunteers have built more than 100 wheelchair ramps for Eastern Shore residents, and hundreds of students participate annually in the Big Event and I Love Salisbury, supporting local community members through various service projects. This sustained engagement earned SU a renewed Carnegie Community Engagement Classification, recognizing our university-wide commitment to public service.

Student-athletes contribute to that commitment too, completing more than 3,000 hours of community service each year - recognition that earned SU the NCAA Community Service Award in both 2024 and 2025.

SU also plays a central role in addressing statewide workforce needs. Our Seidel School of Education is the second-largest producer of teachers in Maryland, with nearly 10,000 education graduates living and working in the state. Our health and human services programs prepare students for work in rural and aging communities, and nearly 2,900 SU nursing graduates now serve Marylanders. The Eastern Shore Child Care Resource Center, housed at SU, continues to provide vital training and support at a time when child care availability is a statewide concern.

At the same time, SU is expanding opportunities for students through partnerships with NASA's Goddard Space Flight Center, the Maryland Army National Guard, and the Washington Commanders, creating pathways for career development, hands-on learning, and professional mentorship.

Our commitment to high-impact practices is further reflected in national recognition: SU has been a top producer of Fulbright students for seven consecutive years and in 2023 was ranked the No. 1 master's-level producer of Fulbright Students in the nation. More recently, we celebrated our second Gates Cambridge Scholar - one of only 26 students in the U.S. earning a full graduate scholarship to the University of Cambridge, England this year.

Finally, SU remains deeply engaged in driving regional economic growth. Our Perdue School of Business and Rommel Center for Entrepreneurship support local startups, innovators, and small businesses, while National Science Foundation partnerships are helping us expand research capacity in areas like STEM and artificial intelligence.

For a century, Salisbury University has helped shape Maryland's workforce, strengthen its communities, and expand opportunity. We are proud of the role we play in the state's success, and we look forward to continuing that work for the next hundred years. Thank you, and I welcome your questions.

Answers to DLS Questions

The President should comment on the decline of the amount of institutional aid going toward need-based aid. (exhibit 5, pages 8-9)

Salisbury University's institutional need-based aid is calculated on the basis of a student's remaining need after merit scholarships are applied. As the enrollment landscape has grown more competitive nationally, institutions must offer stronger merit packages to attract high-achieving students. SU has been no exception.

Our incoming students continue to demonstrate an exceptionally strong academic profile. For several years now, the average high school GPA of our first-year class has remained steady at approximately 3.78. In a period of declining national enrollment, students with strong academic credentials have more options and receive more competitive merit offers from institutions across the country. To remain competitive, SU has increased merit aid accordingly.

Because merit scholarships are awarded at the time of admission, beginning in the fall of a student's senior year, they are offered months earlier than need-based aid, which is not calculated until federal financial aid data is available in the spring. As a result, early merit awards often reduce the amount of need-based aid a student would otherwise qualify for. This shift reflects changes in the timing and strategy of aid awards, not a reduction in student need or SU's commitment to meeting that need.

In fact, need continues to grow. SU's overall institutional aid has increased, and our student body is arriving with greater financial need than ever before. Our Fall 2025 cohort illustrates this clearly:

- New, first-time Pell student enrollment increased 5.5% from Fall 2024 to Fall 2025.
- Overall new undergraduate enrollment increased 2.0% over the same period.
- Twenty-eight percent of our undergraduates receive the Pell Grant, the second consecutive year of the highest Pell percentage in SU's history.

We are proud that SU is enrolling more Marylanders and more Pell-eligible students while also attracting academically strong applicants. These trends show that our institutional financial aid strategy - expanding access while remaining competitive academically - is working.

The President should comment on factors that led to the worsening of the graduation rate of the 2020 cohort of full-time students receiving and not receiving aid, why transfers graduate at a higher rate, and efforts to ensure success of full-time students. (exhibit 6, page 10)

Like many other institutions across the country, Salisbury University saw declines in both retention and graduation following the onset of COVID-19. The fall 2019 cohort, which is reported as part of the Fiscal Year 2020 data, was hit particularly hard because they were just halfway through their first year when the pandemic shut everything down.

But we are already seeing encouraging signs of recovery. Our preliminary data for the fall 2020 cohort shows improvement: their four- and five-year graduation rates are trending up, and the five-year rate increased by three percentage points over the previous cohort.

There are a few key factors that help explain the challenges faced by the 2019 cohort. First, that cohort included a larger percentage of Pell-eligible students (24%). Pell students were disproportionately affected by the economic and personal disruptions of the pandemic. At SU, when we looked at Pell students from the 2019 cohort who did not graduate, nearly one-third did not enroll anywhere after leaving us. Another 40% shifted to a two-year college. That's a significant shift, and it reflects the financial strain families were experiencing.

Another factor relates to our out-of-state students, who made up about 18% of the 2019 cohort. When the pandemic forced students home – and when we reduced density on campus the following fall – many of those students stayed home, and a significant number transferred into public institutions in their home states where in-state tuition was more affordable. For example, more than half of our students from Delaware and New Jersey who didn't finish at SU enrolled in institutions in their home states.

For our transfer students, their graduation rates have improved and, in some cases, are stronger than those of our first-time students. The primary reason is that the profile of transfer students enrolling at SU has changed significantly over the last decade. While our transfer enrollment has declined – down 27% since 2019 – the students who are coming to us are arriving with more completed credits and clearer degree pathways.

In 2019, 55% of transfers came in with 60 or more credits or an associate degree. Today, that number has grown to 88%. These students have already built momentum, and our research shows that they graduate at higher rates and earn higher GPAs. Transfers arriving with 60 or more credits have an average GPA of 3.41 compared to 3.24 for those entering with fewer credits.

We have also taken intentional steps to support transfer success. We launched an enhanced transfer credit evaluation tool that uses AI to quickly provide students with a personalized transfer credit report. We also refined our merit-based aid for transfers to increase yield among academically strong applicants. These strategies are working, and they are improving both the student experience and overall graduation outcomes.

We pay very close attention to our retention and graduation metrics, and when we saw the fall 2019 cohort's second-year retention rate drop, we acted swiftly. Those strategies contributed to a two-percentage-point increase in second-year retention for the fall 2020 cohort.

But we also recognized that many students from 2019 – students who had started strong – simply fell off the path to graduation during the pandemic. So, in spring 2024, we launched our Near Completer's Initiative. We identified members of the 2019 cohort who had earned a substantial number of credits but left before finishing. We reached out through personal emails and mailed letters, inviting them back and showing them flexible pathways, whether on our main campus or at one of our regional sites, so they could complete their degree. We also developed an incentive of a \$1,000 scholarship for those near completers, titled Finish Your Flight Award, and within that first year, we saw 47% of near completers who have either graduated or were persisting towards finishing their degree.

In fall 2024, Salisbury University created the Student Success Council, a cross-campus group of more than 30 individuals charged with improving retention and on-time graduation. This Council is focused on scaling student success initiatives, removing barriers to persistence, holding ourselves accountable for measurable improvements, and communicating clearly with the campus about what our students need to thrive. The Council's work is guided by data and by national best practices, and it has already made important progress. It has surveyed students about perceived barriers to success, provided group training on student success technologies, and submitted policy changes designed to remove obstacles to registration and timely degree completion.

Finally, another initiative that reflects the strength of our student-centered approach is the Sea Gull Circle. Funded by the University System of Maryland's ABC Grant, Sea Gull Circle has already served more than 100 students since its first cohort launched in fall 2024. The mentors in this program have an average GPA of 3.72, and the results are clear. Students who engaged with their mentors three or more times during the semester earned significantly higher GPAs than students who did not. This is exactly the kind of high-impact, relationship-based support that helps students persist, thrive, and graduate.

The President should comment on the reliance on the relatively high auxiliary surpluses to cover E&G and on efforts to align E&G expenditures with revenues. (exhibit 10, pages 15-16)

It is true that in recent years our E&G expenditures have exceeded our E&G revenues, and those gaps have been filled by auxiliary surpluses. That pattern appears clearly in the budget analysis, which shows E&G deficits in five of the last six years, including a deficit of over \$14 million in fiscal 2025. Now, we've been fortunate that our auxiliary enterprises have generated positive margins. These surpluses are not a sign of overcharging students, nor do we view these as a long-term or permanent solution to offsetting E&G deficits.

Part of what made the auxiliary balances look unusually high in FY 2024 and FY 2025 was an accounting misclassification. During those two years, our full facility renewal contribution, plus additional funds required for specific auxiliary projects, were recorded entirely on the E&G side, instead of allocating the applicable share to auxiliaries. That had the effect of inflating the E&G deficit and making the auxiliary surpluses look much larger than they truly were. When we restate those years to account for the appropriate allocation, the auxiliary surplus drops significantly: down to about \$7.6 million in FY 2024 and about \$4.4 million in FY 2025.

In truth, our auxiliary surpluses have been *decreasing* over time, not growing. And that's important, because these units need to maintain reasonable balances for future facility needs such as renovations, capital renewal, and major maintenance. They can help in tough years, as they have, but relying on them year after year is neither sustainable nor advisable. The budget analysis raises that concern, and we agree. We are fixing the accounting allocation issues that contributed to the distorted deficit picture, ensuring that shared costs like facility renewal are properly distributed between E&G and auxiliary operations moving forward.

We have already taken significant steps to structurally realign E&G expenditures with recurring revenues. Over the past year, we undertook a university-wide review to identify areas where we could reduce or reshape spending without undermining the core academic mission. That included limiting non-essential travel and professional development, reducing duplicative technology costs, adjusting instructional redesign efforts, and tightening certain labor and operating expenses.

We've also implemented stronger vacancy management and position controls, and we are aligning resources with enrollment trends to ensure programs reflect student demand. At the same time, we're investing in enrollment and retention strategies, which are already paying off with increases in undergraduate enrollment. Stable and growing enrollment is essential to stabilizing tuition revenue, and we're encouraged by the early signs.

And finally, we've put in place a comprehensive recovery plan that reduces our ongoing expense base while allowing targeted investments in revenue-generating and enrollment-driven initiatives. This is designed to improve margins in FY 2026 and beyond.

While auxiliary surpluses have been helpful in navigating a challenging period, we are fully committed to restoring structural balance within the E&G budget. Through disciplined cost management, more

accurate accounting, and strategic investments in enrollment and student success, we are putting the university on a more stable and sustainable long-term financial path.