ADDENDUM TO BUDGET TESTIMONY

Salisbury UNIVERSITY

By President Janet Dudley-Eshbach, Ph.D.

February 2011

1.) The President should comment on how SU is working to reduce student loan burden to improve retention.

Salisbury University (SU) is committed to improving retention. Increasing financial aid to reduce the student loan burden is one of our methods to achieve this. As of our FY 2012 request, SU will have increased its institutional-based aid by 65 percent over that of FY 2007. This represents more than $1.4 million of additional aid available. Even with this significant increase in funding, the University is not on par with other University System of Maryland (USM) institutions for the amount of institutional-based aid available for students. This is one of the reasons we have asked for a market correction to our tuition.

2.) The President should comment on the amount of undergraduate institutional aid provided by SU, and on the amount of unrestricted funds expended on scholarships and fellowships compared to institutional aid for undergraduate students.

Given the limited total State resources available to the institution, SU is unable to provide the level of financial aid funding necessary to attract the most qualified and socioeconomically diverse students. The University continues to place a high priority on increasing the amount of aid available.

Exhibit 7 in the budget analysis* shows the amount of unrestricted funds allocated on scholarships and fellowships for FY 2010-FY 2012. The listed expenditures include institutional aid, tuition waivers, coverage for foundation scholarship shortfalls, and matching funds for Supplemental Education Opportunity Grants (SEOG). The institutional aid listed in Exhibit 9*, however, only includes the institutional aid. Table 1 below reconciles the two exhibits.

3.) The President should comment on whether SU views the 6 percent undergraduate resident tuition increase as a one-time market adjustment, or one of a series of increases needed to attain market parity. The President should also comment on whether the institution will continue to direct most additional revenue generated by tuition increases above the USM average to undergraduate financial aid.

Of the 6 percent undergraduate resident tuition increase, 3 percent represents the amount that all USM institutions will be increased and the additional 3 percent represents a partial tuition correction. SU and the USM see this 3 percent tuition adjustment as the first in a series of corrections needed to reach market parity per the Bohanan Commission Report and last session's SB 283 (Tuition Stabilization Act). We will continue to direct most of the additional revenue generated by the corrective portion of this tuition increase to undergraduate financial aid.

As mentioned in our budget testimony, SU funding is relatively lean. According to the Department of Legislative Services' (DLS) 2012 Higher Education Budget Overview, even after this correction, only three public four-year institutions in Maryland have lower tuition and fees than SU, and these three receive substantially more general fund support per FTES. While it might appear that low tuition and fees would widen access, in reality, the lack of adequate State funding, including tuition revenue, limits our ability to provide adequate or comparable institutional aid. This serves to restrict access for qualified and socioeconomically diverse students.

4.) The President should comment on the findings of the 2008-2009 tuition and fee rate market analysis and on SU's nonresident undergraduate tuition and fee rate compared to other public four-year institutions in Maryland.

Near the end of the last economic recession, SU experienced an unexpected reduction in its out-of-state enrollments that created about a $600,000 revenue shortfall. At that time, the University had reached a point where the out-of-state tuition rate was at market. As a result, there was a strong inverse relationship between rate increases and out-of-state enrollment. Given the significant operational revenue this group generates, SU does not want to risk further decline in its enrollment of out-of-state students.

The analyst has correctly pointed out that our biggest drop in retention is in

Table 1: Scholarships and Fellowships

	Institutional Aid	% of Total	Tuition Waivers/ SEOG Match/ Foundation Coverage	Total
FY 2010 Actual	$3,123,147	72%	$1,228,910	$4,352,057
FY 2011 Working	$3,052,947	73%	$1,119,552	$4,172,499
FY 2012 Allowance	$3,755,447	77%	$1,141,553	$4,897,000

* Department of Legislative Services Analysis of the FY 2012 Maryland Executive Budget, 2011 (R30B29 Salisbury University)

out-of-state students. In addition, she noted that our students carry a large debt load. Both of these factors illustrate that our undergraduate out-of-state tuition rate remains at, if not slightly above, the market. For the past several years, despite the freeze on in-state tuition, the University has increased its out-of-state tuition by the dollar that would be equivalent to a typical in-state tuition increase in normal years. For example, a typical 4 percent in-state tuition increase would equal about $200; consequently, out-of-state tuition was increased by $200 (as opposed to 4 percent, which would have yielded a higher dollar increase). This formula seems to be working as intended and the erosion of our out-of-state enrollments has been minimized. Out-of-state students contribute to the overall revenues of the University and are major contributors toward our efforts for a culturally and regionally diverse student population.

5.) The President should comment on the amount of institutional undergraduate financial aid budgeted in FY 2012 and on whether SU intends to reach parity with other USM institutions on the percent of tuition and fee revenue used to support undergraduate institutional aid.

As mentioned in the first comment, as of our FY 2012 request, SU will have increased its institutional-based aid by 65 percent over that of FY 2007. This represents more than $1.4 million of additional aid available. Even with this significant increase in funding, the University is not on par with other USM institutions for the amount of institutional-based aid available for students. This is both a recruiting and retention issue for SU.

Appendix I in the USM overview illustrates that SU is not funded with State appropriations per FTES in parity with the other USM institutions. As a result, we are more reliant upon our tuition and fee revenue to provide for our core educational mission operations. Given the limited total State resources available to the institution, the University is unable to contribute an amount of institutional funds toward student financial aid that is comparable to those of other USM institutions. As mentioned in three of my previous comments, the University has placed a high priority on increasing the amount of aid available for its students. These funds are important for recruiting, retaining, and graduating our students.

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