

# R13M00

## Morgan State University

### ***Executive Summary***

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Morgan State University (MSU), designated as Maryland's public urban university, is responsible for addressing the needs of the citizens, schools, and organizations within the Baltimore metropolitan area through academic, research, and service programs. One of the goals of MSU is to promote economic development by meeting critical workforce needs by offering programs in professional fields, such as engineering, business, teacher education, architecture, and social work.

### ***Operating Budget Data***

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(\$ in Thousands)

	<u>FY 18</u> <u>Actual</u>	<u>FY 19</u> <u>Working</u>	<u>FY 20</u> <u>Allowance</u>	<u>FY 19-20</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Funds	\$91,426	\$94,463	\$98,502	\$4,038	4.3%
Adjustments	0	690	2,738	2,048	
<b>Adjusted General Fund</b>	<b>\$91,426</b>	<b>\$95,154</b>	<b>\$101,240</b>	<b>\$6,086</b>	<b>6.4%</b>
Special Funds	2,235	2,360	2,390	30	1.3%
Adjustments	0	0	0	0	
<b>Adjusted Special Fund</b>	<b>\$2,235</b>	<b>\$2,360</b>	<b>\$2,390</b>	<b>\$30</b>	<b>1.3%</b>
Other Unrestricted Funds	107,700	110,073	115,034	4,961	4.5%
Adjustments	0	0	0	0	
<b>Adjusted Other Unrestricted Fund</b>	<b>\$107,700</b>	<b>\$110,073</b>	<b>\$115,034</b>	<b>\$4,961</b>	<b>4.5%</b>
Total Unrestricted Funds	201,361	206,897	215,926	9,030	4.4%
Adjustments	0	690	2,738	2,048	
<b>Adjusted Total Unrestricted Funds</b>	<b>\$201,361</b>	<b>\$207,587</b>	<b>\$218,664</b>	<b>\$11,077</b>	<b>5.3%</b>
Restricted Funds	46,066	54,626	54,626	0	
Adjustments	0	0	0	0	
<b>Adjusted Restricted Fund</b>	<b>\$46,066</b>	<b>\$54,626</b>	<b>\$54,626</b>	<b>\$0</b>	<b>0.0%</b>
<b>Adjusted Grand Total</b>	<b>\$247,428</b>	<b>\$262,212</b>	<b>\$273,290</b>	<b>\$11,077</b>	<b>4.2%</b>

Note: The fiscal 2019 appropriation includes deficiencies, a one-time \$500 bonus, and general salary increases. The fiscal 2020 allowance includes general salary increases.

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

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- State support for MSU increases by \$6.1 million, or 6.3%, in the adjusted fiscal 2020 allowance over the adjusted fiscal 2019 working appropriation.
- Increased State support to be allocated for deferred maintenance and facilities renewal (\$1.9 million), salary increases and fringe benefit expenditures (\$3.5 million), and contractual conversions (\$0.7 million).

### ***Personnel Data***

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	<b><u>FY 18</u></b> <b><u>Actual</u></b>	<b><u>FY 19</u></b> <b><u>Working</u></b>	<b><u>FY 20</u></b> <b><u>Allowance</u></b>	<b><u>FY 19-20</u></b> <b><u>Change</u></b>
Regular Positions	1,115.00	1,169.00	1,179.00	10.00
Contractual FTEs	<u>510.00</u>	<u>467.00</u>	<u>457.00</u>	<u>-10.00</u>
<b>Total Personnel</b>	<b>1,625.00</b>	<b>1,636.00</b>	<b>1,636.00</b>	<b>0.00</b>

#### ***Vacancy Data: Regular Positions***

Turnover and Necessary Vacancies, Excluding New Positions	46.69	3.96%
Positions and Percentage Vacant as of 12/31/18	69.00	5.9%

- In fiscal 2019, 44 contractual positions were converted to full-time regular positions. Additionally, there were 10 newly hired faculty positions, resulting in a total increase of 54 regular positions from fiscal 2018 to 2019.
- In fiscal 2020, 10 contractual positions will also be converted to full-time regular positions.

### ***Key Observations***

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- In recent years, declining enrollment from in-state students has left MSU heavily dependent on out-of-state and international students.
- Four- and six-year graduation rates are improving.

### **Operating Budget Recommended Actions**

1. Add language restricting \$0.7 million for the conversion of contractual positions.

## **Updates**

**Faculty Workload:** Annual language in the *Joint Chairmen's Report* required MSU to submit a report on the instructional workload of tenured/tenure-track faculty and full- and part-time nontenured/nontenure-track faculty. Overall, the average course units taught by tenure and tenure-track faculty and full-time contractual faculty were in line with expectations, while department chairs exceed their expected course units taught from fiscal 2017 to 2018.

**R13M00**  
**Morgan State University**

***Operating Budget Analysis***

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**Program Description**

Morgan State University (MSU), designated as Maryland's public urban university, is responsible for addressing the needs of the citizens, schools, and organizations within the Baltimore metropolitan area through academic, research, and service programs. One of the goals of MSU is to promote economic development by meeting critical workforce needs by offering programs in professional fields, such as engineering, business, teacher education, architecture, and social work.

Based on various socioeconomic and academic measures, MSU enrolls and educates a diverse student body, including those among the best prepared and those who might not obtain a baccalaureate degree without extra support of the institution. MSU offers a comprehensive range of academic programs, awarding baccalaureate degrees emphasizing the arts and sciences and specialized master's and doctoral degrees.

**Carnegie Classification:** DRU: Doctoral/Research University

**Fall 2018 Undergraduate Enrollment Headcount**

Male	2,918
Female	3,501
<b>Total</b>	<b>6,419</b>

**Fall 2018 Graduate Enrollment Headcount**

Male	487
Female	806
<b>Total</b>	<b>1,293</b>

**Fall 2018 New Students Headcount**

First-time	1,335
Transfers/Others	431
Graduate	318
<b>Total</b>	<b>2,084</b>

**Campus (Main Campus)**

Acres	143
Buildings	38
Average Age	32
Oldest	Carnegie Hall – 1919

**Programs**

Bachelor's	48
Master's	38
Doctoral	16

**Degrees Awarded (2017-2018)**

Bachelor's	1,149
Master's	268
Doctoral	54
<b>Total Degrees</b>	<b>1,471</b>

**Proposed Fiscal 2020 In-state Tuition and Fees\***

Undergraduate Tuition	\$5,476
Mandatory Fees	\$2,582

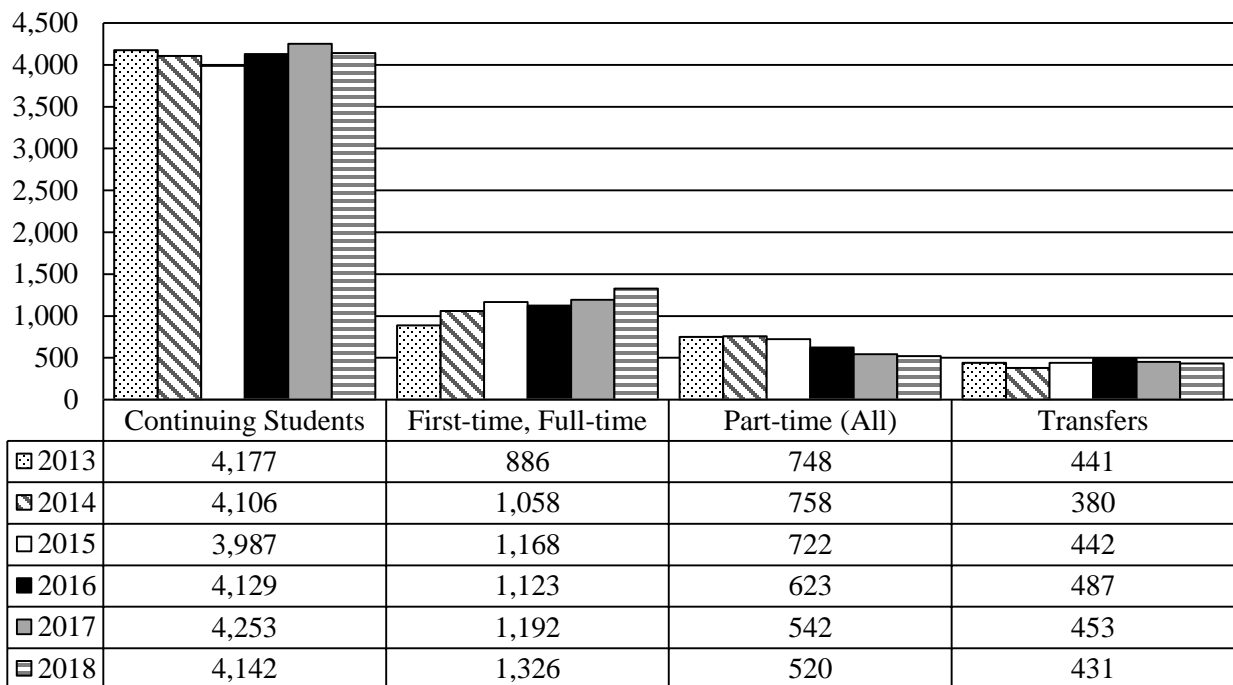
\*Contingent on Board of Regents approval.

## Performance Analysis: Managing for Results

### 1. Undergraduate Enrollment

Total undergraduate enrollment decreased by 0.3%, or 21 students, in fall 2018. Continuing students, which had seen increases in enrollment in fall 2016 and 2017, decreased by 111 students in fall 2018, or 2.6%. Enrollment of first-time/full-time (FT/FT) students grew by 11.2% in fall 2018, reaching MSU's highest total ever of 1,326 students. All part-time students decreased in population by 22, or 4.1%, while the transfer population also decreased by 22 students, or 4.9%. These changes can be seen in **Exhibit 1**.

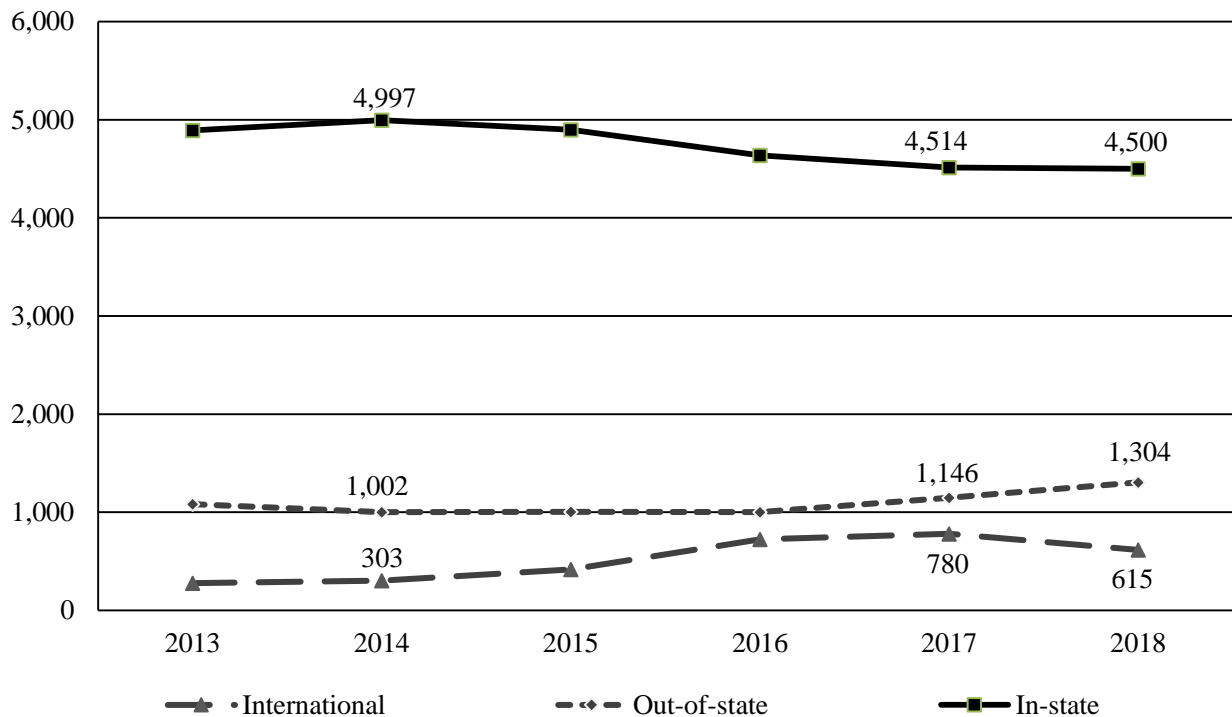
**Exhibit 1**  
**Undergraduate Enrollment**  
**Fiscal 2013-2018**



Source: Morgan State University

MSU continues to rely heavily on international students to offset losses in enrollment for in-state students. As shown in **Exhibit 2**, although in-state enrollment was stable between fiscal 2017 and 2018, from 2014 to 2018, in-state enrollment has decreased by 497 students, or 10.2%; while international student enrollment has increased by 312 students, or 112.6%. Out-of-state student enrollment has also increased during this period, gaining 302 students, or a 30.9% increase.

**Exhibit 2**  
**Enrollment Trends by Location**  
**Fiscal 2013-2018**



Source: Morgan State University; Maryland Higher Education Commission

MSU attributes the increase of international students to the development of a new Division of International Affairs, which is responsible for all of the university's global engagements, including international recruitment. For in-state and out-of-state students, MSU is exploring new recruitment strategies and enhancing some existing ones, including redesigning the high school visit model to maximize visits in areas with a steady enrollment trend; launching the Big Bear Little Bear program in which MSU will partner with four Baltimore City public high schools to host high-achieving ninth and tenth graders to expose them to MSU; the On the Spot program in which admission staff visit high schools and interview prospective students on the spot, and at the end of the day, students receive an admission decision; and establishing a dual-enrollment program.

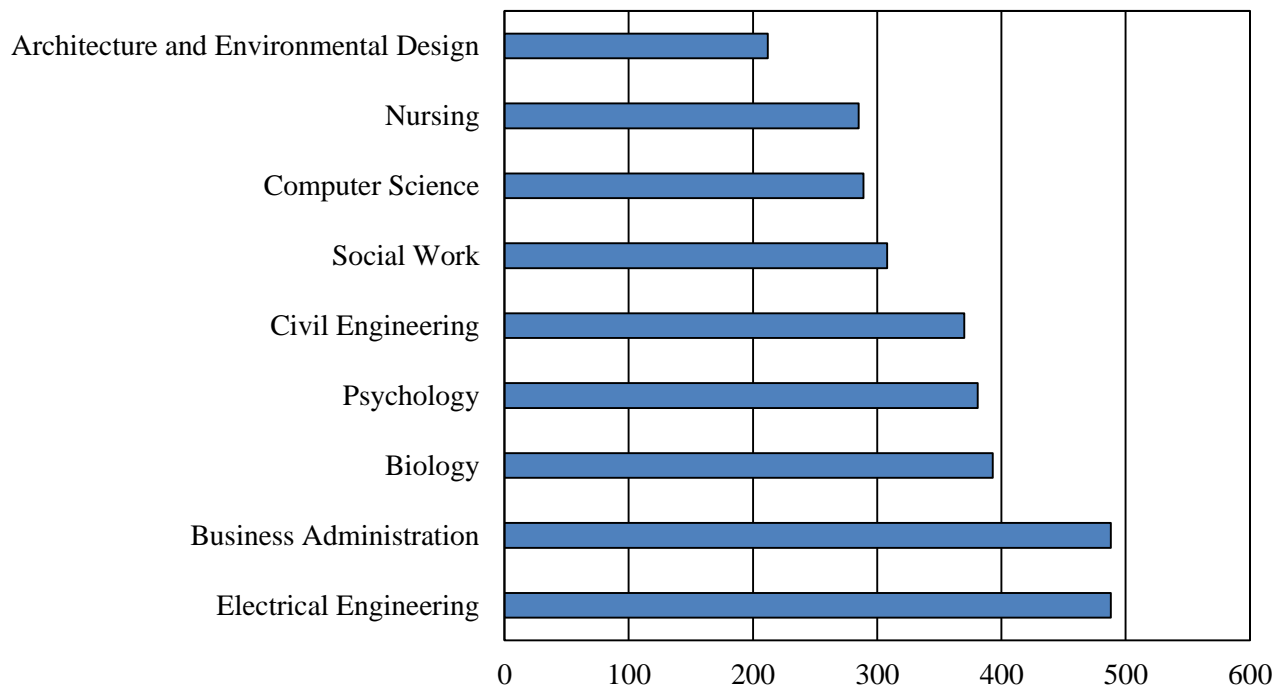
Overall, by fall 2018, out-of-state and international students accounted for 29.9% of the undergraduate student population, maintaining the fall 2017 level. While this total has remained stable, the total number of undergraduate international students has decreased by 176 students in fall 2018 when compared to fall 2017. The recent enrollment trends prompt concerns about the reliance on tuition revenues generated from outside Maryland.

**The President should comment on the ability of the university to maintain or increase enrollment of international students and the budget implications if the university falls short of its budgeted target. The President should also comment on efforts to increase enrollment of in-state students.**

In fall 2018, over half of the undergraduate students were enrolled in 1 of 10 program areas, as shown in **Exhibit 3**. Electrical engineering and business administration were the most popular majors, comprising 15.6% of the total enrollment.

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**Exhibit 3**  
**Undergraduate Headcount Enrollment by Top 10 Program Areas**  
**Fiscal 2018**



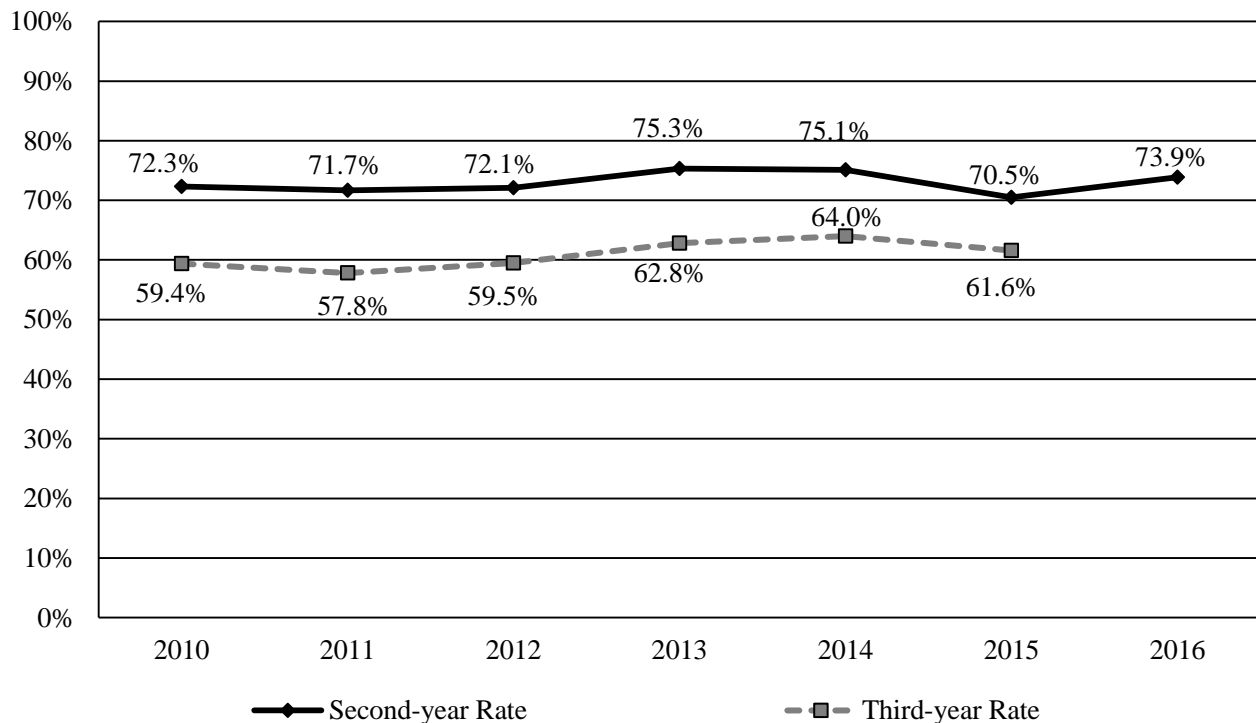
Source: Morgan State University

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## 2. Student Performance

Student persistence, or retention, provides a measure of student progress and an indication of an institution's performance: the higher the retention rate, the more likely that students will persist and graduate. As students are most likely to drop out during their first year, the second-year retention rate provides an indication if retention strategies are working or if further investigation is needed to identify areas of improvement. Overall, beginning with the 2010 cohort, the second-year retention rate has exceeded 70.0%, as shown in **Exhibit 4**. After the 2013 cohort achieved the highest rate of 75.3%, it has fallen to 73.9% with the 2016 cohort, but this represents an improvement over the fiscal 2015 cohort. Since the 2011 cohort, the third-year retention rate had improved through the 2014 cohort, going from 57.8% to 64%. However, the 2015 cohort experienced a decrease of 2.4 percentage points when compared to the 2014 cohort, falling from 64% to 61.6%.

**Exhibit 4**  
**Second- and Third-year Retention Rates for First-time, Full-time**  
**2010-2016 Cohorts**



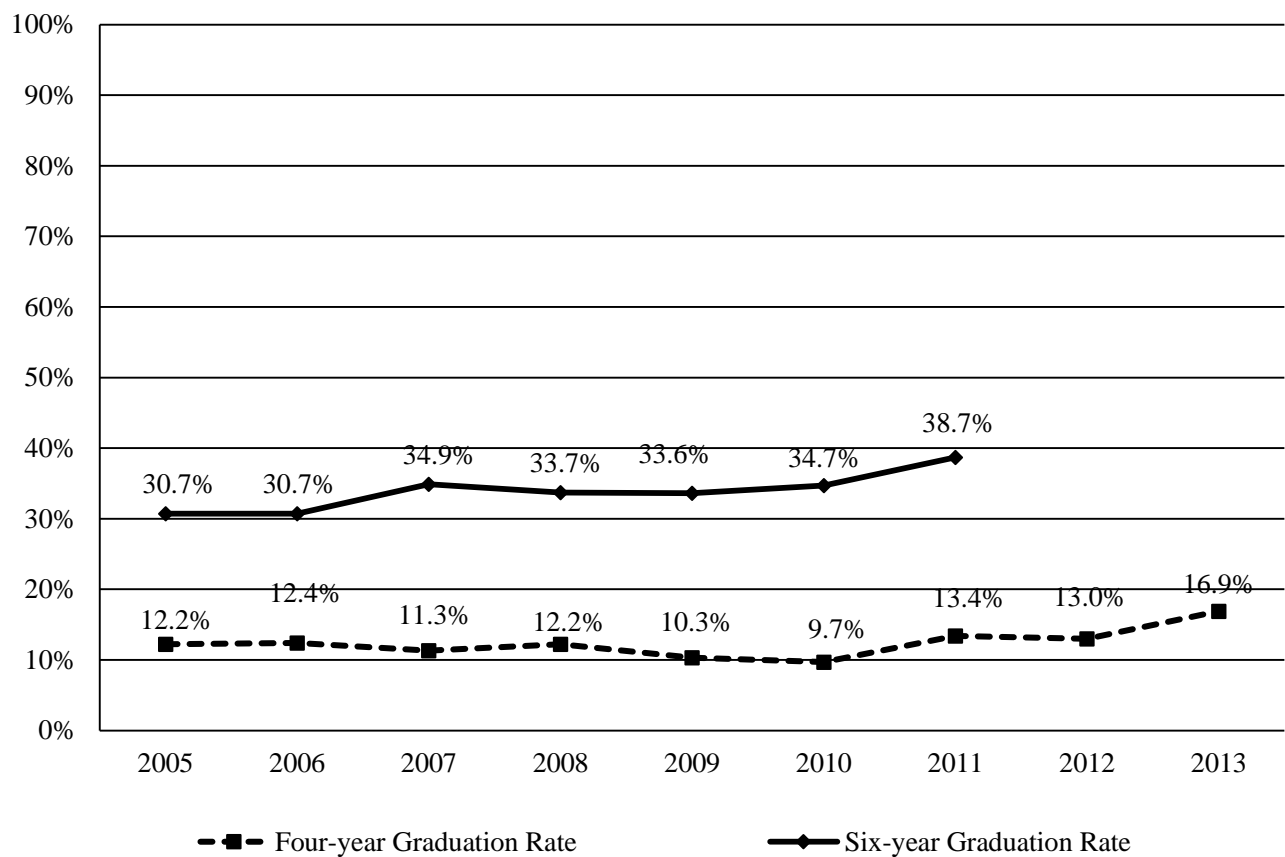
Note: Percentages represent first-time, full-time students who remained enrolled at the same institution in the subsequent fall semesters.

Source: Maryland Higher Education Commission



Graduation rates are, in part, another measure of student persistence and efficiency – as more students graduate, it frees up more room, allowing an institution to enroll more students. **Exhibit 5** shows the four- and six-year graduation rates for FT/FT students, which include those who transferred and graduated from another Maryland institution. Overall, after falling to its lowest point of 9.7% with the 2010 cohort, the four-year rate spiked to its highest recent level of 16.9% with the 2013 cohort. The six-year graduation rate, after remaining fairly stable between the 2007 and 2010 cohorts, saw the 2011 cohort reach 38.7%, its highest total in a decade.

**Exhibit 5**  
**Graduation Rate of First-time, Full-time Students**  
**2005-2013 Cohorts**

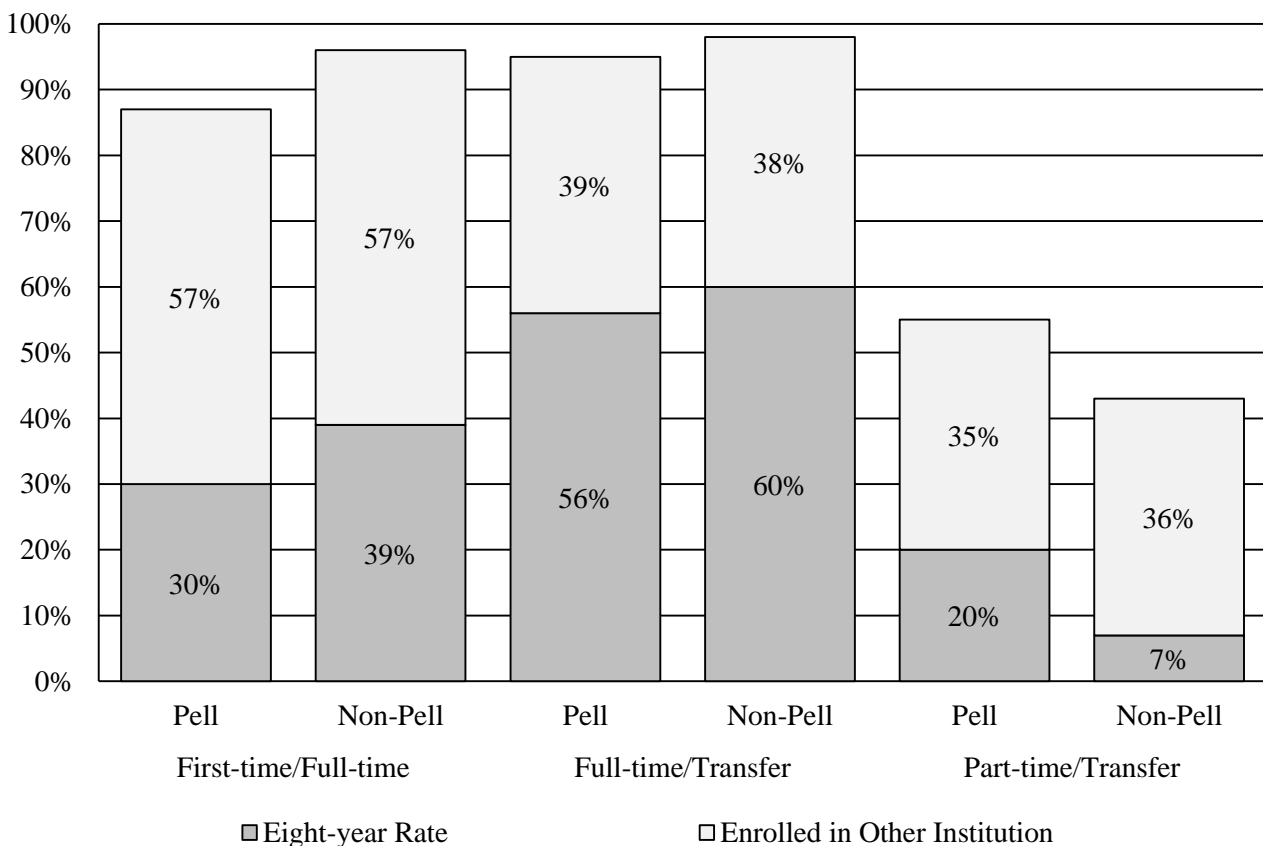


Note: Percentages include first-time, full-time students who persisted at and graduated from the institution that they initially enrolled in and those who transferred and graduated from any Maryland public or private four-year institution.

Source: Maryland Higher Education Commission

Traditional graduation measures only capture the outcomes of the traditional FT/FT students who are increasingly comprising a smaller portion of the student population. In order to have a more inclusive graduation rate that captures the progress of nontraditional students, the Integrated Postsecondary Education Data System reports on the outcomes of first-time, transfers, and part-time students by Pell and non-Pell recipients. As shown in **Exhibit 6**, both full-time Pell and non-Pell transfer students are more likely to earn a degree within eight years than FT/FT students. Part-time transfer students graduate at a much lower rate than FT/FT and full-time transfer students, indicating that there are opportunities for MSU to target programs directed at the unique needs of this population to help them succeed and earn a degree. When excluding part-time transfer students, non-Pell students graduate at a higher rate than Pell students with the gap between FT/FT and full-time transfers of 9 and 4 percentage points, respectively.

**Exhibit 6**  
**Eight-year Graduation Rate for**  
**Students Entering in Academic Year 2009-2010**

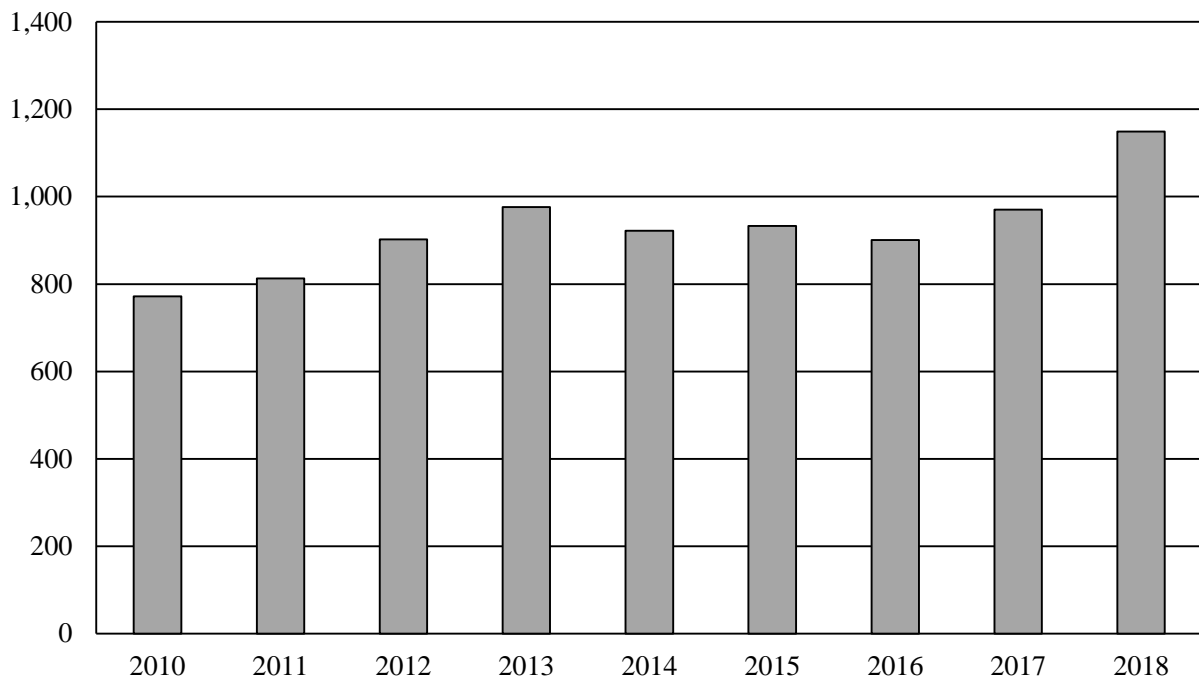


Source: National Center for Education Statistics; College Navigator

### 3. Degree Production and Cost Per Degree

The number of degrees awarded grew 26.4% from 772 in fiscal 2010 to 976 in fiscal 2013, as shown in **Exhibit 7**. After declining 7.7% between fiscal 2013 and 2016, the number of degrees conferred increased to 1,149 in fiscal 2018, the highest total ever produced.

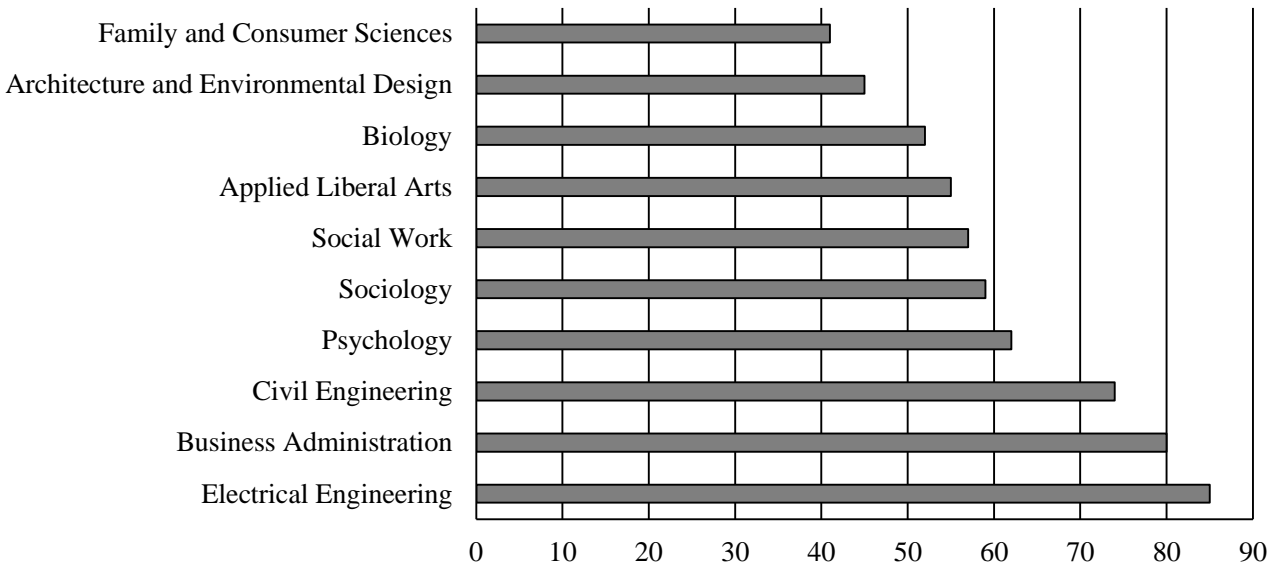
**Exhibit 7**  
**Total Undergraduate Degrees Awarded**  
**Fiscal 2010-2018**



Source: Morgan State University

Over half of the degrees in fiscal 2018 were awarded in 1 of 10 programs, as shown in **Exhibit 8**. Electrical engineering, business administration, and civil engineering account for 20.8% of the degrees that were awarded that year.

**Exhibit 8**  
**Top 10 Undergraduate Degrees Awarded**  
**Fiscal 2018**



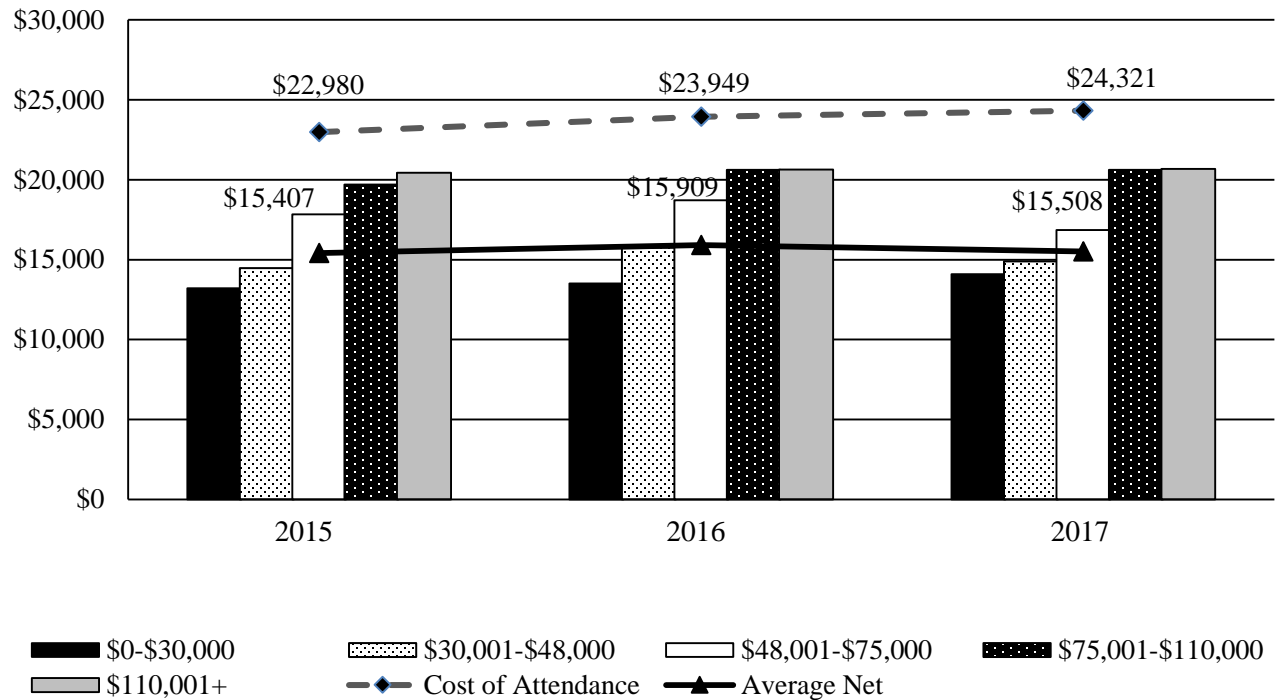
Source: Morgan State University

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### **Cost of Attendance**

When considering the affordability of college, students and families tend to focus on the published cost of attendance (COA) or sticker price. COA is the total cost of attending college for one year, including tuition and fees, room and board, books, supplies, and other expenses. However, the focus should be on the average net price, which is the cost to the student after accounting for the average amount of federal, State, and institutional aid awarded to all undergraduate MSU students. As shown in **Exhibit 9**, in fiscal 2017, the average net price was \$8,813, or 33.0%, less than the published COA for a FT/FT student. The average cost to a student varies by income level; those with a lower family income receive more in financial aid, thereby lowering the average price for attending college. The average net price for a family with an income of \$0 and \$30,000 increased by \$583 from \$13,516 in fiscal 2016 to \$14,099 in fiscal 2017.

**Exhibit 9**  
**Estimated Cost of Attendance vs. Average Net Price for Full-time In-state**  
**Students by Income Level**  
**Fiscal 2015-2017**



Note: The total cost of attendance includes tuition; mandatory fees; books and supplies; and the weighted average for room, board, and other expenses. Average net price is calculated by subtracting the average amount of federal, State, and institutional aid awarded to Morgan State University students from the total cost of attendance.

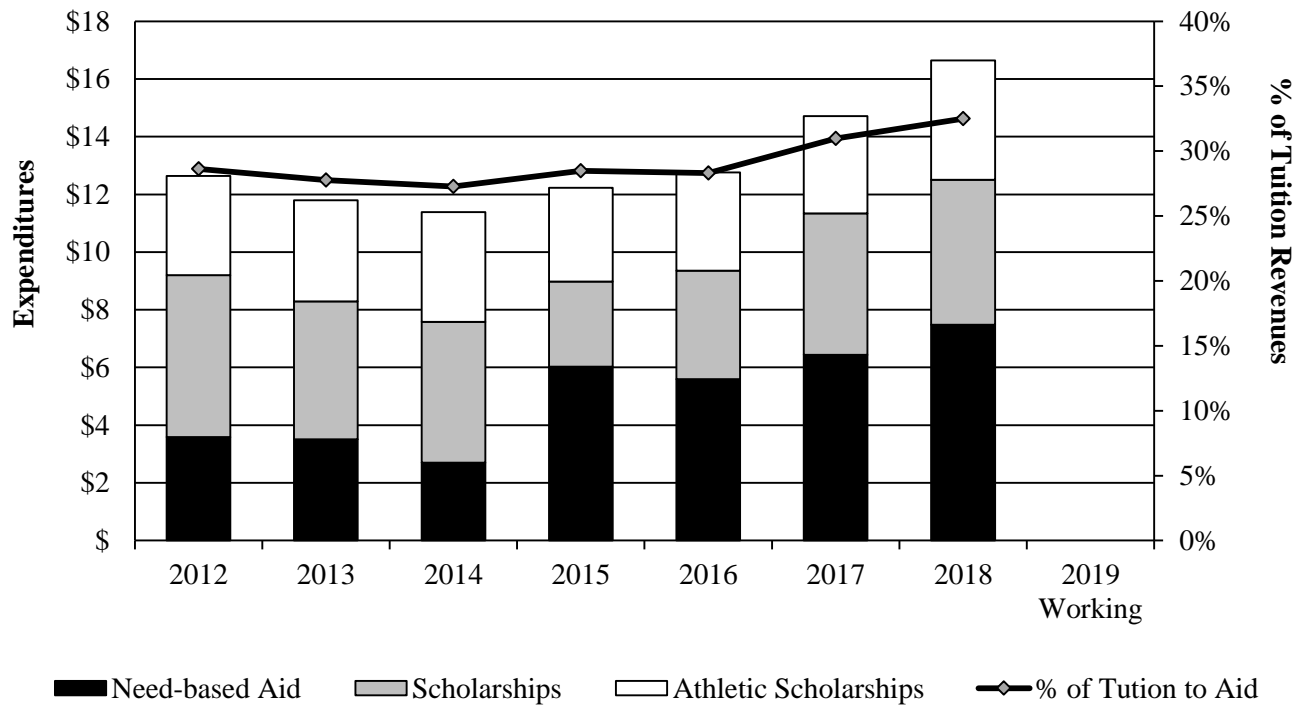
Source: National Center for Education Statistics' College Navigator

## Tuition Discount

In order to increase accessibility and make college more affordable, public colleges have been increasing the amount that they can discount tuition through institutional aid (need-based, scholarships, and athletics scholarships). The discounted rate is the ratio of total institutional aid to undergraduate tuition. As shown in **Exhibit 10**, the tuition discounted rate was 32.5% in fiscal 2018. MSU could not provide data for fiscal 2019.

**The President should comment on why the 2019 working institutional aid numbers could not be produced.**

**Exhibit 10**  
**Institutional Aid and Tuition Discount**  
**Fiscal 2012-2019**  
**(\$ in Millions)**



Source: Morgan State University; Department of Legislative Services

## Loans

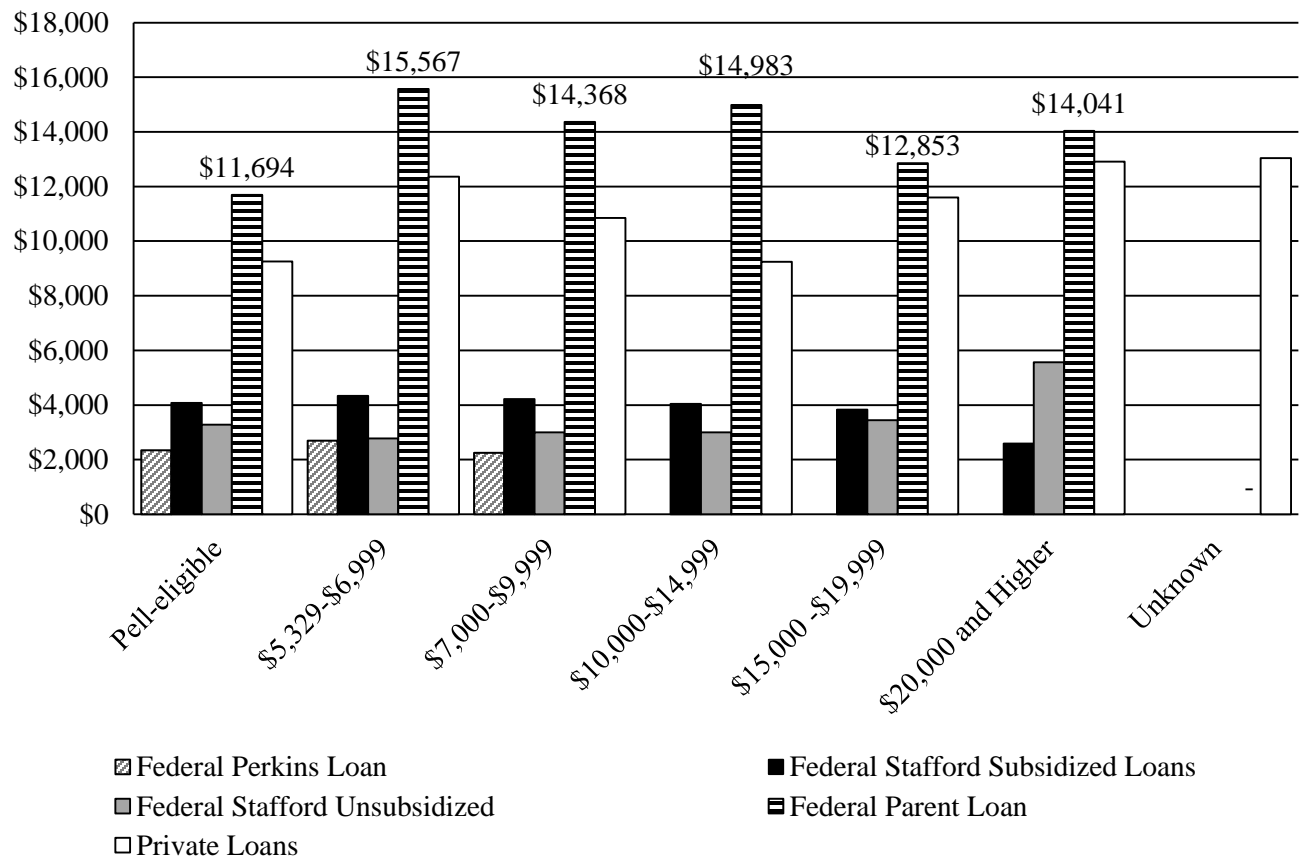
In fiscal 2018, 53% of MSU's undergraduate students received a Pell grant, which is given to those students who otherwise could not afford college. These students have an expected family contribution (EFC) of less than a specific amount, which was \$5,328 in fiscal 2018. EFC is an indicator of the amount that a family is expected to contribute for a student's college education; the lower the EFC, the greater the financial need.

While students with the greatest financial need typically receive Pell and institutional aid, it is not enough to cover the cost of attendance. As shown in **Exhibit 11**, students in all EFC categories take out various types of loans to finance their education. There are three types of loans:

- federal subsidized loans that are based on financial need with the government paying the interest while the student is enrolled in school (Stafford subsidized loans and Perkins loans);

- federal unsubsidized loans are general loans for those who do not demonstrate financial need with interest added to the balance of the loan while the student is enrolled in school (Stafford unsubsidized and Parent loan); and
- private loans.

**Exhibit 11**  
**Mean Loan Amount by Type and Expected Family Contribution**  
**Fiscal 2018**



Source: Morgan State University

In fiscal 2018, of the 3,645 Pell-eligible students, 83.0% and 87.2% used subsidized and unsubsidized loans, respectively. However, 3.5% of the Pell-eligible students took out private loans and, on average, borrowed \$9,259. In general, federal parent loans were the highest average loans taken out for those in all EFC categories, with those with an EFC of \$5,329 to \$6,999 taking out the highest average loan of \$15,567.

According to College InSight, the percentage of students graduating with debt from MSU increased from 79% to 83% between fiscal 2012 and 2017. For public four-year institutions, this is higher than the national average of 57% and the State average of 53%. The average debt of a graduate also increased from \$30,944 to \$34,578, between fiscal 2012 and 2017, higher than the national and State averages of \$27,293 and \$28,047, respectively.

## **Fiscal 2019 Working Budget**

### **Education and General Expenditures**

Since tuition and fee revenues in the allowance are based on enrollment projections, increases and decreases in enrollment can have a significant effect on an institution's revenues. Therefore, looking at the changes of expenditures by program area between fiscal 2018 and 2019, when institutions know their fall enrollment, provides a more accurate picture of funding priorities.

In fiscal 2019, spending on academic support grows by 19.5%, or \$4.2 million, as shown in **Exhibit 12. MSU should comment on the reasons for the 20% increase in academic support funding.** Spending on instruction increased by 7.1%, or \$3.9 million. This increase was due to a new cybersecurity program (\$2.0 million) and fringe benefit increases (\$1.7 million). Institutional support grew by 3.5%, or \$1.4 million. These were increases related to fringe benefits (\$0.8 million), bond repayment for the new infrastructure technology lease purchase (\$0.5 million), and additional infrastructure technology purchases (\$0.4 million).

Education and general (E&G) expenditures were higher than revenues brought in to pay for these services. In order to cover this shortfall, MSU will have to use all of its surplus auxiliary revenues. Since auxiliary enterprises are self-supporting, they typically generate a profit, which is generally transferred to the fund balance to be used to fund future projects such as renovation and construction of auxiliary-related facilities. In times when E&G revenues may not cover academic expenses, institutions will use excess auxiliary revenues to help offset the shortfalls. **The President should comment on whether MSU has undertaken efforts to identify administrative and academic efficiencies and, if so, what actions have or will be taken to achieve a cost savings.**



**Exhibit 12**  
**MSU Budget Changes for Unrestricted Funds by Program**  
**Fiscal 2018-2019**  
**(\$ in Thousands)**

	<b><u>2018 Actual</u></b>	<b><u>2019 Adjusted Working</u></b>	<b><u>2018-2019 \$ Change</u></b>	<b><u>2018-2019 % Change</u></b>
<b>Expenditures</b>				
Instruction	\$55,134	\$59,029	\$3,895	7.1%
Research	1,181	2,167	986	83.5%
Public Service	426	455	29	6.8%
Academic Support	21,910	26,186	4,276	19.5%
Student Services	7,944	7,813	-131	-1.6%
Institutional Support	40,389	41,800	1,411	3.5%
Operation and Maintenance of Plant	19,672	19,274	-398	-2.0%
Scholarships and Fellowships	19,191	20,429	1,238	6.5%
General Salary Increase		690	690	
<b>E&amp;G Total</b>	<b>\$165,848</b>	<b>\$177,154</b>	<b>\$11,306</b>	<b>6.8%</b>
Auxiliary Enterprises	\$35,514	\$29,742	-\$5,771	-16.3%
<b>Total Expenditures</b>	<b>\$201,361</b>	<b>\$207,587</b>	<b>\$6,225</b>	<b>3.1%</b>
<b>Revenues</b>				
Tuition and Fees	\$67,510	\$68,514	\$1,004	1.5%
State Funds <sup>1</sup>	93,661	97,514	3,852	4.1%
Other	6,134	6,952	818	13.3%
<b>Total E&amp;G Revenues</b>	<b>\$167,305</b>	<b>\$172,979</b>	<b>\$5,674</b>	<b>3.4%</b>
Auxiliary Enterprises	\$37,725	\$34,607	-\$3,117	-8.3%
Transfer (to)/from Fund Balance	-3,669		3,669	-100.0%
<b>Available Unrestricted Revenues</b>	<b>\$201,361</b>	<b>\$207,587</b>	<b>\$6,225</b>	<b>3.1%</b>

E&G: Education and General  
MSU: Morgan State University

<sup>1</sup> State funds include general funds and Higher Education Investment Funds.

Note: Fiscal 2019 State funds adjusted to reflect a general salary increase and one-time bonus.

Source: Governor's Fiscal 2020 Budget Books; Department of Legislative Services

**Proposed Budget**

As shown in **Exhibit 13**, the general fund allowance for fiscal 2020 is 6.4%, or \$6.1 million, higher than in fiscal 2019 after adjusting for the one-time \$500 bonus and 0.5% general salary increase in fiscal 2019 and the annualization of the 0.5% increase and a 3.0% general salary increase in fiscal 2020. The general funds for these salary increases are included in the Department of Budget and Management budget. The Higher Education Investment Fund (HEIF) increases 1.3%, or \$30,000, resulting in an overall growth in State funds of 6.3%, or \$6.1 million.

**Exhibit 13**  
**Proposed Budget**  
**Morgan State University**  
**Fiscal 2020**  
**(\$ in Thousands)**

	<b><u>2018</u></b> <b><u>Actual</u></b>	<b><u>2019</u></b> <b><u>Working</u></b>	<b><u>2020</u></b> <b><u>Allowance</u></b>	<b><u>2019-2020</u></b> <b><u>Change</u></b>	<b><u>% Change</u></b> <b><u>Prior Year</u></b>
Total General Funds	91,427	95,154	101,240	6,086	6.4%
Higher Education Investment Fund	2,235	2,360	2,390	30	1.3%
<b>Total State Funds</b>	<b>93,661</b>	<b>97,514</b>	<b>103,630</b>	<b>6,116</b>	<b>6.3%</b>
Other Unrestricted Funds	111,369	110,073	115,034	4,961	4.5%
<b>Total Unrestricted Funds</b>	<b>205,030</b>	<b>207,587</b>	<b>218,664</b>	<b>11,077</b>	<b>5.3%</b>
Transfer to Plant Balance	-726				
Transfer to Fund Balance	-2,942				
<b>Net Unrestricted Revenues</b>	<b>201,361</b>	<b>207,587</b>	<b>218,664</b>	<b>11,077</b>	<b>5.3%</b>
Restricted Funds	46,066	54,626	54,626	0	0.0%
<b>Total Funds</b>	<b>\$247,428</b>	<b>\$262,213</b>	<b>\$273,290</b>	<b>\$11,077</b>	<b>4.2%</b>

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

Source: Governor's Fiscal 2020 Budget Books; Department of Legislative Services

The increase in the fiscal 2020 general fund allowance is intended to cover:

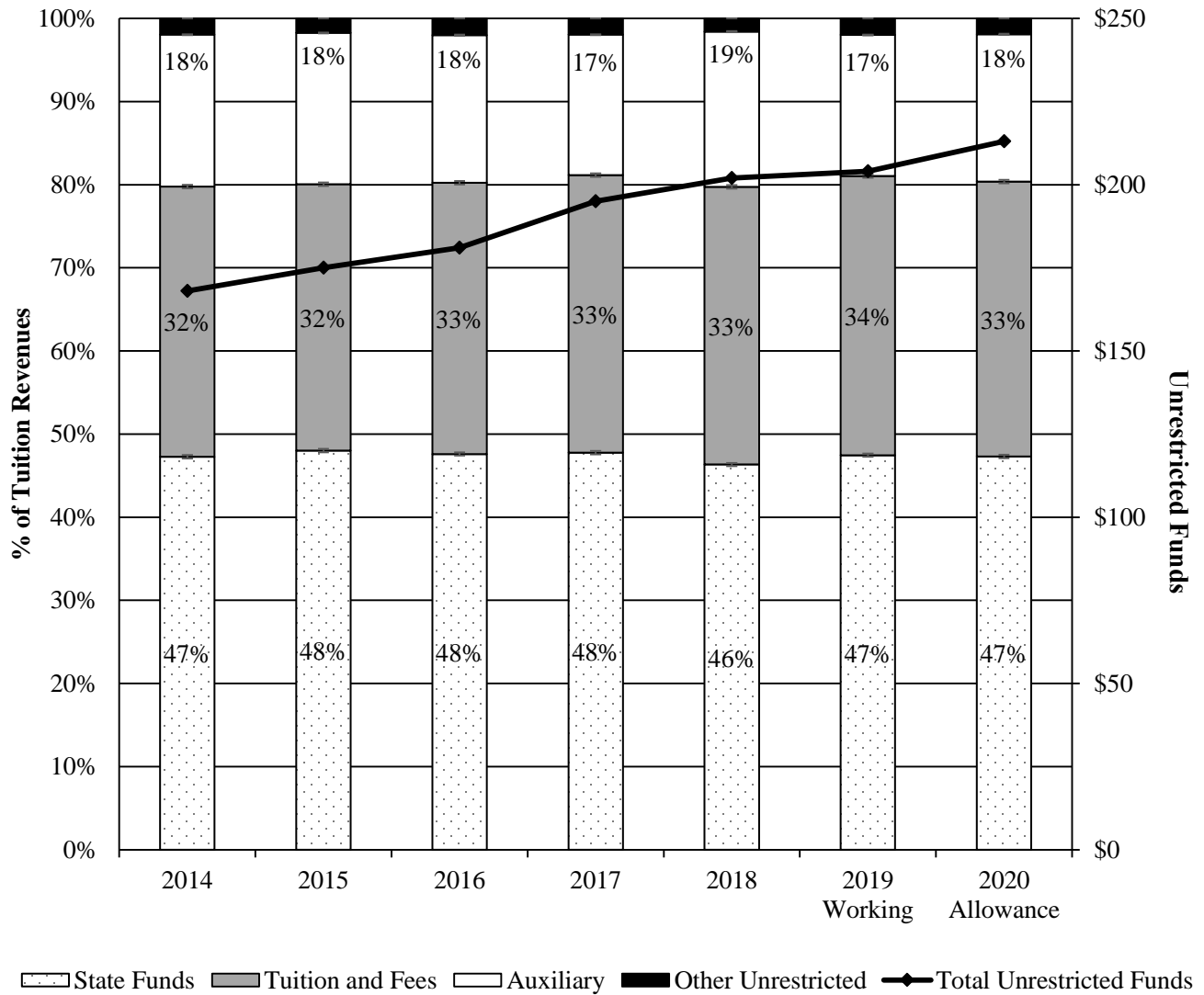
- \$1.9 million in deferred maintenance;
- \$0.7 million for contractual conversions; and
- \$3.5 million in salary increases and fringe benefit costs.

Other current unrestricted funds increase 4.5%, or \$5.0 million, of which \$2.0 million is from additional tuition and fee revenues partly due to a planned 2% increase in resident undergraduate tuition and \$3.2 million from an increase in auxiliary sales being offset by a \$0.2 million reduction in other sources.

### **Revenue Sources**

In the fiscal 2020 allowance, State funds (general and HEIF funds) and tuition and fees comprise 47% and 33%, respectively, of MSU's current unrestricted revenue, as shown in **Exhibit 14**. In general, the overall ratios have remained stable over this period. Between fiscal 2014 and 2020, total unrestricted funds increased by \$50.4 million, or 31.5%, with State funds accounting for \$21.7 million of the increase and tuition and fee revenue for \$16.1 million.

**Exhibit 14**  
**Unrestricted Revenues by Source**  
**Fiscal 2014-2020**  
**(\$ in Millions)**



Source: Governor's Budget Books

## ***Issues***

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### **1. National Collegiate Athletic Association Infractions**

Over four academic years (2012-2013 through 2015-2016), MSU allowed 94 student-athletes in 10 sports to compete and receive expenses while ineligible or not properly certified as eligible. Over the same period, the institution improperly awarded financial aid in 9 sports and was documented by the National Collegiate Athletic Association (NCAA) as lacking institutional control of the conduct and administration of its athletics program.

In December 2017, NCAA noted that the athletics department faced “systematic deficiencies in the areas of reporting structure and senior staff knowledge related to NCAA academic support and compliance. The department also suffered from instability caused by high staff turnover, the absence of a formal rules education process, and a lack of sufficient academic support staff. There was a single academic coordinator with oversight of 300 student-athletes.” After these findings were made public, NCAA imposed the following penalties on the MSU athletics department:

- four years of probation through December 18, 2021;
- a one-year postseason ban for softball, tennis, and football;
- a \$5,000 penalty plus 1% of the 2017 to 2018 budgets of football, softball, and women’s tennis programs,
- during the 2018-2019 academic year, scholarship reductions of 5% in the 10 sports where violations occurred; and
- recruiting restrictions in 10 sports, including a seven-week ban on unofficial visits and on-campus recruiting, official visit reductions, and communication restrictions.

MSU appealed these punishments shortly after the report was made public. After an appeals process was conducted, NCAA affirmed the penalties imposed in December 2017. As shown in **Exhibit 15**, the financial penalty associated with the \$5,000 penalty and 1% penalty of the 2017 to 2018 budgets of football, softball, and the women’s tennis programs totaled \$23,790.

**Exhibit 15**  
**Financial Penalties Related to NCAA Sanctions**  
**Fiscal 2018**

<b><u>Team</u></b>	<b><u>2018 Budget</u></b>	<b><u>1% of Budget</u></b>
Football	\$1,652,506	\$16,525
Softball	137,429	1,374
Women's Tennis	89,131	891
		\$5,000 Penalty Payment
<b>Total</b>		<b>\$23,790</b>

NCAA: National Collegiate Athletic Association

Source: Morgan State University

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In addition to financial penalties, MSU was also required to reduce the aid provided in scholarships in the 10 sports where the violations occurred by 5%. The total dollar amount in scholarship reductions by sport can be seen in **Exhibit 16**.

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**Exhibit 16**  
**Scholarship Penalties Related to NCAA Sanctions**

<b><u>Teams</u></b>	<b><u>5% Reduction in Aid by Team</u></b>
Football	\$69,346
Men's Basketball	15,407
Men's Track	14,752
Women's Basketball	16,198
Women's Bowling	5,766
Women's Track	18,366
Softball	14,654
Men's Tennis	5,333
Women's Tennis	7,771
<b>Total</b>	<b>\$167,413</b>

NCAA: National Collegiate Athletic Association

Source: Morgan State University

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**The President of MSU should comment on what actions have been taken to ensure that the athletics department is in compliance with NCAA regulations.**

## **2. Audit Findings**

In January 2019, the Office of Legislative Audits (OLA) released a report after completing a fiscal compliance audit of MSU for the period beginning July 1, 2013, through January 3, 2017. This audit disclosed a number of procedures and processes that required corrective measures to improve financial and operational controls and to ensure adherence to existing State or MSU policies. The report produced findings that covered 10 different functional areas of operations. However, 4 areas – financial aid and scholarships; student accounts receivable; contracts and disbursements; and information systems security and control – accounted for the majority of the findings. A summary of the audit findings can be found in **Appendix 2**.

Of the 17 findings, 3 findings were repeat findings from the fiscal compliance audit that was conducted from March 24, 2010, through June 30, 2013. These repeat findings were:

- ***Student Residency*** – Finding 7 – Documented supervisory reviews of student residency determinations were either not performed or not adequately performed in certain instances.
  - To address this finding, OLA recommended that MSU ensure documented independent supervisory reviews, using appropriate records, are performed on initial student residency determinations and changes for both graduate and undergraduate students, at least on a test basis.
- ***Grants*** – Finding 8 – MSU did not maintain current, complete, and accurate grant records and did not pursue collection of outstanding grant receivables as required.
  - To address this finding, OLA recommended that MSU ensure grant information is entered into its automated records accurately and is subject to independent verification, at least on a test basis;
  - to maintain current and accurate grant receivable records;
  - to routinely prepare and review reports to track and monitor the age of grants receivables;
  - to send written payment demands to grantors and submit delinquent accounts to the State's Central Collection Unit (CCU), in accordance with State regulations; and
  - to discontinue the practice of writing off delinquent accounts without CCU approval or written justification and, in consultation with legal counsel, determine the feasibility of collecting amounts improperly written off.

- ***Information System Security and Control*** – Finding 16 – MSU did not adequately monitor user access to certain automated systems. As a result, critical functions were assigned to employees who did not need the access for their job duties, and access was not terminated timely when employees left State service.
  - To address this finding, OLA recommended that MSU periodically generate reports of critical user access capabilities and ensure that the reports are reviewed by independent employees and that the reviews are documented;
  - to assign user access capabilities to only those employees who require such capabilities to perform their normal job duties; and
  - to timely remove unnecessary access capabilities, including access capabilities for terminated employees and the employees with improper access.

**The President of MSU should comment on what actions have been taken to address the findings of the January 2019 audit report. The President should also specifically comment on what actions have been taken with regards to the audit's repeat findings.**



## ***Operating Budget Recommended Actions***

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1. Add the following language to the general fund appropriation:

, provided that \$700,000 of this appropriation made for the purpose of converting contractual positions may not be expended until Morgan State University (MSU) submits a report to the budget committees documenting the positions and the salaries of those positions that will be converted. The report shall be submitted by August 1, 2019, and the committees shall have 45 days to review and comment. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted.

Further provided that MSU shall submit a report on the positions and the salaries of those positions that were converted by December 1, 2019.

**Explanation:** The fiscal 2020 budget provides \$700,000 specifically designated for the conversion of contractual positions. This language withholds the expenditure of these funds until MSU submits a report documenting which positions and the salaries of those positions that are to be converted. In addition, MSU is to submit a subsequent report detailing the positions and their corresponding salaries that were actually converted.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Report on contractual positions to be converted	MSU	August 1, 2019
Report on contractual positions actually converted	MSU	December 1, 2019

## Updates

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### 1. Faculty Workload

Annual language in the *Joint Chairmen's Report* required MSU to submit a report on the instructional workload of tenured and tenure-track faculty. While previous reports focused on tenured/tenure-track faculty, the Department of Legislative Services requested data be included on full- and part-time nontenured/nontenure-track faculty, which includes adjuncts, instructors, and lecturers that institutions have increasingly relied on over the years. As shown in **Exhibit 17**, these faculty comprised 60.4% of all faculty in fiscal 2018, a slight decline from 60.9% in fiscal 2017.

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**Exhibit 17**  
**Instructional Faculty by Type**  
**Fiscal 2014-2018**

	2014		2015		2016		2017		2018	
	<u>Total</u>	<u>%</u>	<u>Total</u>	<u>%</u>	<u>Total</u>	<u>%</u>	<u>Total</u>	<u>%</u>	<u>Total</u>	<u>%</u>
Tenured/Tenure Track	291	41.5%	311	43.0%	298	38.1%	312	39.0%	317	39.6%
Full-time Nontenured/ Nontenure Track	170	24.2%	138	19.1%	149	19.0%	152	19.0%	145	18.1%
Part-time Nontenured/ Nontenure Track	241	34.3%	274	37.9%	336	42.9%	335	41.9%	338	42.3%
<b>Total</b>	<b>702</b>		<b>723</b>		<b>783</b>		<b>799</b>		<b>800</b>	

Source: Morgan State University

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On average, tenure and tenure-track faculty met the expected annual course unit teaching load of 8.0 courses by teaching 8.17 courses, as shown in **Exhibit 18**. Full-time contractual faculty averaged 7.76 courses, while part-time contractual faculty averaged 2.19 courses. Department chairs averaged well over their expected course unit teaching load of 4.0 courses, averaging 6.66 courses per year. Department chairs have carried extra instructional load through managing several individual level courses in various departments, which results in this high average number.

**Exhibit 18**  
**Average Course Units Taught by Instructional Faculty Type**  
**Fiscal 2018**

	<u>Expected</u>	<u>Actual</u>	<u>% of Expected Met</u>	<u>2018</u>
Tenure, Tenure Track	2,224	2,271	102%	8.17
Full-time Contractual	1,160	1,126	97%	7.76
Part-time Contractual		742		2.19
Department Chairs	156	260	166%	6.66

Source: Morgan State University

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**The President of MSU should comment on what is being done to ensure that the workload percentage of department chairs is brought back in line with expectations.**

**Appendix 1**  
**Current and Prior Year Budgets**  
**Morgan State University**  
**(\$ in Thousands)**

	<b><u>General</u></b> <b><u>Fund</u></b>	<b><u>Special</u></b> <b><u>Fund</u></b>	<b><u>Federal</u></b> <b><u>Fund</u></b>	<b><u>Other</u></b> <b><u>Unrestricted</u></b> <b><u>Fund</u></b>	<b><u>Total</u></b> <b><u>Unrestricted</u></b> <b><u>Fund</u></b>	<b><u>Restricted</u></b> <b><u>Fund</u></b>	<b><u>Total</u></b>
<b>Fiscal 2018</b>							
Legislative							
Appropriation	\$91,375	\$2,235	\$0	\$101,343	\$194,952	\$53,519	\$248,471
Deficiency/Withdrawn							
Appropriation	-724	0	0	0	-724	0	-724
Cost							
Containment	-565	0	0	0	-565	0	-565
Budget							
Amendments	1,341	0	0	6,358	7,699	0	7,699
Reversions and							
Cancellations	0	0	0	-1	-1	-7,452	-7,453
<b>Actual</b>							
<b>Expenditures</b>	<b>\$91,426</b>	<b>\$2,235</b>	<b>\$0</b>	<b>\$107,700</b>	<b>\$201,361</b>	<b>\$46,066</b>	<b>\$247,428</b>
<b>Fiscal 2019</b>							
Legislative							
Appropriation	\$93,653	\$2,360	\$0	\$110,073	\$206,086	\$54,626	\$260,712
Budget							
Amendments	811	0	0	0	811	0	811
<b>Working</b>							
<b>Appropriation</b>	<b>\$94,463</b>	<b>\$2,360</b>	<b>\$0</b>	<b>\$110,073</b>	<b>\$206,897</b>	<b>\$54,626</b>	<b>\$261,522</b>

Note: The fiscal 2019 appropriation does not include deficiencies, a one-time \$500 bonus, or general salary increases. Numbers may not sum to total due to rounding.

## **Fiscal 2018**

Total unrestricted funds, which includes general funds and other unrestricted funds, increased by \$6.4 million from the 2018 legislative appropriation.

General funds increased by a total of \$51,000. Section 19 of the fiscal 2019 Budget Bill withdrew \$724,000 of general funds based on a surplus in the health insurance account. Additionally, general funds were decreased by \$565,000 due to cost containment that was applied as follows: reduced telephone costs due to implementation of a new network; consolidated security services; and extended life of operating equipment totaling \$515,000 in operations savings and utilities savings totaling \$50,000. These decreases were offset by the addition of \$1.3 million in Office for Civil Rights Enhancement funds by budget amendment.

There was an increase in other unrestricted funds of \$6.4 million. This total was derived from additional tuition and fee revenues and was used for one-time expenses as follows: \$2.1 million for debt service; \$1.7 million for adjunct faculty; \$1.5 million for institutional student financial aid; and \$1 million for realignment of technology transfer. Additionally, at the end of the fiscal year, \$718 in other unrestricted funds was canceled.

Current restricted funds decreased by \$7.5 million as a result of cancellations. The reduction was derived as follows: a \$2 million decrease from changes in the Pell grant program; and a \$5.5 million decrease from government sequestration with respect to the level of grants and contracts received.

## **Fiscal 2019**

To date, total unrestricted funds have increased by \$810,678. This increase is a result of the 2.0% fiscal 2019 general salary increase that was centrally budgeted.

## **Appendix 2**

### **Audit Findings**

Audit Period for Last Audit:	July 1, 2013 – January 3, 2017
Issue Date:	January 2019
Number of Findings:	17
Number of Repeat Findings:	3
% of Repeat Findings:	17.6%
Rating: (if applicable)	n/a

- Finding 1:** Morgan State University (MSU) did not identify certain financial aid awards and scholarships that were overstated or issued to ineligible students.
- Finding 2:** MSU did not always perform monthly reconciliations of federally funded financial aid records and, consequently, had not recovered \$1.6 million in eligible aid awards from the U.S. Department of Education.
- Finding 3:** Eligibility requirements for three of MSU’s honors scholarships were not consistent with MSU Board of Regents policy.
- Finding 4:** MSU had not established a maximum amount, consistent with State law, of unpaid student charges that could be carried forward from one semester to the next, did not comply with established policies regarding student deferred payment plans, and permitted students with delinquent balances to register for classes and receive transcripts and diplomas.
- Finding 5:** Adjustments to student room and board charges were not subject to an independent review and approval process to ensure accuracy and proper posting to student records.
- Finding 6:** MSU did not adequately monitor the vendor that was responsible for disbursing student refunds to ensure that the vendor properly issued all refunds and that sensitive student information retained by the vendor was properly safeguarded.
- Finding 7:** Documented supervisory reviews of student residency determinations were not performed or were not adequately performed in certain instances.
- Finding 8:** MSU did not maintain current, complete, and accurate grant records and did not pursue collection of outstanding grant receivables as required.
- Finding 9:** MSU did not properly procure and monitor a five-year \$35.1 million food service contract.

- Finding 10:** MSU procured two contracts totaling approximately \$600,000 to renovate a food service area without competitive procurements and did not adequately monitor two housekeeping contracts with one vendor totaling \$1.3 million.
- Finding 11:** MSU could not document that it received and reviewed critical documentation to help monitor capital construction projects and did not adjust contractor performance and payment bonds when contract values increased.
- Finding 12:** MSU did not adequately control receipts at four locations that processed cash and check collections totaling \$24.4 million in fiscal 2016.
- Finding 13:** MSU did not adequately monitor corporate purchasing card purchases and did not comply with the requirements of the Comptroller of Maryland's *Corporate Purchasing Card Policy and Procedures Manual*.
- Finding 14:** MSU did not adequately account for and control its equipment inventory.
- Finding 15:** Sensitive personally identifiable information maintained by MSU was stored without adequate safeguards.
- Finding 16:** **MSU did not adequately monitor user access to certain automated systems.**
- Finding 17:** MSU lacked intrusion detection prevention system coverage for encrypted traffic entering the MSU network.

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

**Appendix 3**  
**Object/Fund Difference Report**  
**Morgan State University**

<u>Object/Fund</u>	<u>FY 18 Actual</u>	<u>FY 19 Working Appropriation</u>	<u>FY 20 Allowance</u>	<u>FY 19 - FY 20 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	1,115.00	1,169.00	1,179.00	10.00	0.9%
02 Contractual	510.00	467.00	457.00	-10.00	-2.1%
<b>Total Positions</b>	<b>1,625.00</b>	<b>1,636.00</b>	<b>1,636.00</b>	<b>0.00</b>	<b>0%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 112,549,078	\$ 122,036,148	\$ 122,708,604	\$ 672,456	0.6%
02 Technical and Special Fees	32,183,178	32,313,907	33,060,514	746,607	2.3%
03 Communication	718,581	891,039	899,296	8,257	0.9%
04 Travel	4,142,971	4,198,025	4,263,422	65,397	1.6%
06 Fuel and Utilities	7,236,784	7,295,151	7,483,303	188,152	2.6%
07 Motor Vehicles	329,664	822,574	829,211	6,637	0.8%
08 Contractual Services	26,376,542	29,187,723	29,801,034	613,311	2.1%
09 Supplies and Materials	7,045,653	8,253,891	8,322,625	68,734	0.8%
11 Equipment – Additional	1,929,456	3,900,061	4,077,798	177,737	4.6%
12 Grants, Subsidies, and Contributions	38,087,843	41,844,379	41,844,730	351	0%
13 Fixed Charges	13,657,676	8,609,591	12,535,813	3,926,222	45.6%
14 Land and Structures	3,170,243	2,169,736	4,725,424	2,555,688	117.8%
<b>Total Objects</b>	<b>\$ 247,427,669</b>	<b>\$ 261,522,225</b>	<b>\$ 270,551,774</b>	<b>\$ 9,029,549</b>	<b>3.5%</b>
<b>Funds</b>					
40 Unrestricted Fund	\$ 201,361,355	\$ 206,896,528	\$ 215,926,078	\$ 9,029,550	4.4%
43 Restricted Fund	46,066,314	54,625,697	54,625,696	-1	0%
<b>Total Funds</b>	<b>\$ 247,427,669</b>	<b>\$ 261,522,225</b>	<b>\$ 270,551,774</b>	<b>\$ 9,029,549</b>	<b>3.5%</b>

Note: The fiscal 2019 appropriation does not include deficiencies, a one-time \$500 bonus, or general salary increases. The fiscal 2020 allowance does not include general salary increases.



**Appendix 4  
Fiscal Summary  
Morgan State University**

<b><u>Program/Unit</u></b>	<b><u>FY 18 Actual</u></b>	<b><u>FY 19 Wrk Approp</u></b>	<b><u>FY 20 Allowance</u></b>	<b><u>Change</u></b>	<b><u>FY 19 - FY 20 % Change</u></b>
01 Instruction	\$ 55,245,967	\$ 59,162,822	\$ 58,460,576	-\$ 702,246	-1.2%
02 Research	29,393,047	37,378,365	37,412,375	34,010	0.1%
03 Public Service	426,111	455,137	505,647	50,510	11.1%
04 Academic Support	22,030,167	26,301,691	24,380,563	-1,921,128	-7.3%
05 Student Services	8,155,420	7,972,387	8,343,868	371,481	4.7%
06 Institutional Support	40,478,755	41,910,991	45,681,824	3,770,833	9.0%
07 Operation and Maintenance of Plant	19,674,408	19,295,466	23,791,771	4,496,305	23.3%
08 Auxiliary Enterprise	35,547,990	29,799,661	32,729,445	2,929,784	9.8%
17 Scholarships and Fellowships	36,475,804	39,245,705	39,245,705	0	0%
<b>Total Expenditures</b>	<b>\$ 247,427,669</b>	<b>\$ 261,522,225</b>	<b>\$ 270,551,774</b>	<b>\$ 9,029,549</b>	<b>3.5%</b>
Unrestricted Fund	\$ 201,361,355	\$ 206,896,528	\$ 215,926,078	\$ 9,029,550	4.4%
Restricted Fund	46,066,314	54,625,697	54,625,696	-1	0%
<b>Total Appropriations</b>	<b>\$ 247,427,669</b>	<b>\$ 261,522,225</b>	<b>\$ 270,551,774</b>	<b>\$ 9,029,549</b>	<b>3.5%</b>

Note: The fiscal 2019 appropriation does not include deficiencies, a one-time \$500 bonus, or general salary increases. The fiscal 2020 allowance does not include general salary increases.