

R14D00
St. Mary's College of Maryland

Executive Summary

St. Mary's College of Maryland (SMCM) is Maryland's public honors college. SMCM offers an undergraduate liberal arts education and is committed to the ideals of affordability, accessibility, and diversity.

Operating Budget Data

(\$ 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	\$21,985	\$23,252	\$23,324	\$72	0.3%
Adjustments	0	64	502	438	
Adjusted General Fund	\$21,985	\$23,316	\$23,826	\$510	2.2%
Special Funds	2,550	2,550	2,550	0	
Adjustments	0	0	0	0	
Adjusted Special Fund	\$2,550	\$2,550	\$2,550	\$0	0.0%
Other Unrestricted Funds	38,021	40,076	41,934	1,858	4.6%
Adjustments	0	0	0	0	
Adjusted Other Unrestricted Fund	\$38,021	\$40,076	\$41,934	\$1,858	4.6%
Total Unrestricted Funds	62,556	65,877	67,808	1,931	2.9%
Adjustments	0	64	502	438	
Adjusted Total Unrestricted Funds	\$62,556	\$65,942	\$68,310	\$2,368	3.6%
Restricted Funds	4,426	5,300	5,300	0	
Adjustments	0	0	0	0	
Adjusted Restricted Fund	\$4,426	\$5,300	\$5,300	\$0	0.0%
Adjusted Grand Total	\$66,983	\$71,242	\$73,610	\$2,368	3.3%

Note: The 2019 working and 2020 allowance reflect general salary increases based on the St. Mary's College of Maryland funding formula.

- State support increases 2.0%, or \$510,000, in fiscal 2020 over 2019.

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

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Analysis of the FY 2020 Maryland Executive Budget, 2019

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- If the DeSousa-Brent Scholars Program's 2015 cohort's four-year graduation rate is 70% at the conclusion of the 2018-2019 academic year, SMCM will receive an additional \$800,000 in general funds for all future fiscal years. The fiscal 2020 funds are currently included in the general funds of the Maryland Higher Education Commission.

Personnel Data

	<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>
Regular Positions	418.00	433.00	433.00	0.00
Contractual FTEs	<u>28.80</u>	<u>36.30</u>	<u>36.10</u>	<u>-0.20</u>
Total Personnel	446.80	454.30	454.10	-0.20

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	10.83	2.5%
Positions and Percentage Vacant as of 12/31/18	41	9.5%

- SMCM has independent hiring authority. Consequently, the numbers provided do not reflect what is recorded in the Governor's Fiscal 2020 Budget Books but document the actual position count at the institution.
- Prior to fiscal 2018, SMCM's position count was 430; a shortfall in recruiting for fall 2017 required the elimination of vacant positions to adjust the budget to available revenues. For fiscal 2019, recruiting efforts allowed SMCM to restore those previously eliminated positions.

Key Observations

- Enrollment decline stabilized, at least temporarily, in the fall 2018 cohort.
- Fiscal 2019 represents the first year of funding with the updated funding formula.

Operating Budget Recommended Actions

1. Concur with the Governor's allowance.

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St. Mary's College of Maryland

Operating Budget Analysis

Program Description

St. Mary's College of Maryland (SMCM) is Maryland's public, co-educational liberal arts honors college. The college offers an array of baccalaureate degrees in the arts and sciences and a Master of Arts in Teaching. As an honors college, SMCM strives to offer students an educational experience that goes beyond traditional course-based study to foster independent learning and a link between curricular and extracurricular activities and interests. SMCM includes civic responsibility as a cornerstone of its academic and extracurricular programs. The capstone of the SMCM experience is the St. Mary's Project. The college aspires to maintain or strengthen the quality of instruction offerings, to increase the effectiveness of academic support resources, to improve the efficiency of and service provided by administrative units, and to maintain or improve the physical plant facilities to accommodate these goals.

Carnegie Classification: Baccalaureate Colleges – Arts and Sciences

Fall 2018 Undergraduate Enrollment Headcount

Male	662
Female	910
Total	1,572

Fall 2018 Graduate Enrollment Headcount

Male	7
Female	23
Total	30

Fall 2018 New Students Headcount

First-time	376
Transfers/Others	107
Graduate	30
Total	513

Campus (Main Campus)

Acres	361
Buildings	54
Average Age	37
Oldest	1906

Programs

Bachelor's	24
Master's	1
Doctoral	0

Degrees Awarded (2017-2018)

Bachelor's	345
Master's	27
Doctoral	0
Total Degrees	372

Proposed Fiscal 2020 In-state Tuition and Fees*

Undergraduate	
Tuition	\$12,116
Mandatory Fees	\$3,016

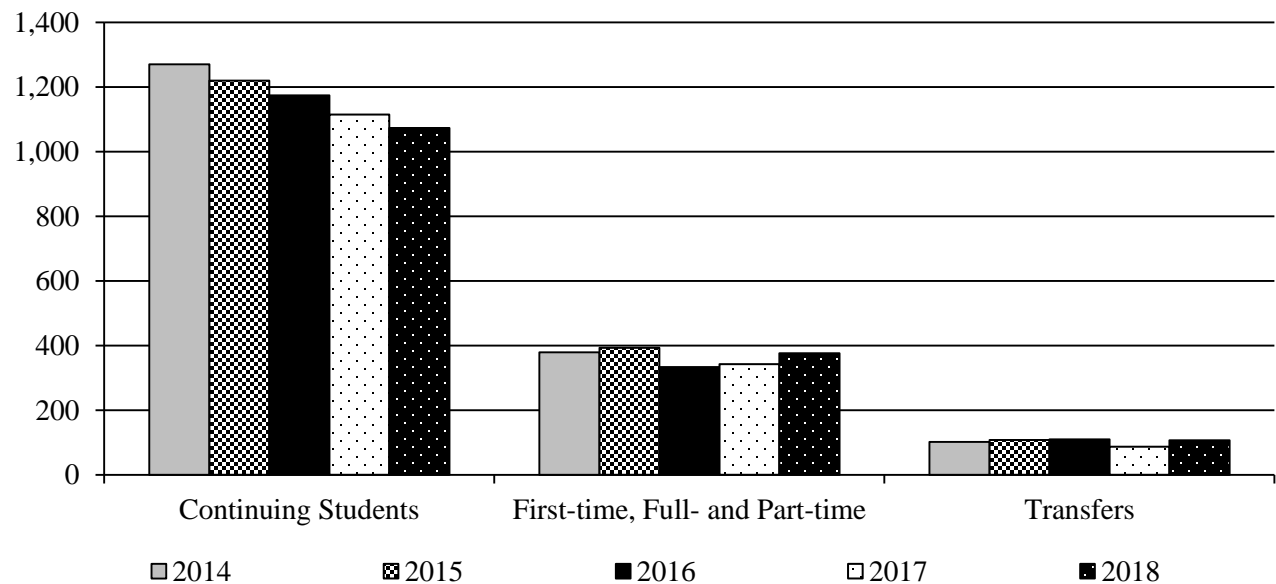
*Contingent on Board of Trustees approval.

Performance Analysis: Managing for Results

1. Enrollment

Undergraduate degree-seeking enrollment increased by 0.7% from 1,544 in fall 2017 to 1,556 in fall 2018. As shown in **Exhibit 1**, first-time, full- and part-time students rose by 34, or 8.7%; continuing students decreased by 42, or 3.4%; and transfer students increased by 20, or 18.5%. Graduate students, not shown in this exhibit, rose from 28 to 30 students in fall 2018. Overall, the college is down 195 students, or 11.1%, from fall 2014 across undergraduate and graduate students.

Exhibit 1
Undergraduate Enrollment
Fall 2014-2018



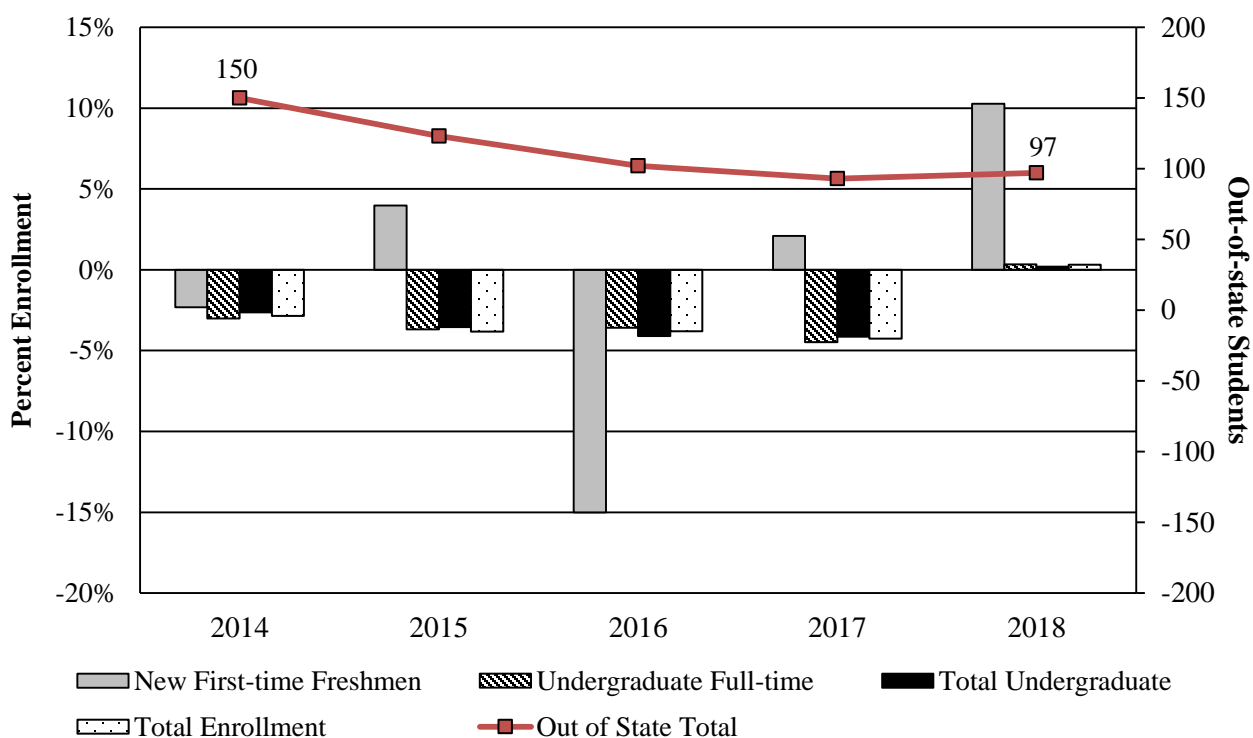
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Continuing Students	1,270	1,220	1,174	1,115	1,073
First-time, Full- and Part-time	379	393	334	342	376
Transfers	102	108	110	87	107

Source: St. Mary's College of Maryland

Out-of-state enrollment has experienced a significant reduction over the last several years. As shown in **Exhibit 2**, while total enrollment at SMCM decreased by 11.1%, from 2014 to 2018, out-of-state enrollment has decreased by 35.3%. This is significant as out-of-state tuition and fees in

2020 totaled \$31,209 per student while in-state tuition was less than half that amount at \$15,132. SMCM has implemented a number of initiatives to improve out-of-state recruiting, including hiring additional staff to spend more time in out-of-state regions during the normal recruiting season and increasing market and other outreach efforts in targeted out of state markets. **The President of SMCM should comment on the financial impact faced by the college as a result of the decline in out-of-state students.**

Exhibit 2
Out-of-State Student Enrollment
Fall 2014-2018



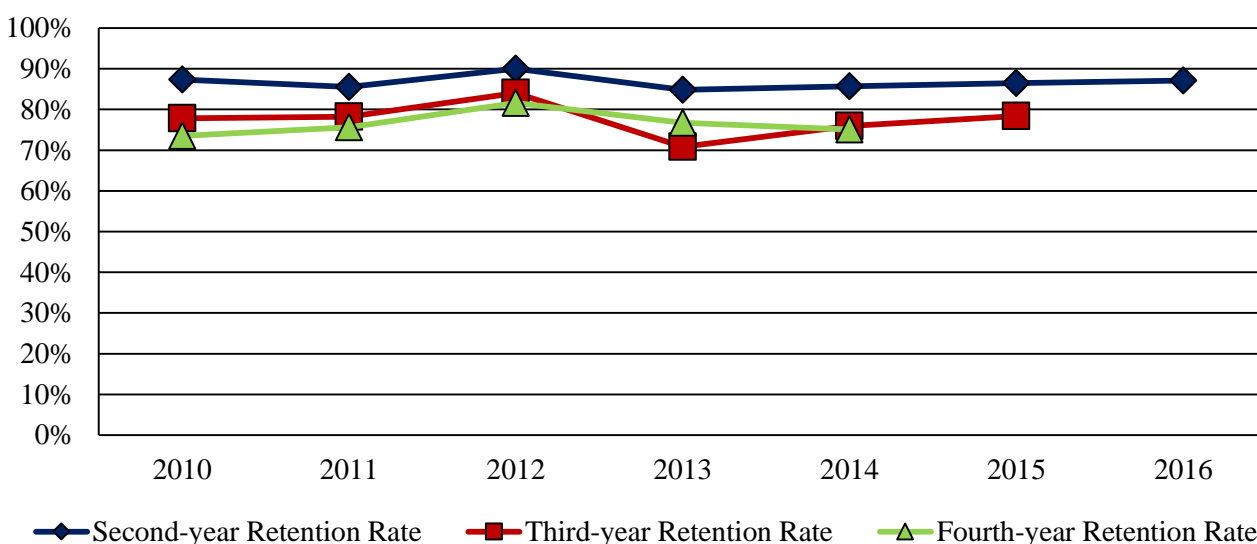
Source: St. Mary's College of Maryland

2. Student Performance

It is important to look at student retention rates because they foreshadow graduation rates. Colleges with high retention rates tend to have high graduation rates as they reflect student engagement on campus and a commitment to finishing a degree program. **Exhibit 3** shows the second-, third-, and fourth-year retention rates for students at SMCM. These three rates generally declined from the 2008 to

2011 cohorts, and then all increased in the 2012 cohort. The 2013 cohort saw a decrease in all three groups with third-year retention decreasing by 13.2%. SMCM has provided testimony that the drop in the 2013 cohort's third-year retention was incorrectly reported by the Maryland Higher Education Commission (MHEC) and was actually 80%, not the 70.3% in the MHEC report. MHEC has continued to report the 70.3% retention rate in subsequent reports. Aside from this dip in the 2013 cohort, second-, third-, and fourth-year retention during the period as a whole remained reasonably stable. **The President of SMCM should comment on their communication with MHEC regarding reporting changes and confirming the accuracy of publicly provided data.**

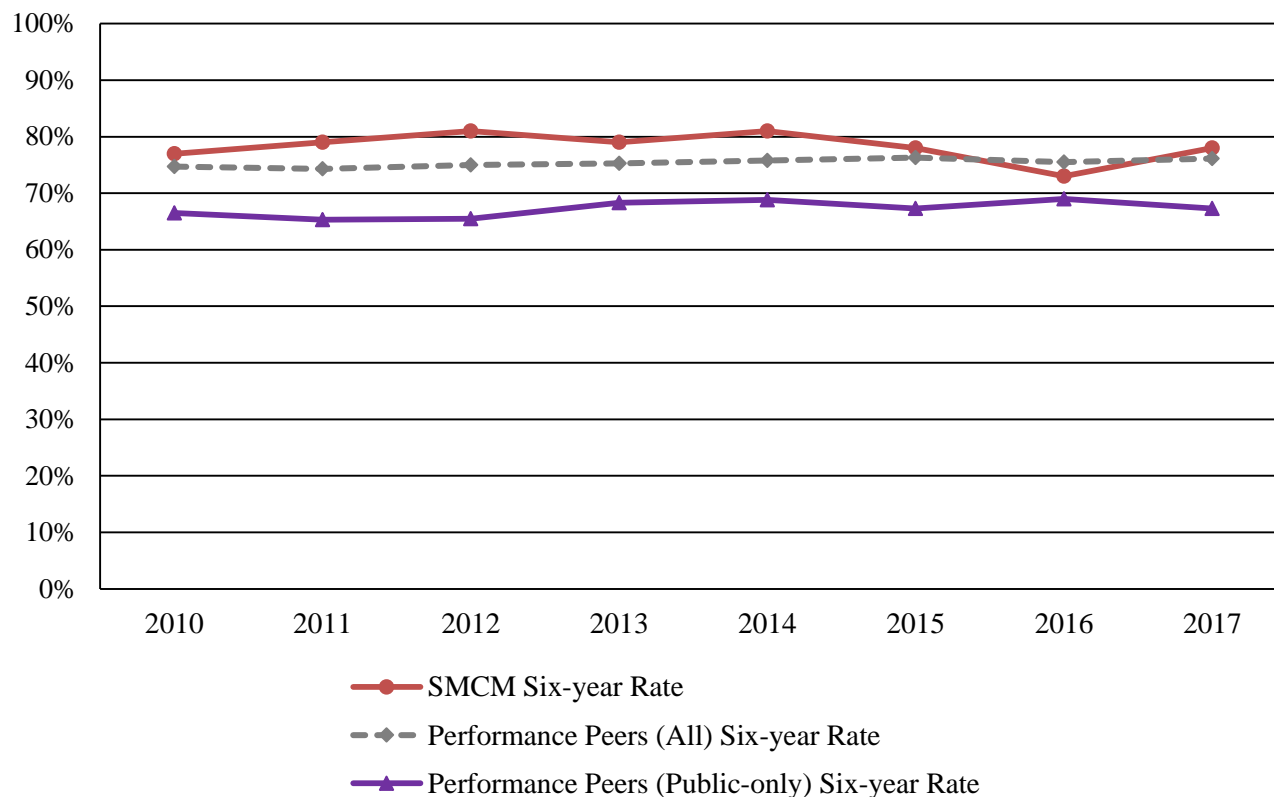
Exhibit 3
Second-, Third-, and Fourth-Year Retention Rates
Fiscal 2010-2016 Cohorts



Source: Maryland Higher Education Commission

One of the most direct ways to measure the effectiveness of a college is to look at the graduation rates of its students. **Exhibit 4** shows the six-year graduation rates of students at SMCM and the average for SMCM's competitor peers and public-only competitor peers between fiscal 2010 and 2017. SMCM's peer institutions have been approved by MHEC and are used to benchmark SMCM's performance. During this period, SMCM had six-year graduation rates that exceeded both the collective peer group as well as the collective public-only peer group for all but 2016 when the six-year graduation rate dipped 2.5 percentage points below the collective peer group but remained 4 percentage points higher than the public only competitor peer group. This data indicates that SMCM has been very successful at graduating their students.

Exhibit 4
SMCM and Peer Institution's Six-year Graduation Rates
Fiscal 2010-2017

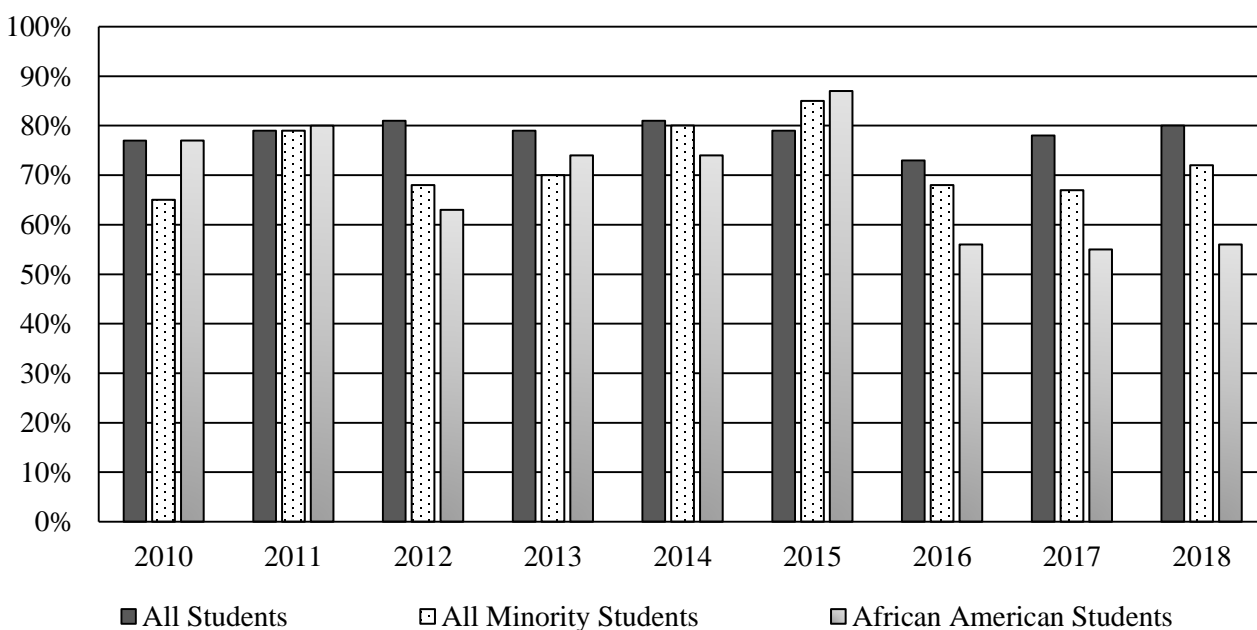


SMCM: St. Mary's College of Maryland

Source: Integrated Postsecondary Education Data System

While the overall six-year graduation rate has shown SMCM to be proficient at ensuring its students attain their degrees, when the six-year graduation rate is distributed by race, areas for improvement have been identified. **Exhibit 5** shows the six-year graduation rate for all students, minority students, and African American students at SMCM. The rates for all minority students and African American students fluctuate year to year, which is attributed to the smaller sample of minority students, ranging from a low of 27 to a high 50 for African American students and a low of 60 to a high of 100 for all minority students during this period. There has been strong outcomes for minority students in 2011 and 2015. However, other cohorts show an achievement gap between all students and minority students at SMCM, particularly for African Americans.

Exhibit 5
Six-year Graduation Rates by Race
Fiscal 2010-2018

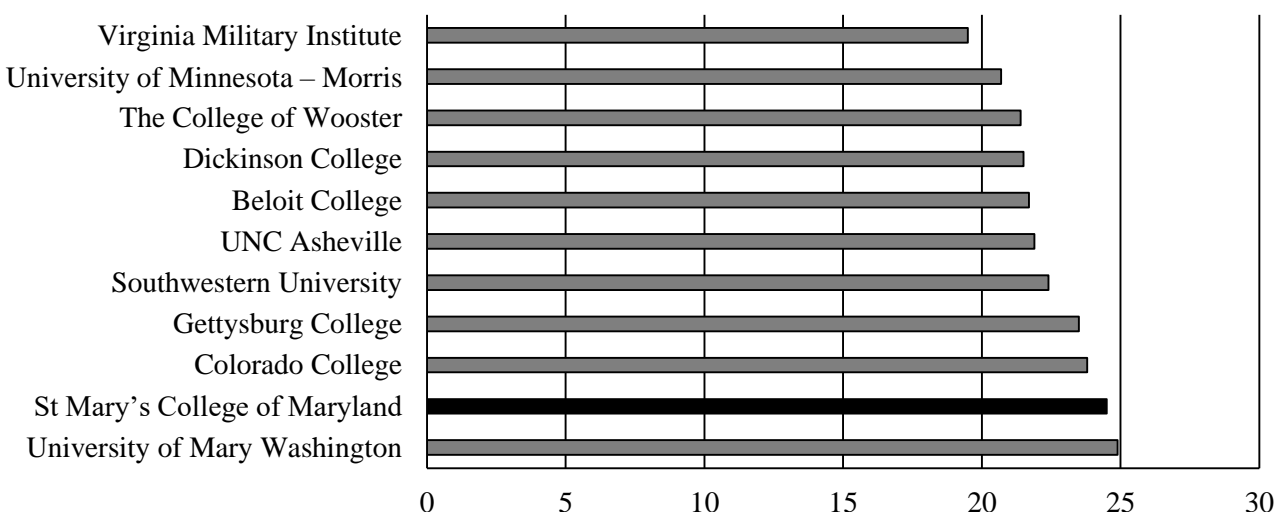


Source: St. Mary's College of Maryland

3. Degree Production and Cost Per Degree

Exhibit 6 shows the three-year average of degrees awarded per 100 full-time equivalent students (FTES) at SMCM and its peer institutions. This measure shows how effectively institutions turn degree-seeking students into degree holders. Depending on the institution, the optimal number is 25.0 but would be higher for those who mainly offer upper-level division programs or have a relatively high number of transfer students. At 24.5 degrees per 100 FTES, SMCM's ratio is behind only the University of Mary Washington in its peer group.

Exhibit 6
Three-year Average of Undergraduate Degrees
Per 100 Full-time Equivalent Students
Fiscal 2015-2017

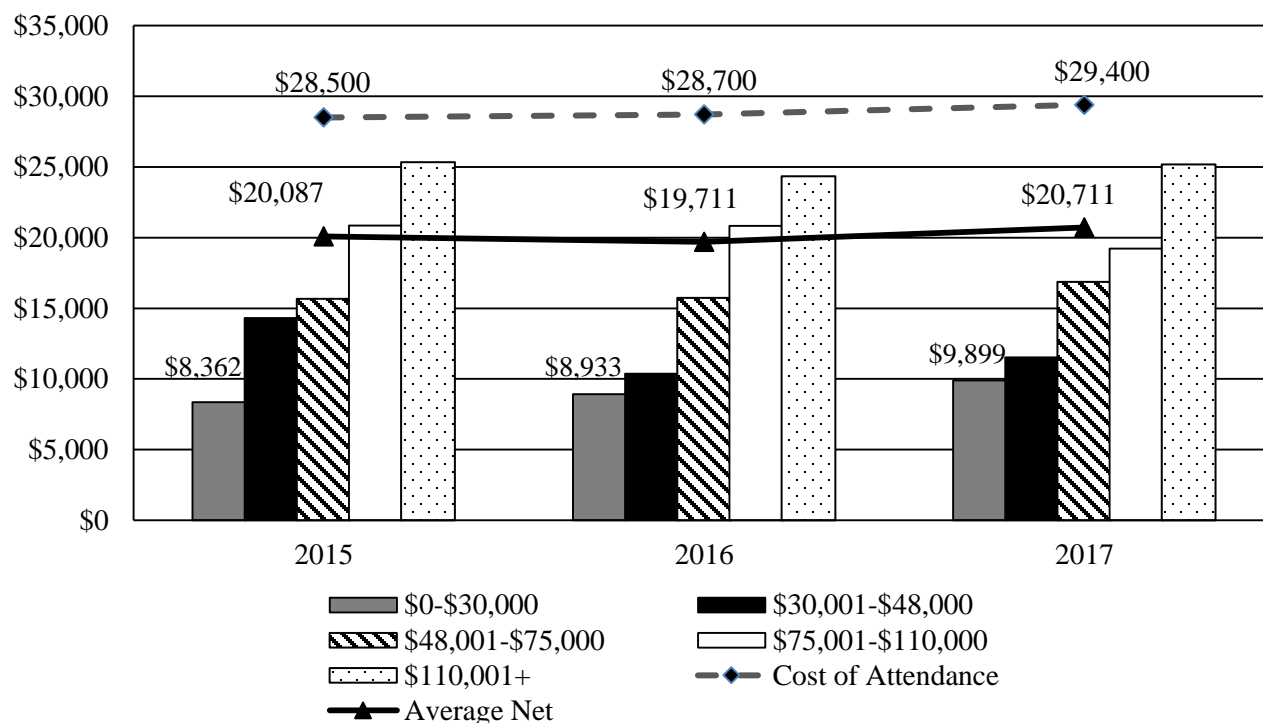


UNC: University of North Carolina

Source: Integrated Postsecondary Education Data System

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 SMCM students. As shown in **Exhibit 7**, on average between fiscal 2015 and 2017, the average net price was \$20,170, or 30.1% less than the published cost of attendance for a first-time, full-time (FT/FT) student. However, 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 between \$0 and \$30,000 increased by \$1,537, from \$8,362 in fiscal 2015 to \$9,899 in fiscal 2017. Conversely, the average net price for families with incomes between \$75,000 and \$110,000 and families with incomes above \$110,001 decreased from fiscal 2015 to 2017 by \$1,641 and \$156, respectively.

Exhibit 7
Estimated Cost of Attendance vs. Average Net Price for Full-time, In-state
Students by Income Level
Fiscal 2015-2017

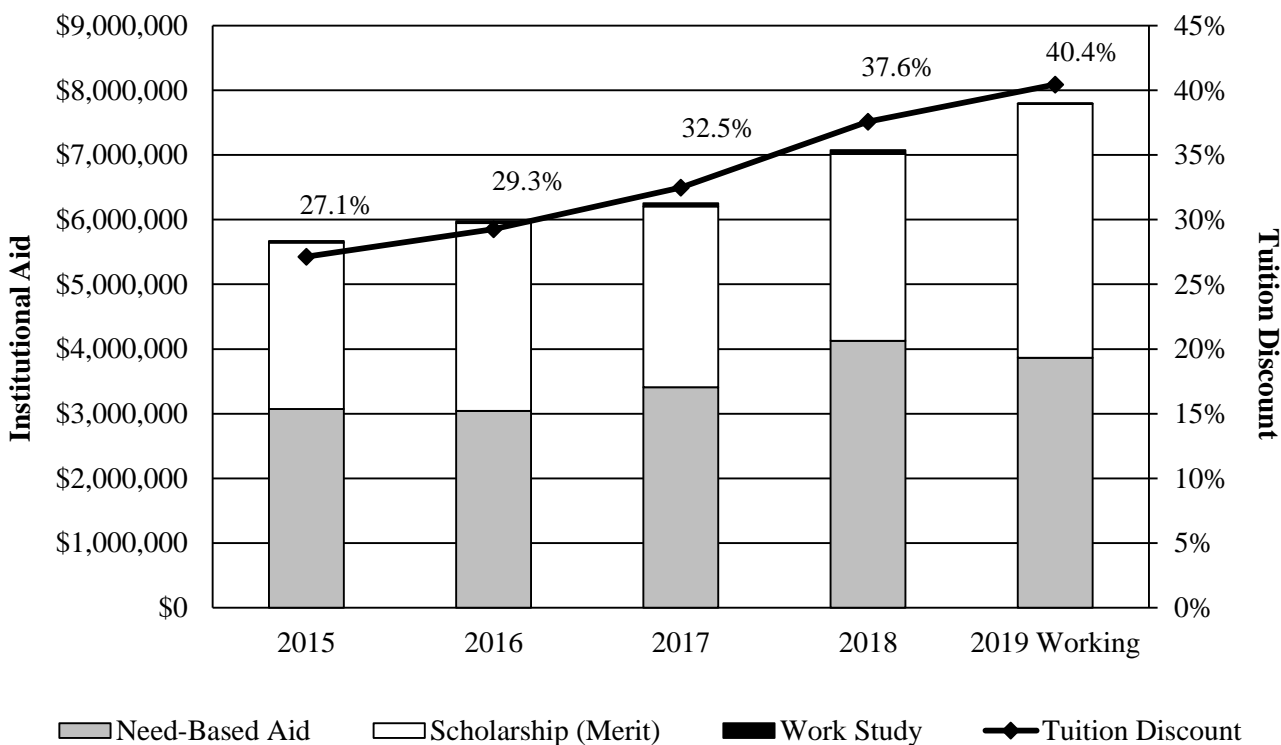


Source: National Center for Education Statistics' College Navigator

In fiscal 2018, 20% of SMCM's undergraduate students received a Pell grant, which are 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 able to contribute to a student's college education; the lower the EFC, the greater the need for financial aid.

In order to increase accessibility and make college more affordable, public colleges have been increasing the amount they discount tuition through institutional aid (need-based, scholarships, and work study). The discounted rate is the ratio of the total institutional aid to undergraduate tuition. As shown in **Exhibit 8**, the tuition discounted rate has consistently risen over the last five fiscal years, going from 27.1% in fiscal 2015 to 40.4% in the fiscal 2019.

Exhibit 8
Institutional Aid and Tuition Discount
Fiscal 2015-2019



Source: St. Mary's College of Maryland; Department of Legislative Services

Fiscal 2019 Working Budget

Education and General Expenditures

Exhibit 9 shows the changes for unrestricted funds by program. SMCM's budget request is submitted in September, well in advance of the institution completing their internal budget process. SMCM continues to work under the funding guidelines from the submitted working appropriation throughout the fall and spring. The Board of Trustees (BOT) approves the budget for the following year in May. While the fiscal 2019 working adjusted appropriation is not revised to align with the BOT-approved budget, the total funds stay in line with what was approved by the legislature.

Exhibit 9
Changes in Unrestricted Funds by Program
Fiscal 2018-2019

	<u>Actual</u> <u>2018</u>	<u>Adjusted</u> <u>Working</u> <u>2019</u>	<u>BOT-approved</u> <u>Budget</u> <u>2019</u>	<u>BOT</u> <u>\$ Change</u> <u>2018-2019</u>	<u>BOT</u> <u>% Change</u> <u>2018-2019</u>
Expenditures					
Instruction	\$19,150	\$21,000	\$20,302	\$1,152	6.0%
Public Service	101	98	98	-3	-2.8%
Academic Support	2,122	2,258	2,227	106	5.0%
Student Services	6,639	6,545	6,522	-117	-1.8%
Institutional Support	12,723	13,458	14,408	1,685	13.2%
Operation and Maintenance of Plant	4,718	5,022	4,937	219	4.6%
Scholarships and Fellowships	6,734	6,547	6,737	3	0.0%
General Salary Increase	-\$186	\$64			
E&G Total	\$52,186	\$54,992	\$55,231	\$3,044	5.8%
Auxiliary Enterprises	\$10,370	\$10,950	\$10,363	-\$7	-0.1%
Total Expenditures	\$62,556	\$65,942	\$65,594	\$3,038	4.9%
Revenues					
Tuition and Fees	\$22,886	\$23,276	\$23,276	\$390	1.7%
State Funds ¹	24,535	25,866	25,866	1,330	5.4%
Other	-2,348	-1,536	-1,536	812	-34.6%
Total E&G Revenues	\$45,073	\$47,606	\$47,606	\$2,533	5.6%
Auxiliary Enterprises	\$17,558	\$18,336	\$18,336	\$777	4.4%
Transfer (to)/from Fund Balance	-75			75	-100.0%
Available Unrestricted Revenues	\$62,556	\$65,942	\$65,942	\$3,385	5.4%

BOT: Board of Trustees

E&G: Education and General

¹ State funds include general funds and Higher Education Investment Funds.

Source: Governor's Fiscal 2020 Budget Books; St. Mary's College of Maryland

Total expenditures were slightly lower while education and general expenditures were slightly higher in the BOT-approved budget when compared to the 2019 working adjusted budget. Institutional support was increased by the largest amount, over \$950,000 for the BOT budget, the result of an information technology project that has now been awarded and is being implemented. Expenditures on instruction slightly decreased from the 2019 working appropriation to the 2019 BOT-approved budget,

the result of salary savings, but still increased when compared to the 2018 actual. Scholarships and fellowships also experienced a slight increase of \$3,000 over fiscal 2018 while the 2019 working adjusted budget had a decrease of \$186,000.

Proposed Budget

As shown in **Exhibit 10**, State support for SMCM for fiscal 2020 increases by 2.0%, or \$510,000, over fiscal 2019 after adjusting for the impact of general salary increases under the SMCM formula. All of the increase is in general funds. Additionally, SMCM will be awarded \$800,000 in general funds if SMCM attains the required DeSousa-Brent Scholars Program's four-year graduation rate benchmark of 70%. These funds are currently included in MHEC budget but will be allocated to SMCM at the conclusion of the academic year should the graduation rate meet the required level.

Exhibit 10
Proposed Budget
St. Mary's College of Maryland
Fiscal 2018-2020
(\$ in Thousands)

	<u>2018</u> <u>Actual</u>	<u>2019</u> <u>Working</u>	<u>2020</u> <u>Allowance</u>	<u>2019-2020</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Funds	\$21,985	\$23,316	\$23,826	\$510	2.2%
HEIF	2,550	2,550	2,550	0	0.0%
Total State Funds	\$24,535	\$25,866	\$26,376	\$510	2.0%
Other Unrestricted Funds	\$38,021	\$40,076	\$41,934	\$1,858	4.6%
Total Other Unrestricted Funds	\$62,556	\$65,942	\$68,310	\$2,368	3.6%
Restricted Funds	\$4,426	\$5,300	\$5,300	\$0	0.0%
Total Funds	\$66,982	\$71,242	\$73,610	\$2,368	3.3%

HEIF: Higher Education Investment Fund

Note: The 2019 working and 2020 allowance reflect general salary increases based on the St. Mary's College of Maryland funding formula.

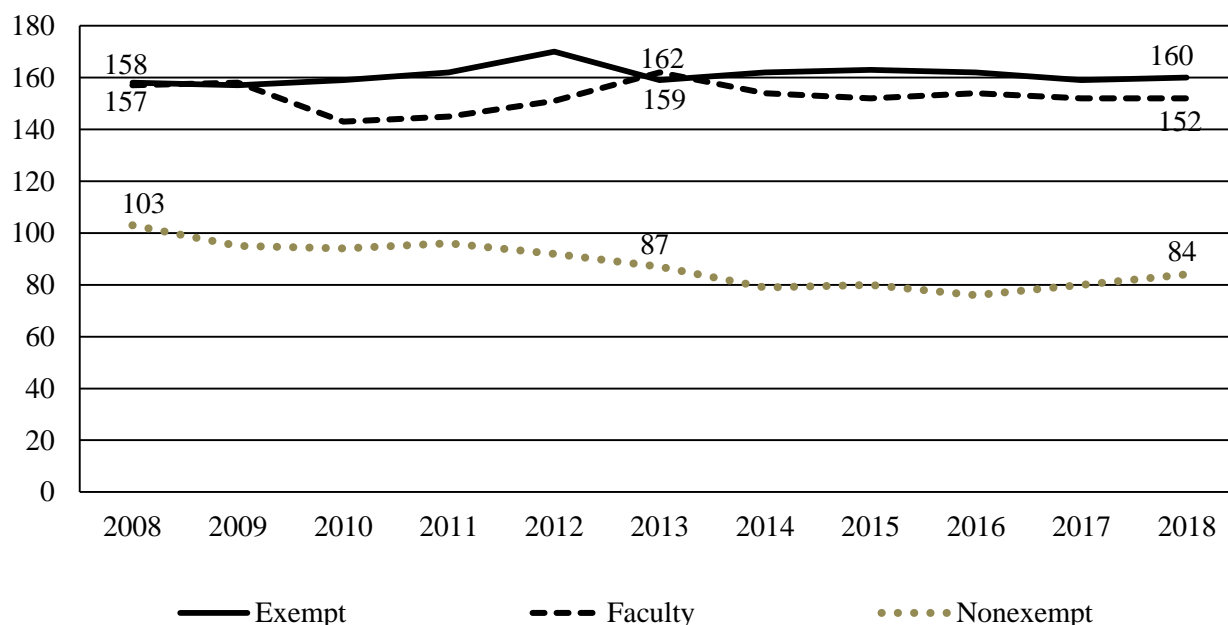
Source: Governor's Fiscal 2020 Budget Books

Other current unrestricted funds increase by 4.6%, or \$1.8 million. This increase is derived from a 2.2% increase in sales and services of education activities as well as an increase of 3.4% in sales from auxiliary enterprises.

Personnel Trends

As shown in **Exhibit 11**, the total number of filled positions at SMCM declined by 5.3%, or 22 positions, over the past 10 years. The decline is entirely due to nonexempt positions, which primarily include caretakers, groundskeepers, and fiscal associate positions, which declined by 18.4%, or 19 positions. Faculty positions have decreased by 3.2%, or 5 positions, over that same period, and exempt positions have been nearly flat. SMCM's peak in personnel was in 2008 at 418 positions. It has since fallen beneath 400 positions in each of the last five years.

Exhibit 11
Total Filled State-supported Positions by Classification
2008-2018



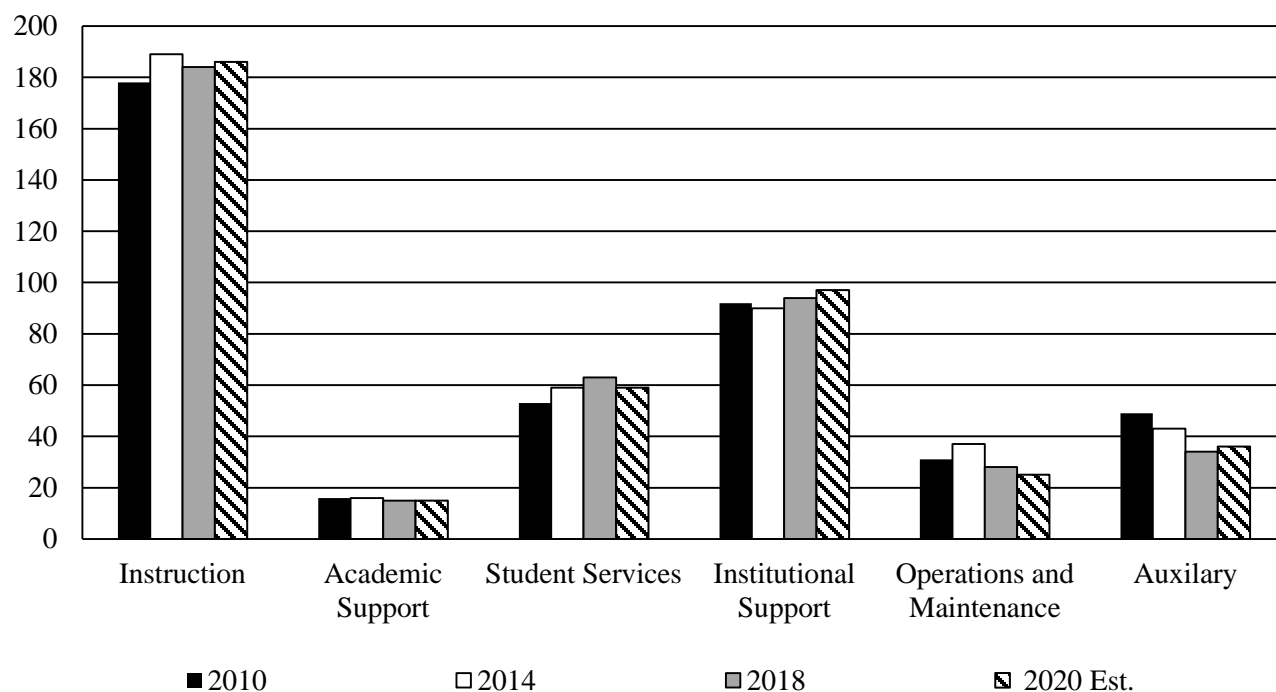
Note: As reported to the Department of Legislative Services in October personnel reports, October 2008 to 2018.

Source: St. Mary's College of Maryland

Exhibit 12 shows changes in the number of filled positions by budget program area, excluding research and public service, which is very small at SMCM. Overall, student services has increased by the greatest amount, 10 full-time equivalents (FTE) (18.9%) from 2010 to 2018. The largest category, instruction, increased by 6 FTEs (3.4%), while the second largest, institutional support, increased by 2 FTEs (2.2%). Auxiliary has experienced the greatest decrease in FTEs, falling from 49 in 2010 to 34 in 2018, a reduction of 15 FTEs (30.6%). The decline in enrollment accounts for the decline in

self-supporting auxiliary services. Academic support and operations and maintenance also experienced declines of 1 FTE (6.3%) and 3 FTEs (9.7%), respectively.

Exhibit 12
Changes in Filled Positions
2010, 2014, 2018, and 2020 Est.



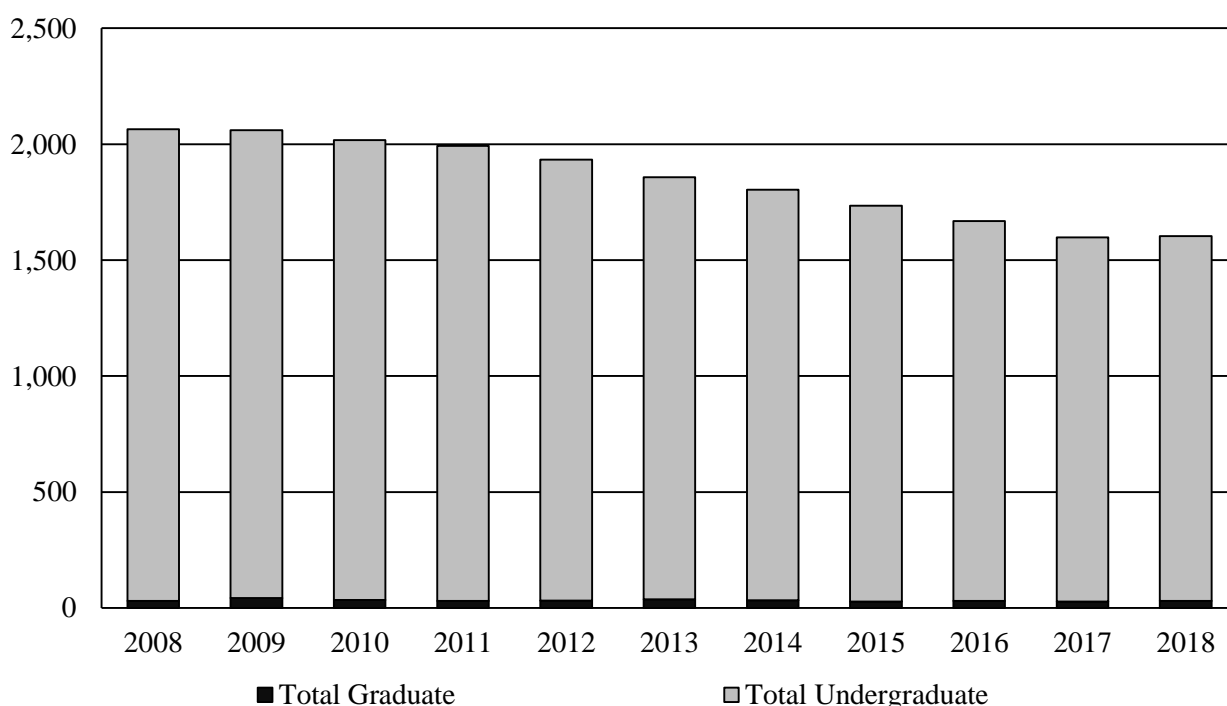
Source: Governor's Fiscal 2012 to 2020 Budget Books

Issues

1. Steady Enrollment Decline Abates with Fall 2018 Cohort

Exhibit 13 illustrates that enrollment at SMCM has declined steadily since 2008. The total fall 2018 enrollment headcount reached 1,603 students – 1,573 undergraduates and 30 graduate students. This is a 22.4% reduction, or a total decrease of 462 students, from the total enrollment headcount high mark of 2,065 in 2008. There was a 42 student reduction in total enrollment headcount on average for each fall cohort over the course of those 11 years. The 2018 cohort (1,603 students), with an increase of 5 students when compared to the 2017 cohort (1,598 students), was the first cohort in a decade to experience total enrollment headcount growth.

Exhibit 13
Total Student Enrollment
Fall 2008-2018



Source: Governor's Fiscal 2010 to 2020 Budget Books; Maryland Higher Education Commission

To increase admissions to the college, SMCM began accepting the Common Application for students applying to enroll in fall 2013 and contracted with enrollment management firms to increase enrollment. This opens up and simplifies the admissions process for many high school students.

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Exhibit 14 shows self-reported admissions data from the application cycles applying for entry in fall 2010 through 2018. From fall 2010 to 2018, the total number of applicants has decreased 20.3%, while the number admitted has grown 10.2%. The decline was most pronounced for out-of-state applications. In fall 2010, there were 459 out-of-state applicants, but by fall 2018, this number had fallen to 264, a 42.5% reduction.

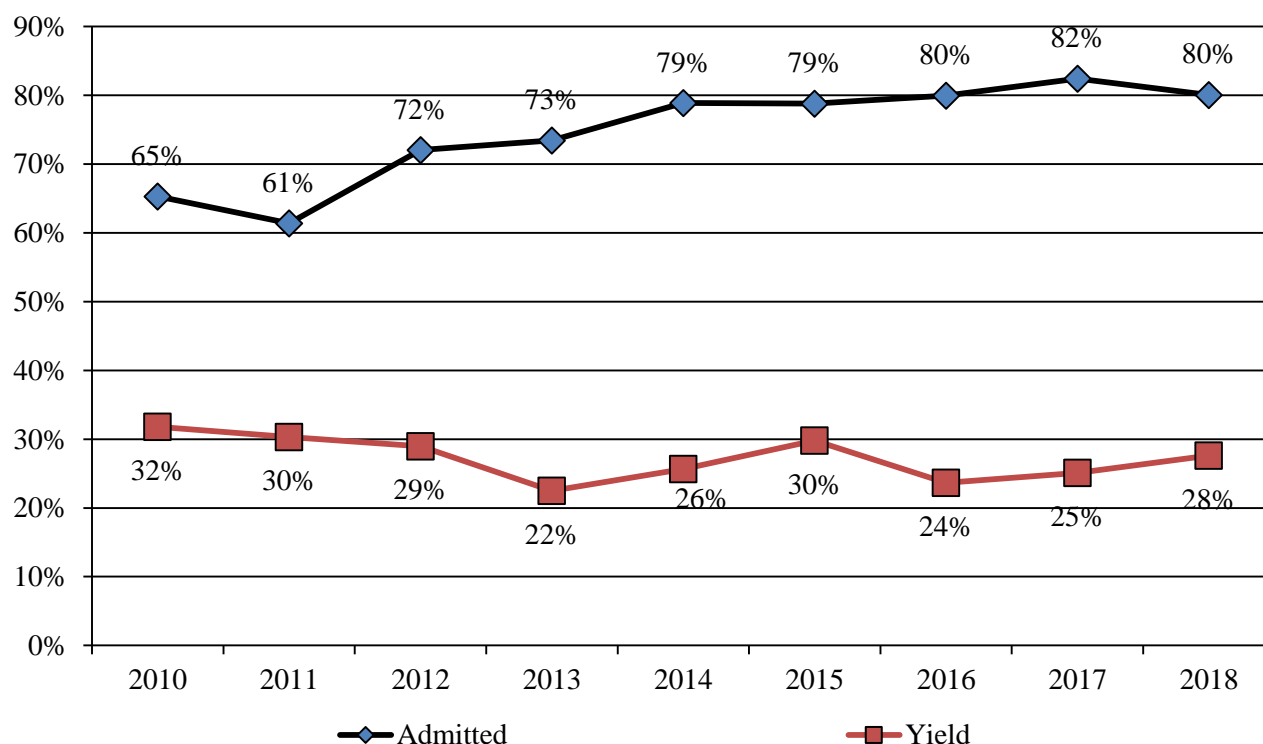
Exhibit 14
Admissions Data
Fall 2010-2018

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	Change <u>2010-2018</u>	% Change <u>2010-2018</u>
Applicants	2,133	2,398	2,010	2,321	1,874	1,675	1,767	1,655	1,700	-433	-20.3%
Maryland Resident	1,674	1,881	1,556	1,883	1,545	1,403	1,477	1,412	1,436	-238	-14.2%
Out of State	459	517	454	438	329	272	290	243	264	-195	-42.5%
Admitted	1,393	1,472	1,448	1,704	1,478	1,320	1,413	1,364	1,361	-32	-2.3%
Maryland Resident	1,077	1,143	1,117	1,395	1,230	1,133	1,210	1,184	1,187	110	10.2%
Out of State	316	329	331	309	248	187	203	180	174	-142	-44.9%
Yield	443	446	419	383	379	393	334	342	376	-67	-15.1%
Maryland Resident	376	377	357	343	353	360	308	311	349	-27	-7.2%
Out of State	67	69	62	40	26	33	26	31	27	-40	-59.7%

Source: St. Mary's College of Maryland

Exhibit 15 shows the yield, or percentage of admitted students who choose to enroll at SMCM. While moving to the Common Application may have spawned an uptick in applications in 2013, SMCM noted that as prospective students used the Common Application, they tended to apply to a lot more schools, meaning their overall yield would decrease. Consequently, the yield rate fell to 22% for fall 2013 but increased by 4 percentage points in fall 2014 and 2015, after having declined the previous four years. The yield again declined in fall 2016, although it was still slightly higher than fall 2013. The yield has grown in fall 2017 and 2018, reaching 28% for the most recent cohort. Overall, the admissions process, including admissions standards and financial aid packages, is a delicate balance for the college to manage effectively, but SMCM increasingly does not have much cushion left in increasing its acceptance rate. This puts more pressure on marketing and financial aid to meet enrollment goals.

Exhibit 15
Admission and Yield Rates
Fall 2010-2018



Note: Admitted is the percent of applications accepted to St. Mary's College of Maryland. Yield is the percent of students admitted who enrolled at St. Mary's College of Maryland.

Source: St. Mary's College of Maryland

As a liberal arts institution, SMCM has no academic programs in business, engineering, or allied health fields so it loses many students who have some interest in these fields. The leading competition for students from comes other Maryland public institutions, especially the University of Maryland, College Park Campus; the University of Maryland Baltimore County; Towson University; and Salisbury University. The top competitors among the regional private colleges include Goucher College, McDaniel College, and Washington College. The college has also struggled with the perception that it is expensive. The federal Department of Education's College Affordability and Transparency Center noted that SMCM had the dubious distinction of being the sixth most expensive public institution by tuition and mandatory fee rates in fiscal 2013. While SMCM fell to thirty-second in the country in the 2015-2016 academic year, it remains relatively expensive.

The President should comment on whether SMCM can grow enrollment if it focuses on enrolling only FT/FT students and how many students that SMCM needs to enroll to stay solvent. The President should comment on whether there has been a fundamental shift in student preferences away from liberal arts colleges toward more applied academic programs.

2. Funding Formula

Established by Chapter 209 of 1992, SMCM previously received funding through a block grant formula. In order to establish a predictable level of funding for the institution, the Governor had to include in the annual budget submission a general fund grant to SMCM. The proposed grant had to be equal to the grant of the prior year plus inflation as indicated by the implicit price deflator (IPD) for State and local government.

The challenge to SMCM's budget situation, as indicated by SMCM, was that revenue growth was not projected to keep pace with expenses under the funding formula established by Chapter 209. Personnel costs, including both wage increases and benefits (health and retirement), were growing at approximately 3% annually, while tuition pricing and State funding were expected to remain at a growth rate of 2% per year. This created a situation, as indicated by SMCM, where increases in enrollment would not change the structural financial imbalance faced by the institution and required an overall funding formula revision.

Chapter 420 of 2017 changed the funding formula. Beginning in fiscal 2019, State funding must be equal to the grant of the prior fiscal year plus inflation as indicated by IPD for State and local government augmented by funds, for State-supported health insurance costs and 50% of cost-of-living adjustments for State-supported employees. Additionally, if SMCM's six-year graduation rate as reported to MHEC is at least 82% in the second preceding fiscal year, the proposed grant for the upcoming fiscal year must be increased by 0.25%. Funding may also be increased dependent on the outcomes of the DeSousa-Brent Scholars Program, which is discussed further in the Updates section of the analysis.

Operating Budget Recommended Actions

1. Concur with the Governor's allowance.

Updates

1. DeSousa-Brent Scholars Program Continues to Meet Benchmarks

The DeSousa-Brent Scholars Program began in 2007 to cultivate the academic potential of talented students from underrepresented groups by emphasizing scholarship and campus leadership. The DeSousa-Brent Scholars Program offers first-year scholars a two-week residential credit-bearing summer bridge program, a four-credit fall first-year seminar, and a two-credit spring leadership seminar in which students implement leadership and service projects of their own design under the mentorship of faculty and advanced scholars.

Since July 1, 2013, the start date of the DeSousa-Brent Completion Grant established by Chapters 563 and 564 of 2013, State-mandated funding has been provided to SMCM through the Higher Education Investment Fund (HEIF) totaling \$300,000 in fiscal 2014, \$550,000 in fiscal 2015, and \$800,000 in fiscal 2016 through 2019. This funding has allowed SMCM to hire new full-time student services staff, appoint an advisory committee, and expand program offerings. This effort builds on recommendations from a 2011 *Joint Chairmen's Report* item where SMCM reported that building up the DeSousa-Brent Scholars Program was one of three key priorities for the college. Scholars are now served in all four years, provided intensive advising and mentoring, academic and career workshops, study and writing groups across disciplines, a summer service learning program, and a summer research program. The coursework and activities in this four-year sequence are structured to lead developmentally from heavy institutional support in the first year to advanced academic work, independent research, and post-baccalaureate planning in a student's senior year. To increase the number of Pell Grant at entry students served annually by the DeSousa-Brent Scholar Program, new scholar enrollment rose 50% to serve a total of 43 scholars in fall 2014.

The legislation that provided funds to extend the DeSousa-Brent Scholars Program stipulated that the \$800,000 appropriation from the HEIF must be included in the calculation of SMCM's general fund appropriation beginning in fiscal 2020, if the retention rate and graduation rates for the fall 2015 cohort attained these designated targets:

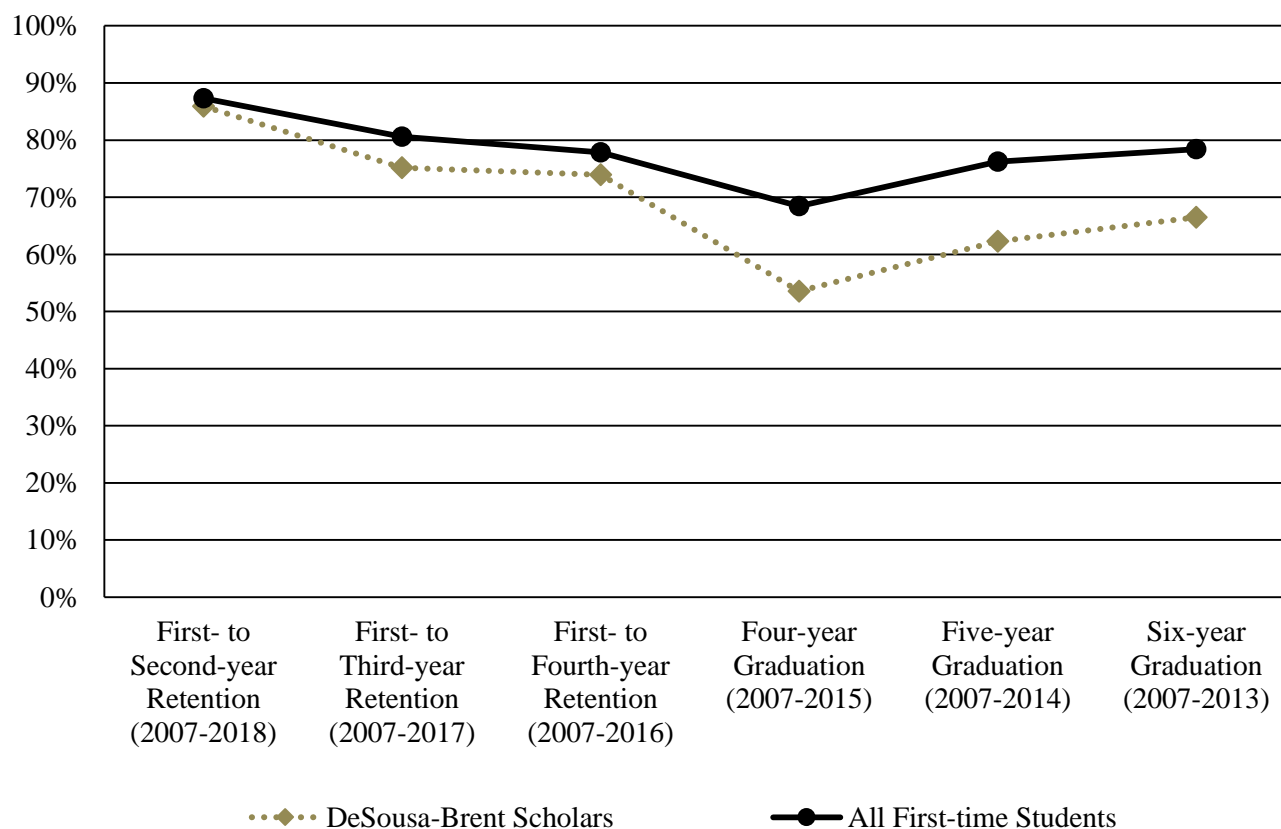
- first- to second-year retention rate is at least 88%;
- first- to third-year retention rate is at least 79%; and
- the four-year graduation rate is at least 70%.

The first- to second-year retention rate for the DeSousa-Brent students entering in fall 2015 was 88%, meeting the first target. The first- to third-year retention rate was 81%, exceeding the second goal of 79%. The final target for the fall 2015 cohort is a 70% four-year graduation rate; currently, 80% of the fall 2015 cohort are still enrolled and making progress toward degree completion. At the conclusion of the 2018-2019 academic year, the data will be available to determine if SMCM will receive the

\$800,000 appropriation. This funding is currently included in MHEC's general fund and will be allocated to SMCM upon successfully attaining the four-year 70% graduation rate.

From 2007 to 2017, the first- to second-year retention rates for the DeSousa-Brent participants had averaged 85.9%. From 2007 to 2014, the four-year graduation rates have averaged 50.7%. From 2007 to 2013, the six-year graduation rate has averaged 66.5%. The average graduation and retention rates for the DeSousa-Brent scholars compared to all first-time students can be seen in **Exhibit 16**.

Exhibit 16
DeSousa-Brent Scholars and First-time Student Retention and Graduation Rates
Academic Years 2007-2018



Source: St. Mary's College of Maryland

Appendix 1
Current and Prior Year Budgets
St. Mary's College of Maryland
Fiscal 2018

	General	Special	Federal	Other	Total	Restricted	
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Total</u>
Fiscal 2018							
Legislative							
Appropriation	\$22,415	\$2,550	\$0	\$42,420	\$67,385	\$5,300	\$72,685
Deficiency/Withdrawn							
Appropriation	-292	0	0	0	-292	0	-292
Cost							
Containment	-138	0	0	0	-138	0	-138
Budget							
Amendments	0	0	0	0	0	0	0
Reversions and							
Cancellations	0	0	0	-4,398	-4,398	-874	-5,272
Actual							
Expenditures	\$21,985	\$2,550	\$0	\$38,021	\$62,556	\$4,426	\$66,983
Fiscal 2019							
Legislative							
Appropriation	\$23,103	\$2,550	\$0	\$40,076	\$65,729	\$5,300	\$71,029
Budget							
Amendments	148	0	0	0	148	0	148
Working							
Appropriation	\$23,252	\$2,550	\$0	\$40,076	\$65,877	\$5,300	\$71,177

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 include general funds and other unrestricted funds, decreased by \$4.8 million from the 2018 legislative appropriation.

General funds decreased by a total of \$430,000. Section 19 of the fiscal 2019 Budget Bill withdrew \$292,000 based on an anticipated surplus in the health insurance account. General funds were also decreased by \$138,000 to reflect cost containment actions made by the Board of Public Works, which was absorbed as a reduction in fund balance from dollars that had carried forward from prior years.

Other unrestricted funds decreased by \$4.4 million as follows: \$3.3 million is for the institution's information technology project to replace the college's enterprise resource planning software and \$1.1 million consisting of health insurance \$600,000 lower than budgeted, utilities \$350,000 lower than budgeted, and unused contingent budgets supporting international travel by students studying abroad.

Current restricted funds decreased \$0.9 million as a result of cancellations. This funding supported multi-year grants for which all of the funding was not spent in the fiscal year.

Fiscal 2019

To date, general funds have increased by \$148,460. This increase is related to the fiscal 2019 general salary increase that was centrally budgeted.

Appendix 2
Object/Fund Difference Report
St. Mary's College of Maryland

<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>
Positions					
01 Regular	418.00	418.00	418.00	0.00	0%
02 Contractual	28.80	36.30	36.10	-0.20	-0.6%
Total Positions	446.80	454.30	454.10	-0.20	0%
Objects					
01 Salaries and Wages	\$ 34,401,696	\$ 36,727,441	\$ 37,359,184	\$ 631,743	1.7%
02 Technical and Special Fees	3,490,412	4,296,683	4,380,275	83,592	1.9%
03 Communication	296,925	406,661	404,962	-1,699	-0.4%
04 Travel	1,940,539	2,544,849	2,505,442	-39,407	-1.5%
06 Fuel and Utilities	2,998,395	3,451,142	3,558,872	107,730	3.1%
07 Motor Vehicles	232,121	177,871	181,360	3,489	2.0%
08 Contractual Services	10,572,867	9,094,884	9,057,525	-37,359	-0.4%
09 Supplies and Materials	2,292,182	2,777,692	2,621,197	-156,495	-5.6%
10 Equipment – Replacement	234,642	303,565	250,690	-52,875	-17.4%
11 Equipment – Additional	800,446	1,061,484	1,276,731	215,247	20.3%
12 Grants, Subsidies, and Contributions	9,152,259	9,571,101	10,825,278	1,254,177	13.1%
13 Fixed Charges	436,906	438,042	473,493	35,451	8.1%
14 Land and Structures	133,426	326,046	212,995	-113,051	-34.7%
Total Objects	\$ 66,982,816	\$ 71,177,461	\$ 73,108,004	\$ 1,930,543	2.7%
Funds					
40 Unrestricted Fund	\$ 62,556,473	\$ 65,877,461	\$ 67,808,003	\$ 1,930,542	2.9%
43 Restricted Fund	4,426,343	5,300,000	5,300,001	1	0%
Total Funds	\$ 66,982,816	\$ 71,177,461	\$ 73,108,004	\$ 1,930,543	2.7%

Note: The 2019 working and 2020 allowance does not reflect general salary increases based on the St. Mary's College of Maryland funding formula.

**Appendix 3
Fiscal Summary
St. Mary's College of Maryland**

<u>Program/Unit</u>	<u>FY 18 Actual</u>	<u>FY 19 Wrk Approp</u>	<u>FY 20 Allowance</u>	<u>Change</u>	<u>FY 19 - FY 20 % Change</u>
01 Instruction	\$ 19,940,029	\$ 22,016,433	\$ 21,980,022	-\$ 36,411	-0.2%
02 Research	302,571	374,269	356,667	-17,602	-4.7%
03 Public Service	110,937	108,854	109,975	1,121	1.0%
04 Academic Support	2,208,209	2,422,517	2,312,802	-109,715	-4.5%
05 Student Services	7,062,618	6,937,785	7,464,081	526,296	7.6%
06 Institutional Support	13,107,315	13,863,225	14,335,251	472,026	3.4%
07 Operation and Maintenance of Plant	4,849,722	5,284,290	5,421,241	136,951	2.6%
08 Auxiliary Enterprises	10,375,660	10,956,790	10,627,609	-329,181	-3.0%
17 Scholarships and Fellowships	9,025,755	9,213,298	10,500,356	1,287,058	14.0%
Total Expenditures	\$ 66,982,816	\$ 71,177,461	\$ 73,108,004	\$ 1,930,543	2.7%
Unrestricted Fund	\$ 62,556,473	\$ 65,877,461	\$ 67,808,003	\$ 1,930,542	2.9%
Restricted Fund	4,426,343	5,300,000	5,300,001	1	0%
Total Appropriations	\$ 66,982,816	\$ 71,177,461	\$ 73,108,004	\$ 1,930,543	2.7%

Note: The 2019 working and 2020 allowance does not reflect general salary increases based on the St. Mary's College of Maryland funding formula.

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