

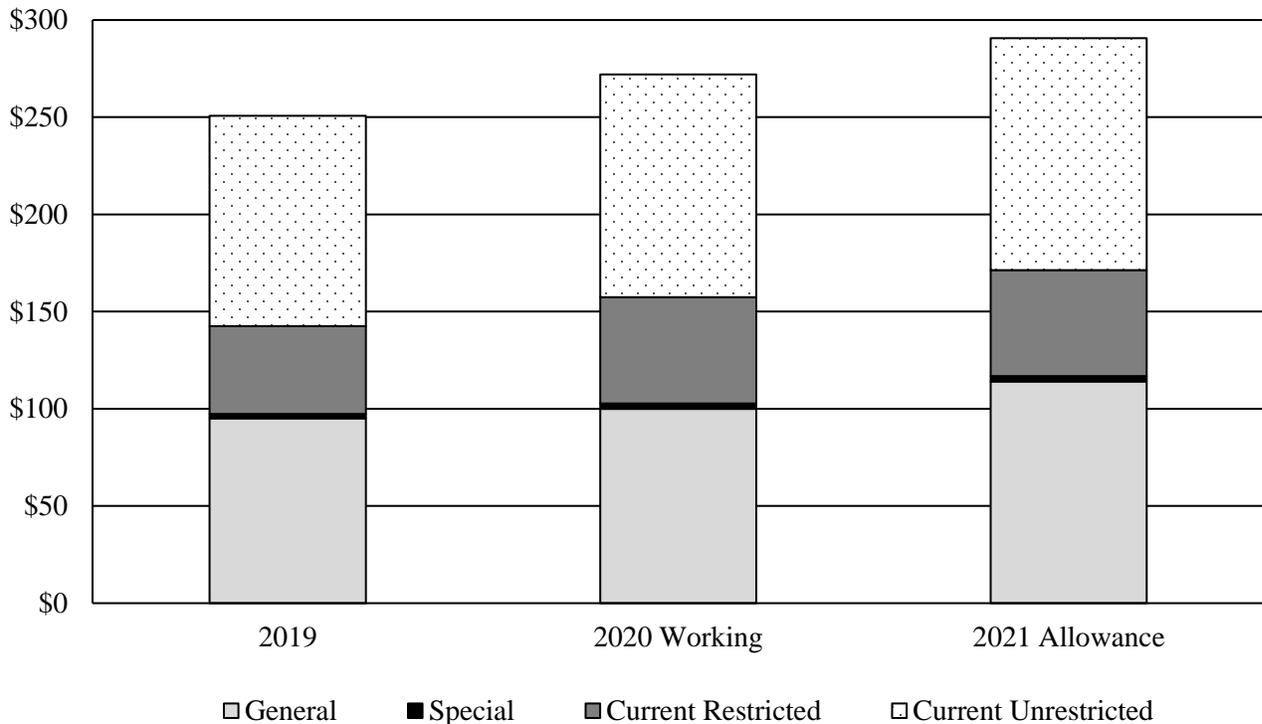
R13M00 Morgan State University

Executive Summary

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 Summary

Fiscal 2021 Budget Increases by \$18.7 Million or 6.9% to \$290.7 Million (\$ in Millions)



Note: Numbers may not sum due to rounding. The fiscal 2020 appropriation includes deficiencies, planned reversions, and general salary increases. The fiscal 2021 allowance includes contingent reductions and general salary increases.

- State funds increase by \$14.1 million, or 13.7%, in fiscal 2021. Increases support safety enhancements and operating costs for a new building.

For further information contact: Ian M. Klein

Phone: (410) 946-5530

Key Observations

- The first-time, full-time student population continues to increase.
- Four- and six-year graduation rates continue to improve.
- MSU proposes the development of a new privately funded, for-profit medical school.

Operating Budget Recommended Actions

1. Reduce the Morgan State University safety funding to remove capital related expenditures.
2. Reduce the Morgan State University general fund appropriation.

Updates

- Report submitted on deferred maintenance and site improvement projects.

R13M00
Morgan State University

Operating Budget Analysis

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 the 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: Doctoral Universities: High Research Activity

Fall 2019 Undergraduate Enrollment Headcount		Fall 2019 Graduate Enrollment Headcount	
Male	2,767	Male	466
Female	3,694	Female	836
Total	6,461	Total	1,302

Fall 2019 New Students Headcount		Campus (Main Campus)	
First-time	1,375	Acres	143
Transfers/Others	453	Buildings	38
Graduate	290	Average Age	32
Total	2,118	Oldest	Carnegie Hall - 1919

Programs		Degrees Awarded (2018-2019)	
Bachelor’s	48	Bachelor’s	1,091
Master’s	38	Master’s	248
Doctoral	16	Doctoral	71
		Total Degrees	1,411

Proposed Fiscal 2021 In-state Tuition and Fees*

Undergraduate Tuition	\$5,587
Mandatory Fees	\$2,531

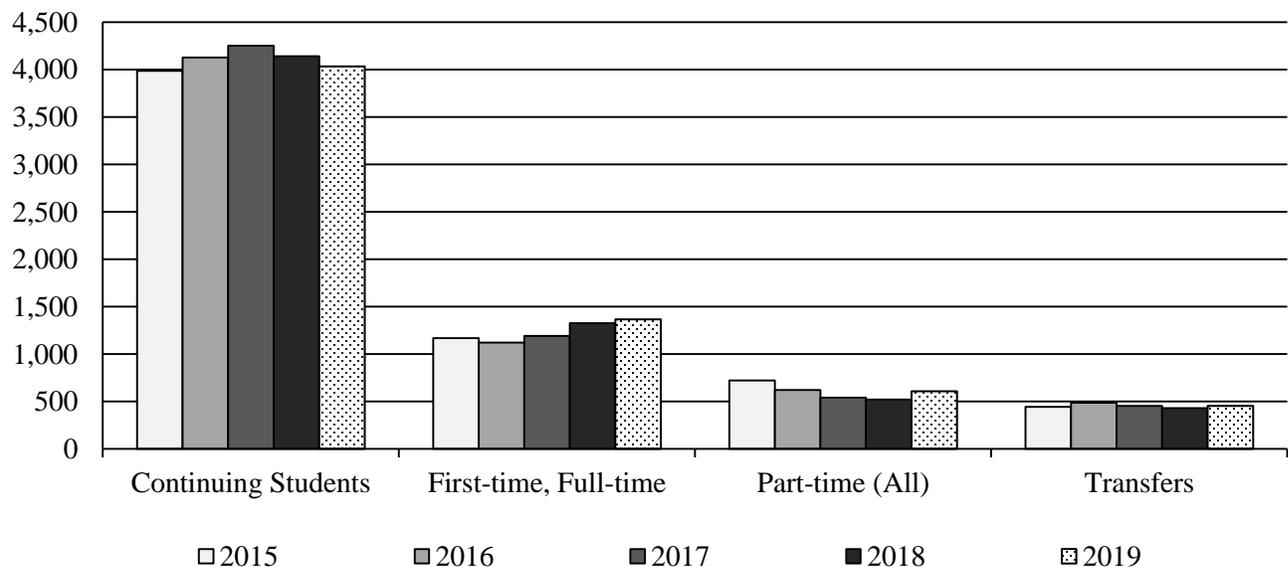
*Contingent on Board of Regents approval.

Performance Analysis: Managing for Results

1. Undergraduate Fall Headcount

Total undergraduate enrollment increased by 0.7%, or 42 students, in fall 2019. Continuing students, which had seen increases in enrollment from fall 2015 through 2017, decreased for a second consecutive year, falling by 108 students in fall 2019, or 2.6% from fall 2018. Enrollment of first-time, full-time (FT/FT) students grew by 2.9% in fall 2019, continuing a trend of higher FT/FT students since 2016 and reaching MSU’s highest total ever of 1,365 students. Part-time students reversed a multiyear decline by increasing 89 students over fall 2018, a growth of 17.1%. These changes can be seen in **Exhibit 1**.

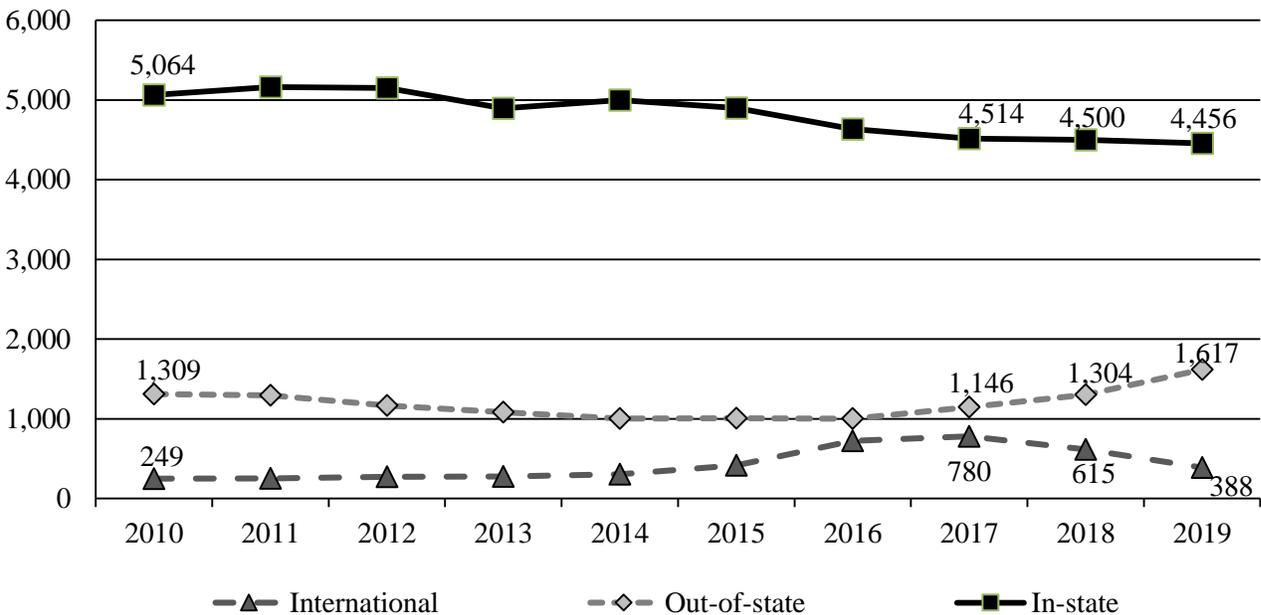
Exhibit 1
Undergraduate Enrollment
Fall 2015-2019



Source: Morgan State University

From 2015 through 2017, MSU relied heavily on international students to offset losses and flat enrollment for in-state and out-of-state students. As shown in **Exhibit 2**, a steady decrease of in-state students began in 2014 and has continued through 2019. While international students had represented the majority of the enrollment increases from 2014 through 2017, reaching a total of 780 students, or 12.1% of total undergraduate enrollment in 2017, out-of-state enrollment has experienced the greatest increase in student population from 2017 through 2019. From fall 2017 to 2019, out-of-state enrollment increased from 17.8% of the undergraduate population to 25.0%.

Exhibit 2
Enrollment Trends by Location
Fall 2010-2019



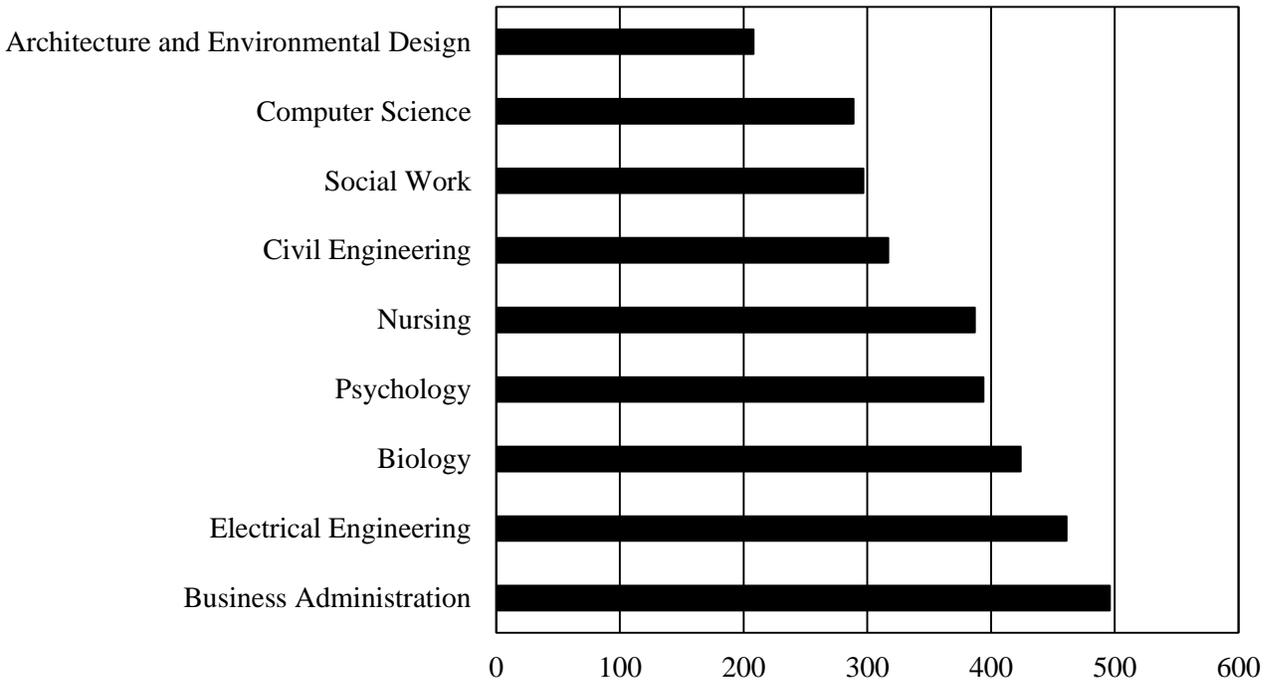
Source: Morgan State University

MSU attributes the declining rate of in-state enrollees to the declining number of Maryland public high school graduates. Given the in-state decline, MSU has worked to diversify its student population by attracting more out-of-state students. To achieve this end, MSU has hired a regional recruitment officer, increased the number of on-campus recruitment events that bring out-of-state students to campus, and used data provided by college search partners to target out-of-state students who were likely to enroll. As Exhibit 2 shows, these efforts have borne fruit.

The international student population has declined since 2017. This decline has occurred for two reasons: MSU had developed partnerships with Saudi Arabia and Kuwait, and, in 2017, the embassies of these nations put an enrollment cap on the number of sponsored students who could enroll in any particular program at any given university that resulted in these two nations being unwilling to sponsor additional students to attend MSU until the number of students leveled off; and the decline in international students is reflective of a national trend as the result of new immigration restrictions.

In fall 2019, over half of the undergraduate students were enrolled in nine program areas, as shown in **Exhibit 3**. Continuing a trend from the previous two academic years, business administration and electrical engineering were the most popular majors, comprising a combined 14.8% of the total undergraduate enrollment in fall 2019.

Exhibit 3
Undergraduate Headcount Enrollment by Top Nine Program Areas
Fall 2019

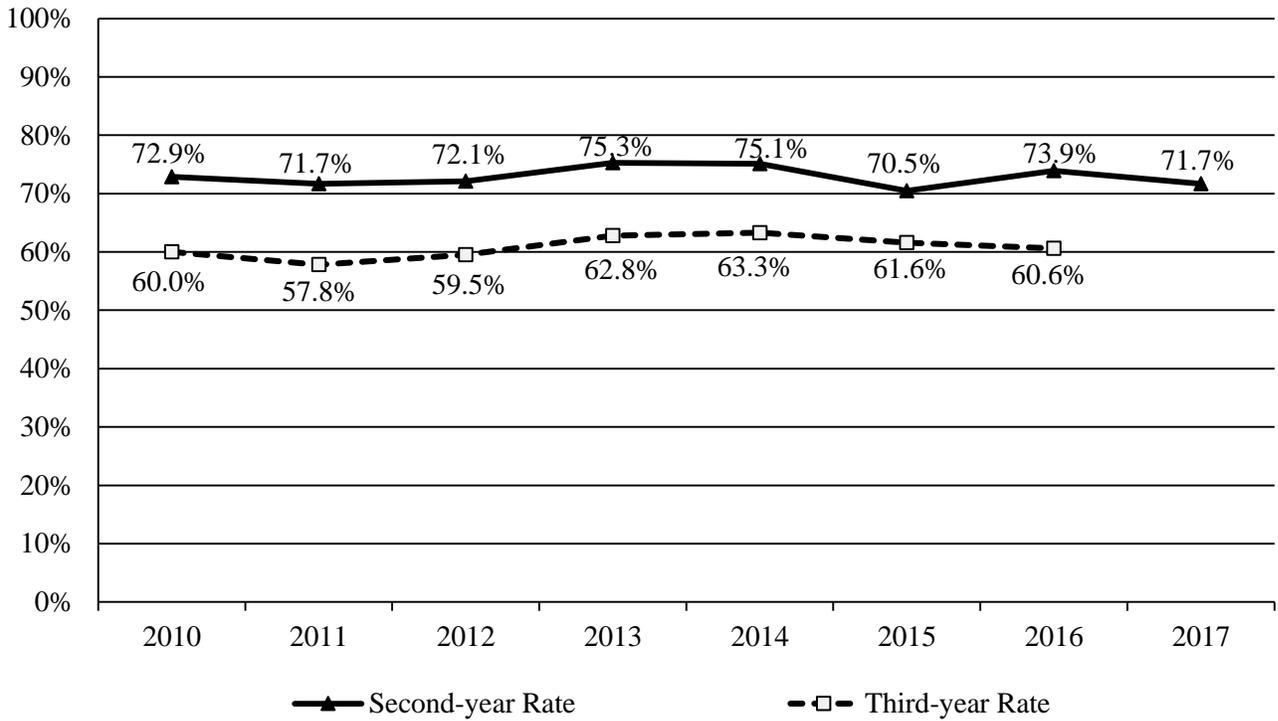


Source: Morgan State University

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 a recent high rate of 75.3%, it has fallen to 71.7% with the 2017 cohort. Since the 2011 cohort, the third-year retention rate had improved through the 2014 cohort, going from 57.8% to 63.3%. However, there has been a decline in the third-year retention rate for the 2015 and 2016 cohorts, falling to 61.6% and 60.6%, respectively.

Exhibit 4
Second- and Third-year Retention Rates for First-time, Full-time Students
2010-2017 Cohorts

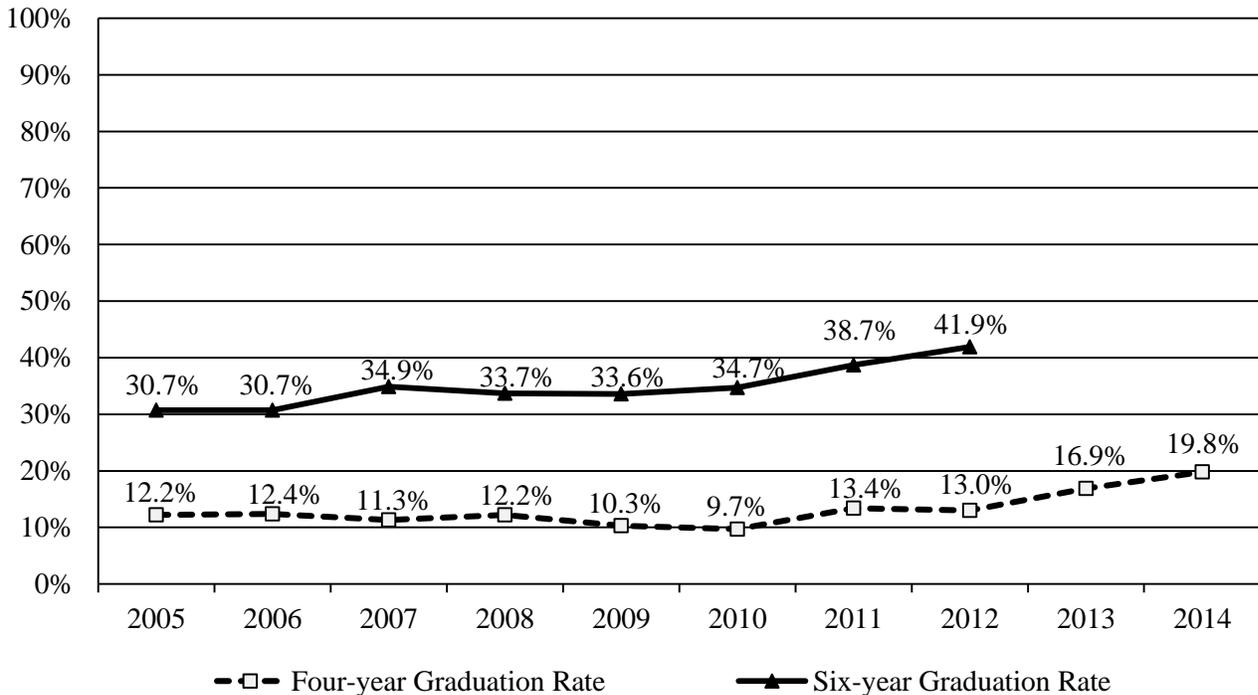


Note: Percentages represent first-time, full-time students who remained enrolled at the same institution in the subsequent fall semesters.

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 graduation rate spiked to its highest recent level of 19.8 with the 2014 cohort. The six-year graduation rate, after remaining fairly stable between the 2007 and 2010 cohorts, saw the 2012 cohort reach 41.9%, its highest total in over a decade.

**Exhibit 5
Graduation Rate of First-time, Full-time Students
2005-2014 Cohorts**

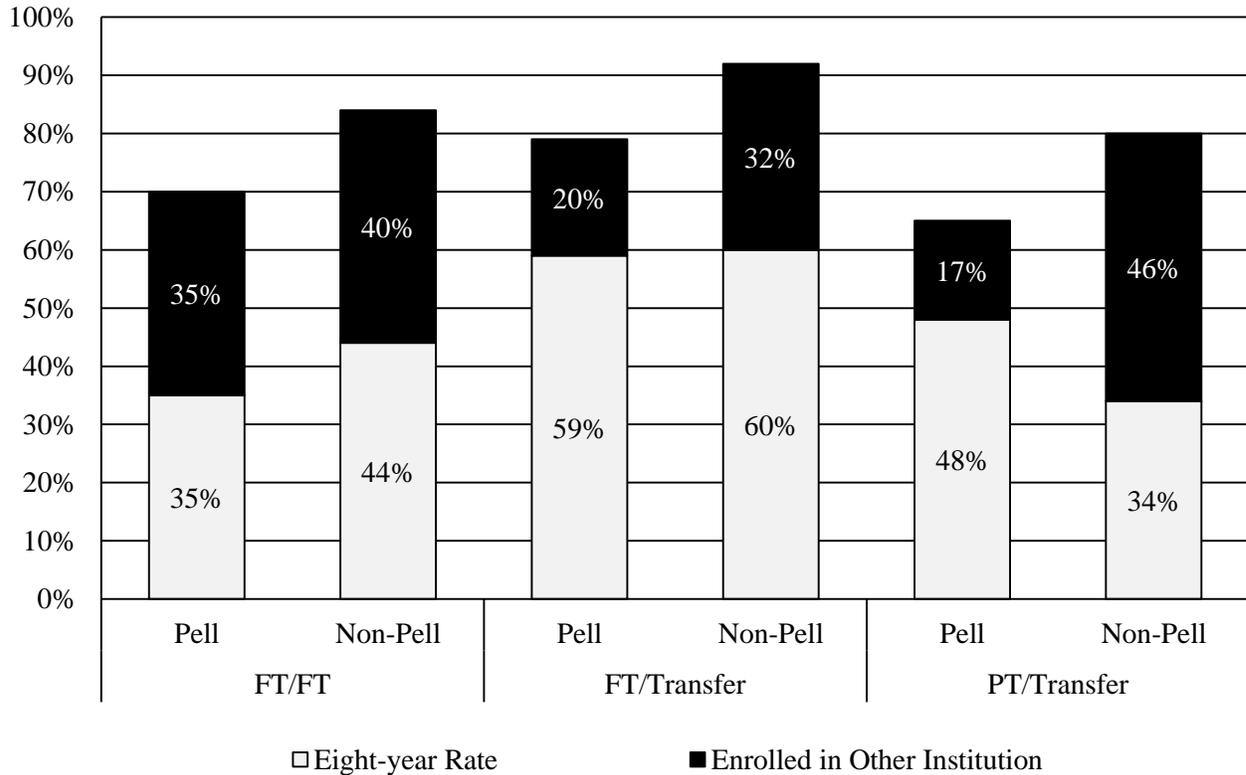


Note: Percentages include first-time, full-time students who persisted at, and graduated from, the institution that they initially enrolled in and those who transferred and graduated from any Maryland public or private four-year institution.

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 transfer 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. Non-Pell FT/FT and non-Pell transfer students graduate at a higher rate than Pell students with a gap of nine and one percentage points, respectively. Part-time transfer students represent the only category where Pell-eligible students graduate at a higher rate than non-Pell-eligible students, at a rate of 48% to 34% for non-Pell-eligible.

**Exhibit 6
Eight-year Graduation Rates for
Students Entering in Academic Year 2010-2011**



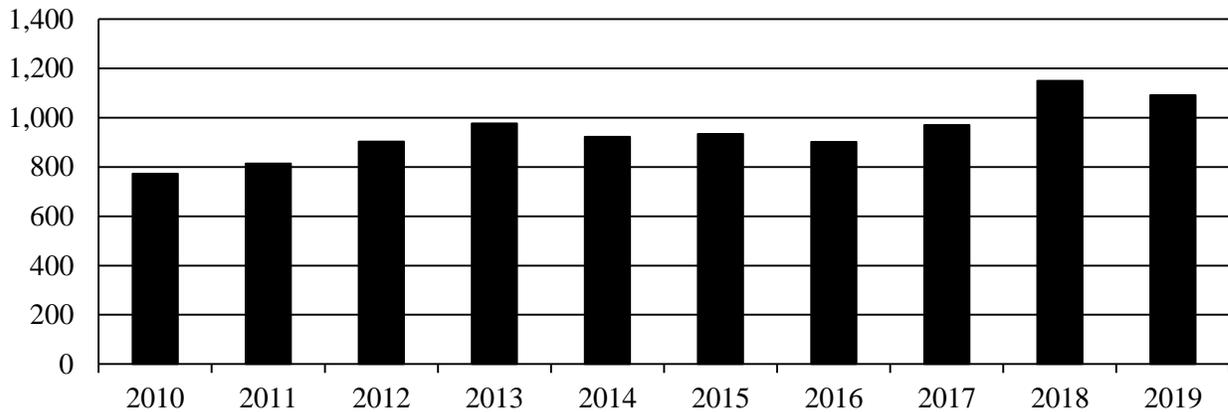
FT: full-time
 FT/FT: first-time, full-time
 PT: part-time

Source: National Center for Education Statistics; College Navigator

3. Degree Production and Cost Per Degree

The number of degrees awarded grew by 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 increased to 1,149 in fiscal 2018, the highest total ever produced. A 5% degrees conferred decrease, or 58 students, was experienced from fiscal 2018 to 2019.

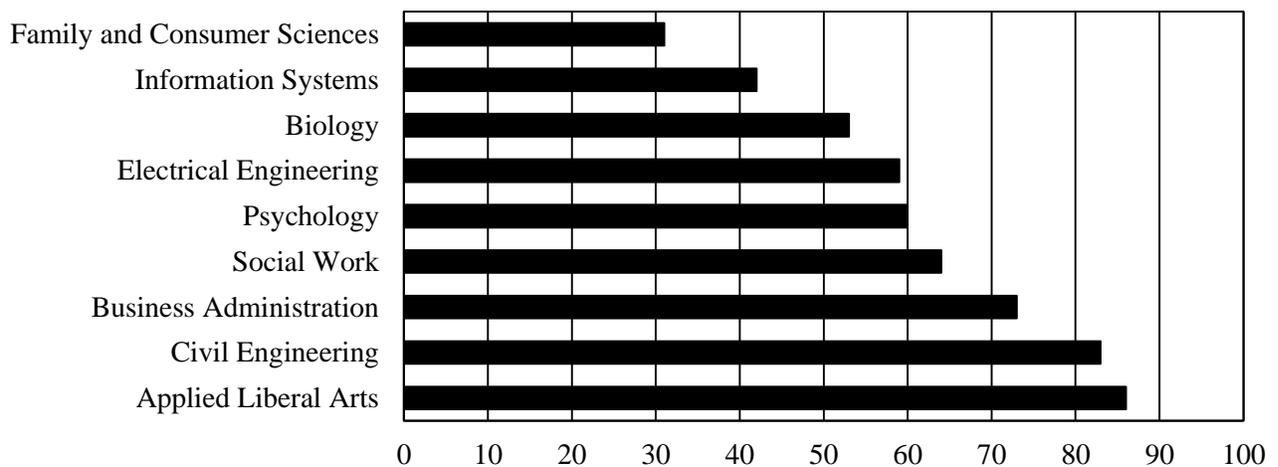
Exhibit 7
Total Undergraduate Degrees Awarded
Fiscal 2010-2019



Source: Morgan State University

Over half of the degrees in fiscal 2019 were awarded in one of nine programs, as shown in **Exhibit 8**. Applied liberal arts, civil engineering, and business administration account for a combined 22.2% of the degrees that were awarded that year.

Exhibit 8
Top Nine Undergraduate Degrees Awarded
Fiscal 2019

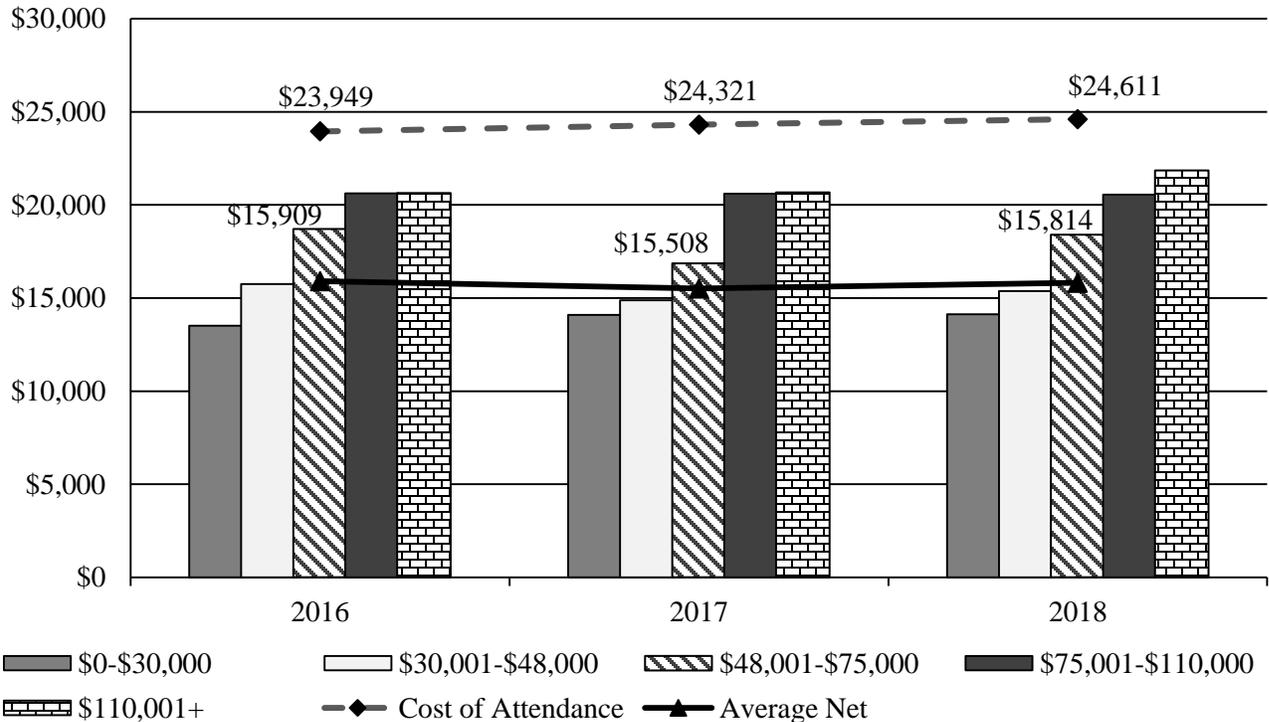


Source: Morgan State University

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 2018, the average net price was \$8,797, or 35.7%, 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 to \$30,000 increased by \$123 from \$14,099 in fiscal 2017 to \$14,122 in fiscal 2018.

Exhibit 9
Estimated Cost of Attendance vs. Average Net Price
For Full-time, In-state Students by Income Level
Fiscal 2016-2019



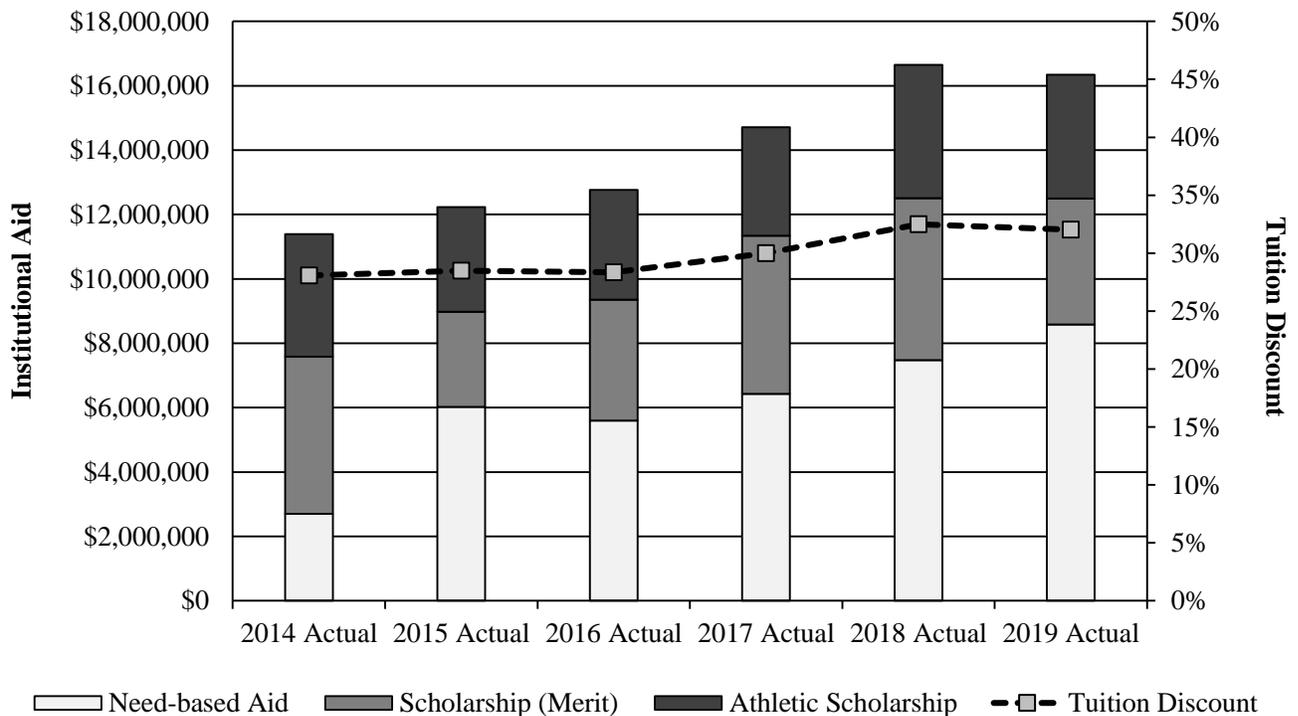
Note: The total cost of attendance includes tuition; mandatory fees; books; supplies; and the weighted average for room, board, and other expenses. Average net price is calculated by subtracting the average amount of federal, State, and institutional aid awarded to Morgan State University students from 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 of tuition discounted through institutional aid (need-based and merit 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% in fiscal 2019. MSU indicated that the institution was unable to provide the complete fiscal 2020 working figures as awards were still being provided, and the finalized data would not be available until the conclusion of the academic year.

Exhibit 10
Institutional Aid and Tuition Discount
Fiscal 2014-2019



Source: Morgan State University

Institutional Aid

Total expenditures on institutional aid increased by 43.5%, or \$5.0 million, from fiscal 2014 to 2018 as shown in Exhibit 10, with need based aid increasing from \$2.7 million to \$7.5 million of the total spent on aid. Institutional aid decreased by 1.8% from fiscal 2018 to 2019, \$307,094. On average, from fiscal 2014 to 2019, need-based aid comprised 43% of total expenditures on institutional aid.

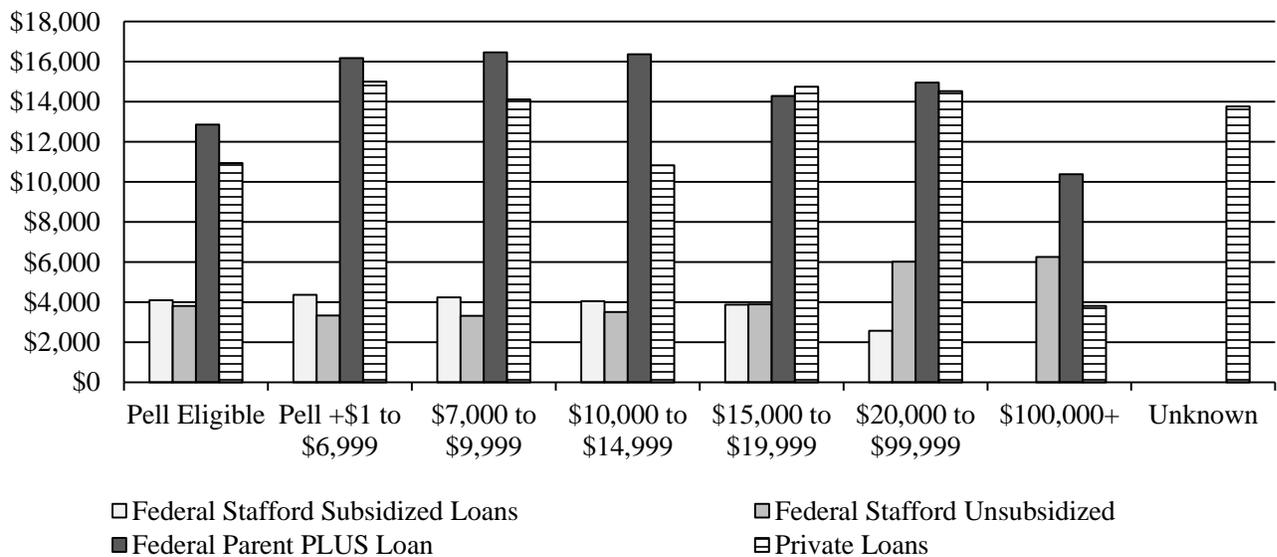
Loans

In fiscal 2019, 65% 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 \$5,140 in fiscal 2019. 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 PLUS loan); and
- private loans.

Exhibit 11
Mean Loan Amount by Type and Expected Family Contribution
Fiscal 2019



Source: Maryland Higher Education Commission

In fiscal 2019, of the 4,305 Pell-eligible students, 69.3% and 72.8% used subsidized and unsubsidized loans, respectively. However, 3.0% of the Pell-eligible students took out private loans and, on average, borrowed \$10,945. In general, federal Parent PLUS loans were the highest average loans taken out for those in all but one EFC category, with those with an EFC of \$7,000 to \$9,999 taking out the highest average loan of \$16,470.

Student Debt

Recently, the U.S. Department of Education's College Scorecard started reporting the median debt (excluding private and Parent PLUS loans) for 2016 and 2017 graduates and median earnings one year after graduation for 2015 and 2016 graduates by program level at institutions. This is an effort to give students a better picture of outcomes at the program rather than the institutional level. The median debt of MSU students ranged from \$26,937 for a foods, nutrition, and related services bachelor's degree to \$31,000 for a journalism bachelor's degree. One year after graduating, the median earnings for a graduate in foods, nutrition, and related services was not reported, while a journalism major was \$27,800.

Fiscal 2020 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 institutions' revenues. Therefore, looking at the changes of expenditures by program area between fiscal 2019 and 2020, when institutions know their fall enrollment, provides a more accurate picture of funding priorities.

In fiscal 2020, spending on instruction grew by 7.7%, or \$4.4 million, as shown in **Exhibit 12**. These increases were the result of salary realignments, adjustments, contractual conversions, and general salary increases totaling \$2.2 million, fringe benefit increases of \$1.3 million, and the cybersecurity facility enhancements moving to this program code, totaling \$0.8 million. Spending on student services increased by 10.6%, or \$0.9 million, due to general salary increases. Institutional support grew by 5.3%, or \$2.2 million, as a result of general salary increases totaling \$0.7 million, and fringe benefits increasing \$1.5 million. Operation and maintenance of plant increased by 24.7%, or \$4.5 million, for general salary increases totaling \$1.2 million, fringe benefits increasing \$0.9 million, deferred maintenance funding totaling \$1.9 million, and equipment for the new Tyler Student Services Support Building totaling \$0.5 million. Scholarships and fellowships increased 6.4%, or \$1.2 million, primarily due to federal financial aid which increased by \$1.0 million.

Education and general (E&G) expenditures are higher than revenues brought in to pay for these services. In order to cover this shortfall, MSU will have to use its surplus auxiliary revenues. Since auxiliary enterprises are self-supported, 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 cost savings.**

Exhibit 12
Budget Changes for Unrestricted Funds by Program
Fiscal 2019-2020
(\$ in Thousands)

	<u>Actual</u> <u>2019</u>	<u>Adjusted Working</u> <u>2020</u>	<u>\$ Change</u> <u>2019-2020</u>	<u>% Change</u> <u>2019-2020</u>
Expenditures				
Instruction	\$56,274	\$60,623	\$4,349	7.7%
Research	1,816	1,866	\$50	2.7%
Public Service	415	436	\$21	5.1%
Academic Support	24,980	24,739	-\$241	-1.0%
Student Services	8,252	9,131	\$878	10.6%
Institutional Support	42,248	44,474	\$2,226	5.3%
Operation and Maintenance of Plant	18,446	23,007	\$4,561	24.7%
Scholarships and Fellowships	19,208	20,429	\$1,220	6.4%
General Salary Increase		375	\$375	
E&G Total	\$171,640	\$185,079	\$13,439	7.8%
Auxiliary Enterprises	\$34,030	\$32,672	-\$1,358	-4.0%
Total Expenditures	\$205,670	\$217,751	\$12,081	5.9%
Revenues				
Tuition and Fees	\$66,920	\$68,820	\$1,900	2.8%
State Funds ¹	97,412	102,717	\$5,305	5.4%
Other	6,884	7,579	\$695	10.1%
Total E&G Revenues	\$171,216	\$179,116	\$7,900	4.6%
Auxiliary Enterprises	\$35,141	\$38,635	\$3,494	9.9%
Transfer (to)/from Fund Balance	-687		\$687	-100.0%
Available Unrestricted Revenues	\$205,670	\$217,751	\$12,081	5.9%

E&G: education and general

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

Note: Fiscal 2020 State funds adjusted to reflect a general salary increase.

Source: Governor's Fiscal 2021 Budget Books; Department of Legislative Services

Fiscal 2021 Proposed Budget

As shown in **Exhibit 13**, State support in the adjusted fiscal 2021 allowance is 13.7%, or \$14.1 million, higher than the adjusted fiscal 2020 working appropriation. The Higher Education Investment Fund (HEIF) decreases from the adjusted working 2020 appropriation to the adjusted 2021 allowance as the result of a one-time fund swap from the general fund to the HEIF in 2020 of \$420,632.

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

	<u>Actual 2019</u>	<u>Working 2020</u>	<u>Allowance 2021</u>	<u>Change 2020-2021</u>	<u>% Change Prior Year</u>
General Funds	\$95,052	\$99,531	\$112,503	\$12,973	13.0%
General Salary Increase		375	1,500	\$1,125	
Total General Funds	\$95,052	\$99,906	\$114,004	\$14,098	14.1%
HEIF	\$2,360	\$2,811	\$2,761	-\$50	-1.8%
Total State Funds	\$97,412	\$102,717	\$116,765	\$14,048	13.7%
Other Unrestricted Funds	\$108,258	\$114,659	\$119,310	\$4,651	4.1%
Total Unrestricted Funds	\$205,670	\$217,376	\$236,075	\$18,699	8.6%
Restricted Funds	\$45,098	\$54,626	\$54,626	\$0	0.0%
Total Funds	\$250,768	\$272,002	\$290,700	\$18,699	6.9%

HEIF: Higher Education Investment Fund

Note: Numbers may not sum due to rounding. The fiscal 2020 appropriation includes deficiencies, planned reversions, and general salary increases. The fiscal 2021 allowance includes contingent reductions and general salary increases.

Proposed Increases

The increase in State support in the fiscal 2021 allowance is intended to cover:

- \$4.7 million for the operating costs of the new Tyler Student Services Support Building;
- \$0.7 million for operating costs;
- \$3.7 million for health insurance and retirement adjustments; and

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- \$5.0 million for safety enhancements. The funding will be earmarked for the hiring of at least 20 additional campus police officers as well as better securing the campus perimeter, which includes security fencing, campus monitoring and surveillance improvements, improvements and repair for existing lighting, expansion of lighted areas with additional lighting fixtures, and other security related enhancements.

For over a decade, the State has focused on making college more affordable for its residents by limiting tuition increases. From fiscal 2015 to 2020, resident undergraduate tuition at MSU has increased by only 2% annually. This has resulted in tuition at Maryland institutions moving from among the most expensive in the country to around the national average.

The Department of Legislative Services (DLS) recommends reducing MSU’s general fund appropriation by \$520,000, which is approximately equivalent to the increase in revenue from a 1% tuition increase. This relatively small increase in tuition would relieve pressure on the General Fund.

The 2019 *Joint Chairmen’s Report* requested that MSU submit a report that documented the deferred maintenance and site improvement projects on the campus. The submitted report identified the capital projects and costs of those projects for the grounds, infrastructure, building, and information technology needs of the institution. Several of the items identified as safety enhancements designated for funding in fiscal 2021 had already been acknowledged within this capital maintenance needs report (cameras, fencing, and lighting). As shown in **Exhibit 14**, through fiscal 2023, most of the safety enhancements are capital related.

Exhibit 14
Funding Request for Safety Enhancements
Fiscal 2021-2025

	Request <u>2021</u>	Estimate <u>2022</u>	Estimate <u>2023</u>	Estimate <u>2024</u>	Estimate <u>2025</u>
Police Officers (Salaries and Benefits)	\$1,574,499	\$1,611,989	\$1,644,229	\$1,677,113	\$1,710,656
Buildings/Improvements	3,430,000	2,500,000	2,000,000	1,000,000	1,000,000
Total	\$5,004,499	\$4,111,989	\$3,644,229	\$2,677,113	\$2,710,656
Percent Operating	31.5%	39.2%	45.1%	62.6%	63.1%
Percent Capital	68.5%	60.8%	54.9%	37.4%	36.9%

Source: Morgan State University

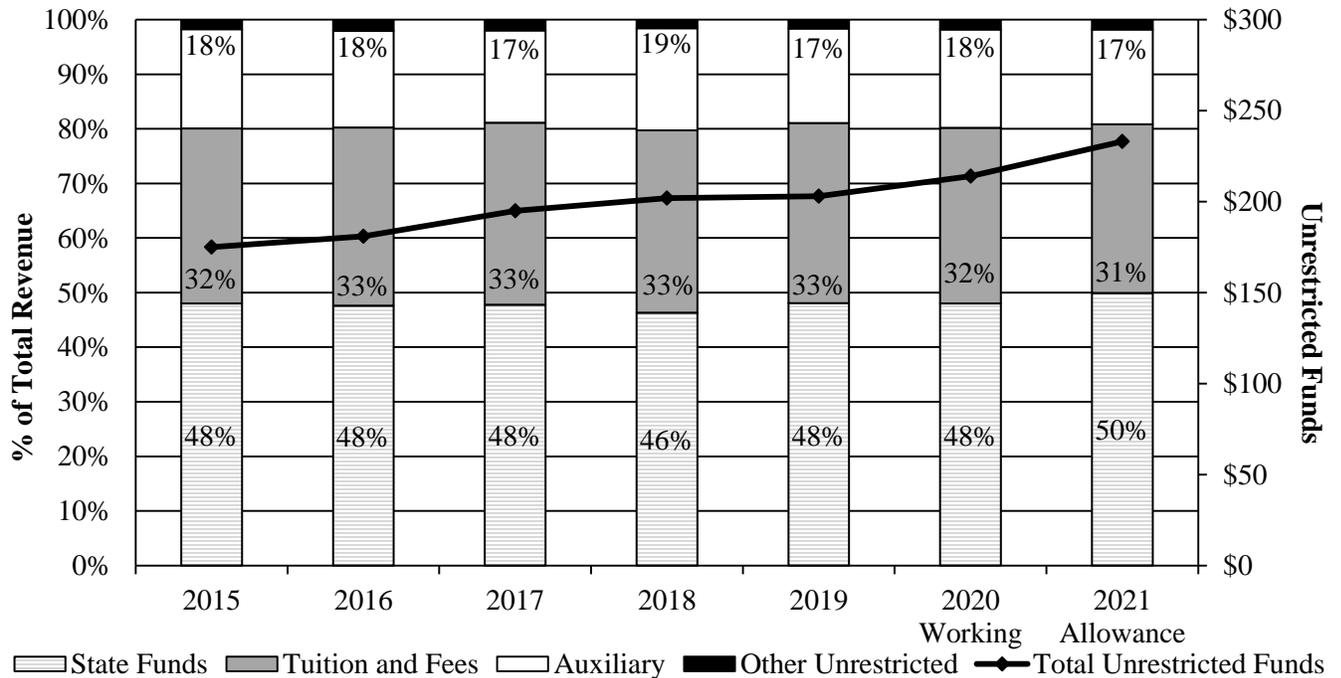
The fiscal 2021 capital budget currently includes \$10.0 million for deferred maintenance and site improvements at the campus.

DLS recommends that the safety enhancements funding included in the budget be reduced to cover only operating-related expenses. The capital enhancements can be supported through the \$10.0 million in deferred maintenance and site improvement fund in the capital budget.

Revenue Sources

In the fiscal 2021 allowance, State funds (general and HEIF funds) and tuition and fees comprise 50% and 31%, respectively, of MSU’s current unrestricted revenue, as shown in **Exhibit 15**. In general, the overall ratios have remained fairly stable over this period, with the 2021 allowance being the first time that State funds have encompassed 50% of current unrestricted revenue. Between fiscal 2015 and 2021, total unrestricted funds increased by \$58.3 million, or 33.3%, with State funds accounting for \$32.6 million of the increase and tuition and fee revenue accounting for \$16.0 million.

Exhibit 15
Unrestricted Revenues by Source
Fiscal 2015-2021
(\$ in Millions)



Source: Governor’s Fiscal 2021 Budget Books

Personnel Data

	<u>FY 19 Actual</u>	<u>FY 20 Working</u>	<u>FY 21 Allowance</u>	<u>FY 20-21 Change</u>
Regular Positions	1,182.00	1,224.00	1,244.00	20.00
Contractual FTEs	<u>467.00</u>	<u>425.00</u>	<u>425.00</u>	<u>0.00</u>
Total Personnel	1,649.00	1,649.00	1,669.00	20.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	48.64	3.91%
Positions and Percentage Vacant as of 12/31/19	66.00	6.2%
Vacancies Above Turnover	17.36	2.29%

Issues

1. Morgan Explores Bringing a For-profit Medical School to Campus

In January, 2020, MSU Board of Regents (BOR) authorized President David Kwabena Wilson to explore the prospect of bringing a new privately funded, for-profit medical school to the campus through a strategic partnership with Salud Education, LLC (Salud). With BOR review and approval of the agreement, the university projects having an operational medical school on campus as early as 2023. Should the program be approved, MSU would be the only school in the region spanning Maryland, Delaware, Northern Virginia, and the District of Columbia offering a Doctor of Osteopathic Medicine (D.O.). The proposed College of Osteopathic Medicine would be the first new medical school at an historically black college or university in nearly 45 years. President Wilson is planning to advance the proposal during the February 4, 2020 BOR meeting.

Salud is a medical impact company working to solve the shortage of primary care professionals in the United States and in global health care. Salud plans to invest \$125 million to build and run the new college on the university's campus resulting in no additional cost incurred by MSU. This firm has helped develop similar colleges at other higher education institutions such as New Mexico State University.

Osteopathic medicine is a more holistic style of medical training, including a focus on the musculoskeletal system and environmental factors in health. D.O.s are fully licensed to practice in many areas of medicine, and many work in primary care. Both Doctors of Medicine and D.O.s learn how to diagnose, treat, and prevent diseases and injuries. As a result, they receive much of the same training, including:

- four years of medical school after earning a bachelor's degree; and
- a residency program lasting one to seven years after completing medical school.

The main difference is that D.O.s must complete an additional 200 hours of coursework. This extra training focuses on bones, muscles, and nerves and how they affect the body's overall health.

To operate in Maryland, Salud would need approval from the Maryland Higher Education Commission (MHEC) and from medical associations. It is currently unclear how long that approval process would take. The approval process will depend on the nature of the proposal, and MHEC is currently not aware of any proposal that has been submitted for review. MHEC indicates that meetings are scheduled to take place with MSU in early February. MHEC further notes that additional information would be needed to clarify the role of Salud in this process, specifically, if the degrees awarded to students who complete the program would be MSU degrees or degrees from Salud. Additional information on the proposed College of Osteopathic Medicine will be available after MSU provides an official proposal to MHEC.

2. Board of Regents Meetings Documentation

MSU provides its BOR materials on the MSU BOR website. These documents, public session minutes, typically provide an opening remark from the BOR Chairman, approval of minutes from the previous meeting, a report provided by the President of MSU, a summary of the actions that were taken in the four standing committees (and three special committees if necessary), followed by identification of any new business. These reports typically run under 10 pages in length and provide only a snapshot of the material presented and discussed at all standing committee meetings.

Unlike the University System of Maryland (USM) BOR or the St. Mary's College of Maryland (SMCM) Board of Trustees (BOT) websites, the MSU BOR website does not provide any supplementary material from the standing committees. Additionally, the material that is shared is not always updated in a timely manner. For example, the November 5, 2019 BOR public session minutes have not been updated on the BOR website through January 2020.

DLS recommends that MSU adopt the same policy as the USM BOR and SMCM BOT with respect to the publication of materials presented during open session and standing committee meetings. Additionally, DLS recommends that MSU publicize their public session minutes in a timely fashion after BOR meetings.

Operating Budget Recommended Actions

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

, provided that this appropriation made for Morgan State University for the purpose of safety enhancements shall be reduced by \$3,430,000.

Explanation: This language reduces the Morgan State University (MSU) general fund appropriation by \$3,430,000. The allowance provides MSU an additional \$5.0 million for safety enhancements of which only \$1,570,000 is being spent on operating budget-related personnel, while the remainder is being spent on projects that normally would be funded through the capital budget. The capital enhancements can be supported through the \$10.0 million in deferred maintenance and site improvement funds in the capital budget.

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

Further provided that the current unrestricted appropriation made for Morgan State University shall be reduced by \$520,000.

Explanation: This language reduces the Morgan State University current unrestricted (general fund) appropriation by \$520,000, the equivalent to a 1% increase in undergraduate tuition.

Updates

1. Deferred Maintenance and Site Improvements

The fiscal 2020 capital budget accelerated general obligation bond funds that were to be provided to complete deferred maintenance and site improvement projects at MSU from fiscal 2023 forward to fiscal 2020. This funding was provided to renovate, repair, replace, and upgrade building systems and infrastructure to reduce the deferred maintenance backlog of more than \$100 million. Language in the fiscal 2020 capital budget bill (Chapter 419 of 2019) restricted \$1.0 million in general obligation bond funds pending the receipt of a report that provided an assessment of the university's facility maintenance, renewal, and site improvement needs.

Upon submission of this report by MSU, the budget committees made additional recommendations that MSU should implement to improve this program's oversight and accountability regarding the allocation of funds to projects and the establishment of a 2% operating budget facilities renewal target as is currently in place in USM. In addition, the budget committees required MSU to begin submitting an annual report, each December 1, that (1) provides an updated facility renewal backlog project list that is prioritized through the implementation of an established categorization matrix and separately identifies and aggregates State academic building projects from MSU auxiliary and support building projects and (2) a status report of all projects funded from inception of the capital funding program.

The report submitted by MSU on December 11, 2019, identified the status of projects to be funded in fiscal 2020, highlighting that a majority of these projects had been put out to bid. The report also identified that the institution will be utilizing the Facilities Condition Index to meet the 2% operating budget target that will be brought to the MSU Board of Regents for approval at its May 2020 meeting. The fiscal 2021 deferred maintenance list was slightly modified as several projects were removed from the list since their repairs moved up due to their failure or another funding source was made available.

Appendix 1
2019 Joint Chairmen’s Report Responses from Agency

The 2019 *Joint Chairmen’s Report* (JCR) requested that the Morgan State University prepare six reports. Electronic copies of the full JCR responses can be found on the Department of Legislative Services Library website.

- ***Report Concerning Deferred Maintenance and Site Improvements:*** The fiscal 2020 capital budget (Chapter 419 of 2019) accelerated general obligation bond funds to be spent on deferred maintenance and site improvement projects at Morgan State University. This report is discussed in greater detail in Update 1.
- ***Report on Contractual Positions to be Converted:*** The fiscal 2020 budget provided \$700,000 specifically designated for the conversion of contractual positions. Budget bill language was added to withhold the expenditure of those funds until MSU submitted a report documenting which positions, and the salaries of those positions, were to be converted. MSU submitted this report, identifying 32 positions to be converted, with the salaries of those positions totaling \$1,256,370.
- ***Report on Contractual Positions Actually Converted:*** A follow-up report was requested that detailed the positions and the salaries of those positions that were actually converted to full-time status. MSU submitted this report, identifying 30 positions that were actually converted, with the salaries of those positions totaling \$1,196,039.
- ***Report on Improving Student Completion:*** MSU was asked to submit a report on actions and processes taken to improve student completion. This report highlighted recruitment efforts, the Office of Student Success and Retention, the Enrollment Management and Student Success division, financial aid strategies, and the First-year Experience Program. Metrics have also been developed concerning 5 and 10 year goals for retention and graduation rates.
- ***Report on Mental Health Services:*** MSU was asked to submit a report on the institution’s mental health services. This report identified the types of health service needs students experience, the types of services provided, the cost of services, and the challenges to meeting the demands of the student population.
- ***Report on Instructional Faculty Workload:*** MSU was asked to submit a report on annual instruction workload for tenured and tenure-track faculty. Tenure and tenure-track faculty taught 101% of expected course totals with an average course unit of 7.01. Full-time contractual faculty taught 102% of expected course totals with an average course unit of 7.42. Department chairs continued to exceed their expected course totals taught, reaching 137% with an average course unit of 5.48.

**Appendix 2
Object/Fund Difference Report
Morgan State University**

<u>Object/Fund</u>	<u>FY 19 Actual</u>	<u>FY 20 Working Appropriation</u>	<u>FY 21 Allowance</u>	<u>FY 20 - FY 21 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	1,182.00	1,224.00	1,244.00	20.00	1.6%
02 Contractual	467.00	425.00	425.00	0.00	0%
Total Positions	1,649.00	1,649.00	1,669.00	20.00	1.2%
Objects					
01 Salaries and Wages	\$ 118,064,577	\$ 129,237,451	\$ 134,652,616	\$ 5,415,165	4.2%
02 Technical and Spec. Fees	32,738,998	30,691,203	31,516,770	825,567	2.7%
03 Communication	806,097	891,596	898,209	6,613	0.7%
04 Travel	4,167,338	4,546,553	4,757,031	210,478	4.6%
06 Fuel and Utilities	6,887,465	7,084,875	7,108,451	23,576	0.3%
07 Motor Vehicles	552,069	899,070	611,425	-287,645	-32.0%
08 Contractual Services	27,697,785	30,444,187	33,418,302	2,974,115	9.8%
09 Supplies and Materials	5,516,981	6,574,079	6,883,321	309,242	4.7%
11 Equipment – Additional	1,334,798	3,264,772	6,484,072	3,219,300	98.6%
12 Grants, Subsidies, and Contributions	38,631,882	41,803,008	42,006,403	203,395	0.5%
13 Fixed Charges	11,702,298	10,668,373	12,266,363	1,597,990	15.0%
14 Land and Structures	2,667,737	5,896,597	10,097,428	4,200,831	71.2%
Total Objects	\$ 250,768,025	\$ 272,001,764	\$ 290,700,391	\$ 18,698,627	6.9%
Funds					
40 Unrestricted Fund	\$ 205,670,041	\$ 217,376,068	\$ 236,074,695	\$ 18,698,627	8.6%
43 Restricted Fund	45,097,984	54,625,696	54,625,696	0	0%
Total Funds	\$ 250,768,025	\$ 272,001,764	\$ 290,700,391	\$ 18,698,627	6.9%

Note: The fiscal 2020 appropriation does not include deficiencies, planned reversions, or general salary increases. The fiscal 2021 allowance does not include contingent reductions or general salary increases.

**Appendix 3
Fiscal Summary
Morgan State University**

<u>Program/Unit</u>	<u>FY 19 Actual</u>	<u>FY 20 Wrk Approp</u>	<u>FY 21 Allowance</u>	<u>Change</u>	<u>FY 20 - FY 21 % Change</u>
01 Instruction	\$ 56,385,171	\$ 60,756,180	\$ 61,799,418	\$ 1,043,238	1.7%
02 Research	28,415,786	37,065,797	37,197,635	131,838	0.4%
03 Public Service	435,863	435,678	446,565	10,887	2.5%
04 Academic Support	25,114,301	24,854,450	25,784,431	929,981	3.7%
05 Student Services	8,476,337	9,289,866	9,649,146	359,280	3.9%
06 Institutional Support	42,321,736	44,596,403	50,764,828	6,168,425	13.8%
07 Operation And Maintenance of Plant	18,453,133	23,028,498	28,467,428	5,438,930	23.6%
08 Auxiliary Enterprise	34,071,031	32,729,187	37,145,235	4,416,048	13.5%
17 Scholarships And Fellowships	37,094,667	39,245,705	39,445,705	200,000	0.5%
Total Expenditures	\$ 250,768,025	\$ 272,001,764	\$ 290,700,391	\$ 18,698,627	6.9%
Unrestricted Fund	\$ 205,670,041	\$ 217,376,068	\$ 236,074,695	\$ 18,698,627	8.6%
Restricted Fund	45,097,984	54,625,696	54,625,696	0	0%
Total Appropriations	\$ 250,768,025	\$ 272,001,764	\$ 290,700,391	\$ 18,698,627	6.9%

Note: The fiscal 2020 appropriation does not include deficiencies, planned reversions, or general salary increases. The fiscal 2021 allowance does not include contingent reductions or general salary increases.