

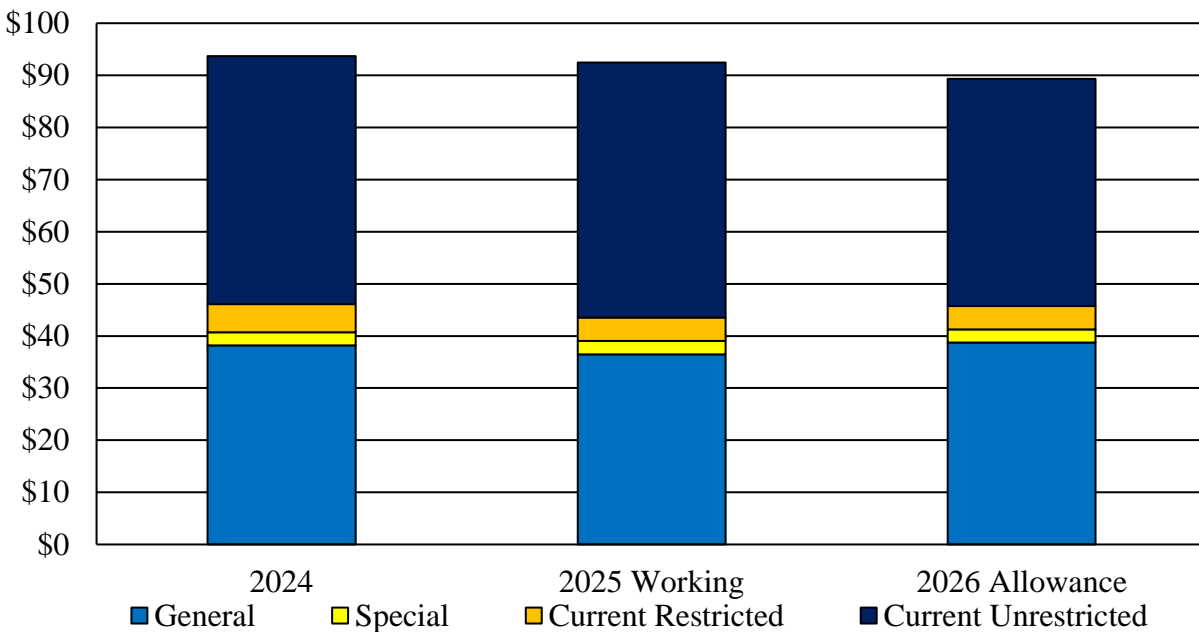
R14D00
St Mary's College of Maryland

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 Summary

Fiscal 2026 Budget Decreases \$3.2 Million, or 3.4%, to \$89.3 Million
(\$ in Millions)



Note: The fiscal 2026 allowance accounts for contingent reductions. The fiscal 2025 impacts of statewide salary adjustments are centrally budgeted in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency's budget. The fiscal 2026 impacts of the fiscal 2025 statewide salary adjustments appear in this agency's budget. The fiscal 2026 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency's budget.

- A provision in the Budget Reconciliation and Financing Act (BRFA) of 2025 would eliminate the funding formula for SMCM. Language in the fiscal 2026 Budget Bill reduces the appropriation for SMCM by \$416,847 in fiscal 2026, contingent on the enactment of this provision.

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- Total State support for the institution increases by \$2.2 million, or 5.7%, in the fiscal 2026 allowance compared to the fiscal 2025 working appropriation after accounting for the contingent reduction. After accounting for the fiscal 2025 salary increases that are budgeted in SMCM in fiscal 2026 but included in the Department of Budget and Management (DBM) in the fiscal 2025 working appropriation, State support increases by \$0.7 million, or 1.8%.

Key Observations

- ***Enrollment:*** Undergraduate enrollment has increased in two consecutive years. Between fall 2020 and 2024, undergraduate enrollment has increased by 126 students, or 8.5%. The undergraduate enrollment of 1,617 students is the highest enrollment since fall 2017.
- ***Graduation Rates:*** The four-year graduation rate was 52.5% for the 2019 cohort, a decrease from the 2018 cohort’s rate of 60.6%, and the lowest of all recent years. The six-year graduation rate decreased from 75.1% for the 2016 cohort to 73.6% for the 2017 cohort. Overall, the four-year and six-year graduation rates have declined by 21.2 and 11.6 percentage points, respectively, since the 2012 cohort.

Operating Budget Recommended Actions

1. Concur with Governor’s allowance.

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St Mary's College of Maryland

Operating Budget Analysis

Program Description

SMCM is Maryland's public, coeducational 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 instructional offerings, to increase the effectiveness of academic support resources, to improve the efficiency of 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 2024 Undergraduate Enrollment Headcount		Fall 2024 Graduate Enrollment Headcount	
Male	647	Male	4
Female	970	Female	10
Total	1,617	Total	14

Fall 2024 New Students Headcount		Campus (Main Campus)	
First-time	403	Acres	361
Transfers/Others	69	Buildings	44
Graduate	14	Average Age	38
Total	486	Oldest	1906: St. Mary's Hall

Programs		Degrees Awarded (2023-2024)	
Bachelor's	24	Bachelor's	336
Master's	1	Master's	14
		Total Degrees	350

Proposed Fiscal 2026 In-state Tuition and Fees*

Undergraduate Tuition	\$12,479
Mandatory Fees	3,214

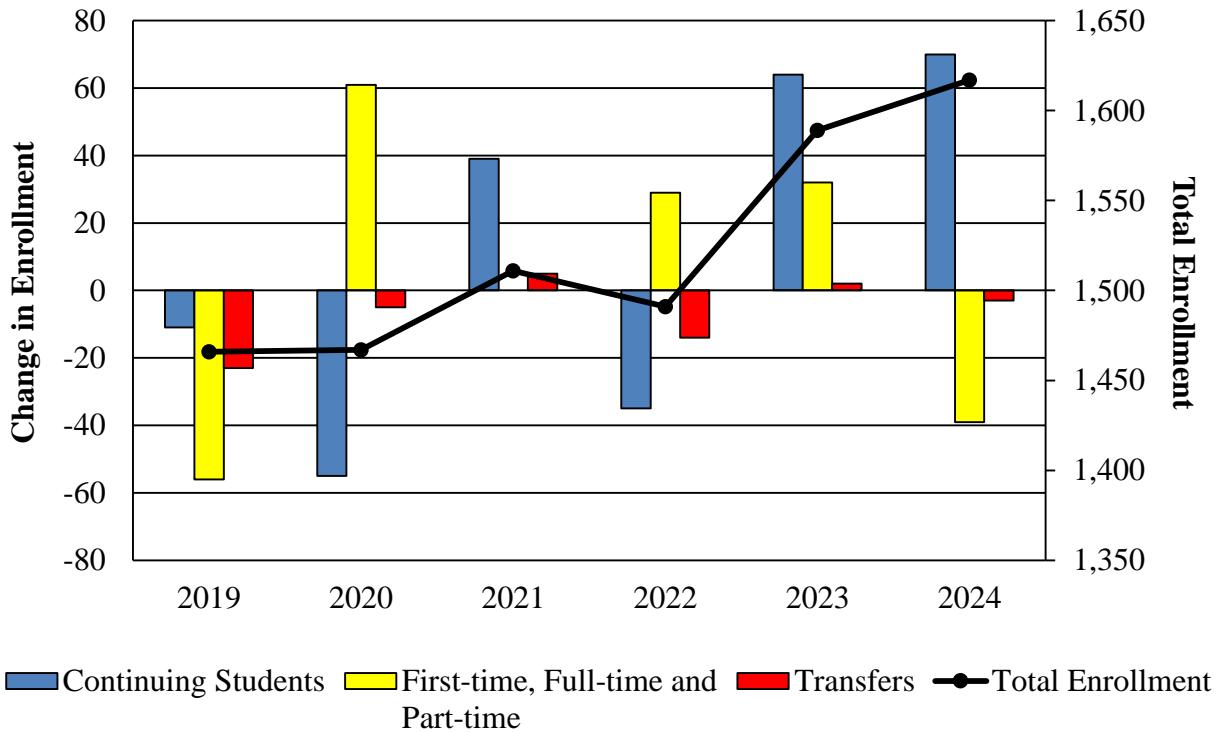
*Contingent on Board of Regents approval.

Performance Analysis: Managing for Results

1. Enrollment

SMCM has experienced two consecutive years of undergraduate enrollment growth. As shown in **Exhibit 1**, between fall 2023 and 2024, undergraduate degree-seeking enrollment increased by 28 students, or 1.8%, to 1,617 students. The continuing student population increased by a combined 70 students, or 6.5%, between fall 2023 and 2024. It is not unsurprising to see an increase in continuing students because of the increase in first-time students in fall 2023. In fall 2024, the first-time, full- and part-time student and transfer student population total decreased by a combined 42 students, or 8.2%. The continuing student population is closely tied to the first-time student population and, as a result, the decrease in first-time students in fall 2024 may lead to a decrease in continuing students in fall 2025.

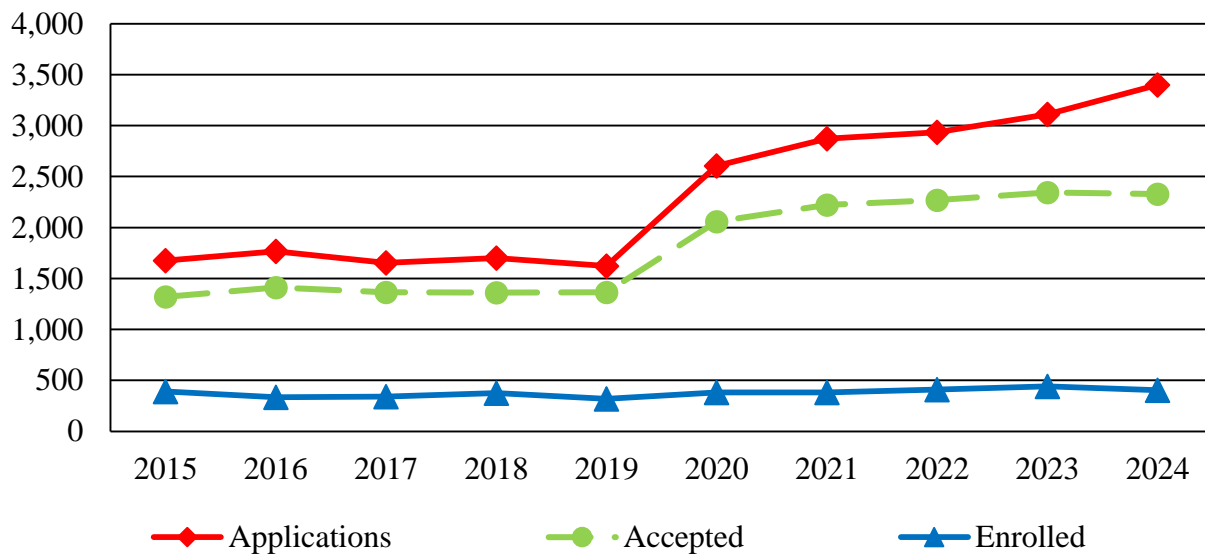
Exhibit 1
Change in Undergraduate Enrollment by Category Total Headcount
Fall 2019-2024



Source: St. Mary’s College of Maryland

As shown in **Exhibit 2**, in looking at the first-time undergraduate applications, the number of applications for fall 2024 increased by 9.4%, or 291 students, compared to fall 2023. Applications have significantly increased since the low of fall 2019. Between fall 2019 and fall 2024, applications increased by 109.7%. The average acceptance rate for fall 2015 through 2024 was 78%, but the acceptance rate in fall 2024 was only 69%. The yield rate, or the number of students who enroll after acceptance, has fallen from a high of 28% in fall 2018 to 17% in fall 2024. The college believes two factors contributed to the decline in the yield rate. First, the number of applications has significantly increased since fall 2019, so despite admitting more students the yield rate is decreasing. Second, the college believes the new Free Application for Federal Student Aid rollout negatively affected students from enrolling in the college, due to the uncertainty of financial aid.

Exhibit 2
Applications
Fall 2015-2024

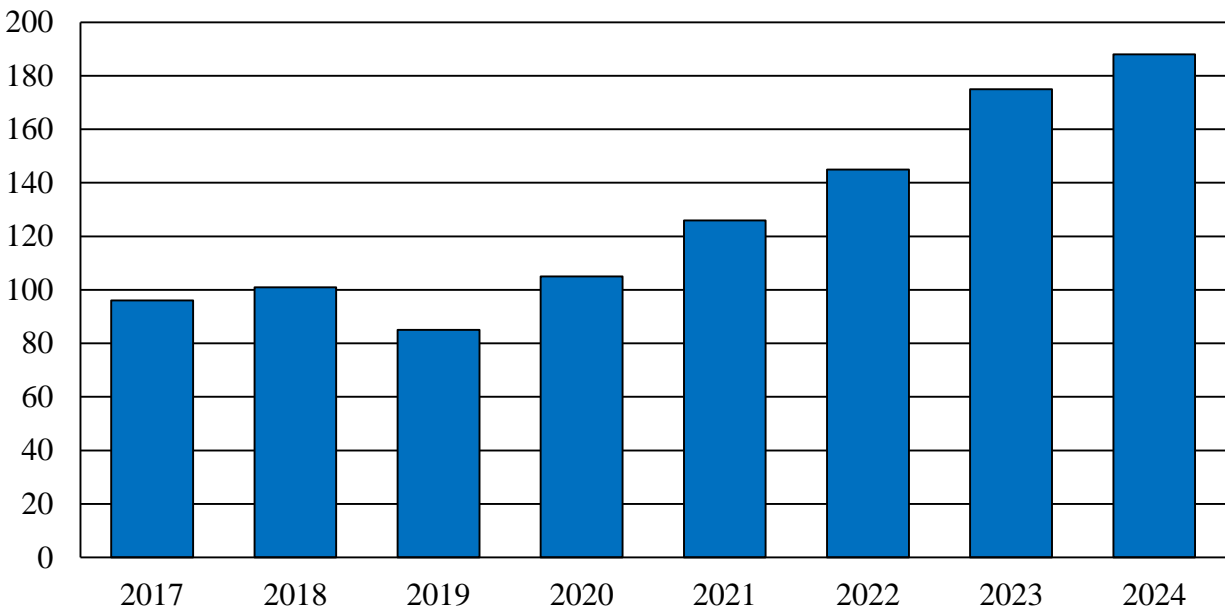


Source: St. Mary’s College of Maryland

As shown in **Exhibit 3**, out-of-state enrollment experienced a significant decline beginning in fall 2015 but rebounded in fall 2020 and has continued to grow. The overall percentage of out-of-state enrollment to total undergraduate enrollment has increased in recent years, coinciding with the increases in the out-of-state enrollment, from 5.7% in fall 2019 to 12.6% in fall 2024. Total out-of-state enrollment grew by 7.4% in fall 2024 compared to fall 2023. Since fall 2020, the total out-of-state enrollment has increased by 79.0%, from 105 students to 188 students. SMCM attributes continued growth in out-of-state enrollment to changes to recruitment practices and enhanced marketing, both of which incorporated a focus on outreach in contiguous states and the District of Columbia, branding as The National Public Honors College, LEAD curriculum, and

enhanced scholarship awarding to high performing out-of-state applicants. With the continuing growth of out-of-state students, the recruitment practices seem to be effective. These increases are significant as out-of-state tuition and fees in fall 2024 totaled \$31,374 per student while in-state tuition was less than half that amount at \$15,298.

Exhibit 3
Out-of-state Enrollment
Fiscal 2017-2024

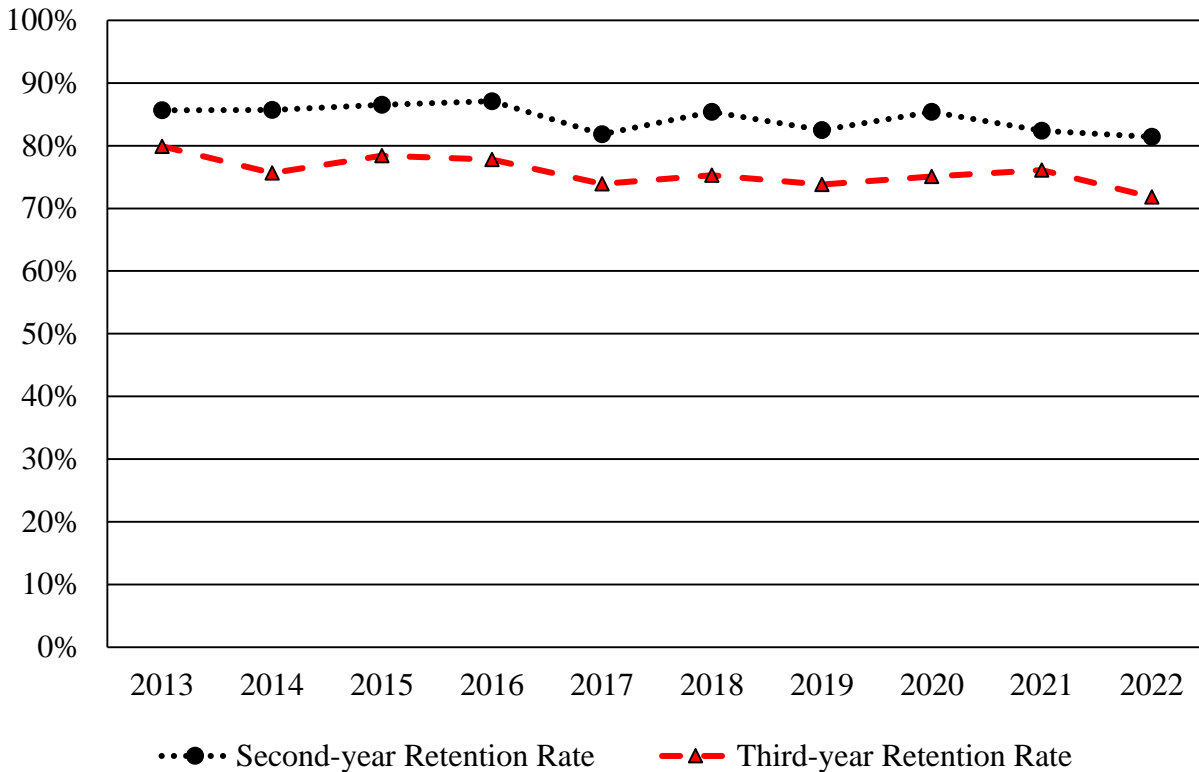


Source: St. Mary’s College of Maryland

2. Student Performance

It is important to look at student retention rates because these rates foreshadow graduation rates. Colleges with high retention rates tend to have high graduation rates as these rates reflect student engagement on campus and a commitment to finishing a degree program. **Exhibit 4** shows the second- and third-year retention rates for students at SMCM. The second-year retention rate decreased to 81.4% for the 2022 cohort following an 82.4% rate for the 2021 cohort. The third-year retention rate decreased to 71.8% for the 2022 cohort, compared to the 2021 cohort’s 76.1%. While SMCM has continued to have high retention rates, these rates have fluctuated, particularly since the 2016 cohort for both second- and third-year rates. Both rates have declined since the high in the 2012 cohort, although the decrease is much more pronounced for third-year retention, falling from 79.9% to 71.8%, or 8.1 percentage points, between the 2013 and 2022 cohorts.

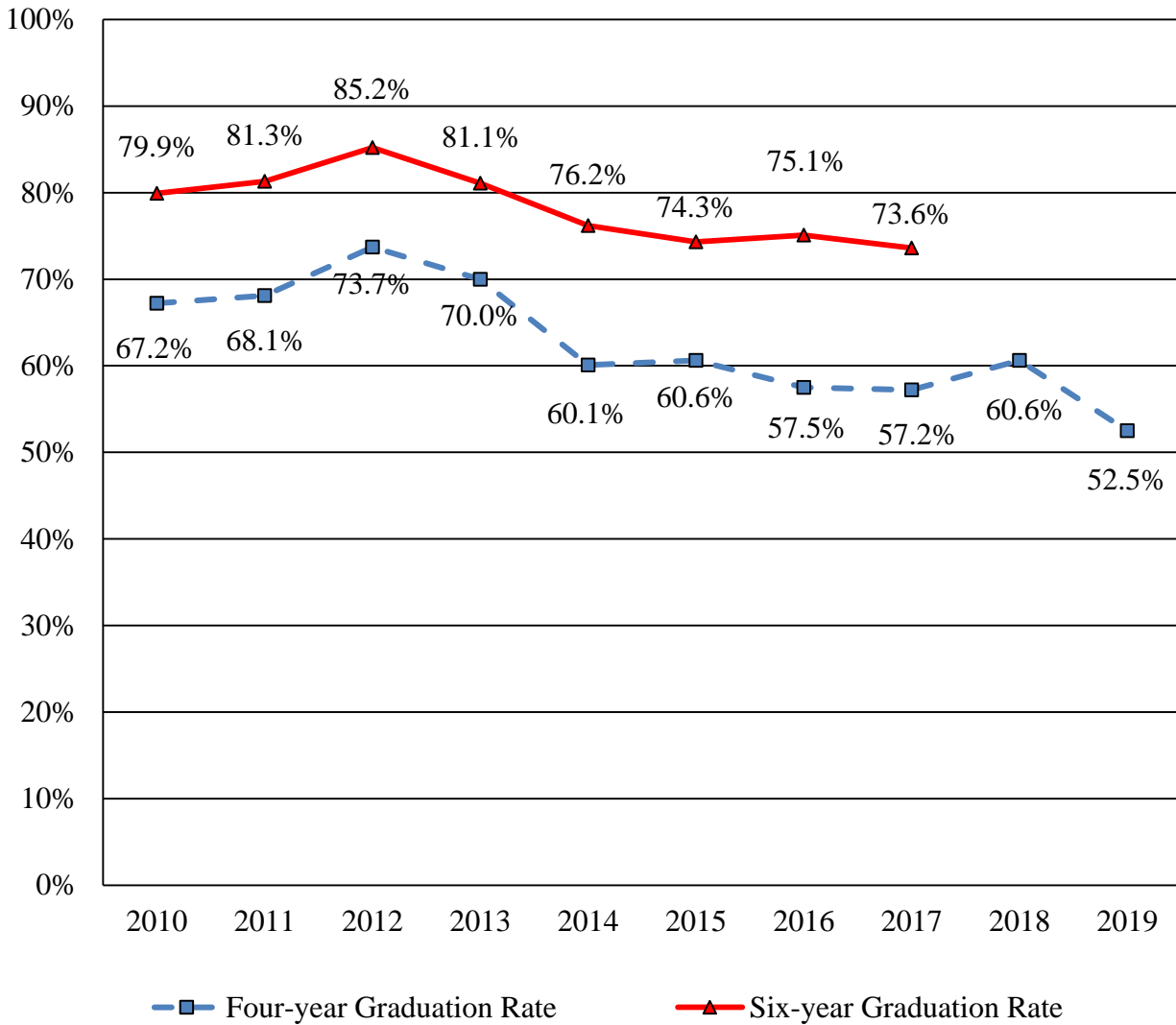
**Exhibit 4
Retention Rates
2013-2022 Cohorts**



Source: St. Mary’s College of Maryland

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 new students. **Exhibit 5** shows the four- and six-year graduation rates for first-time, full-time (FT/FT) students, which include those who transferred and graduated from another Maryland institution. The four-year graduation rates saw an increase with the 2015 cohort. However, aside from that year, the four-year graduation rate has decreased since the 2012 cohort from 73.7% to 52.5% with the 2019 cohort. The six-year graduation rate has also generally decreased from 85.2% to 73.6% between the 2012 and 2017 cohorts. **The President should comment on efforts to improve the four-year graduation rates.**

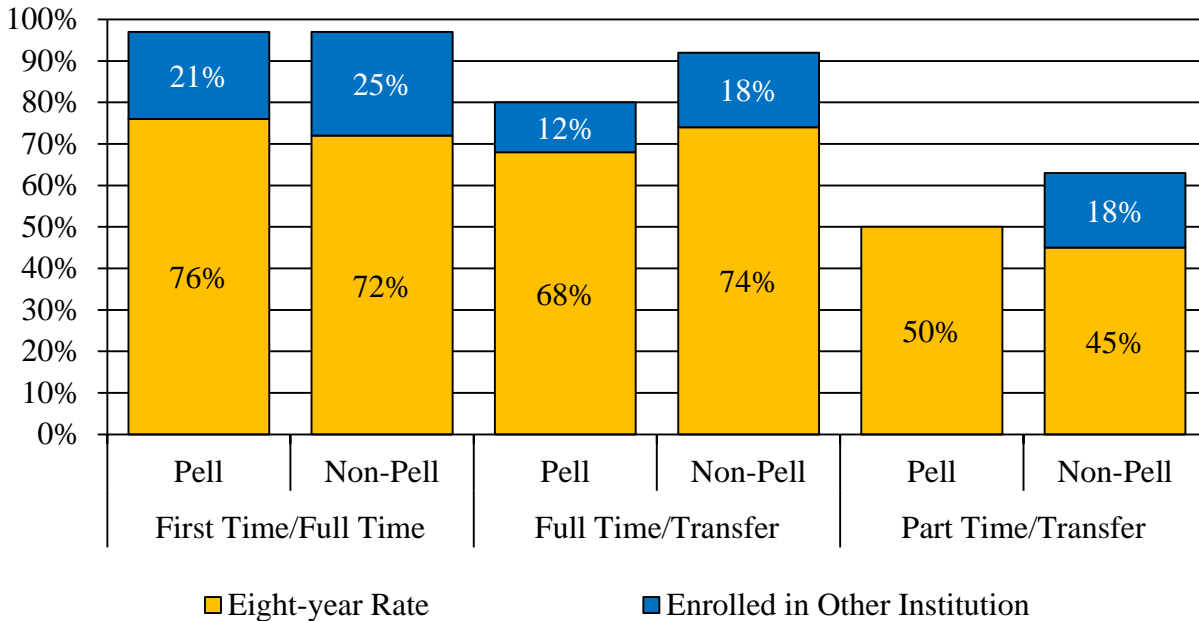
Exhibit 5
Graduation Rate of First-time, Full-time Students
2010-2019 Cohorts



Source: Maryland Higher Education Commission

Increasingly, attention has turned to the achievement gap between low-income and other students. As shown in **Exhibit 6**, among FT/FT students, the eight-year graduation rate of Pell students of 76% exceeds that of non-Pell students by 4 percentage points. Of full-time transfer students, non-Pell students graduated at a higher rate (74%) than their Pell counterparts (68%).

**Exhibit 6
Eight-year Graduation Rates for Students Entering in
2015-2016 Academic Year**



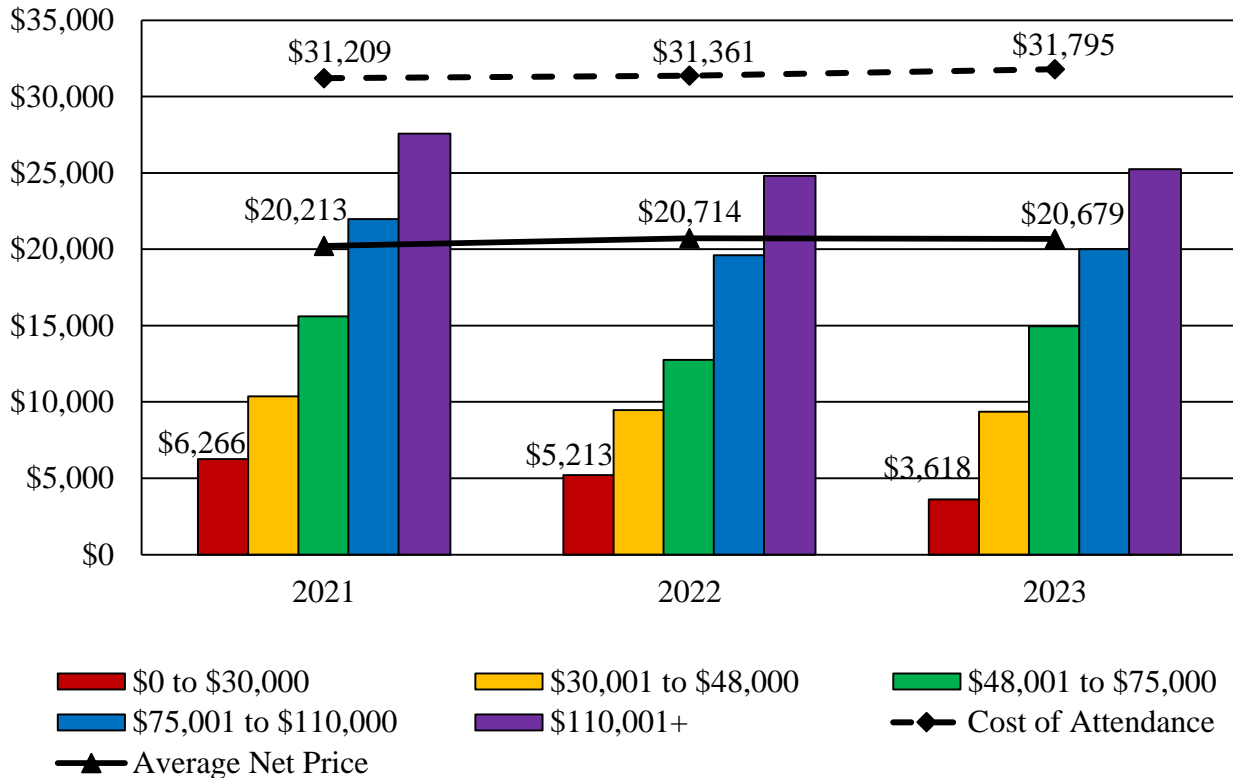
Source: National Center for Education Statistics, College Navigator

3. Affordability and Accessibility

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 SMCM students. As shown in **Exhibit 7**, in fiscal 2023, the average net price was \$20,679, 35.0% less than the COA for a FT/FT student. The average cost to a student varies by income level. Those with a lower family income receive more 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 decreased by \$2,648, from \$6,266 in fiscal 2021 to \$3,618 in fiscal 2023. Conversely, the average net price for families with incomes between \$75,000 and \$110,000 was \$20,010 in fiscal 2023. Overall, the average net price increased by 2.3%, or \$466, from fiscal 2021 to 2023.

**Exhibit 7
Estimated Cost of Attendance versus Average Net Price
Fiscal 2021-2023**

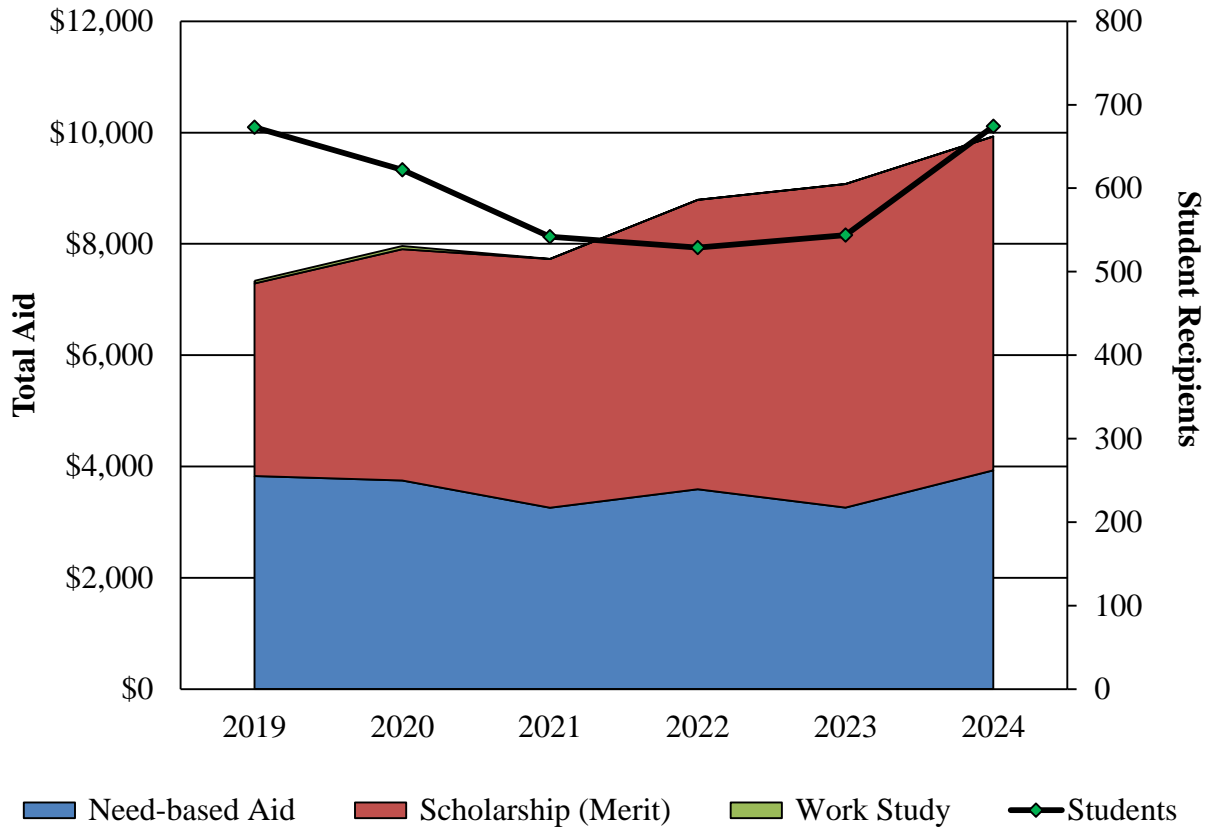


Note: The total cost of attendance (COA) includes tuition; mandatory fees; books and supplies; and the weighted average for room, board, and other expenses. Average net price is calculated by subtracting the average amount of federal, State, and institutional aid awarded to St. Mary’s College of Maryland students from the total COA.

Source: National Center for Education Statistics, College Navigator

As shown in **Exhibit 8**, between fiscal 2019 and 2024, spending on institutional aid at SMCM has increased by 35.4%, from \$7.3 million to \$9.9 million. Fiscal 2024 has the highest level of institutional aid spending compared to any recent year at SMCM. Expenditures on need-based aid reached the highest point in this period in fiscal 2018, totaling \$4.1 million, representing 58.9% of total institutional aid in that year. Although need-based aid spending increased by 23.9% in fiscal 2024 compared to the prior year and, at \$3.9 million, was the highest since fiscal 2019, the level in fiscal 2024 represents only 39.6% of institutional aid expenditures. At the same time, the number of students receiving merit scholarships has increased 40.8% from the fiscal 2019 level of 885 students, to 1,246 in fiscal 2024. In fiscal 2024, merit scholarships accounted for 60.4% of institutional aid.

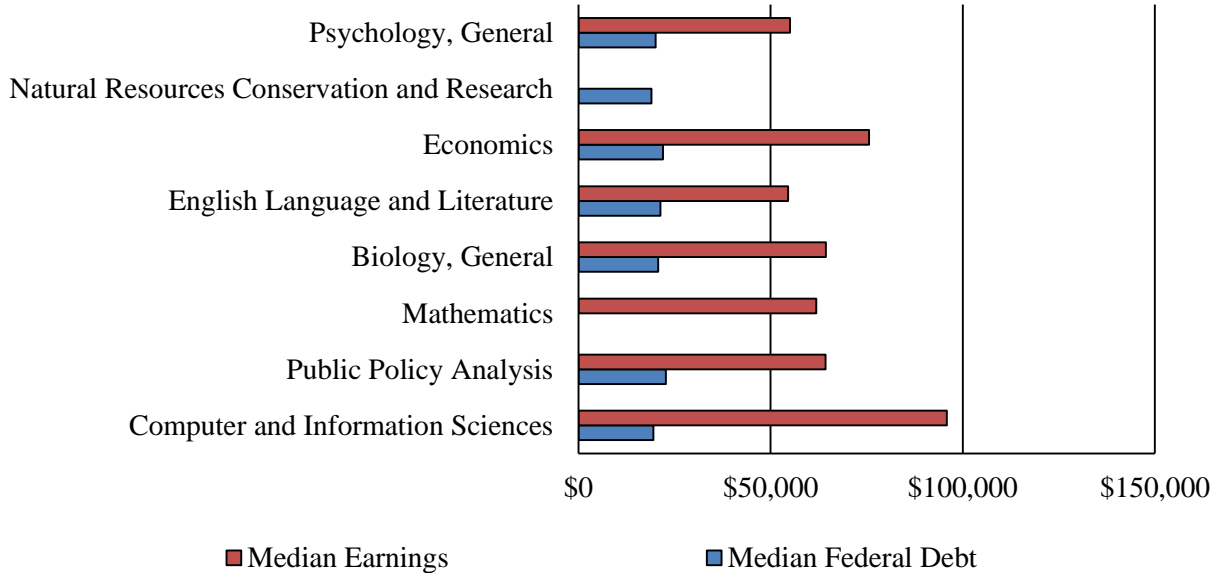
**Exhibit 8
Institutional Aid
Fiscal 2019-2024**



Source: St. Mary’s College of Maryland

In an effort to give students a better picture of outcomes at the program rather than the institutional level, the U.S. Department of Education’s College Scorecard reports the median debt (excluding private and Parent PLUS loans) and median earnings two years after graduation, as reported by the institutions. This information helps students consider the amount of federal debt they may incur and their ability to repay the loan after graduating since repayments are based on salaries. **Exhibit 9** shows the median federal debt and median earnings for SMCM’s top programs of study and those with the lowest debt. Natural resources conservation graduates have the lowest federal debt, totaling \$19,000, but the median earnings were not available for these graduates. Graduates from the computer and information sciences program have the highest median earnings at \$95,869 and have a median federal debt of \$19,500.

Exhibit 9
Undergraduate Programs by Median Federal Debt and Median Earnings



Note: Data is based on school-reported information. Median debt data is based on pooled data of undergraduate borrowers who graduated and excludes private loans, Parent PLUS loans, and loans for other institutions. Median earnings are for students two years after graduation for only those that received federal financial aid.

Source: U.S. Department of Education, College Scorecard

Fiscal 2025 Working Budget

Cost Containment

In July 2024, the Board of Public Works (BPW) approved cost containment actions that resulted in a 1.0%, or \$368,000, reduction in SMCM’s appropriation.

Education and General Expenditures

Since tuition and fee revenue in the allowance is based on enrollment projections, increases and decreases in enrollment can have a significant effect on an institution’s revenues. Therefore, looking at the changes in expenditures by program areas between fiscal 2024 and 2025, when institutions know their fall enrollment, typically provides a more accurate picture of funding priorities. **Exhibit 10** shows budget changes for unrestricted education and general (E&G) fund expenditures by program area for fiscal 2024 and 2025. Overall, these expenditures increase by

\$3.5 million, or 5.0%. However, according to SMCM, the data represented for fiscal 2024 do not accurately capture its expenditures and revenues due to errors in closeout documents. By the time these errors were identified, it was too late to adjust the reported fiscal 2024 expenditures. **The President should comment on the cause of the discrepancies and how the college will ensure accurate fiscal reporting in the future.**

Exhibit 10
Budget Changes for Unrestricted Funds by Program
Fiscal 2024-2025
(\$ in Thousands)

	<u>2024</u> <u>Actual</u>	<u>2025</u> <u>Working</u>	<u>2024-2025</u> <u>\$ Change</u>	<u>2024-2025</u> <u>% Change</u>
Expenditures				
Instruction	\$45,497	\$23,087	-\$22,410	-49.3%
Research	4,284	0	0	-100.0%
Public Service	1,017	65	-952	-93.6%
Academic Support	2,050	2,039	-11	-0.5%
Student Services	817	11,964	11,147	1365.0%
Institutional Support	5,282	20,188	14,906	282.2%
Operation and Maintenance of Plant	1,253	7,073	5,820	464.5%
Scholarships and Fellowships	9,795	9,066	-\$729	-7.4%
Education & General Total	\$69,995	\$73,481	\$3,486	5.0%
Auxiliary Enterprises	\$18,312	\$14,499	-\$3,812	-20.8%
Total Expenditures	\$88,307	\$87,981	-\$326	-0.4%
Revenues				
Tuition and Fees	\$25,963	\$26,137	\$174	0.7%
State Funds ¹	40,733	39,034	-1,699	-4.2%
Other	2,274	2,826	551	24.2%
Total Education & General Revenues	\$68,970	\$67,996	-\$974	-1.4%
Auxiliary Enterprises	\$19,337	\$19,985	\$648	3.3%
Available Unrestricted Revenues	\$88,307	\$87,981	-\$326	-0.4%

¹State funds include general funds and Higher Education Investment Funds

Note: Numbers may not sum due to rounding.

Source: Governor’s Fiscal 2026 Budget Books; Department of Legislative Services

Fiscal 2026 Proposed Budget

As shown in **Exhibit 11**, total State support in the fiscal 2026 adjusted allowance increases by \$2.2 million, or 5.7%, compared to the fiscal 2025 working appropriation, after accounting for the contingent reduction. Of the total increase, approximately \$1.5 million reflects the impact of the fiscal 2025 salary increases, which are reflected in the budget of SMCM in fiscal 2026 but are centrally budgeted within DBM in fiscal 2025. State funding, when excluding the fiscal 2025 salary adjustments, increases by \$0.7 million in the fiscal 2026 allowance compared to fiscal 2025.

Exhibit 11
Proposed Budget
St. Mary’s College of Maryland
(\$ in Thousands)

	FY 24	FY 25	FY 26	FY 25-26	% Change
	<u>Actual</u>	<u>Adjusted</u>	<u>Adjusted</u>	<u>Change</u>	<u>Prior Year</u>
General Funds	\$38,183	\$36,484	\$37,609	\$1,125	3.1%
Contingent Reduction			-\$417	-417	
Adjusted General Funds	\$38,183	\$36,484	\$37,192	\$708	1.9%
Special Funds					
HEIF	\$2,550	\$2,550	\$2,550		
Total HEIF	\$2,550	\$2,550	\$2,550		0.0%
Adjusted State Funds	\$40,733	\$39,034	\$39,742	\$708	1.8%
Adjustment – Fiscal 2025					
General Salary Increases			\$1,526		
Total State Operating Funds	\$40,733	\$39,034	\$41,268	\$2,234	5.7%
Other Unrestricted Funds	\$47,574	\$48,947	\$43,531	-\$5,416	-11.1%
Net Unrestricted Funds	\$88,307	\$87,981	\$84,799	-\$3,182	-3.6%
Total Restricted Funds	\$5,391	\$4,500	\$4,500		0.0%
Total Funds	\$93,697	\$92,481	\$89,299	-\$3,182	-3.4%

HEIF: Higher Education Investment Funds

Note: Numbers may not sum to total due to rounding. The fiscal 2025 working appropriation accounts for contingent reductions. The fiscal 2026 allowance accounts for contingent reductions. The fiscal 2025 impacts of statewide salary adjustments are centrally budgeted in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2026 impacts of the fiscal 2025 statewide salary adjustments appear in this agency’s budget. The fiscal 2026 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

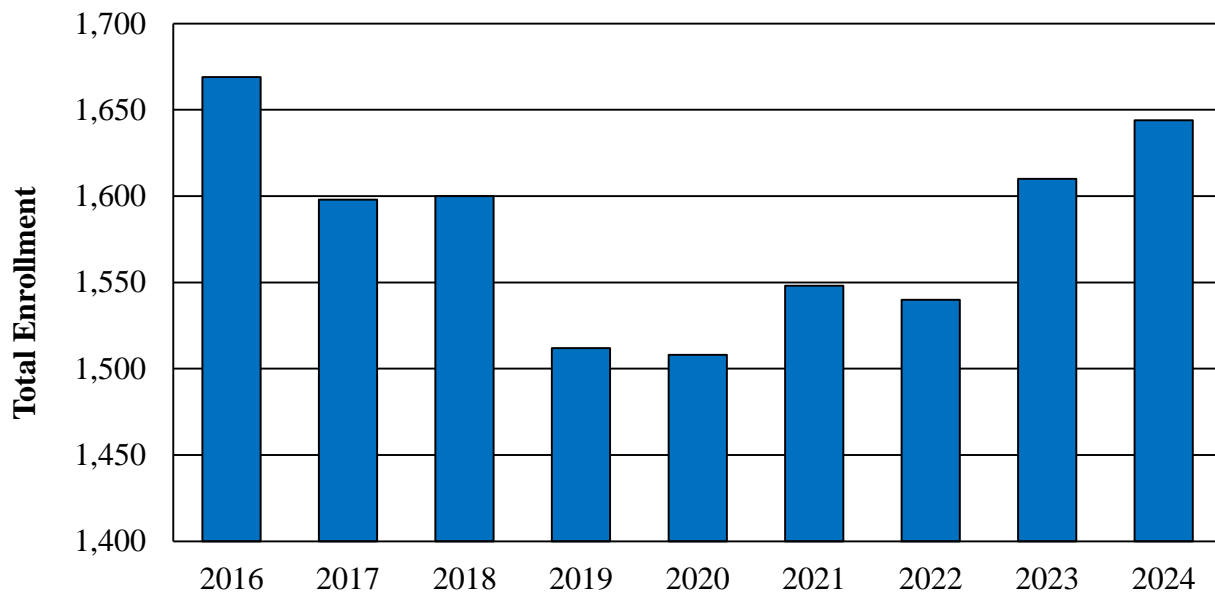
Source: Governor’s Fiscal 2026 Budget Books; Department of Legislative Services

SMCM Funding Formula

Under current law, State funding for SMCM is allocated through a funding formula that increases annual funding by inflation and requires the State to fund 100% of the cost of increases in health insurance costs and cost-of-living adjustments (COLA) for State supported positions. Prior to fiscal 2024, the State was only required to fund 50% of the cost of COLAs. The funding formula also includes a graduation bonus, resulting in SMCM funding to be increased by 0.25% if the Maryland Higher Education Commission reported that six-year graduation is 82% or higher in the second preceding fiscal year.

SMCM enrollment reached a high of 2,065 students in fall 2008. Between fall 2008 and 2022, enrollment decreased by 14.6%. As shown in **Exhibit 12**, from fall 2016 to 2020, enrollment declined by 16.4%. The largest decrease was between fall 2018 and 2019 when enrollment fell by 5.5%. There was an increase in fall 2021 of 40 students, or 2.7%, before declining slightly in the following year. Since fall 2022, SMCM experienced two consecutive years of increased enrollment, a combined growth of 6.8%, or 104 students. While fall 2024 marks the highest enrollment over the past seven years, it is 1.5% shy the fall 2016 enrollment and is 20.4% lower than the fall 2008 high of 2,065 students.

Exhibit 12
St. Mary’s College of Maryland Total Enrollment
Fall 2016-2024



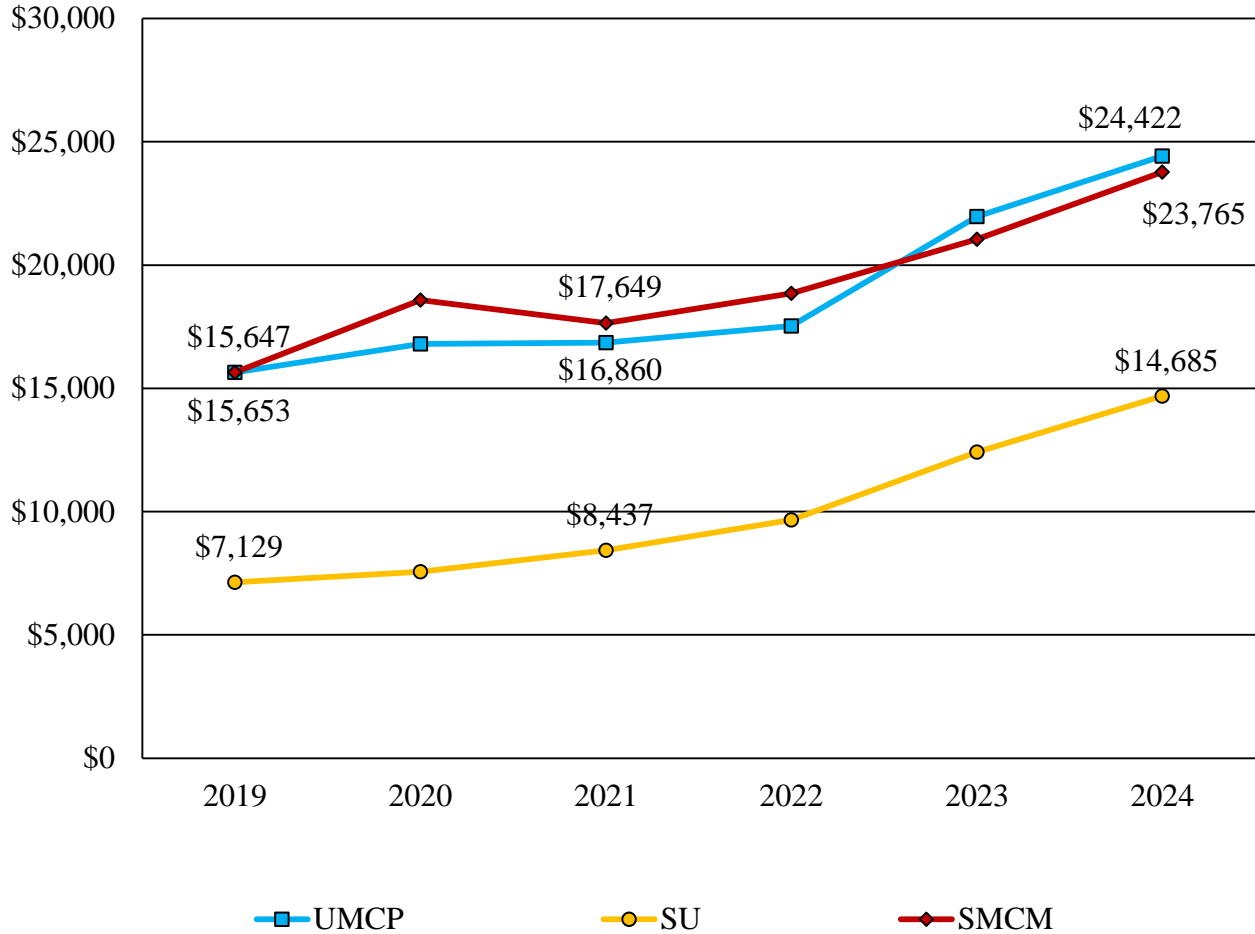
Source: Maryland Higher Education Commission

Budget Reconciliation and Financing Act

The BRFA of 2025 eliminates the funding formula for SMCM beginning in fiscal 2026. Language in the fiscal 2026 Budget Bill would reduce the general fund appropriation for SMCM by \$416,847 contingent on the enactment of this provision, which results in State support of \$41,267,890 of which \$38,718,050 are general funds. However, because there would no longer be a requirement for any set level of funding or calculation, the general fund appropriation could be greater or less than this amount in the foreseeable future.

A consequence of the years of declining enrollment and mandated increases in State support through the college’s funding formula, including the change in the requirement related to COLAs, is that the amount of State funds spent per full-time equivalent student (FTES) has steadily increased. As shown in **Exhibit 13**, State funds spent per FTES at SMCM have increased by \$8,118, or 51.9%, from \$15,647 in fiscal 2019 to \$23,765 in fiscal 2024. When looking at two University System of Maryland institutions, with a different funding mechanism than SMCM, those institutions experienced an increase in State support per FTES as well, but at a higher rate. State funds per FTES spent at the University of Maryland, College Park Campus (UMCP) increased 56.0% over the same period. However, Salisbury University’s (SU) State funds per FTES increased 106.0% from \$7,129 in fiscal 2019 to \$14,685 in fiscal 2024. As shown in **Exhibit 14**, State support for the three institutions grew significantly over the same time period. SMCM’s State support increased 57.7%, from \$25.8 million in fiscal 2019 to \$40.7 million in fiscal 2024. Similarly, State support for UMCP grew by 56.3%, between fiscal 2019 and 2024, to \$832.5 million. SU experienced the highest percentage change in this group, increasing by \$36.7 million, or 66.7%, from \$55.1 million in fiscal 2019 to \$91.8 million in fiscal 2024. **The trend data suggest the SMCM formula has not advantaged SMCM compared to peers whose funding was driven by discretionary decisions.**

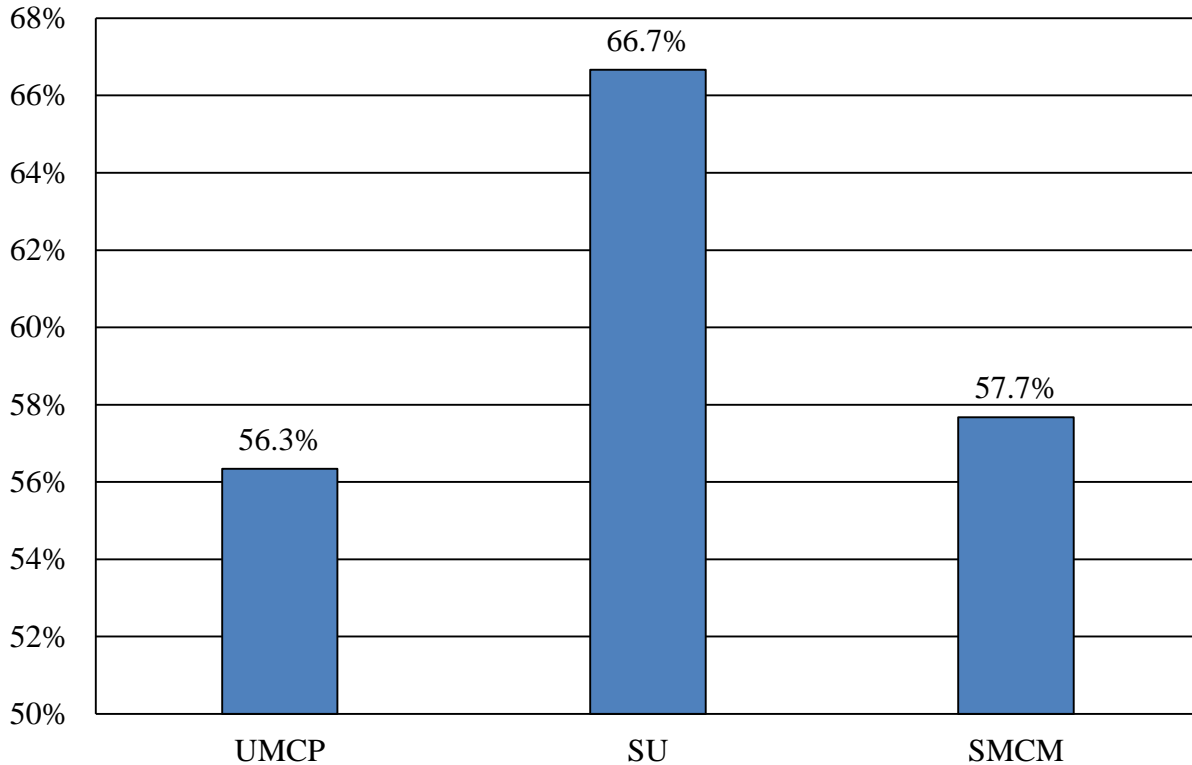
Exhibit 13
State Funds per Full-time Equivalent Student at St. Mary’s College of Maryland and Select Public Four-year Institutions
Fiscal 2020-2024



Note: The fiscal 2026 allowance accounts for contingent reductions. University of Maryland, College Park Campus funding does not include the Maryland Energy Innovation Fund or restricted State funds.

Source: Governor’s Budget Books, Fiscal 2021-2026; Department of Legislative Services

Exhibit 14
Growth in State Support Dollars for St. Mary’s College of Maryland and
Select Public Four-year Institutions
Fiscal 2019-2024



SMCM: St. Mary’s College of Maryland
SU: Salisbury University
UMCP: University of Maryland, College Park

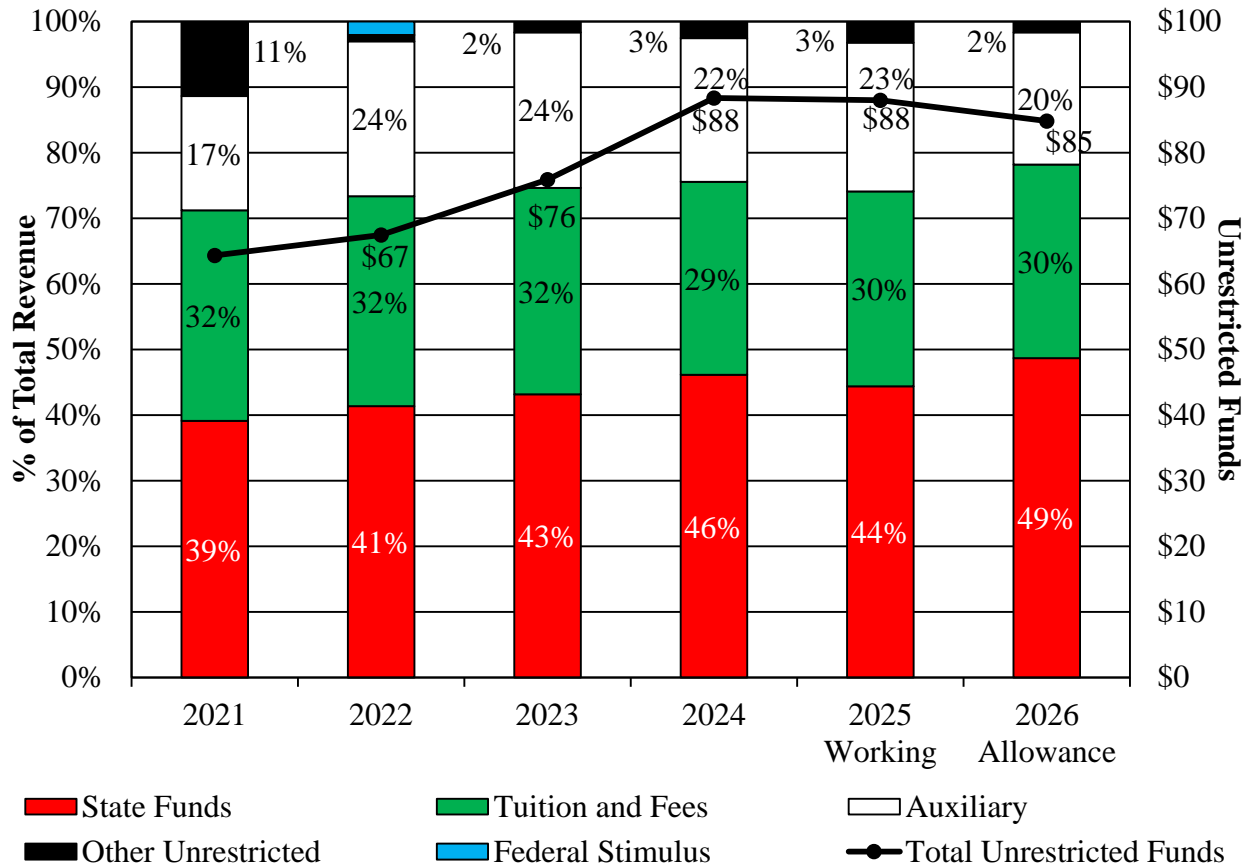
Note: The fiscal 2026 allowance accounts for contingent reductions. University of Maryland, College Park Campus funding does not include the Maryland Energy Innovation Fund or restricted State funds.

Source: Governor’s Budget Books, Fiscal 2021-2026; Department of Legislative Services

Revenue Sources

As shown in **Exhibit 15**, in the fiscal 2026 allowance, State funds (general funds and the Higher Education Investment Fund) and tuition and fee revenue comprise 49% and 30% of SMCM’s current unrestricted funds. From fiscal 2021 to the fiscal 2026 allowance, State funds have increased from 39% of total unrestricted revenues to 49%, increasing by \$14.0 million, or 51.3%. The SMCM funding formula has generally protected the institution despite declining enrollment. In fiscal 2026, total revenues decrease by \$3.2, million, or 3.6%.

Exhibit 15
Unrestricted Revenue Sources by Fund Source,
Excluding Transfers to Fund Balance
Fiscal 2021-2026 Allowance
(\$ in Millions)



Source: Governor’s 2020-2026 Budget Books; Department of Legislative Services

Personnel Data

	<u>FY 24</u> <u>Actual</u>	<u>FY 25</u> <u>Working</u>	<u>FY 26</u> <u>Allowance</u>	<u>FY 25-26</u> <u>Change</u>
Regular Positions	433.00	449.00	449.00	0.00
Contractual FTEs	<u>65.48</u>	<u>34.00</u>	<u>34.00</u>	<u>0.00</u>
Total Personnel	498.48	483.00	483.00	0.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	0.00	0.00%
Positions and Percentage Vacant as of 12/31/24	49.00	10.91%
Vacancies Above/Below Turnover	49.00	

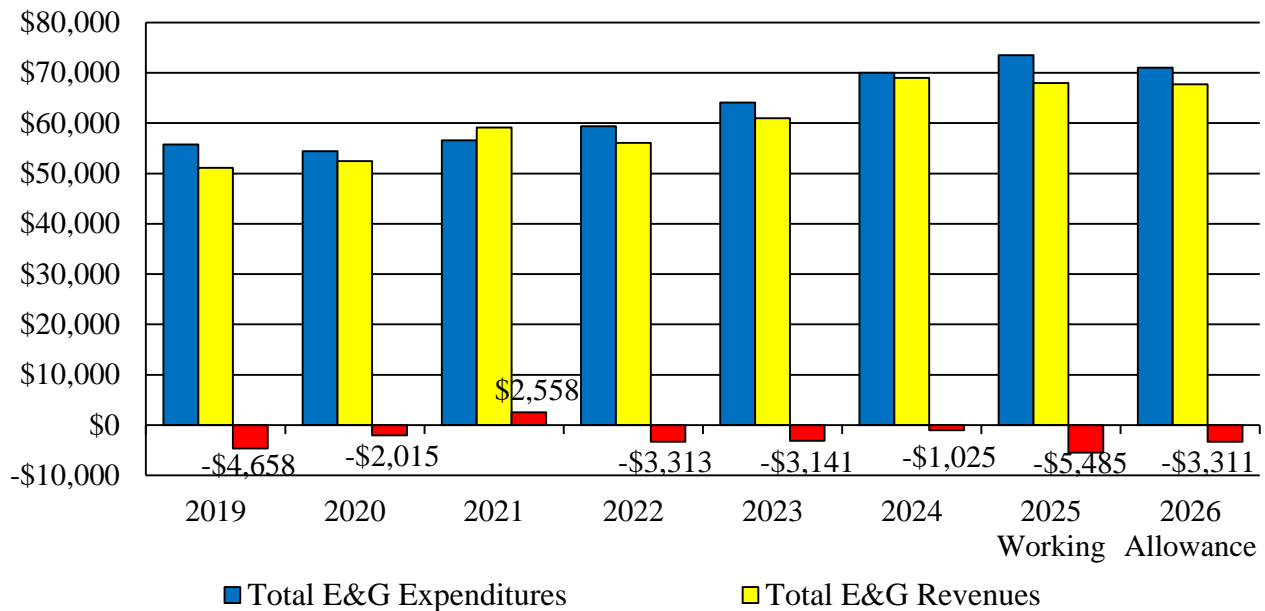
- DBM reports SMCM’s regular positions as 449 for fiscal 2025, but SMCM has self-reported that number as 407. Despite this difference of 42 positions, SMCM has 49 vacancies. Given that SMCM reports no budgeted turnover, there could be a significant level of vacancy savings. **The President should comment on what has led to the self-reported decrease in positions and why a turnover expectancy is not accounted for given the high level of vacancies.**

Issues

1. SMCM’s Financial Outlook

SMCM experienced an extended period of enrollment decline, from fall 2008 through 2022. While enrollment has increased in fall 2023 and 2024, it remains below the 2,065 students high of fall 2008. Despite enrollment steadily declining, E&G expenditures have steadily increased. As shown in **Exhibit 16**, E&G expenditures exceeded revenue in all but one year between fiscal 2019 and the projected fiscal 2026 level and have on average been over \$2.5 million more than revenues in that period. When E&G revenues may not cover academic expenses, institutions will use excess auxiliary revenues to help offset the shortfalls. Consistent with that, to cover the shortfall, SMCM has used its surplus auxiliary revenues. Since auxiliary enterprises are self-supporting, these revenues typically generate a profit, which are generally transferred to the fund balance to fund future projects such as renovation and construction of auxiliary-related facilities. On average, SMCM has transferred \$2.3 million to the fund balance from fiscal 2019 to 2024.

Exhibit 16
Education and General Expenditures and Revenues
Fiscal 2019-2026 Allowance
(\$ in Thousands)



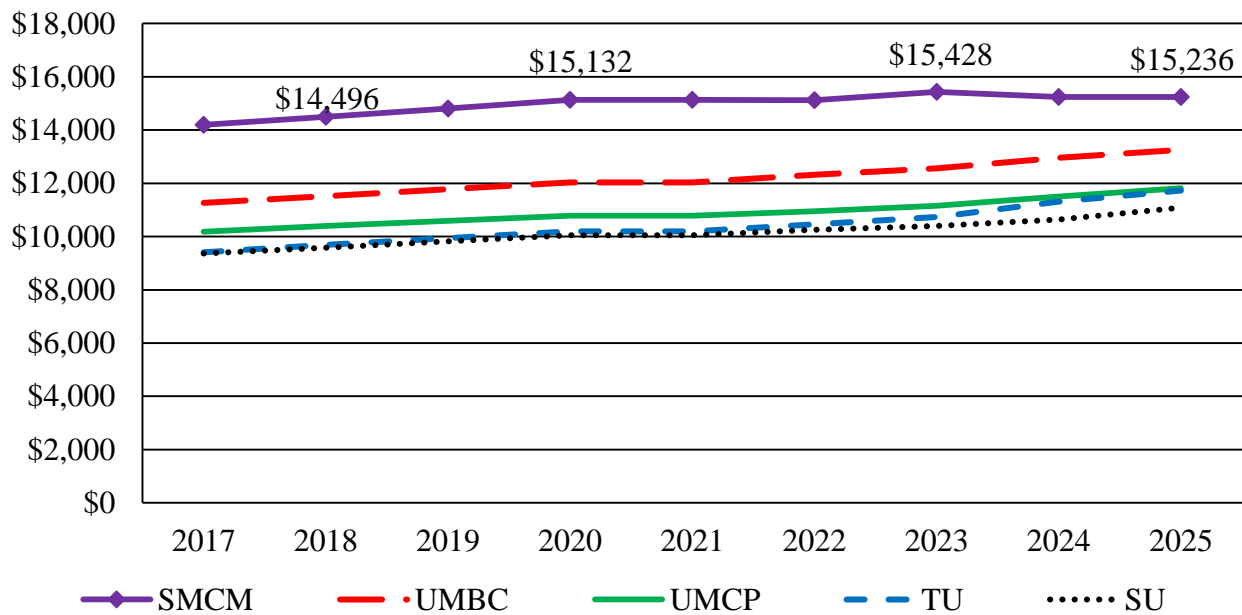
E&G: education and general

Note: The fiscal 2026 allowance accounts for contingent reductions.

Source: Department of Budget and Management; Department of Legislative Services

Tuition and fees at SMCM for an in-state undergraduate student have consistently remained the highest in the State compared to the other public four-year institutions, excluding the University of Maryland, Baltimore Campus. As shown in **Exhibit 17**, from fiscal 2017 to 2025, total tuition and fees at SMCM averaged \$14,976 for an in-state undergraduate student. While tuition and fees have gradually increased at all the public four-year institutions, this total was \$2,786 more than the next closest institution, the University of Maryland Baltimore County (UMBC), which averaged \$12,189 during the same period. From fiscal 2017 to 2025, the smallest margin between SMCM and the institution with the next highest tuition and fee total was \$1,980. In fiscal 2025, SMCM’s tuition and fees are \$15,236. UMBC’s, the next highest institution, tuition and fees are \$13,256. It should be noted that while tuition and fees have increased, SMCM’s four-year and six-year graduation rates have generally declined since the 2012 cohort.

Exhibit 17
In-State Tuition and Fees at St. Mary’s College of Maryland and Select Public Four-year Institutions
Fiscal 2017-2025



SMCM: St. Mary’s College of Maryland
 SU: Salisbury University
 TU: Towson University
 UMBC: University of Maryland, Baltimore County
 UMCP: University of Maryland, College Park

Note: Comparison institutions selected as these institutions, on average, had the highest tuition and fees for in-state undergraduate students from fiscal 2010 to 2025.

Source: Governor’s Budget Books, Fiscal 2017-2026; Department of Legislative Services

2. Audit Findings

In December 2024, the Office of Legislative Audits (OLA) released a fiscal compliance audit of SMCM for the period beginning August 26, 2019, through July 15, 2023. The audit had 10 findings; a full list can be found in **Appendix 2**. 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 SMCM policies, as well as potential ethical violations. The report produced findings that covered seven different functional areas of operations.

Of the 10 findings, 3 findings were repeat findings from the fiscal compliance audit that was conducted from August 24, 2015, through August 25, 2019. The repeat findings include the areas of enterprise resource planning system, student residency, and cash receipts.

Enterprise Resource Planning System

Finding 2: Certain aspects of the procurement of the contract with a vendor affiliated with a State university raise questions about the propriety of the award. In addition, SMCM could not support changes to the contract terms and did not adequately monitor the contract resulting in cost overruns. To address this finding, OLA recommended that SMCM:

- ensure that contract award amounts are consistent with the vendor cost proposal;
- ensure that future contracts are procured in a transparent manner;
- as required by its procurement policies and procedures, document determinations justifying the use of time and material contracts and ensure that such contracts clearly include a ceiling price that the contractor exceeds at its own risk (repeat); and
- obtain required monitoring reports from the vendor, review the reports, and take corrective action when hours billed exceeds estimated hours.

The vendor, affiliated with a State University, is a University of Maryland Global Campus (UMGC) High Impact Economic Development Activities (HIEDA) entity. It should be noted that issues with UMGC HIEDA entities were raised in that university’s most recent OLA audit. OLA raised concerns of transparency in the request for proposals (RFP) process for the contract. SMCM reached out to UMGC HIEDA prior to issuance of the RFP, and the employee involved in those communications also participated in evaluation of the vendor proposals. BPW advised OLA that State agencies should not communicate with potential vendors to obtain certain information, such as project hours and requirements, that could possibly be in a RFP. SMCM awarded UMGC HIEDA a contract for \$44,000 higher than the proposal to account for four months of omitted work. The UMGC HIEDA was selected in part due to its lower cost than the second bid of \$350,000, but this change to the contract increased the contract to \$348,000.

There was a lack of documentation supporting changes in the contract terms from a fixed cost to a time and materials contract. The time and materials contract lacked a maximum ceiling price as required by the procurement policies and procedures for time and materials contracts. SMCM did not obtain ongoing progress reports. The contract ultimately came in \$1.1 million over the original contract of \$348,000 budget for a total of \$1.5 million. OLA has brought the matter of this contract process to the attention of the Criminal Division of the Office of the Attorney General, which does not mean that a criminal act has been committed or that charges will be filed.

Student Residency

Finding 6: SMCM did not use available output reports of residency changes made on its automated student accounts system to ensure that only authorized and supported changes were made. To address this finding, OLA recommended that SMCM:

- ensure that changes to student residency status are authorized and valid by verifying available output reports of all residency status changes posted to student accounts to supporting documentation (repeat); and
- obtain support for the aforementioned residency change and take any appropriate corrective action.

Cash Receipts

Finding 7: SMCM did not perform verifications of collections to deposit, did not always deposit collections in a timely manner, and did not segregate duties as required. OLA recommended that SMCM:

- ensure that an independent verification of recorded collections to deposit is performed and documented when deposits are made (repeat);
- deposit all collections in a timely manner (repeat);
- ensure employees with access to collections do not have the ability to adjust accounts receivable records; and
- ensure that all non-cash credits are subject to independent review and approval by, for example, establishing system generated output reports of non-cash credits processed for verification to valid supporting documentation (repeat).

Identified Potential Ethics Violation

Another finding of concern was not a repeat finding but was related to a potential ethics violation. A management employee’s secondary employment with a vendor raised concerns about

the propriety of the procurements and related payments to said vendor. The vendor was awarded two contracts to supply SMCM with athletic equipment. One contract was awarded without a competitive procurement and the other lacked public solicitations. The management employee was involved in the procurement process that awarded the contracts to the second employer, totaling \$187,700. While the employee disclosed the secondary employment on their financial disclosure statements with the State Ethics Commission, OLA stated that it was unclear whether the employee’s supervisor was aware of the potential conflicts of interest. SMCM’s conflict of interest policy is limited to employees participating in certain federally funded research projects.

SMCM agreed with the recommendations and planned to have addressed all the findings by the end of April 2025. **The President of SMCM should comment on what actions have been taken to address the findings of the December 2024 audit report. The President should also specifically comment on what actions have been taken regarding the audit’s repeat findings and repeat recommendations.**

Operating Budget Recommended Actions

1. Concur with Governor’s allowance.

**Appendix 1
Audit Findings**

Audit Period for Last Audit:	August 26, 2019 - July 15, 2023
Issue Date:	December 2024
Number of Findings:	10
Number of Repeat Findings:	3
% of Repeat Findings:	30%
Rating: (if applicable)	

Finding 1: The college did not adequately monitor and could not justify or support significant contract modifications to the project implementation contract, which was \$1.4 million over budget as of October 2023.

Finding 2: **Certain aspects of the procurement of the contract with a vendor affiliated with a State university raise questions about the propriety of the award. In addition, the college could not support changes to the contract terms and did not adequately monitor the contract resulting in cost overruns.**

Finding 3: The college could not document its use of a contract, procured by a third party for training services totaling approximately \$627,000, complied with the college’s procurement policies and procedures.

Finding 4: A management employee’s secondary employment with a vendor raised questions about the propriety of the procurements and related payments and potentially violated State ethics law.

Finding 5: The college did not collect all required fees from the Historic St. Mary’s Commission. In addition, the college had no written agreement with and did not receive audited financial statements from the Boat Foundation, both of which are requirements in the college’s *Policy on Affiliated Entities*.

Finding 6: **The college did not use available output reports of residency changes made on its automated student accounts system to ensure that only authorized and supported changes were made.**

Finding 7: **The college did not perform verifications of collections to deposit, did not always deposit collections in a timely manner, and did not segregate duties as required.**

Finding 8: The college did not prevent students with outstanding balances from registering for classes and did not refer delinquent student accounts to the State’s Central Collection Unit timely.

Finding 9: Redacted cybersecurity-related finding.

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Finding 10: Redacted cybersecurity-related finding.

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

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

<u>Object/Fund</u>	<u>FY 24</u> <u>Actual</u>	<u>FY 25</u> <u>Wrk Approp</u>	<u>FY 26</u> <u>Allowance</u>	<u>FY 25 - FY 26</u> <u>Amount Change</u>	<u>Percent</u> <u>Change</u>
Positions					
01 Regular	433.00	449.00	449.00	0.00	0%
02 Contractual	65.48	34.00	34.00	0.00	0%
Total Positions	498.48	483.00	483.00	0.00	0%
Objects					
01 Salaries and Wages	\$ 43,408,012	\$ 46,300,439	\$ 44,477,724	-\$ 1,822,715	-3.9%
02 Technical and Special Fees	5,188,355	3,851,827	3,840,491	-11,336	-0.3%
03 Communication	1,015,571	569,784	569,784	0	0%
04 Travel	2,002,971	3,433,002	3,433,002	0	0%
06 Fuel and Utilities	3,706,397	4,580,840	4,580,887	47	0%
07 Motor Vehicles	523,125	146,289	145,212	-1,077	-0.7%
08 Contractual Services	18,050,688	12,140,344	11,240,879	-899,465	-7.4%
09 Supplies and Materials	2,838,337	2,801,306	2,801,306	0	0%
10 Equipment – Replacement	2,332,156	358,639	358,639	0	0%
11 Equipment – Additional	1,085,886	855,702	855,702	0	0%
12 Grants, Subsidies, and Contributions	12,432,131	11,997,132	11,997,132	0	0%
13 Fixed Charges	1,059,312	5,445,569	5,415,259	-30,310	-0.6%
14 Land and Structures	54,380	0	0	0	0.0%
Total Objects	\$ 93,697,321	\$ 92,480,873	\$ 89,716,017	-\$ 2,764,856	-3.0%
Funds					
40 Unrestricted Fund	\$ 88,306,752	\$ 87,980,873	\$ 85,216,017	-\$ 2,764,856	-3.1%
43 Restricted Fund	5,390,569	4,500,000	4,500,000	0	0%
Total Funds	\$ 93,697,321	\$ 92,480,873	\$ 89,716,017	-\$ 2,764,856	-3.0%

Note: The fiscal 2026 allowance does not include contingent reductions or statewide salary adjustments budgeted within the Department of Budget and Management.

Appendix 3
Fiscal Summary
St Mary's College of Maryland

<u>Program/Unit</u>	<u>FY 24 Actual</u>	<u>FY 25 Wrk Approp</u>	<u>FY 26 Allowance</u>	<u>Change</u>	<u>FY 25 - FY 26 % Change</u>
01 Instruction	\$ 45,665,506	\$ 23,830,752	\$ 26,631,767	\$ 2,801,015	11.8%
02 Research	5,244,443	389,284	389,284	0	0%
03 Public Service	1,026,910	76,925	76,925	0	0%
04 Academic Support	2,232,855	2,184,227	1,919,950	-264,277	-12.1%
05 Student Services	893,925	12,202,883	10,912,467	-1,290,416	-10.6%
06 Institutional Support	5,961,600	20,555,809	17,402,723	-3,153,086	-15.3%
07 Operation and Maintenance of Plant	1,264,786	7,072,573	6,524,111	-548,462	-7.8%
08 Auxiliary Enterprises	18,975,374	14,501,137	14,191,507	-309,630	-2.1%
17 Scholarships and Fellowships	12,431,922	11,667,283	11,667,283	0	0%
Total Expenditures	\$ 93,697,321	\$ 92,480,873	\$ 89,716,017	-\$ 2,764,856	-3.0%
Unrestricted Fund	\$ 88,306,752	\$ 87,980,873	\$ 85,216,017	-\$ 2,764,856	-3.1%
Restricted Fund	5,390,569	4,500,000	4,500,000	0	0%
Total Appropriations	\$ 93,697,321	\$ 92,480,873	\$ 89,716,017	-\$ 2,764,856	-3.0%

Note: The fiscal 2026 allowance does not include contingent reductions or statewide salary adjustments budgeted within the Department of Budget and Management.