

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

## ***Executive Summary***

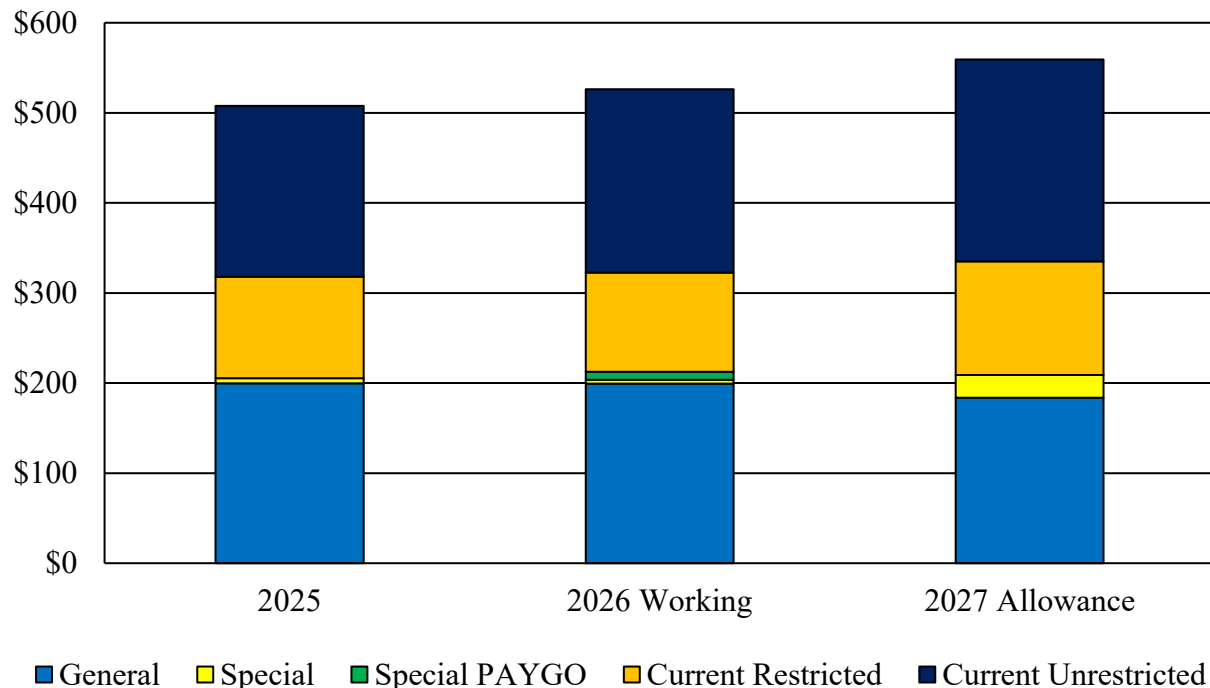
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Morgan State University (MSU), designated as Maryland's Preeminent Public Urban Research University, is responsible for addressing the needs of citizens, schools, and organizations within the Baltimore metropolitan area through academic, research, 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***

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**Fiscal 2027 Budget Increases \$33 Million, or 6.3%, to \$559.3 Million  
(\$ in Millions)**



PAYGO: pay-as-you-go

Note: The fiscal 2026 working appropriation accounts for deficiencies. The fiscal 2027 allowance accounts for contingent reductions. The fiscal 2027 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency's budget.

For further information contact: Micah R. Richards

[micah.richards@mga.maryland.gov](mailto:micah.richards@mga.maryland.gov)

### *R13M00 – Morgan State University*

- The fiscal 2027 budget, excluding pay-as-you-go (PAYGO) special funds, increases by \$42 million, or 8.1%, compared to the fiscal 2026 working appropriation.
- Total State support for MSU increases by \$5.4 million, or 2.6%, to \$208.9 million compared to the fiscal 2026 working appropriation after accounting for a proposed deficiency appropriation and a contingent reduction. The fiscal 2027 allowance includes the impact of fiscal 2027 salary increases that are centrally budgeted in the Department of Budget and Management (DBM).
- The fiscal 2027 budget includes one proposed deficiency appropriation for fiscal 2026, totaling \$27.6 million across University System of Maryland (USM) institutions and MSU, that replaces \$27.6 million from the Higher Education Investment Fund (HEIF) with general funds reflecting lower than expected HEIF revenues, of which MSU's share is \$946,266.
- In addition, language in the fiscal 2027 Budget Bill reduces \$6.4 million of general funds and appropriates the same level of special funds across USM institutions and MSU contingent on the enactment of legislation decoupling from certain tax provisions in the One Big Beautiful Bill Act (OBBBA) that will increase the amount of the HEIF, of which MSU's share is \$232,366.
- The fiscal 2027 allowance for MSU includes \$28.2 million for the fifth year of funding under Chapter 41 of 2021, the historically Black colleges and universities (HBCU) settlement, an increase of \$568,480 compared to fiscal 2026. The fiscal 2026 working appropriation funds the settlement with general funds, while the fund source in the fiscal 2027 allowance is split between general funds (\$7.7 million) and special funds (\$20.5 million). This is due to the multistate litigation with tobacco manufacturers where the State expects to receive \$70 million in additional Cigarette Restitution Fund (CRF) revenue (special funds) and allocate the first \$35 million to supplant general funds for HBCU settlement payments. Please see the analysis for M00 – Maryland Department of Health (MDH) – Overview for more information.

## ***Key Observations***

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- ***Enrollment:*** Fall 2025 undergraduate enrollment increased by 5.8% to 9,554 students compared to fall 2024. The main contributing factors to the growth are the continuing students, which increased by 465 students, and the part-time students, which increased by 108 students, from fall 2024 to 2025.

- **Graduation Rates:** MSU's four-year graduation rate for the fiscal 2021 cohort was 17.5%, which is the same rate as the 2020 cohort. The six-year graduation rate for the 2019 cohort is 41.5%, which is a 1 percentage point increase compared to the 2018 cohort.
- **Retention Rates:** The second-year retention rate for the fiscal 2023 cohort is 64.8%, which is 0.8 percentage points lower than the 2022 cohort rate of 65.6%. According to the Maryland Higher Education Commission (MHEC), as of December 2025, the data only goes to fall 2023 for the second-year rate and fall 2020 for the third-year rate.

## **Operating Budget Recommended Actions**

1. Concur with Governor's allowance.

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

## ***Operating Budget Analysis***

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### **Program Description**

MSU, designated as Maryland's Preeminent Public Urban Research 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

<b>Fall 2025 Undergraduate Enrollment Headcount</b>	<b>Fall 2025 Graduate Enrollment Headcount</b>
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Male	3,707	Male	795
Female	5,847	Female	1,210
<b>Total</b>	<b>9,554</b>	<b>Total</b>	<b>2,005</b>

<b>Fall 2025 New Students Headcount</b>
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First-time	2,333
Transfers/Others	403
Graduate	660
<b>Total</b>	<b>3,396</b>

<b>Campus (Main Campus)</b>
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Acres	173
Buildings	47
Average Age	28
Oldest	Carnegie Hall (1919)

<b>Programs</b>
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Bachelor's	62
Master's	55
Doctoral	31

<b>Degrees Awarded (2024-2025)</b>
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Bachelor's	1,137
Master's	268
Doctoral	93
<b>Total Degrees</b>	<b>1,516</b>

<b>Proposed Fiscal 2027 In-state Tuition Fees*</b>
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Undergraduate Tuition	\$5,928
Mandatory	2,531

\*Contingent on Board of Regents approval

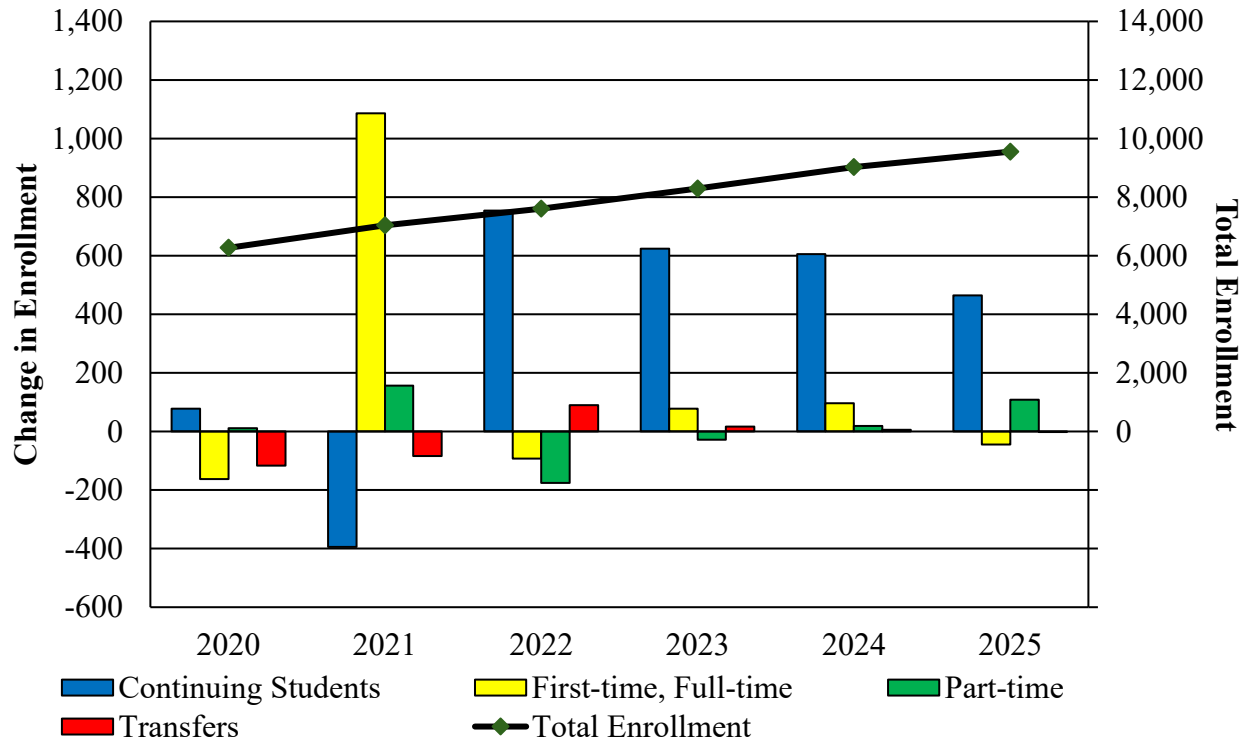
## ***Performance Analysis: Managing for Results***

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### **1. Undergraduate Fall Headcount**

As shown in **Exhibit 1**, the fall 2025 undergraduate enrollment increased by 5.8%, compared to fall 2024, to 9,554 students. In the last five-year period, enrollment has increased each year and, from fiscal 2021 to 2025, the increase totaled 2,520 students (35.8%). The growth in fiscal 2025 is driven by the continuing student population, which increased by 465 students, or 8.2%, compared to fall 2024. This is due to larger freshman cohorts in fall 2021, 2022, and 2023 who are now advancing together into their second, third, and fourth years. Part-time students had the largest percentage increase of 18.3% in fall 2025 compared to fall 2024. This is due to students choosing part time as they balance work, family responsibilities, and academic progress. MSU reported that the overall increase in enrollment is due to the capital improvements on the campus, the new academic programs providing more options to attract a higher number of students and attending an HBCU being an interest to certain students who culturally identify with the school while also having the perks of an urban area near the campus. The categories that showed a slight decline were first-time, full-time (FT/FT) students, by 44, or 1.9%, and transfers, by 2, or 0.6%, in fiscal 2025 compared to fiscal 2024. **The President should discuss the reason for the decline in FT/FT and transfer students.**

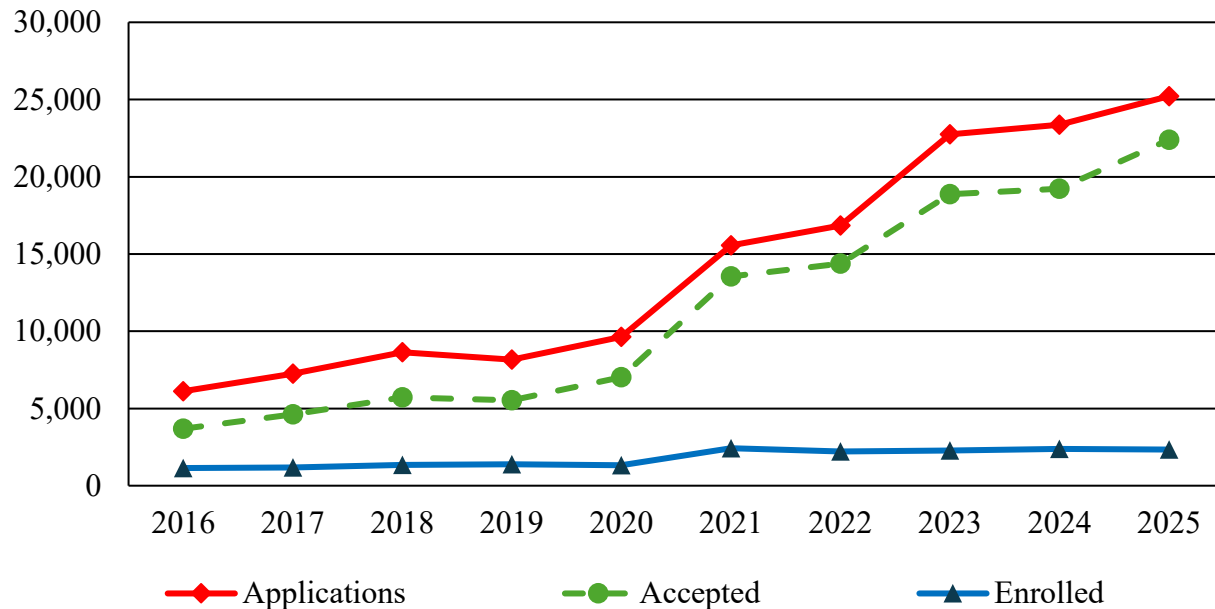
**Exhibit 1**  
**Change in Undergraduate Enrollment by Category and Total Headcount**  
**Fall 2020-2025**



Source: Morgan State University

As shown in **Exhibit 2**, the number of undergraduate applications submitted to MSU for fall 2025 was at the highest level of 25,217, a 7.9% increase compared to fall 2024. This is due to the increased interest in MSU for the reasons noted previously. Acceptance rate is the percentage of applicants a school admits. MSU also had a higher acceptance rate (89%) compared to fall 2024 (82%), leading to an increase in the number of accepted students by 16.6% to 22,396. The yield rate measures the percentage of admitted students who choose to enroll at a specific institution. Even though the number of applications submitted and accepted increased, the enrollment for first-time undergraduate students decreased by 1.9% to 2,333 students leading to a decline in the yield rate of 2 percentage points to 10.4% in fall 2025 compared to fall 2024. MSU reports that this is due to students across the nation using the Common App, which allows students to apply to multiple institutions with a single submission; test-optional policies that broaden applicant pools; and a more competitive student application environment, in which students compete for admission by submitting a larger number of applications to maximize their options. As a result, students are receiving more admission offers and taking longer to make final enrollment decisions.

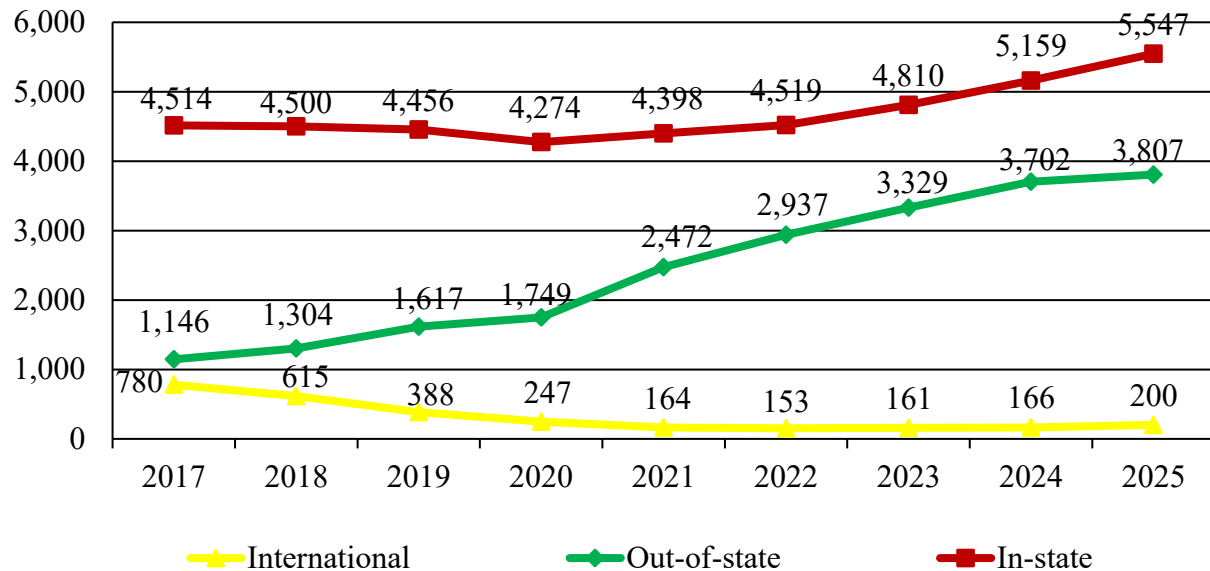
**Exhibit 2**  
**Undergraduate Applications, Accepted, and Enrolled**  
**Fall 2016-2025**



Source: Morgan State University

As shown in **Exhibit 3**, in-state enrollment comprised the majority (58.1%) of fall 2025 enrollment, which continues the trend of in-state students being the majority on the campus. From fall 2017 to 2025, the percentage of in-state students compared to the total enrollment has decreased by 12 percentage points. In this same period, out-of-state enrollment has increased by 22.1 percentage points (from 17.8% to 39.8%). MSU reports that the decline in in-state enrollment is due to increasing enrollment of out-of-state students to collect more revenue from the higher out-of-state tuition. However, the share of total enrollment that is in-state enrollment increased by 0.9 percentage points between fall 2024 and 2025, the first such increase in this period. Despite the trend across the nation of institutions' international enrollment decreasing due to issues such as visa delays, MSU experienced an increase of 20.5% in international students enrolling in undergraduate programs (34 students) in fall 2025 compared to fall 2024. Since MSU's most recent decline in fall 2022, international enrollment has increased by 30.7% (47 students) compared to fall 2025.

**Exhibit 3**  
**Enrollment Trends by Location**  
**Fall 2017-2025**



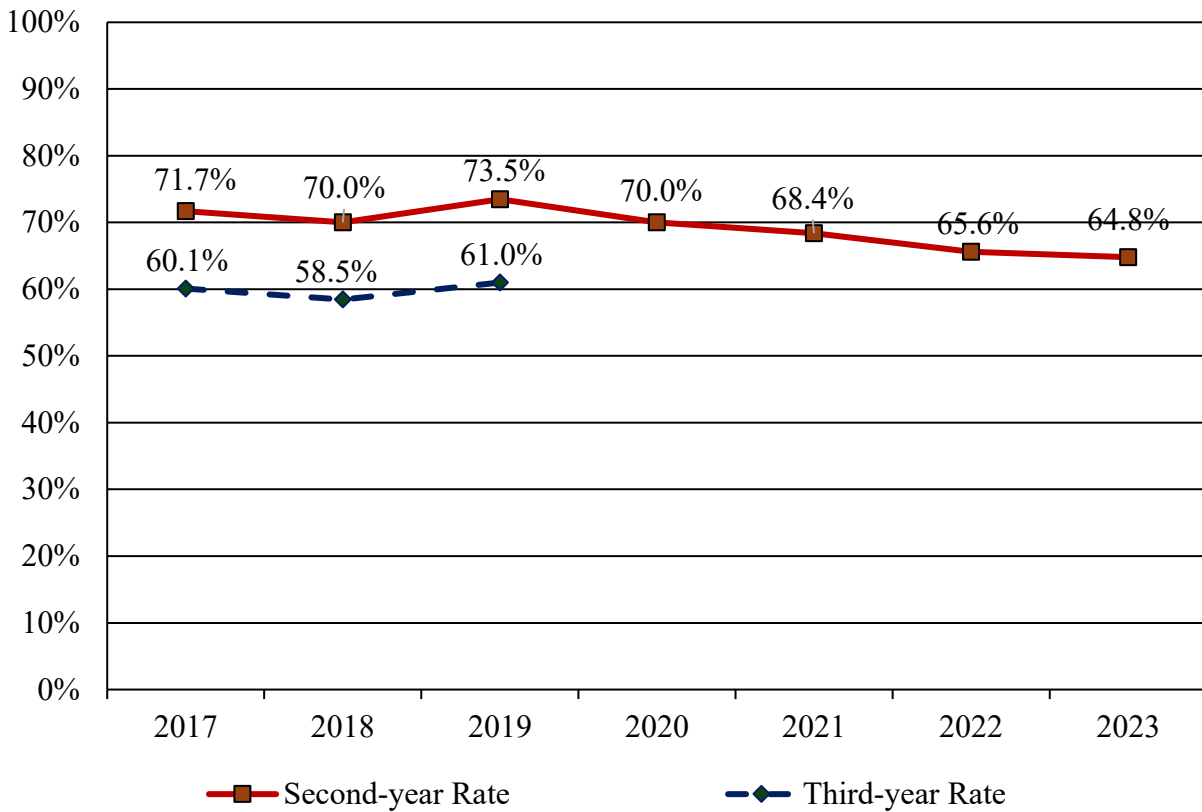
Source: Morgan State University

## 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 more 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. As shown in **Exhibit 4**, the second-year rate has declined in each year since the fiscal 2019 cohort (73.5%). The second-year retention rate for the fiscal 2023 cohort rate of 64.8% is 8.5 percentage points lower than the 2019 cohort and 0.8 percentage points lower than the 2022 cohort rate of 65.6%. The third-year retention rate increased by 2.6 percentage points from fiscal 2018 to 2019. MSU notes that it is surveying students to better understand why students choose not to return. According to MSU, MHEC publishes the data dashboard for the retention rate data. As of December 2025, MHEC has only made retention data available for second-year rate up to fiscal 2023 and for third-year rate up to fiscal 2019. **The President should discuss MSU's approach to retain students to increase the retention rate and how MSU will collaborate with MHEC to get the retention rate data updated.**



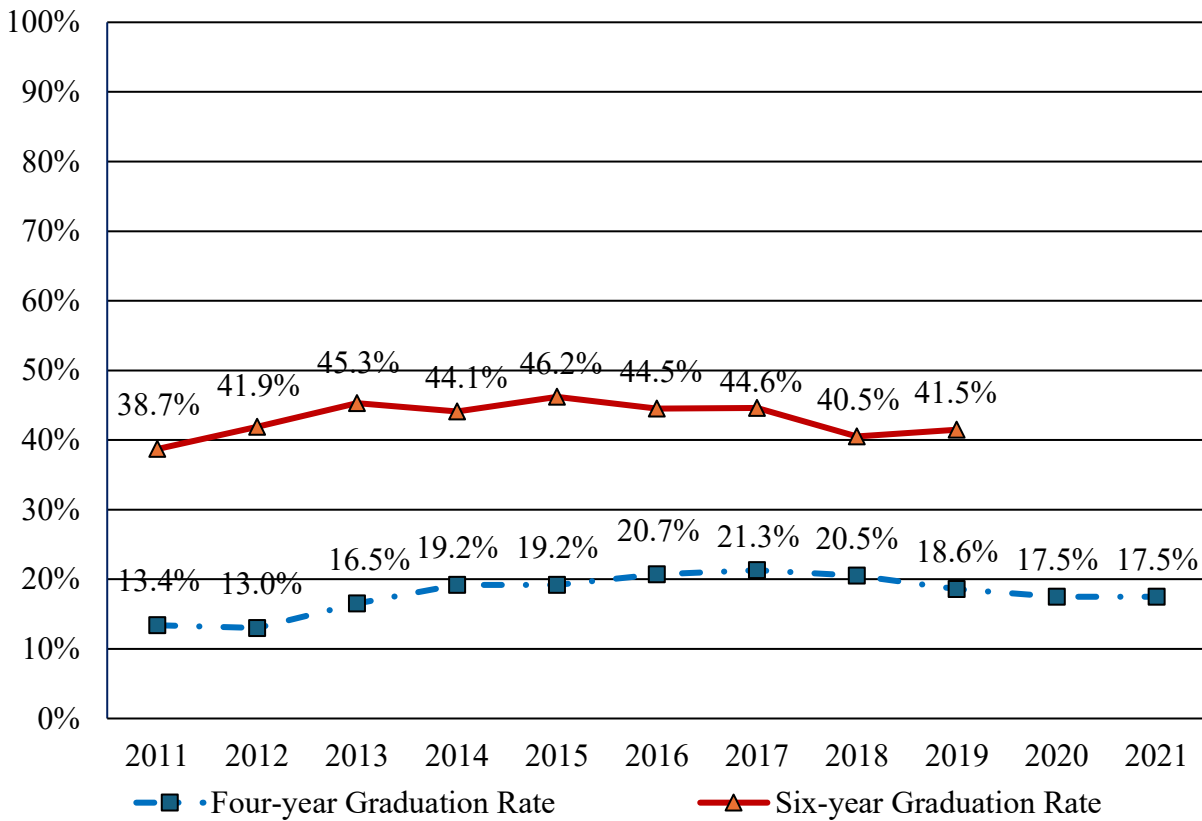
**Exhibit 4**  
**Second- and Third-year Retention Rates for First-time, Full-time Students**  
**Fiscal 2017-2023**



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. MSU's four-year graduation rate for the fiscal 2021 cohort was 17.5%, which is the same rate as the 2020 cohort. MSU had its highest four-year graduation rate during this period with the 2017 cohort (21.3%), which was 3.8 percentage points higher than the 2021 cohort. The six-year graduation rate peaked with fiscal 2015 at 46.2%. Since that time, the six-year graduation rate has generally declined, with the fiscal 2019 cohort 4.7 percentage points lower (41.5%) than the fiscal 2015 cohort. **The President should discuss efforts to increase the four- and six-year graduation rates.**

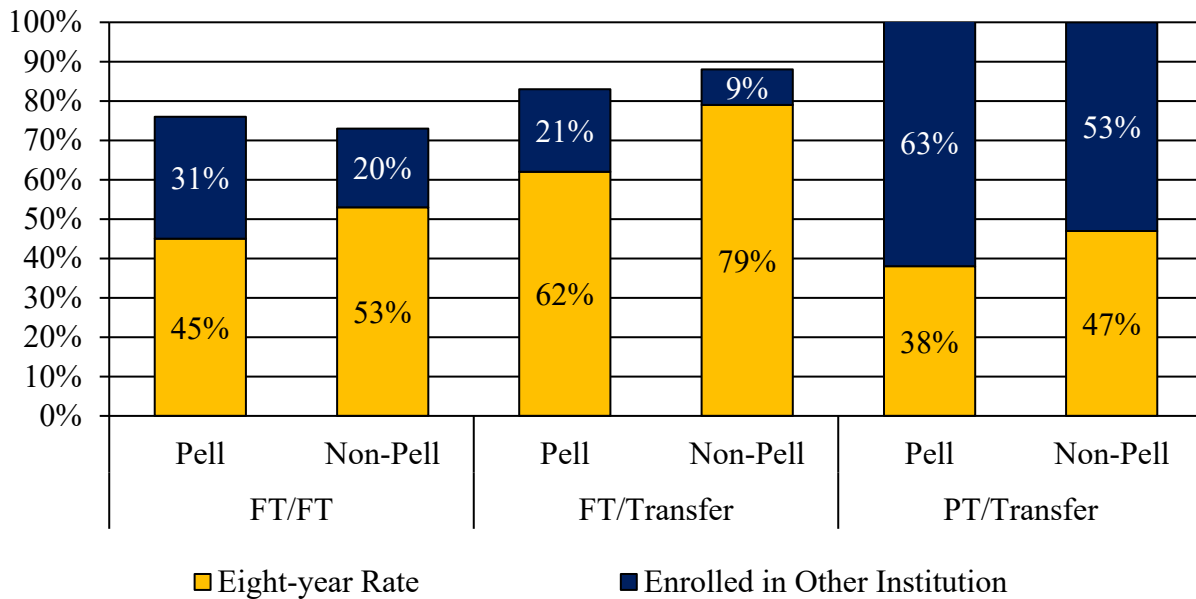
**Exhibit 5**  
**Graduation Rate of First-time, Full-time Students**  
**Fiscal 2011-2021 Cohorts**



Source: Maryland Higher Education Commission

Traditional graduation measures only capture the outcomes of the traditional FT/FT students who increasingly comprise a smaller portion of the student population. In order to have a more inclusive graduation rate that captures the progress of nontraditional students, the National Center for Education Statistics reports on the outcomes of first-time, transfer, and part-time transfer students by Pell and non-Pell recipients. As shown in **Exhibit 6**, for the 2016-2017 academic year, non-Pell full-time, transfer students had the highest eight-year graduation rate at 79%. The part-time, transfer Pell students graduated at the lowest rate (38%); however, all part-time transfer students who had not graduated were all reported as still enrolled.

**Exhibit 6**  
**Graduation Rates for Bachelor's Degrees**  
**Entering in Academic Year 2016-2017**



FT/FT: full-time, first-time

FT/Transfer: full-time, transfer

PT/Transfer: part-time, transfer

Source: National Center for Education Statistics

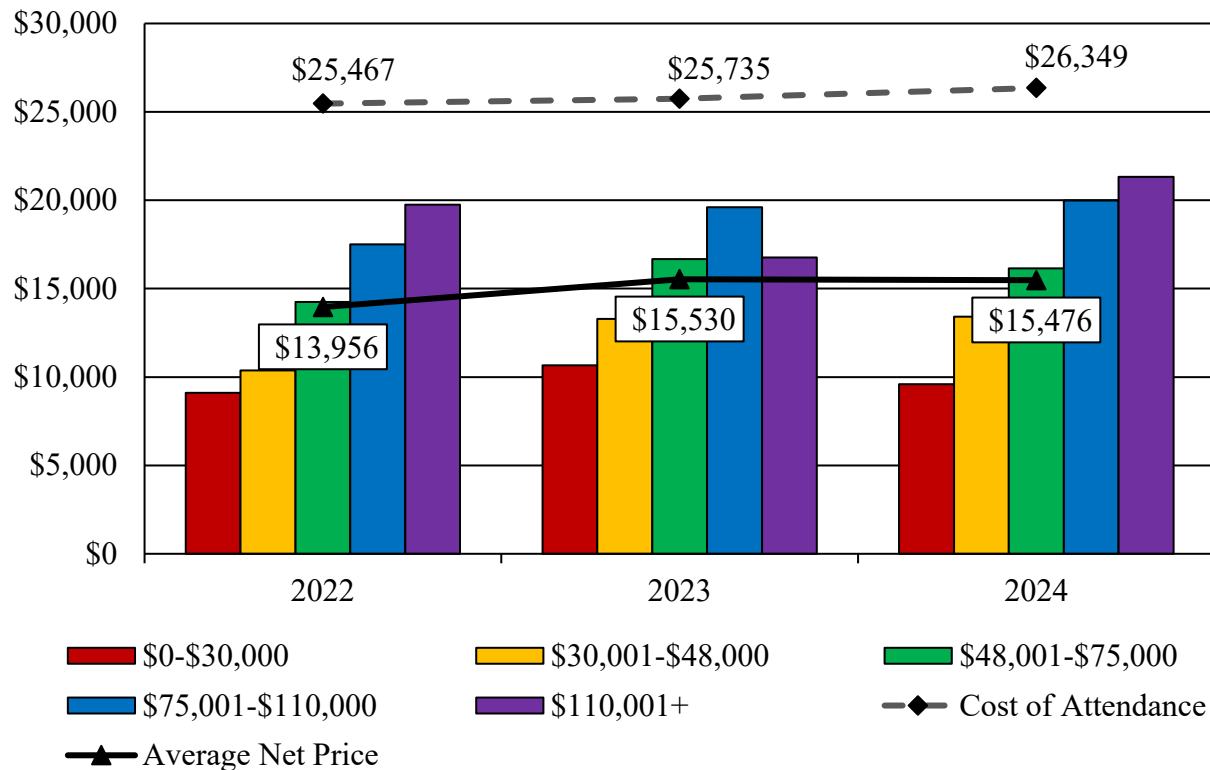
### 3. Affordability and Accessibility

#### 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 MSU students. As shown in **Exhibit 7**, in fiscal 2024, the average net price was \$15,476, or 41.3%, lower than the COA for a FT/FT student. The average cost for a student varies by income level. Students coming from a lower household income could receive more financial aid, which will lower the average price for college for the individual. The average net price for a family with an income between \$0 and \$30,000 decreased by \$1,081, or 10.1%, to \$9,585 in

fiscal 2024 compared to fiscal 2023. For a family with an income between \$48,001 to \$75,000, the average net price decreased by \$523, or 3.1%, to \$16,147 in fiscal 2024 compared to fiscal 2023. The other three expected family contribution categories show an increase in the average net price.

**Exhibit 7**  
**Estimated Cost of Attendance versus Average Net Price**  
**Fiscal 2022-2024**



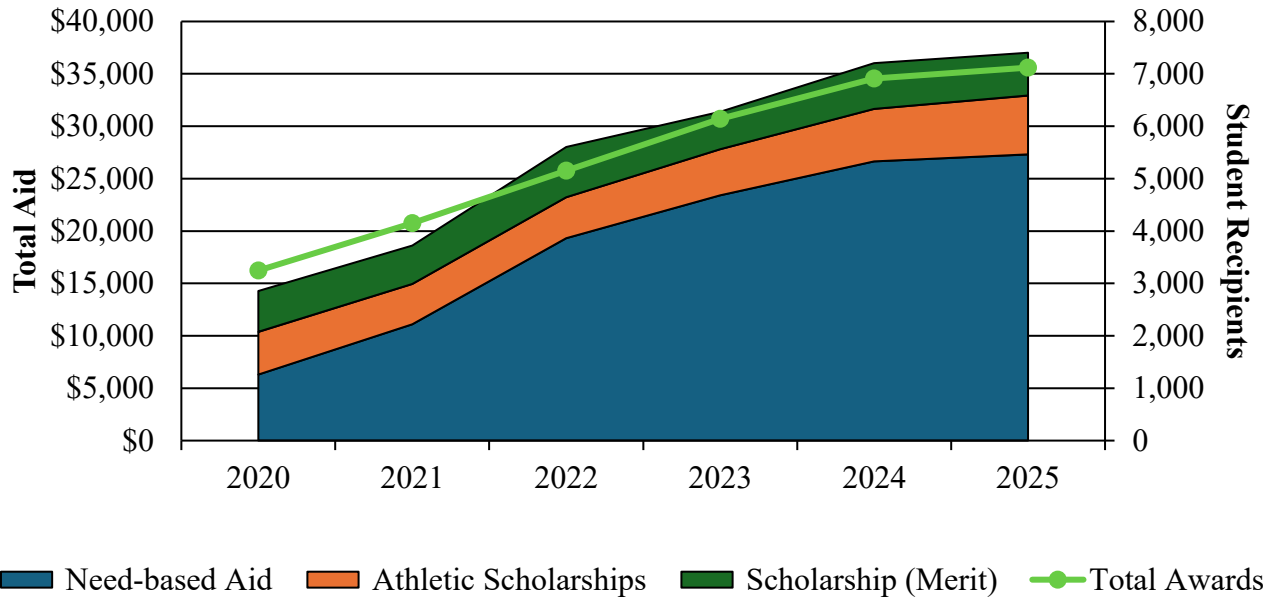
Source: National Center for Education Statistics

### Institutional Aid

As shown in **Exhibit 8**, in fiscal 2025, total expenditures on institutional aid were \$37 million, an increase of \$986,177, or 2.7%, compared to fiscal 2024. Of this total, 73.8% was for need-based aid, 15.2% was for athletic scholarships, and 11.1% was for merit scholarships. Total expenditures on institutional aid have increased each year from fiscal 2020 to 2025 with a combined increase in this period of \$22.7 million (159.2%). In each of the last three fiscal years, more than 70% of expenditures on institutional aid have been for need-based aid, with merit scholarships at approximately 11% and athletic scholarships around 14%. The number of awards

in fiscal 2025 totaled 7,119, an increase of 210, or 3%, compared to fiscal 2024. MSU attributes the increase in total expenditures on institutional aid and awards to the increase in enrollment.

**Exhibit 8**  
**Institutional Aid Expenditures and Total Awards by Category**  
**Fiscal 2020-2025**  
**(\$ in Thousands)**



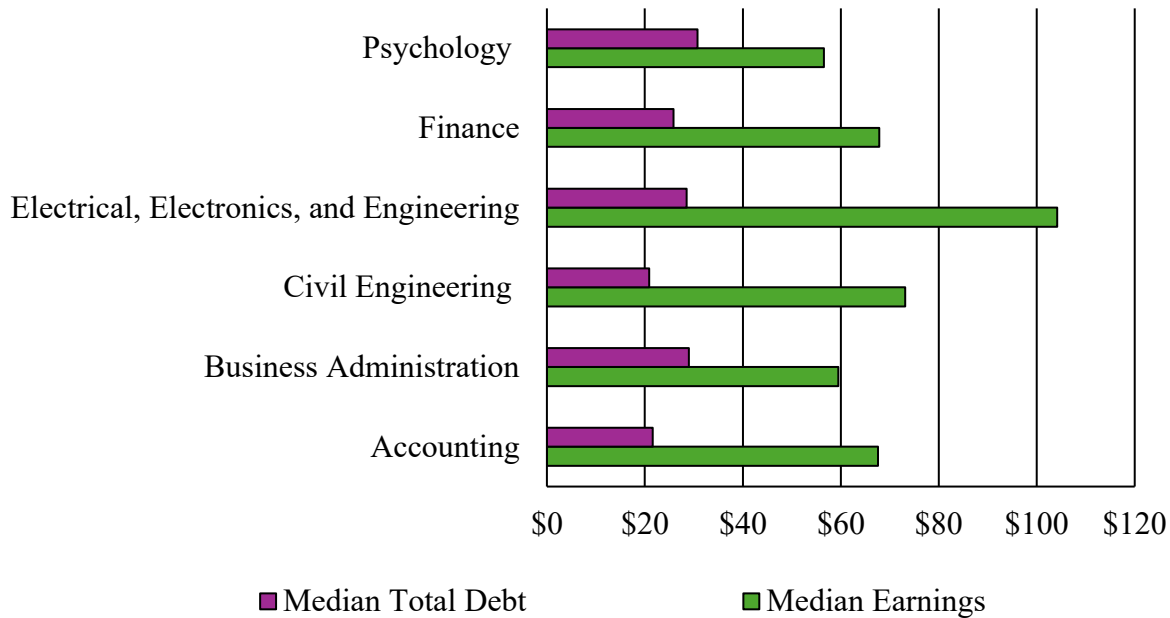
Source: Morgan State University

### Student Federal Debt

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. **Exhibit 9** shows different fields of study with the largest numbers of students, lowest debt, and highest earnings after graduation at MSU for the 2021 to 2022 cohort. A bachelor's degree in civil engineering has the lowest debt with a median debt of \$20,909, a median earning of \$73,164, and 82 graduates. The degree with the highest earning is a bachelor of electrical, electronics, and communication engineering with a median earning of \$104,184, a median debt of \$28,544, and 64 graduates. The bachelor of business administration has the highest number of graduates at 92, a median earning of \$59,511, and a median debt of \$28,973.

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**Exhibit 9**  
**Undergraduate Programs by Median Federal Debt and Median Earnings**  
**2021-2022 Cohort**  
**(\$ in Thousands)**



Note: This data was collected from undergraduate students who received federal financial aid. Median debt and earnings were not reported for all majors.

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

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## Fiscal 2026

### Proposed Deficiency

The fiscal 2027 budget includes one proposed deficiency appropriation for fiscal 2026, totaling \$27.6 million across USM institutions and MSU. The deficiency replaces the HEIF with general funds reflecting lower than expected revenues, of which MSU's share is \$946,266.

### Federal Funding Impacts

In calendar 2025, the federal government made significant reductions to grants. As shown in **Exhibit 10**, MSU reports having lost a total of \$959,837 in grants from its fiscal 2026 budget.

**Exhibit 10  
Federal Funding Reductions  
Fiscal 2026**

<b><u>Federal Grant</u></b>	<b><u>Federal Agency</u></b>	<b><u>Proposed Reduction/Elimination (\$ Amount)</u></b>
A Diagnostics Package to Facilitate and Enhance Chemical Mechanism Implementations within Regional and Global Atmospheric Chemistry Models	EPA	\$8,128
African American History in the USDA Forest Service Retiree Oral History Project	USDA Forest Service	26,953
An AGEP Historically Black Universities Model with Community College Teaching as a Platform for Advancing Underrepresented Minority STEM Doctoral Candidates in Faculty Careers	NSF	1,066
An Immersive Directorate for Geosciences- Revolution Adventure Experience for HBCU Undergraduates RISE	NASA	31,905
BRIDGE to the Baccalaureate Program at MSU	NIH	2,015
Broadening Participation of Underrepresented Groups in U.S Navy-Related Educational Experiences	Department of the Navy	28,091
Building an Equitable and Inclusive Biofabrication Industry – MSU Subaward	NSF	19,931
Buried Blueprints of Black Education	National Endowment for the Humanities	9,611
Factors Affecting Electric Vehicle	U.S. Department of Transportation	4,439
Collaborative Research BPE Track 3: Minority Mentoring for Advancement and Participation in Engineering Hub	NSF	85,905
AGEP Transformation Alliance: Support	NSF	11,545
Collaborative Research: Track 4: DEEP	NSF	81,865

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<u>Federal Grant</u>	<u>Federal Agency</u>	<u>Proposed Reduction/Elimination (\$ Amount)</u>
EPA Region 3 EJTCTAC Program	EPA	7,988
Research and Education in Equitable AI and Machine Learning: Cybersecurity Implications for National Defense	U.S. Office of Naval Research	555,939
Studying the Implementation and Efficacy of an African-centered Pedagogy and Curriculum for the STEM Education of African American Learners	NSF	21,767
Track 3: Mentoring for the Formation of Research Careers in Engineering.	NSF	46,017
USAID Egyptian Pioneers	NSF	7,281
Viral Pathogen and Surrogate Approaches for Assessing Treatment Performance in Water Reuse	EPA	6,753
Washington Baltimore Hampton Roads – Louis Stokes Alliance for Minority Participation	NSF	2,637
	<b>Total</b>	<b>\$959,837</b>

AGEP: Alliances for Graduate Education and the Professoriate

AI: artificial intelligence

BPE: Broadening Participation in Engineering

DEEP: Developing Equity-Minded Engineering Practitioners

EJTCTAC: Environmental Justice Thriving Communities Technical Assistance Center

EPA: Environmental Protection Agency

HBCU: historically Black colleges and universities

MSU: Morgan State University

NASA: National Aeronautics and Space Administration

NIH: National Institute of Health

NSF: National Science Foundation

STEM: science, technology, engineering, and mathematics

USAID: United States Agency for International Development

USDA: U.S. Department of Agriculture

Source: Morgan State University

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**The President should discuss the impact of these reductions on MSU's research and activities.**



## Status of Legislative Additions

Section 21 of the fiscal 2026 Budget Bill included one addition for MSU: \$50,000 in general funds for its Center for Equitable Artificial Intelligence and Machine Learning Systems for the purpose of completing an artificial intelligence needs assessment for the Maryland State Department of Education (MSDE) and to aid MSDE on a task force related to artificial intelligence in K-12 education. **The President should provide an update on the use of the funds.**

## Education and General Expenditures

Since tuition and fee revenue in the allowance is based on enrollment projections, increases and decreases in enrollment have a significant effect on an institution's revenues. Therefore, looking at the changes of expenditures by program area between fiscal 2025 and 2026, when institutions know their fall enrollment, provides a more accurate picture of funding priorities.

As shown in **Exhibit 11**, overall education and general expenditures increase by \$12.4 million between fiscal 2025 and 2026. The largest increase of \$8.5 million, or 10.1%, compared to fiscal 2025 is for instruction. Research spending increases by \$4.56 million, or 27.2%, due to an increase in funding for the Center for Urban and Coastal Climate Science Research and more research project initiatives to advance its research activity. The largest decrease of \$5.2 million, or 6.2%, is for institutional support. Enrollment increases and salary adjustments are major contributing factors to the overall increase in expenditures.

**Exhibit 11**  
**Budget Changes for Unrestricted Funds by Program**  
**Fiscal 2025-2026**  
**(\$ in Thousands)**

	<b>2025</b>	<b>2026</b>	<b>2025-2026</b>	<b>2025-2026</b>
	<b><u>Actual</u></b>	<b><u>Adjusted Working</u></b>	<b><u>\$ Change</u></b>	<b><u>% Change</u></b>
<b>Expenditures</b>				
Instruction	\$83,877	\$92,338	\$8,461	10.1%
Research	16,802	21,376	4,573	27.2%
Public Service	271	372	101	37.0%
Academic Support	41,304	44,464	3,160	7.7%
Student Services	14,874	13,344	-1,530	-10.3%
Institutional Support	84,446	79,236	-5,210	-6.2%
Operation and Maintenance of Plant	40,151	43,678	3,527	8.8%
Scholarships and Fellowships	43,666	41,045	-2,621	-6.0%
<b>E&amp;G Total</b>	<b>\$325,392</b>	<b>\$335,853</b>	<b>\$10,460</b>	<b>3.2%</b>
Auxiliary Enterprises	\$69,423	\$71,356	\$1,933	2.8%

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	<b>2025</b>	<b>2026</b>	<b>2025-2026</b>	<b>2025-2026</b>
	<b><u>Actual</u></b>	<b><u>Adjusted Working</u></b>	<b><u>\$ Change</u></b>	<b><u>% Change</u></b>
<b>Total Expenditures</b>	<b>\$394,815</b>	<b>\$407,209</b>	<b>\$12,394</b>	<b>3.1%</b>
<b>Revenues</b>				
Tuition and Fees	\$109,741	\$105,755	-\$3,986	-3.6%
State Funds <sup>1</sup>	205,282	203,507	-1,775	-0.9%
Other	22,409	25,600	3,191	14.2%
<b>Total E&amp;G Revenues</b>	<b>\$337,432</b>	<b>\$334,862</b>	<b>-\$2,570</b>	<b>-0.8%</b>
Auxiliary Enterprises	\$66,514	\$72,347	\$5,833	8.8%
Transfer to/from Fund Balance and to Plant Funds	-9,131		9,131	-100.0%
<b>Available Unrestricted Revenues</b>	<b>\$394,815</b>	<b>\$407,209</b>	<b>\$12,394</b>	<b>3.1%</b>

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

E&G: Education and General

Source: Governor's Fiscal 2027 Budget Books; Department of Legislative Services

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The Department of Legislative Services (DLS) notes that the fiscal 2026 working appropriation does not yet reflect certain adjustments made to its appropriation due to the timing of finalizing a budget amendment. In addition, MSU reports that the tuition and fee revenue reported for fiscal 2026 is based on estimates from fall 2024 and, while a budget amendment has been submitted to address other changes in revenue, no amendment has been submitted to address tuition and fee revenue. However, MSU projects that the actual amount at the close of fiscal 2026 on June 30, 2026, will be higher than the fiscal 2025 amount due to increase in enrollment between fiscal 2025 and 2026. **The President should comment on the planned timing for adjusting its expenditures and revenues based on changes in enrollment.**

## **Fiscal 2027 Proposed Budget**

As shown in **Exhibit 12**, the total State operating funds increase by \$5.4 million, or 2.6%, in fiscal 2027 compared to fiscal 2026. MSU's share of statewide salary adjustments that are budgeted within DBM total \$2.6 million. Total State support for MSU increases by \$5.4 million, or 2.6%, to \$208.9 million compared to the fiscal 2026 working appropriation after accounting for a proposed deficiency appropriation and a contingent fund swap. The fiscal 2027 allowance includes the impact of fiscal 2027 salary increases that are centrally budgeted in DBM. Language in the fiscal 2027 Budget Bill reduces \$6.4 million of general funds and appropriates the same level of special funds across USM institutions and MSU contingent on the enactment of legislation

decoupling from certain tax provisions in the OBBBA that will increase the amount of the HEIF, of which MSU's share is \$232,366.

**Exhibit 12**  
**Proposed Budget**  
**Morgan State University**  
**(\$ in Thousands)**

	<b><u>2025</u></b>	<b><u>2026</u></b>	<b><u>2027</u></b>	<b><u>2026-2027</u></b>	<b><u>% Change</u></b>
	<b><u>Actual</u></b>	<b><u>Adjusted</u></b>	<b><u>Adjusted</u></b>	<b><u>Change</u></b>	<b><u>Prior Year</u></b>
General Funds					
State General Funds	\$173,036	\$170,657	\$173,676	\$3,019	1.8%
COLA			2,609	2,609	
Fund Swap		946	-232	-1,179	
HBCU Settlement Funds	26,749	27,585	7,694	-19,891	-72.1%
<b>Total Adjusted General Funds</b>	<b>\$199,784</b>	<b>\$199,188</b>	<b>\$183,747</b>	<b>-\$15,441</b>	<b>-7.8%</b>
Special Funds					
HEIF	\$5,497	\$5,265	\$4,454	-\$810	-15.4%
Fund Swap		-946	232	1,179	
<b>Total HEIF</b>	<b>\$5,497</b>	<b>\$4,319</b>	<b>\$4,687</b>	<b>\$368</b>	<b>8.5%</b>
HBCU Settlement Funds			\$20,459	\$20,459	
<b>Total State Operating Funds</b>	<b>\$205,282</b>	<b>\$203,507</b>	<b>\$208,893</b>	<b>\$5,386</b>	<b>2.6%</b>
Other Unrestricted Funds	\$198,664	\$203,702	\$224,385	\$20,683	10.2%
Transfer (to)/from Fund Balance	-9,131				
<b>Net Unrestricted Funds</b>	<b>\$394,815</b>	<b>\$407,209</b>	<b>\$433,278</b>	<b>\$26,069</b>	<b>6.4%</b>
State Special Funds PAYGO		\$9,000		-\$9,000	-100.0%
Other Restricted Funds	\$112,904	110,123	\$126,050	15,927	14.5%
<b>Total Restricted Funds</b>	<b>\$112,904</b>	<b>\$119,123</b>	<b>\$126,050</b>	<b>\$6,927</b>	<b>5.8%</b>
<b>Total Funds</b>	<b>\$507,719</b>	<b>\$526,332</b>	<b>\$559,328</b>	<b>\$32,996</b>	<b>6.3%</b>
<b>Total Funds Excluding PAYGO</b>	<b>\$507,719</b>	<b>\$517,332</b>	<b>\$559,328</b>	<b>\$41,996</b>	<b>8.1%</b>

COLA: cost-of-living adjustment

HBCU: historically Black colleges and universities

HEIF: Higher Education Investment Fund

PAYGO: pay-as-you-go

Note: Numbers may sum due to rounding. The fiscal 2026 working appropriation accounts for deficiencies. The fiscal 2027 allowance accounts for contingent reductions. The fiscal 2027 allowance includes \$42 million in the Dedicated Purpose Account to assist public-four-year institutions research centers to transition to energy, resiliency, and climate related research. MSU's share of this funding is \$8.5 million.

Source: Governor's Fiscal 2027 Budget Books; Department of Legislative Services

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The fiscal 2027 allowance for MSU includes \$28.2 million for the fifth year of funding under the Chapter 41 HBCU settlement, an increase of \$568,480 compared to fiscal 2026. While in fiscal 2026 the appropriation was provided solely with general funds, in fiscal 2027, the fund source is split between the General Fund (\$7.7 million) and special funds (\$20.5 million). This is due to the multistate litigation with tobacco manufacturers where the State expects to receive \$70 million in additional CRF revenue (special funds) and allocate the first \$35 million to supplant general funds for HBCU settlement payments. Additional discussion of the availability and use of these funds may be found in M00 – MDH – Overview analysis.

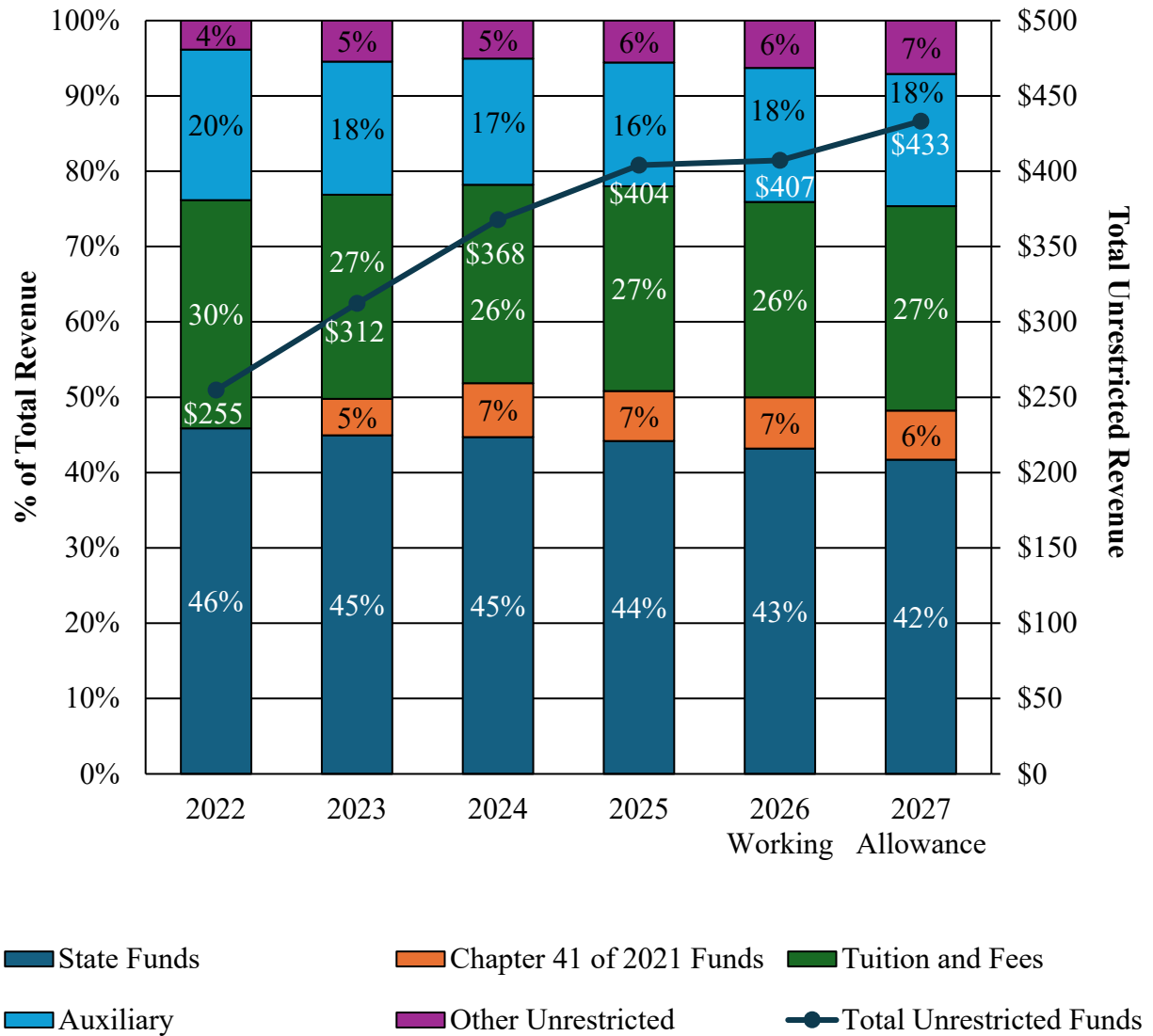
In addition to the funding provided directly to MSU, the fiscal 2027 allowance includes \$42 million in the Dedicated Purpose Account to assist higher education institutions research centers to transition to energy, resiliency, and climate related research contingent on the enactment of legislation authorizing the use of the funds for this purpose, of which MSU is expected to receive \$8.5 million. **The President should discuss the planned use of these funds.**

MSU's overall fiscal 2027 budget increases by \$33 million, or 6.3%, to \$559.3 million when including current restricted funds and unrestricted funds. The unrestricted fund revenue increases by \$26 million in fiscal 2027 compared to fiscal 2026 due to increases in enrollment, statewide salary adjustments, and anticipated research activity. The restricted fund revenue increases by \$7 million despite a decrease of one-time PAYGO special funds of \$9 million, due to increases in expected and federal, private, and State grants.

### **Revenue Sources**

As shown in **Exhibit 13**, in the fiscal 2027 allowance, State funds (general funds and the HEIF) comprise 42%, and HBCU settlement funds comprise 6% of MSU's State-supported revenues. Tuition and fee revenue comprises 27% of unrestricted revenues. The fiscal 2027 budget anticipates auxiliary revenue increasing to \$76.2 million. MSU anticipates over \$430 million in unrestricted revenues in fiscal 2026.

**Exhibit 13**  
**Unrestricted Revenues by Fund Sources**  
**Fiscal 2022-2027**  
**(\$ in Millions)**



Source: Governor's Fiscal 2021-2027 Budget Books; Department of Legislative Services

## ***Personnel Data***

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	<b>FY 25</b>	<b>FY 26</b>	<b>FY 27</b>	<b>FY 26-27</b>
	<b><u>Actual</u></b>	<b><u>Working</u></b>	<b><u>Allowance</u></b>	<b><u>Change</u></b>
Regular Positions	1,838.00	1,870.00	1,870.00	0.00
Contractual FTEs	<u>384.00</u>	<u>384.00</u>	<u>384.00</u>	<u>0.00</u>
<b>Total Personnel</b>	<b>2,222.00</b>	<b>2,254.00</b>	<b>2,254.00</b>	<b>0.00</b>

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

Turnover and Necessary Vacancies, Excluding New Positions	146.81	7.85%
Positions and Percentage Vacant as of 12/31/25	196.00	10.00%
 Vacancies Above Turnover	 49.19	

- The institution has 49.19 vacancies above the turnover rate with a vacancy rate of 10%.  
**The President should detail the progress being made to fill the vacant positions.**

## ***Issues***

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### **1. Medical School Establishment**

In calendar 2019, MSU was approached by Salud Education, LLC (Salud) to develop and build the first Osteopathic College of Medicine at an HBCU. An osteopathic school awards Doctor of Osteopathic Medicine degrees, which is a more holistic style of medical training, focusing on the musculoskeletal system and environmental factors in health. In January 2020, the MSU Board of Regents (BOR) authorized President Dr. David K. Wilson to explore the prospect of bringing a new privately funded, for-profit medical school to the campus through a strategic partnership with Salud. In November 2022, MSU BOR approved a 35-year ground lease agreement with the Maryland College of Osteopathic Medicine (MDCOM) for MSU's Montebello Complex. In the 2024 session budget hearing, MSU indicated that the deal for MDCOM had fallen through. However, the 2025 *Capital Improvement Program* removed the demolition of the Jenkins Building to use it as a temporary space for the planned MDCOM. During the 2025 session, MSU reported that Salud had secured the necessary investment needed to move forward with MDCOM.

However, in fall 2026, MSU decided to dissolve the partnership with Salud. MSU notes that it would still like to develop a medical school to offer a Doctor of Medicine degree to train and produce physicians from underrepresented backgrounds to serve underserved communities. There are only four HBCU medical schools in the nation, and MSU is striving to become the fifth. **The President should the discuss MSU's next steps following the dissolution of the partnership.**

### **2. East North Avenue Development Project**

Language in the fiscal 2026 Budget Bill restricted funds pending a report from MSU about the development of East North Avenue and its position as an anchor institution. MSU submitted the report detailing a five-step process to establish a task force to implement an initiative for the long-term development of East North Avenue.

MSU began by considering appropriate boundaries for the initiative including discussion of a broader location than North Avenue. MSU expressed its interest in this initiative and would be an active participant, but the scope is beyond its current staff capacity. However, MSU identified the necessary steps for the development initiative. MSU stated that the first step to redevelop East North Avenue would be establishing a task force. This task force will create a mission, vision, goals, framework for potential board members and meetings, and staff positions. The second step would be to establish the board for the East North Avenue Development and select an official name. MSU suggested that meetings involve MSU, Coppin State University, Baltimore City, the State of Maryland, private-sector entities, and community stakeholders. The third step would be estimating a timeline to create a task force, board, and staff positions; finalizing the study area and establishing the phases of the plan to redevelop East North Avenue. The fourth step would involve

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estimating costs for office rental space, salaries, operating costs, and funding sources including how much the State will contribute. MSU estimated a minimum of \$5 million in State support for the first three years. The final step would be to develop an implementation strategy for the project.



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

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1. Concur with Governor's allowance.

**Appendix 1**  
**2025 Joint Chairmen’s Report Responses from Agency**

The 2025 Joint Chairmen’s Report (JCR) requested that MSU prepare three reports. Electronic copies of the full JCR responses can be found on the DLS Library website.

- ***Instructional Faculty Workload Report:*** A report was submitted providing MSU’s faculty workload. MSU’s tenure and tenure-track faculty taught 98.5% of expected course units, and full-time instructional faculty taught 100.3% of expected course units.
- ***East North Avenue Development Report:*** The committees requested a report from MSU about the development of East North Avenue and its position as an anchor institution. MSU submitted the report detailing a five-step process to establish a task force to implement an initiative for the long-term development of East North Avenue. The \$250,000 in withheld general funds was approved to be released. Further discussion of the report may be found in Issue 2 of this analysis.
- ***HBCU Settlement Funds:*** A report was submitted detailing MSU’s plans for the use of the fiscal 2026 HBCU settlement funds. MSU will allocate funds to financial aid, faculty recruitment and development, improvement of academic programs, implementation of new academic programs, academic support services, and marketing for the university. Further discussion of this report may be found in the HIGHED – Higher Education Overview analysis.

## Appendix 2

### Object/Fund Difference Report

#### Morgan State University

<u>Object/Fund</u>	<u>FY 25 Actual</u>	<u>FY 26 Working Appropriation</u>	<u>FY 27 Allowance</u>	<u>FY 26 - 27 \$ Change</u>	<u>% Change</u>
<b>Positions</b>					
01 Regular	1,838.00	1,870.00	1,870.00	0.00	0.0%
02 Contractual	384.00	384.00	384.00	0.00	0.0%
<b>Total Positions</b>	<b>2,222.00</b>	<b>2,254.00</b>	<b>2,254.00</b>	<b>0.00</b>	<b>0.0%</b>
<b>Objects</b>					
01 Salaries, Wages, and Fringe Benefits	\$222,299,830	\$230,945,512	\$235,897,628	\$4,952,116	2.1%
02 Technical and Special Fees	41,978,119	35,131,168	42,718,764	7,587,596	21.6%
03 Communications	755,159	1,177,325	856,558	-320,767	-27.2%
04 Travel	6,854,873	7,836,799	8,264,740	427,941	5.5%
06 Fuel and Utilities	8,623,584	11,144,875	9,180,802	-1,964,073	-17.6%
07 Motor Vehicle Operation and Maintenance	1,158,379	1,226,397	1,295,101	68,704	5.6%
08 Contractual Services	77,743,064	89,578,436	95,095,837	5,517,401	6.2%
09 Supplies and Materials	9,557,726	11,348,894	9,785,902	-1,562,992	-13.8%
11 Equipment – Additional	9,733,165	7,884,912	12,405,449	4,520,537	57.3%
12 Grants, Subsidies, and Contributions	86,344,057	84,127,387	92,980,435	8,853,048	10.5%
13 Fixed Charges	34,572,508	32,530,573	37,259,982	4,729,409	14.5%
14 Land and Structures	8,098,977	13,399,451	10,977,451	-2,422,000	-18.1%
<b>Total Objects</b>	<b>\$507,719,441</b>	<b>\$526,331,729</b>	<b>\$556,718,649</b>	<b>\$30,386,920</b>	<b>5.8%</b>
<b>Funds</b>					
40 Current Unrestricted Funds	\$394,815,197	\$407,208,729	\$430,668,649	\$23,459,920	5.8%
43 Current Restricted Funds	112,904,244	119,123,000	126,050,000	6,927,000	5.8%
<b>Total Funds</b>	<b>\$507,719,441</b>	<b>\$526,331,729</b>	<b>\$556,718,649</b>	<b>\$30,386,920</b>	<b>5.8%</b>

Note: The fiscal 2026 appropriation includes proposed deficiency appropriations. The fiscal 2027 allowance does include contingent reductions or statewide salary adjustments budgeted within the Department of Budget and Management.

### Appendix 3 Fiscal Summary Morgan State University

<u>Program/Unit</u>	<u>FY 25 Actual</u>	<u>FY 26 Working Appropriation</u>	<u>FY 27 Allowance</u>	<u>FY 26 - 27 \$ Change</u>	<u>% Change</u>
01 Instruction	\$83,943,369	\$92,417,814	\$88,947,430	-\$3,470,384	-3.8%
02 Research	92,283,539	108,375,507	110,555,649	2,180,142	2.0%
03 Public Service	289,127	371,975	332,130	-39,845	-10.7%
04 Academic Support	41,373,983	44,561,939	44,627,934	65,995	0.1%
05 Student Services	15,326,830	13,739,291	15,488,785	1,749,494	12.7%
06 Institutional Support	84,469,040	79,260,771	93,100,152	13,839,381	17.5%
07 Operation and Maintenance of Plant	40,150,948	43,681,910	42,970,213	-711,697	-1.6%
08 Auxiliary Enterprises	69,426,436	71,377,067	76,205,421	4,828,354	6.8%
17 Scholarships and Fellowships	80,456,169	72,545,455	84,490,935	11,945,480	16.5%
<b>Total Expenditures</b>	<b>\$507,719,441</b>	<b>\$526,331,729</b>	<b>\$556,718,649</b>	<b>\$30,386,920</b>	<b>5.8%</b>
Current Unrestricted Funds	\$394,815,197	\$407,208,729	\$430,668,649	\$23,459,920	5.8%
Current Restricted Funds	112,904,244	119,123,000	126,050,000	6,927,000	5.8%
<b>Total Appropriations</b>	<b>\$507,719,441</b>	<b>\$526,331,729</b>	<b>\$556,718,649</b>	<b>\$30,386,920</b>	<b>5.8%</b>

Note: The fiscal 2026 appropriation includes proposed deficiency appropriations. The fiscal 2027 allowance does not include contingent reductions or statewide salary adjustments budgeted within the Department of Budget and Management.