

**R14D00**  
**St. Mary's College of Maryland**

***Executive Summary***

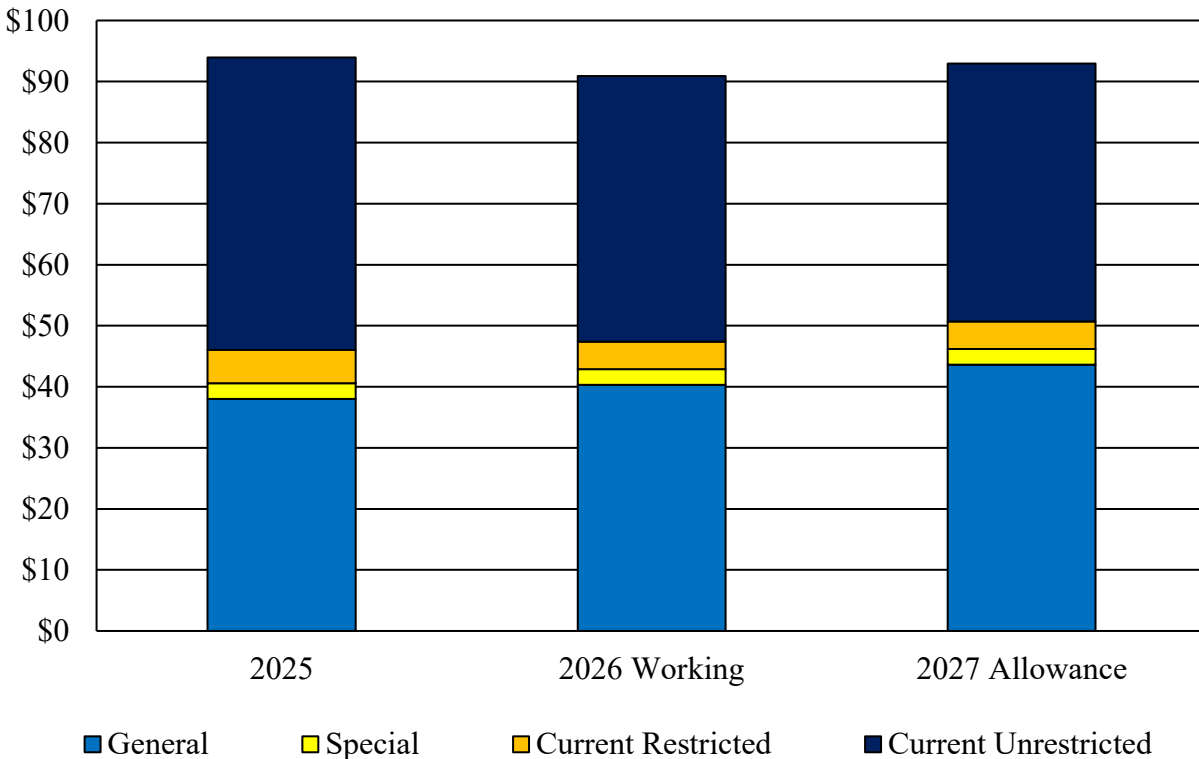
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St. Mary's College of Maryland (SMCM) is Maryland's public honors college. SMCM offers an undergraduate liberal arts education and is committed to the ideals of affordability, accessibility, and diversity.

***Operating Budget Summary***

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**Fiscal 2027 Budget Increases \$2 Million, or 2.2%, to \$92.9 Million  
(\$ in Millions)**



Note: 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.

- The total State support in the fiscal 2027 adjusted allowance increases by \$3.3 million, or 7.7%, to \$46.2 million compared to the fiscal 2026 working appropriation.

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## ***Key Observations***

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- ***Enrollment:*** The total undergraduate enrollment decreased by 8, or 0.5%, to 1,609 students in fall 2025 compared to fall 2024.
- ***Graduation Rate:*** The four-year graduation rate of the 2020 cohort increased by 5.3 percentage points to 57.8% compared to the 2019 cohort. The six-year graduation rate increased by 1.1 percentage points to 74.7% for the 2018 cohort compared to the 2017 cohort.

## **Operating Budget Recommended Actions**

1. Concur with Governor's allowance.

**R14D00**  
**St. Mary's College of Maryland**

***Operating Budget Analysis***

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**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

<b>Fall 2025 Undergraduate Enrollment Headcount</b>		<b>Fall 2025 Graduate Enrollment Headcount</b>	
Male	627	Male	10
Female	982	Female	14
<b>Total</b>	<b>1,609</b>	<b>Total</b>	<b>24</b>

<b>Fall 2025 New Students Headcount</b>		<b>Campus (Main Campus)</b>	
First-time	404	Acres	361
Transfers/Others	81	Buildings	44
Graduate	24	Average Age	38
<b>Total</b>	<b>509</b>	Oldest	1906: St. Mary's Hall

<b>Programs</b>		<b>Degrees Awarded (2024-2025)</b>	
Bachelor's	25	Bachelor's	360
Master's	1	Master's	12
		<b>Total Degrees</b>	<b>372</b>

**Proposed Fiscal 2027 In-state Tuition Fees\***

Undergraduate Tuition	\$12,607
Mandatory	3,246

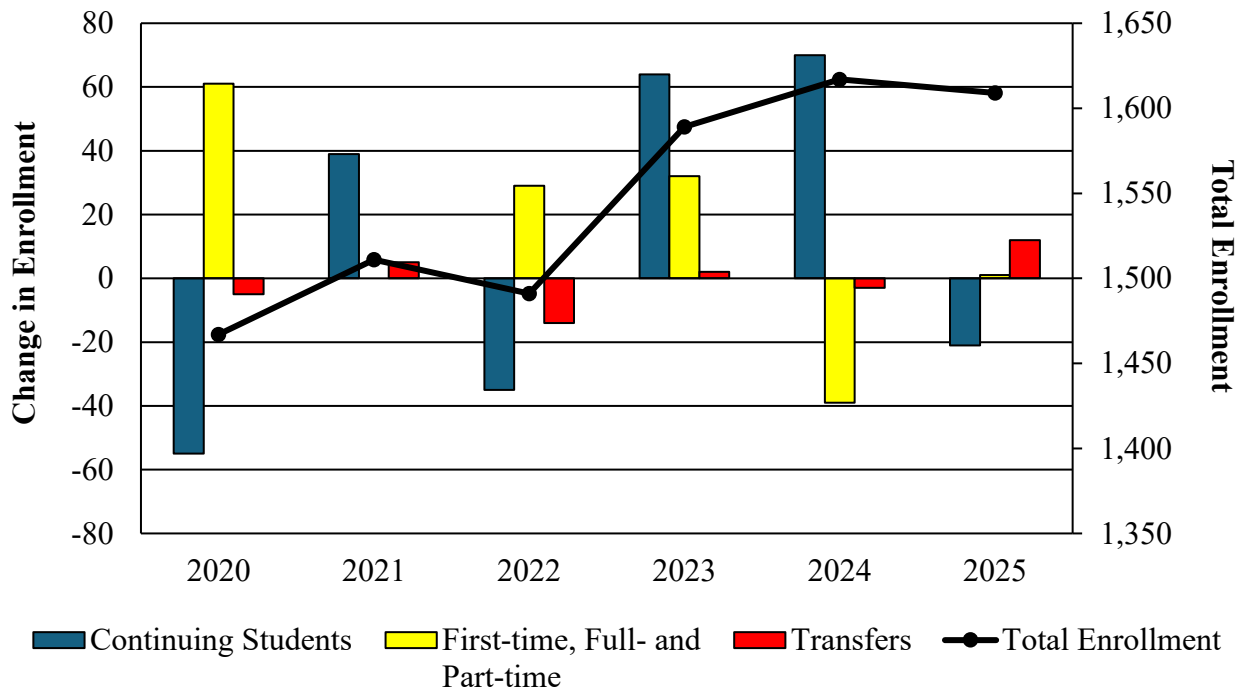
\*Contingent on Board of Regents approval

# Performance Analysis: Managing for Results

## 1. Enrollment

As shown in **Exhibit 1**, the total undergraduate enrollment in fall 2025 decreased by 8, or 0.5%, to 1,609 students compared to fall 2024. Since fall 2020 enrollment has increased by 9.7% compared to fall 2025, with the largest increase in fall 2023 of 98 students compared to fall 2022. Continuing students, those students enrolled in school and currently registered for the upcoming academic term, decreased by 21, or 1.8%, to 1,124 in fall 2025 compared to fall 2024. First-time, full-time, and part-time students increased by 1, or 0.2%, in fall 2025 compared to fall 2024. First-time are new students; full-time scholars take at least 12 credit hours; and part-time students take less than 12 credit hours. In fall 2025, the transfer enrollment increased by 12 students compared to fall 2024 due to strategic marketing and recruitment initiatives. Despite the decrease in undergraduate enrollment, the fall 2025 number is still higher than the enrollment numbers before fall 2024.

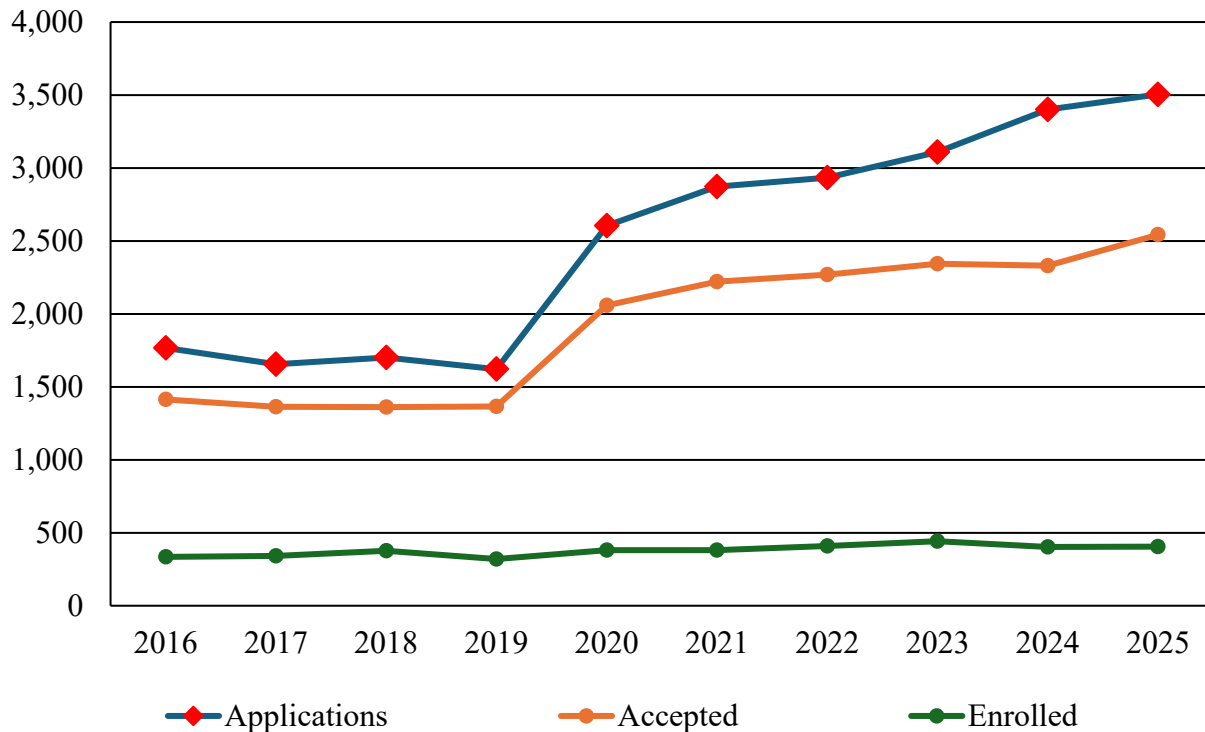
**Exhibit 1**  
**Change in Undergraduate Enrollment by Category Total Headcount**  
**Fall 2020-2025**



Source: St. Mary’s College of Maryland

Between fall 2019 and 2020, applications increased by 60.6% compared to fall 2019. Since that time, applications have continued to increase each year. As shown in **Exhibit 2**, for fall 2025, first-time undergraduate applications increased by 104, or 3.1%, to 3,504 compared to fall 2024. The highest number of applications in at least 10 years. Between fall 2020 and 2025, the number of applications increased by 34.6%. SMCM attributes the increases in applications in recent years to marketing and recruitment initiatives. The accepted number of students for fall 2025 increased by 212, or 9.1%, to 2,542 compared to fall 2024. The acceptance rate, the percentage of applicants a school admits, as a result, increased by 4 percentage points to 73% in fall 2025 compared to fall 2024. Even with sizable increases in the number of applications and accepted students, the number of students enrolled was effectively level at 404. Due to this, the yield rate, which measures the percentage of admitted students who choose to enroll at a specific institution, decreased slightly to 16% in fall 2025 compared to fall 2024. At that level, the yield rate was the lowest in at least 10 years. SMCM indicates that its ability to offer financial aid because of its relative size impacts the enrollment of accepted students. **The President should comment on how SMCM is working to increase the share of accepted students who enroll.**

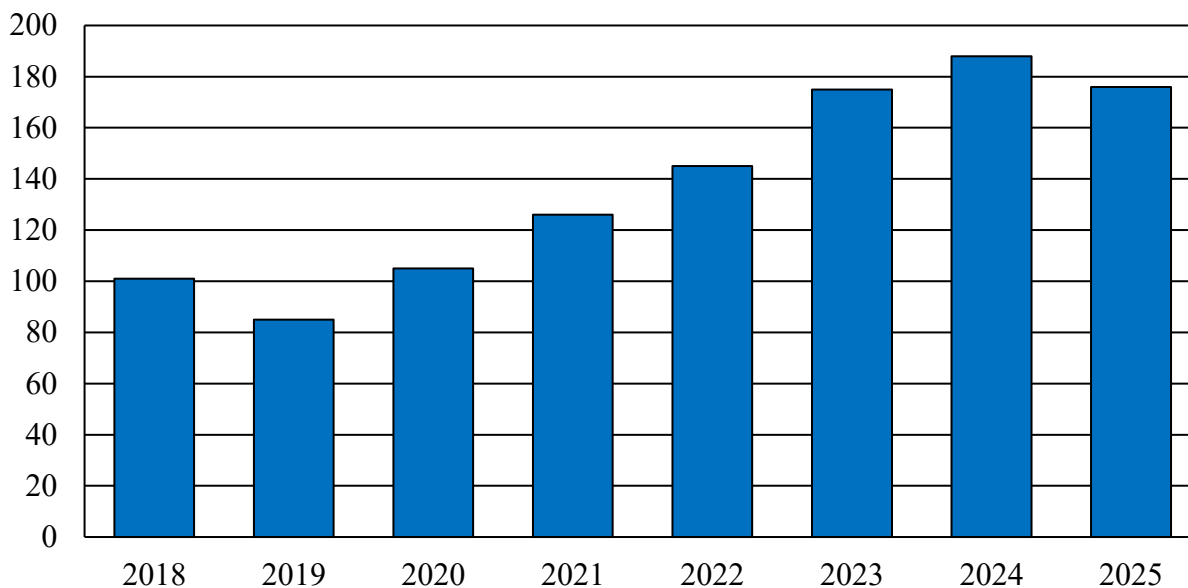
**Exhibit 2**  
**Applications**  
**Fall 2016-2025**



Source: St. Mary’s College of Maryland

As shown in **Exhibit 3**, after increasing in each of the five previous years, out-of-state enrollment in fall 2025 decreased by 12, or 6.4%, to 176 students compared to fall 2024. SMCM indicates that after several years of growth, the college has reached an appropriate balance between in-state and out-of-state admissions. Despite the decrease, out-of-state enrollment is nearly 75% higher than fiscal 2018. SMCM recruitment practices and enhanced marketing noted previously included a focus on outreach in contiguous states and the District of Columbia, branding as The National Public Honors College, Learning through Experiential and Applied Discovery curriculum, and enhanced scholarship awarding to high performing out-of-state applicants.

**Exhibit 3**  
**Out-of-state Enrollment**  
**Fiscal 2018-2025**



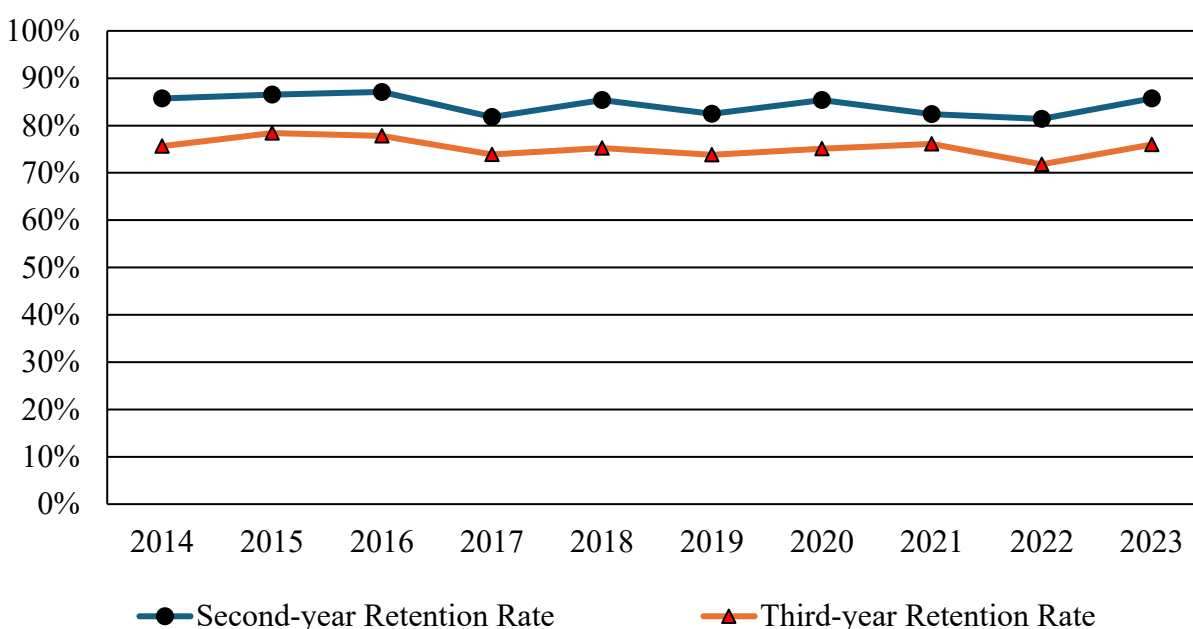
Source: St. Mary’s College of Maryland

## 2. Student Performance

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 for the 2023 cohort increased by 4.3 percentage points to 85.7% compared to the 2022 cohort. This second-year retention rate is the highest since the 2016 cohort. The third-year retention rate for the 2023 cohort increased by 4.2 percentage points to 76% compared to the 2022 cohort. The

third-year retention rate is the highest rate since the 2015 cohort of 78.4%. SMCM attributes the increase in retention rates to initiatives such as the Seahawk Success Network, which began in calendar 2023, focused on connecting each student with four on-campus advisors and the Office of Student Success Services to provide academic coaching, tutoring, and an “early alert” system to identify and support students who are at risk of falling off track for a four-year graduation timeline.

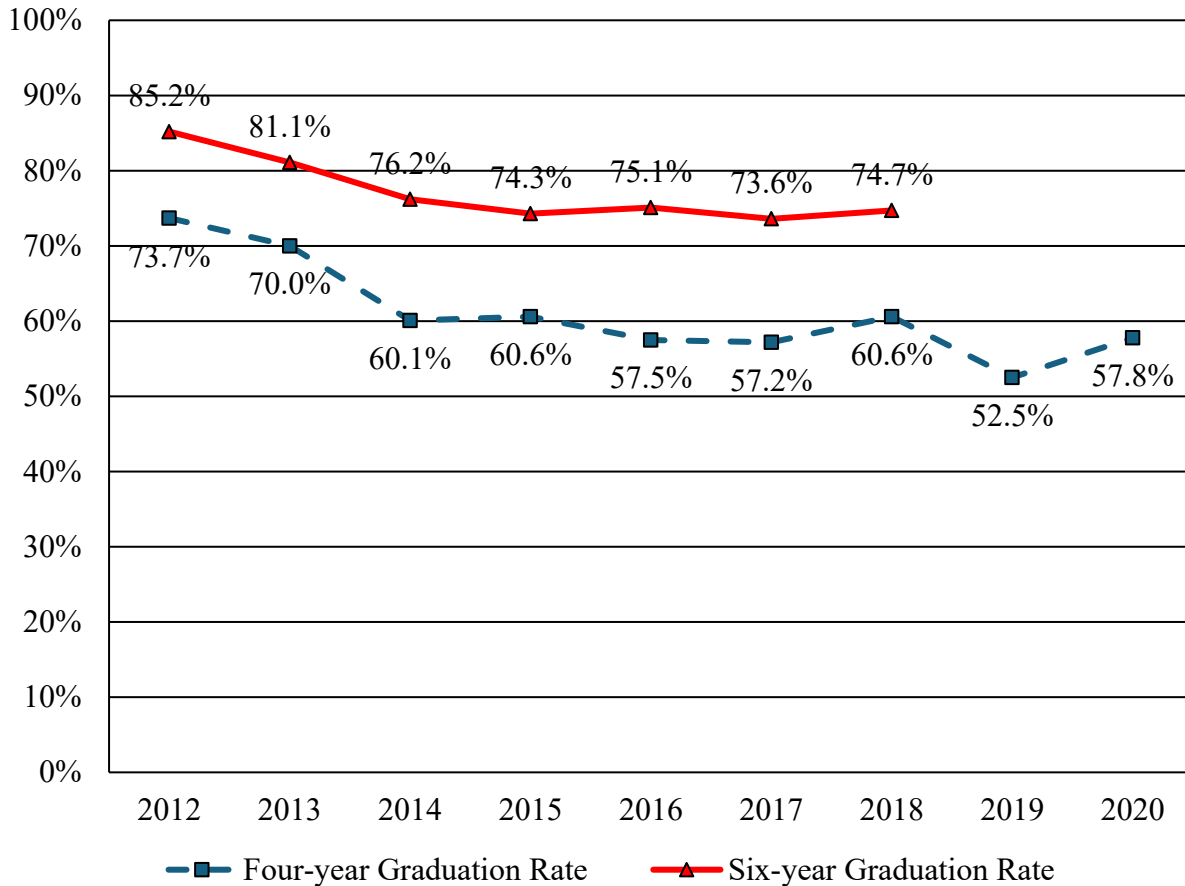
**Exhibit 4**  
**Retention Rates**  
**2014-2023 Cohorts**



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 rate for the 2020 cohort increased by 5.3 percentage points to 57.8% compared to the 2019 cohort. Despite the improved graduation rate, the four-year graduation rate for the 2020 cohort remains substantially lower (15.9 percentage points) than the 2012 cohort (73.7%). The six-year graduation rate for the 2018 cohort (74.7%) was 1.1 percentage points higher than the 2017 cohort. The six-year graduate rate has been relatively steady for several years but is notably lower than the 2012 cohort (85.2%). **The President should discuss how SMCM is working to improve graduation rates.**

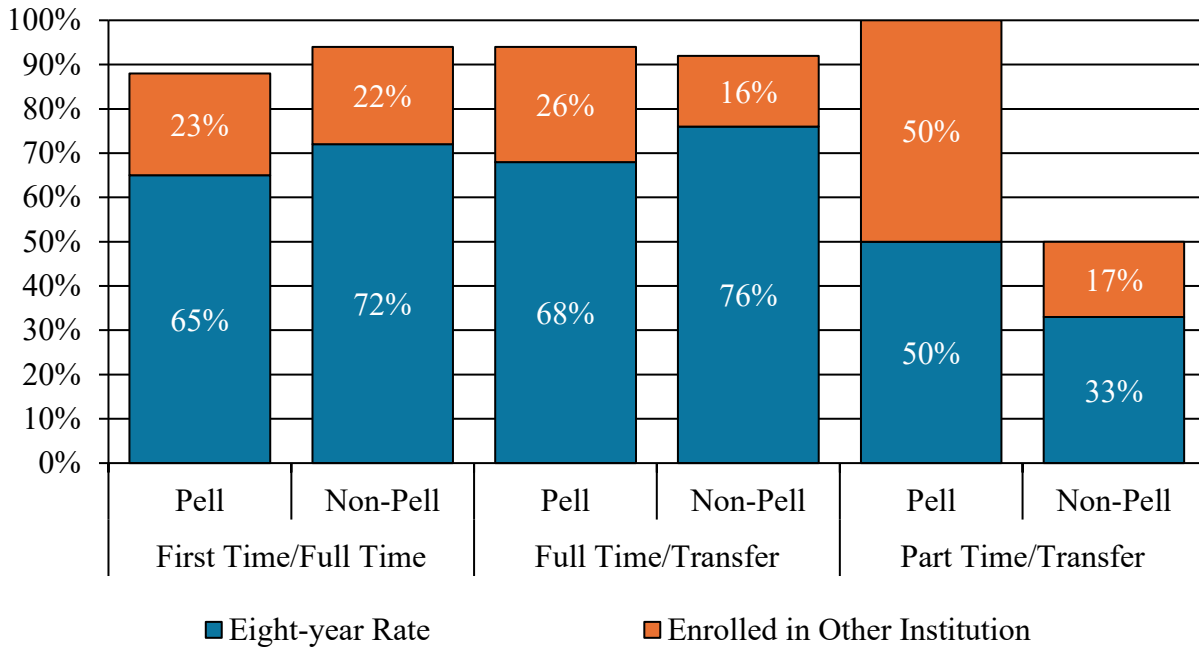
**Exhibit 5**  
**Graduation Rate of First-time, Full-time Students**  
**2012-2020 Cohorts**



Source: Maryland Higher Education Commission

Increasingly, attention has turned to the achievement gap between low-income and other students. As shown in **Exhibit 6**, non-Pell FT/FT students (72%) graduated at a rate 7 percentage points higher than Pell students (65%). Non-Pell full-time, transfer students had the highest graduation rate of all categories (76%) and had a graduation rate that is 8 percentage points higher than Pell recipients. Part-time, transfer Pell recipients graduated at a higher rate (50%) than non-Pell students.

**Exhibit 6**  
**Eight-year Graduation Rates for Students Entering in**  
**2016-2017 Academic Year**



Source: National Center for Education Statistics, College Navigator

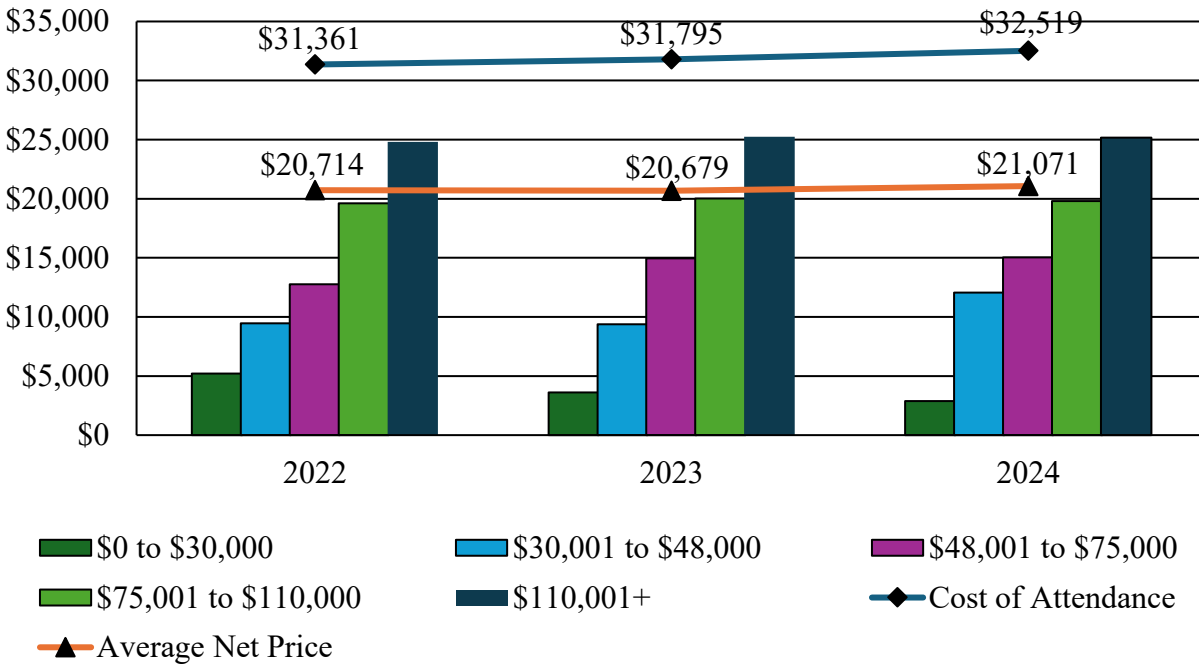
**3. Affordability and Accessibility**

**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**, the estimated COA for a FT/FT student in fall 2024 was \$32,519, which was \$724, or 2.3%, higher than fall 2023. The average net price (\$21,071) is \$11,448, or 35.2%, lower than the COA. The average net price in fall 2024 was \$392, or 1.9%, higher than fall 2023. 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 \$729, or 20.2%, to \$2,889 in fall 2024 compared to fall 2023. However, the average

net price for a family with an income between \$30,001 to \$48,000 in fall 2024 increased by \$2,683, or 28.63%, to \$12,053 compared to fall 2023. The other three Expected Family Contribution categories had limited changes between years.

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

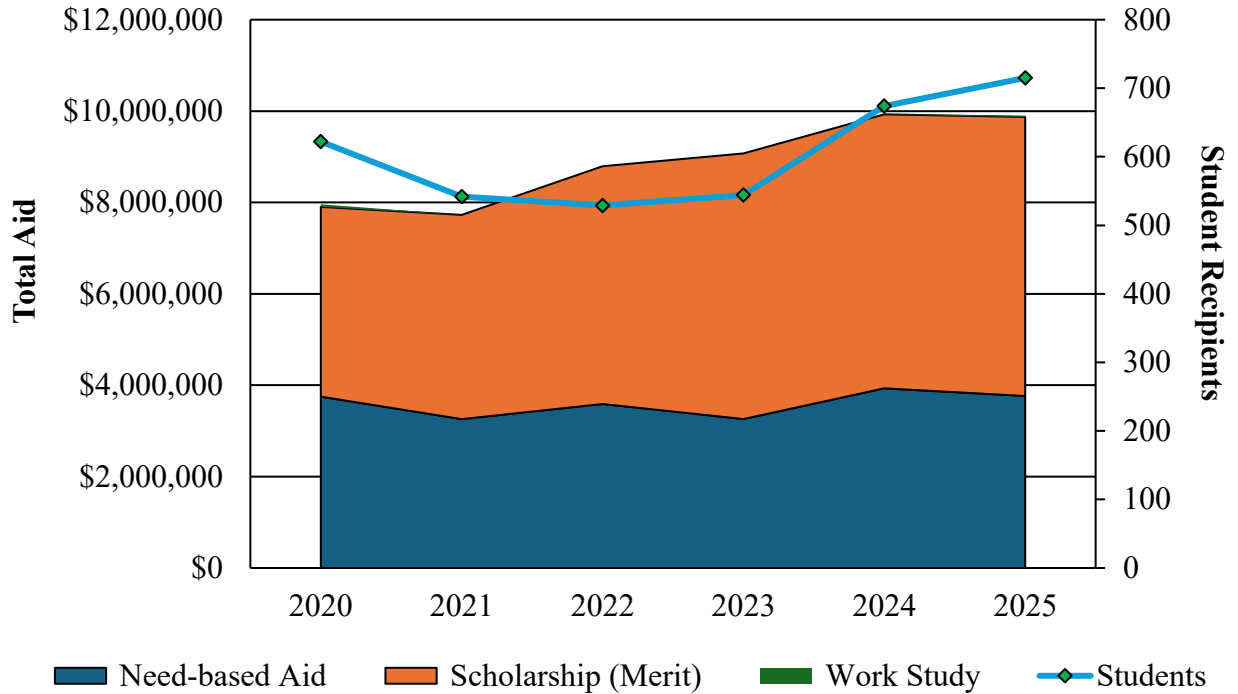


Source: National Center for Education Statistics

### Institutional Aid

As shown in **Exhibit 8**, in fiscal 2025, expenditures on institutional aid totaled \$9.9 million, which is effectively level with fiscal 2024. Of this total, 61.7% was for merit scholarships, 38% was for need-based aid, and 0.28% was for work study. This represents a notable shift compared to the period prior to fiscal 2021, for example, between fiscal 2015 and 2021, between 51.5% and 58.9% of total institutional aid expenditures were for need-based aid. Since fiscal 2022, more than 60% of institutional aid expenditures have supported merit-based scholarships. In fiscal 2025, the share of institutional aid for merit scholarships increased by 1.3 percentage points compared to fiscal 2024 and was 14.5 percentage points higher than fiscal 2019. From fiscal 2020 to 2025, the total expenditure has increased by \$2.6 million, or 35.9%. The number of awards in fiscal 2025 totaled 715, an increase of 41, or 6%, compared to fiscal 2024.

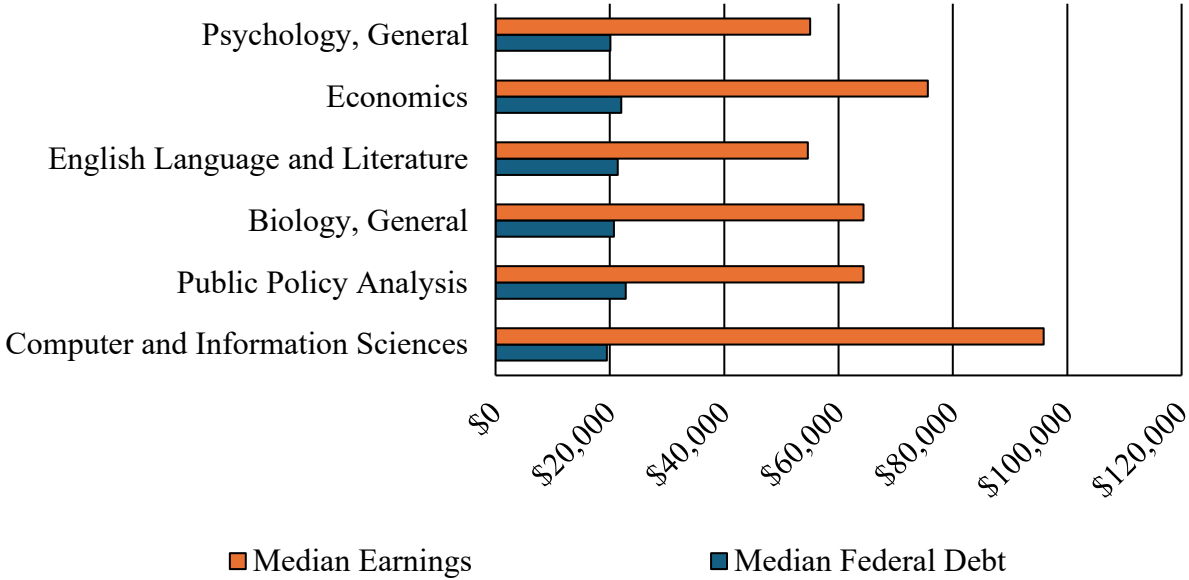
**Exhibit 8  
Institutional Aid Expenditures and Total Awards by Category  
Fiscal 2020-2025**



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. Computer and information sciences had the lowest federal debt of \$19,500 with the largest median earning of \$95,869. Psychology, which had the highest number of graduates, had a median federal debt of \$20,065 and median earnings of \$55,033.

**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 2026**

**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 2025 and 2026, 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 2025 and 2026. Overall, these expenditures decrease by \$5.2 million, or 6.7%, with decreases in all areas. SMCM reports that the largest decreases in Institutional Support (\$2.8 million) and Student Services (\$1.2 million) are due to vacancies and filling vacant positions with temporary contractual support until a full-time staffer could be hired. Auxiliary services expenditures increased by \$3.1 million due to completion of deferred maintenance projects.

**Exhibit 10**  
**Budget Changes for Unrestricted Funds by Program**  
**Fiscal 2025-2026**  
**(\$ in Thousands)**

	<b>2025</b>	<b>2026</b>		
	<b><u>Actual</u></b>	<b><u>Adjusted Working</u></b>	<b><u>2025-2026</u></b>	<b><u>2025-2026</u></b>
			<b><u>\$ Change</u></b>	<b><u>% Change</u></b>
<b>Expenditures</b>				
Instruction	\$26,670	\$26,357	-\$312	-1.2%
Public Service	92	65	-28	-29.8%
Academic Support	1,868	1,825	-43	-2.3%
Student Services	12,112	10,832	-1,280	-10.6%
Institutional Support	20,273	17,458	-2,816	-13.9%
Operation and Maintenance of Plant	6,881	6,578	-303	-4.4%
Scholarships and Fellowships	9,455	9,066	-389	-4.1%
<b>E&amp;G Total</b>	<b>\$77,351</b>	<b>\$72,180</b>	<b>-\$5,171</b>	<b>-6.7%</b>
Auxiliary Enterprises	\$11,115	\$14,240	\$3,125	28.1%
<b>Total Expenditures</b>	<b>\$88,466</b>	<b>\$86,419</b>	<b>-\$2,046</b>	<b>-2.3%</b>
<b>Revenues</b>				
Tuition and Fees	\$27,109	\$25,021	-\$2,088	-7.7%
State Funds <sup>1</sup>	40,559	42,888	2,329	5.7%
Other	3,862	1,426	-2,437	-63.1%
<b>Total E&amp;G Revenues</b>	<b>\$71,531</b>	<b>\$69,335</b>	<b>-\$2,195</b>	<b>-3.1%</b>
Auxiliary Enterprises	\$16,935	\$17,084	\$149	0.9%
<b>Available Unrestricted Revenues</b>	<b>\$88,466</b>	<b>\$86,419</b>	<b>-\$2,046</b>	<b>-2.3%</b>

E&G: education and general

Note: State funds include general funds and Higher Education Investment Funds.

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

## Fiscal 2027 Proposed Budget

As shown in **Exhibit 11**, total State support in the fiscal 2027 adjusted allowance increases by \$3.3 million, or 7.7%, to \$46.2 million compared to the fiscal 2026 working appropriation, after accounting for the statewide salary adjustments (\$548,934 for SMCM), which are centrally budgeted in the Department of Budget and Management. SMCM notes that a portion of the increased State funding will support the cost of providing health insurance plans for employees in State-supported positions.

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

	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 25-26</u>	<u>% Change</u>
	<u>Actual</u>	<u>Adjusted</u>	<u>Adjusted</u>	<u>Change</u>	<u>Prior Year</u>
General Funds	\$38,010	\$40,338	\$43,072	\$2,734	6.8%
General Salary Increase			549	549	
<b>Total Adjusted General Funds</b>	<b>\$38,010</b>	<b>\$40,338</b>	<b>\$43,621</b>	<b>\$3,282</b>	<b>8.1%</b>
Special Funds					
HEIF	\$2,550	\$2,550	\$2,550	\$0	0.0%
<b>Total Adjusted State Operating Funds</b>	<b>\$40,559</b>	<b>\$42,888</b>	<b>\$46,171</b>	<b>\$3,282</b>	<b>7.7%</b>
Other Unrestricted Funds	\$47,906	\$43,531	\$42,276	-\$1,256	-2.9%
<b>Net Unrestricted Funds</b>	<b>\$88,466</b>	<b>\$86,419</b>	<b>\$88,446</b>	<b>\$2,027</b>	<b>2.3%</b>
<b>Total Restricted Funds</b>	<b>\$5,496</b>	<b>44,500</b>	<b>\$4,500</b>	<b>\$0</b>	<b>0.0%</b>
<b>Total Funds</b>	<b>\$93,962</b>	<b>\$90,919</b>	<b>\$92,946</b>	<b>\$2,027</b>	<b>2.2%</b>

HEIF: Higher Education Investment Fund

Note: Numbers may not add due to rounding.

Source: Governor’s Fiscal 2027 Budget Books, Department of Legislative Services

## SMCM Funding Formula

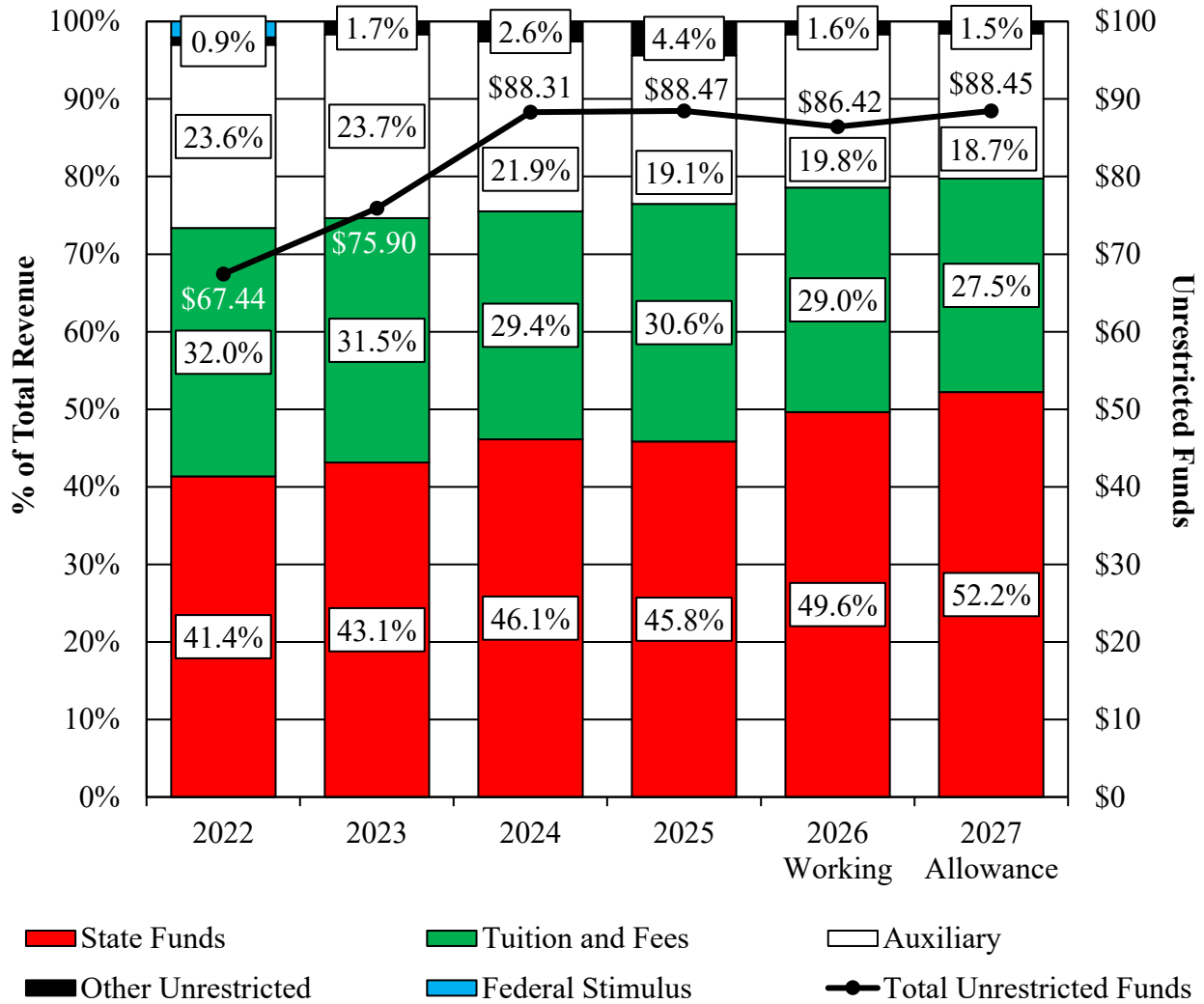
Under current law, State funding for SMCM is allocated through a funding formula that increases annual funding by inflation and requires the State to fund 100% of the cost of increases in health insurance costs and cost-of-living adjustments (COLA) for State-supported positions.

Prior to fiscal 2024, the State was only required to fund 50% of the COLAs. The funding formula also includes a graduation bonus, resulting in SMCM funding increasing by 0.25% if the Maryland Higher Education Commission reports that six-year graduation is 82% or higher in the second preceding fiscal year. The inflation increase used in formula development for fiscal 2027 was 2.01% based on data from the Bureau of Economic Analysis. SMCM did not receive incentives based on the graduation rate.

## **Revenue Sources**

As shown in **Exhibit 12**, in the fiscal 2027 allowance, State funds (general funds and the Higher Education Investment Fund) comprise 52% of the current unrestricted funds, an increase of 2 percentage points compared to the fiscal 2026 working appropriation. At this level, the share of unrestricted fund revenue supported by State funds would be 11 percentage points higher than fiscal 2022. The fiscal 2027 allowance anticipates tuition and fee revenue comprising 28% of the unrestricted fund, a decrease of 1 percentage point compared to fiscal 2026. Overall, the share of unrestricted fund revenue comprised of tuition and fees has declined since fiscal 2022 primarily due to enrollment declines and increases in State funding. The SMCM funding formula has generally protected the institution and, in fiscal 2027, total revenues increase by \$1.5 million, or 1.7%, compared to the fiscal 2026 appropriation.

**Exhibit 12**  
**Unrestricted Revenue Sources by Fund Source,**  
**Excluding Transfers to Fund Balance**  
**Fiscal 2022-2027 Allowance**  
**(\$ in Millions)**



Source: Governor's 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	449.00	450.00	450.00	0.00
Contractual FTEs	<u>34.00</u>	<u>34.00</u>	<u>34.00</u>	<u>0.00</u>
<b>Total Personnel</b>	<b>483.00</b>	<b>484.00</b>	<b>484.00</b>	<b>0.00</b>

***Vacancy Data: Regular Positions***

Turnover and Necessary Vacancies, Excluding New Positions		0.00	0.00%
Positions and Percentage Vacant		17.10	3.8%
Vacancies Above Turnover		17.10	

## Issues

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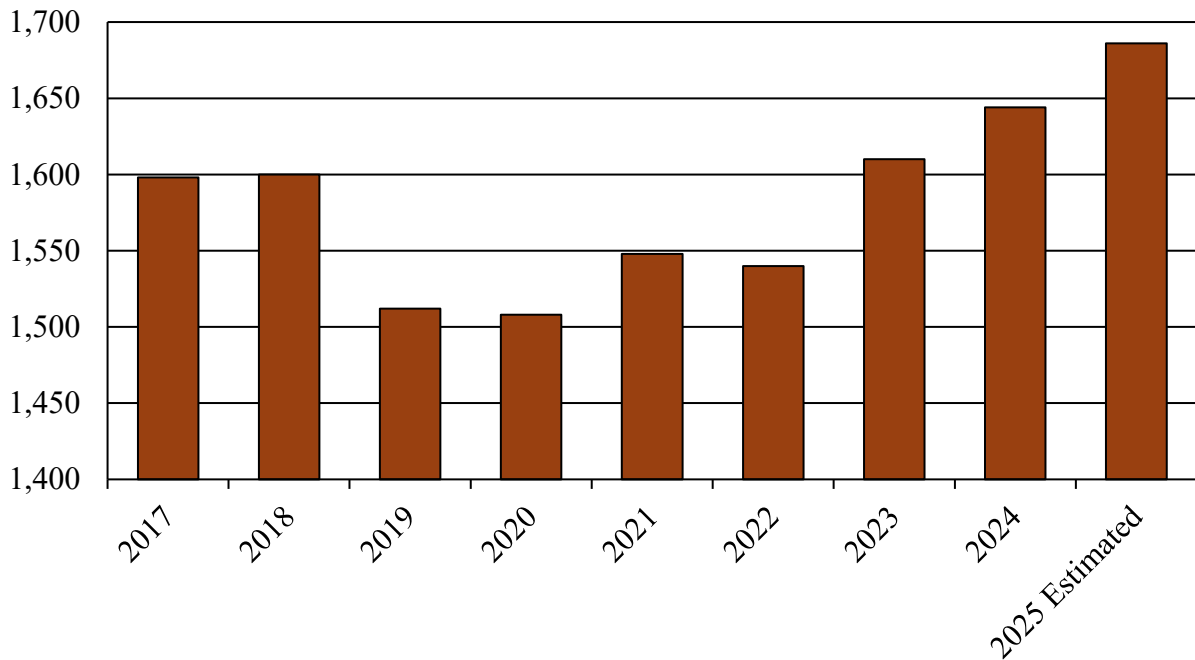
### 1. SMCM’s Fiscal Condition

#### Total Enrollment

As shown in **Exhibit 13**, between fiscal 2017 and 2022, the largest decrease in enrollment occurred between fiscal 2018 and 2019 when enrollment fell by 5.5%. Enrollment began to steadily increase in fiscal 2023. In fiscal 2025, enrollment is expected to increase by 42 (2.6%) students compared to fiscal 2024. At that level, the enrollment (1,686) would be 88 students, or 5.5%, higher than fall 2017, and 42 students, or 2.6%, compared to fall 2024, and would be the highest level since prior to fiscal 2017.

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**Exhibit 13**  
**St. Mary’s College of Maryland Total Enrollment**  
**Fiscal 2017-2025 Estimated**



Note: Fiscal 2025 enrollment is estimated. The Maryland Higher Education Commission will publish actual numbers in May 2026.

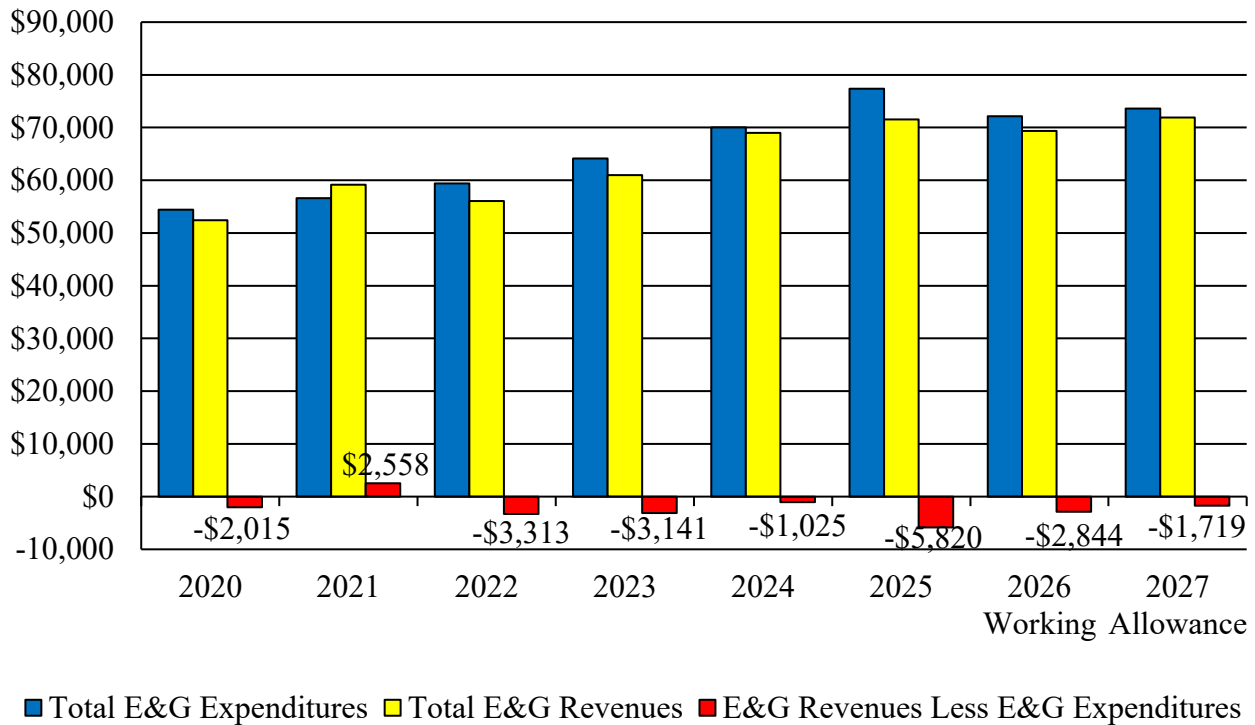
Source: Maryland Higher Education Commission

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### Persistent Shortfalls in E&G Revenue

As shown in **Exhibit 14**, E&G expenditures exceeded revenue in all but one year between fiscal 2020 and the projected fiscal 2027 level and have, on average, been approximately \$2.2 million more than revenues in that period. If E&G revenues do not cover all 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. Since fiscal 2024, SMCM has not transferred any funds to the fund balance. **The President should discuss efforts by SMCM to better align the E&G expenditures with revenues to reduce reliance on auxiliary revenue to resolve shortfalls.**

**Exhibit 14**  
**Education and General Expenditures and Revenues**  
**Fiscal 2020-2027**  
**(\$ in Thousands)**

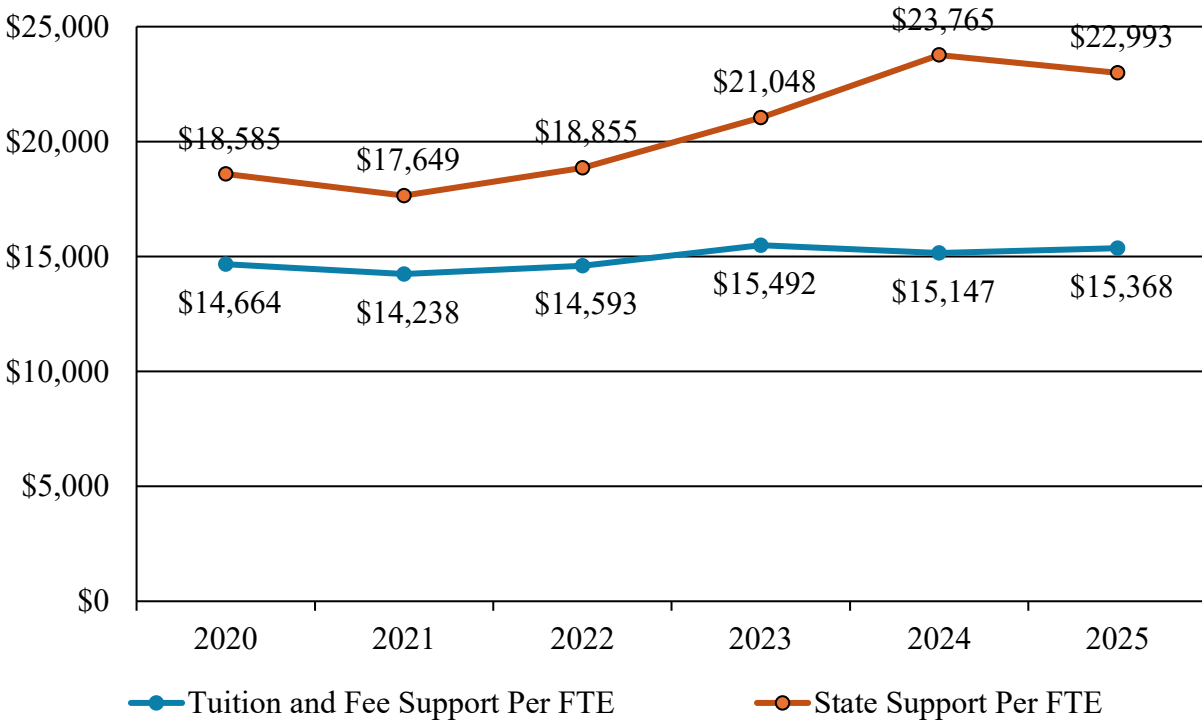


E&G: education and general

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

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 COLAs for State-supported positions. Prior to fiscal 2024, the State was only required to fund 50% of the cost of COLAs. As shown in **Exhibit 15**, State funds per full-time equivalent student (FTES) at SMCM increased by \$2,193 between fiscal 2022 and 2023, primarily due to higher State funding through the formula. State funds per FTES further increased (\$2,717) between fiscal 2023 and 2024, despite an increase in FTES due to the funding formula. State funding per FTES decreased by \$772 to \$22,993 between fiscal 2024 and 2025, due to an increase in FTES in combination with a slight decrease in State funding following reductions from cost containment actions approved by the Board of Public Works (BPW). Tuition and fees per FTES remained relatively stable between fiscal 2023 and 2025, following an increase between fiscal 2022 and 2023.

**Exhibit 15**  
**State Funds Per FTE at SMCM**  
**Fiscal 2020-2025**

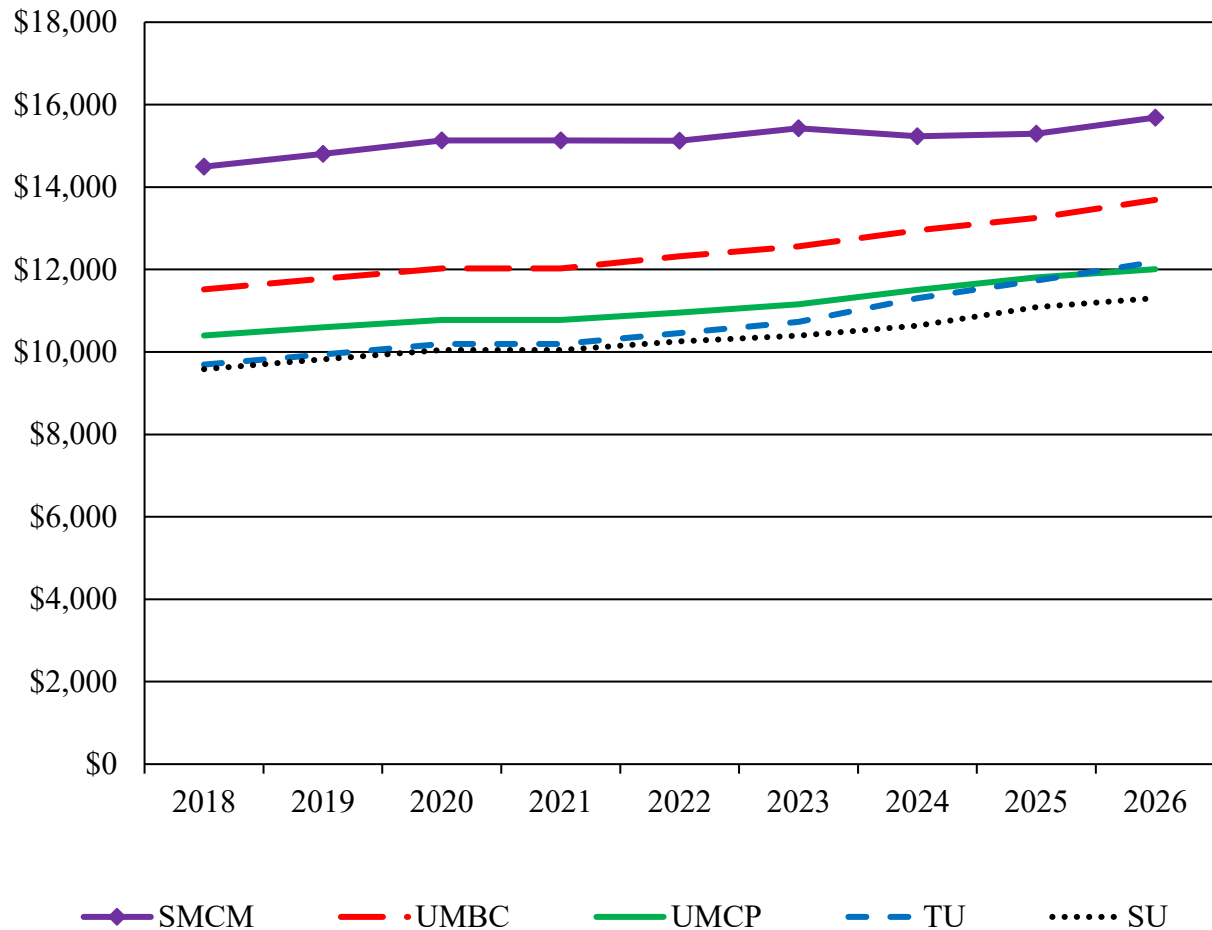


FTE: full-time equivalent

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

Tuition and fees at SMCM for in-state undergraduate students 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 16**, from fiscal 2018 to 2026, total tuition and fees at SMCM averaged \$15,149 for an in-state undergraduate student. While tuition and fees have gradually increased at all the public four-year institutions, SMCM’s average tuition and fees was \$2,690 more than the next closest institution, the University of Maryland Baltimore County (UMBC), which averaged \$12,459 during the same period. In fiscal 2026, SMCM’s tuition and fees are \$15,686, while tuition and fees at UMBC, the next highest institution, total \$13,689.

**Exhibit 16**  
**In-State Tuition and Fees at SMCM and Select Public Four-year Institutions**  
**Fiscal 2018-2026**



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

## **2. Actions Taken to Address the Office of Legislative Audits Audit Findings**

In response to language restricting funds in the fiscal 2026 budget, SMCM submitted a report on December 1, 2025, regarding actions taken to address the Office of Legislative Audits (OLA) findings and initiatives implemented to improve their financial management practices. On December 18, 2024, OLA released a fiscal compliance audit of SMCM that included 10 findings. SMCM’s submitted report addressed 8 of these findings.

In its response, SMCM identified a number of actions that it has taken to improve financial management practices. The actions include:

- updating the Procurement Policy to align with Code of Maryland Regulations. SMCM noted that BPW approved the revised policy on July 2, 2025;
- adjusting processes within the Procurement Office to require documentation of projects’ contract modification justifications, a monthly status form to be submitted for all contracts over \$50,000 to monitor modifications and spending, a review process for project invoice submissions prior to payment for completeness, reviewing all cost proposals for inconsistencies to be resolved during the initial request for proposals process, and requiring the completion of justification forms prior to awarding any third-party contracts;
- revising processes with the Accounts Management Office to require verification and signing of the deposit account through an online banking platform and printing transaction logs to verify deposits within 48 hours of the bank’s receipt via armored truck;
- implementing a formal policy to create and release student account holds, which includes sending notification of delinquent accounts at 30, 60, or 90 days past due including explaining options to establish an in-house payment plan and sending accounts more than 90 days past due to the Central Collections Unit per regulations; and
- revising the student residency policy, which was approved by the SMCM Board of Trustees on May 10, 2025, with changes to the appeals process to require documentation for residency change requests

In addition, SMCM reported introducing a nonparticipation plan for management employees and conflict of interest and secondary employment policies for all employees to comply with State ethics law.

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

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1. Concur with Governor’s allowance.

## Updates

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### 1. Moody’s Ratings Outlook

SMCM’s outstanding debt consists of auxiliary and capital lease debt. The total debt in fiscal 2025 is approximately \$33 million, declining to \$22.9 million by fiscal 2031. As shown in **Exhibit 17**, the college’s ratio of debt service to unrestricted expenditures is also expected to decrease from 3.7% in fiscal 2025 to 2.2% in fiscal 2031.

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**Exhibit 17**  
**SMCM Debt Service Related to Unrestricted Expenditures**  
**Fiscal 2013-2031 Est.**  
**(\$ in Thousands)**

<b><u>Fiscal Year</u></b>	<b><u>Total Debt Outstanding</u></b>	<b><u>Total Debt Service</u></b>	<b><u>Unrestricted Expenditures</u></b>	<b><u>Ratio of Debt Service to Unrestricted Expenditures</u></b>
2013	\$38,311	\$3,211	\$63,082	5.1%
2014	36,387	3,208	61,031	5.3%
2015	34,268	3,200	65,858	4.9%
2016	33,904	3,436	70,310	4.9%
2017	31,735	3,682	68,414	5.4%
2018	31,390	3,516	64,059	5.5%
2019	25,760	4,044	66,490	6.1%
2020	24,340	2,708	66,286	4.1%
2021	42,135	3,034	65,895	4.6%
2022	39,865	3,816	73,402	5.2%
2023	37,535	3,791	80,702	4.7%
2024	35,115	3,786	90,241	4.2%
2025	32,965	3,429	92,948	3.7%
2026 Est.	31,015	3,153	95,736	3.3%
2027 Est.	29,115	3,033	98,608	3.1%
2028 Est.	27,135	3,041	101,566	3.0%
2029 Est.	25,765	2,370	104,612	2.3%
2030 Est.	24,345	2,374	107,227	2.2%
2031 Est.	22,880	2,374	109,908	2.2%

Note: Total debt outstanding and total debt service includes auxiliary and capital lease debt only. SMCM does not have any academic debt.

Source: St. Mary’s College of Maryland

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*R14D00 – St. Mary's College of Maryland*

On June 20, 2024, SMCM's long-term issuer bond rating and senior most revenue backed rating was affirmed by Moody's Ratings at A2 with an outlook change from stable to negative due to limited financial resources, small operations, and enrollment challenges. A negative outlook typically reflects risks of continued deterioration in student demand, operating losses, and depletion of financial reserves. SMCM hosted representatives from Moody's Ratings on January 14, 2026, to discuss enrollment and financial projections. Moody's representatives noted that they will update SMCM's credit rating after receiving final approved financial statements from the SMCM Board of Trustees later in calendar 2026.

**Appendix 1**

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

The 2025 *Joint Chairmen’s Report* (JCR) requested that SMCM prepare two reports. Electronic copies of the full JCR responses can be found on the Department of Legislative Services Library website.

- ***Instructional Faculty Workload Report:*** A report was submitted providing SMCM’s faculty workload. SMCM’s non-tenure-track faculty taught 121 credits, full-time tenure-tracked taught 92 credits, and part-time taught 117 credits.
- ***Actions Taken to Address OLA Audit Findings:*** The committees requested a report from SMCM on actions taken to address the findings in the most recent fiscal compliance audit issued by OLA in December 2024. SMCM submitted the report on December 1, 2025, addressing eight findings. The \$500,000 in withheld general funds was authorized to be released. Further discussion of the report may be found in Issue 3 for more information of this analysis.

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

<u>Object/Fund</u>	<u>FY 25</u> <u>Actual</u>	<u>FY 26</u> <u>Wrk Approp</u>	<u>FY 27</u> <u>Allowance</u>	<u>FY 26 - 27</u> <u>\$ Change</u>	<u>% Change</u>
<b>Positions</b>					
01 Regular	449.00	450.00	450.00	0.00	0.0%
02 Contractual	34.00	34.00	34.00	0.00	0.0%
<b>Total Positions</b>	<b>483.00</b>	<b>484.00</b>	<b>484.00</b>	<b>0.00</b>	<b>0.0%</b>
<b>Objects</b>					
01 Salaries, Wages, and Fringe Benefits	\$49,471,864	\$44,477,724	\$46,559,012	\$2,081,288	4.7%
02 Technical and Special Fees	5,464,643	3,840,491	3,827,362	-13,129	-0.3%
03 Communications	931,616	569,784	569,784	0	0.0%
04 Travel	2,080,023	3,433,002	3,433,002	0	0.0%
06 Fuel and Utilities	3,756,144	4,580,887	4,585,250	4,363	0.1%
07 Motor Vehicle Operation and Maintenance	281,854	145,212	146,620	1,408	1.0%
08 Contractual Services	13,439,849	12,444,322	11,213,204	-1,231,118	-9.9%
09 Supplies and Materials	2,931,043	2,801,306	2,801,306	0	0.0%
10 Equipment – Replacement	1,318,261	358,639	358,639	0	0.0%
11 Equipment – Additional	1,173,165	855,702	852,059	-3,643	-0.4%
12 Grants, Subsidies, and Contributions	11,227,762	11,997,132	12,662,885	665,753	5.5%
13 Fixed Charges	1,089,983	5,415,259	5,388,212	-27,047	-0.5%
14 Land and Structures	795,478	0	0	0	N/A
<b>Total Objects</b>	<b>\$93,961,685</b>	<b>\$90,919,460</b>	<b>\$92,397,335</b>	<b>\$1,477,875</b>	<b>1.6%</b>
<b>Funds</b>					
40 Current Unrestricted Funds	\$88,465,888	\$86,419,460	\$87,897,335	\$1,477,875	1.7%
43 Current Restricted Funds	5,495,797	4,500,000	4,500,000	0	0.0%
<b>Total Funds</b>	<b>\$93,961,685</b>	<b>\$90,919,460</b>	<b>\$92,397,335</b>	<b>\$1,477,875</b>	<b>1.6%</b>

Note: The fiscal 2027 allowance does not include 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 25 Actual</u>	<u>FY 26 Wrk. Approp.</u>	<u>FY 27 Allowance</u>	<u>FY 26 - 27 \$ Change</u>	<u>% Change</u>
01 Instruction	\$27,740,233	\$27,131,767	\$24,194,457	-\$2,937,310	-10.8%
02 Research	1,305,214	389,284	391,047	1,763	0.5%
03 Public Service	97,811	76,925	76,925	0	0.0%
04 Academic Support	1,970,365	1,969,950	2,049,544	79,594	4.0%
05 Student Services	12,406,595	11,062,467	12,088,158	1,025,691	9.3%
06 Institutional Support	20,638,889	17,802,723	19,304,221	1,501,498	8.4%
07 Operation and Maintenance of Plant	7,676,023	6,577,554	7,118,126	540,572	8.2%
08 Auxiliary Enterprises	11,115,037	14,241,507	14,841,821	600,314	4.2%
17 Scholarships and Fellowships	11,011,518	11,667,283	12,333,036	665,753	5.7%
<b>Total Expenditures</b>	<b>\$93,961,685</b>	<b>\$90,919,460</b>	<b>\$92,397,335</b>	<b>\$1,477,875</b>	<b>1.6%</b>
Current Unrestricted Funds	\$88,465,888	\$86,419,460	\$87,897,335	\$1,477,875	1.7%
Current Restricted Funds	5,495,797	4,500,000	4,500,000	0	0.0%
<b>Total Appropriations</b>	<b>\$93,961,685</b>	<b>\$90,919,460</b>	<b>\$92,397,335</b>	<b>\$1,477,875</b>	<b>1.6%</b>

Note: The fiscal 2027 allowance does not include statewide salary adjustments budgeted within the Department of Budget and Management.