

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

***Operating Budget Data***

(\$ in Thousands)

	<b><u>FY 07</u></b> <b><u>Actual</u></b>	<b><u>FY 08</u></b> <b><u>Working</u></b>	<b><u>FY 09</u></b> <b><u>Allowance</u></b>	<b><u>FY 08-09</u></b> <b><u>Change</u></b>	<b><u>% Change</u></b> <b><u>Prior Year</u></b>
General Funds	\$62,985	\$67,634	\$71,840	\$4,206	6.2%
Other Unrestricted Funds	73,543	77,825	87,380	9,555	12.3%
Total Unrestricted Funds	136,527	145,459	159,220	13,761	9.5%
Restricted Funds	<u>36,127</u>	<u>46,422</u>	<u>43,468</u>	<u>-2,954</u>	<u>-6.4%</u>
<b>Total Funds</b>	<b>\$172,654</b>	<b>\$191,881</b>	<b>\$202,688</b>	<b>\$10,807</b>	<b>5.6%</b>

- Total funds increase \$10.8 million, or 5.6%. The underlying fiscal 2009 budget change, absent health insurance and Other Post Employment Benefits funding which distorts year-to-year comparisons, is \$9.1 million, or 5.0%.
- \$3.8 million of the other unrestricted funds is derived from the Higher Education Investment Fund created during the 2007 special session. These funds will be used to freeze tuition, fund enrollment growth, and reduce dependence on contractual faculty and staff.

***Personnel Data***

	<b><u>FY 07</u></b> <b><u>Actual</u></b>	<b><u>FY 08</u></b> <b><u>Working</u></b>	<b><u>FY 09</u></b> <b><u>Allowance</u></b>	<b><u>FY 08-09</u></b> <b><u>Change</u></b>
Regular Positions	1,035.00	1,054.00	1,064.00	10.00
Contractual FTEs	<u>490.00</u>	<u>504.00</u>	<u>506.00</u>	<u>2.00</u>
<b>Total Personnel</b>	<b>1,525.00</b>	<b>1,558.00</b>	<b>1,570.00</b>	<b>12.00</b>

***Vacancy Data: Regular Positions***

Turnover, Excluding New Positions	42.67	4.01%
Positions Vacant as of 1/01/08	77.00	7.30%

- As of January 1, 2008, Morgan State University (MSU) has 77 vacancies.
- The allowance includes 10 new regular positions for academic support.

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

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## ***Analysis in Brief***

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### **Major Trends**

***Enrollment Increases Continue for “High Ability” Students:*** The number of “high ability” students enrolled steadily declined from fiscal 2002 to 2005 but increased in fiscal 2006 and 2007, and the university anticipates this trend to continue in fiscal 2008 and 2009.

### **Issues**

***Institutional Aid:*** This issue will highlight whether institutional aid adequately addresses the financial aid needs of low- to moderate-income students.

***Operation and Maintenance Expenditures:*** Due to an aging inventory of buildings, a backlog of deferred maintenance, and an increase in utility costs, there is pressure on operation and maintenance budgets. This issue will examine how the university spends money for personnel and related services to maintain and operate buildings on campus.

***Access and Success for Maryland’s Historically Black Institutions:*** Access and Success funds provided from fall 2000 to 2006 were utilized to improve student retention and graduation rates at Maryland’s historically black institutions. The 2007 *Joint Chairmen’s Report* required MSU to provide a performance report on its Access and Success Programs. This issue will examine performance outcomes from the Access and Success Program during that period.

### **Recommended Actions**

1. Add budget language to restrict the expenditure of \$1.5 million to be used to improve student retention and graduation rates at Morgan State University until a report is submitted.
2. Add language that would reduce current unrestricted (general) funds.
3. Adopt committee narrative concerning faculty workload reports.
4. Adopt narrative concerning institutional aid reports.

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**Morgan State University**

***Operating Budget Analysis***

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**Program Description**

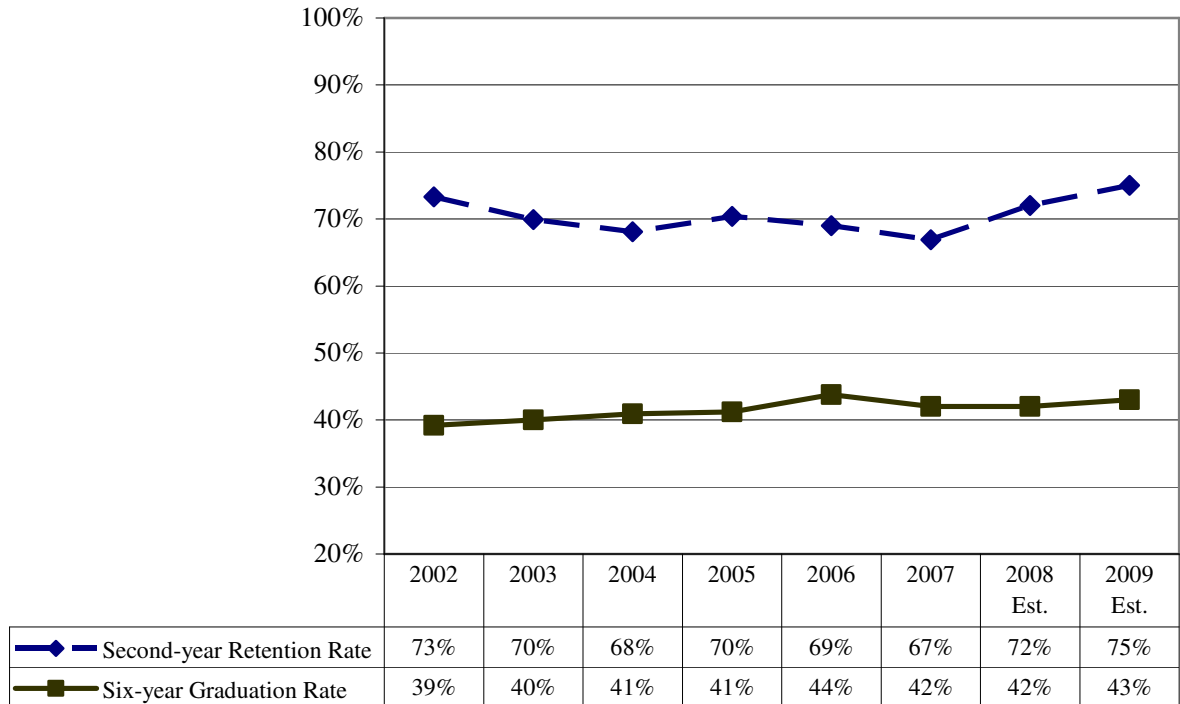
Morgan State University (MSU) is Maryland's public urban university. The university gives priority to addressing the needs of Baltimore City through its academic, research, and service programs. MSU offers a comprehensive set of academic programs that are important to metropolitan Baltimore particularly majors in engineering, science, business, education, architecture, and transportation.

MSU educates a diverse student body, including those who are among the best prepared, as well as those who might not obtain a baccalaureate degree without the extra support of the university. MSU's short-term goals are to promote economic development by meeting critical workforce needs and to educate a multi-racial population, while increasing educational attainment for the African American population.

**Performance Analysis**

Performance measures for retention and graduation rates are critical for MSU to achieve its goal to become established as one of the nation's premier moderately sized urban doctoral-granting universities. **Exhibit 1** compares the trends in second-year retention and six-year graduation rates from fiscal 2002 to 2009. The second-year retention rate steadily declined from fiscal 2002 to 2004. After increasing to 70% in fiscal 2005, the rate declined in fiscal 2006 (67%) but is expected to significantly increase in fiscal 2008 to 72%. The six-year graduation rate increased from fiscal 2002 (39%) to 2006 (44%) but declined in fiscal 2007 and is expected to remain level in fiscal 2008 and increase one percentage point in fiscal 2009.

**Exhibit 1  
Second-year Retention and Six-year Graduation Rates  
Fiscal 2002-2009 Estimates**

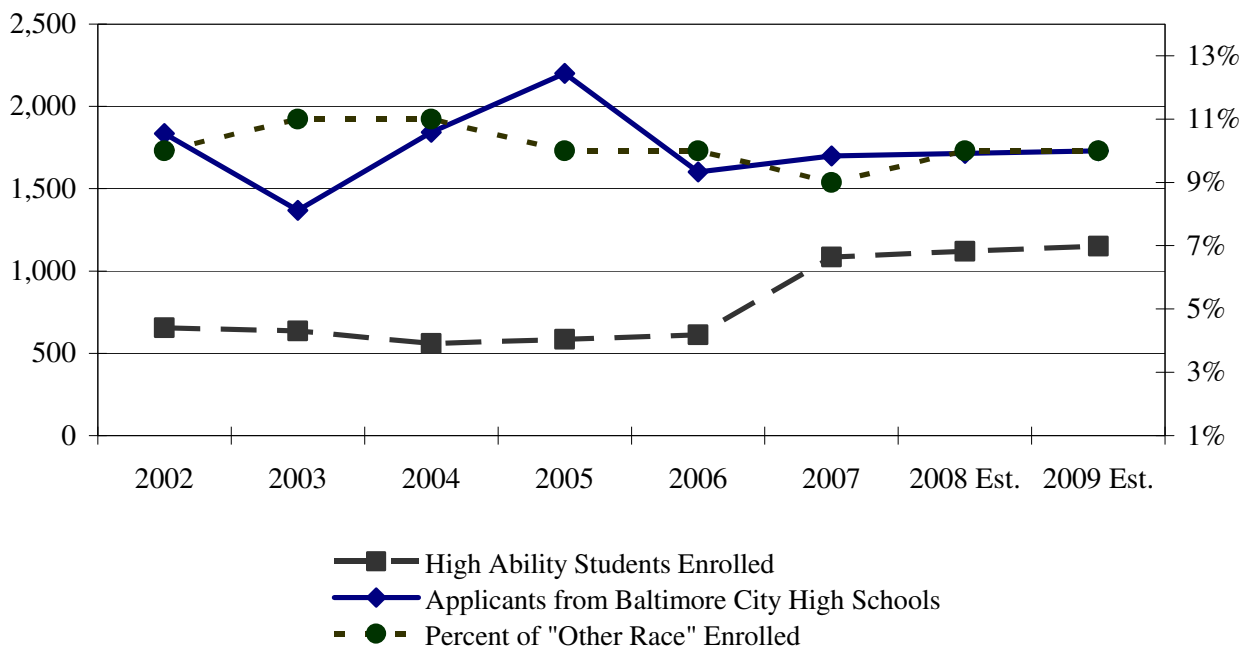


Source: Fiscal 2002-2007 data from the Maryland Higher Education Commission; Fiscal 2007 data is 2005 cohort for second-year retention and 2000 cohort for six-year graduation; Fiscal 2008 and 2009 from the Governor’s Budget Books, Fiscal 2009

As Maryland’s public urban university, MSU seeks to educate a student body diverse in academic preparedness, demographic characteristics, and socioeconomic background by increasing the number of “high ability” students with a combined Scholastic Aptitude Test (SAT) score over 1,100, and the number of “other race” students. The university is committed to providing opportunities for the surrounding Baltimore community by targeting applicants from Baltimore City high schools.

**Exhibit 2** shows the trends in the number of applicants from Baltimore City, the number of high ability students enrolled, and the percentage of other race students enrolled at MSU from fiscal 2002 through 2009. The number of high ability students enrolled steadily declined from 656 in fiscal 2002 to 585 in fiscal 2005 but increased in fiscal 2006. In fiscal 2007, the number of high ability students enrolled significantly increased by 472 students reaching 1,084 and is expected to steadily increase in fiscal 2008 and 2009.

**Exhibit 2  
Trends in Applications and Enrollment  
Fiscal 2002-2009 Estimates**

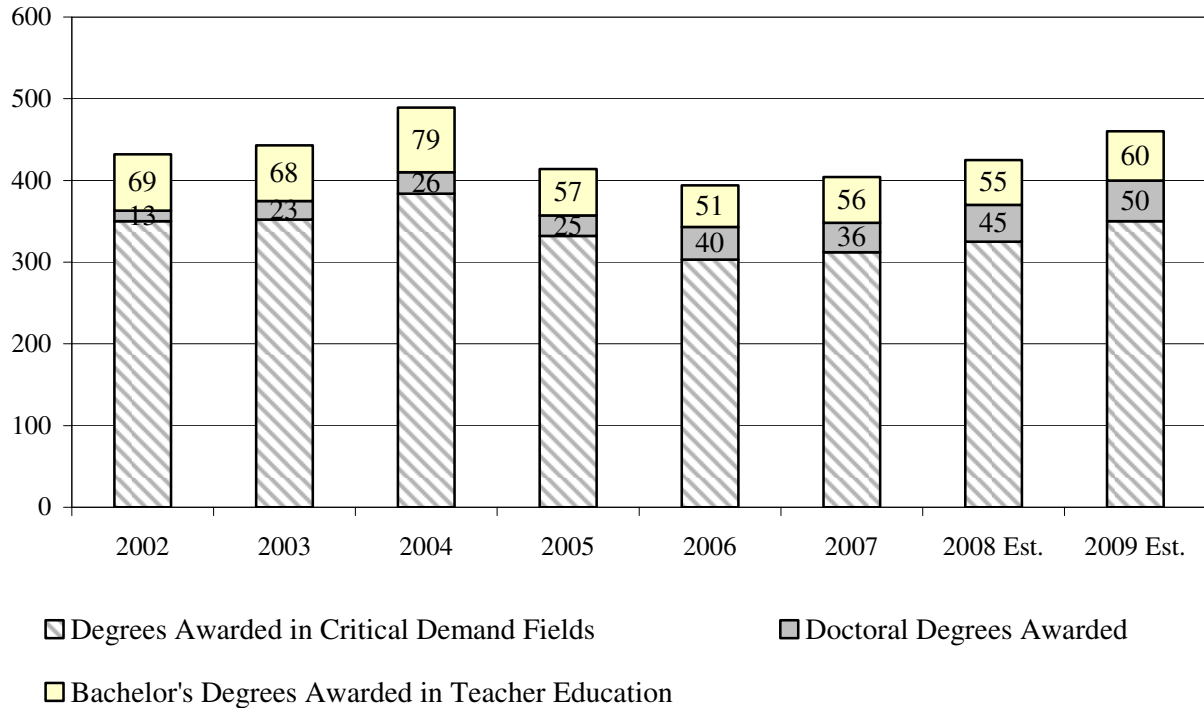


Source: Governor’s Budget Books, Fiscal 2005, 2007, and 2009

As shown in Exhibit 2, the number of applicants from Baltimore City significantly declined by 467 applicants in fiscal 2003 but rebounded in fiscal 2004 only to significantly decline again in fiscal 2006. However, the number of applicants increased to 1,700 in fiscal 2007 and is expected to steadily increase in fiscal 2008 and 2009. The percentage of other race students enrolled has remained relatively level at 10% from fiscal 2002 to 2007. This trend is expected to continue and remain at 10% in fiscal 2008 and 2009.

MSU seeks to enhance the opportunities available to African American students both in continuing education and in fields where African Americans are historically underrepresented. The university places a strong emphasis on the arts and sciences in areas of critical demand. Critical fields include the following at all degree levels: physics, biology, chemistry, medical technology, computer sciences, information systems, education, and public health. **Exhibit 3** shows the trend in degrees awarded from fiscal 2002 to 2009. Critical degrees awarded increased from 350 in fiscal 2002 to 384 in fiscal 2004 but declined to 332 in fiscal 2005 and 303 in fiscal 2006. This trend ended in fiscal 2007 with a slight increase of nine degrees and is expected to continue increasing in fiscal 2008 and 2009 but will remain below 2004 levels. As shown in Exhibit 3, the number of doctoral degrees awarded steadily increased from 13 in fiscal 2002 to 40 in fiscal 2006. Although there was a slight decline of four doctoral degrees in fiscal 2007, the number is expected to increase in fiscal 2008 and 2009.

**Exhibit 3  
Trends in Degrees Awarded  
Fiscal 2002-2009 Estimates**



Source: Governor’s Budget Books, Fiscal 2005, 2007, and 2009

The shortage of qualified applicants for teaching positions continues to be an issue for Maryland. Maryland colleges and universities play an important role in educating qualified teachers. The number of bachelor’s degrees awarded in teacher education increased from fiscal 2002 to 2004 but declined sharply in fiscal 2005 and is expected to remain relatively flat in fiscal 2008 and slightly increase in fiscal 2009. **The President should comment on measures the university is taking to steadily increase the number of bachelor’s degrees awarded in teacher education.**

**Fiscal 2008 Actions**

**Impact of Cost Containment**

The Board of Public Works (BPW) action in July 2007 reduced MSU’s fiscal 2008 legislative appropriation by \$500,000. The total savings are accomplished by reducing five regular faculty positions.

## Governor’s Proposed Budget

As **Exhibit 4** shows, the general fund allowance for fiscal 2009 is \$71.8 million. This reflects a 6.2% increase from fiscal 2008. MSU receives \$3.8 million from the Higher Education Investment Fund (HEIF), which provides \$815,982 to continue to hold undergraduate resident tuition at fiscal 2006 rates; \$2.0 million to accommodate growth to close the educational achievement gap for African Americans; and \$1.0 million to reduce dependence on contractual faculty and staff. There is a growing gap between the number of bachelor’s degrees obtained by African Americans in Maryland compared to the majority population. MSU plans to address the large educational attainment gap by enrolling an additional 200 students who might not have SAT scores to meet admission standards at most Maryland institutions and will require additional support to obtain a degree. MSU will reduce the contractual faculty contingent from 31.0% of the total faculty to 26.0% and the non-faculty contractual staff from 24.0% to 21.0% of the total staff by converting 13 contractual faculty and 25 staff into regular positions. The university believes this will help improve retention rates. However, the allowance actually increases by 2.0 contractual positions. Other unrestricted funds increase by approximately 7.4%, while restricted funds decline by 6.4%. **The President should discuss plans for contractual conversions, when contractual positions will be abolished, and how converting staff positions to regular positions will impact retention rates.**

**Exhibit 4**  
**Governor’s Proposed Budget**  
**Morgan State University**  
**(\$ in Thousands)**

	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2008-09</b>	<b>% Change</b>
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>	<u>Prior Year</u>
General Funds	\$62,985	\$67,634	\$71,840	\$4,206	6.2%
Higher Education Investment Fund	0	0	3,816	3,816	
Other Unrestricted Funds	73,543	77,825	83,564	5,739	7.4%
Total Unrestricted Funds	136,527	145,459	159,220	13,761	9.5%
Restricted Funds	<u>36,127</u>	<u>46,422</u>	<u>43,468</u>	<u>-2,954</u>	<u>-6.4%</u>
<b>Total Funds</b>	<b>\$172,654</b>	<b>\$191,881</b>	<b>\$202,688</b>	<b>\$10,807</b>	<b>5.6%</b>

Numbers may not sum to total due to rounding.

Unrestricted fund budget changes in the allowance by program are shown in **Exhibit 5**. This exhibit considers only unrestricted funds which are comprised mostly of general and HEIF funds and tuition and fee revenues. From fiscal 2007 through 2008, public service increased the most at 61.3%. Research will increase the most in fiscal 2009 at 80.4%, while the dollar amount for instruction is expected to increase the most by \$6.7 million. Tuition and fee revenues increase 2.1% in fiscal 2008 and are expected to increase 5.5% in fiscal 2009. After a \$500,000 reduction by BPW, State funding increases 7.4% in fiscal 2008. In the fiscal 2009 allowance, MSU receives additional State support from the HEIF which provides for an overall 11.9% increase in State funding over fiscal 2008.

**Exhibit 5**  
**Budget Changes for Current Unrestricted Funds by Program**  
**Fiscal 2007-2009 Allowance**  
**(\$ in Thousands)**

	<u>2007</u>	<u>2008</u> <u>Working</u>	<u>2007-08</u> <u>% Change</u>	<u>2009</u> <u>Allowance</u>	<u>2008-09</u> <u>\$ Change</u>	<u>2008-09</u> <u>% Change</u>
<b>Expenditures</b>						
Instruction	\$39,450	\$41,575	5.4%	\$48,281	\$6,706	16.1%
Research	823	611	-25.7%	1,103	492	80.4%
Public Service	124	201	61.3%	201		-0.1%
Academic Support	12,560	15,597	24.2%	16,522	925	5.9%
Student Services	5,830	5,774	-1.0%	6,376	602	10.4%
Institutional Support	22,364	22,105	-1.2%	25,012	2,907	13.2%
Operation and Maintenance of Plant	16,846	18,320	8.7%	18,528	208	1.1%
Scholarships and Fellowships	12,182	15,201	24.8%	15,380	180	1.2%
<b>Subtotal Education and General</b>	<b>\$110,179</b>	<b>\$119,383</b>	<b>8.4%</b>	<b>\$131,403</b>	<b>\$12,020</b>	<b>10.1%</b>
Auxiliary Enterprises	26,349	26,076	-1.0%	27,818	1,741	6.7%
<b>Total</b>	<b>\$136,527</b>	<b>\$145,459</b>	<b>6.5%</b>	<b>\$159,220</b>	<b>\$13,761</b>	<b>9.5%</b>
Funds Specific to HBIs*	1,700	1,314	-22.7%	1,314	\$0	0.0%
<b>Adjusted Total</b>	<b>\$138,228</b>	<b>\$146,773</b>	<b>6.2%</b>	<b>\$160,534</b>	<b>\$13,761</b>	<b>9.4%</b>
<b>Revenues</b>						
Tuition and Fees	43,574	44,494	2.1%	46,934	2,439	5.5%
General Funds	62,985	67,634	7.4%	71,840	4,206	6.2%
Higher Education Investment Fund				3,816	3,816	
Other	4,674	4,313	-7.7%	5,313	1,000	23.2%
<b>Subtotal</b>	<b>\$111,233</b>	<b>\$116,441</b>	<b>4.7%</b>	<b>\$127,903</b>	<b>\$11,461</b>	<b>9.8%</b>
Auxiliary Enterprises	28,797	29,017	0.8%	31,317	2,300	7.9%
Transfers (to) from Fund Balance	-3,502	0	-100.0%	0	\$0	0.0%
<b>Total</b>	<b>\$136,527</b>	<b>\$145,459</b>	<b>6.5%</b>	<b>\$159,220</b>	<b>\$13,761</b>	<b>9.5%</b>
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\*Funds for Access/Success program and HBI enhancement funds for fiscal 2003 and 2006. Fiscal 2007 funds only include HBI enhancement funds from the Maryland Higher Education Commission

HBI: Historically Black Institution

Source: Governor's Budget Books, Fiscal 2004 and 2007

The fiscal 2009 allowance provides MSU \$4.0 million in funds available for additional enhancements, as shown in **Exhibit 6**. The fiscal 2009 estimated “mandatory” or current services costs are \$5.8 million. These costs are related to salary increases, facility renewal, and general inflation among others. The current services costs increase to \$8.5 million when Other Post Employment Benefits (OPEB) liability and the cost-of-living adjustment (COLA) are included. New general funds, HEIF, tuition and fee revenues, and the State-supported COLA total \$12.5 million. The difference of \$4.0 million is available for enhancements (including financial aid) and enrollment growth.

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**Exhibit 6**  
**Morgan State University Revenues Available for Program Enhancements**  
**Fiscal 2009**

<b>Expenditure Growth</b>	
Estimated Current Services Cost	\$5,842,165
Other Post Employment Benefits Liability	1,153,157
Employee Cost-of-living Adjustment (COLA)	1,522,289
<b>Estimated Current Services Cost</b>	<b>\$8,517,611</b>
<b>Revenue Growth</b>	
Available General Funds and Higher Education Investment Funds	\$8,021,737
COLA Received from the Department of Budget and Management	1,242,187
New Tuition and Fee Revenues	2,439,494
Other New Unrestricted Revenues	829,588
<b>New General Fund and Tuition Revenues</b>	<b>\$12,533,006</b>
<b>Funds Available for Enhancements/Enrollment Growth</b>	<b>\$4,015,395</b>

Note: Other unrestricted revenues do not include auxiliary, educational activities, or grants and contracts

Source: Governor’s Budget Books, Fiscal 2009; Morgan State University; Department of Legislative Services

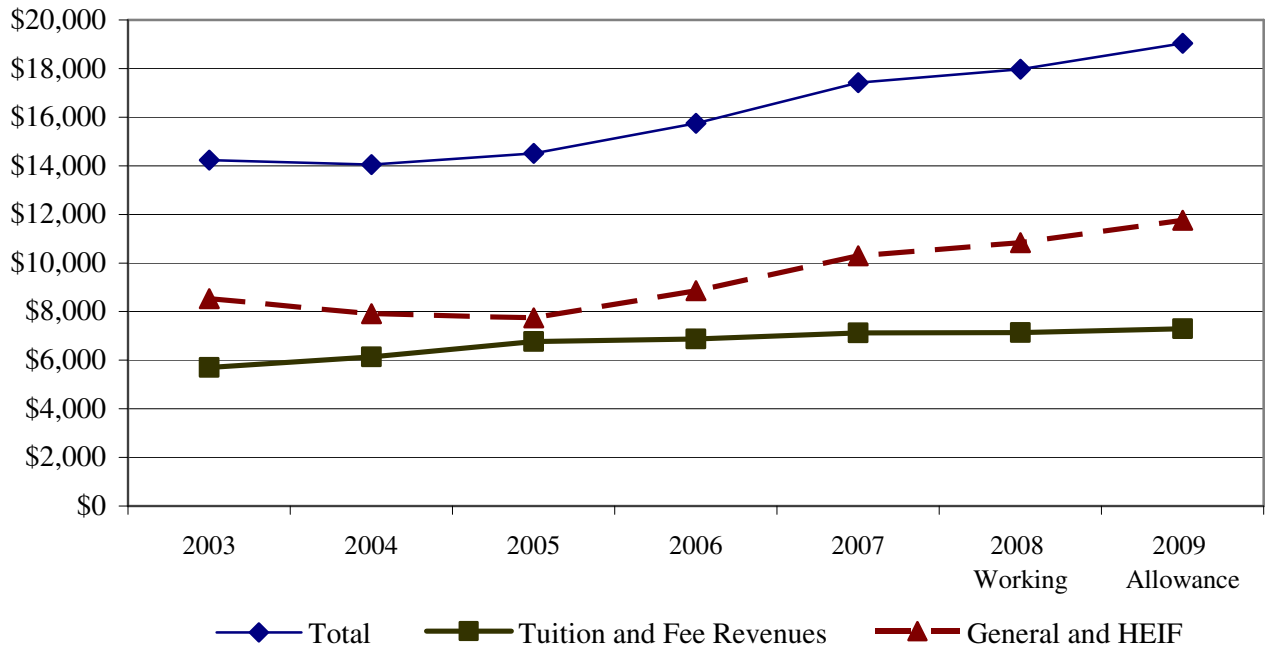
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**Tuition and Fees and State Revenues**

**Exhibit 7** shows tuition and fees and State revenues per full-time equivalent student (FTES) between fiscal 2003 and 2009. State funding per FTES declined from fiscal 2003 to 2005 while tuition and fees per FTES increased. In fiscal 2006, State funding rebounded and significantly increased (14.0%) and continued to increase from fiscal 2007 to 2008. Tuition and fees per FTES continued to increase but at a slower rate from fiscal 2006 to 2008. In fiscal 2009, tuition and fee revenues per FTES are expected to increase by 2.2% while State funding per FTES is expected to increase by 8.4%. Excluding OPEB and tuition replacement funds, the fiscal 2009 allowance provides for a 5.6% growth in general fund and HEIF revenues per FTES over fiscal 2008.

**The Department of Legislative Services recommends reducing the current unrestricted revenues (general funds) by \$1,103,146, allowing general funds and HEIF revenues to grow 4.0% per FTES over fiscal 2008, while also retaining funds for OPEB and tuition replacement.**

**Exhibit 7**  
**Tuition and Fees and State Revenues**  
**Per Full-time Equivalent Student**  
**Fiscal 2003-2009 Estimates**  
**(\$ in Thousands)**



HEIF: Higher Education Investment Fund

Source: Governor's Budget Book, Fiscal 2005, 2007 and 2009

# Issues

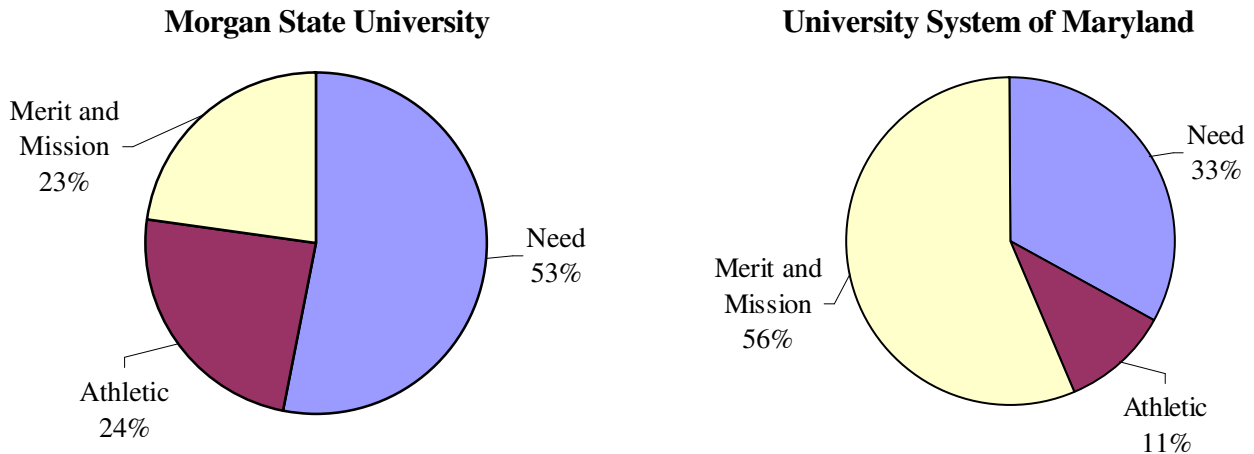
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## 1. Institutional Aid

Financial aid is important in helping many students achieve their educational goals. The lack of financial support is one of the many factors attributed to students dropping out of school. Along with federal and State financial aid, the university provides financial assistance to students in categories which include need, athletic, merit, and mission.

Although MSU is not part of the University System of Maryland (USM), **Exhibit 8** compares MSU’s institutional aid in each category to other public four-year institutions in the State (USM institutions). In fiscal 2008, 33.0% of institutional aid across USM was need-based, 56.0% merit and mission, and 11.0% athletic as shown in Exhibit 8. In the past, MSU awarded more merit-based than need-based aid. However, the university recently increased the amount of need-based aid awarded. At 53.0%, MSU’s need-based aid as a share of total aid exceeds USM’s average. MSU expects to increase need-based aid by 5.0% in fiscal 2009.

**Exhibit 8  
Institutional Financial Aid  
Fiscal 2008 Estimate**



	<u>Need</u>	<u>Athletic</u>	<u>Merit and Mission</u>
Morgan State University	\$6,428,276	\$2,912,286	\$2,754,976
University System of Maryland Total	33,473,322	10,774,804	57,230,081

Source: Morgan State University and University System of Maryland

The Maryland Higher Education Commission (MHEC) collects annual data for the Financial Aid Information System (FAIS) database. The FAIS data collected provide a profile of those students receiving financial aid. The FAIS data have information for institutional aid awarded at MSU for fiscal 2006 for students that completed the Free Application for Federal Student Aid to determine the students' expected family contribution (EFC). In general, the lower a student's EFC, the greater a student's financial need. Students with an EFC of \$0 to \$3,850 are eligible for the Federal Pell Grant program and are deemed students to have the most need. Certain students with very low family income automatically qualify for a \$0 EFC, *i.e.*, no family contribution. **Exhibit 9** shows the percent of awards made for need-based aid and merit, mission, athletic, and other aid at each EFC category. Most of the awards for need-based aid were to students in the \$0 to \$3,850 categories, which was also the case for students receiving other aid. MSU states that a majority of the students that enroll have a high level of financial need. Therefore, any institutional aid is addressing financial need. **The President should comment on the shift from merit to need-based aid.**

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**Exhibit 9**  
**Percent of Institutional Financial Aid Awards by EFC**  
**Fiscal 2006**

<u>EFC Category</u>	<u>Need-based</u>	<u>Other</u>
0	38.1%	34.8%
\$1 – \$3,850	35.1%	21.1%
\$3,851 – \$6,999	10.3%	10.8%
\$7,000 – \$9,999	7.7%	6.5%
\$10,000 – \$14,999	4.6%	7.5%
\$15,000 – \$19,999	1.0%	5.4%
\$20,000 +	2.1%	11.7%

EFC: Expected Family Contribution

Note: Does not include work study. "Other" includes merit, mission, athletic, and other aid. Data in "Other" category may not sum to 100% due to awards to students who did not file the Free Application for Federal Student Aid.

Source: Maryland Higher Education Commission, Financial Aid Information System 2005-2006

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## **2. Operation and Maintenance Expenditures**

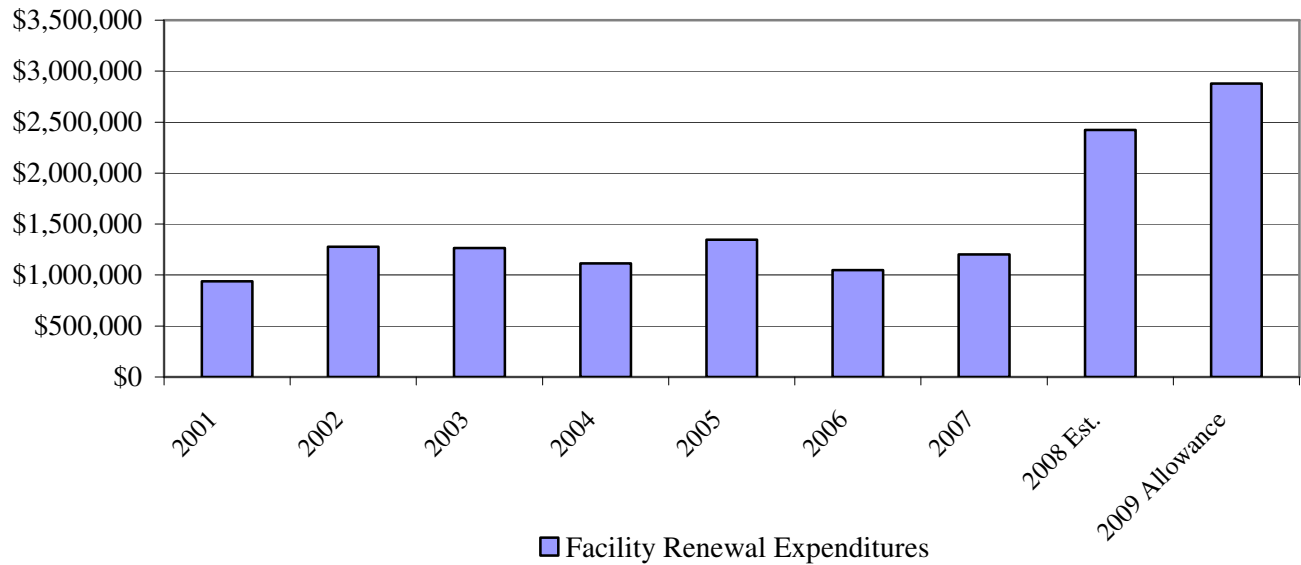
MSU is located on 157 acres which consists of residence halls, academic, student affairs, and administrative buildings. Currently, the university's total student headcount is approximately 6,900. The university's academic programs depend upon adequate facilities and are affected when systems in the buildings fail. Over the past several years, budget shortfalls, due to cost containment actions and moderate increases in other revenue sources, have limited funding for ongoing building maintenance. The lack of consistent maintenance can create a serious facilities problem. For example, roof replacements for several buildings on campus continue to be a big concern for the university. Roof repairs are repeated and often unsuccessful which keep the cost for heating and cooling higher than necessary. The university estimates a maintenance backlog of approximately \$8.5 million. **The President should comment on measures the university is taking to decrease the maintenance backlog.**

### **Facility Renewal**

Facilities renewal is the planned renovation, adaptation, replacement, or upgrade of the systems of a capital asset during its life span such that it meets assigned functions in a reliable manner. **Exhibit 10** shows the operating expenditures from the university's budget for facility renewal. After increasing expenditures to \$1.3 million in fiscal 2002, expenditures fluctuated from fiscal 2003 to 2006. In fiscal 2008 expenditures significantly increased to \$2.4 million, and the university plans to provide \$2.9 million toward facility renewal in fiscal 2009.

Currently, MSU does not utilize academic revenue bonds (ARBs) as a capital facilities renewal fund source. However, the university's long-term goal for operating facilities renewal is 2.0% of the replacement value. Due to limited resources, the university's short-term goal (five years) is to increase facility renewal expenditures to a modest 1.0% of replacement value. The fiscal 2009 allowance provides for 0.74% of replacement value. **The President should comment on how the university plans to meet the short-term goal of providing 1.0% of replacement value. The President should also comment on any plans to institute a policy regarding annual facility renewal targets as related to operating expenditures and to explore using ARBs as a fund source for capital facilities renewal.**

**Exhibit 10**  
**Facility Renewal Expenditures**  
**Fiscal 2001-2009**

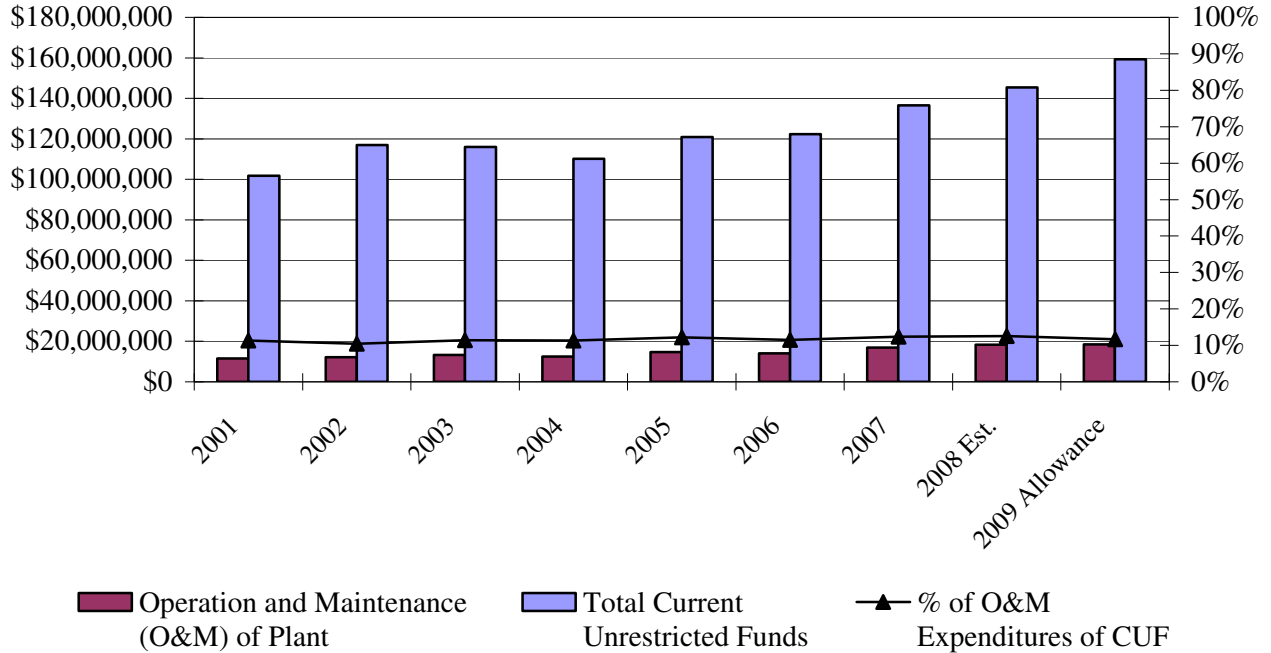


Source: Morgan State University

**Operation and Maintenance of Plant**

Aside from facility renewal, institutions have ongoing building maintenance that includes elements such as purchased utilities, building and grounds maintenance, refuse collection, janitorial services, and additional administrative and support services. These costs are typically funded through current unrestricted funds. **Exhibit 11** shows MSU's expenditures on operation and maintenance of plant compared to total expenditures. The percentage of operation and maintenance expenditures remained relatively level at 11.3% from fiscal 2001 to 2004. After increasing to 12.2% in fiscal 2005, the percentage once again remains relatively level but is expected to slightly decline to 11.6% in fiscal 2009.

**Exhibit 11  
Unrestricted Fund Expenditures on Operation and Maintenance of Plant  
Fiscal 2001-2009**



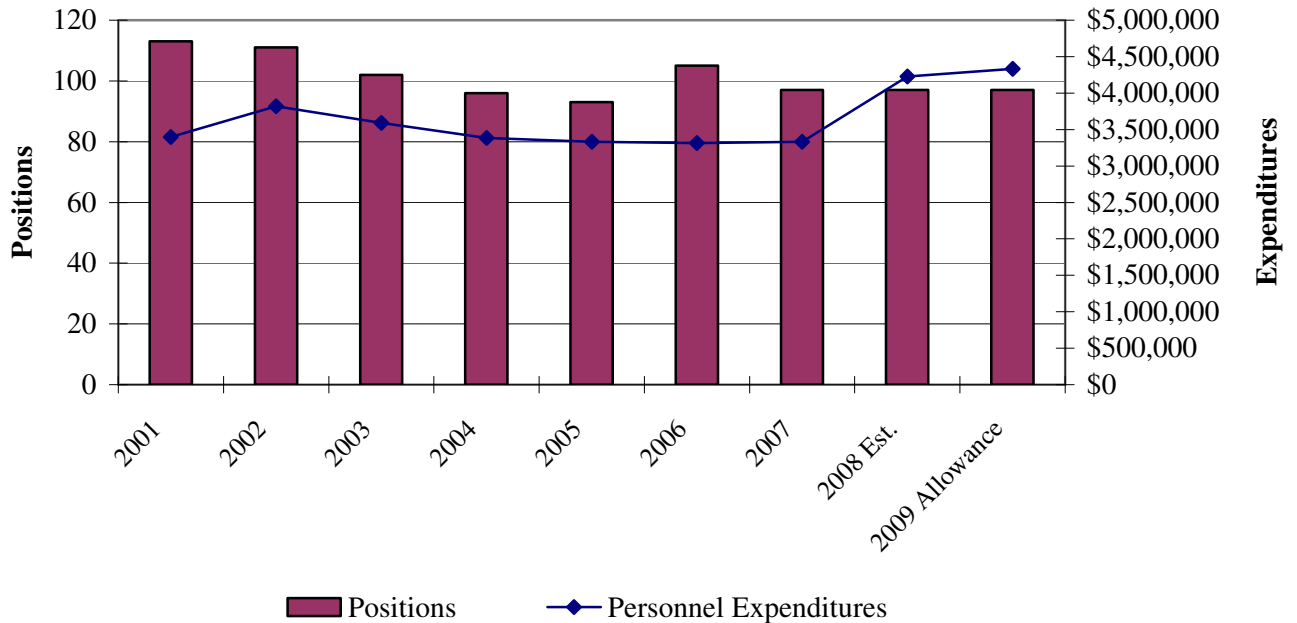
CUF: current unrestricted funds

Source: Department of Budget and Management

**Personnel**

Salaries and benefits for personnel typically account for 50% of the total operation and maintenance budget at universities. MSU’s personnel costs, including contractual employees, account for approximately 34%, which is significantly lower than the average. **Exhibit 12** shows the number of positions in operation and maintenance and the expenditures associated with salaries and benefits from fiscal 2001 to 2009. After declining in fiscal 2003 and 2004, expenditures for personnel (excludes contractual services) remained relatively level at \$3.3 million from fiscal 2005 to 2007. However, personnel expenditures significantly increase in fiscal 2008. Personnel declined from 113 in fiscal 2001 to 93 in fiscal 2005. After increasing to 105 positions in fiscal 2006, personnel declined to 97 in fiscal 2007 and remains level into fiscal 2009 despite the significant increases in personnel expenditures during the same time. **The President should comment on the significant increases in personnel expenditures despite the lack of increase in positions over the past two years.**

**Exhibit 12  
Operation and Maintenance of Plant Personnel and Expenditures  
Fiscal 2001-2009**



Source: Department of Budget and Management

The campus consists of more than 2.5 million square feet (sq. ft.) of academic and auxiliary building space. The university employs approximately 62 housekeepers (regular and contractual) for the entire campus and 19 groundskeepers. On average, 1 housekeeper per 40,334 sq. ft. is assigned for upkeep and cleaning, which is above the industry standard and 8.26 acres is assigned to each groundskeeper. Although an average industry standard for maintenance staff is not available for a research doctoral institution such as MSU, the university believes it is below the number of staff needed for an institution its size due to the challenges of new high tech buildings that require more funding to hire skilled personnel. **The President should comment on plans for new maintenance staff to provide ongoing maintenance support as the campus expands with more buildings that will require skilled personnel.**

### **3. Access and Success for Maryland’s Historically Black Institutions**

The Access and Success Program was developed with the primary intent to improve retention and graduation rates of African American students by enhancing the relationship between administration, enrollment management, and teaching and learning practices. Access and Success funds were budgeted in MHEC from fiscal 2001 to 2006. MHEC would release funding to each HBI after a proposal was submitted outlining how the funds would be spent for the upcoming year. In fiscal 2007, Access and Success funds previously budgeted in MHEC were transferred to the HBIs’ budgets.

From fiscal 2001 to 2007, MSU received \$8,625,000 in general funds for the Access and Success Program. Initially, the university utilized Access and Success funds to enhance tutoring, provide educational programs in the residence halls, and create the Summer Bridge Program for first-time freshmen. However, in 2003, the university restructured the retention efforts and developed a campuswide focus through the Office of Student Retention. Campuswide initiatives and various support programs were implemented at the six major academic units of the university to provide support for undergraduate students from matriculation to graduation.

#### **Performance Measures**

The General Assembly added budget language to the fiscal 2008 budget bill that restricted the expenditure of \$1,500,000 in general funds for the purpose of improving retention and graduation rates until a performance report was submitted to the budget committees on Access and Success funds used in the past to improve retention and graduation rates. The report included for each cohort enrolled beginning fall 2000 through 2006 the average number of credit hours completed; the average grade point average; the percentage of students who dropped out each year who were receiving financial aid from any source (federal, State, or institutional); and the average award amount received by students.

The goal of MSU’s Access and Success Program is to increase student retention rates and persistence to graduation with a focus on academic success and achievement through early intervention and systematic tracking of undergraduate students. **Exhibit 13** shows retention and graduation rates for first-time, full-time undergraduates entering fall 2000 to 2005. Second-year retention rates slightly declined from 73.6% for the 2000 cohort to 69.4% for the 2005 cohort. Although six-year graduation rates are not yet available for students entering from fall 2001 through 2005, four-year graduation rates declined sharply from 22.2% for the 2000 cohort to 12.3% for the 2002 cohort. In addition, fourth year retention rates declined from the 2000 cohort to the 2003 cohort, suggesting that the six-year graduation rate for these cohorts will also decline.

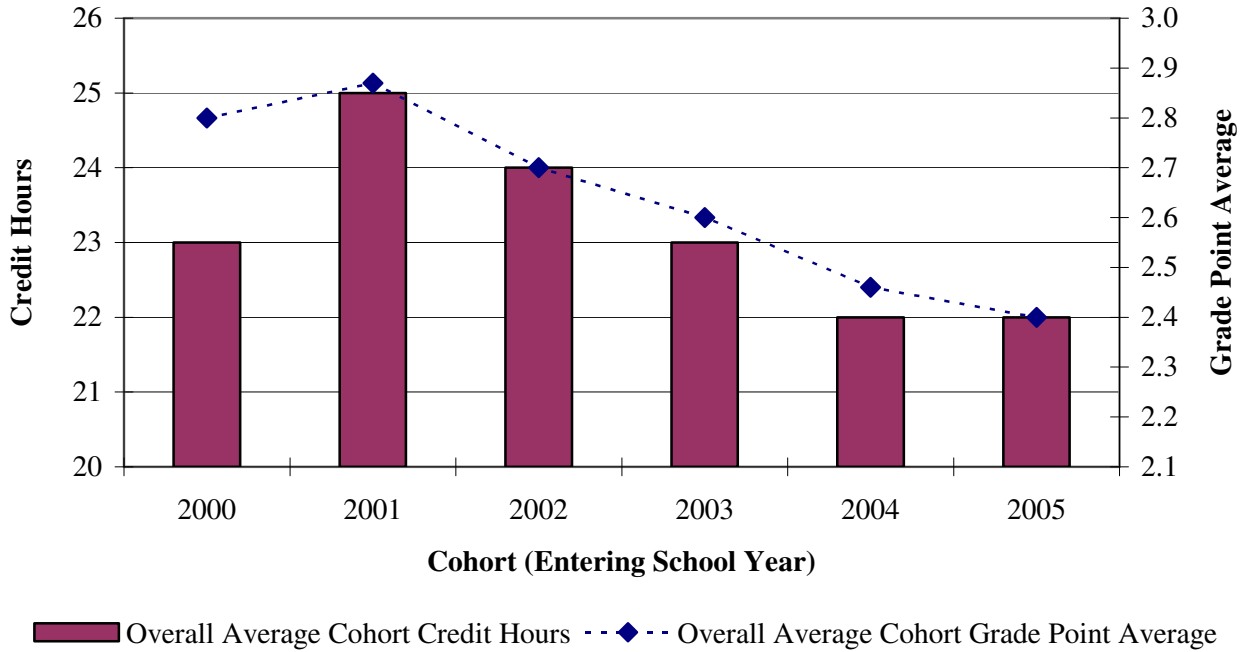
**Exhibit 13**  
**Retention and Graduation Rates**  
**First-time, Full-time, and Degree Seeking Freshmen**  
**Cohorts Entering 2000-2005**

<u>Cohort Year</u>	<u>Cont. to Second Yr.</u>	<u>Cont. To Third Yr.</u>	<u>Cont. to Fourth Yr.</u>	<u>Grad. in Four Yrs.</u>	<u>Cont. to Fifth Yr.</u>	<u>Grad. in Five Yrs.</u>	<u>Cont. to Sixth Yr.</u>	<u>Grad. in Six Yrs.</u>
2000	73.6	57.6	50.7	22.2	28.6	35.8	10.9	41.1
2001	73.3	58.0	51.9	21.7	30.1	34.3	9.9	
2002	70.3	54.6	47.4	12.3	30.1			
2003	72.5	56.4	47.5					
2004	69.0	52.1						
2005	69.4							

Source: Morgan State University

Several indicators should be monitored to ensure that students are making timely progression toward graduation. The major indicators include the average number of credit hours completed each year, grade point average, and financial assistance. **Exhibits 14** and **15** show the performance results for the three major indicators. As shown in Exhibit 14, cohorts on average earned approximately 22 to 23 credit hours each year. For each cohort, with the exception of one cohort, students on average earned less than 24 credit hours. A full course load is 30 credit hours a year. When fewer credit hours are taken, the time to graduation is extended. After increasing to 2.87 for the 2001 cohort, the average grade point average declined for each succeeding cohort to 2.40 for the 2005 cohort.

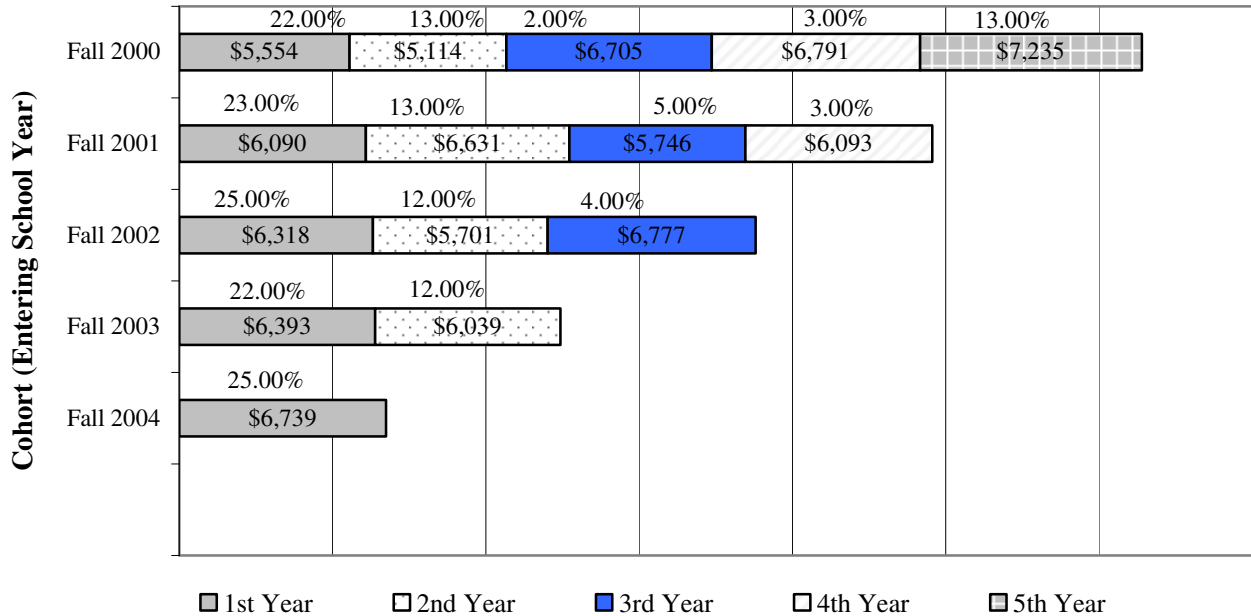
**Exhibit 14**  
**Average Credit Hours and Grade Point Averages**  
**Cohorts Entering 2000-2005**



Source: Morgan State University

Exhibit 15 shows the amount of financial aid students received and the percent that dropped out. Although the average financial award increased from the 2000 (\$6,280) to 2004 (\$6,739) cohort, students receiving aid who dropped out slightly increased after the first year during this period. The dropout rate declines after the second through fourth years but remains relatively stable across cohorts, before increasing in the fifth year.

**Exhibit 15**  
**Percent of Students Who Dropped Out Each Year**  
**Amount of Financial Aid Students Received from Any Source**  
**Cohorts Entering 2000-2004**



Source: Morgan State University

The performance report indicates an infrastructure was put in place on campus to address retention and graduation rates utilizing Access and Success funds from fiscal 2001 to 2007. However, the indicators measured in the report showed minimal success in performance outcomes in the Access and Success Program during the past six years. The chairs of the budget committees met with the HBI Presidents in December 2007 to discuss the performance outcomes. During that meeting, the Presidents agreed to work together to develop accountability indicators for increasing the success rate of the program and provide information on those indicators during the 2008 budget hearings. The HBIs will use these indicators for collecting and reporting data for the Access and Success Program. **The President should comment on the steps the university will take in the near future to increase performance of students with the Access and Success Program. The President should also comment on the accountability indicators developed by the HBI Presidents.**

## ***Recommended Actions***

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

. provided that \$1,500,000 of this appropriation, for the purpose of improving student retention and graduation rates, may not be expended until Morgan State University (MSU) has prepared and submitted a report to the budget committees outlining how the funds will be used and the measures that will be used to evaluate performance. The report shall be submitted by August 1, 2008, and the budget committees shall have 45 days to review and comment on the report.

**Explanation:** This language restricts the expenditure of funds until MSU submits a report on how the funds will be spent to improve the retention and graduation rate for students

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Access and Success expenditures and measures report	MSU	August 1, 2008

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

Provided that the appropriation herein for Morgan State University (MSU) shall be reduced by \$1,103,146 in current unrestricted funds. The reduction shall not reduce the number of students projected to be enrolled.

**Explanation:** Excluding Other Post Employment Benefits and tuition replacement funds, the fiscal 2009 allowance provides a 5.6% growth in general funds and Higher Education Investment Fund (HEIF) revenues per full-time equivalent student (FTES) over fiscal 2008. This language reduces the current unrestricted funds (general funds) by \$1,103,146, allowing general funds and HEIF revenues to grow 4.0% per FTES over fiscal 2008. This allows MSU to increase spending per FTES while accommodating enrollment growth.

3. Adopt the following narrative:

**Faculty Workload Reports:** The committees request that Morgan State University (MSU) continue to provide annual instructional workload reports for tenured and tenure-track faculty. By focusing on these faculty, the committees gain a sense of the teaching activities for the regular, core faculty at the institutions. Additional information may be included in the report at MSU's discretion.

*R13M00 – Morgan State University*

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Annual report on instructional workload for tenured and tenure-track faculty	MSU	December 1, 2008

4. Adopt the following narrative:

**Institutional Aid Report:** The committees request that Morgan State University (MSU) submit all categories (need-based, merit, mission, and athletic) of institutional aid data with the budget request and allowance, including prior year actual, current year working, and allowance.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Reports on all categories of institutional aid need-based, merit, mission, and athletic)	MSU	With request and allowance

## ***Current and Prior Year Budgets***

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### **Current and Prior Year Budgets Morgan State University (\$ in Thousands)**

	<b><u>General Fund</u></b>	<b><u>Other Unrestricted Fund</u></b>	<b><u>Total Unrestricted Fund</u></b>	<b><u>Restricted Fund</u></b>	<b><u>Total</u></b>
<b>Fiscal 2007</b>					
Legislative Appropriation	\$61,819	\$73,989	\$135,807	\$46,378	\$182,185
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	1,096	70	1,166	0	1,166
Reversions and Cancellations	0	-446	-446	-10,251	-10,698
<b>Actual Expenditures</b>	<b>\$62,915</b>	<b>\$73,613</b>	<b>\$136,527</b>	<b>\$36,127</b>	<b>\$172,654</b>
<b>Fiscal 2008</b>					
Legislative Appropriation	\$67,015	\$77,825	\$144,839	\$46,422	\$191,262
Cost Containment	-500	0	-500	0	-500
Budget Amendments	1,119	0	1,119	0	1,119
<b>Working Appropriation</b>	<b>\$67,634</b>	<b>\$77,825</b>	<b>\$145,459</b>	<b>\$46,422</b>	<b>\$191,881</b>

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

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## **Fiscal 2007**

General funds increased \$1,096,172 to cover costs associated with the fiscal 2007 general salary increase. Other unrestricted funds increased \$70,000 through a budget amendment that provided travel funds for the Morgan State University Choir to perform five concerts in Ghana.

Unrestricted funds decreased \$446,078 in cancellations for unspent budget balances due to timing differences in miscellaneous bill payments not due until after the fiscal year ended.

Restricted funds decreased \$10,251,448 in cancellations due to \$1.5 million from the move of Access and Success funds to the base budget and \$8,751,448 from unattained sponsored research grants and contracts.

## **Fiscal 2008**

General funds decrease \$500,000 through the BPW July 2007 cost containment action. A budget amendment increases general funds \$1,119,439 to cover costs associated with the fiscal 2008 general salary increase.

**Personnel by Budget Program  
Morgan State University  
Fiscal 2006-2008**

<b><u>Budget Program</u></b>	<b>2006</b>		<b>2007</b>		<b>2008</b>		<b><u>Change in Share of Total 2006-08</u></b>
	<b><u>FTEs</u></b>	<b><u>%FTEs</u></b>	<b><u>FTEs</u></b>	<b><u>%FTEs</u></b>	<b><u>FTEs</u></b>	<b><u>%FTEs</u></b>	
Instruction	355.00	39.1%	369.00	38.5%	371.50	38.0%	-1.1%
Research	66.00	7.3%	71.00	7.4%	61.50	6.3%	-1.0%
Academic Support	82.00	9.0%	96.00	10.0%	104.50	10.7%	1.6%
Student Services	61.00	6.7%	66.00	6.9%	62.00	6.3%	-0.4%
Institutional Support	196.00	21.6%	204.00	21.3%	220.00	22.5%	0.9%
Operations and Maintenance of Plant	88.00	9.7%	84.00	8.8%	90.00	9.2%	-0.5%
Auxiliary Enterprises	60.00	6.6%	68.00	7.1%	69.00	7.1%	0.4%
<b>Total</b>	<b>908.00</b>	<b>100.0%</b>	<b>958.00</b>	<b>100.0%</b>	<b>978.50</b>	<b>100.0%</b>	

Source: Morgan State University

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

<u>Object/Fund</u>	<u>FY07 Actual</u>	<u>FY08 Working Appropriation</u>	<u>FY09 Allowance</u>	<u>FY08-FY09 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	1,035.00	1,054.00	1,064.00	10.00	0.9%
02 Contractual	490.00	504.00	506.00	2.00	0.4%
<b>Total Positions</b>	<b>1,525.00</b>	<b>1,558.00</b>	<b>1,570.00</b>	<b>12.00</b>	<b>0.8%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 72,934,996	\$ 78,270,551	\$ 88,100,879	\$ 9,830,328	12.6%
02 Technical and Spec. Fees	25,828,863	27,259,654	27,369,213	109,559	0.4%
03 Communication	1,298,735	1,378,498	1,331,772	-46,726	-3.4%
04 Travel	2,568,709	2,414,200	2,693,298	279,098	11.6%
06 Fuel and Utilities	8,494,188	7,864,773	8,020,719	155,946	2.0%
07 Motor Vehicles	557,234	266,242	409,279	143,037	53.7%
08 Contractual Services	17,893,134	17,747,148	20,439,759	2,692,611	15.2%
09 Supplies and Materials	7,036,536	7,479,494	7,713,730	234,236	3.1%
11 Equip. – Additional	3,773,535	7,593,203	6,568,027	-1,025,176	-13.5%
12 Grants, Subsidies, and Contributions	24,377,924	31,176,307	30,181,507	-994,800	-3.2%
13 Fixed Charges	6,147,267	6,101,972	5,488,870	-613,102	-10.0%
14 Land and Structures	1,742,971	4,329,278	4,371,094	41,816	1.0%
<b>Total Objects</b>	<b>\$ 172,654,092</b>	<b>\$ 191,881,320</b>	<b>\$ 202,688,147</b>	<b>\$ 10,806,827</b>	<b>5.6%</b>
<b>Funds</b>					
40 Unrestricted Fund	\$ 136,527,396	\$ 145,458,936	\$ 159,220,113	\$ 13,761,177	9.5%
43 Restricted Fund	36,126,696	46,422,384	43,468,034	-2,954,350	-6.4%
<b>Total Funds</b>	<b>\$ 172,654,092</b>	<b>\$ 191,881,320</b>	<b>\$ 202,688,147</b>	<b>\$ 10,806,827</b>	<b>5.6%</b>

Note: The fiscal 2008 appropriation does not include deficiencies.

**Fiscal Summary  
Morgan State University**

<u>Program/Unit</u>	<u>FY07 Actual</u>	<u>FY08 Wrk Approp</u>	<u>FY09 Allowance</u>	<u>Change</u>	<u>FY08-FY09 % Change</u>
01 Instruction	\$ 39,580,919	\$ 41,709,204	\$ 48,415,449	\$ 6,706,245	16.1%
02 Research	27,365,962	35,305,808	34,067,647	-1,238,161	-3.5%
03 Public Service	124,496	200,762	200,624	-138	-0.1%
04 Academic Support	12,622,426	15,663,814	16,586,256	922,442	5.9%
05 Student Services	5,932,944	5,994,055	6,596,325	602,270	10.0%
06 Institutional Support	22,410,259	22,236,121	25,062,920	2,826,799	12.7%
07 Operation and Maintenance of Plant	16,898,594	18,338,357	18,580,786	242,429	1.3%
08 Auxiliary Enterprise	26,395,482	26,126,375	27,867,632	1,741,257	6.7%
17 Scholarships and Fellowships	21,323,010	26,306,824	25,310,508	-996,316	-3.8%
<b>Total Expenditures</b>	<b>\$ 172,654,092</b>	<b>\$ 191,881,320</b>	<b>\$ 202,688,147</b>	<b>\$ 10,806,827</b>	<b>5.6%</b>
Unrestricted Fund	\$ 136,527,396	\$ 145,458,936	\$ 159,220,113	\$ 13,761,177	9.5%
Restricted Fund	36,126,696	46,422,384	43,468,034	-2,954,350	-6.4%
<b>Total Appropriations</b>	<b>\$ 172,654,092</b>	<b>\$ 191,881,320</b>	<b>\$ 202,688,147</b>	<b>\$ 10,806,827</b>	<b>5.6%</b>

Note: The fiscal 2008 appropriation does not include deficiencies.