

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

***Operating Budget Data***

(\$ in Thousands)

	<u>FY 09</u> <u>Actual</u>	<u>FY 10</u> <u>Working</u>	<u>FY 11</u> <u>Allowance</u>	<u>FY 10-11</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Funds	\$66,769	\$70,619	\$74,057	\$3,438	4.9%
Contingent & Back of Bill Reductions	0	0	-1,061	-1,061	
<b>Adjusted General Fund</b>	<b>\$66,769</b>	<b>\$70,619</b>	<b>\$72,995</b>	<b>\$2,376</b>	<b>3.4%</b>
Special Funds	6,016	2,630	0	-2,630	-100.0%
<b>Adjusted Special Fund</b>	<b>\$6,016</b>	<b>\$2,630</b>	<b>\$0</b>	<b>-\$2,630</b>	<b>-100.0%</b>
Other Unrestricted Funds	75,753	83,799	86,520	2,721	3.2%
Contingent & Back of Bill Reductions	0	0	-815	-815	
<b>Adjusted Other Unrestricted Fund</b>	<b>\$75,753</b>	<b>\$83,799</b>	<b>\$85,705</b>	<b>\$1,906</b>	<b>2.3%</b>
Total Unrestricted Funds	148,538	157,048	160,576	3,528	2.2%
Contingent & Back of Bill Reductions	0	0	-1,876	-1,876	
<b>Adjusted Total Unrestricted Funds</b>	<b>\$148,538</b>	<b>\$157,048</b>	<b>\$158,700</b>	<b>\$1,653</b>	<b>1.1%</b>
Restricted Funds	37,255	38,978	40,172	1,195	3.1%
<b>Adjusted Restricted Fund</b>	<b>\$37,255</b>	<b>\$38,978</b>	<b>\$40,172</b>	<b>\$1,195</b>	<b>3.1%</b>
<b>Adjusted Grand Total</b>	<b>\$185,793</b>	<b>\$196,025</b>	<b>\$198,873</b>	<b>\$2,847</b>	<b>1.5%</b>

Note: For purposes of illustration, the Department of Legislative Services has estimated the distribution of selected across-the-board reductions. A portion of the reductions is to be transferred from the fund balance. The actual allocations are to be developed by the Administration.

- General funds for Morgan State University (MSU) increase \$3.4 million, or 4.9%, in the fiscal 2011 allowance. However, after adjusting for \$2.6 million from the Higher Education Investment Fund in fiscal 2010 and \$1.1 million in furlough and health insurance savings, general funds decline \$0.3 million, or 0.3%, from fiscal 2010.
- A deficiency appropriation for fiscal 2010 transfers \$0.6 million in general funds designated as the Office for Civil Rights enhancement funds from the Maryland Higher Education Commission to MSU.

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

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## ***Personnel Data***

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	<b><u>FY 09 Actual</u></b>	<b><u>FY 10 Working</u></b>	<b><u>FY 11 Allowance</u></b>	<b><u>FY 10-11 Change</u></b>
Regular Positions	1,069.00	1,041.00	1,041.00	0.00
Contractual FTEs	<u>503.00</u>	<u>515.00</u>	<u>515.00</u>	<u>0.00</u>
<b>Total Personnel</b>	<b>1,572.00</b>	<b>1,556.00</b>	<b>1,556.00</b>	<b>0.00</b>

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

Turnover and Necessary Vacancies, Excluding New Positions	28.21	2.71%
Positions and Percentage Vacant as of 12/31/09	67.00	6.40%

- The fiscal 2011 allowance does not provide MSU with any new positions.

## ***Analysis in Brief***

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### **Major Trends**

***Research and Development Expenditures Per Full-time Faculty Grow after Two-year Decline:*** After increasing 7.7% in 2006, research and development expenditures per full-time faculty dropped 25.0% in July 2008. In 2009, this trend reversed with expenditures increasing 10.4% to \$80,418 per full-time faculty.

***Retention Rate Climbs While Graduation Rate Drops:*** After declining 9.4 percentage points over the past three years, the retention rate jumped 6.7 percentage points to 67.7% in fiscal 2009. The graduation rate continues to decline from a high of 43.8% in fiscal 2006 to 34.1% in fiscal 2009.

***Degrees Awarded Increase; Bachelor's Degrees Comprise a Smaller Percentage:*** While the number of bachelor's degrees conferred increased slightly by 10 degrees, or 1.2%, since 2005, the number of master's degrees almost doubled from 95 to 188 degrees, and doctoral degrees awarded grew 44.0%.

### **Issues**

***Making College Affordable:*** Even though tuition increases 3.0% in fiscal 2011, expenditures on merit and mission aid are expected to decline \$0.2 million, while need-based aid and athletic scholarships remain at the fiscal 2010 level. Of the students receiving institutional aid who filed a Free Application for Federal Student Aid, 69.3% have an expected family contribution between \$0 and \$3,850.

***Best Practices for Accelerating Student Success at Maryland’s Public Historically Black Institutions:*** Access and Success funds were provided in fiscal 2010 to improve the retention and graduation rates among underprepared students. The 2009 *Joint Chairmen’s Report* required MSU to submit a report on how best practices would be implemented and the measures used to evaluate their effectiveness.

***Nursing Program:*** MSU enrolled the first cohort of eight students for its Master’s of Science in Nursing in spring 2008, and the Bachelor’s of Science in Nursing accepted its first cohort of 37 students in spring 2009. MSU will use funds received from the Nurse Support Program II to hire 3 faculty.

## **Recommended Actions**

1. Adopt narrative requesting a faculty workload report.
2. Adopt narrative requesting an institutional aid report.
3. Adopt narrative requesting outcomes of students participating in Access and Success Programs by cohort.

## **Budget Reconciliation and Financing Act of 2010 Recommendations**

1. Adopt an amendment to the Budget Reconciliation and Financing Act of 2010 to increase the transfer of the Morgan State University fund balance in fiscal 2011 by \$260,733. This amount reflects the Higher Education Investment Fund underattainment in fiscal 2010 that was replaced with general funds in the fiscal 2011 allowance.

## **Updates**

***Instructional Workload Report:*** For the 2008-2009 academic year, the average teaching load was 21.7 credit hours, equivalent to an average of seven courses per year.

*R13M00 – Morgan State University*

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

***Operating Budget Analysis***

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**Program Description**

Morgan State University (MSU), designated as Maryland's public urban university, is responsible for addressing the needs of the citizens, schools, and organizations within the Baltimore metropolitan area through academic, research, and service programs. One of MSU's goals 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:** DRU: Doctoral/Research University

**Fall 2009 Undergraduate Enrollment Headcount**

Male	2,729
Female	3,470
<b>Total</b>	<b>6,199</b>

**Fall 2009 Graduate Enrollment Headcount**

Male	412
Female	615
<b>Total</b>	<b>1,027</b>

**Fall 2009 New Students Headcount**

First-time	1,290
Transfers/Others	451
Graduate	231
<b>Total</b>	<b>1,972</b>

**Campus (Main Campus)**

Acres	176
Buildings	46
Average Age	26 years
Oldest	Carnegie Hall - 1919

**Programs**

Bachelor's	44
Master's	33
Doctoral	15

**Degrees Awarded (2008-2009)**

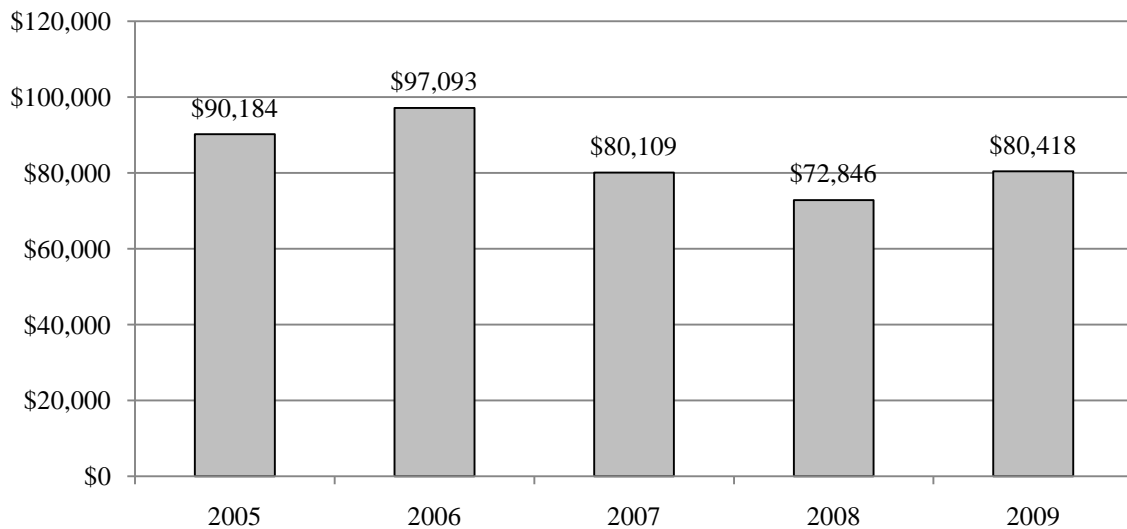
Bachelor's	843
Master's	188
Doctoral	36
<b>Total Degrees</b>	<b>1,067</b>

## Performance Analysis

### Research and Development Expenditures Per Full-time Faculty Grow after Two-year Decline

A goal of MSU is to establish itself as a premier moderately sized doctoral granting institution. Research and development expenditures per full-time faculty not only measures productivity but the ability to pursue research, which impacts the ability to attract and retain quality faculty. In 2006, expenditures per full-time faculty increased 7.7%, to \$97,093, as shown in **Exhibit 1**. However, expenditures dropped 17.5% in 2007 and continued to decline in 2008 by 9.5%, to \$72,846 per full-time faculty. This trend reversed in 2009 with expenditures increasing 10.4% per full-time faculty.

**Exhibit 1**  
**Total Research and Development Expenditures Per Full-time Faculty**  
**Fiscal 2005-2009**

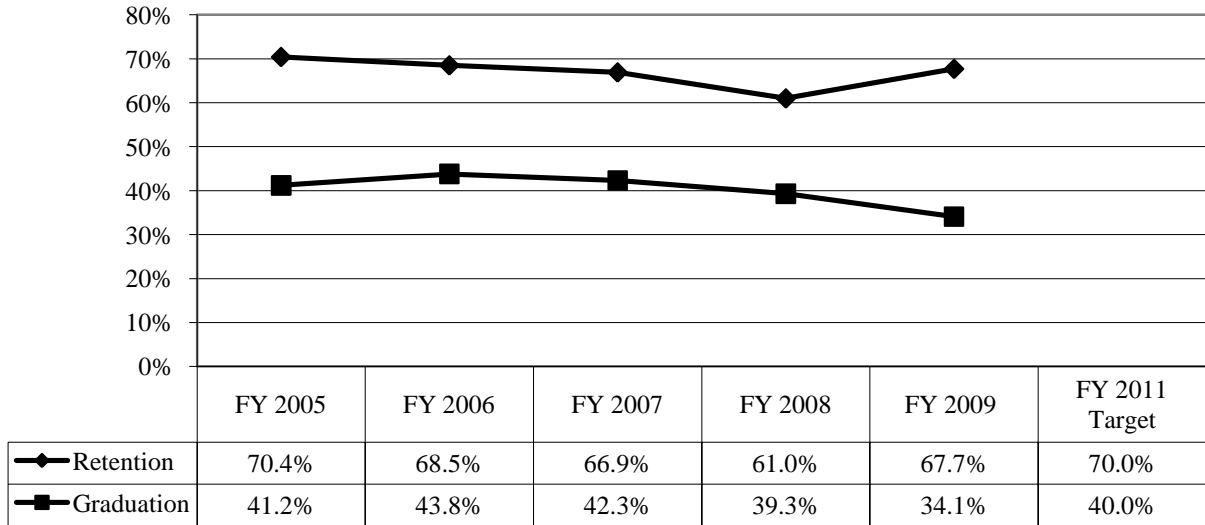


Source: Morgan State University

### Retention Rate Climbs While Graduation Rate Drops

Maintaining and strengthening academic excellence and effectiveness in meeting the educational needs of the State is another MSU goal. **Exhibit 2** shows the two-year retention and six-year graduation rates for all students. After declining 9.4 percentage points over the past three years, the retention rate jumped 6.7 percentage points to 67.7% in fiscal 2009. The graduation rate continues to decline from a high of 43.8% in fiscal 2006 to 34.1% in fiscal 2009.

**Exhibit 2**  
**Two-year Retention and Six-year Graduation Rates**  
**All Students**  
**Fiscal 2005-2011**



Note: Fiscal 2009 retention data reflects 2007 cohort group and graduation data reflects 2002 cohort group.

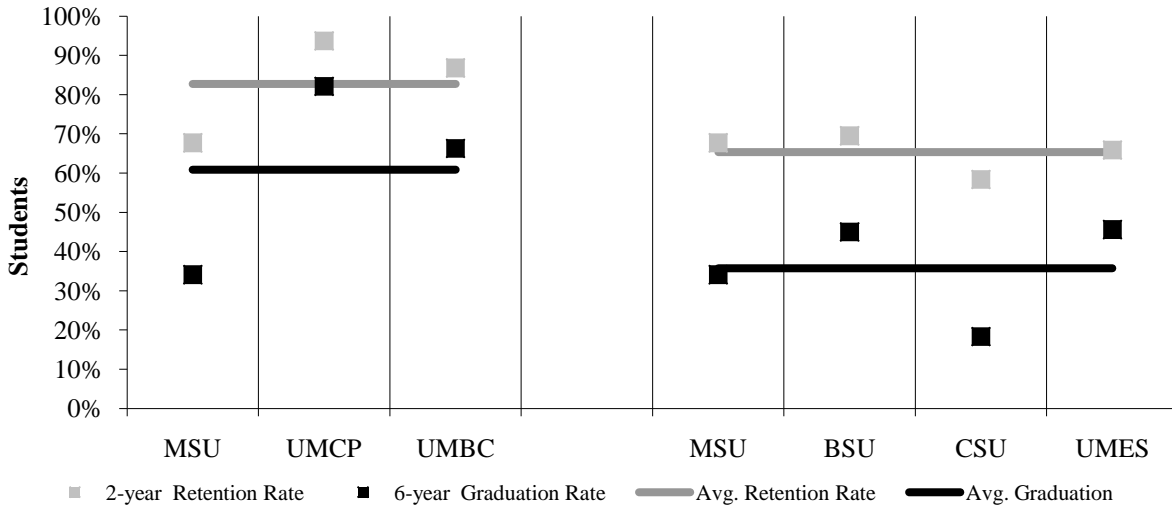
Source: Fiscal 2005-2009 data from Maryland Higher Education Commission, *Retention and Graduation Rates at Maryland Public Four-Year Institutions*, June 2009; Fiscal 2011 data is from the Governor's Budget Books, Fiscal 2011

The two-year retention and six-year graduation rates for all undergraduate students at MSU and the University of Maryland's (USM) research and historically black institutions (HBI) for fiscal 2009 are shown in **Exhibit 3**. When compared to USM's research institutions – University of Maryland, College Park (UMCP) and University of Maryland Baltimore County (UMBC) – MSU's retention rate falls 15.0 percentage points below the unweighted average for the research institutions of 82.7% while the graduation rate is 26.7 percentage points lower than the average of 60.8%.

In relation to the State's other HBI institutions – Bowie State University, Coppin State University (CSU), and University of Maryland Eastern Shore – MSU's retention rate is 2.3 percentage points above the unweighted average of 65.4% for the HBIs while the graduation rate is slightly below the average of 35.8% by 1.7 percentage points.

**The President should address the factors affecting the graduation rate and efforts to improve the rate. The President should also comment on steps being taken that contribute to the jump in the retention rate.**

**Exhibit 3**  
**MSU and USM Undergraduate Retention and Graduation Rates**  
**for Research Institutions and HBIs**  
**Fiscal 2009 Actual**



BSU: Bowie State University  
 CSU: Coppin State University  
 HBI: historically black institutions  
 MSU: Morgan State University

UMBC: University of Maryland Baltimore County  
 UMCP: University of Maryland, College Park  
 UMES: University of Maryland Eastern Shore  
 USM: University System of Maryland

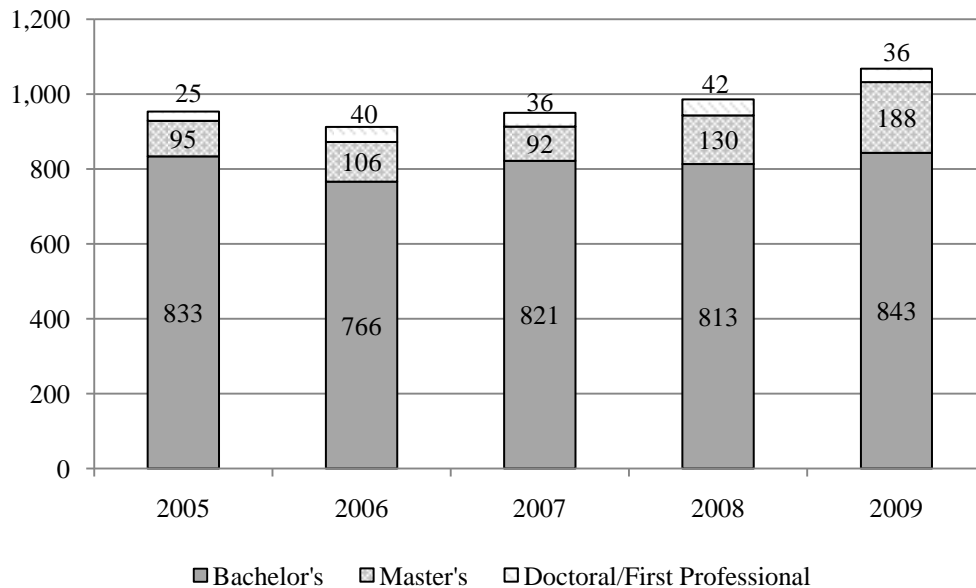
Source: Maryland Higher Education Commission, *Retention and Graduation Rates at Maryland Public Four-Year Institutions*, June 2009

**Degrees Awarded Increase; Bachelor’s Degrees Comprise a Smaller Percentage**

The number of degrees awarded is an indicator of MSU’s progress toward meeting its goal of increasing the educational attainment of African Americans. As shown in **Exhibit 4**, while the number of bachelor’s degrees conferred increased slightly by 10 degrees, or 1.2%, since 2005, the number of graduate degrees grew 86.7% with the number of master’s degrees almost doubling, from 95 to 188 degrees, and the number of doctoral degrees awarded growing by 11 degrees, or 44.0%. This resulted in bachelor’s degrees comprising a smaller percentage of the total number of degrees awarded. In 2005, bachelor’s degrees accounted for 87.4% of all degrees conferred but declined 8.4 percentage points to 79.0% in 2009.

**The President should comment on the smaller percentage of bachelor’s degrees awarded and factors affecting students completing an undergraduate degree.**

**Exhibit 4**  
**Degrees Awarded by Morgan State University**  
**Fiscal 2005-2009**



Source: Morgan State University

**Fiscal 2010 Actions**

**Proposed Deficiency**

A deficiency appropriation for the fiscal 2010 budget transfers a total of \$0.6 million in general funds from the Office for Civil Rights (OCR) enhancement funds in the Maryland Higher Education Commission (MHEC) budget to MSU. These funds, which represent a portion of MSU's total \$1.2 million allocation in fiscal 2010, are typically distributed to the institutions as grants from MHEC. However, in order to maintain the funding of higher education institutions at the fiscal 2009 level, a requirement of the American Recovery and Reinvestment Act of 2009 (ARRA), these funds will be directly transferred to the institutions. In fiscal 2011 and subsequent years, these OCR enhancement funds will revert back to MHEC and will be distributed as an educational grant.

**Impact of Cost Containment**

The Board of Public Works (BPW) approved two cost containment measures resulting in a \$1.4 million reduction of MSU's State appropriations. In July 2009, BPW approved the first cost containment measure, which resulted in a \$0.7 million decrease in MSU's State appropriations. The

second cost containment measure, approved in August 2009, resulted in a \$0.7 million reduction of MSU's federal funds appropriations. As a result of these measures, MSU implemented a hiring freeze and reduced expenditures on the Access and Success program, financial aid, facilities maintenance, library, and information technology.

Additionally, MSU was requested to reduce its current salary and wage budget by \$1.7 million, \$0.2 million in federal funds and \$1.5 million in current unrestricted funds, as part of the statewide furlough plan. In fiscal 2010, MSU's appropriations included \$0.9 million in federal ARRA funds, which were reduced by \$0.7 million in the August cost containment measure. The remaining balance of \$0.2 million was applied toward MSU's furlough target of \$1.7 million. This action maintains MSU's base appropriation and enables the State to maintain funding of higher education institutions at the fiscal 2009 level, a maintenance of effort requirement of the ARRA. The fiscal 2011 allowance, which will be discussed later in the analysis, continues the statewide furlough.

MSU developed a furlough plan with the number of days, ranging from 2 to 10, based on an employee's salary. Graduate assistants, student employees, part-time staff and adjunct faculty, H-1B visa employees, employees providing services as part of a 24-hour operation, and those on approved family medical leave are exempt from the furlough. MSU closed on November 27, 2009; December 23, 2009; and December 30, 2009. In addition, the plan includes days that full-time regular and contractual faculty will be required to take off.

MSU will move \$1.5 million of unrestricted funds related to the fiscal 2010 furlough to its fund balance which will then be transferred via the Administration's Budget Reconciliation and Financing Act (BRFA) of 2010, to the general fund. In addition, the BRFA of 2010 includes \$0.2 million reduction of MSU's fund balance. After the fiscal 2010 transfer, the balance of MSU's State-supported portion of the fund balance will total \$4.6 million.

### **Federal Stimulus Funds**

MSU was awarded three American Recovery and Reinvestment Act of 2009 grants totaling \$0.4 million which included a grant related to Chesapeake Bay research, a federal work study grant, and a grant from the Governor's Office for Crime Control and Prevention.

### **Proposed Budget**

The general fund allowance for fiscal 2011 is \$2.4 million above fiscal 2010, an increase of 3.4% after adjusting for furlough and health insurance savings of \$0.9 million and \$0.1 million, respectively, as shown in **Exhibit 5**. When adjusting for the \$2.6 million of Higher Education Investment Fund (HEIF) revenues that replaced general funds in fiscal 2010, State funds decline \$0.3 million, or 0.3%. It should be noted that MSU's furlough total of \$1.7 million is comprised of \$0.9 million in general funds and a \$0.8 million cash transfer from the fund balance.

**Exhibit 5**  
**Governor’s Proposed Budget**  
**Morgan State University**  
**(\$ in Thousands)**

	<b>FY 2009</b> <b><u>Actual</u></b>	<b>FY 2010</b> <b><u>Working</u></b>	<b>FY 2011</b> <b><u>Adjusted</u></b>	<b>FY 2010-11</b> <b><u>Change</u></b>	<b>% Change</b> <b><u>Prior Year</u></b>
General Funds	\$66,769	\$70,619	\$72,995	\$2,376	3.4%
HEIF	\$6,016	2,630	0	-2,630	-100.0%
Total State Funds	72,784	73,249	72,995	-254	-0.3%
Other Unrestricted Funds	75,753	83,799	85,705	1,906	2.3%
Total Unrestricted Funds	148,538	157,048	158,700	1,653	1.1%
Restricted Funds	37,255	38,978	40,172	1,195	3.1%
<b>Total Funds</b>	<b>\$185,793</b>	<b>\$196,025</b>	<b>\$198,873</b>	<b>\$2,847</b>	<b>1.5%</b>

HEIF: Higher Education Investment Fund

Note: Fiscal 2010 reflects a reduction of \$0.3 million due to underattainment of HEIF revenues. Numbers may not sum to total due to rounding.

Source: Governor’s Budget Books, Fiscal 2011

Other unrestricted funds increase \$2.7 million, or 3.2%, over fiscal 2010, which is due to growth in tuition and fee revenues of 2.9%, or \$1.4 million, and an increase of 4.0%, or \$1.2 million, in auxiliary revenues. However, after adjusting \$0.8 million for furlough and health insurance savings, the underlying growth is \$1.9 million, or 2.3%, over fiscal 2010.

Overall, the fiscal 2011 allowance provides \$0.3 million for MSU to fund increases for enhancements, enrollment growth, and other expenditures, as shown in **Exhibit 6**, which may include the remaining \$0.8 million of the furlough savings to be transferred from the fund balance. The fiscal 2011 estimated mandatory or current services cost is \$0.9 million after adjusting for the general fund portion of the furlough and health insurance savings of \$1.9 million. New tuition and other revenues total \$1.2 million.

**The fiscal 2011 allowance provides an additional \$260,733 in general funds to replace unrealized HEIF revenues in fiscal 2010. However, it was not the intent to use the general fund to compensate institutions for shortfalls in HEIF revenues in any given year. Therefore, the Department of Legislative Services recommends increasing the amount to be transferred from MSU’s fund balance in fiscal 2011 by \$260,733 via the BRFA of 2010.**

**Exhibit 6**  
**MSU State-supported Revenues Available for Other Expenditures**  
**Fiscal 2011**

	<u>\$ Amount</u>
<b>Expenditures</b>	
Current Services Costs Increase	\$2,800,000
Furlough Savings	-1,669,150
Insurance Savings	-206,639
<b>Revised Estimated Current Services Costs</b>	<b>\$924,211</b>
 <b>Revenues</b>	
General Funds	
New General Funds	\$382,992
Replace Fiscal 2010 HEIF Underattainment	260,733
Restore Salary (Furlough)	163,844
Total General Funds	807,569
Adjustments (Fiscal 2011 Furloughs) <sup>1</sup>	-918,576
Adjustments (Health Insurance Savings)	-142,638
Total New General Funds	-253,645
New Tuition and Fee Revenues	1,402,008
Other New Unrestricted Revenues <sup>2</sup>	100,801
<b>New General Fund, Tuition, and Other Revenues</b>	<b>\$1,249,164</b>
 <b>Funds Available</b>	 <b>\$324,953</b>
(Revenues Less Expenditures)	

HEIF: Higher Education Investment Fund

MSU: Morgan State University

<sup>1</sup>Does not include \$0.8 million in remaining furlough savings to be transferred from the fund balance.

<sup>2</sup>Does not include auxiliary or restricted revenues.

Note: Morgan State University (MSU) estimated current service costs to increase \$10.4 million. However, \$4.5 million for 45 faculty members, \$1.0 million of costs associated with enrollment growth, and \$0.7 million for online technology are better categorized as enhancement funding and, therefore, deducted for MSU's cost of current services. Additionally, \$1.4 million to reinstate funds related to fiscal 2010 cost containment measures were also deducted from current service costs.

Source: Governor's Budget Books, Fiscal 2011; Morgan State University

## **Fiscal 2011 Cost Containment**

In addition to the \$0.8 million cash transfer from MSU's fund balance related to the furlough, the BRFA of 2010 includes a \$40,000 reduction of the fund balance. After the transfer, MSU's State-supported portion of the fund balance will total \$4.6 million. Additionally, for fiscal 2011, language in the BRFA does not allow for bonuses related to individual performance, merit increases, or cost-of-living adjustments but allows for salary increases necessary for the retention of faculty members.

## **Budgets for Academic Support and Student Services Show Highest Rates of Increase**

Budget changes by program in the allowance are shown in **Exhibit 7**. The data considers unrestricted funds only, the majority of which consists of general funds and tuition and fee revenues. Expenditures on research grow at the highest rate of 28.0%, or \$0.3 million, due to additional matching requirements for grants and contracts and increased fundraising for the radio station. Growth of 3.5%, or \$0.6 million, in academic support is attributed to restoring cost containment reductions made to salaries in fiscal 2010, higher fringe benefit costs, eliminating employee turnover, and hiring a technology support employee. Planned operation and maintenance of plant expenditures decline \$42,511, or 0.2%, due to realigning expenditures to reflect actual costs.

## **Funding Per Full-time Equivalent Student Slightly Declines**

In fiscal 2009, tuition and fee revenues per full-time equivalent student (FTES) declined 6.4%, or \$480, to \$7,045, as shown in **Exhibit 8**. According to the Governor's Budget Books, fiscal 2011, tuition and fee revenues for fiscal 2009 were \$44.3 million. However, MSU states revenues were actually \$47.9 million, an increase of \$1.7 million, or 3.7%, over fiscal 2008. MSU reports the difference of \$3.6 million was the amount transferred to the plant funds.

Total funds per FTES are expected to decline slightly by 0.7%, to \$18,787 in fiscal 2011, which is attributed to general funds per FTES decreasing \$155 per FTES. While the fiscal 2011 allowance provides for a 1.1% increase in general funds, enrollment is projected to grow 2.5%, exceeding the growth in general funds.

**The President should comment on how the transference of \$3.6 million of tuition and fee revenues to the plant fund affects the quality of education students receive such as the hiring of faculty and increasing funds for financial aid.**

**Exhibit 7**  
**Morgan State University Budget Changes for Unrestricted Funds by Program**  
**Fiscal 2009-2011**  
**(\$ in Thousands)**

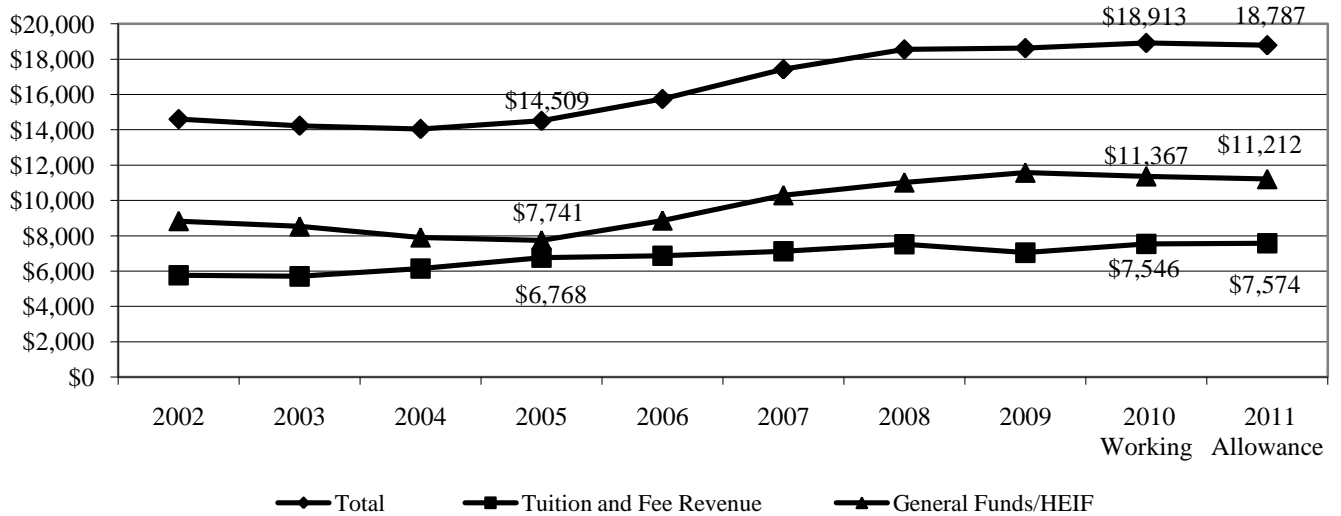
	<u>2009</u>	<u>Working</u> <u>2010</u>	<u>% Change</u> <u>09-10</u>	<u>Adjusted</u> <u>2011</u>	<u>\$ Change</u> <u>10-11</u>	<u>% Change</u> <u>10-11</u>
<b>Expenditures</b>						
Instruction	\$41,407	\$45,603	10.1%	\$46,053	\$450	1.0%
Research	814	1,149	41.2%	1,472	322	28.0%
Public Service	141	231	63.5%	235	4	1.7%
Academic Support	15,403	16,168	5.0%	16,729	561	3.5%
Student Services	6,114	6,635	8.5%	6,773	138	2.1%
Institutional Support	25,127	26,969	7.3%	27,237	268	1.0%
Operation and Maintenance of Plant	18,438	18,240	-1.1%	18,197	-43	-0.2%
Scholarships and Fellowships	14,405	15,783	9.6%	16,332	549	3.5%
<b>Subtotal Education and General</b>	<b>\$121,849</b>	<b>\$130,778</b>	<b>7.3%</b>	<b>\$133,028</b>	<b>\$2,250</b>	<b>1.7%</b>
Auxiliary Enterprises	26,689	26,270	-1.6%	27,548	1,278	4.9%
Across-the-board Reductions				-1,876	-1,876	
<b>Total</b>	<b>\$148,538</b>	<b>\$157,048</b>	<b>5.7%</b>	<b>\$158,700</b>	<b>\$1,653</b>	<b>1.1%</b>
Funds Specific to HBIs	1,296	1,212	-6.5%	1,387	175	14.5%
<b>Adjusted Total</b>	<b>\$149,834</b>	<b>\$158,260</b>	<b>5.6%</b>	<b>\$160,088</b>	<b>\$1,828</b>	<b>1.2%</b>
<b>Revenues</b>						
Tuition and Fees	44,293	48,627	9.8%	50,029	1,402	2.9%
General Funds	66,769	70,619	5.8%	72,995	2,376	3.4%
Higher Education Investment Fund	6,016	2,630	-56.3%	0	-2,630	-100.0%
Other Unrestricted Funds	4,639	5,042	8.7%	4,329	-714	-14.2%
<b>Subtotal</b>	<b>\$121,716</b>	<b>\$126,918</b>	<b>4.3%</b>	<b>\$127,353</b>	<b>\$435</b>	<b>0.3%</b>
Auxiliary Enterprises	30,143	30,130	0.0%	31,348	1,218	4.0%
Transfers (to) from Fund Balance	-3,321	0		0		
<b>Total</b>	<b>\$148,538</b>	<b>\$157,048</b>	<b>5.7%</b>	<b>\$158,700</b>	<b>\$1,653</b>	<b>1.1%</b>
Funds Specific to HBIs	1,296	1,212	-6.5%	1,387	175	14.5%
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HBI: historically black institution

Note: Fiscal 2011 revenues reduced by \$1.1 million in general funds and \$0.8 million in other unrestricted funds to reflect across-the-board reductions; \$0.8 million of this amount is to be transferred from the fund balance. Unrestricted funds only. All programs. Numbers may not sum to total due to rounding.

Source: Governor's Budget Books, Fiscal 2011

**Exhibit 8  
General Fund and Tuition and Fee Revenues Per FTES  
Fiscal 2002-2011**



FTES: full-time equivalent student

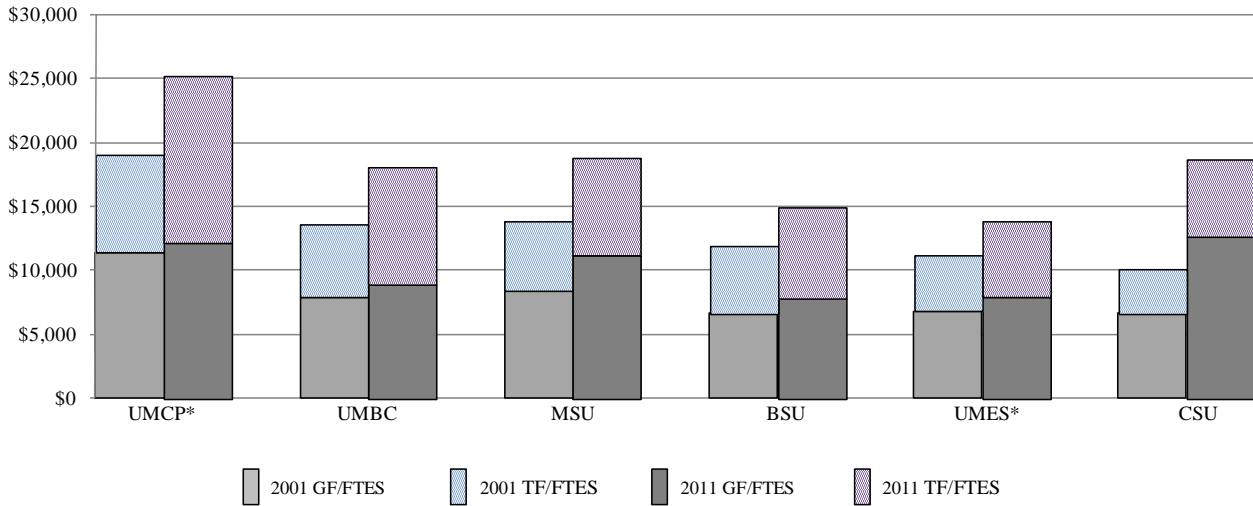
HEIF: Higher Education Investment Fund

Source: Governor’s Budget Books, Fiscal 2011

**Exhibit 9** shows general fund and tuition and fee revenues per FTES for MSU, and USM’s research and HBI institutions for fiscal 2001 and 2011. When compared to the other research institutions, MSU’s general funds per FTES grew at the highest rate of 33.1%, or \$2,790. Of the HBI’s, CSU had the highest growth rate of general funds per FTES at 91.1%, or \$2,128, while MSU grew at the next highest rate.

In terms of tuition and fee revenues per FTES among research institutions, MSU has the lowest rate of growth at 39.1%, or \$2,128 per FTES while UMCP grew at the highest rate at 73.0%, or \$5,526 per FTES. When compared to the HBIs, MSU has the second highest growth rate after CSU, which grew 77.0%, or \$2,615 per FTES.

**Exhibit 9**  
**MSU and USM General Funds and Tuition and Fee Revenues per FTES**  
**Fiscal 2001 and 2011**



FTES: full-time equivalent student  
 GF: general fund  
 MSU: Morgan State University  
 TF: tuition fee  
 USM: University System of Maryland

\*General funds exclude Maryland Agriculture Experiment Stations and Cooperative Extension.

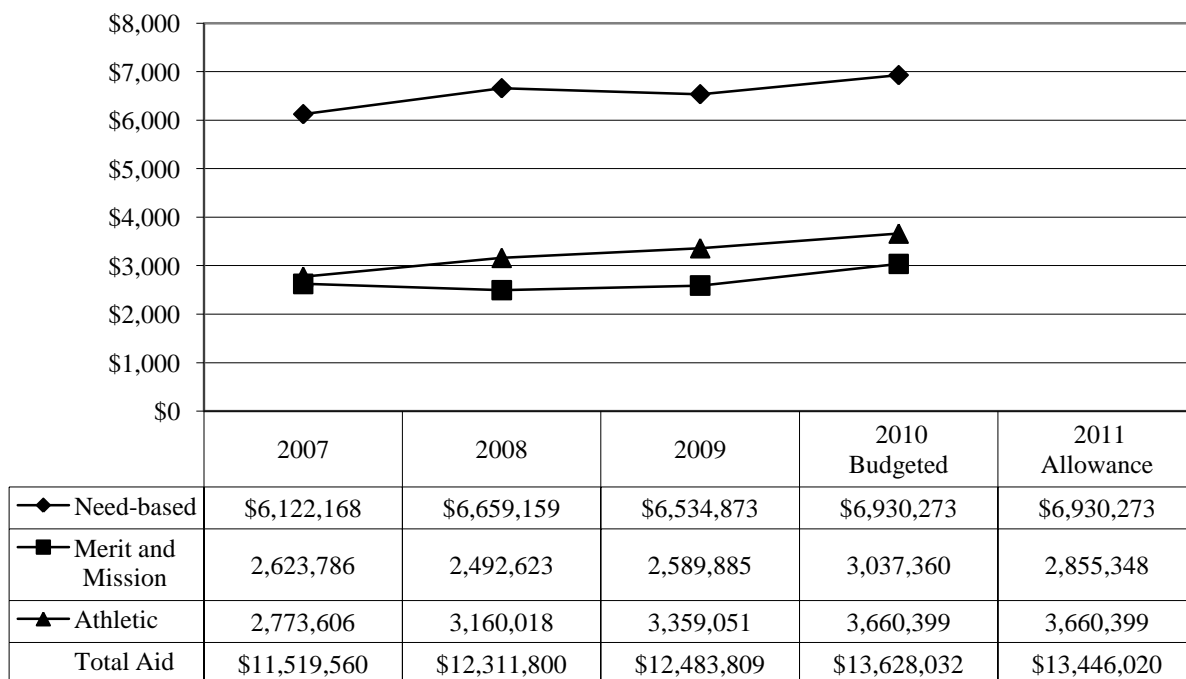
Source: Governor’s Budget Books, Fiscal 2011

## Issues

### 1. Making College Affordable

Institutional financial aid affects affordability and access to higher education. Students may receive institutional aid which includes merit, mission, athletic scholarships and need-based aid in addition to State and federal financial aid. Since fiscal 2007, expenditures on athletic scholarships exceeded expenditures on merit and mission aid, as shown in **Exhibit 10**. While expenditures on institutional aid increased \$1.0 million, or 8.4%, from fiscal 2007 to 2009, athletic scholarships accounted for 60.7% of the increase, with the remaining amount expended on need-based aid. Expenditures on merit and mission aid declined 1.3%, or \$33,901, during the same time. Overall, the portion of institutional aid going toward athletic scholarships grew from 24.1% in fiscal 2007 to 26.8% in fiscal 2009, while need-based and merit and mission aid accounted for a decreasing portion of expenditures, dropping from 53.1 to 52.3%, and 22.8 to 20.7%, respectively. Even though tuition increases 3.0% in fiscal 2011, expenditures on merit and mission aid are expected to decline \$0.2 million, while need-based aid and athletic scholarships remain at the fiscal 2010 level.

**Exhibit 10**  
**Distribution of Institutional Aid**  
**Fiscal 2007-2011**



Source: Morgan State University

**The President should comment on the expected decrease in expenditures going toward institutional aid and the level funding of need-based aid, despite a 3% tuition increase.**

The Maryland Higher Education Commission collects annual data for the Financial Aid Information System (FAIS) database, which provides a profile of students receiving financial aid. The 2008 FAIS data has information for institutional aid awarded at MSU to undergraduate students that completed the Free Application for Federal Student Aid (FAFSA) that includes the student's 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 have the most need. **Exhibit 11** shows the number of MSU students receiving institutional aid who filed a FAFSA by EFC category. Of these students, 69.3% have an EFC between \$0 and \$3,850. It should be noted all students receiving aid filed a FAFSA.

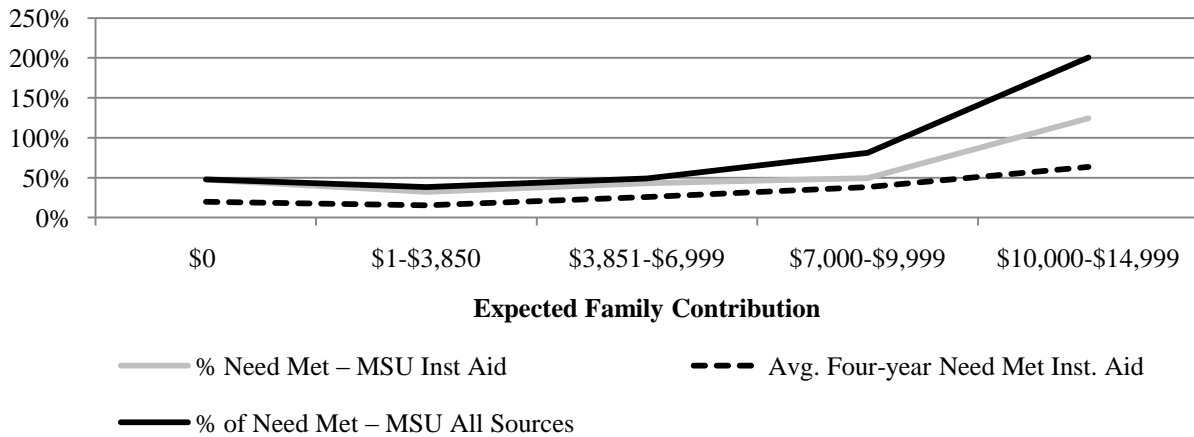
**Exhibit 12** shows the percentage of need met from institutional aid and all other financial aid, excluding loans for fiscal 2008. On average, of the 624 students with \$0 EFC, institutional aid met 48% of their need and 32% for those students with an EFC between \$1 and \$3,850, considerably higher than the average for Maryland public four year institutions of 20 and 15%, respectively. When factoring in all financial aid, the 1,882 MSU students who have a \$0 EFC had, on average, 48% of their need met and those with an EFC between \$1 and \$3,850 had 38% of need met. It should be noted that at higher EFC levels, students have less financial need. As a result, small awards can satisfy a very large proportion of student need.

**Exhibit 11**  
**Students Receiving Institutional Aid by Expected Family Contribution**  
**Fiscal 2008**



Source: Maryland Higher Education Commission, Financial Aid Information System, 2007-2008

**Exhibit 12**  
**Percent of Need Met by Institutional and Financial Aid**  
**Fiscal 2008**



MSU: Morgan State University

Source: Maryland Higher Education Commission, Financial Aid Information System, 2007-2008

## **2. Best Practices for Accelerating Student Success at Maryland’s Public Historically Black Institutions**

The General Assembly added budget language to the fiscal 2010 budget bill restricting the expenditure of \$1.5 million in general funds from each of the HBI’s Access and Success programs until a report was submitted from MHEC in conjunction with the HBIs on the programs needed to improve the graduation and retention among underprepared students. The request specified that the programs identified be best practices, able to “show success in promoting academic achievement” among underprepared students. Each HBI was required to submit a report on how the funds would be spent to support the programs identified by the MHEC-HBI report, and identify measures common to all HBIs that would be used to evaluate these programs. According to the 2009 *Joint Chairmen’s Report* (JCR) request, the program measures were to include graduation rate as the primary criterion.

MHEC submitted a report on October 1, 2009, identifying seven best practices HBIs should implement or use to enhance existing programs as part of the revised Access and Success Program. The following best practices were highlighted in the report:

- **Summer Bridge Programs:** Intervention programs that take place on campus before the start of the academic year allowing students to receive academic support in areas of weakness, complete required developmental course work, and become acclimated to campus.
- **Effective Advising Policies and Practices:** Utilize academic advising centers to make special provisions for undeclared students, ensure all students take placement tests and enroll in appropriate courses, and implement early alert tracking programs to identify and assist at risk students.
- **First-year Experience Seminars:** Promotes student engagement in curricular and co-curricular life on campus, familiarizes students with available resources and support services, and facilitates successful transition by conveying faculty and university expectations.
- **Course Redesign:** Redesign large, introductory courses by incorporating technology to improve student learning outcomes.
- **Learning Communities:** Small cohorts take the same cluster of courses that are taught by faculty members who integrate thematic concepts across various classes.
- **Honor’s Programs:** Promote academic success among students from a variety of backgrounds by challenging the most academically talented students.
- **Supplemental Instruction:** Target courses with failure and withdrawal rates of at least 30%, provide regularly scheduled, out-of-class, peer facilitated sessions offering students an opportunity to discuss and process course information.

MSU submitted a report on September 30, 2009, outlining how the funds will be used to improve student retention and graduation rates and the performance measures to evaluate the programs. It should be noted the overall funding specified in the report totals \$1,525,000, exceeding the fiscal 2010 appropriation by \$25,000. Furthermore, MSU reported that in order to meet cost containment measures in fiscal 2010, it reduced spending on Access and Success programs by \$225,000.

In general, funds will be used to support four existing programs and services with a few modifications such as instituting block scheduling and enhancing the Center for Academic Success and Achievement (CASA) Academy program. Of the four programs receiving funds, three can be categorized under two of the strategies identified in the October 1, 2009 report:

- **Advising Policies and Practices (\$950,000)** – 16 full-time retention staff whose responsibilities encompass, but are not limited to, increasing the institutional retention rate; proctoring, scoring, and disseminating 1,200-1,600 placement tests each academic year; providing academic advisement to first-time freshmen; managing reasonable accommodations for learning and/or physically disabled students; and implementing a new block schedule for first year students.
- **Summer Bridge Programs (\$425,000)** – CASA, an alternative admissions program for students not meeting requirements for regular admissions and the Pre-Accelerated Curriculum in Engineering program which prepares first-time freshmen majoring in engineering for the placement examination in math.

For the fourth program, which does not seem to fit into one of the best practices categories, MSU will continue to provide a variety of specialized initiatives and programs (\$150,000) including the Morgan M.I.L.E. (Male Initiative on Leadership & Excellence), peer tutoring at each college and school, and parent newsletters. MSU also states a critical component to increasing retention and graduation rates is to grow the enrollment of those students with strong academic credentials.

Measures used to evaluate program performance include grade point averages, earned credits, grades, academic status, retention and attrition data, and graduation data. MSU will use these measures to compare performance of students participating in the various retention programs to student cohorts at MSU and other peer institutions.

**The President should comment on how existing programs have been enhanced using guidance provided by the MHEC-HBI report to improve graduation and retention among underprepared students.**

### **3. Nursing Program**

MSU has a history of working with nursing programs providing students with pre-requisite courses. For example, MSU provided courses for students in the Helene Fuld Provident Hospital

Nursing Program until the hospital closed in the 1970s and from 1985 to 2008, had a 2+2 program with the University of Maryland, Baltimore. Due to Maryland's nursing shortage and a need to increase the number of minority nursing graduates to create a more diverse workforce, MHEC encouraged MSU to develop a nursing program.

MHEC approved a Bachelor's of Science in Nursing (BSN), a Master's of Science in Nursing (MSN), and a doctoral program in 2007. MSU does not presently offer a doctoral program but expects to offer the program in fall 2011. Students in the MSN program can choose between a concentration in leadership and management or education. The program, designed for working nurses, is offered on 10 consecutive Saturdays with a several week break between terms. Classes are supplemented with online assignments. The first cohort of 8 students was admitted in spring 2008 and graduated at the end of 2009. Currently, 51 nurses are enrolled in the MSN program.

After receiving approval from the State Board of Nursing in spring 2008, the BSN program accepted its first cohort of 37 students in spring 2009, and a second cohort of 55 students enrolled in fall 2009. MSU expects demand for the BSN to grow: 51 first-time freshmen declared their major as pre-nursing and 116 students are in the nursing pipeline which is comprised of second semester freshmen, sophomores, and juniors who indicate intentions to enroll in MSU's nursing program.

MSU contends that the lack of resources, including personnel and appropriate laboratory space, has restricted growth of the nursing program. A major challenge is hiring qualified faculty to teach nursing courses. Currently, MSU has 6 adjunct faculty, including the Director of the Nursing Program, who teach over 30 sections a semester. In order to hire additional faculty, MSU will use the funds received through MHEC's Nurse Support II grant to hire 3 full-time faculty. MSU was awarded a three-year \$1.1 million grant and in the first year of the grant, MSU received \$363,528 which it will use to hire faculty at the assistant, associate, or full professor level for spring 2010.

MSU also received two federal Title III grants that are made available to institutions providing large proportions of low-income and minority students access to higher education. These grants were used to renovate and equip clinical simulation laboratories to prepare students for clinical rotation in local area hospitals. MSU has clinical agreements with MedStar Health, Life Bridge Health, Mercy Medical Center, Maryland General Hospital, and Kernan Hospital, Inc. Students began their first clinical rotations in fall 2009. MSU is currently negotiating agreements with Kaiser Permanente and Genesis HealthCare Corporation affiliates.

**The President should comment on how the institution will fund the 3 full-time faculty positions at the end of the three-year grant and the likelihood of initiating a doctoral program by 2011.**

## ***Recommended Actions***

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1. Adopt the following narrative:

**Faculty Instructional Workload Report:** 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 institution. Additional information may be included in the report at MSU's discretion.

<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, 2010

2. 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. The report should be in the same format it is submitted to the Maryland Higher Education Commission and should include prior year actual, current year working, and allowance. The report should be submitted by January 10, 2011.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Report on all categories of institutional aid provided in the same format submitted to the Maryland Higher Education Commission	MSU	January 10, 2011

3. Adopt the following narrative:

**Report on Outcomes of Students Participating in Access and Success Programs by Cohort:** The committees request that Bowie State University (BSU), Coppin State University (CSU), Morgan State University (MSU), and the University of Maryland Eastern Shore (UMES) each annually submit progression, retention, and graduation data on all students participating in Access and Success programs. In this first year of data collection, baseline data from fiscal 2009 should be submitted along with fiscal 2010 data, in accordance with a framework developed by the Maryland Higher Education Commission (MHEC) to facilitate the collection and analysis of data evaluating the impact of Access and Success programs across the historically black institutions (HBIs). Data should be submitted to MHEC by August 15, 2010. MHEC should submit the data and analysis to the budget committees by October 15, 2010.

*R13M00 – Morgan State University*

<b>Information Request</b>	<b>Authors</b>	<b>Due Date</b>
Report on fiscal 2009 and 2010 data by cohort of all students participating in Access and Success programs	BSU CSU MSU UMES	August 15, 2010 to MHEC
Consolidated report on fiscal 2009 and 2010 outcomes by cohort of students participating in Access and Success Programs across the historically black institutions	MHEC	October 15, 2010

## ***Updates***

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### **1. Instructional Workload Report**

Language in the 2009 JCR required MSU to submit a report on the instructional workload for tenured and tenure-track faculty. The instructional workload for graduate faculty is 9.0 credit hours and is 12.0 credit hours for undergraduate faculty. For the 2008-2009 academic year, the average teaching load was 21.7 credit hours, equivalent to an average of seven courses per year. The goal is for faculty instructional workload to be approximately five to six courses.

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

<b>Fiscal 2009</b>	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Federal 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>
Legislative Appropriation	\$67,434	\$3,816	\$0	\$83,329	\$154,579	\$43,336	\$197,915
Deficiency Appropriation	0	0	0	0	0	0	0
Budget Amendments	1,242	2,200	0	0	3,442	0	3,442
Cost Containment	-1,907	0	0	0	-1,907	0	-1,907
Reversions and Cancellations	0	0	0	-7,576	-7,576	-6,081	-13,657
<b>Actual Expenditures</b>	<b>\$66,769</b>	<b>\$6,016</b>	<b>\$0</b>	<b>\$75,753</b>	<b>\$148,538</b>	<b>\$37,255</b>	<b>\$185,793</b>
<b>Fiscal 2010</b>							
Legislative Appropriation	\$71,315	\$0	\$858	\$83,799	\$155,972	\$38,978	\$194,950
Cost Containment	-696	0	-858	0	-1,554	0	-1,554
Budget Amendments	0	2,630	0	0	2,630	0	2,630
<b>Working Appropriation</b>	<b>\$70,619</b>	<b>\$2,630</b>	<b>\$0</b>	<b>\$83,799</b>	<b>\$157,048</b>	<b>\$38,978</b>	<b>\$196,026</b>

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

## **Fiscal 2009**

For fiscal 2009, general funds for Morgan State University declined \$0.7 million through budget amendments. This included a \$1.2 million increase for State employee cost-of-living adjustment and a decrease of \$1.9 million for cost containment resulting in not filling vacant positions. Special funds, comprised of the HEIF used in lieu of general funds, increased \$2.2 million by budget amendment authorized by the General Assembly to offset a general fund reduction.

Cancellations of unrestricted funds amounted to \$7.6 million due to lower than anticipated expenditures for grants and contracts, a reduction in institutional aid, not filling positions due to hiring freeze, the postponement of maintenance projects, and the transference of auxiliary debt service to the plant fund. Cancellations of restricted funds totaled \$6.1 million due to lower than anticipated expenditures for federal contracts and grants.

## **Fiscal 2010**

For fiscal 2010, general funds declined \$0.7 million for cost containment. Special funds, or HEIF, increased \$2.6 million through a budget amendment as authorized in the fiscal 2010 budget bill. Federal funds decreased \$0.9 million through cost containment, thereby negating the appropriation.

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

<u>Object/Fund</u>	<u>FY09 Actual</u>	<u>FY10 Working Appropriation</u>	<u>FY11 Allowance</u>	<u>FY10 - FY11 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	1,069.00	1,041.00	1,041.00	0	0%
02 Contractual	503.00	515.00	515.00	0	0%
<b>Total Positions</b>	<b>1572.00</b>	<b>1556.00</b>	<b>1556.00</b>	<b>0</b>	<b>0%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 80,507,065	\$ 88,160,335	\$ 87,260,344	-\$ 899,991	-1.0%
02 Technical and Spec. Fees	25,838,363	26,673,546	28,535,464	1,861,918	7.0%
03 Communication	1,017,432	1,412,075	1,527,038	114,963	8.1%
04 Travel	2,481,694	2,789,066	2,862,441	73,375	2.6%
06 Fuel and Utilities	9,310,802	8,131,290	7,869,551	-261,739	-3.2%
07 Motor Vehicles	285,254	387,985	372,658	-15,327	-4.0%
08 Contractual Services	20,293,151	19,448,188	20,774,868	1,326,680	6.8%
09 Supplies and Materials	7,958,662	7,656,042	7,813,124	157,082	2.1%
11 Equipment – Additional	3,972,003	4,965,020	4,961,912	-3,108	-0.1%
12 Grants, Subsidies, and Contributions	27,990,485	29,605,213	30,912,624	1,307,411	4.4%
13 Fixed Charges	4,263,890	3,321,538	3,659,635	338,097	10.2%
14 Land and Structures	1,873,836	3,475,195	4,198,818	723,623	20.8%
<b>Total Objects</b>	<b>\$ 185,792,637</b>	<b>\$ 196,025,493</b>	<b>\$ 200,748,477</b>	<b>\$ 4,722,984</b>	<b>2.4%</b>
<b>Funds</b>					
40 Unrestricted Fund	\$ 148,537,673	\$ 157,047,860	\$ 160,576,267	\$ 3,528,407	2.2%
43 Restricted Fund	37,254,964	38,977,633	40,172,210	1,194,577	3.1%
<b>Total Funds</b>	<b>\$ 185,792,637</b>	<b>\$ 196,025,493</b>	<b>\$ 200,748,477</b>	<b>\$ 4,722,984</b>	<b>2.4%</b>

Note: The fiscal 2010 appropriation does not include deficiencies.

**Fiscal Summary  
Morgan State University**

<u>Program/Unit</u>	<u>FY09 Actual</u>	<u>FY10 Wrk Approp</u>	<u>FY11 Allowance</u>	<u>Change</u>	<u>FY10 - FY11 % Change</u>
01 Instruction	\$ 41,550,845	\$ 45,751,107	\$ 46,205,100	\$ 453,993	1.0%
02 Research	26,625,240	29,434,673	30,145,813	711,140	2.4%
03 Public Service	141,202	230,799	234,831	4,032	1.7%
04 Academic Support	15,453,185	16,234,692	16,797,659	562,967	3.5%
05 Student Services	6,265,612	6,855,249	7,000,319	145,070	2.1%
06 Institutional Support	25,233,887	27,100,477	27,372,700	272,223	1.0%
07 Operation and Maintenance of Plant	18,438,158	18,258,358	18,216,408	-41,950	-0.2%
08 Auxiliary Enterprise	26,727,874	26,319,578	27,599,508	1,279,930	4.9%
17 Scholarships and Fellowships	25,356,634	25,840,560	27,176,139	1,335,579	5.2%
<b>Total Expenditures</b>	<b>\$ 185,792,637</b>	<b>\$ 196,025,493</b>	<b>\$ 200,748,477</b>	<b>\$ 4,722,984</b>	<b>2.4%</b>
Unrestricted Fund	\$ 148,537,673	\$ 157,047,860	\$ 160,576,267	\$ 3,528,407	2.2%
Restricted Fund	37,254,964	38,977,633	40,172,210	1,194,577	3.1%
<b>Total Appropriations</b>	<b>\$ 185,792,637</b>	<b>\$ 196,025,493</b>	<b>\$ 200,748,477</b>	<b>\$ 4,722,984</b>	<b>2.4%</b>

Note: The fiscal 2010 appropriation does not include deficiencies.

**MSU Full-time Equivalent Personnel by Budget Program  
Fiscal 2006, 2009, and 2010**

<b><u>Budget Program</u></b>	<b>FY 2006</b>		<b>FY 2009</b>		<b>FY 2010</b>		<b><u>Fiscal 2002-2010 Change of Share</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	355.0	39.1%	373.5	37.9%	363.0	36.7%	-1.1%
Research	66.0	7.3%	61.0	6.2%	67.0	6.8%	0.6%
Academic Support	82.0	9.0%	106.0	10.7%	113.0	11.4%	0.7%
Student Services	61.0	6.7%	62.0	6.3%	62.0	6.3%	0.0%
Institutional Support	196.0	21.6%	225.0	22.8%	219.0	22.2%	-0.6%
Operations and Maintenance of Plant	88.0	9.7%	90.0	9.1%	89.0	9.0%	-0.1%
Auxiliary Enterprises	60.0	6.6%	69.0	7.0%	75.0	7.6%	0.6%
<b>Total</b>	<b>908.0</b>		<b>986.5</b>		<b>988.0</b>		

Notes: Data are for filled regular positions only. All data are self-reported and unaudited. Numbers may not sum to total due to rounding.

Source: Morgan State University