Morgan State University, part of the Maryland state system, enrolls about 8,000 students, and is a historically black college. It is a comprehensive university, offering an array of programs with degrees from the bachelor to doctorate. Morgan reports that in 2005 the Carnegie Foundation classification was changed to Doctoral Research University.

As is the case with most public institutions, while there is significant state support, tuition and fees play an increasing role in balancing the budget. In the FY 13 core budget, state support of $74.2 million is 55%, while tuition and fees of $55.2 million represents 41%. Of the total budget, which includes the self-supporting operations, the respective percentages are 33% and 24%.

The university included a Strategic Plan Projection for the budget for FY 2013 through FY 2016. In general, the model used an annual growth of 4-6%. The 4% growth in state support should be monitored carefully. The Enrollment Projections section shows a growth of 45.5% by AY 2020-2021, while the Strategic Plan Projection shows a 6% increase in tuition income through FY 2016 and annual growth of instructional salaries of 4.5%. If not already done, Morgan should consider adding to its model changes in enrollment, tuition rates, new instructional personnel and salary increases to help ensure a match of expectations. The information in the PRR does not provide sufficient detail to know which factors impact the numbers in the budget model.

The Budget Projection shows cumulative projected expenses for the five years (FY 2013 – FY 2016) of $745.6 million and the amount that will have been allocated to each of the five goals in the Strategic Plan. The PRR does not contain specifics as to what or when particular expenditures will occur. However, that the University has identified the priorities is sufficient at this time. Morgan is urged to track these expenditures as it implements and updates its Strategic Plan.

There were a number of “Power Point” type slides; e.g., “Goal 4: Net Assets Ratio – Summary” which, in addition to the data, included questions/comments. Again, if not already done, Morgan may wish to answer its questions as the responses will enhance the usefulness of the information.

The PRR discusses the Budget Advisory Committee (BAC), which has a broad base of membership including faculty, administration and staff. It also notes that owing to level state funding in recent years, BAC has had only modest impact on the operating budget. The PRR also
notes that BAC is considered valuable in university-wide budgetary priorities. In this regard, the University may wish to have BAC review the budget model to assist in assessing the impact of priorities identified in Morgan’s new strategic plan, *Growing the Future, Leading the World: The Strategic Plan for Morgan State University, 2011-2021*.

Although Morgan State is included in Maryland’s state audit as a “component unit,” it does have its own annual audit. The auditors gave unqualified (that is, they took no exceptions) opinion to financial statements. The audit shows unrestricted net assets of $36.1 million at the end of FY 12, an increase of $10.3 million above the FY 11 year-end balances of $25.8 million. While the amount of net unrestricted assets is substantial, it represents a little less than 20% of the FY 12 annual operating expense. However, it should be sufficient to smooth/cover minor negative budget variations.

In summary, Morgan State University appears to have a good system to coordinate budget and planning and with the understanding that the level of state support is not guaranteed, should have the resources to continue to fulfill its mission.