

**MORGAN STATE UNIVERSITY**  
**Response to Issues and Recommended Actions**  
**in the**  
**Department of Legislative Services' Analysis**

**2012 Legislative Session**

February 2012

**ISSUES**

**Issue #1 (Page 8)**

**The President should comment on factors affecting undergraduate students completing their degrees and what steps MSU is taking to reverse the downward trend in its graduation rate and to improve student success.**

**Response:** The most common factor cited in surveys affecting degree completion at Morgan is insufficient financial aid. Ninety-three (93) percent of our students receive financial aid, 56 percent are Pell eligible, and over 40 percent work off campus to support themselves. This high level of financial vulnerability significantly impacts our students' ability to complete their degrees. Many of our students must "stop out" some semesters because of their inability to pay. Many that persist, working long hours, have difficulty in their classes because they do not have the luxury of dedicating their full attention to their studies. This oftentimes leads them to being placed on financial aid probation, in which they are unable to obtain federal financial aid until they improve their academic performance. Each of these financial realities plays a key role in the length of time our students take to complete their degrees and, indeed, in their ability to complete their degrees at all. These problems are exacerbated by the lingering national financial crisis, which has significantly increased the number of families dealing with unemployment, foreclosure, credit constriction, and other financial hardships. These hardships, coupled with the rising cost of attending college, will certainly have an impact on the level of progress the University will be making.

Despite these financial challenges, Morgan has taken a number of steps to reverse the downward trend in its graduation rate and to improve student success. Our Reclamation Project is particularly noteworthy. Coordinated by the Office of Student Retention, the Reclamation Program identifies and reaches out to students who left the University in good academic standing and who are not enrolled at another institution. In its pilot year, Reclamation Project funds have allowed 12 students to re-enter the University and, if they successfully complete their courses during the spring 2012 semester, graduate within a six-year timeframe. A significant increase in our degree completion rate is possible if we are able to fund this promising program more robustly. The University is also continuing the implementation of its First Year Experience Program, which will lead to increased student success in the all-important first year and, in turn, positively impact our retention,

graduation, and degree production rates. Further, we are having great success with both our Pre-Freshman Accelerated Curriculum in Engineering (PACE) and Center for Academic Success & Achievement (CASA) Academy summer programs. Though PACE is a summer enrichment program for high ability students and the CASA Academy is an alternate admissions program for academically weaker students, alumni of both programs achieve significantly higher retention rates than the general student population. With additional funding, we could expand the features that make these programs successful and increase the academic success of many more students. Finally, we are pleased to report that, on the basis of our internal analysis, we expect our first-to-second-year retention rate for the fall 2010 cohort to be approximately 73 percent when officially reported by MHEC. This would represent the University's highest retention rate since the year 2000. We are confident that this significant increase in retention bodes very well for improvement in graduation rates over the long-term.

**Issue #2 (Page 11)**

**It appears that the one-time \$750 bonus, totaling \$0.7 million, was not deducted from the fiscal year allowance as it was for other State agencies. Since this was a one-time, temporary increase to salaries in fiscal year 2012, it is not a cost that will be incurred in fiscal year 2013. Therefore, the Department of Legislative Services recommends MSU's fiscal 2013 general fund appropriation be reduced by \$710,073, the amount of the one-time bonus.**

**Response:** It is the University's understanding from the Department of Budget and Management that the \$710,073 allocated in this year's budget for one-time bonuses was taken out of our budget. However, it was returned to cover a portion of the \$2.7 million increase in health and retirement costs. The University is requesting that this recommendation be rejected and allow the University to use these funds toward the unfunded increase in health and retirement costs.

**Issue #3 (Page 13)**

**The President should comment on how MSU was able to transfer \$22.8 million to the fund balance in a two-year period and the planned use of these funds.**

**Response:** Since fiscal year 2009, the University increased its unobligated State supported fund balance by \$10.8 million. These increases are related to three (3) main reasons:

- Significant enrollment increase
- Energy savings
- Hiring freeze

Since fiscal year 2009, enrollment increased significantly from 6,287 to 6,971 FTE in FY 2011, an increase of 644 FTE students or 10.2 percent that resulted in additional unplanned tuition revenue that was transferred to fund balance. Also, the fund balance increased

because of significant energy savings from prior years when oil prices were at \$145 per barrel. The University implemented an aggressive 24/7 energy monitoring and management system over the past two years to save energy due to uncertainty in the energy market. These measures will derive continuous savings into the future. Further, the University implemented a hiring freeze in preparation for possible budget cuts due to the faltering economy.

In fiscal year 2012, once again, the University is seeing normal enrollment growth and the expectation for higher than normal tuition and fees revenue will no longer exist. Energy prices continue to fluctuate, given the world demand and political unrest in the Middle East. Now that the economy is beginning to stabilize, the University has begun hiring again, and these savings are not expected to be there to increase the fund balance in the future. Further, the University is preparing for the opening of the Center for Built Environment and Infrastructure Studies (CBEIS) this upcoming fall. We are planning for the operational costs of the 131,000 gross square foot facility and the purchase of operating equipment from energy savings and fund balance. We hope to begin to establish a modest facility renewal fund from the energy savings, something the University has not been able to do in the past.

Also, Auxiliary Enterprises increased its fund balance by \$7.7 million from fiscal year 2009 to fiscal year 2011. Similar to State supported activities, the increases in fund balance are the result of significant enrollment gains, energy savings and a hiring freeze. The University will be using these funds toward the cost of a parking garage in support of the CBEIS facility. In addition, the University must set aside funding in a repair and replacement reserve to be able to refurbish its resident halls, dining facility, student union, etc., without having to increase fees. Further, as enrollment growth continues, this program will be able to moderate fee increases in the future.

Finally, the University has been on a negative outlook with Moody's Investors Service since 2005 for a potential downgrade. Moody's has consistently cited thin operating performance, highly leveraged balance sheet, and use of fund balance as reasons for concern. The University met with Moody's this past December to provide an update of the University's financial position and are hopeful that we will maintain our current Aa3 rating.

#### **Issue #4 (Page 16)**

**The President should comment on the continual decline in the number of instructional positions while those in supporting program areas have increased over the past five years.**

**Response:** Recent increases in enrollment have been in the graduate programs and undergraduate transfer students. To some extent, this enrollment increase has been able to be absorbed by developing programs that have capacity. This has permitted some economies to be achieved at the instructional level. At the same time, students expect competitive services relative to lab facilities, library hours, and administrative support service. With an increasing population additional support has been provided in these areas.

**Issue #5 (Page 17)**

**Given that over 50.0% of MSU's students are Pell eligible and finances are a primary reason students drop out of college, the President should comment on why, when the total cost of college has been increasing, the amount MSU spends on institutional aid has fluctuated significantly from fiscal 2007 to 2011 and if MSU will continue to increase expenditures on institutional aid.**

**Response:** Morgan returns among the highest percent of its tuition back to students in the form of scholarships. The University had to make difficult strategic decisions regarding its use of unrestricted revenues in periods of State support reduction or potential reductions. Now that the recession is behind us, hopefully, the University will be able to provide more consistent and, hopefully, increasing support to our students. Eventually, we hope that the State will be able to share in this effort.

**Issue #6 (Page 20)**

**The President should comment on efforts to help reduce the debt burden of students and why the number of loans from private sources increased from 0 in fiscal 2007 to 1,076 in fiscal 2008.**

**Response:** The University looks for every way to increase financial aid to students. Morgan allocates the highest percentage of financial aid to its students than any other public four-year institution in the State. Faculty members are encouraged to include in their grant proposals requests for financial aid and students are encouraged to look for financial aid wherever it exists. Regarding private loans, for fiscal year 2007, the number of awards was 1,093 totaling \$10,060,216. For fiscal year 2008, the number of awards was 1,211 totaling \$10,462,616 which does not vary much from the prior year. Unfortunately, the numbers reported to the analyst for FY 2007 by the University was an error.

**Issue #7 (Page 23)**

**The President should comment on MSU's goal to move up in the Carnegie classifications and how achieving that goal may impact efforts and resources to improve student success. The President should also address how MSU will track progress toward meeting its goals and objectives given the lack of benchmarks or targets.**

**Response:** Morgan State University's number one goal is enhancing student success. We are very serious about making a difference in retention and graduation rates and this year alone increased the second-year retention rate from 68 to 73 percent. We need to remember that the Strategic Plan is a ten year blueprint that includes other goals inclusive of enhancing MSU's status as a doctoral research university. With little additional State resources, Morgan has already achieved doctoral research status and is planning to move up to the next classification of doctoral research high over the ten year period, which means doubling its research volume and doctoral degree production. To the extent that Morgan State University continues to develop as a competitive advancing doctoral research institution, it will be

increasingly attractive to a diversity of students relative to their educational preparation and socio-economic background. As this occurs, the retention and graduation rate of a more diverse student body will likely yield improved retention and graduation rates.

There are even greater benefits of this development to the University, the State and the region. First, additional resources and enhanced educational opportunities will be available to the students in terms of assistantships and stipends as well as benefiting from the research experiences of faculty in both the labs and classroom. Second, the University will realize additional operating support in the form of equipment, faculty development, travel, etc., from increased grant activity. Third, grants and contracts funding will create jobs to spur on the economy. And finally, in many occasions, the applied research being performed by faculty will enable the University to better assist the surrounding communities through various support services funded by the grants, e.g., addressing health disparities, transportation, public safety, business development, community revitalization, etc. Therefore, I think the goals of improving student success and advancing the research mission are very much linked.

As indicated by the analyst, the Strategic Plan outlines objectives to accomplish each of the five strategic goals, anticipated outcomes for those objectives, measures and assessment methods to evaluate achievement of these outcomes, and the specific office/unit responsible for tracking those measures, etc.

In January 2012, Morgan's Center for Performance Assessment began working with each office and unit to set benchmarks for each performance measure based on historical performance, peer and competitor data, and desired levels of outcomes established within each unit. These measures will be tracked via individualized scorecards for each area and progress/results will be used for planning and resource allocation. Morgan's Division of Planning and Information Technology in partnership with the Center for Performance Assessment is currently determining the most appropriate software system to implement and sustain these scorecards. This process is in keeping with the Middle States Commission on Higher Education (MSCHE) requirements for the use of assessment data and benchmarking results in decision making and improvement, and will significantly increase Morgan's effectiveness in identifying areas of strength, opportunities for improvement, and resource allocation needs.

#### **Issue #8 (Page 23)**

**The President should comment on MSU's partnership with HCC in offering a joint EE program and the status of offering courses at HCC.**

**Response:** A partnership with Morgan offering a joint Electrical Engineering Program with Harford Community College (HCC) began with conversations between the Vice President of Harford Community College and the Dean of the School of Engineering at Morgan and has been endorsed by the University's Board of Regents with approval by the Maryland Higher Education Commission. Initially, it was envisioned that the form of instructional delivery would be face to face. Since then, we have developed a low cost online laboratory. A student

can now complete the last two years of an electrical engineering baccalaureate degree completely online once they have completed the first two years at HCC or any other community college. The online option allows Morgan to move quickly and decisively to fill the void left by the lack of a four-year electrical engineering program in the Northeast corridor. It is our projection that the added accessibility, affordability, and flexibility of this approach will increase the number of students who enter and complete electrical engineering programs at Morgan and choose careers with the government and government contractors.

The program is currently planned to be implemented in the Fall 2012.

### **RECOMMENDED ACTIONS**

#### **Recommendation #1 (Page 24)**

**Add the following language to the unrestricted fund appropriation:**

**, provided that the appropriation herein for Morgan State University shall be reduced by \$710,073.**

#### **Response:**

The University disagrees. According to the Department of Budget and Management, this funding is not one-time since it is to be applied toward the recurring increase in health and retirement costs.

#### **Recommendation #2 (Page 24)**

**Adopt the following narrative:**

**Institutional Aid by Expected Family Contribution Category: The committees request that Morgan State University (MSU) submit data on undergraduate institutional aid awards. Data should include the number of institutional aid awards and the average award size by the expected family contribution (EFC) for institutional grants, institutional athletic scholarships, and other institutional scholarships, as reported to the Maryland Higher Education Commission for fiscal 2012. Data should also include the number of institutional aid awards and the average award size by EFC for tuition waivers/remissions of fees to employees and dependents for fiscal 2012.**

#### **Response:**

The University agrees.

**Recommendation #3 (Page 24)**  
**Adopt the following narrative:**

**Loan Data by Expected Family Contribution Category:** In order to more fully understand all of the types of aid available to students, the committees request that Morgan State University (MSU) submit data on undergraduate loans. Data should include, by the expected family contribution (EFC), the number of loans and average loan size of federally subsidized and unsubsidized loans, as well as loans from private sources, as reported to the Maryland Higher Education Commission for fiscal 2012. Additionally, data should be provided on Pell grants, including the number and average award size by EFC for fiscal 2012.

**Response:**

The University agrees.

**Recommendation #4 (Page 25)**  
**Adopt the following narrative:**

**Faculty 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.

**Response:**

The University agrees.