

**Morgan State
University**

**Maryland's
Public Urban
University**

Legislative Testimony FY 2015 Operating Budget

Presented to:

**House Subcommittee on Education
& Economic Development**

and

**Senate Subcommittee on Education,
Business & Administration**

February 2014

**Dr. David Wilson
President**



MORGAN STATE UNIVERSITY

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Testimony

Fiscal Year 2015 Operating Budget

Morgan State University

David Wilson, President

February 2014



David Wilson,
President

Thank you for the opportunity to appear before the Committee to provide a brief update on the very exciting progress that the University is making and our plans for assisting the State in growing the workforce of tomorrow.

Morgan continues to be recognized for the important role it plays in addressing critical educational issues, and it continues to be a leader within Maryland and the nation in degrees awarded to African Americans in critical fields at all degree levels. A few examples are:

Rank	Institution	Black graduates who later earned an S&E doctorate in 2002-11
1	Howard U.	220
2	Spelman College	175
3	Florida A&M U.	154
4	Hampton U.	150
5	Xavier U. of Louisiana	126
6	Morehouse College	106
7	Morgan State U.	102
7	North Carolina A&T State U.	102
9	Southern U.	100
10	Tuskegee U.	80

RANKED FIRST IN MARYLAND AND 7TH IN THE NATION

The nation's historically black colleges still produce the most black graduates who go on to earn Ph.D.'s in science and engineering. —Source: National Science Foundation 2014

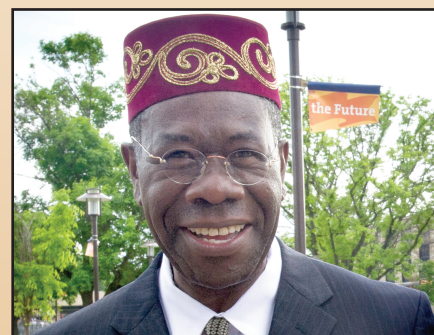
- We rank first in the nation in the number of electrical engineering bachelor's degrees awarded to African Americans;
- We rank second nationally in the number of industrial engineering bachelor's degrees awarded to African Americans;
- We rank second in the State in the number of doctoral degrees awarded to African Americans;
- We rank third nationally in the number of architecture bachelor's degrees awarded to African Americans;
- We are among the top five institutions in the United States in awarding baccalaureate degrees to African Americans in Engineering, Architecture and Journalism; and
- We are among the top twenty institutions nationwide awarding baccalaureate degrees to African Americans in the fields of Hospitality, Accounting, and Marketing.



Christian J. Kameni (English Teaching Assistantship to France), a graduating senior in the Department of History, is the 131st Morgan State student or faculty member to be accepted into the prestigious Fulbright program, and is the latest Morganite to grow the university's legacy as the leading historically black university in the production of Fulbright scholars.



Craig Cornish attended Morgan State University in Baltimore, where he received his bachelor's in history. He now studies at Princeton University in the history graduate program.



Max Hilaire, author, professor and chairperson of the Morgan State University Department of Political Science, Max Hilaire (Class of '79) will be a featured keynote speaker for the eighth annual University of Toronto's Munk School of Global Affairs Graduate Student Conference, March 20-21.

VALUE & QUALITY EDUCATION

Functioning, by State statute, as Maryland's public urban university, it is not just about numbers at Morgan, but delivering a quality education. Our graduates are well-prepared and compete for the best jobs throughout the nation. Typically, about one-third of our graduates go on to pursue advanced degrees. Morgan is first among Historically Black Colleges and Universities (HBCUs) nationwide in the number of students awarded Fulbright Scholarships and first in the number of Fulbright Scholars on the faculty. Just last year, two more students were selected by this prestigious program and a faculty member was recognized for the second time, bringing the cumulative total to 158. Our world-renowned choir, regarded as one of the country's best choral ensembles, performs around the world and at important events throughout Maryland and the United States. The University has produced three 4-star Army Generals (second to West Point) and is very proud of being champions, for the second straight year, in the National Honda Campus All-Star Challenge, whereby representatives from HBCUs across the nation compete on academic topics. The captain of the group (Craig Cornish, pictured at left), is headed to Princeton in pursuit of his advanced degree. As a side note, he was a contestant on *Jeopardy* and we were very proud of his performance.

STUDENT SUCCESS (NUMBER 1 PRIORITY)

Morgan's number one priority in its Strategic Plan is enhancing student success. As a result of further refinement and the implementation of some new and creative retention programs, in a short period of time, the University has elevated its second-year retention rate to the 72-73 percent range, the highest in a decade. At the same time, the University



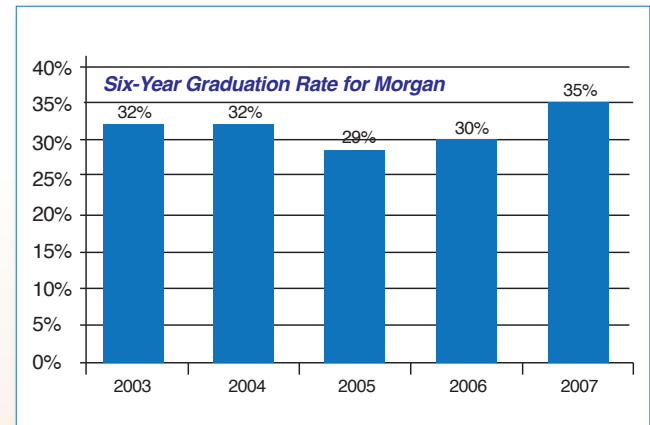
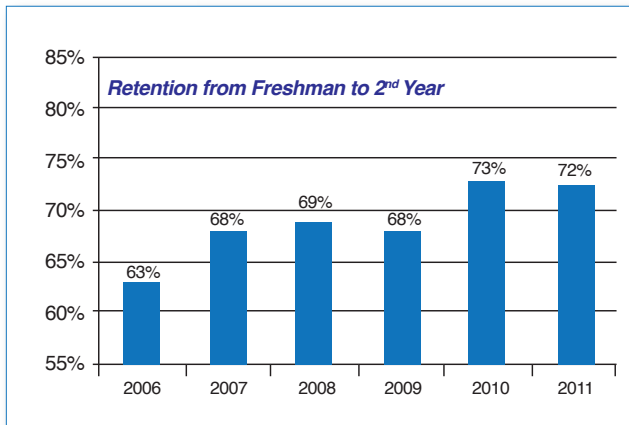
Anjanae L. Wilson (English Teaching Assistantship to Brazil) is another member of Morgan's 2013-14 cohort of student Fulbright Scholars. She earned her Bachelor of Social Work degree, with honors, from MSU in 2011 and her Master of Social Work from Fordham. Her coursework at Morgan in Latin American and Caribbean Studies serves her well in her current position at Universidade Federal de Alagoas, in Brazil.



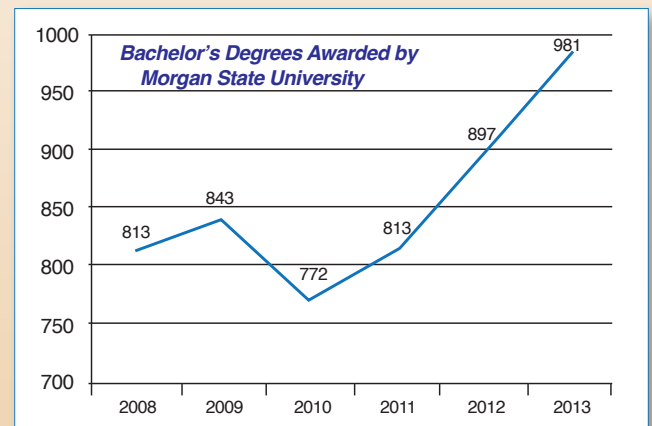
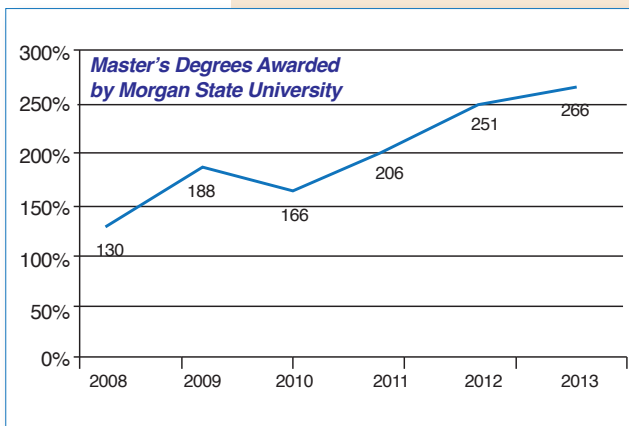
Morgan professor and author **MK Asante**, whose latest book continues to win critical acclaim nationally, now has another honor under his cap – nominated for an NAACP Image Award. Asante's memoir, "Buck", is among the nominees for Outstanding Literary Work in the category of Biography/Autobiography.



is retaining upperclassmen at a higher rate, resulting in a significant increase in the 2013 graduation rate, moving from 30 percent to 35 percent. Although this is certainly notable progress, as more new students are retained longer, we expect the graduation rate to increase to more than 45 percent over the next four to five years.



As the University retains more students through graduation, the number of degrees conferred is increasing, reaching record highs. This year, we awarded 266 graduate degrees, 100 more or 60 percent higher than just three years ago. Also, we awarded a record number of bachelor's degrees. A total of 981 were awarded, 209 more or 27 percent higher than three years ago.



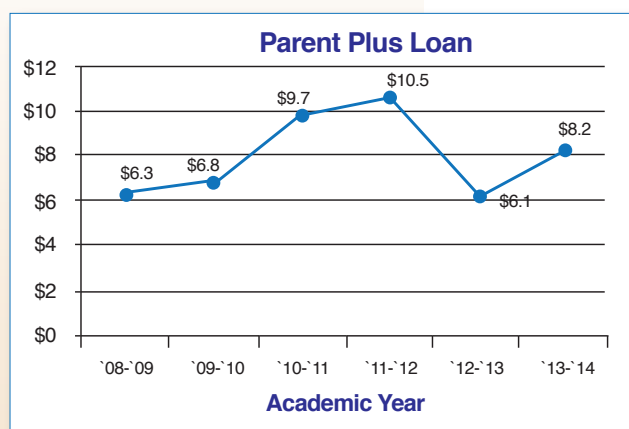
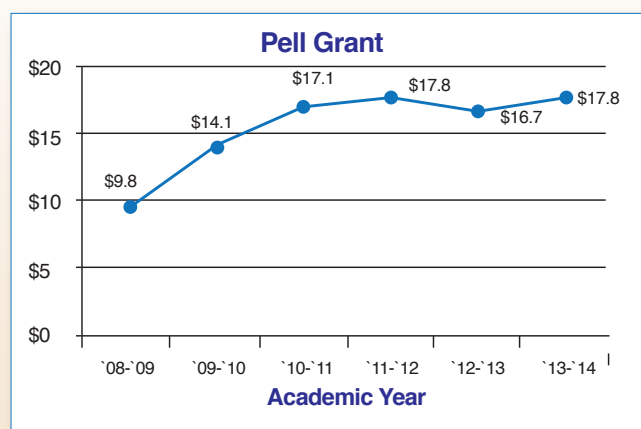
A TRANSFORMING HIGHER EDUCATION ENVIRONMENT

We are in a period of both change and constraints in higher education. This will require many institutions to adapt to changing conditions to maintain their financial viability while at the same time maintaining or enhancing the quality of education. Those institutions that have historically served students originating from low-income families that are underrepresented in the workforce are experiencing great struggles, and challenges will intensify over the next several years.

Heightened Competition – Due to a declining number of high school graduates and changes in the racial and ethnic mix, competition for qualified students is increasing.

Weak Economy – The prolonged weak economy has resulted in:

- Stagnating or declining personal incomes
- Rising student loan defaults
- Constrained federal support, including
 - Grants and contracts
 - Student grants
 - Parent loans



Changing Delivery Models of Education – Due to increased competition, colleges and universities must be more versatile in their delivery of education.

Public Concern Regarding the Value of a College Education – There is increasing pressure to minimize tuition and fees increases, while simultaneously providing convenient, high-quality services.

Movement toward Performance Funding at the State and National Levels – While performance measures are important, the potential unknown/unintended consequences of reduced funding for weaker institutions that need investment is concerning.

Affordable Care Act – Institutions like Morgan that have had to depend much more heavily on contractual employees in the past will be negatively impacted to the extent that we have to provide mandated medical benefits to those working full-time.

As a result of these and other factors, institutions across the nation have seen declining enrollments. It is widely recognized that this will continue for about a decade. Due to the financial impact, expenditures are increasing at a faster rate than revenue. Morgan has realized a reduction in



its enrollment as well, moving down from a historic high two years ago.

Understanding the changing dynamics in higher education, we have recently implemented, through reallocation of resources, several critical initiatives to better ensure that Morgan will continue to be a valuable educational resource to the citizens of Maryland at all degree levels. These initiatives should enable the University to further diversify its enrollment to preserve its revenue base, expand methods of educational delivery to enrich our recruitment capacity, as well as further diversify revenue sources by increasing the volume of grants and contracts as well as private giving. There is no question that state support will continue to be a large factor in Morgan's continued success. Provided below are areas of recent emphasis in response to challenges on the horizon, to better ensure that Morgan remains on track to realize its strategic plan.

Advancing the University: Further Improving Retention and Graduation Rates

The cornerstone for the growth and development of the University is the continued improvement of our retention and graduation rates. In the past, we have shared with the Committee several programs and services provided at the University to continue our progress. Recently, the University was one of only 19 institutions and the only HBCU to be awarded a \$100,000 grant from the Bill and Melinda Gates Foundation to implement Integrated Planning and Advising Services (IPAS) technology, which will allow us to automate our Early Alert and Response System for faculty, staff and students; enhance advising; and provide sophisticated, yet user-friendly tracking and monitoring systems to enhance student success. This technology will be rolled out later this spring. Other recent initiatives include revamping our advisement model, including moving to a centralized advising model for first-year students, to ensure appropriate course selection and keep students on track for degree; establishing an online institutional aid application to better assist students in financial jeopardy; engaging a marketing and recruitment firm to assist with developing and conducting a communication campaign; a statewide conditional admissions campaign; dual enrollment program; hiring the first Spanish-speaking admissions officer as well as developing virtual tours and presentations.



Chemistry major **Eduardo Morais** (left) and computer science major **Lucas Possani** (right) came to Morgan through Brazil's Scientific Mobility Program.

Academic Outreach

We have initiated a new Division of Academic Outreach and Engagement to diversify the mode of educational delivery through expanded online education as well as respond to increasing demand for non-credit and certificate programs. As part of this effort, we started an English as a Second Language (ESL) program and have enrolled 27 funded Brazilian students in the program last fall who will become regular admits after completion. These students will be going on to the academic programs this spring for one year. As part of the HBCU-Brazilian Alliance, in which

Morgan plays the lead role, the University also welcomed 15 students who are participating in Brazil's Scientific Mobility Program, which is designated to promote careers in science, technology, engineering, mathematics, health care, and transportation. Further, a \$1 million endowment from the Bernard Osher Foundation supports non-traditional adult students enrolled in undergraduate degree programs. Twenty-three (23) adult students (aged 25–50) have been selected to receive Bernard Osher Reentry Scholarships for the 2013–2014 academic year. To date, 25 Osher scholars have graduated from MSU and are currently employed or attending graduate school.

In addition, we are currently in the process of adding online programs as well as increased cross-registration in online courses to begin unbundling educational services. Also, we are exploring, with several neighboring community colleges, the potential of taking the last two years of a degree program to those institutions.

Grants and Contracts

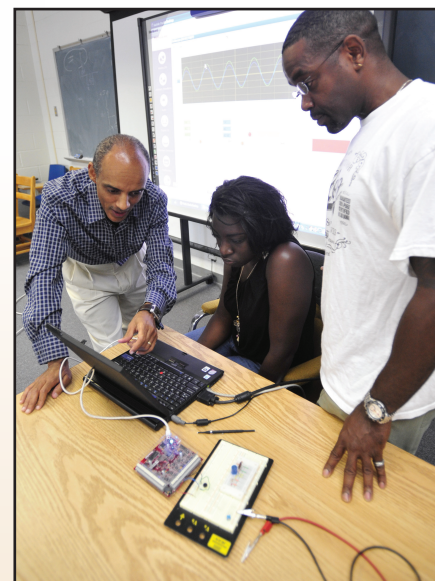
We recently initiated a new Division of Research and Economic Development to further increase the University's share of external resources that are

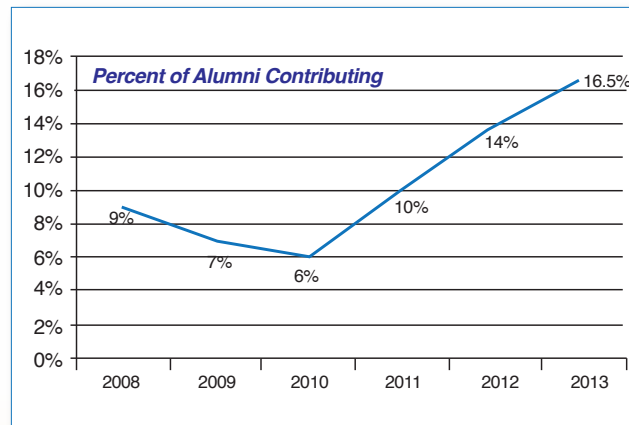


Dr. Viji Sitther (left), MSU professor of biology, and Dr. Kadir Aslan (right), MSU professor of chemistry, each received \$100,000 Maryland Innovation Initiative Awards in 2013 — Dr. Sitther for her new method of producing biofuels in salt water and Dr. Aslan for his new metal-assisted and microwave-assisted evaporative crystallization (MA-MAEC) technology.

available. This year, we are 64 percent in funding dollars above where we were this time last year, and hope to maintain that momentum. Grant and contract funding provides many benefits to include enhanced faculty development; enhanced instruction, internship and assistantship opportunities for students; and supplements needed research equipment, etc. Further, the resulting applied

research enables Morgan, as Maryland's public urban university, to provide services to the community with the expectation of accelerating the revitalization of surrounding neighborhoods and beyond. Last spring, after more than a year of joint planning and dialogue, the University unveiled its Morgan Community Mile Initiative. The key priorities are to improve the quality of life and economic status of those in the surrounding community, support education and youth development and, ultimately, strengthen University-community relations.





Fundraising

The recent advancements of the University and the associated potential opportunities are increasingly recognized by private industry, foundations, other Federal and state agencies, as well as our alumni. Over the last

two years, annual gifts to the Morgan State University Foundation have increased from \$2.1M to \$4.5M or by 108 percent. Even more impressive is that our alumni participation rate has continued to rise for the third straight year to 16.5 percent, an increase of 18 percent over 2012 and a 175 percent increase since 2010. One of the greatest needs at the University is financial aid. Morgan dedicates the highest percent of its tuition revenue to student financial aid. At the same time, its tuition cost is the fourth lowest of the eleven public four-year colleges and universities in the State. We are hopeful increasing financial aid will be available to students through Foundation fundraising efforts, thereby institutional resources currently dedicated to institutional aid can be used to further enhance our instructional and academic support services.



Morgan President David Wilson (right) recently announced a historic partnership with the People's Republic of China to increase cultural exchange between China and the nation's HBCUs.

Global Recruitment and Student Exchange Programs

We have initiated a new Division of International Affairs, which is a unique addition to the campus. The Division's mission is to bring together international students to enrich the campus community with new perspectives, different experiences and diverse racial, ethnic and socioeconomic backgrounds. This diversity reflects the growing trend towards a global academic village, and greater worldwide appreciation and tolerance of different cultures. Our efforts have already proven to be fruitful. Thus far, the University has a total of 420 international students worldwide from countries to include Nigeria, Nepal, Saudi Arabia, Kenya, Ghana, Jamaica, Trinidad & Tobago, Brazil and India.

Last summer, I had the opportunity to complete an educational mission to South Africa, which resulted in the signing of Memoranda of Understanding with six of the nation's universities: University of Cape Town, University of the Western Cape, and The Cape Peninsula University of Technology, all in Cape Town; the University of KwaZulu-Natal in Durban; and the Universities of Johannesburg and Witwatersrand, both in Johannesburg. The agreements open the doors for international learning opportunities for Morgan students, and collaborative research and academic development with faculty from the six institutions.

In December, the University also joined a cadre of HBCUs, alongside members of the Congressional Black Caucus (CBC), as it took part in a historic partnership with the People's Republic of China (PRC) to increase cultural exchange between China and America's HBCUs. The partnership will allow 400 HBCU students stationed in districts represented by CBC members to study in China over the next four years. The program is a part of the Obama Administration's 100,000 Strong Initiative, designed to promote diplomacy and exchange through educational initiatives.

Morgan now has 34 cooperative agreements in 16 countries to include institutions in South Africa, Brazil, China and Australia. As a result of these agreements, we are able to provide our students an opportunity to experience different cultures at Morgan and offer them opportunities to obtain a quality education in an international setting.

CONTINUED STATE SUPPORT IS ESSENTIAL

In a changing and increasingly competitive environment, state support is essential to maintain a quality education at a reasonable cost. However, for public access institutions like Morgan, which serves a high percentage of students with substantial financial need, increasing levels of state support is more important today than ever before. It is institutions like Morgan that can make the greatest difference in increasing the number of highly qualified graduates to meet Maryland's future workforce demands. As exhibited by our Over-the-Target Operating Budget Request to the Governor last year, the need is substantial to establish the necessary infrastructure to compete for a diversity of students relative to their socio-economic background as well as their academic preparedness.

The general areas of critical need submitted to the Governor are outlined as follows:

Improve Retention and Graduation Rates	\$7.6M
Further Advance Morgan's Public Urban Mission	\$2.7M
Support Essential Operating Cost	\$4.0M
Maintain Competitive Salaries	<u>\$4.1M</u>
TOTAL	<u>\$18.4M</u>

We are appreciative of the Governor's recommended support to provide for current service and various personnel costs such as salaries and fringe benefits and a few operational enhancements.





CLOSING

We request your support of the Governor's recommendation for FY 2015. We will be able to make modest but important strides in targeted areas of library support services, faculty development and the opening of the Lillie Carroll Jackson Museum. In consideration of the total need and the challenges before the University, an increase in tuition and fees will also have to be instituted. However, with state support and in the interest of access and affordability, the increases will be modest.

Please be assured that Morgan continues to be committed to extending its resources to provide a high-quality education to an increasing number of students, to assist the State in meeting its statewide goals. As additional funding is made available, Morgan is uniquely poised as Maryland's public urban university for accelerated growth, as we commit ourselves to grow the future and lead the world in a number of disciplines of paramount importance to Maryland's future economic vitality.

Again, thank you for your support. I will now provide comments and answer questions that you may have, as well as respond to the issues presented by the analyst.

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



Comment #1 (Page 14): The Department of Legislative Services recommends reducing MSU's general funds by \$326,000 to reflect the tuition revenue portion of the fiscal 2014 annualized COLA.

Recommendation #1 (Page 29): Add the following language to the unrestricted fund appropriation: provided that this appropriation made for the purpose of Morgan State University shall be reduced by \$326,000.

Response: The University disagrees and requests that this recommendation be rejected by the Committee. The State has always paid for COLA and merit increases for Morgan's state-supported faculty and staff. Unfortunately, this recommended action would take place at a time when we are trying to moderate tuition rates and also during a period when Morgan's enrollment and tuition revenue are on the decline, primarily due to changes to Pell grant and Parent Plus loans guidelines implemented by the U.S. Department of Education. In FY 2012, the University's tuition and fees revenue was \$56.0M versus projected revenues of \$53.4M in FY 2015, a \$2.6M reduction. Should this recommendation be adopted, the University will have to postpone a portion of important initiatives associated with our library, the opening of the Lillie Carroll Jackson Museum, and faculty professional development.

Issue #1 (Page 19): The President should comment on why the additional funds provided in fiscal 2014 to increase expenditures on need-based aid were not used for its intended purpose, especially given the financial needs of its students and MSU's continuing assertion that

the primary reason students drop out of school is due to a lack of financial resources.

Recommendation #2 (Page 29): Add the following language to the unrestricted fund appropriation: Further provided that this appropriation made for the purpose of Morgan State University shall be reduced by \$300,000.

Response:

The University disagrees and requests that this recommendation be rejected by the Committee. Unfortunately, a summary form related to institutional aid that was provided to the analyst did not capture the institutional financial aid increase that was reflected in the Governor's FY 2015 Budget Book (Program 17 – Scholarships and Fellowships). However, the Governor's FY 2014 and 2015 Budget Books will show that the actual 2012 and 2013 state support scholarship expenditures totaled \$10.5M and \$11.0M, respectively; and the appropriation for FY 2014 totaled \$13.1M or \$2.1M over FY 2013. The much-needed additional \$738,000 supplemental allocation was part of this increased funding. To underscore our need for this funding, last week, the University dropped more than 800 students who could not make satisfactory financial arrangements. I have directed my staff to prudently utilize any available institutional aid to assist in the retention of students who are still persisting, are in good academic standing and have demonstrated need. If this cut is taken, the University would not be able to retain a significant number of needy students, which could negatively impact our retention and graduation rates.



Issue #2 (Page 23): The President should comment on why students in the higher EFC categories and, in particular, those in the unknown category receive need-based aid awards.

Response: Students with unknown EFC are students who are not eligible to complete the FAFSA for financial aid and, in many cases, are international students. They pay out-of-state tuition rates and/or are not eligible for federal aid. The reality is that the cost of attendance is frequently significantly more than students and their families can afford, even for those students who are eligible for federal aid who have higher EFCs. For example: The cost of attendance (tuition, fees, room and board) is approximately \$26,000. If a student has an EFC of \$10,000, he/she would not be eligible for Pell. He/she would only be eligible for \$5,500 per year in subsidized and unsubsidized loans. If the parent was denied the Parent Plus loan, the student would be eligible for an additional \$4,000 in loans. This would mean that the student would still owe \$16,500 (\$26,000–\$5,500–\$4,000). Even if the family can, in fact, contribute \$10,000, the student still would have a \$6,500 gap, which could lead them to seek institutional assistance. Further, EFC only takes into account family income, assets and benefits, the number of persons in the family, and the numbers of persons in the family attending college. It does not take into account family debt and financial obligations. The reality is that many of our students' families are living paycheck to paycheck; have

significant credit card debt and face issues such as foreclosure, high medical expenses, etc., that are not reflected in the EFC. In the very challenging economic conditions we have faced in the past few years, there are a number of families who, on paper, are expected to contribute to their child's education, but who, in reality, cannot do so.

Issue #3 (Page 24): The President should comment on the status of converting the remaining 22 faculty positions.

Response:

The delay in converting the referenced faculty positions is partly related to the 2013 Joint Chairmen's Report requirement that a policy be developed and approved by the Board, and subsequently submitted to the budget committees for review and comment. In the process, the Board of Regents wanted to ensure that their policy was followed, which required, among other things, a national search for the most qualified faculty with expertise in their respective disciplines. The searches have been completed, and the status is as follows:

- The University has made 23 offers of appointment of which 18 have returned signed contracts accepting the offers.
- The University is now in direct negotiation with seven (7) applicants for the remaining seven positions.

The referenced seven applicants have been interviewed by the various departmental appointment and

promotion committees, and the Office of the Provost and Vice President for Academic Affairs is preparing their contracts for signature. All 30 regular faculty should be under contract within two months.

Issue #4 (Page 28): The President should comment on the athletic fees, particularly the effect on access and affordability, given the majority of students are from low-income families, and many drop out due to the lack of resources. The President should also address what actions MSU is undertaking or considering to reduce the student athletic fee.

Recommendation #3 (Page 27): DLS recommends that MSU submit a report [by September 30, 2014] on its plan to ensure the long-term financial sustainability of the ICA program, which does not place an increasing financial burden on students and which maintains Title IX compliance.

Response: The University agrees to provide the requested report, which is merely a reflection of ongoing concerns raised by Morgan's Board of Regents prior to issues' being identified by the analyst's report. The Board has been concerned that the athletic fee is high when compared with other Maryland public four-year institutions. It is important to note, however, that the high fee is a function of Morgan's small size and not inefficiencies of the Athletic Program. Any relatively small school, with a competitive Division I program (with Division I football), that does not receive state support, will be challenged. In Maryland, the only other Division I

programs with Division I football are College Park and Towson University. Even those schools with 18,000 to 31,000 students and high economies of scale are challenged, at times, to operate within available resources. Nonetheless, with encouragement from the Board, over the last five years, we have only increased our total fees by 11.3 percent, compared with an average of 22.2 percent statewide. As such, for total fee charges, we have dropped from the second-highest to fourth-highest of eleven public institutions. With regard to the athletic fee specifically, while the average statewide increase over the last five years was 27.8 percent, we have held our increase to 14.3 percent, slowly trying to bring our fees closer in line with some of the other institutions. It should be noted that of the \$7.2 million in athletic fees collected, \$3.6 million or 50 percent is returned to our students in the form of financial aid. Even still, the Board would like to see faster adjustments to the Program and, therefore, requested that a Steering Committee be formed to evaluate many of the concerns mentioned in the analyst's report. There is no doubt, however, that college athletics plays a significant role in campus life in building pride, spirit, etc., while at the same time enhancing recruitment and fundraising efforts. A likely solution will require a multipronged approach, involving our Foundation, enrollment growth, marketing and state support to minimize the burden on our students. The Steering Committee report will be the foundation of the report to be provided to the Legislature.



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