Morgan State University

Maryland's Public Urban University

Legislative Testimony

FY 2017 Operating Budget

Presented to:

Senate Subcommittee on Education, Business & Administration

and

House Subcommittee on Education & Economic Development

February 2016

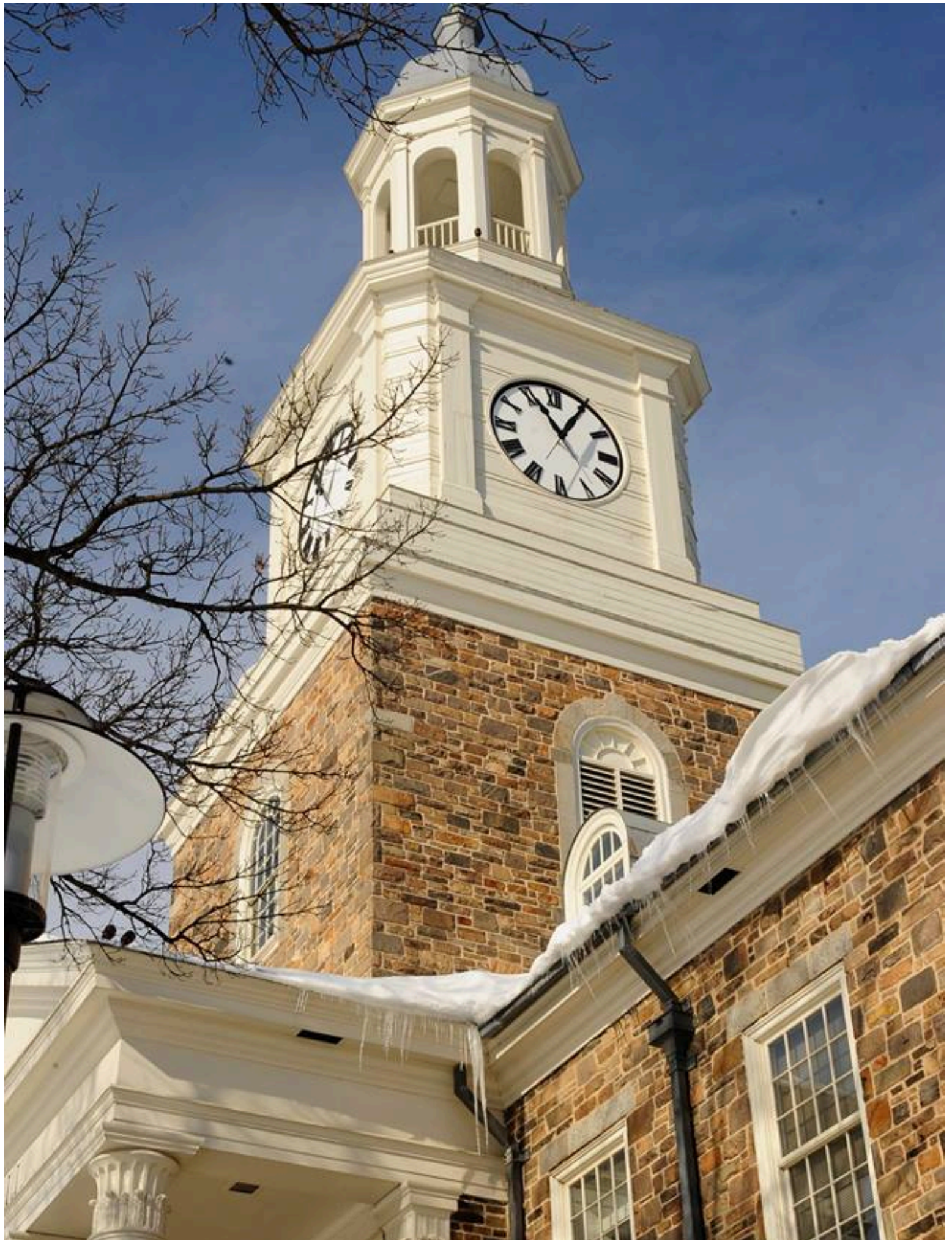**Dr. David Wilson, President**

MORGAN STATE UNIVERSITY
GROWING THE FUTURE • LEADING THE WORLD

Testimony

Fiscal Year 2017 Operating Budget
Morgan State University

David Wilson, President
February 2016

Chair and members of the Committee, I thank you for the opportunity to testify on the Governor's fiscal year 2017 budget allowance for Morgan State University and to provide you with an update on the University since last session.

First, I thank Governor Hogan for his support of higher education. I also extend my thanks to the members of the General Assembly, particularly this Committee, for your strong and continued support of Morgan State University. Our analyst, Ms. Sara Baker, has done an excellent job analyzing our budget and, as part of my testimony, I will address the comments and recommendations she has identified.

This year's testimony is lengthier than previous testimonies because we want to put into context the environment that Morgan State, as well as many other institutions in Maryland, will be operating in over the next few years.

VISION STATEMENT

Morgan State University is the state's designated public urban university, known for its excellence in teaching, intensive research, effective public service and community engagement. Morgan prepares diverse and competitive graduates for success in a global, interdependent society.

STRATEGIC PRIORITIES

The University is operating under its strategic plan, focusing on enhancing student success, growing its standing as a research university, improving infrastructure and operations, increasing grants and contracts activity, expanding online programs and other courses,

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and establishing educational partnerships with prestigious institutions throughout the world. Our strategic priorities are in alignment with the state's goals for higher education.

Consistent with its strategic priorities, the University continues to develop its reputation as a premier institution. While we continue to experience enrollment growth, it should be noted that our undergraduate tuition is the second lowest in the state, to provide access to those students in the lower socioeconomic status group. Our number of first-time/full-time students has increased by 10% since 2014, retention and persistence rates are on an upward trajectory, and master's and doctoral degree production continues to rise.

Undergraduate In-State Tuition & Fees
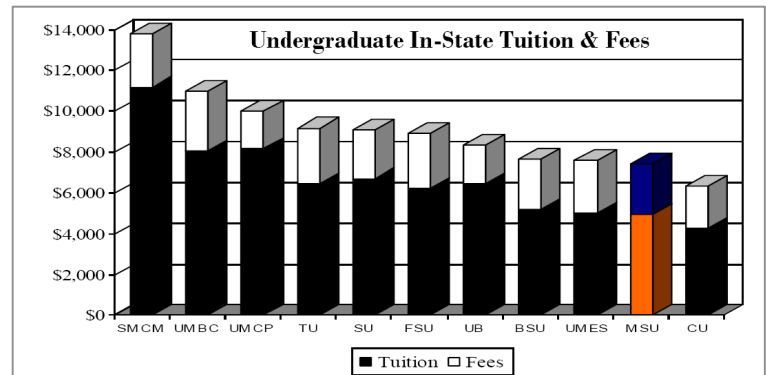
As for fundraising, alumni giving is at an all-time high in both percentages and dollars. Similarly, faculty are actively engaged in research activities and collaborations. Last month, the University established its first endowed professorship, the Endowed Chair in Internet of Things (IoT) Security. In 2014, Morgan received a $23.3M award, the second largest competitive award in its history and the highest ever from a U.S. agency – the National Institutes of Health (NIH). The purpose of the award is to develop new approaches that engage researchers, including those from underrepresented backgrounds in the biomedical sciences, in preparing the next generation of researchers and scholars in the biosciences.

FISCAL STATUS

The University continues to focus on efficient management of its operations to control cost, while effectively allocating resources to achieve its strategic goals. Morgan has maintained its A+ rating from Standard & Poor's Ratings Services (S&P) based on key factors to include: strong support from the state for its operating and capital budgets, and its ability to operate in a very competitive environment while countering statewide trends by improvements in demand statistics and increasing student enrollment. While the state's future revenue estimates are positive, increased revenue diversification and financial equilibrium will continue to be major objectives for the institution in the future. The University's rating from Moody's Investors Service has remained at A1, but our outlook has been upgraded to stable from negative. This is more evidence that the rating agencies have confidence in Morgan and its financial position.

QUALITY INDICATORS: MORGAN'S CONTRIBUTIONS TO AFRICAN-AMERICAN EDUCATION

While Morgan's contributions generally have been well-documented, it is worth reviewing some of them, because the University continues to make large contributions to state and national educational attainment.

- Morgan ranked 15th among all traditional campuses nationwide last year in the number of bachelor's degrees it awarded to African Americans.
- In key fields, Morgan also ranks in the top 15: 3rd – engineering, 3rd – architecture, 10th marketing, 12th – accounting, and 13th – finance.
- At the master's level, Morgan ranks in the top ten universities awarding degrees to African Americans in architecture and engineering.
- The University ranks ninth nationally in doctorates in engineering.
- Its graduates have received more Fulbright scholarships than graduates of any other HBCU.
- Over the past 10 years, it ranks 3rd nationally in the number of its engineering graduates who subsequently receive doctorates in engineering from a U.S. university.

In addition, Morgan ranks among the top 10 baccalaureate institutions awarding engineering doctoral degrees to African Americans – 1st among females, 2nd among males, and 5th overall for science and engineering degrees.

Rank	Top Baccalaureate Institutions of Black S&E Doctorate Recipients: 2008 - 2012
1	Howard U.
2	Spelman C.
3	Xavier U. of LA
4	FL A&M U.
5	Morgan State U.
6	Hampton U.
7	NC Agricultural & Technical State U.
8	Morehouse C.
9	U. of Maryland, Baltimore County
10	Southern U. & A&M C., Baton Rouge

Rank	Top Baccalaureate Institutions of Black Engineering Doctorate Recipients, by Sex (Females): 2008 - 2012
1	Morgan State U.
2	NC Agricultural & Technical State U.
3	U. FL
4	GA Institute of Technology
5	MA Institute of Technology
6	FL State U.
7	Howard U.
8	U. MI, Ann Arbor
9	Clemson U.
10	Princeton U.

Rank	Top Baccalaureate Institutions of Black Engineering Doctorate Recipients, by Sex (Males): 2008 - 2012
1	NC Agricultural & Technical State U.
2	Morgan State U.
3	FL A&M U.
4	Howard U.
5	GA Institute of Technology
6	MA Institute of Technology
7	Morehouse C.
8	Southern U. and A&M C., Baton Rouge
9	U. FL
10	U. MD, Baltimore County

Source: National Science Foundation

Enrollment: Near Historic High

Fall 2015 enrollment of 7,725 was just below our historic high of 8,018, which was achieved in 2011. The start of the fall semester was quite impressive, with a 10% increase in freshmen enrollment

over last year and 100 additional out-of-state students. This is the second consecutive year the University achieved more than a 10% increase in its freshmen enrollment. Great strides were made in the total number of new undergraduates (up by 5%), and the University experienced the largest graduate enrollment in its history, with 1,406 students.

Retention, Graduation and Persistence Rates

For the fifth consecutive year, the University's first-to-second-year retention rate has been above 70%. Between 2001 and 2009, Morgan had only one year with a retention rate greater than 69%. Beginning in 2010, Morgan's retention rates began to improve, and they have remained above 70% since. The current rate of 76% is the best outcome since the historically high rate achieved in the mid-1990s. Equally encouraging is the fact that persistence beyond the second year of study also has been increasing. It should be noted that graduation rate improvements are not instantaneous, but occur over time. Based on our persistence rates through fourth year, as demonstrated on the chart below, Morgan is moving in the right direction to realize a substantial increase in graduation rates over the next several years and beyond.

Retention and Graduation Rates

Persistence Rates through Fourth Year
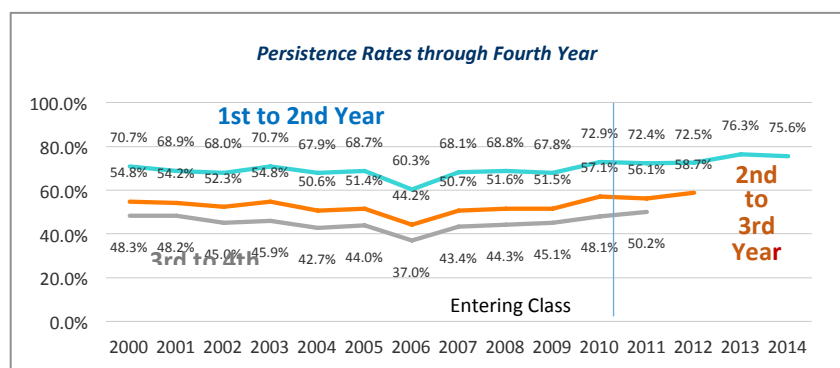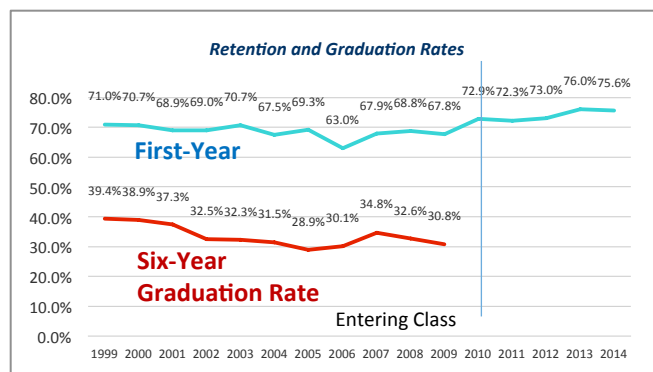
Doctoral Degrees Awarded

For fiscal year 2015, the University awarded 1,225 degrees. Of that number, we awarded a total of 292 graduate degrees. Master's degrees accounted for 234 degrees. Doctorates accounted for 58 degrees, which represents an increase of more than 100% since 2006.


Doctorates Awarded by Morgan State University

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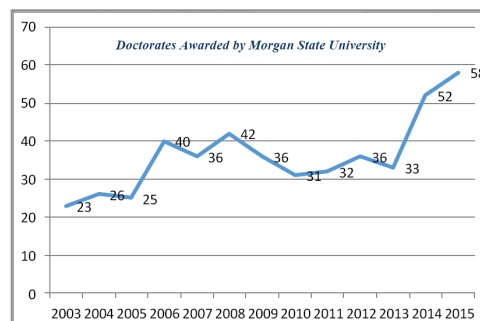
Fundraising
Private fundraising continues to increase, providing much-needed resources for student financial aid. Moreover, our alumni giving rate reached 17%, a historic high, and a rate considerably higher than that of most public universities.

In addition, we are excited to report that Morgan has received the largest individual donation in the institution's history: a $5-million gift for an endowed scholarship fund, from MSU alumnus and retired UPS senior executive Calvin E. Tyler Jr. and his wife, Tina, nationally known philanthropists. The Calvin and Tina Tyler Endowed Scholarship Fund will provide need-based scholarships that cover full tuition for select Morgan students who reside in Baltimore City, the couple's hometown. The contribution is believed to be the fifth largest from an individual to any Historically Black College or University in the United States.
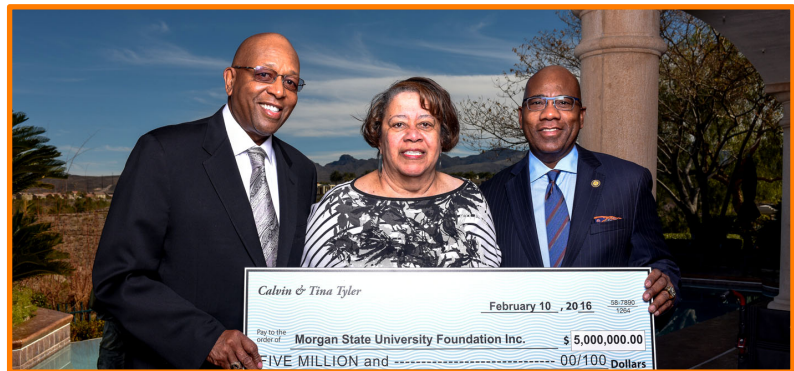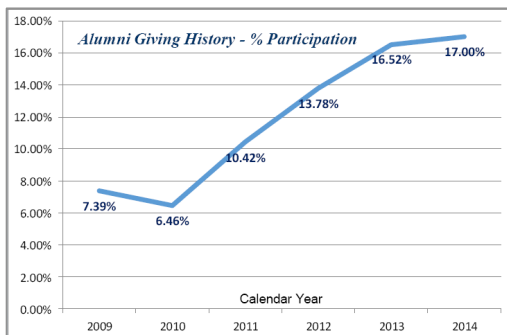
I can assure you that Morgan is maximizing and leveraging the resources received to effect important advancements to include, but not limited to:

- ➢ Increasing institutional financial aid to assist students in bridging the gap between the cost of education and available financial resources to mitigate any loans
- ➢ Improving student retention and graduation rates
- ➢ Significantly increasing degree production
- ➢ Investing in study abroad opportunities and expanding our global footprint to prepare students for a global and interdependent society
- ➢ Improving campus-wide infrastructure

In spite of the aforementioned progress, however, Morgan, as well as other higher education institutions across the nation, continue to navigate through changing demographics, declining high school graduates, and fiscal constraints. This will require many institutions to become even more innovative while at the same time providing quality

instruction and support services to their diverse student body. As Maryland's public urban university, serving many students from low-income and minority backgrounds, particularly African Americans, we continue to maintain tuition rates as low as possible, while also providing significant financial aid support. With substantially less net tuition revenue available per student, Morgan is much more dependent on state support than most other Maryland institutions for its continued growth and development.

FUTURE PERSPECTIVE: A LOOK AT HIGH SCHOOL GRADUATES AND COLLEGE COMPLETION

Throughout its history, Morgan has given priority to providing educational access to students from a wide variety of socioeconomic and academic backgrounds. This remains the case today, even though an increasing number of campuses in Maryland have a more restricted admission policy. Because of its continued commitment to educational access, Morgan plays a critical role in the state's higher education system and in the ability of higher education to provide a college education to African Americans, other minorities, and low-income students in general – all of whom make up a growing share of the college-age population. This is part of Morgan's value proposition and the state's return on investment.
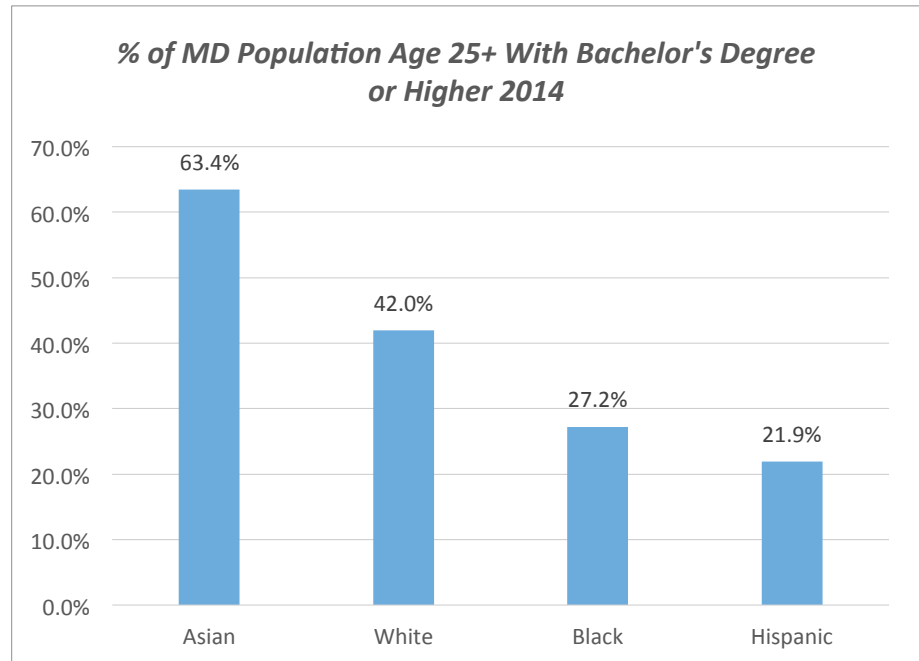
At a time when there is considerable concern about the size and condition of the American middle class, Morgan continues to function as a vehicle of upward mobility for students. Typically, about half of Morgan baccalaureate recipients are from families in the lower-half of the income distribution. This a group that nationally has a very low probability of receiving a college degree. These students, thus, become a net addition to the state's economy, and their earnings add to the tax base. The success of these students, at the same time, reduces the burden on government services.

Morgan's Emphasis on Access Is Increasingly Important to the State
Compared with other states, Maryland is wealthy with a highly educated population. Only about half of Maryland residents were born within the state, and our immigrants, attracted by the strong economy, undoubtedly account for a large segment of the state's well-educated residents. However, Maryland's high average educational attainment and wealth mask large differences among groups within the state. The state's African-American and Hispanic populations, which have comparatively low levels of degree attainment, are now large enough that they are having a significant impact on some overall performance

measures for students in the public schools and on higher education enrollments. This soon will affect the state's ability to award enough degrees to achieve its educational goals.

% of MD Population Age 25+ With Bachelor's Degree or Higher 2014

Group	Percentage
Asian	63.4%
White	42.0%
Black	27.2%
Hispanic	21.9%

Source: U.S. Bureau of the Census

Of particular concern is that the educational attainment gap between the different groups has **_not_** been narrowing. The gap in degree attainment between whites and both blacks and Hispanics has actually increased slightly over the past decade.

% Age 25+ With Bachelor's Degree or Higher Maryland

Year	Asian	White	Black	Hispanic
2005	59.2%	37.7%	24.3%	19.8%
2006	61.2%	38.5%	23.7%	21.0%
2007	60.2%	38.7%	24.7%	20.8%
2008	61.8%	38.6%	23.9%	20.1%
2009	58.4%	39.4%	24.8%	21.1%
2010	63.1%	39.7%	25.3%	17.4%
2011	60.9%	40.3%	26.7%	20.6%
2012	61.1%	40.9%	25.9%	21.2%
2013	61.1%	41.6%	26.3%	21.3%
2014	63.5%	42.0%	27.3%	21.9%

Source: U.S. Bureau of the Census

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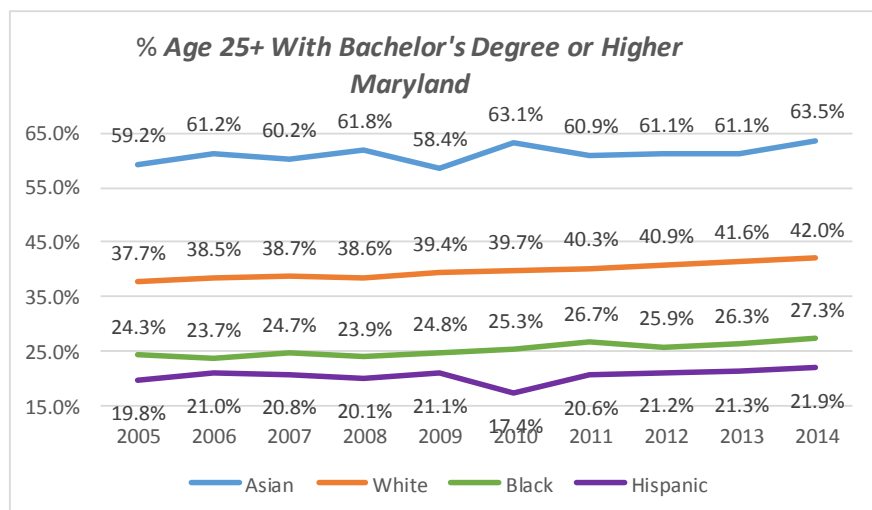
The outlook for narrowing the educational attainment gap among current residents in the near term is not good. In both the black and Hispanic populations, unlike the case for whites and Asian-Americans, the younger segments of the population actually have considerably lower rates of degree attainment than the older population. Yet, it is the younger segments of these groups that are growing. Without a reversal of this pattern, the overall educational attainment of blacks and Hispanics will not improve.
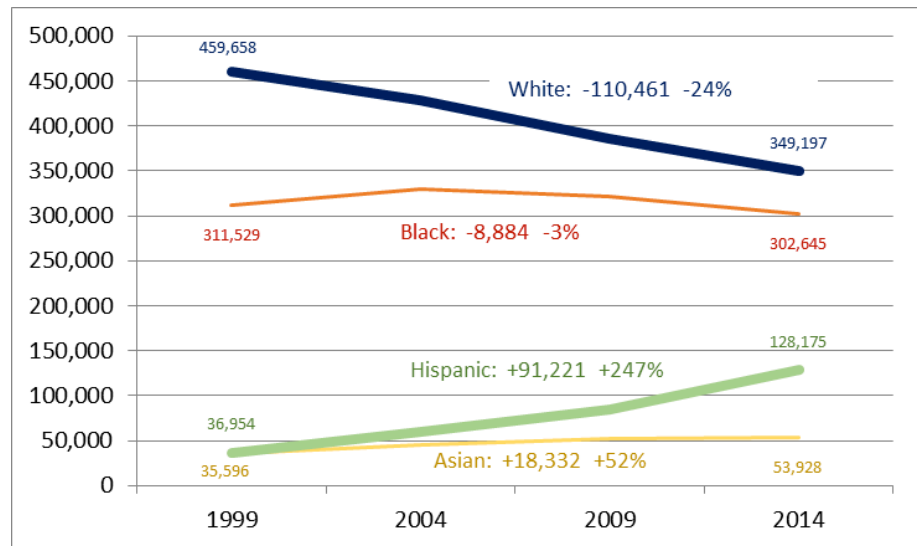
% of MD Population With Bachelor's Degree or Higher
Three-Year Average: 2013-15

Category	Ages 25-34	Ages 35-70
Total	42%	43%
Asian	69%	65%
White	45%	45%
Black	28%	35%
Hispanic	18%	27%
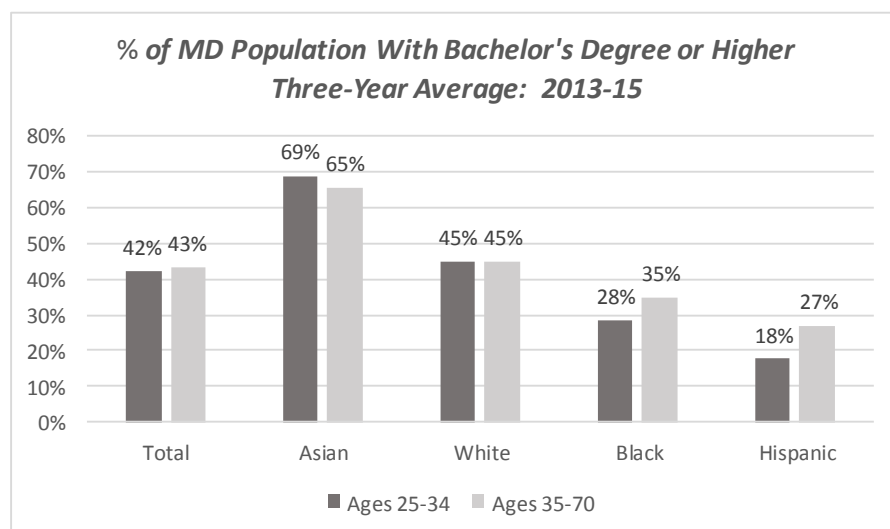
Source: U.S. Bureau of the Census

Because Maryland has a high concentration of blacks and a growing Hispanic population, the success of these combined segments of its population have more of an impact on the state than in most other states. To the extent that the members of these groups are less successful than other segments of the population, the burden on government programs and drag on the economy are increased. The changes in the state's racial and ethnic composition are most clearly reflected in the young population. In just the past 15 years, the number of whites in the public schools in the state has declined by a quarter. Meanwhile, the number of Hispanics has grown rapidly. A distinguishing characteristic of Maryland's Hispanic population is the large concentration of immigrants from Central America. On average, immigrants from this region have considerably lower levels of educational attainment than immigrants overall.[1]

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[1] http://www.migrationpolicy.org/article/central-american-immigrants-united-States#Age, Education, and Employment
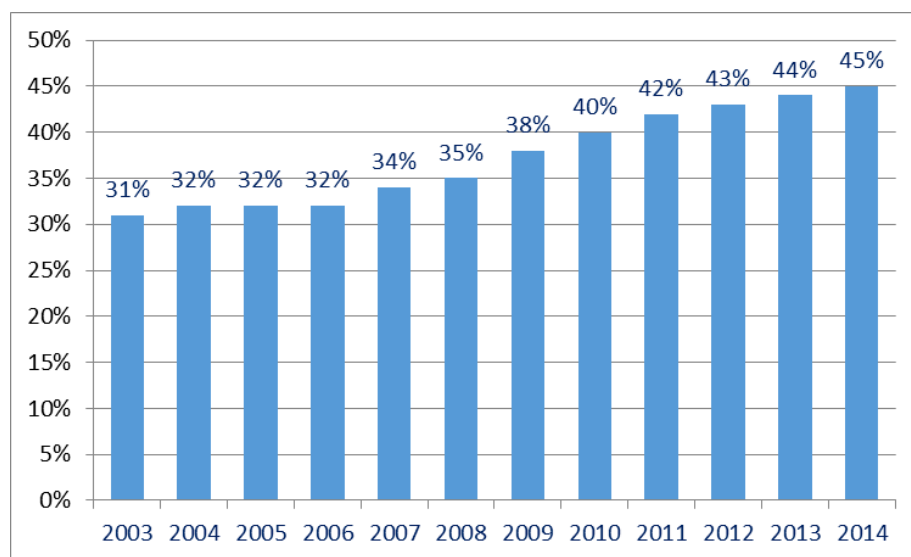
Maryland Public School Enrollment

Source: Maryland State Department of Education

The changing racial and ethnic composition of Maryland's young population already has had a number of significant effects.

More Lower-Income Students Are in the Pre-College Pipeline. A broad indicator of the changes in the pre-college population is the change in the percentage of public school students in the state who are eligible for the federal free and reduced lunch program. Eligibility for this program approximates that for Pell Grants, the federal student aid program for the lowest-income students. The percentage of Maryland public school students eligible for free and reduced price lunches has increased steadily and is now just below the national average of 51%. It is, therefore, clear that the problem of college affordability will continue to be a growing one for state residents as they reach college age.

**Maryland Public School Students Eligible for Federal Free
and Reduced Lunch Program**

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
31%	32%	32%	32%	34%	35%	38%	40%	42%	43%	44%	45%

Source: Maryland State Department of Education

***The Composition of the Population of High School Graduates Is
Changing.*** The changes in the school age population have resulted in
changes in the racial and ethnic composition of high school graduates
in the state. In 2014, 34.4% of public high school graduates/completers
in Maryland were black. Hispanics made up an additional 10.1% of
graduates, a percentage has been growing rapidly. Together, these
groups nearly equal the 45.6% of high school graduates who are white.
With the percentage of whites steadily declining, the percentage of
black and Hispanics together will surpass whites in the very near future.
As these groups, which have below-average parental educational
attainment and family incomes, have increased their representation in
the public schools, a number of measures of educational success have
changed in a direction that impacts college enrollments.
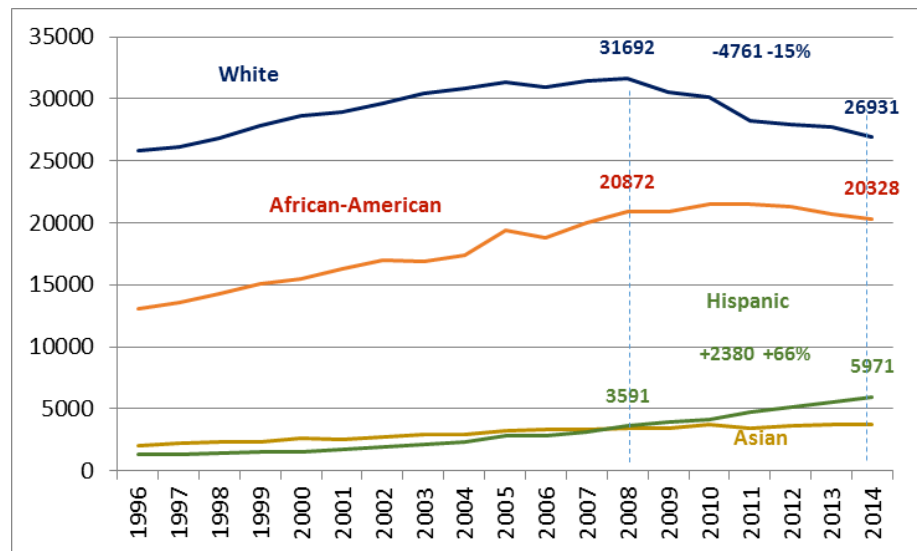
Source: Maryland State Department of Education

Pre-College Academic Preparation Is a Growing Challenge. Scores on the National Assessment of Educational Progress have turned down. Maryland is now near the national average in mathematics and reading among eighth graders despite having above-average levels of educational attainment and income, factors that typically are associated with states achieving higher scores.
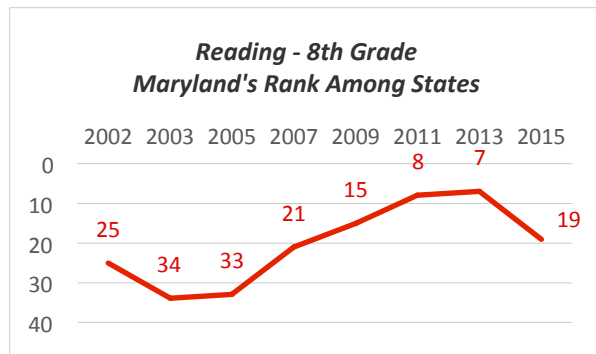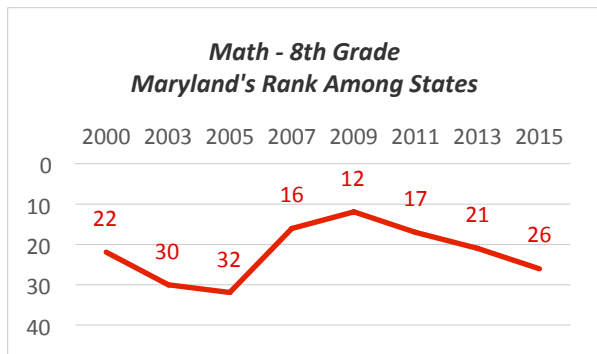
Source: U. S. Department of Education, National Center for Education Statistics

Maryland students' average scores on the SAT have now been below the national average for the past several years. The increase in the gap between Maryland and national scores corresponds to the increasing socioeconomic diversity in the state's college-age population.

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Trends in Maryland and National SAT Scores (M+V)
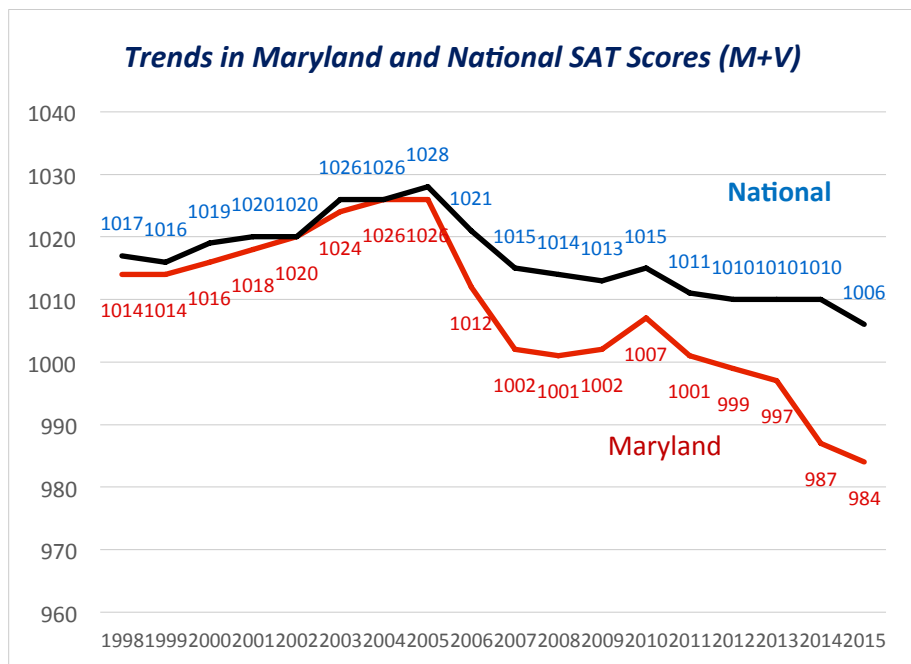
The Rate at Which High School Graduates Enter College Is Declining. The state has experienced a large decline in freshmen entering college since 2009, despite the fact that there was little change in the number of high school graduates/completers during this period.

Maryland Public High School Graduates/Completers and Maryland College Freshmen
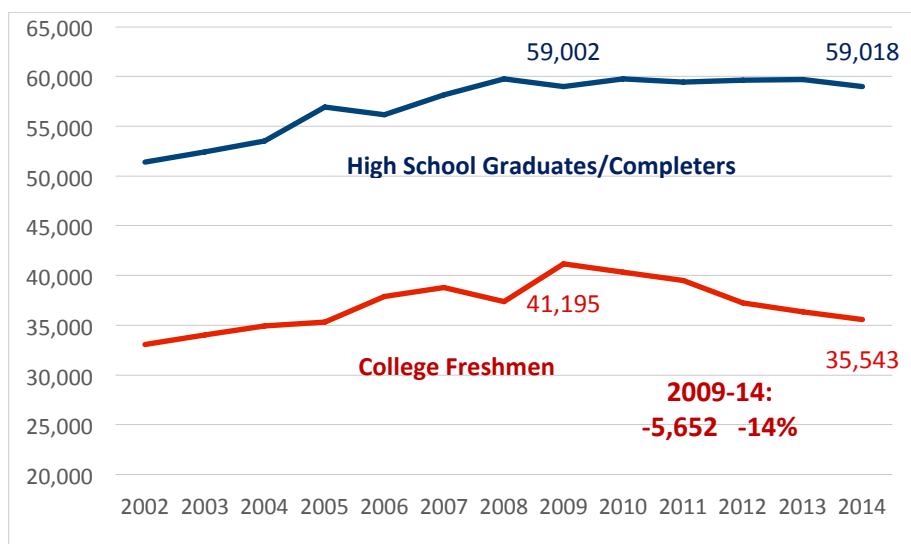
Sources: Maryland State Department of Education and Maryland Higher Education

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The Freshman Decline Appears Concentrated Among Lower-Income Students. African Americans accounted for more than 40% of the freshman downturn, despite there being no change in the number of black high school graduates. Baltimore city residents accounted for a large percentage of the decline in freshmen as well. Most adversely affected were community colleges and HBCUs, campuses which typically enroll the bulk of low-income enrollees. A recent federal study by the American Council on Education using Census Bureau data found a corresponding downturn nationally in low-income students entering higher education in recent years, a finding that is consistent with Maryland's freshman decline.[2]

Black Public HS Graduates and Completers and Black College Freshmen
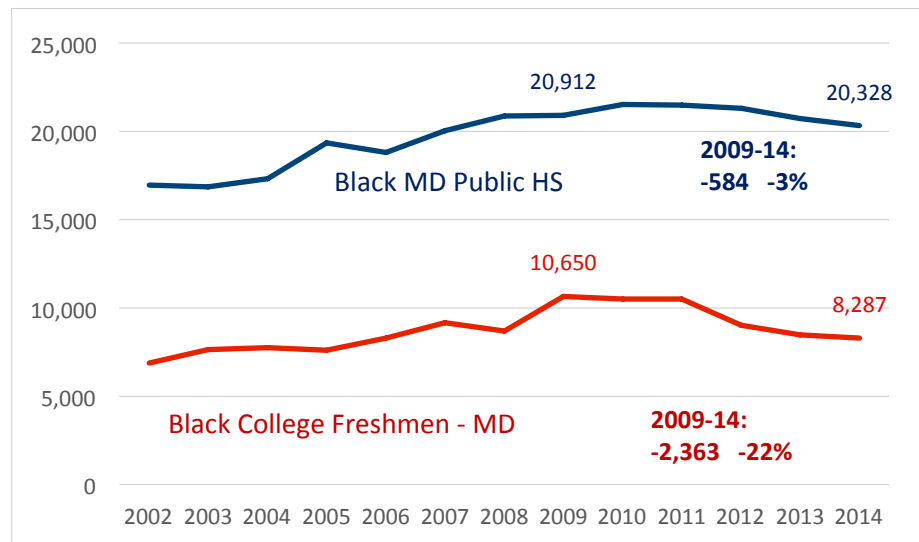
Sources: Maryland State Department of Education and Maryland Higher Education

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[2] http://higheredtoday.org/2015/11/25/where-have-all-the-low-income-students-gone/

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Baltimore City Public High School Graduates/Completers and MD College Freshmen from Baltimore
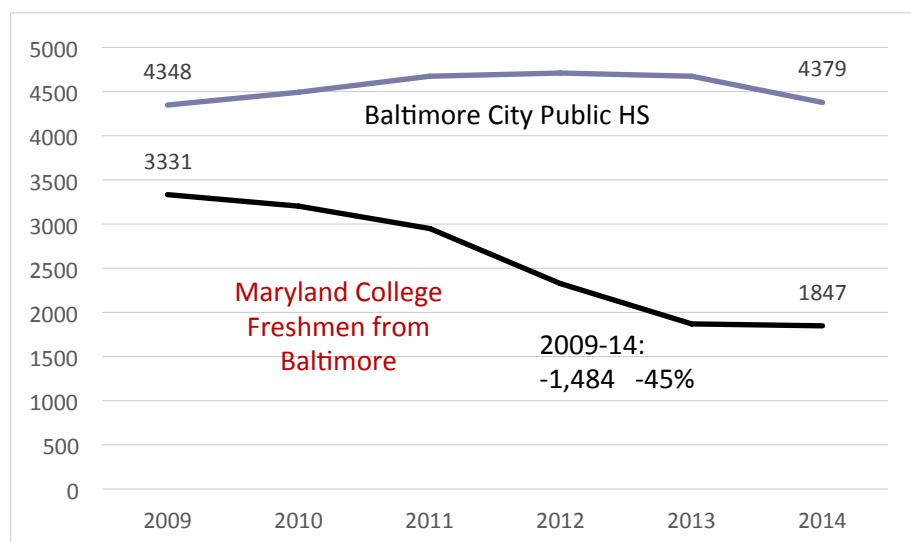
Sources: Maryland State Department of Education and Maryland Higher Education

Changes in Entering Freshmen: 2009-2014
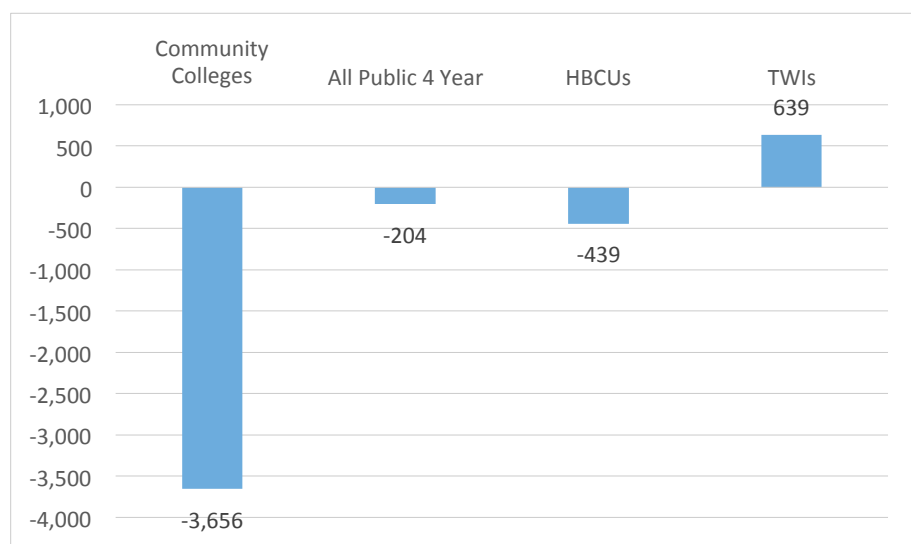
Source: Maryland Higher Education Commission

How Morgan Contributes to the Solution to This Problem

The University's emphasis on providing access for a diverse population differentiates it from most other campuses in the state. Morgan also has a tradition of successfully providing the supplemental academic

support that many of its students need to complete a degree. While its faculty is expected to carry out research and engage in scholarship, faculty also are committed to providing the types of educational experiences such a student body needs.

Perhaps the most important improvement that the campus can make to help ensure the success of its students is to make college more affordable for the many who cannot afford to attend without great sacrifice. Morgan has a high percentage of students receiving Pell Grants and federal student loans, and the average indebtedness of its graduates is well above average. As shown below, for the students in the freshmen class that entered college in fall 2014 but who were no longer enrolled one year later, the overwhelming reason for not remaining enrolled involved finances: the cost of attendance, the amount of financial aid received, and/or the need to go to work.

Percent Indicating Reason for Leaving Was Very Important
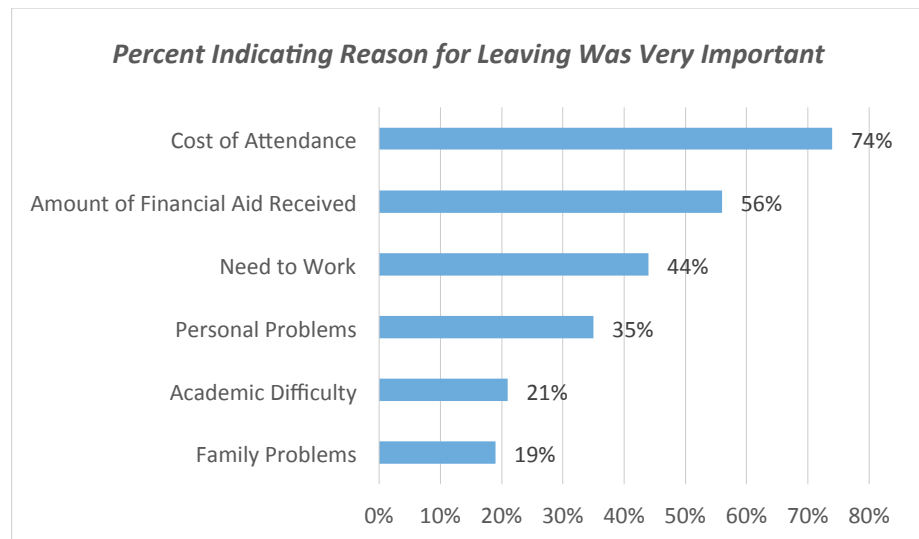
Reason	Percent
Cost of Attendance	74%
Amount of Financial Aid Received	56%
Need to Work	44%
Personal Problems	35%
Academic Difficulty	21%
Family Problems	19%

MAINTAINING THE MOMENTUM

Academics
Morgan provides rigorous academic curricula and challenging co-curricula opportunities to promote and facilitate the development of leadership qualities in its student body. Through collaborative academic partnerships that advance knowledge and creativity, our students continue to stand amongst the best and the brightest in the state and nation.

Extreme Science Scholars

Last September, three students were recognized in a ceremony as Extreme Science Scholars (ESS). The ESS program supports Morgan students with funding provided by the Army Research Laboratory, based on special interest by the Maryland Congressional delegation. Students in the program are at the graduate and/or undergraduate level and are pursuing a science, technology, engineering or math degree. The recipients will receive tuition support for the current academic year. The program represents an investment in the future generation of scientists and engineers within the state of Maryland who will hopefully go on to careers in the government, academia or industry.

The ESS program is an expansion of the current Extreme Science Internship (ESI) program. ESI provides Morgan STEM graduate and undergraduate students with research experiences with Morgan faculty during the academic year, which prepares them to spend eight to 15 weeks performing research activities at one of 15 institutions affiliated with the Center for Materials in Extreme Dynamic Environments within the Hopkins Materials Institute.

The new ESS scholars (left to right) are Dennis Aryee, Hashmath Fathima, and Oreoluwa Adesina. Also shown are Dr. Alvin Kennedy, Interim Dean of the School of Computer, Mathematical and Natural Sciences (SCMNS) at Morgan State University (back-center), with special guests, Dr. Lori Graham-Brady, Associate Director of the Hopkins Extreme Materials Institute at The Johns Hopkins University and Dr. John Beatty, Senior Materials Researcher at the Army Research Laboratory.

National Trust for Historic Preservation Diversity Fellows

In recognition of their commitment to the preservation movement, three Morgan doctoral students were recently selected as Diversity Fellows by the National Trust for Historic Preservation (NTHP) and the Smithsonian Institution's National Museum of African American History and Culture (NMAAHC). The recipients are all students in the University's Department of History and Geography, in the College of Liberal Arts. They were among only 36 graduate students and preservation professionals from across the United States who were selected as Fellows. They were chosen based on a number of criteria, including: a desire to increase diversity in the preservation field, their current involvement in preservation organizations and/or academic programs and their commitment to remain actively engaged with National Trust programs and the preservation movement.

The Diversity Fellows (left to right) – Iris Leigh Barnes, Teisha Dupree Wilson, and Charles Chavis, Jr.

BE SMART Hackathon

Any current college student looking for some assistance with money management or trying to avoid going into debt as a result of overspending, will be happy to know that there is an app for this. Now
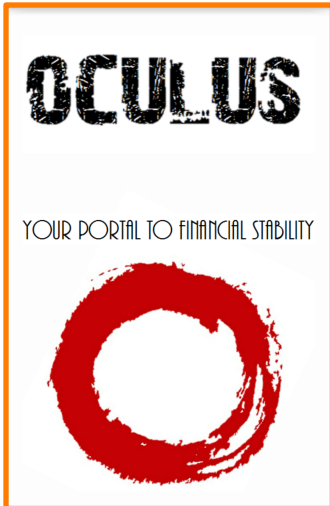
that four enterprising Morgan students worked tirelessly for nearly 17 straight hours throughout the night to develop their idea and submit it to a panel of judges at the 2015 BE SMART Hackathon.

The hackathon, which is part of the inaugural Black Enterprise TechConneXt Summit, featured teams of students from five HBCUs competing against one another for best app development honors. Because the hackathon was sponsored by the giant financial firm Capital One, the only caveat was that whatever app concept the team came up with had to be financial in nature and be useful for budgeting, saving or making purchases on a mobile device.

The group of students from Morgan, calling themselves "Team Bear Squad," consisted of four seniors. Each member of the team was responsible for separate pieces of the project and each member coded his own work. The result was a functional financial services application, Oculus, whose features included spending alerts and a visual gauge that enabled users to know whether they were on target to achieve their desired budget goals for a given period. The app also has a social media element, as the team came up with an algorithm that would create a budget score (or "Oculus Score") that increased, so long as the user stayed on budget.

For their efforts, Team Bear Squad earned bragging rights over their fellow HBCUs and prize packages as well as the opportunity to present their app to Capital One's board. But their biggest reward, they say, was enjoying a great experience and receiving sage advice from some of the biggest names in the technology sector.

The Team Bear Squad: Benjamin "Ben" Hall, Myles Wright-Walker, Kevin Proctor and Khir Henderson. Hall was the lone computer science major among the electrica lengineering majors on the team. Also pictured is Dr. Kofi Nyarko, Associate Professor and Director of the Engineering Visualization Research Laboratory in Morgan's Department of Electrical and Computer Engineering.

Team Wins Boeing Case Competition

Students from the University's Earl G. Graves School of Business and Management edged out their counterparts from Howard University to place first in the 2015 Boeing Business and Information Technology Case Competition. Members of the MSU team presented innovative solutions to the business case, which focused on production of the CH-47F Chinook helicopter. The team recommended ways to increase factory production, ensure contact deadlines were met, cut costs and introduce new technology to the production floor. Senior executives of The Boeing Company judged the presentations and cited MSU team's professionalism, depth of analysis, and thought leadership as key factors in the decision to award first place to the team.

Members of the MSU team were Simphiwe Denalane (Information Science and Systems), Shawn Elliott (Business Administration), Morgan McKie (Accounting and Finance), and Mariah Spencer (Business Administration).

Research

Beyond the students it educates, Morgan is a research university. As is the case at other research campuses, Morgan's faculty is expected to engage in both research and scholarship. At Morgan, however, a significant amount of faculty research is devoted to issues of importance to Baltimore and other urban areas. This expertise, in turn, translates into a wide variety of programs of service to the local community that only Morgan can provide.

First-Ever Full Patent For New Technology

Subsequent to the groundbreaking research of Dr. Kadir Aslan, in the area of technology-assisted treatment of Alzheimer's disease, the University was awarded its first-ever U.S. patent last month. The patent was received for Dr. Aslan's invention of an

Dr. Kadir Aslan, Assistant Dean for Research and Graduate Studies and Professor

improved crystallization technique that may provide better treatment for patients suffering from deadly brain disorder. The Metal-Assisted and Microwave-Accelerated Evaporative Crystallization (MA-MAEC) device has the potential to help drug development research organizations and pharmaceutical companies accelerate a more effective treatment for Alzheimer's disease.

First Endowed Chair

Dr. Kevin T. Kornegay, professor in the Electrical and Computer Engineering Department in the Mitchell School of Engineering

Morgan has its first endowed professorship. The endowed chair was established with a $1-million grant from the Maryland Department of Commerce through the Maryland E-Nnovation Initiative (MEI), matched with another $1-million investment from a private donor. Dr. Kevin T. Kornegay is the recipient of the Endowed Chair in Internet of Things (Iot) Security. The IoT is a network of dedicated physical objects (things) whose embedded system of technology senses or interacts with their internal state or external environment. Examples of IoT devices include cellphones, personal digital assistants, gaming consoles, smart power meters, smart light bulbs and water leakage sensors.

MSU-Maryland Partner to Grow State's Oyster Aquaculture Industry

The University received a $150,000 grant from the Maryland Department of Commerce to produce oyster larvae and spat for Maryland oyster farmers at a hatchery operated by Morgan's Patuxent Aquatic and Environmental Research Laboratory (PEARL). The grant will be used to restart production at the hatchery to support Maryland's oyster industry in the short term and potentially create commercial hatcheries in the state in the long term. It will also assist in making Maryland oyster farmers, who are increasingly at a disadvantage to Virginia farmers due to Virginia's higher production and increased demand, more competitive in the region.

STRONG STATE SUPPORT WILL BE ESSENTIAL

The No. 1 priority at Morgan State University is student success. This relates to admitting, retaining, and graduating a greater number of students. We are confident that we can and will increase our retention and graduation rates over time. The value added to the state's economy for many of our graduates is significant, and Morgan's increasing productivity is essential to moving the percentage of the

state's population that attains a college degree toward the state's goal of 55% by 2025. As the state continues and hopefully increases its investment, we will be able to ***grow the future and lead the world*** by (1) educating citizens from diverse academic and socioeconomic backgrounds; (2) carrying out research – giving priority to that which is applicable to the problems of the region and its residents; and (3) providing cultural opportunities for the region and offering programs of service to the community and the general public.

The University is working very hard to implement several strategies and process improvements in the attempt to mitigate the challenges affecting constrained enrollment and net tuition revenue. These include more aggressive marketing and advertising, a revamped admissions policy requiring students to submit additional information and recommendation letters, and new software to more quickly process applications and track students. We continue to expand the University's reach, looking to increase the number of Hispanic students as well as recruit international students to increase net tuition revenue.

For FY 2017, our allowance for general funds increased by only $4.5M, primarily for student financial aid and salary fringe benefit increases. However, our needs continue to be much more than that. For example, our Next Generation Network (NGN) will cost $20.0M over the next 10 years. Our deferred maintenance is now approaching $60.0M and growing. We are poised to open the Behavioral and Social Science Center, and that will require an additional $1.0M of ongoing operational costs. Further, an additional $2.5M will be needed to equip the new building that will be coming on line in FY 2017. Also, over the past two years, fall 2014 and 2015, the University experienced a 19% and 10% increase in freshman enrollment, respectively, and will require additional funding to service this unprecedented growth.

Regarding the capital budget, the new Student Services facility remains a top priority for the University. In fiscal year 2015, the legislators approved $1.6M in "design" funds for this building. Unfortunately, this amount is not enough to move the design process forward. An additional $4.5M will be required to bid this project, and we are seeking your support in this area.

CLOSING
I cannot emphasize how much more important state support is than ever before, in consideration of the increasingly competitive environment within higher education. Based upon demographic changes, minority students are being pursued more than ever. At the same time, minority students, particularly African Americans, are

experiencing unprecedented challenges with beginning and continuing college, because of restructured federal Pell grant and Parent Plus loan regulations. On one hand, increased competition for students is much higher, while, on the other hand, those students who are admitted face even greater financial need.

It will only be through targeted investment and development of institutions like Morgan that the education gap will be closed. However, if significant progress is not achieved in awarding college degrees to an increased percentage of the minority population, significant workforce shortages will soon occur in the state. Progress can only be achieved through the admission and graduation of both those with excellent academic credentials and who that may be considered average students by mainstream institutions' admission standards, but who possess the potential to excel in college and beyond.

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 Maryland in meeting its statewide goals.

Thank you, again, and, on behalf of Morgan State University, I request your support of the Governor's recommendations for FY 2017, and for the additional priorities we outlined above. I will respond to the issues presented by the analyst, and will be happy to respond to any additional questions you may have.

Response to Comments and Recommendations in the Department of Legislative Services' Analysis

Comment #1 (Page 6): **The President should comment on why programs implemented in 2010 have not appeared to be successful given the steady decline of continuing students.**

Response: Although we acknowledge a recent decline in continuing students, we believe that this decline is caused by reasons other than initiatives implemented in 2010 not having been successful. Exhibit 2 of the analysis shows that not only our first-second year but also our second-third and third-fourth year retention rates have increased over the past few years. Clearly, we are, in fact, doing a better job of keeping continuing students.

Two principal reasons account for the recent decline in continuing students. If we look at the five-year period from 2010–2015 (Table 1), we see that the number of continuing full-time students has ebbed and flowed, as has enrollment in all categories. As the University experienced enrollment declines beginning in 2012, there were simply fewer students in the pool to return as continuing students. With first-time, full-time freshmen and full-time transfer students at a high point in 2010, it stands to reason that continuing, full-time enrollment increased significantly in 2011. As first-time, full-time freshmen and full-time transfer enrollment began to decline (as it did statewide and nationally), in subsequent years, there were fewer continuing students, because there were fewer students in the previous years' entering classes.

Table 1	YEAR						% Change	% Change
UG Students	2010	2011	2012	2013	2014	2015	2010-2015	2014-2015
First-Time, Full-time	1234	1068	1017	886	1058	1159	-6.1%	9.5%
Continuing, Full-time	4161	4423	4372	4246	4106	4074	-2.1%	-0.8%
All Part-time	721	746	797	748	758	722	.13%	-4.7%
Transfer, Full-time	506	474	405	372	380	364	-28%	-4.2%
Total	**6622**	**6711**	**6591**	**6252**	**6302**	**6319**	-4.5%	0.3%

In addition, as Table 2 shows, the University experienced a significant increase in the number of undergraduates graduating between 2010-2011 and 2014-2015. The increase in the number of students graduating in December or May of a given academic year

therefore impacted the number of students in the pool to be continuing students for the following fall.

Table 2: Undergraduate Graduation Numbers			
Year	December	May	Total
2009-2010	136	634	770
2010-2011	115	697	812
2011-2012	120	779	899
2012-2013	179	796	975
2013-2014	216	704	920
2014-2015	309	621	930

Comment #2 (Page 8): **The President should comment on why efforts to retain students have shown to be successful but have not led to improvement in the number of students graduating.**

Response: Upon his arrival in July 2010, President David Wilson made enhancing student success the University's No. 1 strategic priority. While several initiatives (such as block scheduling and a financial literacy program) were started in the 2010–2011 academic year, the University has implemented additional initiatives in successive years. For instance, the Starfish Early Alert system was implemented in spring 2014; centralized first-year advising was implemented in fall 2014; and our automated degree auditing system Degree Works will be fully implemented in fall 2016. So, although some enhancements were available beginning with the 2010 cohort, many other significant student success initiatives were not in place when that cohort matriculated. As the number of initiatives continues to increase, we will expect the graduation rate to increase as well.

We must also contextualize the numbers. We point out that although the six-year graduation *rate* declined slightly from the 2007 to 2008 cohorts (from 34.9% to 33.7%), when one looks at the actual *numbers*, there was actually an *increase* in graduates, from 453 graduates within six years for the 2007 cohort (1,299 in cohort) to 482 graduates within six years for the 2008 cohort (1,431 in cohort).

In addition, we note that although the four-year graduation rate has declined from the 2008 to the 2009 and 2010 cohorts, this does not *necessarily* mean that there will be a corresponding decline in the

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six-year graduation rate. As Exhibit 3 shows, the 2006 cohort had the highest four-year graduation rate at 12.4%, but the lowest six-year rate at 30.7%, whereas the 2007 cohort had the lowest four-year rate of any cohort from 2003 to 2008 at 11.3%, but had the highest graduation rate at 34.9%.

Finally, we must note the challenges of paying for college, as tuition has continued to rise; families continue to be impacted by the economic crisis that began around 2008 and which, to some extent, continues today; and as more families have to try to pay for college without the benefit of the Parent Plus loan program. Lending restrictions were placed on the Parent Plus loan program in 2012. In fall 2011, 868 Morgan students used the Parent Plus loan to fund their education. With the changes made by the U.S. Department of Education in 2012, only 509 students were able to get Parent Plus loans in fall 2012, a 41.4% decrease.

Comment #3 (Page 15): ***The President should comment on institutional budgeting priorities that fund institutional support over that of student support and services.***

Response: In the fiscal year 2017 allowance, the analyst has identified $8.7M in changes to fiscal year 2017 budget from 2016. Of this amount, $5.2M or 60% is allocated to student services, and $1.4M or 16% is allocated to institutional support, primarily for statewide salary fringe benefit increases. Institutional support also includes pass-through funding to other state agencies, to include: the Workers Compensation Insurance Agency, the Department of Information Technology (for the development of the Statewide Personnel System and the Statewide Enterprise Budgeting System), Maryland Environmental Services, the Department of Aging and Retirement, the Department of Administrative Hearing, and the Office of the Attorney General. We believe most of the new funding for this budget is to support student services, our No. 1 strategic priority.

In addition, institutional support represents all of the major administrative support areas at the University. These support areas are primarily needed to ensure that the infrastructure of the University is adequate for students, faculty, and staff. As an example, this budget houses information technology, which directly supports academic computing and student services. Last, the

institutional support includes contractual services, which also supports students.

Comment #4 (Page 25): **The President should comment on what efforts are being taken to educate and help guide students in making financial decisions regarding on how to pay for college.**

Response: The Office of Financial Aid engages in numerous outreach activities designed to educate and guide prospective college students and their families in making financial decisions regarding how to pay for college. For instance, the Office often partners with recruiters from the Office of Undergraduate Admission as they are invited to college night events at high schools and community centers locally and nationally. The Office also holds sessions during the University's fall and spring Open House events to educate students on various ways to pay for college. In addition, the Office participates annually in Congressmen Elijah Cummings' "How to Pay For College" event, which has huge participation from local high schools. We also participate in "College Goal Sunday," an annual event to educate and inform students and parents about how to pay for college. The Office is frequently invited to city and county high schools, churches and community centers to host financial aid night events. At these events, staff discuss new and updated federal regulations and assist parents and students with completing their FAFSA forms. Staff also participate in the Maryland FAFSA Completion Event hosted by the District of Columbia, Delaware and Maryland (Tristate) Financial Aid Association, where information is distributed about the financial aid process.

For current students, the Office hosts an annual Scholarship Fair, with representatives from the Maryland Higher Education Commission, the District of Columbia Office of the State Superintendent of Education, and numerous other scholarship vendors who share information with our students about many grant and scholarship opportunities. The Office of Financial Aid has also recently hired a Scholarship and Grants Coordinator who is responsible for assisting students in identifying and applying for external funding to pay for college. In addition, the Office has changed its loan entrance counseling process from an online to an in-person process, in an effort to better educate students regarding the importance of borrowing wisely. We have also developed a campus-wide Loan Default Task Force, which is working on strategies to continuously lower our loan default rate (This rate has decreased over the past two years.).

Complementing the efforts of the Financial Aid Office, the Office of Student Success and Retention (OSSR) also operates a robust financial literacy program, in partnership with PNC Bank. The program holds workshops for students, such as "Foundations of Money Management" and "Budgeting 101."

Recommendation #1 (Page 14): **The State average for salary increments is 2.4%; therefore, the Department of Legislative Services (DLS) recommends reducing the MSU increment by $71,622 to reflect the State's average. This action will be taken up in the DBM budget analysis since that is where the increment is budgeted.**

Response: Although the statewide average increment is budgeted at 2.4%, the University is requesting that the $71,622 remain in its budget to address contractual employee salary increases. Because of limited funding, Morgan has one of the highest percentages of contractual faculty and staff among Maryland public four-year colleges and universities. Therefore, the University would like to recognize these employees and provide some equity.

Recommendation #2 (Page 20): **To ensure these funds are used as intended, DLS recommends restricting $1.4 million of the MSU general fund appropriation to be used to increase spending on institutional need-based aid awards over that spent in fiscal 2016.**

Response: The University concurs.

Recommendation #3 (Page 26): **Add the following language to the unrestricted fund appropriation:**
, provided that $1,443,344 of this appropriation made for the purpose of increasing expenditures on institutional need-based financial aid above the level provided in fiscal 2016 may be expended only for that purpose. Funds not expended for this restricted purpose may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund.

Response: The University concurs.

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