

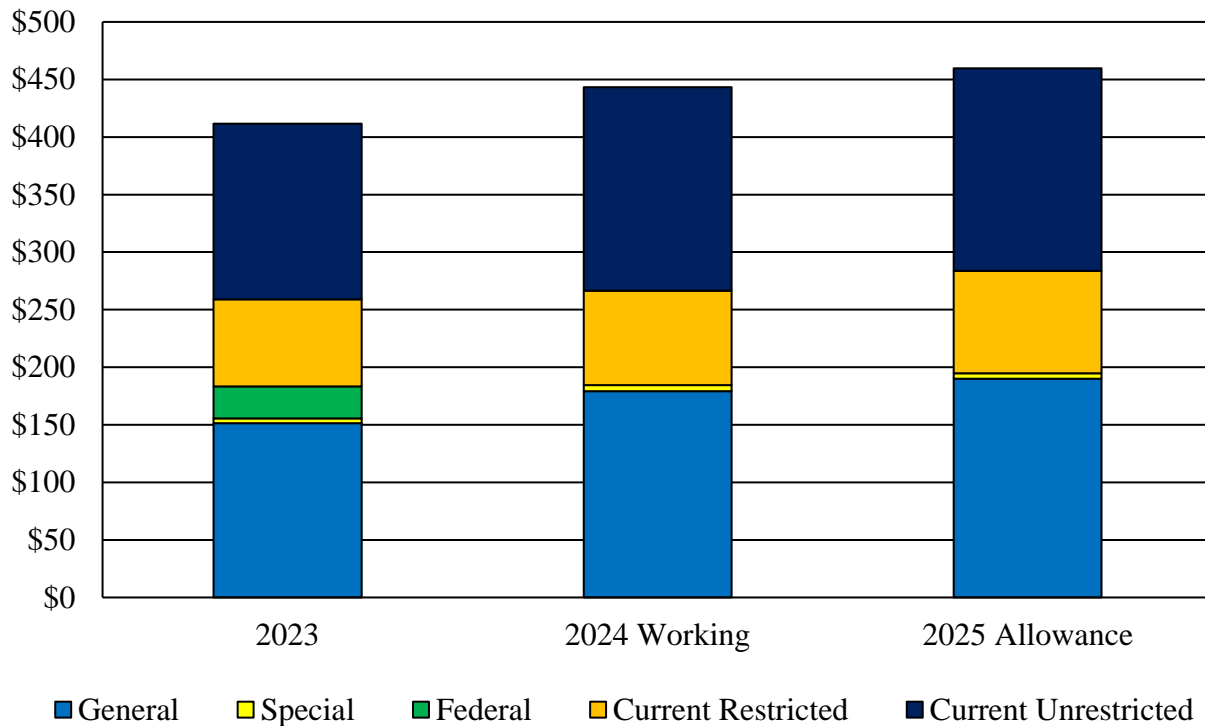
R13M00
Morgan State University

Executive Summary

Morgan State University (MSU), designated as Maryland’s Preeminent Public Urban Research University, is responsible for addressing the needs of citizens, schools, and organizations within the Baltimore metropolitan area through academic, research, and service programs. One of the goals of MSU is to promote economic development by meeting critical workforce needs by offering programs in professional fields such as engineering, business, teacher education, architecture, and social work.

Operating Budget Summary

**Fiscal 2025 Budget Increases \$16.3 Million, or 3.7%, to \$459.6 Million
(\$ in Millions)**



Note: The fiscal 2024 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2025 impacts of the fiscal 2024 statewide salary adjustments appear in this agency’s budget. The fiscal 2025 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

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R13M00 – Morgan State University

- Total State support for MSU increases by \$10.2 million, or 5.5%, compared to the fiscal 2024 working appropriation. The fiscal 2025 allowance includes costs related to fiscal 2024 salary increases that are centrally budgeted in fiscal 2024. When the salary adjustments are excluded, State funds support increases by 1.4%, or \$2.6 million.
- The fiscal 2025 budget includes a proposed deficiency of \$32.0 million across higher education institutions, of which the MSU share is \$1,095,355, to replace general funds with Higher Education Investment Funds (HEIF) due to available balance.
- The fiscal 2025 allowance for MSU includes \$26.7 million for the third year of funding under Chapter 41 of 2021, the historically Black colleges and universities (HBCU) settlement, an increase of \$0.4 million from fiscal 2024.

Key Observations

- ***Enrollment:*** Fall 2023 undergraduate enrollment increased by 691 students compared to fall 2022. Out-of-state enrollment gains continued in fall 2023, growing by 392 students compared to fall 2022.
- ***Graduation Rates:*** The six-year graduation rate declined for the second consecutive cohort, decreasing from 47.1% for the 2015 cohort to 46.6% for the 2016 cohort. The four-year graduation rate declined for the first time since the 2012 cohort, decreasing from 21.8% for the 2017 cohort to 19.0% for the 2018 cohort.

Operating Budget Recommended Actions

1. Concur with Governor's allowance.

R13M00
Morgan State University

Operating Budget Analysis

Program Description

MSU, designated as Maryland’s Preeminent Public Urban Research University, is responsible for addressing the needs of the citizens, schools, and organizations within the Baltimore metropolitan area through academic, research, and service programs. One of the goals of MSU is to promote economic development by meeting critical workforce needs by offering programs in professional fields such as engineering, business, teacher education, architecture, and social work.

Based on various socioeconomic and academic measures, MSU enrolls and educates a diverse student body, including those among the best prepared and those who might not obtain a baccalaureate degree without the extra support of the institution. MSU offers a comprehensive range of academic programs, awarding baccalaureate degrees emphasizing the arts and sciences and specialized master’s and doctoral degrees.

Carnegie Classification: Doctoral Universities: High Research Activity

Fall 2023 Undergraduate Enrollment Headcount		Fall 2023 Graduate Enrollment Headcount	
Male	3,157	Male	594
Female	5,143	Female	914
Total	8,300	Total	1,508

Fall 2023 New Students Headcount		Campus (Main Campus)	
First-time	2,282	Acres	186.4
Transfers/Others	359	Buildings	55
Graduate	405	Average Age	28
Total	3,046	Oldest	1919: Carnegie Hall

Programs		Degrees Awarded (2022-2023)	
Bachelor’s	62	Bachelor’s	964
Master’s	49	Master’s	274
Doctoral	29	Doctoral	58
		Total Degrees	1,296

Proposed Fiscal 2025 In-state Tuition and Fees*

Undergraduate Tuition	\$5,698
Mandatory Fees	\$2,531

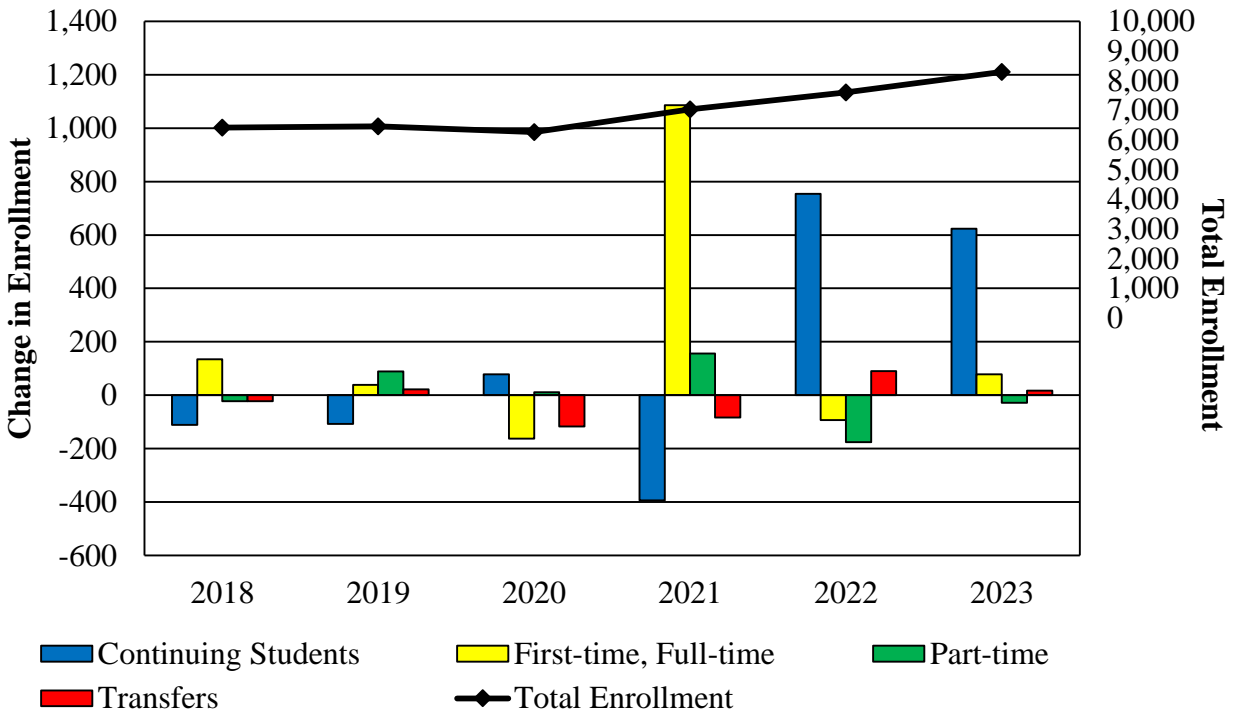
*Contingent on Board of Regents approval.

Performance Analysis: Managing for Results

1. Undergraduate Fall Headcount

As shown in **Exhibit 1**, in fall 2023, undergraduate enrollment increased by 9.1%, or 691 students compared to fall 2022. This increase was primarily due to a 14.0%, or 624 students, growth in the continuing student population. For the second consecutive year, the part-time student population decreased, declining by 4.7%, or 28 fewer students, than in fall 2022. The transfer student population experienced a second year of growth, increasing by 5.0% in fall 2023. First-time, full-time (FT/FT) enrollment increased by 3.6% in fall 2023, to 2,273 students, after a 4.1% decrease in fall 2022. MSU attributed the higher FT/FT student population in recent years to a variety of factors including partnerships with entities such as EAB, a consulting firm designed to enhance enrollment; the utilization of the Common Black Application, which allows a potential student to complete an admissions application and apply to the 66 HBCU participating institutions; waiving application fees; and implementing test-optional admissions.

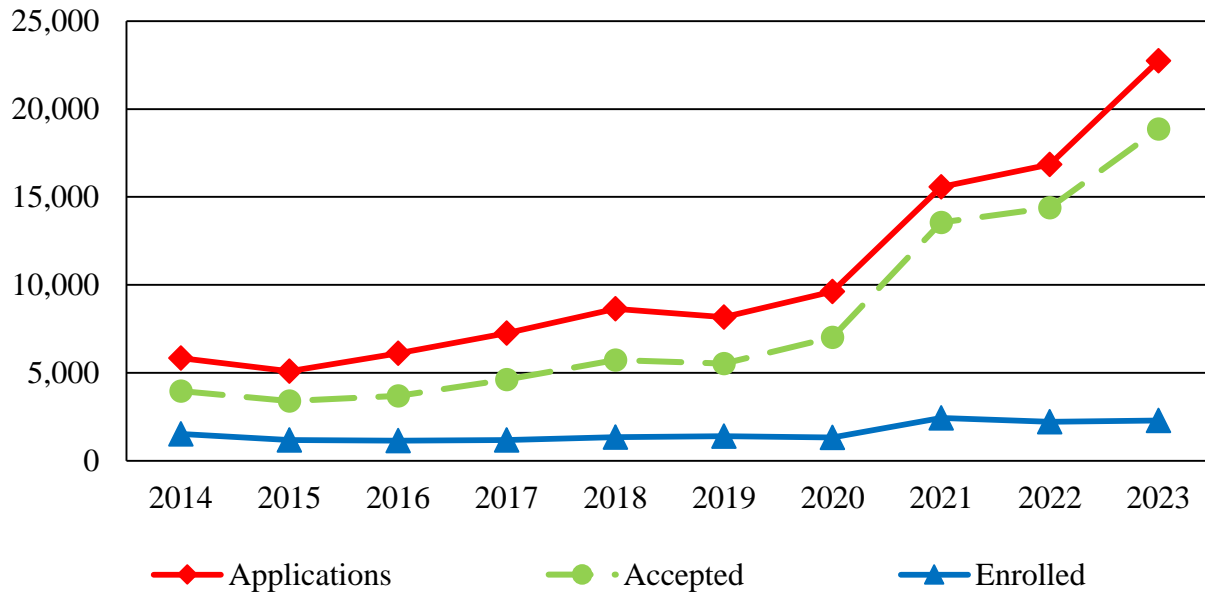
Exhibit 1
Change in Undergraduate Enrollment by Category and Total Headcount
Fall 2018-2023



Source: Morgan State University

Fall 2023 represented the largest application total ever for MSU for first-time undergraduate students with 22,741 applicants. As shown in **Exhibit 2**, the number of first-time undergraduate applications for fall 2023 increased by 35.0%, or 5,896, compared to fall 2022. Since fall 2019, MSU has experienced an 178.8% increase in applications. While the average acceptance rate for the fall 2012 to 2020 period was 65%, the acceptance rate for fall 2021 was 87%, illustrating that MSU accepted a much larger portion of the applicant pool than it had in previous years. MSU has continued that trend of higher acceptance rates in fall 2023 with an 83% acceptance rate. Despite the increased acceptance rate, the number of students who enrolled in fall 2023 (totaling 2,282) represented the smallest yield rate, 12.1%, achieved over this period. However, it still resulted in higher enrollments than any recent year except fall 2021.

Exhibit 2
Undergraduate Applications, Accepted, and Enrolled
Fiscal 2014-2023

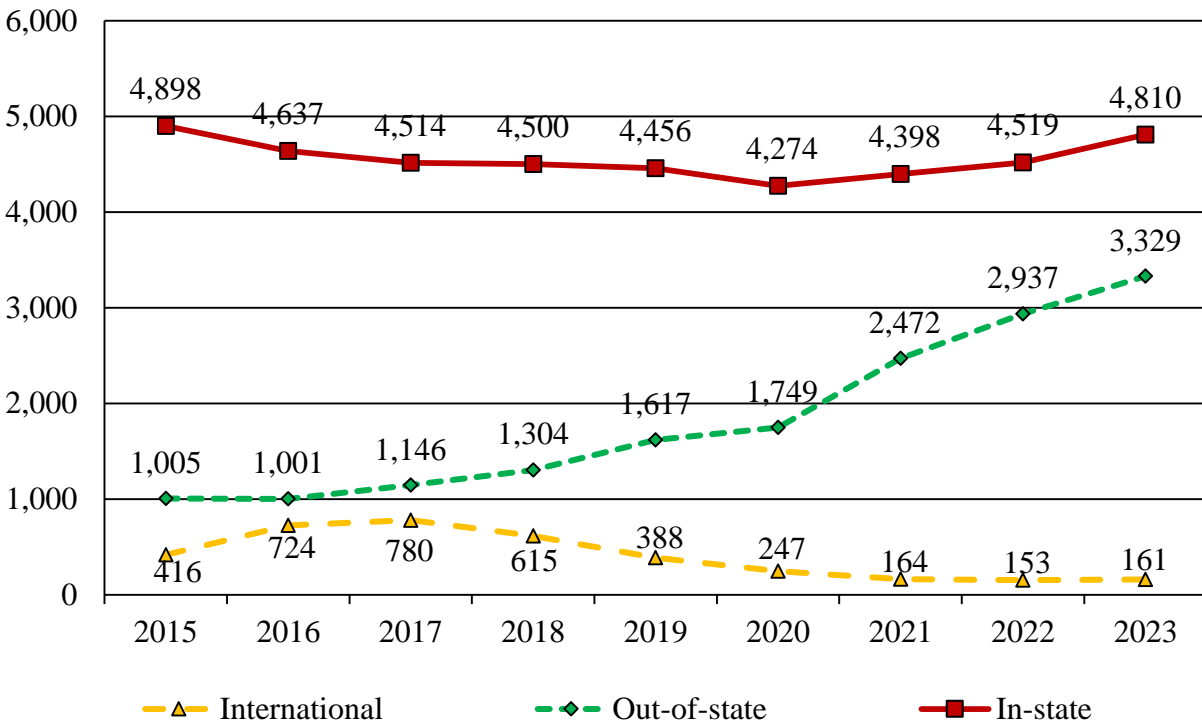


Source: Morgan State University

From fall 2015 through 2017, MSU relied heavily on international students to offset losses and counter flat enrollment for in-state and out-of-state students. As shown in **Exhibit 3**, a steady decrease of enrollment from in-state students began in fall 2014 and continued through fall 2020. This six-year trend reversed in fall 2021, with additional increases in fall 2022 and 2023. MSU contends that the overall increase in enrollment has led to gains in the in-state student population and points to the new academic programs, financial aid optimization, and interest in HBCUs as the impetus for increased enrollment. The increase in fall 2023 totaled 6.4%, or 291 students. Out-of-state enrollment has experienced the greatest increase in the undergraduate student

population. The share of the enrollment from out-of-state enrollment increased from 17.8% to 40.1% between fall 2016 through 2023. MSU attributed this growth in the out-of-state student population to the hiring of a regional recruitment officer based in the Midwest and the implementation of financial aid optimization strategies to provide students with merit and need-based institutional financial assistance as part of these aid packages. **The President should comment on how the institution has increased its in-state student population in recent classes after years of decline.**

Exhibit 3
Enrollment Trends by Location
Fall 2015-2023



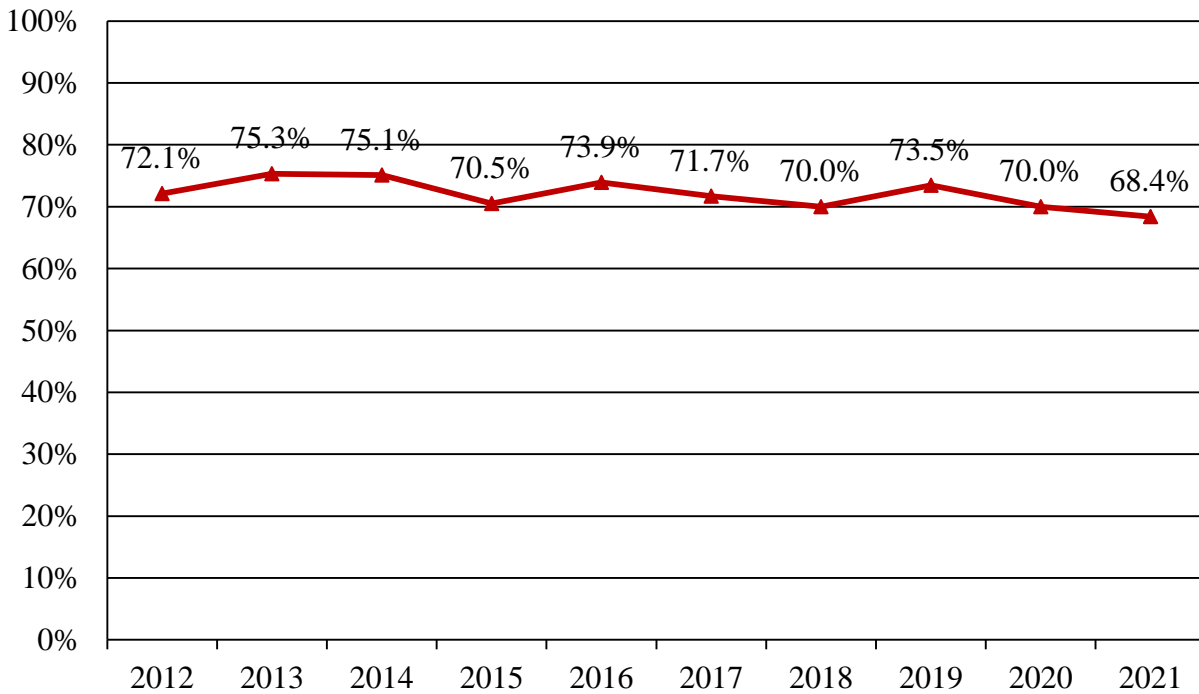
Source: Morgan State University

2. Student Performance

Student persistence, or retention, provides a measure of student progress and an indication of an institution’s performance; the higher the retention rate, the more likely that students will persist and graduate. As students are most likely to drop out during their first year, the second-year retention rate provides an indication if retention strategies are working or if further investigation

is needed to identify areas of improvement. Overall, as shown in **Exhibit 4**, the second-year retention rate had not fallen below 70.0% in any recent year until the 2021 cohort. The second-year retention rate for the 2021 cohort decreased to 68.4%, the second consecutive year of declining retention rates. This trend is not surprising due to the COVID-19 pandemic occurring during those cohorts.

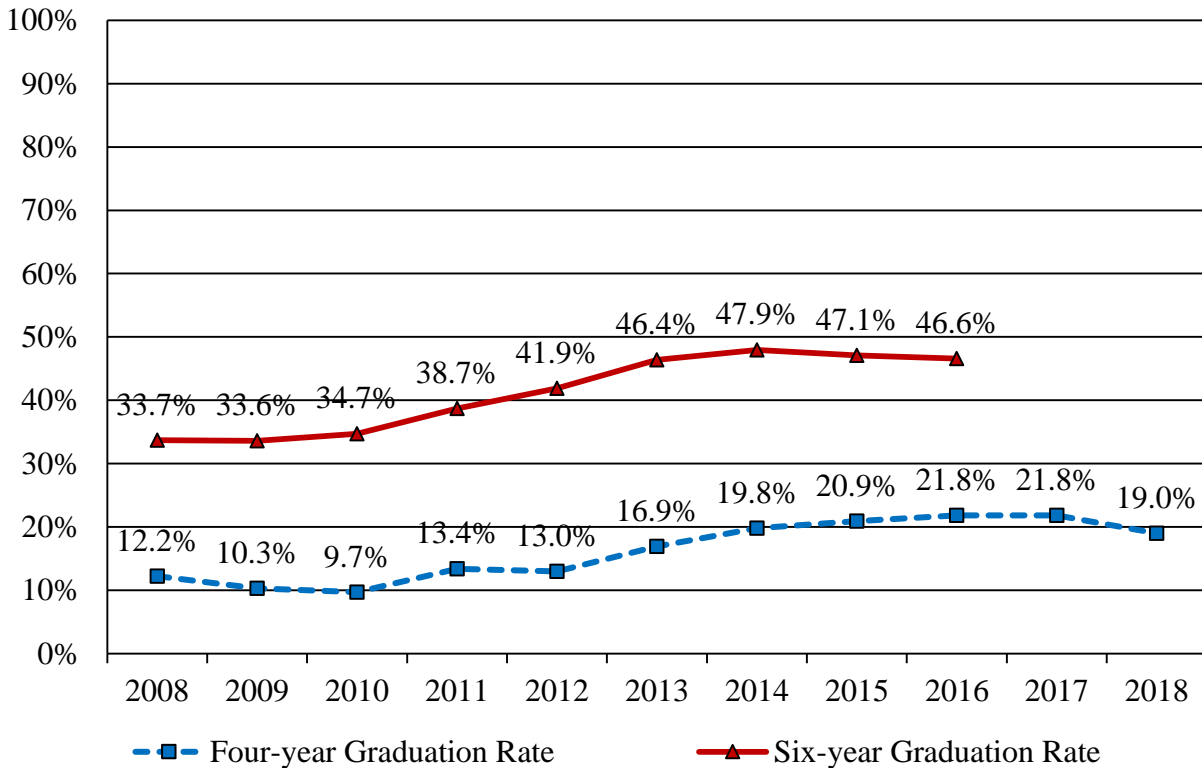
Exhibit 4
Second-year Retention Rates for First-time, Full-time Students
2012-2021 Cohorts



Source: Maryland Higher Education Commission

Graduation rates are, in part, another measure of student persistence and efficiency – as more students graduate, it frees up more room, allowing an institution to enroll more students. **Exhibit 5** shows the four- and six-year graduation rates for FT/FT students, which include those who transferred and graduated from another Maryland institution. Overall, after falling to its lowest point of 9.7% with the 2010 cohort, the four-year graduation rate more than doubled to 21.8% with the 2016 cohort and held steady at that level with the 2017 cohort. However, the 2018 cohort’s four-year graduation rate decreased to 19.0%. The six-year graduation rate also declined for the second year in a row, declining to 46.6% for the 2016 cohort. As with the retention rate, the decline in graduation rates during that period is not surprising given the effects that the pandemic had on student populations.

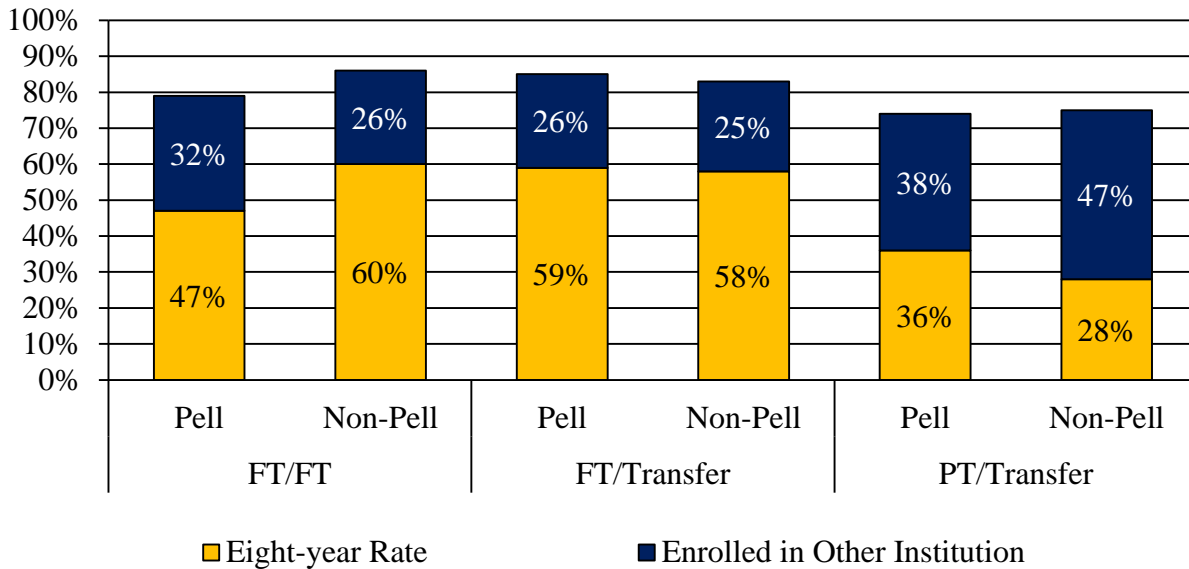
Exhibit 5
Graduation Rate of First-time, Full-time Students
2008-2018 Cohorts



Source: Maryland Higher Education Commission

Traditionally, graduation measures only capture the outcomes of the traditional FT/FT students who increasingly comprise a smaller portion of the student population. In order to have a more inclusive graduation rate that captures the progress of nontraditional students, the Integrated Postsecondary Data System reports on the outcomes of first-time, transfer, and part-time transfer students by Pell and non-Pell recipients. As shown in **Exhibit 6**, non-Pell FT/FT students had the highest graduation rate at 60%. Pell-eligible full-time transfer students had the second highest rate (58%). Part-time transfer students had the lowest graduation rates at 36% for Pell-eligible students and 28% for non-Pell eligible students.

**Exhibit 6
Eight-year Graduation Rates for Students
Academic Year 2014-2015**



FT: full time
 FT/FT: first-time/full-time
 PT: part time

Source: National Center for Education Statistics; College Navigator

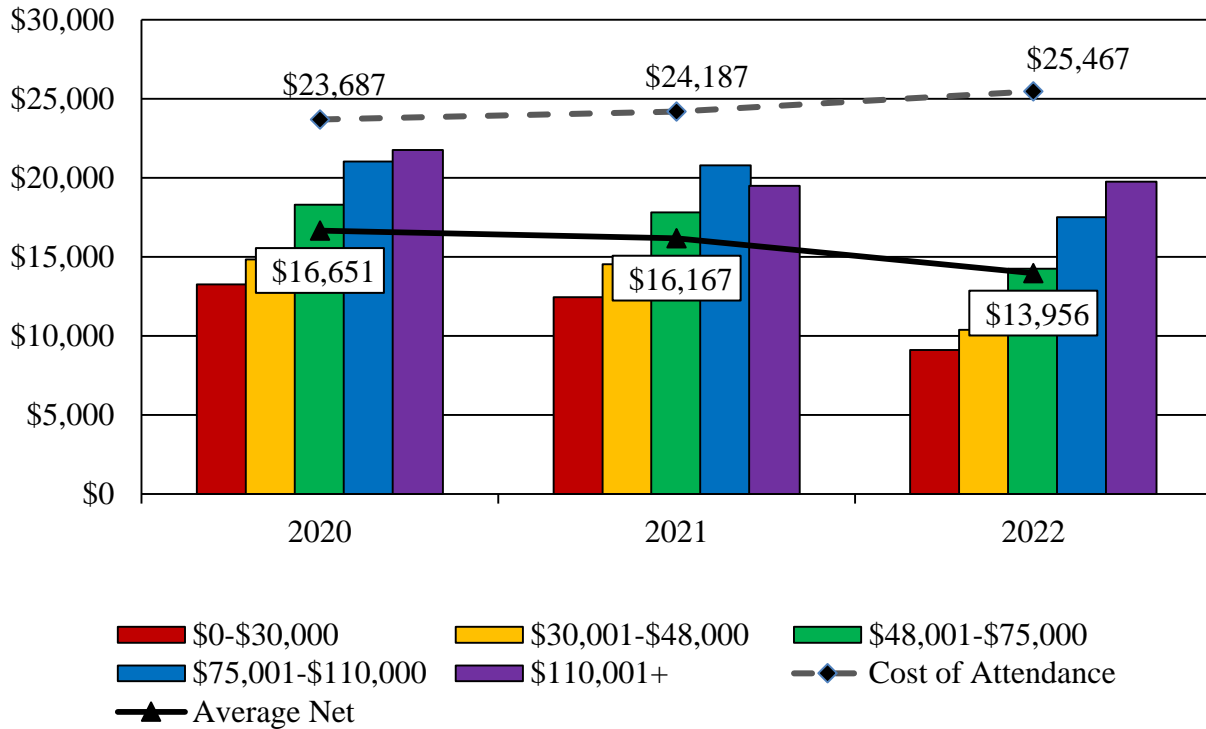
3. Affordability and Accessibility

Cost of Attendance

When considering the affordability of college, students and families tend to focus on the published cost of attendance (COA), or sticker price. COA is the total cost of attending college for one year including tuition and fees, room and board, books, supplies, and other expenses. However, the focus should be on the average net price, which is the cost to the student after accounting for the average amount of federal, State, and institutional aid awarded to all undergraduate MSU students. As shown in **Exhibit 7**, in fiscal 2022, the average net price was \$13,956, or 45.2%, lower than the published COA for a FT/FT student. The average cost to a student varies by income level. Those with a lower family income receive more financial aid, thereby lowering the average price for attending college. The average net price for a family with an income between \$0 and \$30,000 decreased by 26.9%, or \$3,340, from \$12,439 in fiscal 2021 to \$9,099 in fiscal 2022. The average net price decreased in all Expected Family Contribution

categories, except \$110,000 and up, which experienced a 1.3% increase in fiscal 2022 compared to the prior year.

Exhibit 7
Estimated Cost of Attendance versus Average Net Price
Fiscal 2020-2022

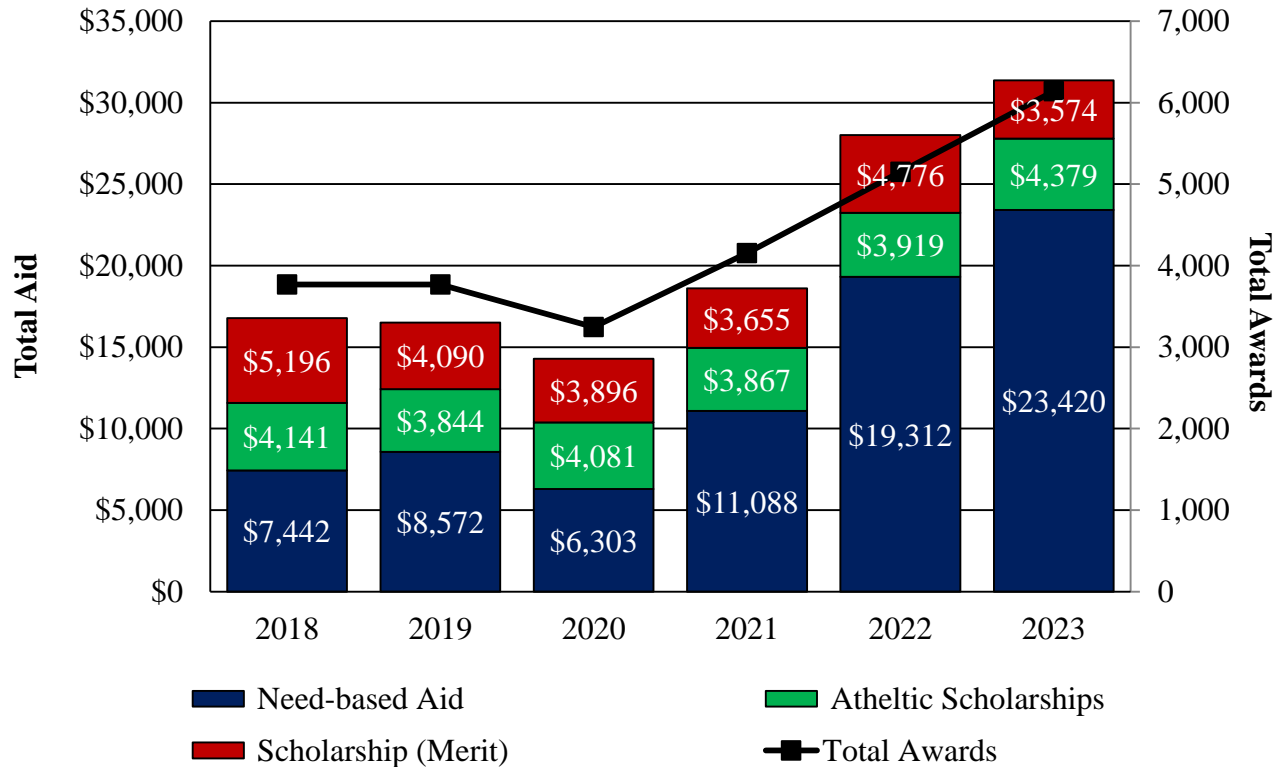


Source: National Center for Education Statistics, College Navigator

Institutional Aid

As shown in **Exhibit 8**, total expenditures on institutional aid increased 87.0%, or \$14.6 million, from fiscal 2018 to 2023, with need-based aid accounting for virtually all of the increase. MSU attributed this growth in need-based aid to moving to a new financial aid optimization model. Given the high percentage of MSU students that are Pell eligible and first generation, much of this funding has gone to students with demonstrated financial need. In fiscal 2023, need-based aid awards totaled 5,364, representing 87.3% of all awards, while merit scholarships and athletic scholarships represented 8.7% and 4.0%, respectively, of that amount. It should be noted that the decrease in institutional aid provided in fiscal 2020 was a result of the COVID-19 pandemic and the corresponding decline in enrollment, which has since rebounded at the university.

Exhibit 8
Institutional Aid Expenditures and Total Awards by Category
Fiscal 2018-2023
(\$ in Thousands)

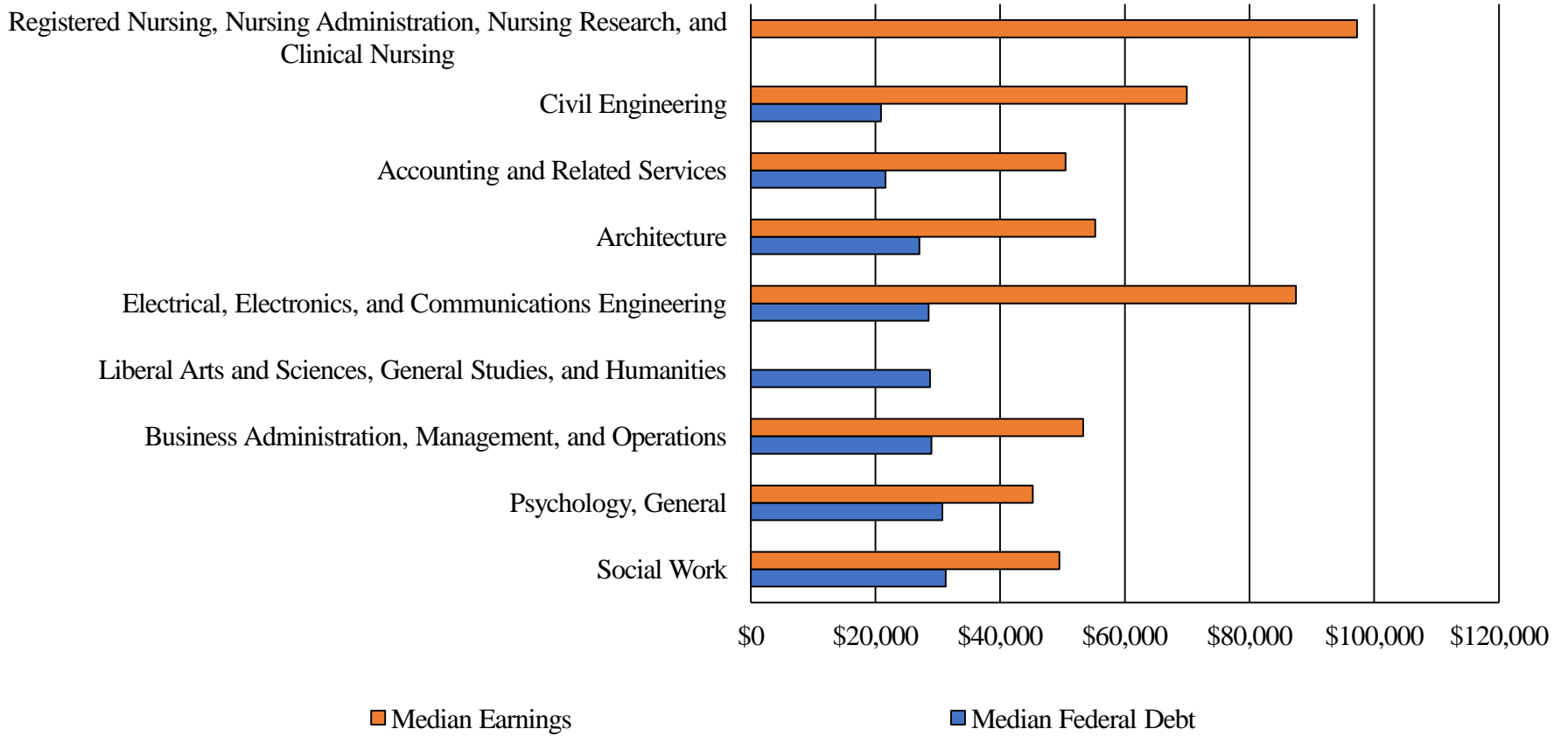


Source: Morgan State University

Student Federal Debt

In an effort to give students a better picture of outcomes at the program rather than the institutional level, the U.S. Department of Education’s College Scorecard reports the median debt (excluding private and Parent PLUS loans) and median earnings two years after graduation, as reported by the institutions. This information helps students consider the amount of federal debt they may incur and their ability to repay the loan after graduating, since repayments are based on salaries. **Exhibit 9** contains a combination of the fields of study with the highest earnings and the largest fields of study at MSU. Among this group, graduates from the civil engineering program have the lowest federal debt, totaling \$20,909, while also attaining a median salary of \$69,960. The highest median federal debt is \$31,254, affecting social work graduates. Median earnings or median federal debt were not available for several programs, including for the registered nursing program, which has the highest median earnings (\$97,259).

Exhibit 9
Undergraduate Programs by Median Federal Debt and Median Earnings



Note: This data was collected from undergraduate students who received federal financial aid.

Source: U.S. Department of Education, College Scorecard

Fiscal 2024 Working Budget

Proposed Deficiency Appropriation

The fiscal 2024 working appropriation includes one proposed deficiency appropriation impacting MSU, which represents MSU’s share of an \$32 million deficiency across higher education institutions to replace general funds with the HEIF due to available fund balance (\$1.1 million).

Education and General Expenditures

Since tuition and fee revenue in the allowance is based on enrollment projections, increases and decreases in enrollment have a significant effect on an institution’s revenues. Therefore, looking at the changes of expenditures by program area between fiscal 2023 and 2024, when institutions know their fall enrollment, provides a more accurate picture of funding priorities.

In fiscal 2024, spending on research has increased by \$17.6 million, or 264.0%, compared to fiscal 2023, as shown in **Exhibit 10**. MSU indicates that the year-to-year changes are distorted as the reported fiscal 2023 expenditures do not fully capture the implementation and startup processes of three State-supported research centers. The next largest increase in spending by program area was in instruction, an increase of \$15.8 million, or 23.1%. Scholarships and fellowships increased by \$7.8 million, or 22.3%. Overall, the increased expenditures in these and other program areas are due to enrollment increases, HBCU settlement funds, salary adjustments, and fiscal 2023 not including encumbrances incurred during the fiscal year. Auxiliary enterprises decrease by 4.8% or \$3.0 million. According to MSU, the fiscal 2024 working appropriation does not reflect final anticipated expenditures and revenues.

Exhibit 10
Budget Changes for Unrestricted Funds by Program
Fiscal 2023-2024
(\$ in Thousands)

	2023	2024	2023-2024	2023-2024
	<u>Actual</u>	<u>Adjusted Working</u>	<u>\$ Change</u>	<u>% Change</u>
Expenditures				
Instruction	\$68,301	\$84,107	\$15,805	23.1%
Research	6,647	24,198	17,551	264.0%
Public Service	171	261	90	52.7%
Academic Support	33,456	37,219	3,763	11.2%
Student Services	9,932	10,193	262	2.6%
Institutional Support	59,164	63,334	4,171	7.0%
Operation and Maintenance of Plant	32,859	39,564	6,706	20.4%
Scholarships and Fellowships	34,777	42,529	7,752	22.3%
E&G Total	\$245,307	\$301,406	\$56,099	22.9%
Auxiliary Enterprises	\$62,903	\$59,907	-\$2,996	-4.8%
Total Expenditures	\$308,209	\$361,313	\$53,104	17.2%
Revenues				
Tuition and Fees	\$84,636	\$98,186	\$13,550	16.0%
State Funds ¹	155,483	184,506	29,023	18.7%
Other	16,959	12,600	-4,359	-25.7%
Total E&G Revenues	\$257,078	\$295,292	\$38,214	14.9%
Auxiliary Enterprises	\$55,238	\$66,021	\$10,783	19.5%
Transfer (to)/from Fund Balance and to Plant Funds	-4,107		4,107	-100.0%
Available Unrestricted Revenues	\$308,209	\$361,313	\$53,104	17.2%

E&G: Education and General

¹State funds include general funds and Higher Education Investment Funds.

Note: Numbers may not sum due to rounding. The fiscal 2024 working appropriation includes deficiencies. The fiscal 2024 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management, and adjustments are not reflected in this agency's budget.

Source: Governor's Fiscal 2025 Budget Books; Department of Legislative Services

Fiscal 2025 Proposed Budget

As shown in **Exhibit 11**, State funding, when excluding Chapter 41 funds and salary enhancements and the impact of the fiscal 2024 general salary increases in fiscal 2025, which are not included in the fiscal 2024 working appropriation but are budgeted centrally in the Statewide Account in the Department of Budget and Management, increases by \$2.6 million in the fiscal 2025 allowance compared to fiscal 2024. The fiscal 2025 allowance includes \$3.0 million for the Center for Urban and Coastal Climate Science. According to the Governor’s Budget Highlights Book, this new center will focus on addressing challenges associated with climate change and its impact on natural ecosystems, the built environment, economy, and health of Marylanders. Excluding the center and salary enhancements, State funding would decrease \$0.4 million. **The President should discuss the planned use of this funding and the work of the new center.**

**Exhibit 11
Proposed Budget
Morgan State University**

	<u>2023</u> <u>Actual</u>	<u>2024</u> <u>Adjusted</u>	<u>2025</u> <u>Adjusted</u>	<u>2024-2025</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Funds	\$136,235	\$153,881	\$155,783	\$1,902	1.2%
Deficiency – HEIF Swap		-1,095		1,095	
Chapter 41 Funds	15,113	26,387	26,749	362	1.4%
Adjusted General Funds	\$151,348	\$179,173	\$182,532	\$3,359	1.9%
Special Funds					
HEIF	\$4,135	\$4,238	\$4,614		
Deficiency – HEIF Swap		1,095			
Total HEIF	\$4,135	\$5,333	\$4,614	-\$719	-15.6%
Adjusted State Funds	\$155,483	\$184,506	\$187,146	\$2,640	1.4%
Adjustment – Fiscal 2024					
General Salary Increases			\$7,598		
Total State Operating Funds	\$155,483	\$184,506	\$194,744	\$10,238	5.5%
Other Unrestricted Funds	\$156,833	\$176,807	\$175,886	-\$921	-0.5%
Transfer (to)/from Fund Balance	-4,107	0	0		
Net Unrestricted Funds	\$308,209	\$361,313	\$370,629	\$9,317	2.6%
Total Restricted Funds	\$103,442	\$82,019	\$89,000	\$6,981	8.5%
Total Funds	\$411,652	\$443,332	\$459,629	\$16,297	3.7%

HEIF: Higher Education Investment Fund

Note: Numbers may not sum to total due to rounding. The fiscal 2023 actual restricted funds include \$4,435,425 in federal stimulus funds. The fiscal 2024 working appropriation includes deficiencies. The fiscal 2024 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2025 impacts of the fiscal 2024 statewide salary adjustments appear in this agency’s budget. The fiscal 2025 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

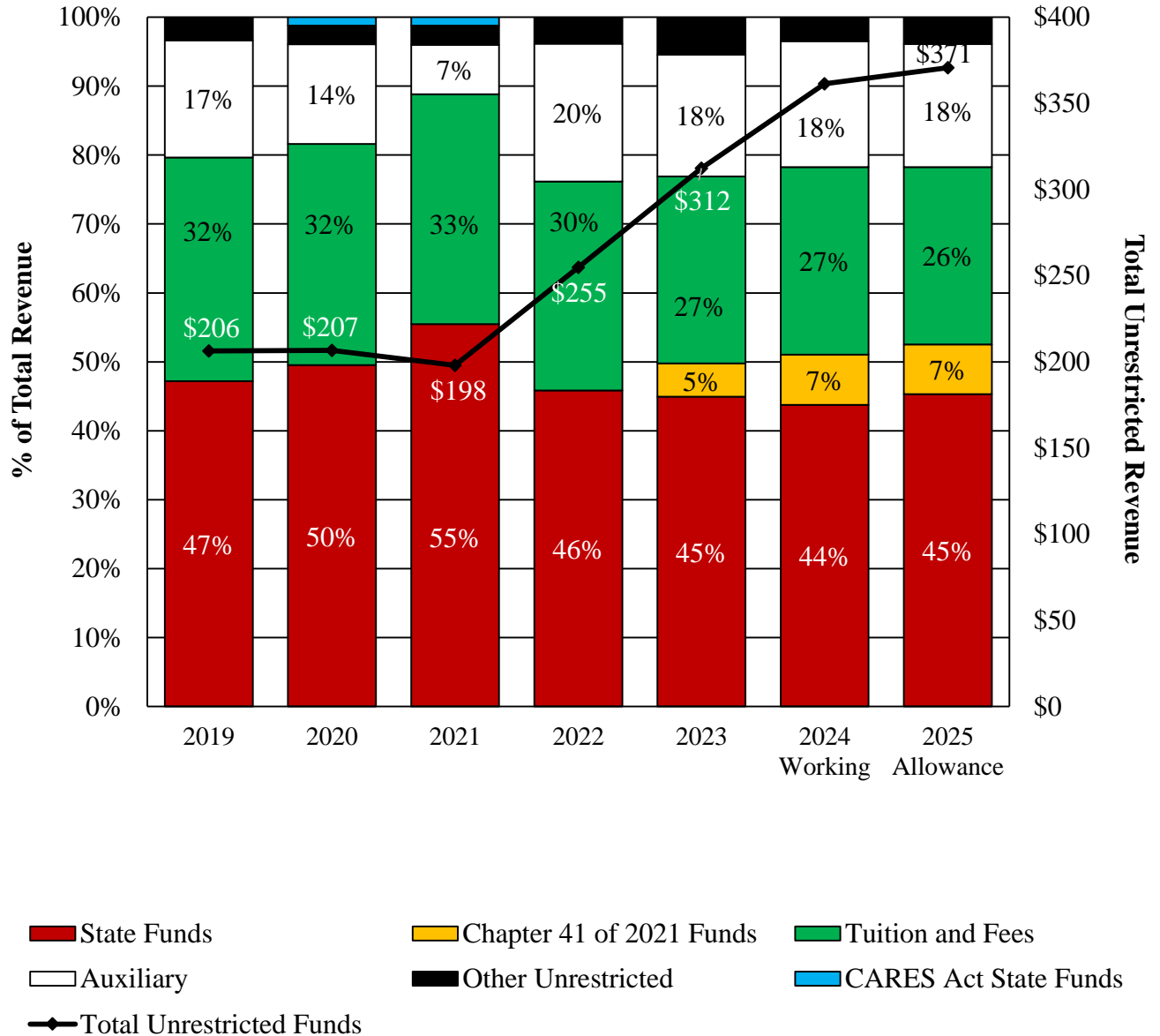
Source: Governor’s Fiscal 2025 Budget Books; Department of Legislative Services

Revenue Sources

As shown in **Exhibit 12**, in the fiscal 2025 allowance, State funds (general funds and the HEIF) and HBCU settlement funds comprise 45% and 7% of MSU’s State-supported revenues, respectively. The tuition and fee revenue comprises 26% of unrestricted revenues. The fiscal 2024 and 2025 budgets anticipate auxiliary revenue remaining level at approximately \$66.3 million.

MSU anticipates over \$370.6 million in unrestricted revenues in fiscal 2025. Should this total be met, it would be the largest unrestricted revenue total received by the university in history.

Exhibit 12
Unrestricted Revenues by Fund Sources
Fiscal 2019-2025 Allowance
(\$ in Millions)



CARES: Coronavirus Aid, Relief, and Economic Security

Source: Governor’s 2019-2025 Budget Books; Department of Legislative Services

Personnel Data

	<u>FY 23</u> <u>Actual</u>	<u>FY 24</u> <u>Working</u>	<u>FY 25</u> <u>Allowance</u>	<u>FY 24-25</u> <u>Change</u>
Regular Positions	1,837.00	1,666.00	1,838.00	172.00
Contractual FTEs	<u>333.00</u>	<u>345.00</u>	<u>333.00</u>	<u>-12.00</u>
Total Personnel	2,170.00	2,011.00	2,171.00	160.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies	73.15	3.98%
Positions and Percentage Vacant as of 12/31/23	258.00	15.49%
Vacancies Above Turnover	184.85	

- Although position counts presented with the fiscal 2025 budget indicate variations in the number of regular and contractual full-time equivalents (FTE) across years, MSU indicates that the number of positions in each year are the same at 1,838 regular positions and 333 contractual FTE.
- Accounting for the higher number of positions, the vacancy rate would be 14.0%, rather than 15.49%. Even with this lower vacancy rate, MSU continues to have a high vacancy rate, which can be partially attributed to the creation of 192 new positions in fiscal 2023. **The President should detail the progress being made to fill the vacant positions.**

Issues

1. MSU’s Goal of R1 by 2030

Since January 2022, when MSU released its strategic plan, Transformation Morgan: Leading the Future, MSU has had the goal of reaching R1/Very High Research Activity within the Carnegie Classifications of Institutions of Higher Education (CCIHE). MSU put itself on the path for R1 with its previous strategic plan that included the strategic goal of enhancing its status as a doctoral research university. On November 1, 2023, the Carnegie Foundation for the Advancement of Teaching (Carnegie) and the American Council of Education announced that the CCIHE will change for the upcoming 2025 classification cycle. The current classification system has been in place since 1973. It includes the basic classification, which categorizes schools based on the highest degree awarded at the school.

Under the potential changes, the basic classifications will no longer be based solely on the highest degree conferred. The new basic classification is not finalized, and the organization is taking public comment until February 15, 2024. The most notable change to the basic classification system is the removal of research classification for doctoral universities. Research will now be a category separate from basic classification. There will no longer be a complex methodology to determine which universities are classified as R1 or R2. The current formula ranks all potential research universities based on their doctorate academic program inventory, types of research and development (R&D) expenditures, science and engineering research staff, and a per capita analysis. Once the universities are ranked, the top half of the institutions are placed in R1, and the bottom half is set in R2. This methodology for determining R1 and R2 universities incentivized universities to establish programs in fields they lacked to be eligible for R1 or R2 classification. For example, a humanities-focused school may add science, technology, engineering, and mathematics doctoral programs to increase its chances of being classified R1.

In the institution’s quest for R1 status, MSU’s Managing for Results metrics have mirrored the previous methodology for determining R1/R2 classification. The institution has been increasing its investments in R&D in both science and engineering and non-science and engineering fields. Since fiscal 2021, total R&D expenditures have increased by \$17.6 million, or 85.4%, from \$20.6 million to \$38.2 million in fiscal 2023.

Carnegie has replaced the complex methodology with a simple threshold. Any institution that spends at least \$50 million in R&D and confers at least 70 research/scholarship doctorates in a year will be designated R1, or Very High Research Spending and Doctorate Production. R2, or High Research Spending and Doctorate Production, will be designated to institutions that spend at least \$5 million in R&D and award at least 20 research/scholarship doctorates in a year. The R&D amount is based on the information reported to the National Science Foundation Higher Education Research and Development survey. The doctorate count is based on the information reported to the Integrated Postsecondary Education Data System. The 2025 classifications will be based on the higher of either a three-year average covering the 2021 to 2023 period or the most recent single year, 2023. In the future, it will only be based on the three-year average.

With this simplification, MSU is positioned to achieve R1 status in the 2028 classification cycle. The 2028 classification will be determined by the R&D expenditures and doctoral production for fiscal 2024 through 2026. **Exhibit 13** shows MSU’s expected R&D expenditures and doctoral production for two of these years. If MSU meets its goal for those two fiscal years, the institution will achieve its goal by calendar 2028, if \$59 million is expended in research and development in fiscal 2026. **The President should comment on how the proposed changes might affect its approach to research investment.**

Exhibit 13
MSU’s Expected R&D Expenditures and Degrees Conferred
Fiscal 2024-2025 Est.
(\$ in Millions)

	<u>2024 Est.</u>	<u>2025 Est.</u>
Total R&D Expenditures	\$43.0	\$48.0
Doctorates Conferred	0	72

R&D: research and development

Source: Morgan State University

2. Maryland College of Osteopathic Medicine

In calendar 2019, MSU was approached by Salud Education, LLC (Salud) to develop and build the first Osteopathic College of Medicine at an HBCU. An osteopathic school awards Doctors of Osteopathic Medicine (D.O.). It has a more holistic style of medical training, focusing on the musculoskeletal system and environmental factors in health. The more common medical school is an allopathic school, which awards a Doctor of Medicine or M.D. In January 2020, the MSU Board of Regents (BOR) authorized President Dr. David K. Wilson to explore the prospect of bringing a new privately funded, for-profit medical school to the campus through a strategic partnership with Salud. In November 2022, MSU BOR approved a 35-year ground lease agreement with the Maryland College of Osteopathic Medicine (MDCOM) for MSU’s Montebello Complex. The lease includes two options to extend for 10 years each.

Since this initial approval, MSU has explored State funding for MDCOM. The program approval indicated that the private entity would be demolishing the Montebello complex and building a new facility for the school. However, while not in the 2025 *Capital Improvement Plan*, MSU is exploring State funding for these capital projects. MSU exploring State funding options despite private funding indicates that the partnership is tenuous. If the private entity is no longer planning to fund this new school and program, MSU would need to submit its own academic program approval to move forward with a new D.O. program on its campus. **The President should provide an update on the status of the private partnership and if there are adequate facilities for the first class expected in 2024.**

Operating Budget Recommended Actions

1. Concur with Governor's allowance.

Appendix 1
2023 Joint Chairmen’s Report Responses from Agency

The 2023 *Joint Chairmen’s Report* (JCR) requested that MSU prepare one report. Electronic copies of the full JCR responses can be found on the Department of Legislative Services Library website.

- ***Report on the National Center for the Elimination of Educational Disparities:*** The committees requested that MSU submit a report on the strategic goals of the center, its research plans, and how that research will be practiced to support the center’s goals. MSU’s response contained the center’s seven strategic goals and research plans. The center will look into various factors of education from family to curriculum to design interventions to eliminate educational disparities for Black, Brown, Latinx, non-English-speaking, and low-income children.

**Appendix 2
Object/Fund Difference Report
Morgan State University**

<u>Object/Fund</u>	<u>FY 23 Actual</u>	<u>FY 24 Working Appropriation</u>	<u>FY 25 Allowance</u>	<u>FY 24 - FY 25 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	1,837.00	1,666.00	1,838.00	172.00	10.3%
02 Contractual	333.00	345.00	333.00	-12.00	-3.5%
Total Positions	2,170.00	2,011.00	2,171.00	160.00	8.0%
Objects					
01 Salaries and Wages	\$ 178,804,663	\$ 205,275,536	\$ 232,201,621	\$ 26,926,085	13.1%
02 Technical and Special Fees	27,163,158	33,186,951	27,684,040	-5,502,911	-16.6%
03 Communication	906,742	940,787	1,074,660	133,873	14.2%
04 Travel	5,412,565	3,084,643	5,723,575	2,638,932	85.6%
06 Fuel and Utilities	9,998,758	9,759,401	11,798,579	2,039,178	20.9%
07 Motor Vehicles	519,034	997,476	633,420	-364,056	-36.5%
08 Contractual Services	75,973,058	68,277,692	56,944,193	-11,333,499	-16.6%
09 Supplies and Materials	8,085,913	6,538,246	8,944,865	2,406,619	36.8%
11 Equipment – Additional	2,452,945	11,889,202	3,912,913	-7,976,289	-67.1%
12 Grants, Subsidies, and Contributions	66,943,112	69,499,266	73,291,125	3,791,859	5.5%
13 Fixed Charges	25,198,142	25,433,090	24,111,007	-1,322,083	-5.2%
14 Land and Structures	10,193,488	8,450,026	13,309,451	4,859,425	57.5%
Total Objects	\$ 411,651,578	\$ 443,332,316	\$ 459,629,449	\$ 16,297,133	3.7%
Funds					
40 Unrestricted Fund	\$ 308,209,375	\$ 361,312,916	\$ 370,629,449	\$ 9,316,533	2.6%
43 Restricted Fund	103,442,203	82,019,400	89,000,000	6,980,600	8.5%
Total Funds	\$ 411,651,578	\$ 443,332,316	\$ 459,629,449	\$ 16,297,133	3.7%

Note: The fiscal 2024 appropriation does not include deficiencies. The fiscal 2025 allowance does not include statewide salary adjustments budgeted within the Department of Budget and Management.

**Appendix 3
Fiscal Summary
Morgan State University**

<u>Program/Unit</u>	<u>FY 23 Actual</u>	<u>FY 24 Wrk Approp</u>	<u>FY 25 Allowance</u>	<u>Change</u>	<u>FY 24 - FY 25 % Change</u>
01 Instruction	\$ 68,380,350	\$ 84,240,188	\$ 83,402,361	-\$ 837,827	-1.0%
02 Research	85,621,833	81,608,923	82,685,917	1,076,994	1.3%
03 Public Service	176,772	261,287	278,747	17,460	6.7%
04 Academic Support	33,553,796	37,334,457	40,092,452	2,757,995	7.4%
05 Student Services	10,184,015	10,352,585	12,506,658	2,154,073	20.8%
06 Institutional Support	59,179,993	63,456,056	69,257,474	5,801,418	9.1%
07 Operation and Maintenance of Plant	32,862,181	39,585,618	40,652,075	1,066,457	2.7%
08 Auxiliary Enterprise	62,905,226	59,964,498	66,208,310	6,243,812	10.4%
17 Scholarships and Fellowships	58,787,412	66,528,704	64,545,455	-1,983,249	-3.0%
Total Expenditures	\$ 411,651,578	\$ 443,332,316	\$ 459,629,449	\$ 16,297,133	3.7%
Unrestricted Fund	\$ 308,209,375	\$ 361,312,916	\$ 370,629,449	\$ 9,316,533	2.6%
Restricted Fund	103,442,203	82,019,400	89,000,000	6,980,600	8.5%
Total Appropriations	\$ 411,651,578	\$ 443,332,316	\$ 459,629,449	\$ 16,297,133	3.7%

Note: The fiscal 2024 appropriation does not include deficiencies. The fiscal 2025 allowance does not include statewide salary adjustments budgeted within the Department of Budget and Management.