



Morgan State University
Maryland's Preeminent Public
Urban Research University

Legislative Testimony

FY 2019 Operating Budget

Presented to:

House Subcommittee
on Education & Economic Development
and
Senate Subcommittee
on Education, Business & Administration

February 2018

Dr. David Wilson, President



MORGAN STATE UNIVERSITY

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Testimony

Fiscal Year 2019 Operating Budget Morgan State University

David Wilson, President

February 2018

Chair and members of the Committee, I thank you for the opportunity to testify on the Governor's fiscal year 2019 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.

MORGAN'S SESQUICENTENNIAL: A YEAR OF CELEBRATION

The year 2017 was historic for Morgan State University. The University celebrated its 150th anniversary, with the theme "150 Years of Purpose, 150 Years of Promise, and 150 Years of Progress." From the kickoff of the celebration in November 2016, the University community participated in nearly 70 events commemorating the history and legacy of our Fair Morgan. Included among the many activities were three historic commencement ceremonies: *December 2016*, with nationally syndicated journalist Roland S. Martin as keynote speaker, which





highlighted senior Joseph L. Jones, a B.S. in Computer Science candidate who became the 50,000th person to graduate from Morgan State University since 1867; *May 2017*, with former U.S. Vice President Joseph R. Biden Jr. as keynote speaker; and *December 2017*, with Maryland Lieutenant Governor Boyd K. Rutherford as keynote speaker, in which 490 bachelor’s, master’s and doctoral degrees were conferred, the largest-ever class of fall graduates.

VISION STATEMENT

By action of the Maryland Legislature (SB 1085), Morgan has been designated as the **State’s Preeminent Public Urban Research 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.

MISSION STATEMENT

Morgan State University serves the community, region, state, nation and world as an intellectual and creative resource, by supporting, empowering and preparing high-quality, diverse graduates to lead the world. The University offers innovative, inclusive and distinctive educational experiences to a broad cross section of the population in a comprehensive range of disciplines at the baccalaureate, master’s, doctoral and professional degree levels. Through collaborative pursuits, scholarly research, creative endeavors and dedicated public service, the University gives significant priority to addressing societal problems, particularly those prevalent in urban communities.

STRATEGIC PRIORITIES

The University is operating under its strategic plan, focusing on five broad goals that are designed to guide programs, services and budgets that will ultimately grow Morgan’s future. The goals follow:

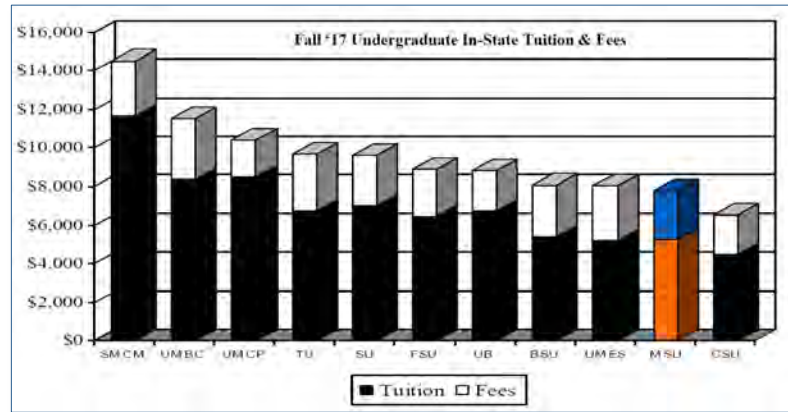
STRATEGIC GOAL	FOCUS / OBJECTIVE
GOAL 1	Enhancing Student Success <i>Morgan will create an educational environment that enhances student success by hiring and retaining well qualified, experienced and dedicated faculty and staff, offering challenging, internationally relevant academic curricula and welcoming and supporting a diverse and inclusive campus community.</i>
GOAL 2	Enhancing Morgan’s Status as a Doctoral Research University <i>Morgan will enhance its status as a Doctoral Research University through</i>



	<i>its success in securing grants and contracts and its faculty's achievements in basic and applied research, professional expression, artistic creation and creative inquiry. In addition, initiatives will be designed to enhance doctoral achievement in the science, technology, engineering and mathematical (STEM) and non-STEM disciplines for underrepresented students of color.</i>
GOAL 3	Improving and Sustaining Morgan's Infrastructure and Operational Processes <i>Morgan will enhance its infrastructure and processes by improving the efficiency and efficacy of its operating procedures, by focusing on the environmental sustainability of its facilities and by meeting the technological customer service needs of its students, faculty, staff and community.</i>
GOAL 4	Growing Morgan's Resources <i>Morgan will expand its human capital as well as its financial resources by investing in the professional development of faculty, staff and students, seeking greater financial support from alumni, the State and federal governments and private and philanthropic sources, and establishing collaborative relationships with private and public entities.</i>
GOAL 5	Engaging with the Community <i>Morgan will engage with community residents and officials in the use of knowledge derived from faculty and student research, the sharing of mutually beneficial resources and the appropriate and timely dispatch of University experts and professionals to collaborate in addressing community concerns.</i>

Consistent with its strategic priorities, the University continues to develop its reputation as a premier institution. As we continue to experience stable enrollment, we are mindful of the rising cost of a college education and the growing difficulty and stress it places on students and their families. It should be noted that our undergraduate tuition is the second lowest in the state, which provides access to those students in the lower socioeconomic status group. Last fall, Morgan experienced a 6% increase in new freshmen and a 2% increase in total new undergraduates over 2016 (a seven-year high in new freshmen and in total new undergraduates), an 8% increase in undergraduate out-of-state enrollment, and a 3% increase in total out-of-state enrollment. As for fundraising, the alumni participation-in-giving rate is at an all-time high of more than 17%.

Morgan's well-credentialed, multiracial, multiethnic, multinational faculty is perhaps the most diverse in the state, mirroring the demographics of the emerging student population, and they are heavily involved in service to the local urban community. A recent survey by The PhD Project, a nonprofit organization founded by KPMG Foundation, placed Morgan State University among the five U.S.



academic institutions with the most diverse business school faculty. Morgan’s Earl G. Graves School of Business and Management has 13 African-American, Hispanic or Native American faculty, a number that ranked it fifth among the schools in the nationwide survey.

We take pride in these achievements and the momentum the University has gained, as our strategic priorities remain aligned with the state’s goals for postsecondary education.

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. In 2017, annual credit reviews were performed by both Standard & Poor’s (S&P) Global Ratings and Moody’s Investors Service. On May 12th, S&P affirmed its rating of A+ with a stable outlook. Similarly, on September 28th, Moody’s published its credit opinion affirming its rating of A1 with a stable outlook. Factors cited in support of the ratings include consistently strong operating and capital support from Aaa-rated Maryland and Morgan’s role within the state’s education framework as one of the oldest HBCUs in the country. This is more evidence that the rating agencies have confidence in Morgan and its financial position. As such, the institution will continue to be monitored to ensure achievement of projected revenues and to ensure containment of expenditures within available resources to maintain the University’s fiscal viability.

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 numbers of 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 bodies. As Maryland’s Preeminent Public Urban Research 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

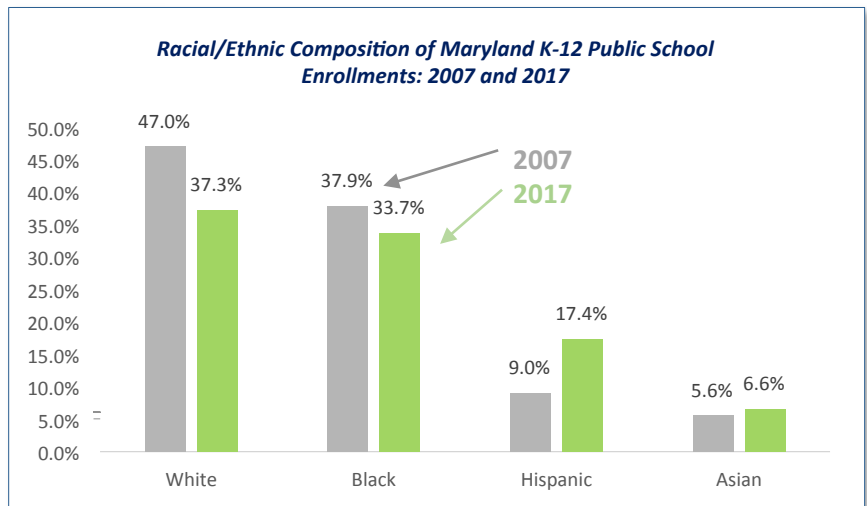
aid support. With substantially less net tuition revenue available per student, Morgan is much more dependent on state support than most other Maryland institutions for its continued growth and development.



GROWING THE FUTURE: A LOOK AT HIGH SCHOOL GRADUATES AND COLLEGE COMPLETION

Maryland’s racial and ethnic diversity is reflected in its K–12 enrollment composition. The representation of the major groups in the public schools has been changing rapidly.

After rapid growth for the past several decades, the share of African-American K-12 enrollments has stabilized at about one-third of the total student body. The white share of enrollments had continued to drop and is now only slightly higher than the black share of enrollments. Meanwhile, Hispanic enrollments have continued to grow rapidly. Enrollments of Asian Americans are growing slowly.



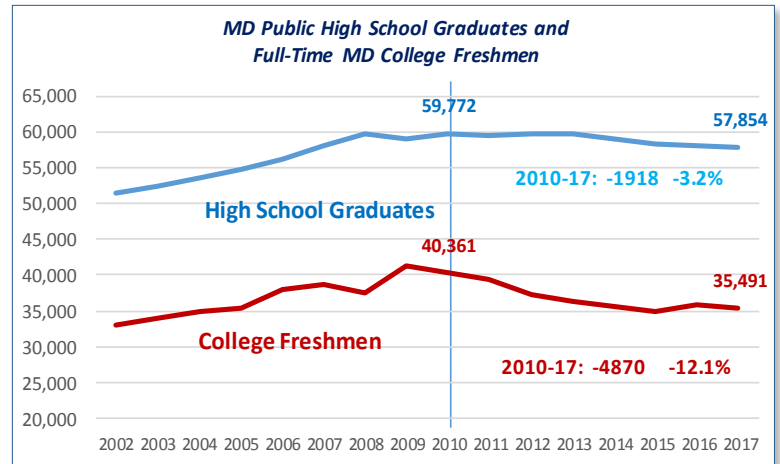
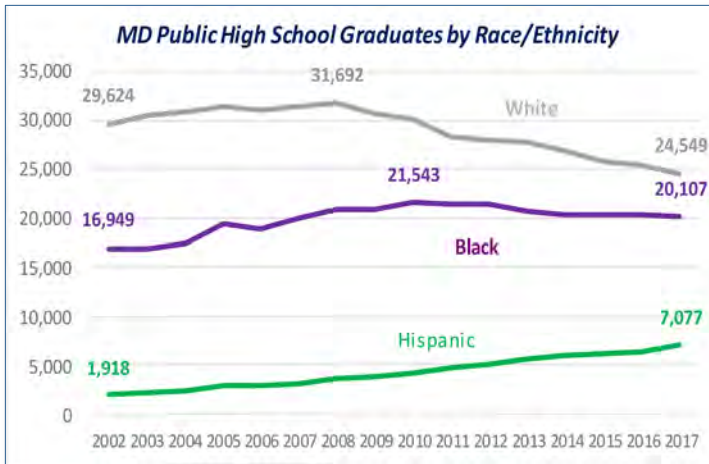
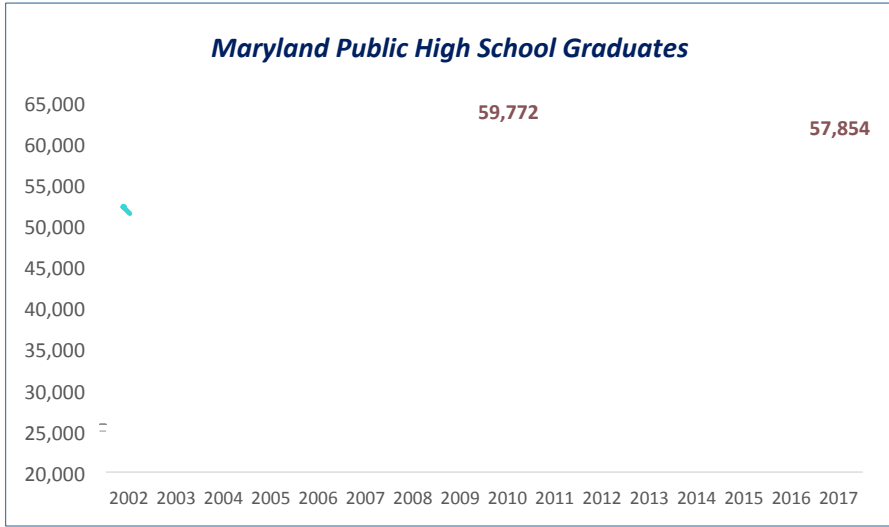
The changing composition of public school enrollments is translating into significant changes in the makeup of public high school graduates within a pool of high school graduates that has stabilized in terms of its total numbers.

The most striking feature of the changes in public high school graduates is the sharp decline in white students and a nearly corresponding increase in Hispanic students. Another significant pattern is that the numbers of black and white graduates are now approaching one another. In brief, the pool of high school graduates is shifting away from whites toward blacks and Hispanics, who tend to come from families with fewer financial resources and who are less prepared for college work based on traditional measures of college readiness.

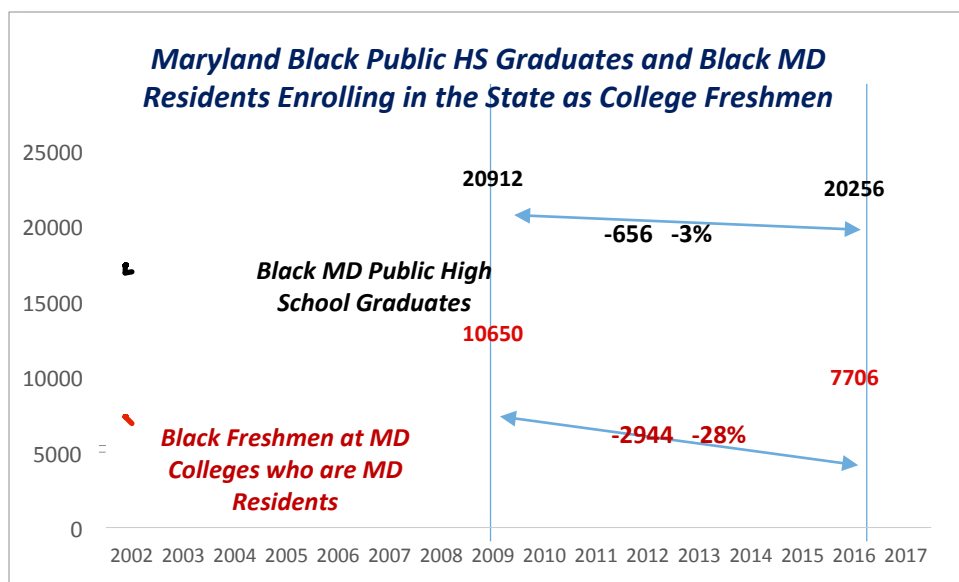
Some experts have warned that this changing composition of graduates within an overall stable number of students graduating from high school would likely result in a decline in the number of students entering college as freshmen directly out of high school. This indeed has been the case. Since the number of public high school graduates



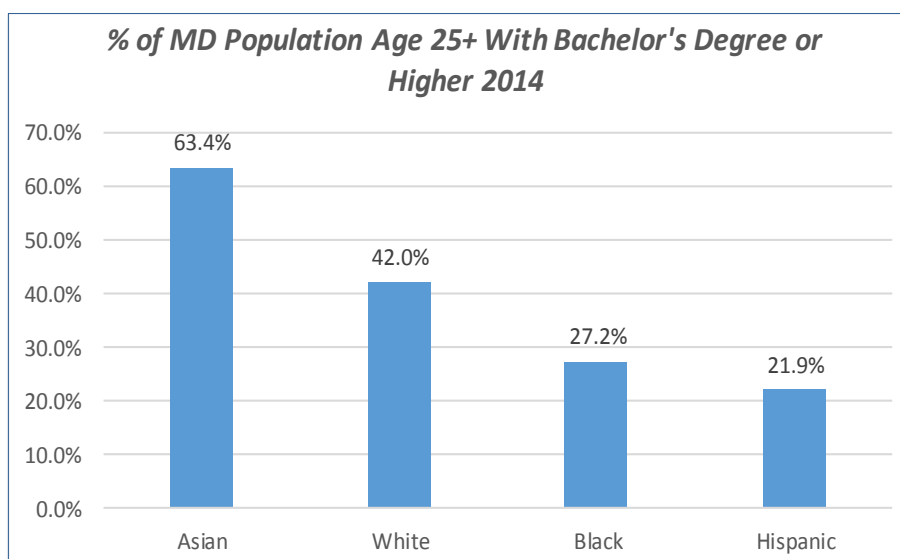
peaked in 2010, the number of freshmen entering college in the state has declined much more than the drop in high school graduates. While the number of high school graduates has declined by only 1,900 students since 2010, the number of freshmen entering Maryland colleges has declined by nearly 4,900!

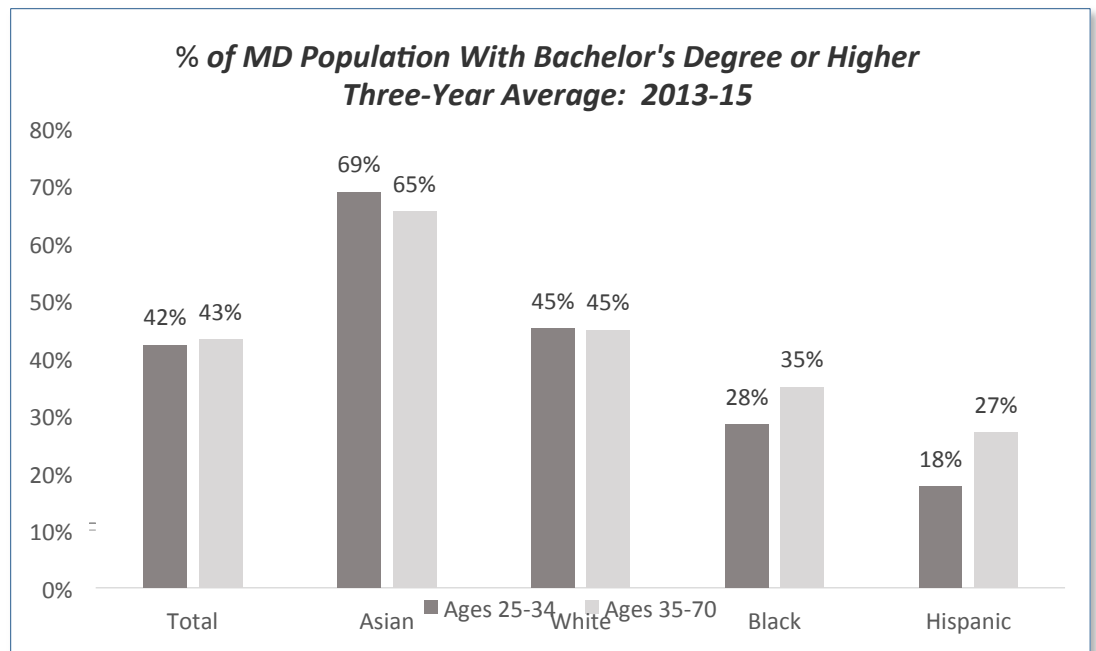
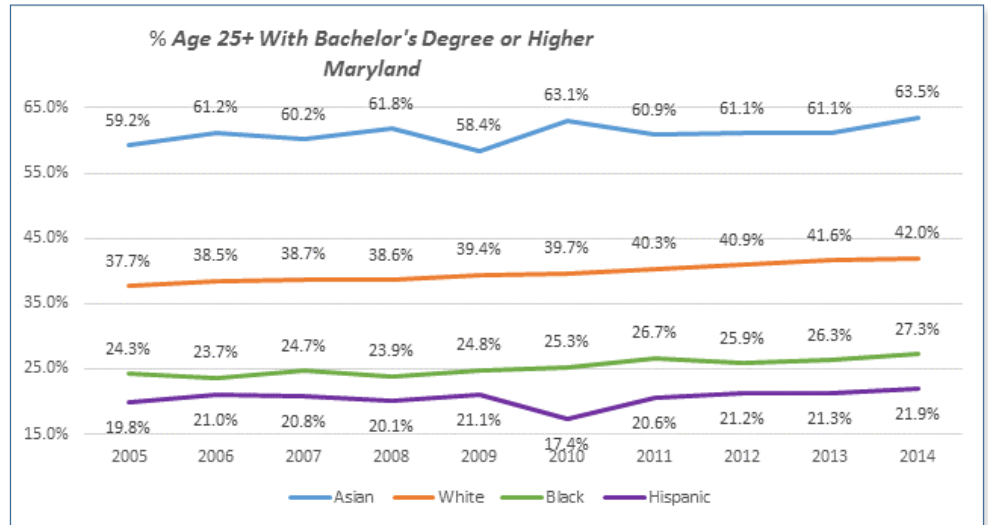


The number of black freshmen has declined by a particularly large amount relative to the number of black high school graduates and has contributed disproportionately to the decline in freshmen overall. Since 2009, the peak year for black college freshmen, the number of black freshman has dropped by 2,944, or 28%. During this same period, black high school graduates changed by very little, declining by only 565, or 3%.



Maryland has a relatively large proportion of blacks and Hispanics, groups with levels of educational attainment, on average, well below those for whites and Asians. The educational attainment gaps between these groups has not been closing, and the older members of these groups have higher educational attainment levels than younger members. This is the opposite of the pattern that is necessary to close the gaps between the groups.





How Morgan Contributes to the Solution to This Problem

The University's emphasis on providing access to education 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. Although faculty are 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 the University can make to help ensure the success of our 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. When we poll those students who decide either to drop out or “stop out,” the overwhelming reason for not remaining enrolled involves finances: the cost of attendance, the amount of financial aid received and/or the need to go to work. Although unfortunate, Morgan continues to allocate millions of dollars in need-based aid to as many of its students as possible.

The University also has several high school outreach programs such as the Summer Academy of Mathematics and Sciences (SAMS) and the NASA Science Engineering Mathematics and Aerospace Academy (SEMAA). These programs offer rigorous academic enrichment instruction designed to foster excitement among high school students for the science, technology, engineering and mathematics (STEM) disciplines, and to increase participation and retention of historically underrepresented K–12 youth in these fields. These programs, and others, deliver hands-on, inquiry-based K–12 curricula that are aligned to the national math, science and technology standards.

TRANSITIONING TO PREMINENCE THROUGH ACADEMICS, RESEARCH AND INNOVATION

Academics

Morgan provides rigorous academic curricula and challenging co-curricular 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 among the best and the brightest in the state and nation. Although 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.

Quality Indicators

- Morgan is the No. 1 HBCU in the production of Fulbright scholars and grantees.
- Morgan’s online offerings have grown to 10 degree programs and five certificate programs.
- Study abroad opportunities for Morgan students have expanded significantly, adding new global destinations for foreign study.
- The University’s status as a top awarder of bachelor’s, master’s and doctoral degrees to African Americans has elevated.



Statewide Rankings: Degrees Awarded to African Americans

Bachelor's Degrees Awarded		Bachelor's Degrees Awarded	
1 ST	Accounting and Related Services	1 ST	Architecture and Related Services
1 ST	Architecture and Related Services	1 ST	Electrical Engineering
1 ST	Business Management, Marketing and Related Services	1 ST	English Language and Literature
1 ST	Civil Engineering	2 ND	Social Work
1 ST	Communications, Journalism and Related Programs	3 RD	Engineering
1 ST	Education	9 TH	Total Master's
1 ST	Electrical Engineering	Doctoral Degrees Awarded 1 ST Education 1 ST Social Work 1 ST Total Doctorate 2 ND Engineering <i>Source: IPEDS Degrees 2015-2016</i>	
1 ST	Engineering		
1 ST	Family and Consumer Science		
1 ST	Finance and Financial Management Services		
1 ST	Hospitality Administration and Management		
1 ST	Industrial Engineering		
1 ST	Philosophy and Religious Studies		
2 ND	Social Work		
3 RD	Total Bachelor's		

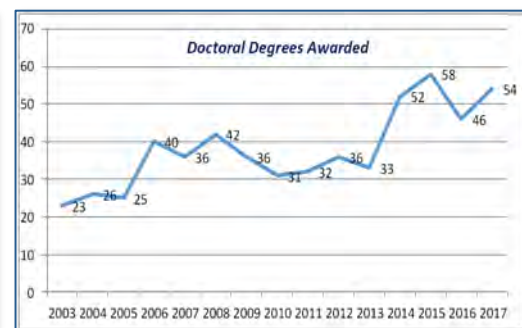
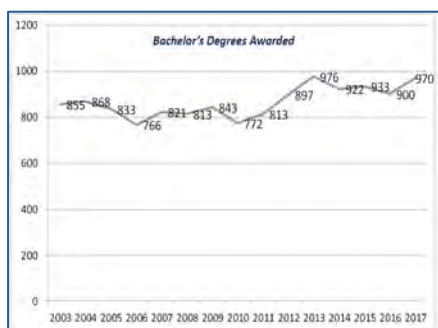
National Rankings: Degrees Awarded to African Americans

Bachelor's Degrees Awarded		Bachelor's Degrees Awarded	
2 ND	Architecture and Related Services	11 TH	Architecture and Related Services
4 TH	Engineering	22 ND	Engineering
6 TH	Hospitality Administration / Management	Doctoral Degrees Awarded 2 TH Engineering 16 TH Education 19 TH All Disciplines Combined <i>Source: Top 100 Producers of Minority Degrees 2017 (Degrees 2016-2017 data), Diverse: Issues in Higher Education</i>	
8 TH	Communication, Journalism and Related Programs		
12 TH	Family and Consumer Sciences / Human Sciences		
15 TH	Education		
15 TH	Philosophy and Religious Studies		
20 TH	Accounting and Related Services		
21 ST	Finance and Financial Management Services		
23 RD	Computer and Information Sciences		



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, the University has realized its seventh consecutive year with a retention rate above 70%. At the same time, data from our Office of Institutional Research shows a significant increase in the graduation rate for the most recent six-year cohort (2011), of 38%. Correspondingly, as the University retains more students through graduation, the number of degrees conferred is on the rise. In 2017, Morgan awarded 970 bachelor's degrees. At the graduate level, the University awarded a combined total of 360 master's and doctoral degrees, 81 more or 29 percent higher than just three years ago.



In addition, the University was the winner of the 2017 Hobsons Education Advances Award for Student Success. The award resulted from the University's effective uses of StarFish (a sophisticated, yet user-friendly retention solution program) and from its success in student advising.

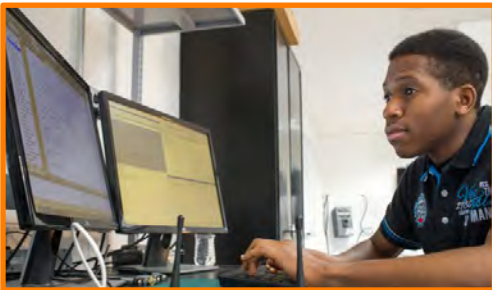




Research

One of the essential elements of the mission of an urban research university is to use its resources to improve the quality of life in the community. We do this through both our faculty research and our public outreach programs. Morgan's faculty, like those elsewhere, engage in research that advances knowledge in their fields. The resulting applied research enables Morgan to provide services to the community with the expectation of accelerating the revitalization of surrounding neighborhoods and beyond. Grant and contract funding provides many benefits, to include enhanced faculty development; enhanced instruction, internship and assistantship opportunities for students; and supplements to purchase needed research equipment. We seek to extend our footprint by developing new partnerships and expanding existing collaborations that will afford our students the cultural competence to effectively engage in diverse settings.

In October 2017, Morgan opened the Center for Reverse Engineering and Assured Microelectronics (C.R.E.A.M.) laboratory within its School of Engineering. C.R.E.A.M. was established to produce skilled cybersecurity engineers who can aid the electronics industry and intelligence community with solutions to help prevent penetration and manipulation of our nation's cyber physical infrastructures.



Before the center's official opening, as part of a new collaboration with the National Security Agency (NSA), three Morgan State University faculty members, five doctoral students and one undergraduate from C.R.E.A.M. participated in a unique summer research program aimed at studying today's challenges to IoT (Internet of Things) security and RF communications. In addition, the Morgan team was tasked to create prototype solutions that improve the effectiveness, efficiency and usability of current systems and practices in these areas. The opportunity to be involved in this important research was made available through a \$100,000 research award from NSA, and the research took place at the Laboratory for Telecommunication Sciences, located on the campus of the University of Maryland, College Park. The knowledge gained from this collaborative effort with NSA will enhance ongoing government cybersecurity and telecommunications projects. The duration of the program was 10 weeks for student participants. Faculty were expected to spend at least two half-days per week meeting with and monitoring the research progress of the students.

Moreover, in recognition of the University's efforts in the advancement of research and preparing students for careers in internet security, the NSA and the U.S. Department of Homeland Security (DHS) designated

Morgan State University as a National Center of Academic Excellence in Cyber Defense Education (CAE-CDE). Morgan joins a select list of institutions to have earned this distinction. This certification is valid through the 2021 academic year.



The NSA and the DHS jointly sponsor the CAE-CDE program, which serves as a catalyst to reduce vulnerability in the country's National Information Infrastructure, by promoting higher education and research in cyber defense and producing professionals with cyber defense expertise. Universities participating in the program are able to become more involved in defending America's cyberspace as well as help address a critical shortage of professionals with the relevant and necessary skills to do so.



Strategic Partnerships with Silicon Valley Firms and Others

Facebook and Google

Over the last two years, the University has made a concerted effort to form partnerships with Silicon Valley firms to ensure they are tapping into the great talent at Morgan State University as they seek to diversify their workforces. Specifically, we have formed a partnership with Google that has enabled us to have a Google Engineer-in-Residence (EIR) at Morgan during the fall 2016 and 2017 semesters, and Google will be sending an EIR again this coming fall semester. We have also built partnerships with Facebook.

At the 8th Annual Cyber Summit in Huntsville, Alabama, Morgan was officially presented with the CAE-CDE certificate. Shown in photo [L to R]: Suzanne E. Spaulding, Under Secretary for the National Protection and Programs Directorate, Department of Homeland Security; Dr. Craig Scott, Chair of the Department of Electrical and Computer Engineering & NIESS-CAE (Network Information Systems Security Center of Academic Excellence) Director, MSU; Dr. Farzad Moazzami, Interim Vice President for Academic Affairs & NIESS-CAE Co-Director, MSU; and Dr. Leonard T. Reinsfelder, Commandant of the National Cryptologic School, National Security Agency

On March 29, 2017, the University had executives from both Facebook and Google come to our campus and participate in our Presidential Distinguished Speaker Series. Representatives of these companies also stayed on campus the entire next day and exposed students in both STEM and non-STEM fields to possible career options at Facebook and Google. To date, Google has accepted 10 students from Morgan for 2018 summer internships. This is compared with four last year. Other Morgan interns in Silicon Valley include six at Facebook, two at Intel and one at Apple.



Google Pilot Program

Last summer, Google entered into a pilot program with Howard University in which 25 students from Howard spent six weeks on the Google campus in California. While there, the students took computer science courses for credit from Google employees. The students from



Howard gave positive feedback to Google on their experiences, and as a result, Google decided to expand the pilot into a full-fledged program involving eight HBCUs (Howard, Morgan, North Carolina A&T, Morehouse, Spelman, Prairie View, Dillard and Hampton).

Each institution has been asked to identify a certain number of students who would work at the Google campus for an entire year, starting this fall. Morgan has committed to send 10 students to this program. These students must be rising juniors majoring in electrical engineering or computer science and will take 15 credit hours per semester. The courses will be taught by Google employees as well as professors from the eight institutions. The expectation is to have more than 100 students from these eight HBCUs studying at Google this coming fall. It should also be noted that Stanford University has offered an opportunity for these students to take a course or two on the Stanford campus should they desire to take advantage of that opportunity.

Google will also be working with Morgan to identify opportunities for philanthropic support of this initiative beyond that which Google is providing.

These are truly remarkable opportunities for students at Morgan and other HBCUs to be exposed to the ecosystem of innovation that dominates Silicon Valley.

Intel Grant

Morgan is pleased to be the recent recipient of a three-year, \$750,000 grant from Intel Corporation to support the University's continued efforts to educate students in the engineering disciplines and prepare graduates to make immediate contributions to science-, technology-, engineering- and math- (STEM-) related fields. The Intel HBCU Grant Program, a component of the company's Diversity in Technology initiative, is a proactive effort to reduce the underrepresentation of African-American students in STEM programs in college while helping increase diversity in the technology industry by expanding the recruiting pipeline.



Morgan is one of six prominent HBCUs selected to be included as part of the \$4.5-million Intel HBCU grant program. The program and funding will enable the University to attract and enroll students as part of a five-year bachelor's to master's degree track. Emphasis will be placed on curriculum, cohort scholarship programs, recruitment, peer mentoring and peer tutoring.



Goldman Sachs 10,000 Small Businesses Program

Last August, President Wilson joined Baltimore Mayor Catherine E. Pugh, Maryland Gov. Larry Hogan, Founder of Bloomberg L.P. and Bloomberg Philanthropies Michael R. Bloomberg, investor Warren Buffett and Goldman Sachs Chairman and CEO Lloyd C. Blankfein to announce a \$10-million commitment to continue the Goldman Sachs 10,000 Small Businesses program in Baltimore. The program is designed to help create jobs and spur economic growth. The financial commitment in Baltimore, made by Goldman Sachs and Bloomberg Philanthropies, marked the first-ever co-investment in the Goldman Sachs 10,000 Small Businesses program and will be used to provide a practical business education and access to capital for small business owners. A consortium of local program partners, to include Morgan, The Johns Hopkins University and the Community College of Baltimore County, will coordinate the 10,000 Small Businesses program implementation.



Morgan will lead the educational instruction in addition to aiding in the business owner recruitment and cohort networking components of the program delivery. The sessions will cover finance, accounting, leadership, negotiations and business operations, among other related topics. The program also includes one-on-one business advising and accounting workshops.

The Goldman Sachs 10,000 Small Businesses initiative offers:

- **Business and Management Education:** Small business owners will have access to a free practical business education through which they will develop a business growth plan to help them increase revenues and hire new employees.
- **Access to Capital:** The program is working to build the capacity of local, mission-driven lenders to increase opportunities for business owners to access capital.
- **Business Support Services:** Business advising and networking will be offered to participating small business owners through partnerships with community-based and national business organizations, as well as the people of Goldman Sachs and Bloomberg L.P.

Innovation

As part of a sustained commitment to making breakthrough advancements offering an economic benefit to the State of Maryland, plans are underway for Morgan's 8th Annual "Innovation Day" in Annapolis. Morgan Innovation Day (MID), which serves in part as an annual progress report on the state's Preeminent Public Urban Research University, brings together Maryland legislators, students, faculty, staff and alumni for an engaging, firsthand look at new





research, innovation and partnership initiatives incubated in the classrooms, laboratories and offices of Morgan State University.

The theme of our last MID event was “Partners in Innovation.” The event featured 22 impactful research and outreach projects geared toward improving the quality of life of Marylanders. It also included a special ‘Morgan and Baltimore exhibit’ that demonstrated how the University provides services to the community with the expectation of accelerating the revitalization of surrounding neighborhoods and beyond.

University Innovation Fellows

Last spring, the University added four new Morgan scholars, named University Innovation Fellows, to its growing list of student leaders. The addition of recent inductees brings Morgan’s count of students pinned as Fellows to 28. Among those, 26 are enrolled as students and two have since graduated.

Administered by Stanford University’s Hasso Plattner Institute of Design, the University Innovation Fellows program takes applicants through a rigorous training before returning them to their home campuses empowered to become agents of change at their university. Those who complete the program are enriched by the experience and inspired to become student leaders, leveraging innovation, entrepreneurship and design skills to uncover opportunities to enhance the campus experience for their peers.

The new Fellows include:

- **Kofi Afriyie**, Civil Engineering, Junior
- **Rashae Hilson**, Information Systems and Science, Sophomore
- **Oluwakayode Jasanya**, Electrical and Computer Engineering, Sophomore
- **Tobiloba Komolafe**, Electrical Engineering, Junior



Morgan’s new Fellows are among 224 students from 58 higher education institutions in seven countries to be selected. To date, the



program has trained 1,000 students at 185 schools to be leaders on their campuses.

University Innovation Fellows represent a national community of scholars leading a movement to ensure that all students gain the necessary attitudes, skills and knowledge required to compete in the economy of the future. These student leaders from schools around the country create new opportunities that help their peers develop an entrepreneurial mindset, build creative confidence, seize opportunities, define problems and address global challenges.

Fellows are creating student innovation spaces, founding entrepreneurship organizations, hosting experiential events and working with faculty and administrators to develop courses. They also serve as advocates for lasting institutional change and represent their schools at national events.

CONTINUED STATE SUPPORT IS ESSENTIAL FOR MORGAN TO 'LEAD THE WORLD'

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 such as Morgan, which serve a high percentage of students with substantial financial need, increasing levels of state support are more important today than ever. 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 students who are diverse in their socioeconomic background as well as their academic preparedness.

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

STEM Education – Four Centers of Excellence	\$10.7M
Deferred Maintenance / Facilities Renewal	\$5.0M
Conversion of Contractual Employees to Regular Positions	<u>\$2.0M</u>
TOTAL	<u>\$17.7M</u>

We are appreciative of the Governor's recommended support to provide funding for a Cyber Security Center, contractual conversions, COLA (half-year) and a 3% tuition buy down.

Regarding our capital budget, the University is appreciative of the ongoing support as well as the Governor's recommendation for



funding necessary to keep the new Student Services Center project on schedule, and to initiate the construction of a new Health and Human Services Building. The University also requested \$10 million in FY 2019, and for each of the subsequent four years, to address a growing backlog of deferred maintenance projects that exceeds \$100 million. The ongoing investment in Morgan for the construction of new facilities and renovation of existing buildings has gone a long way in addressing facility deficiencies. However, there still remains a number of aging facilities on campus that drain the University's operating budget. Coupled with the additional expense to maintain newer facilities without a corresponding increase in our operating budget, the University cannot keep pace with its deferred maintenance needs.

Nevertheless, Morgan aims to be the public university leader in producing research in urban sustainability, cyber security, public health, education reform, criminal justice and neighborhood and community revitalization. The campus is becoming more attractive, and many students now take their classes and do their laboratory work in state-of-the-art buildings. Although much progress has been made, there is still much to do ahead.

CLOSING

Please be assured that Morgan continues its commitment 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 for higher education. As additional funding is made available, Morgan is uniquely poised for accelerated growth as Maryland's Preeminent Public Urban Research University, 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.

Thank you, again. On behalf of Morgan State University, I request your support of the Governor's recommendations for FY 2019 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 Issues & Recommended Actions in the Department of Legislative Services' Analysis



Issue #1 (Page 7): *The President should comment on the ability of the university to maintain or increase the enrollment of international students, given the uncertainty of the current environment and the budget implications if the university falls short of its budgeted target. The President should also comment on efforts to improve retention of students and increase enrollment of in-state students.*

Response: The growth in international students was due to the strategic development of a new Division of International Affairs in July 2013. The Division is charged with providing strategic leadership, vision, direction and guidance to all of the University's global engagement initiatives, including international recruitment. Although the mix of international students may change, the University does believe it will be able to sustain the number of international students, as the President and the Division continue to work to build partnerships with new international institutions and agencies. The Office of Admission recruits in many of the Caribbean islands and has strong ties with Morgan alumni in the Caribbean, who engage in area recruitment. Moreover, the Division of International Affairs and the Office of Admission are partnering in expanding recruitment efforts to areas outside of the Middle East, to include Asian countries.

However, the University is committed to diversifying its applicant pool and is not reliant solely on international students for its growth. The University has also expanded its domestic out-of-state recruitment in recent years as well. It should be noted, for instance, that although Exhibit 2 "Undergraduate Headcount Enrollment by Residency" shows a decline in domestic students in-state and out-of-state between fall 2012 and fall 2016, MSU's fall 2017 out-of-state numbers for U.S. citizens are at their highest since 2012 and are 10% higher than fall 2016's numbers (1,165 in fall 2016; 1,282 in fall 2017).

It is also important to note that although the increase in international students has been significant, especially in fall 2015 and fall 2016, the University has also continued to experience a steady growth in new first-time freshmen before fall 2015 and after fall 2016. Most notably, new student enrollment for fall 2017 is the highest it's been since fall 2012, even as the number of new international freshmen has returned to pre-fall 2015 norms.

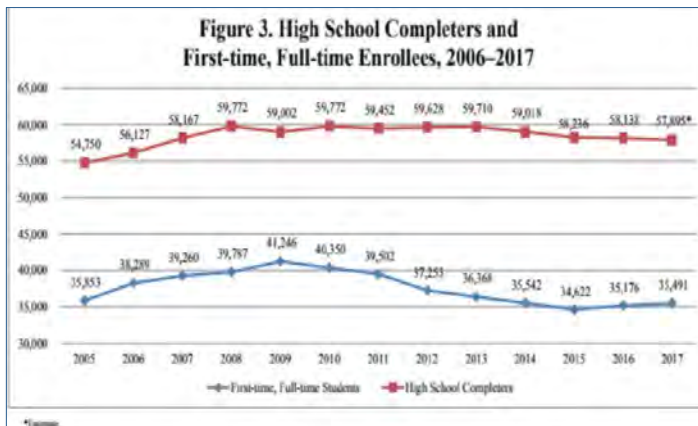


International First-time Students

	Total First-Time Full-Time	International First-Time Full-Time	Total First-time Part-Time	International First-Time Part-Time	Total First Time	Total International First-Time
Fall 2012	1017	17	20	0	1037	17
Fall 2013	886	31	13	0	899	31
Fall 2014	1058	48	20	0	1078	48
Fall 2015	1159	98	9	0	1168	98
Fall 2016	1123	199	18	5	1141	204
Fall 2017	1192	35	12	0	1204	35

International Undergraduates

	First-time	Continuing	New Transfers	Total International Undergraduates
Fall 2012	17	215	41	273
Fall 2013	31	231	15	277
Fall 2014	48	228	27	303
Fall 2015	98	275	43	416
Fall 2016	204	417	103	724
Fall 2017	35	716	29	780



Regarding increasing in-state enrollment, the University’s ability to increase in-state enrollment is closely tied to the demographic trends in the state. As MHEC’s Fall 2017 Opening Fall Enrollment report shows, statewide, the numbers of high-school completers and first-time, full-time enrollees have both been on downward trends over the past few years. As there are fewer high school graduates and a smaller proportion of those who do graduate electing to attend college in the state, competition for these students among institutions has grown.

Despite the demographic challenges, the University continues to vigorously recruit students within the state. A number of initiatives were highlighted in the analyst’s report (page 7), including a redesigned high school visitation schedule, the Big Bear Little Bear program to host on-campus visits for high-achieving ninth and 10th-graders, on-the-spot admission decisions at high schools and the establishment of a dual-enrollment program.



Issue #2 (Page 9): The President should comment on factors that led to the decline in the second-year retention rate and what efforts are being taken to improve the retention of students.

Response: We respectfully disagree with the method used by MHEC to calculate our retention rate. MHEC uses social security numbers to track students. However, especially as our international population has grown, there are a number of students who are part of our retention cohort (students who entered as full-time, first-time freshmen in the fall semester) who are not included in MHEC's calculation because they do not report, do not have, or change social security numbers. For our internal tracking, the Office of Institutional Research uses students' Morgan ID numbers. Using this identifier instead of social security numbers results in Morgan's retention rate for the cohort in question being **72.7% instead of the 70.5% noted**. It is also important to note that whichever figure is used, it still marked the sixth consecutive year that Morgan's retention rate was above 70%.

Over the past 10 years, Morgan State University has increased its retention rate from **62.9%** (2006 cohort) to **72.7%** (2015 cohort) and its graduation rate from **28.9%** (2005 cohort) to **38.0%** (2011 cohort), both 10-point increases that are directly correlated to the ongoing student success and retention efforts at the University. Beginning with the Fall 2010 freshman cohort to the most recent cohort (entering class of fall 2016), Morgan has achieved retention rates above 70% for seven consecutive years. Morgan's being selected as national winners of the 2017 Hobsons Education Advances Award for Student Success and Advisement, the 2016 Association of Public and Land-grant Universities (APLU) Turning Points: From Setback to Student Success Award, and the 2015 Association of Public and Land-grant Universities (APLU) Project Degree Completion Award serves as evidence of the effective student success model at Morgan State University, a model which includes a comprehensive early alert system, intrusive advising, ongoing tracking and monitoring of student cohorts, transparent and consistent note-taking, and specific programs and initiatives designed and delivered to promote degree completion.

Regarding the specifics of the dip from 76% to 72.7% (using our method) for the 2015 cohort, we attribute this to financial reasons. Using a model developed by the Education Advisory Board, we analyzed the cohort's "unmet need cliff." The unmet need cliff is the amount of unmet need beyond which retention drops sharply. The formula used was cost of attendance - expected family contribution - (merit aid + need-based aid + loan aid). There were 1,159 cohort members who enrolled as freshmen in fall 2015. Of them, 147 had unmet need between \$15,001 to \$30,000. Of that 147, only 58% were retained to fall 2016. In all other unmet need bands, the retention rate was between 72 and 78%. We do not believe this retention rate is cause for concern. Indeed, the retention rate for the



subsequent cohort (the 2016 freshman class), is back up to 75%, based on our institutional research data. The state's provision of an additional \$1.4M in need-based institutional aid for FY'17 was certainly critical to the rebound in the retention rate back into the middle 70% range.

Issue #3 (Page 15): The President should comment on how many and the type of positions that will be converted.

Response: In August of 2013, the Board of Regents approved policies on the conversion of contractual faculty, contractual non-exempt staff and contractual exempt staff, as required by the 2013 Joint Chairmen's Report. Therefore, the University will use these policies to determine the number and type of positions to be converted.

Issue #4 (Page 16): The President should comment on why the additional funds provided in fiscal 2017 to increase expenditures on need-based aid were not used for their intended purpose. The President should also detail how the remaining \$561,202 was spent.

Response: First, we would like to correct an error in the amount that is noted in the analyst's report as not having been used for the intended purpose of need-based aid. When we reviewed the data behind the JCR tables, which summarize how institutional aid was spent by EFC, we discovered that one fund code had not been included. This fund code (INCCHS) accounts for \$222,044 of the need-based awards made in FY 2017. This then takes the amount of funding that was not spent on need-based aid from the \$561,202 noted by the analyst down to \$339,158. Now that we have discovered this error, we will seek to have the JCR tables officially corrected.

In FY 2017, \$1.4M was provided to enhance need-based funding for Morgan undergraduates. All of the \$1.4M was originally allocated to need-based grants. However, because of an increase in the number of new honors students who accepted scholarship offers in the fall 2016 class, funds had to be reallocated. As such, \$1,060,842 of the \$1.4M was ultimately utilized for strictly need-based grants, and \$339,158 was reallocated to the fund codes necessary to cover the additional honors scholarship expenses. It should be noted that although the reallocated \$339,158 was technically reallocated to merit-based funding, in actuality, given the very high percentage of Morgan students from lower-income bands, overall, the funds were still used to support students who would have qualified for need-based aid had they not been eligible for merit-based aid.

The University is in the process of reviewing and revising its criteria for need-based versus merit-based fund codes, to more clearly demonstrate



to the State that we are indeed using all need-based funds to support students with financial need. At present, students who receive honors funds are only coded as need-based if they are Pell-eligible. However, a very substantial number of students with an EFC above the \$5,328 cutoff are ineligible for Pell funding but still have significant financial need. Our intent is to develop a “need-based merit” fund code that acknowledges the student's merit but also acknowledges that they have financial need and reflects the funds being provided to the student as need-based. We believe this will present a more accurate representation of the true amount of need-based funding that the University awards to students.

Issue #5 (Page 21): The President should comment on factors leading to students accumulating a higher than average debt and what efforts are being taken to help students reduce the amount of debt they take on to finance their education.

Response: Given the University's high percentage of economically vulnerable students and continuing increases in the cost of education and the cost of living, many of our students borrow in an attempt to afford educational and living expenses while attending the University. Morgan's Financial Aid Office works aggressively and proactively to address the issue of student debt. Finding the online portal provided by the U.S. Department of Education to be insufficient in expressing the effects of loan borrowing and repayment for our student population, since fall 2014 students have been required to attend a mandatory in-person session to receive a disbursement on a Federal Direct Stafford Loan. The in-person Entrance Counseling Program goes over various topics, including definitions of the loans, risks of over-borrowing, loan repayment, how to save while in school and the risks of being delinquent or being in default on a student loan.

In addition, the Office began several years ago to offer a symposium every semester, titled “Know Your Money, Know Your Debt.” This symposium educates students on basic financial literacy, with an emphasis on budgeting, credit and loan repayment. 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.”

The Office of Financial Aid also hosts an annual Scholarship Fair, with representatives of the Maryland Higher Education Commission, the District of Columbia's Office of the State Superintendent of Education and numerous other scholarship vendors who share information with our students on many grant and scholarship opportunities. The Office's Scholarship and Grants Coordinator assists students in identifying and applying for external funding to pay for college.



Recommendation #1 (Page 22):

Add the following language to the unrestricted fund appropriation: , provided that \$600,000 of this appropriation made for the purpose of converting contractual positions may not be expended until Morgan State University (MSU) submits a report to the budget committees documenting the positions that will be converted. The report shall be submitted by August 1, 2018, and the committees shall have 45 days to review and comment. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted.

Further provided that MSU shall submit a report on the positions that were converted by December 1, 2018.

Response: The University respectfully disagrees with the recommendation to restrict \$0.6 million in general funds for the purpose of converting contractual positions. Although we are appreciative of the \$2.6 million recommended by the Governor in his FY 2019 budget, the actual net increase realized by Morgan is only \$2.3 million.

The recommendation also requires Morgan to submit a report to the budget committees by August 1, 2018 that documents the positions that will be converted. Morgan concurs with this recommended action. The referenced deadline will provide the University administration with sufficient time to determine the number and type of positions to be converted.





Office of the President

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