



**BOARD OF REGENTS  
COMMITTEE ON FINANCE**

Minutes from Public Session  
January 29, 2015  
University of Maryland, College Park

Call to Order. Senator Kelly called the meeting of the Finance Committee of the University System of Maryland Board of Regents to order in public session at 10:00 a.m. Those Regents participating in the session included: Senator Kelly, Mr. Attman, Ms. Ahmed, Mr. Gossett, Mr. Kinkopf, Ms. Motz, Mr. Rauch, and Mr. Slater. Also present were: Dr. Kirwan, Mr. Vivona, Ms. Moultrie, Ms. Doyle, Assistant Attorney Generals Bainbridge and Motsko, Dr. Dudley-Eshbach, Dr. Loh, Mr. Miyares, Dr. Perman, Mr. Gilbert, Mr. Colella, Ms. Byington, Ms. Crockett, Ms. Kropp, Mr. Lockett, Mr. Shoenberger, Mr. Oster, Ms. Aughenbaugh, Mr. Berkheimer, Mr. Zeroth, Mr. Beck, Ms. Denson, Ms. Goedert, Mr. Page, Mr. Salt, Mr. Lurie, Ms. West, Ms. McMann, and other members of the USM community and the public.

Senator Kelly welcomed those in attendance and noted that the budget item would be moved to the front of the agenda.

1. University System of Maryland: FY 2016 Operating Budget (information and presentation)

Chancellor Kirwan made a few opening remarks on the proposed operating budget for the coming year. He indicated that the \$40.3 million reduction to the current year budget does not continue into FY 2016—there is a lack of alignment between the two budgets. While hopeful that adjustments can be made to FY 2016 budget, much of that will depend on state revenue estimates and the willingness for there to be supplemental budget. He recognized the continuing strong support the USM receives and added that the new administration has been very open and receptive. Chancellor Kirwan then turned to Mr. Vivona, who briefed the regents on the operating and capital budgets.

Mr. Vivona reviewed the mechanics of the FY 2016 budget. With a starting point of \$1.3 billion, the System budget faced reductions of nearly \$97 million in the form of a 2% statewide agency reduction, a clawback of the state employees' 2% cola that went into effect January 1<sup>st</sup>, and the elimination of planned salary increases for FY 2016. These actions resulted in a recommended funding level of \$1.22 billion. Current actions to reduce expenditures this year will feed into next year. He pointed out that due to the shortness of time in meeting some of the FY 2015 reduction, there have been discussions about the use of fund balance—perhaps \$15 million—for those institutions who could not meet the cuts necessary in the short-term. However, he emphasized that these cuts impact the base budget and cannot simply be made up with one-time reductions or revenues moving forward. Taken together, the current services cost increases (e.g., health insurance, retirement costs, fuel and utilities), revenue increases, and the base reductions will result in an estimated \$47 million shortfall. He pointed out that very difficult allocation issues await. Mr. Vivona indicated that there are currently comprehensive

position controls in place and that the E&E 2.0 initiative has been launched. He cautioned that the impact on the 55% degree completion level, research funding, retention rates, and other important strategic plan goals will need to be monitored.

Mr. Vivona characterized the CIP as having some good news—the budget is the largest dollar amount ever for a USM five-year CIP—as well as containing some setbacks. The CIP is roughly \$80 million higher than last year, and many of the projects that the Board requested and institutions wanted have been included. While considered generous, the budget is \$100 million less than what had been requested as Board priorities. There were some disappointments, particularly those projects that were deferred and included a donor component. UMCP's computer science project is one such circumstance, where the major piece of state funding has been reversed. In another instance, the scope and programmatic changes to the Southern Maryland Higher Education Center have not yet been recognized by DBM. Notably, no new projects were supported in the CIP. Moving forward, the USM will need to make its case to the State of the value of investing in these facilities.

2. University of Maryland University College: Authorization to Initiate a New Business Model  
(action)

Mr. Miyares began by thanking the regents, chancellor, and members of the staff for the support and guidance he received over the last year. He stated that the proposed changes to the business model of the University were aimed at addressing the long-term challenges facing UMUC. Recently, UMUC went through a painful process of cutting \$60 million from its budget that involved the lay-off of nearly 300 staff and faculty. Mr. Miyares stated that UMUC is a public institution that must be run like a business. He indicated that the majority of their adjunct faculty are practitioners—accountants, CIO's CEO's and lawyers for instance. He explained that reliance on these scholar-practitioners and full-time faculty on one-to-three-year contracts allows UMUC the flexibility to adapt to the changing workforce needs. In response to the typical question of, "why change?" he stressed that a thriving UMUC is critical for the State and the nation in meeting the goal of 55% college completion. UMUC has a sole focus, learning, and is geared to the adult learner. Working adults must balance family, children, school, and jobs. UMUC is facing long-term challenges. In order to offer quality at an affordable price, one must have volume and be very scalable. Mr. Miyares emphasized that UMUC is in a very competitive environment, with the newest concern being the large public and private brands. The consensus is that in a few years, the strong national brands will comprise most of the market. Mr. Miyares pointed out that 90% of UMUC's enrollment is currently military-related or Maryland residents. With a shrinking military and a small home state, Mr. Miyares said, "our base is melting under our feet" and we must develop a national footprint beyond the military or UMUC will not succeed.

Mr. Miyares reviewed the process for community feedback which began early in 2014. Those actions are detailed in ATTACHMENT A. Mr. Miyares reiterated that UMUC is not leaving the University System and identified that as the number one feedback matter during the process. He affirmed that the Board of Regents will continue to be the governing board for UMUC. He clarified that this is a framework and that UMUC will return to the Board for approval of specific policies, etc. UMUC needs to be able to seize opportunities and that it is better to change when one is winning rather than when one is losing. He underscored that maintaining the status quo risks the long-term stability of UMUC.

Senator Kelly recognized two guest speakers. Maggie Cohen, Ph.D., J.D., UMUC Collegiate Professor addressed the committee first. She raised significant objections to the proposed plan and asked the regents to take a closer look at what UMUC is currently doing and what will happen to the faculty and staff under the proposal. Dr. Cohen's full remarks are included as ATTACHMENT B. Next, Betty Jo

Mayeske, Ph.D., Adjunct Professor II addressed the committee. She urged the members of the committee not to accept the request at hand, remarking there was no need to exempt UMUC from prevailing state policies. Dr. Mayeske's full remarks are included as ATTACHMENT C.

Chancellor Kirwan commended Mr. Miyares and his staff for the how they developed and managed the process, highlighting that they had been exceedingly transparent. In expressing his support for the proposal, he called attention the vital role that UMUC plays for the State and the USM. He reiterated that UMUC needs a flexible, nimble operating model which will permit them to continue to operate as a leader in this unique environment. The paper provides a framework from which the president and chancellor will work together and come back to the Board with implementing policies for approval. He addressed the overseas enrollment decline and subsequent need to right size the faculty and staff accordingly. Senator Kelly also commended Mr. Miyares on the extent of the outreach effort that occurred during the process. Regent Ahmed indicated that students shared with her that they felt very involved in the process. She strongly encouraged Mr. Miyares to consider a student member on the management board.

**The Finance Committee recommended that the Board of Regents approve the for University of Maryland University College to initiate a new business model and authorize i) adoption of the framework for a new UMUC business model outlined in the White Paper; ii) formally delegate to UMUC's President the authority to develop and manage its own personnel and faculty policies, subject to the approval of the Board of Regents; iii) support the UMUC President's appointment of a Managing Board having the responsibilities outlined in the White Paper; iv) direct UMUC's President to develop legislative changes in the State Education Statute for review by the Board of Regents and ultimately adoption by the Governor and General Assembly that would achieve the operational goals of Model III described in the White Paper, including providing the same exemptions for all of UMUC's operations that currently exist for its overseas divisions and exemptions for public disclosure requirements with respect to proprietary and competitive information; and, v) instruct the President, together with the Chancellor, to further develop the framework contained in the White Paper for the Board's consideration and action at a future meeting. The University shall return periodically to the Committee to report and update the members on the status of the development and implementation of the Business Model.**

(Senator Kelly moved recommendation, Regent Gossett seconded, unanimously approved)

### 3. Salisbury University: Facilities Master Plan Update (presentation and information)

Dr. Dudley-Eshbach gave a brief overview presentation on the update to the facilities master plan. The Plan is based upon and integrated with the 2014-2018 Strategic Plan. It included input from many campus and community groups. The Plan is focused on maintaining a compact academic core, connecting the east campus across Route 13 to the main campus, and enabling future projects either with or without significant land acquisitions—essentially the creation of a University District with defined campus gateways. The resulting recommendations include renovating and expanding student meeting and recreation space, replacement housing, new fine and performing arts facilities, and additional faculty office space. Dr. Dudley-Eshbach noted deficits in laboratory and office space, and indicated that several facilities are in need of maintenance. As with the prior update, sustainability is central to the plan. Campus planning and design focuses on conservation at all levels.

The President made note of two projects currently under construction. The new Academic Commons is a 221,00 square foot building that will be transformational on the campus. The Academic Commons will be a major learning center and gathering place. Construction of the new Sea Gull Stadium is also underway. Salisbury, winner of 18 national championships, had fallen well behind its Division III peers. Once constructed, the new facility will be on par with other competitors. Regent Gossett asked if the campus was considering other ways to get students to the other side of Route 13. Mr. Berkheimer, Associate Vice President of Facilities & Capital Management, responded that the campus is working together with SHA in an effort to come up with solutions to implement crosswalks, narrow traffic, and create beautification projects in that corridor. Unfortunately, practical considerations rule out a pedestrian overpass.

Senator Kelly thanked Dr. Dudley-Eshbach and her staff for their thoughtful presentation.

(A copy of the slide presentation is on file with the official copy of the meeting minutes in the Office of the Chancellor.)

**The Facilities Master Plan Update for Salisbury University will be on the March 12 agenda for consideration of approval by the Finance Committee.**

Dr. Perman introduced the next items on the agenda for the University of Maryland, Baltimore. He indicated that the two requests involve ground leases and are somewhat related. Providing some background, he articulated that the facilities master plan and campus' responsibility to Baltimore City commit the University to improving its connections to Baltimore, and West Baltimore in particular. Projects such as these while improving the community also stimulate economic development in the City. Along those lines, Dr. Perman mentioned that he and Mayor Rawlings-Blake are co-chairing a taskforce, *UniverCity Partnership*.

4. University of Maryland, Baltimore: Amendments to Ground Lease and Refinancing of Fayette Square Apartments (action)

Ms. Byington summarized the item. There are some restrictions in the ground lease that need to be removed because they impact other potential projects. There are also significant financial benefits to be gained via a refinancing of the project. She indicated that the project cannot meet the operating budget in most years. To make the refinancing economically feasible, the University is providing some credit enhancements, for instance by leasing a number of beds to the extent needed to generate debt service coverage. Ms. Byington specified that the lease cost would not be greater than what the University is already providing. As a result of the refinancing, debt service would decrease by \$500,000 annually.

**The Finance Committee recommended that the Board of Regents approve the revised financial terms between the University and MEDCO as described in the item, and delegate to the Chancellor the authority to (a) complete negotiations with MEDCO relating to revisions to the ground lease and related documentation, and (b) to execute after appropriate legal review, all revisions to the ground lease and required documentation consistent with the applicable University System of Maryland "Policy on Acquisition, Disposition and leasing of Real Property." The University shall continue to work with the University System of Maryland Office of the Vice Chancellor for Administration and Finance and the Office of the Attorney General throughout the document development processes.**

(Regent Gossett moved recommendation, Regent Attman seconded, unanimously approved; Regent Kinkopf recused himself from the discussion/vote)

5. University of Maryland, Baltimore: Creation of Ground Lease on 100 N. Eutaw Street, 410 - 412 W. Fayette Street, 414- 418 W. Fayette Street and 405 Marion Street, Baltimore, Maryland  
(action)

The University is seeking approval to enter into a 75-year ground lease for the purpose of developing four University-owned properties. A proposed project was approved by the Board of Regents many years ago, but that development did not materialize.

**The Finance Committee recommended that the Board of Regents approve the terms of the negotiated term sheet, including the option for the developer to purchase the underlying interest in the property after substantial completion of the construction for the University properties located at 100 N. Eutaw Street, 410 - 412 W. Fayette Street, 414- 418 W. Fayette Street and 405 Marion Street in Baltimore City; and, delegate to the Chancellor the authority to execute, after appropriate legal review, all documentation required to establish a 75-year ground lease as described above, consistent with the University System of Maryland Policy and Procedures on the Acquisition and Disposition of Real Property. The University shall continue to work with the University System of Maryland Office of the Vice Chancellor for Administration and Finance and the Office of the Attorney General throughout the ground lease development processes. If there are any substantial changes to the negotiated ground lease terms as the document is being developed, UMB shall return to the Board of Regents to approve those changes.**

(Regent Gossett moved recommendation, Regent Attman seconded, unanimously approved)

6. University of Maryland, College Park: Sale of Land to Prince George's County to Provide a Right-of-Way for a Crossing over CSX Tracks between Cafritz Development Site and River Road  
(action)

Mr. Vivona summarized the item, reminding the members of the committee that the matter had come before them previously. The item involves an easement near the western edge of the University's Golub property. The University will grant a right-of-way through University property to provide access for a crossing of the CSX to River Road and Kenilworth Avenue. The planned crossing will also provide access to the University's research park community. A developer intends to create a mixed-use development on 37.5 acres that is referred to as the Cafritz Property. The sale of land will provide the County with some flexibility. The closing will take place following actions by the Board of Regents and Board of Public Works, and then only once certain conditions of sale are met.

**The Finance Committee recommended that the Board of Regents approve for the University of Maryland, College Park the disposition by sale of approximately 3.6 acres of University land located within that tract known as the Golub parcel to Prince George's County in the amount of \$425,000 per acre for the purpose of providing access to the proposed mixed-use Cafritz development via the CSX Crossing under the terms and conditions described in the item and others that might be appropriate; and, delegate to the Chancellor the authority to execute, after appropriate legal review, all documentation required for the disposition, consistent with applicable University System of Maryland Policy "Acquisition and Disposition of Real Property." The University shall continue to work with the USM Office of the Chief Operating Officer/Vice Chancellor for Administration and Finance throughout the disposition process.**

(Regent Slater moved recommendation, Senator Kelly seconded, unanimously approved)

7. Towson University: Increase Funding Authorization for West Village Housing Phases 3 & 4  
(action)

Mr. Vivona pointed out that the project is part of a much larger housing complex where the members of the committee had attended a recent Board meeting. Towson is a high growth institution, provides many degrees, and has an increasing demand for housing. The bids, unfortunately in a hot construction market, came in significantly over the original construction estimates. The University, which has been making strong fund balance contributions, will borrow money from its fund balance and repay the amount. This option should have a limited impact on the student rental rates.

**The Finance Committee recommended that the Board of Regents approve an increase to the total project cost authorization for Towson University for West Village Housing Phase 3 & 4 from \$85,150,000 to \$100,150,000 as described in the item.**

(Regent Gossett moved recommendation, Regent Attman seconded, unanimously approved)

8. University System of Maryland: Intercollegiate Athletics Division I Programs—Financial Results & Status Information and Presidential Assertions on Compliance with Policy Requirements  
(information)

In consideration of time, Mr. Vivona indicated that the information presented could be discussed in greater detail at a future meeting.

The public session was adjourned at 12:12 p.m.

Respectfully submitted,

Senator Frank X. Kelly  
Chairman, Committee on Finance

## UMUC Community Consultation and Feedback Process Related to the Changes in Business a Model

1. Early in 2014, Mr. Miyares shared with the worldwide UMUC community that he had appointed an Ideation Group, led by the Board of Visitors Chair, of independent business leaders and others. Purposely, it was totally independent of UMUC i.e., nobody was on the university's payroll - to get an outside business view on the best business model to face challenges.
2. In July, Mr. Miyares held a worldwide town hall to share with the community the Ideation Group's recommendation. This town hall was even covered by the Baltimore Sun, which included an article on the subject. A few weeks later, the Sun ran an editorial endorsing UMUC's approach to look at the challenges for UMUC to remain the leaders in online education.
3. Mr. Miyares also announced the start of a community wide dialogue and a public web site was set up - [UMUC.edu/UMUCFuture](http://UMUC.edu/UMUCFuture) to gather questions, comments, and concerns. Feedback was submitted privately and each one was answered through this public site. More than 1,200 individuals participated including students, alumni, staff and faculty. It was a very public, transparent process.
4. UMUC ran 12 small focus groups with employees and faculty randomly selected from those who had participated. No senior leader attended to preserve anonymity and for individuals to feel free to express opinions. The focus groups were staffed by an outside writer who attended each focus group and then summarized concerns and suggestions without any filtering by the administration. UMUC also ran a couple of Webex groups to allow for overseas participation. The report from the independent writer was made public and posted to the [UMUCFuture](http://UMUCFuture) web site. UMUC also posted articles explaining competency based education and other academic initiatives, as well as a video of the town hall, the Ideation Group's white board video, and the animated video on the future of learning at UMUC.
5. The Provost and Mr. Miyares met with each shared governance council (faculty, staff and students) on the Business model. Mr. Miyares also met with the entire Board of Visitors and the Alumni Board to gather their feedback. Two of the groups provided formal feedback.
6. This was a four-month process. The main feedback was a widely-held concern with leaving the System and not being a public institution.
7. In November, Mr. Miyares held another town hall to share the Chancellor's and his recommendations. The video of the town hall and the power point presentation with the recommendations (what is in front of the committee now) were also posted to the [UMUCFuture](http://UMUCFuture) web site. Mr. Miyares made clear that he was seeking approval of the plan in early 2015 and emphasized that UMUC was remaining in the USM as a public institution, which was a major issue of concern. The recommendations in front of the Finance Committee today have been public for two months. UMUC did not receive any more feedback since the main issues of concern had been addressed.
8. Mr. Miyares also committed that UMUC would continue to have a shared governance system tailored to UMUC and would continue Meet & Confer.

## **Testimony at January 29, 2015 Meeting of University System of Maryland Board of Regent—Finance Committee**

### **Regarding a proposed new Business Model for UMUC**

*Respectfully submitted by Maggie Cohen, Ph.D., J.D., UMUC Collegiate Professor*

I would like today to address the proposal by President Javier Miyares and System Chancellor Brit Kirwan of a new “Business Model” for UMUC, and some of the arguments supporting that proposal.

#### **Why UMUC Wants To Remain within USM**

The University of Maryland University College (UMUC) is an institution of higher learning within the University System of Maryland. Its primary mission is to provide quality education to students, which will enable them to lead full and successful lives as workers and citizens.

UMUC is a proud constituent institution of the System. Students, staff and faculty want UMUC to remain within the system because they recognize that the system demands educational quality, respect for academic freedom and integrity, and participation of professional faculty in setting the direction of its member institutions. These values have been supported by Chancellor Kirwan, throughout his tenure, and it is these values which define what it means to be part of this exceptional state educational system.

UMUC desires to remain within the system, so as to benefit from the perception that we adhere to these System values, however, without having to actually implement them. I would ask first, whether this distinguished Board of Regents is comfortable with allowing an institution, whose actions and documented policies are counter to most of these values, to be a part of the State system they oversee.

UMUC wishes to remain within the system for other reasons as well. They wish to save money on healthcare and other administrative support; and as President Miyares told the Chronicle, he does not want to be the president remembered for leaving \$200 million behind in the System’s General Fund.

The Chancellor does not wish to see UMUC leave the system, either, as UMUC’s hefty contributions to that General Fund have raised its credit rating, enabling all system institutions to borrow money for capital projects at lower interest rates.

So we need to be clear on precisely why both the Chancellor and President Miyares want to stay in the University System, while enjoying all the freedom from oversight of a private entity.

I would like to address some of the arguments presented in support of the new Business Model.

#### **UMUC’s Education of the U.S. Military**

The great work UMUC has done in providing service-members the opportunity for a quality college education is undisputed. I myself taught in the European Division from 1987 to 1996. No service member who served overseas from the 1950’s to the early 2000s has not heard of UMUC nor does not know somebody whose life has been enhanced by the educational opportunity provided by UMUC’s



overseas divisions. Most of my colleagues were equally committed to the mission and to our remarkable students.

UMUC's current overseas operations are a shadow of what they once were. This is not because of drawdowns in the military, but because policies put in place by the current administration have reduced educational quality, and the morale of overseas faculty and staff. Many military students are now questioning the value of their studies at UMUC.

UMUC overseas has always had one boot on the ground; face-to-face classes were predominant and even now, hybrids are a required component under the military contracts. The relationship between faculty and students on the various military installations has been key to the quality of the education provided, and to the loyalty of UMUC students. Over the past several years, however, UMUC has undertaken to clean house overseas, to be rid of longtime overseas faculty, some of whom served UMUC 20, 30 or more years. Some of these faculty were just terminated; others were motivated to leave by a clear message that they had no future with UMUC, supplemented by buyouts that cost UMUC millions of dollars. Students knew and trusted these seasoned faculty, who understood how to best serve students in the military communities.

Poor faculty recruitment and staffing practices overseas have now resulted in complaints by students, low morale among the few remaining long-term faculty as well as among new faculty hired to replace some of those who left. Promises have been broken, faculty have been lied to, and classes that were scheduled in coordination with local military education officers have had to be canceled or went unstaffed on the first day of class.

This is the result of some of the informal measures taken by UMUC senior administration, to cut costs, and to remove those faculty (and staff) who had experience and institutional memory. The only plausible explanation of these otherwise arbitrary decisions taken by UMUC senior leadership, was to clear the ranks of experienced faculty in the overseas divisions, who had been the face and the substance of the overseas operation.

This needs mentioning because it is unclear that this Board of Regents is fully aware of how UMUC's overseas operations have deteriorated, with regard to educational quality, and conditions for staff and faculty, in the past several years.

The overseas divisions have been subject to federal contracts and demands, and this has always made them "different." Without evaluating how they are relevantly different, however, the System has simply accepted UMUC's assertion that they are, and given UMUC free reign.

Whether the differences are ones that should be *emulated* in UMUC stateside and global operations needs closer examination by this Board of Regents, I would submit.

### **UMUC as Educational Institution and as Economic Entity: Agility and Flexibility**

By mission, UMUC is an educational institution but it is also an economic entity.

Both must be considered in setting policy, and evaluating the proposed Business Model. We should keep costs low, to make college affordable, but we must keep quality high, if we want what we are selling to be worth buying.

A prime example of misplaced priorities is UMUCs mandate that all classes use only free digital resources, discovered and selected by several administrators and faculty, but imposed uniformly on all teachers. Traditional peer-reviewed Textbooks – except whatever free materials are found by the course-creator—are forbidden.

On the surface this appears to be a desirable cost-cutting effort which reduces the price of education to students and perhaps increases enrollments. But whereas USM faculty elsewhere in the system were encouraged to seek quality digital resources to introduce in their classes, UMUC faculty are required to use Internet articles and other free resources quickly selected by administrators and other faculty and imposed as standard on all faculty. On rare occasions subject matter experts have put in great time and effort into finding quality online materials. But this is the exception rather than the rule. Many of the courses created are of extremely low quality, are incoherent, and are an embarrassment to the individual faculty member who has no choice.

What appears, then, to be a legitimate cost-cutting measure, has in practice at UMUC also reduced the quality of the educational experience and has removed the professional faculty member and practitioner from participation in creating and assuring educational quality.

This was only possible because standardization took precedence over creative solutions, and because UMUC has removed faculty and elected shared governance bodies from their System-mandated role in curriculum decisions. This is one of the *informal measures* UMUC would like formalized.

### **Innovation and the increased use of technology as an end in itself**

No one would deny that emerging career fields, and new industrial, business and government needs should be addressed by institutions of higher education, nor that technological innovation can be an invaluable tool in reaching adult learners. UMUC's mistake is that it views any change as innovation, any uptick in technological enhancement as mandatory and desirable.

### **Standardization and Flexibility**

Flexibility has always been demanded of faculty, especially in the overseas divisions, so that we could serve our diverse and overburdened military students. Diverse class times and class lengths were available to accommodate students, overseas and stateside. This flexibility is gone, now, and all classes are 8 weeks long, no fully face to face classes exist stateside, and the demands of accommodating standardized structures have made it almost impossible to provide our students with the flexibility, and individual attention they need.

Yet now, UMUC senior leadership seeks flexibility for itself in the form of freedom from oversight, from faculty participation in academic decisions, and from state personnel rules that go some way to assuring fair treatment of staff and faculty.

It seeks this flexibility because it claims that its singular goal of expanding enrolments and increasing revenue is undermined by requirements of accountability, fair treatment of staff, and proper consultation with faculty as to academic matters. Yet it provides no rationale for or explanation of why



this singular goal requires such freedom, and certainly of why this should be the singular goal of an educational institution. ***The mantra of “flexibility” and “agility” should not be accepted by this Board of Regents without further explanation and detail.***

### **The Consequences of Accepting this Model**

UMUC has lost sight of its mission as a quality educational institution, providing a quality education to working adults and U.S. service members. President Miyares takes pride in UMUC not being “faculty-centric.” He also treats the fact that our original curriculum came from System’s flagship institution as a deficiency, and frequently quips, with pride, as to College Park, that “We ain’t them.”

The DNA of UMUC was that of a mission driven military service-oriented innovator. Troops deployed overseas have few opportunities for educational advancement. UMUC was always a constant, clear choice. But that DNA has mutated. Ten years from now the reputation of UMUC among US former military will reflect this change. Ten years from now the rejection of UMUC graduates by employers because of our much diminished reputation, will be the common response. Recent graduates will also suffer as a result of their degrees’ falling value. Students are already questioning the value of their degrees.

**We are not what we once were, and while we cannot remain as we are, the direction senior UMUC administration would take us is the wrong direction for the wrong reasons.** Moreover, once this Board of Regents accepts the arguments UMUC makes about the need to be free from external oversight and standards, to the end of lowered costs and increased enrolments, the application of that argument to other System schools will not be far behind.

### **How to move forward**

Several years ago senior administration asked its governance council, FAC, how we would suggest UMUC “brand” itself. The overwhelming consensus was that the branding should be that we provide exceptional educational quality to working adults, and that we attend to the diverse individual needs of our students. ***This discussion and consensus, like many other discussions that purportedly go on with the broader UMUC community, had no effect on UMUC administration decisions.***

What the Board needs to decide is what sort of institution it wants within the University System of Maryland. Approval of the this business plan which would jettison oversight, accountability, and any protections for faculty or staff, will likely assure the transformation of UMUC from a great educational mission oriented institution, appropriately part of the University System of Maryland, to a quasi-corporate entity lacking principle or purpose beyond the continuous accumulation of wealth.

Dear University of Maryland Board of Regents, Committee on Finance, Jan. 29, 2015

Thank you for granting me permission to make these remarks. I thank, too, David Hershfield, PhD, Chair of the UMUC Adjunct Faculty Association (AFA) for his assistance. I am Betty Jo Mayeske, PhD, Vice Chair of the UMUC Adjunct Faculty Association. I'm also a member of the Council of University System Faculty (CUSF) and a former (term-limited) member of the UMUC Faculty Advisory Council (FAC). I have been with UMUC for over thirty-five years.

I urge you to not accept the request by UMUC's administration to initiate a new Business Model. There is no need to impose a new layer of management at UMUC and no need to exempt UMUC from prevailing State policies. The proposed Business Model may produce the following adverse consequences:

- An adverse impact on public opinion and student enrollments because of a perceived downplaying of the Maryland presence at UMUC
- Requests from other System universities for their own new Business Models to free themselves of the obligation to comply with State policies
- Significant additional costs to fund and support a Managing Board of national and international leaders, with compensation that has not been disclosed

The Ideation Group that authored the various new business plan options for UMUC consists of nine men and two women. Many group members share connections with Booz Allen Hamilton and UMUC's Board of Visitors. They present only business and/or entrepreneurial credentials.

President Miyares urged individual employees to consider and comment on the merits of the work of the Ideation Group and an unknown number responded. However, the Adjunct Faculty Association and the Faculty Advisory Council, both elected by faculty to represent the interests of faculty, were not included in the UMUC analysis and planning endeavor.

The latest student enrollment count at UMUC continues to show impressive growth. UMUC remains a significant generator of revenue for USM. It seems that the Ideation Group's recommendation that UMUC drive the cost structure down and grow and become a leader in educational innovation has already been achieved at UMUC under the current Business Model. In part, this is due to the firing of 300 UMUC staff employees. To a large extent, it is due to the presence of excellent, dedicated, adjunct faculty who have always responded in the desired manner to new educational opportunities. Adjuncts give UMUC a key competitive advantage.

The "Bubble Model" proposed for UMUC is unlikely to benefit the State of Maryland; the University System of Maryland; the Board of Regents; the taxpayers of Maryland; and, especially, the students, alumni, staff, and faculty of UMUC.

The proposed Managing Board could make decisions about the direction of UMUC and decide when to take competitive risks. But, rather than being able to respond rapidly, they would then

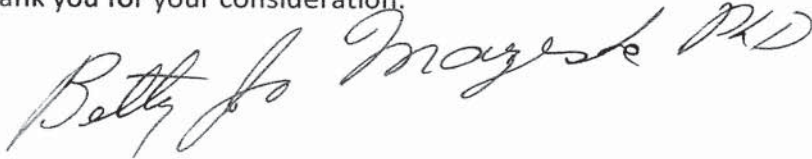


have to get the approval of the President, then the approval of the Board of Regents, and then perhaps get State law changed. This process would be more cumbersome and more expensive than the current system and calls upon the Board of Regents to delegate its authority to another Board and then step in again to give final approval.

The proposed Managing Board is messy, elitist, and detrimental to the reputation of the Board of Regents. At a time of reduced budgets and calls for leaner and more open government, there is no need to add another, basically unsupervised, level of government.

The New Business Model you have been asked to decide upon today was not presented to anyone until six days ago. Such an important change in the governance of a major institution requires much more time to analyze. I respectfully ask that you turn the proposal down and send it back to UMUC.

Thank you for your consideration.

A handwritten signature in cursive script that reads "Betty Jo Mayeske PhD". The signature is written in black ink and is positioned below the text "Thank you for your consideration."

Betty Jo Mayeske, PhD, Adjunct Professor II.