THE GOVERNOR'S BUDGET PROPOSAL: KEEPING HIGHER EDUCATION AFFORDABLE

I recently testified before Maryland House and Senate subcommittees in support of Governor Larry Hogan's FY 2019 budget proposal for the University System of Maryland (USM), which includes $1.39 billion from the General Fund and the Higher Education Investment Fund.

This support for Maryland's public system of higher education will once again enable us to cap tuition increases for in-state, undergraduate students to a relatively modest 2 percent, roughly in line with the current rate of inflation in the U.S. Maintaining affordability has become even more critical as higher education has become more important now than ever before.

A recent report illustrates a college education's high return on investment. For instance:

* The unemployment rate for individuals with a bachelor's degree has been...
* College graduates earn about two-thirds more annually compared to those with only a high school diploma.
* And, there is a positive correlation between higher levels of education and measures of health and happiness.

With the support of public officials in Annapolis, the USM is committed to keeping higher education accessible and affordable in Maryland, thereby enabling all Marylanders to attain these benefits.

In addition, the governor's budget funds operating expenses at important new STEM facilities across the USM, supports the continued expansion of the strategic alliance between the University of Maryland, College Park (UMCP) and the University of Maryland, Baltimore (UMB) known as MPowering the State, and - perhaps most significantly - initiates a multi-year, multi-million dollar workforce development partnership between the state and the USM to significantly increase the number of STEM and health care degrees.

For more details on the budget proposal, please review my testimony. I also ask you to voice your support for the budget proposal.

**USM'S WORKFORCE DEVELOPMENT INITIATIVE: 3,000 NEW HIGH-DEMAND DEGREES AND CREDENTIALS**

As I noted, a key part of the governor's budget proposal is support for the USM's
Workforce Development Initiative to address critical workforce shortages. In recent years, our universities have dramatically increased the number of graduates with expertise in fields including STEM, cyber security, and health. In FY 2017, we issued more than 6,700 bachelor's degrees in STEM areas, a 40 percent increase over FY 2010. However, industry demand continues to outpace degree production. This 3-year, $33 million collaborative effort will enable the USM to generate 3,000 more new degrees and credentials per year, including hundreds of new STEM and health care degrees, to help close this gap.

* **Health care / Opioid Crisis:** We will help address the state's opioid crisis by dramatically increasing the number of health care graduates, including physician's assistants, nurses, community health specialists, substance abuse counselors, and social workers. Funds will be particularly directed to rural health initiatives.

* **STEM Degrees:** To boost Maryland's position in high-tech STEM occupations, we will fund graduates with expertise in growing and emerging fields, including neuroscience, mechatronics, translational life sciences, virtual and augmented reality, and data science. We will give special emphasis to targeting success for underrepresented minority students and veterans.

* **Cybersecurity:** The USM will deliver
cybersecurity skills and credentials at every level, from basic certifications to Ph.D.s. This will include new or enhanced programs at USM institutions and regional centers.

* Regional Higher Education Centers: To make sure these opportunities are accessible throughout the state, fully half of the programs will be offered at our regional higher education centers in Shady Grove and Hagerstown. And we hope that the legislature will soon join the governor in supporting the Southern Maryland Higher Education Center's request to become the USM's third regional partner.

THE MARYLAND MOMENTUM FUND: FUELING INNOVATIVE STARTUPS

In 2016, we announced the creation of the Maryland Momentum Fund, the USM's first-ever venture capital fund to help fuel the state's entrepreneurial ecosystem. This fund provides seed and startup money for companies that are: based on USM-owned intellectual property; founded by USM faculty, students, or recent graduates; and/or located in USM research parks or incubators.

* Last fall, MF Fire - a startup company created by two UMCP students developing a much more efficient wood-burning stove - was selected as recipient of the first investment from the Maryland Momentum Fund, with a $200,000 investment.

* Earlier this year, the fund announced its
second investment: a $250,000 contribution to NextStep Robotics, a startup company that has developed robotic therapy based on research at UMB's School of Medicine and UMCP's Clark College of Engineering.

In a related effort, I am pleased to note that UMB President Jay Perman, UMCP President Wallace Loh, and I recently announced the new UM Ventures Baltimore Fund. In another affirmation of both our commitment to "systemness" and our commitment to the city of Baltimore, the USM, UMCP, and UMB will support, develop, and enhance entrepreneurial opportunities in Baltimore City.

**USM'S FAVORABLE BOND RATINGS: EXCELLENT STEWARDSHIP**

Confirmation of the USM's exemplary stewardship practices came earlier this month at the USM's $115 million bond sale to fund capital projects. All three principal bonds ratings agencies - Standard & Poor's, Moody's, and Fitch - assigned extremely favorable debt ratings to the USM, and all three outlooks were stable. The accompanying rating reports noted several key elements, including the USM's positive operating performance, good revenue diversity, conservative debt structure, strong fund balance, increased competition for federally sponsored research dollars, and strong management oversight. This bond rating - AA+ or Aa1 depending upon the rating agency - saves Marylanders millions of dollars annually.
USM SUPPORTS MARYLAND'S AMAZON HQ2 BID

The USM is fully engaged in Maryland's effort to bring Amazon's HQ2 to Montgomery County. Obviously, there are many factors that position Maryland as an ideal location for Amazon, including an outstanding transportation infrastructure and a business-friendly culture, both of which will be strengthened by Governor Hogan's historic $5 billion incentive package. Maryland also offers an exceptional quality of life.

But I would suggest that one of our most significant strengths - an area that Amazon has stressed as critical - is our well-educated, highly skilled workforce. Maryland ranks 3rd nationwide in the percentage of the population age 25 and above with a bachelor's degree; 2nd in the percentage with a graduate or professional degree; and 1st in the percentage of professional and technical workers. To better capitalize on the advantages of our area, the USM Board of Regents voted last fall to grant Amazon employees relocating to Maryland immediate access to in-state tuition at USM institutions for themselves and their children, waiving the typical 12-month residency requirement.

As Amazon's decision-making process continues, I look forward to working with many of you to make the closing arguments in favor of Maryland.
NEW USM SCORECARD: MEETING OUR STRATEGIC GOALS

Last year, in keeping with our commitment to accountability and transparency, we produced a quick, easy-to-read update on our progress on the priorities articulated in our strategic plan, *Powering Maryland Forward*. The second edition of the USM Scorecard demonstrates our continued progress. We are well on our way to meeting our goal for increased USM enrollment; we have almost reached our goal of 28,000 bachelor's degree produced annually (awarding more than 38,000 total degrees - undergraduate and graduate - in FY 2017); and we have already surpassed our goals in STEM degree production and company creation. To request a printed copy, email us at: chancellorletter@usmd.edu.

CAMPUS LEADERSHIP CHANGES: SU AND UMES

Salisbury University (SU) President Janet Dudley-Eshbach announced last September that she will step down on June 30, 2018. The Salisbury University Presidential Search Committee, under the leadership of Regent D'Ana Johnson, is working to identify candidates who can build on SU's excellence and success. In addition, Juliette B. Bell announced recently that she will step down as president of the University of Maryland Eastern Shore (UMES) on June 30, 2018.
A search process will be announced in the coming weeks.

LET ME HEAR FROM YOU

I would very much appreciate hearing from you. If you would like to respond to this letter or any other USM news, please write me at: chancellorletter@usmd.edu.