

UNIVERSITY SYSTEM OF MARYLAND



Advancing Access and Excellence

Chancellor William E. Kirwan's Annual Report (FY 2007) to the Board of Regents



June 22, 2007

2006-07 UNIVERSITY SYSTEM OF MARYLAND Board of Regents

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UNIVERSITY SYSTEM OF MARYLAND

Chairman Kendall and members of the University System Board of Regents:



It is an honor to deliver my fifth annual report. I once again begin by expressing my sincere and heartfelt appreciation for all you do on behalf of the University System of Maryland (USM).

The Greek Philosopher Heraclitus is credited with an observation that numerous thinkers and leaders have cited for centuries: “The only constant is change.” This is certainly true of Maryland and USM.

First and foremost, we began this calendar year with new leaders in Annapolis: not only a new governor and lieutenant governor, but a new attorney general and comptroller as well. In addition to this turnover in statewide offices, there are 11 new state senators and 34 new delegates. I want to recognize the contributions that Governor Robert Ehrlich made to USM during his tenure and commend Governor Martin O’Malley for his vision of higher education as a “driver” for Maryland’s future and a true funding priority.

This past fiscal year has also brought us new campus leadership. We had the investitures of both University of Maryland University College President Susan Aldridge and Frostburg State University President Jonathan Gibraltar this past spring. We look forward to the formal installation of Bowie State University President Mickey Burnim later this year. And, at Coppin State University, President Stanley Battle recently stepped down after four years at CSU to become chancellor of North Carolina A&T State University. I know that Interim President Sadie Gregory is committed to furthering Dr. Battle’s efforts to advance Coppin as an educational, cultural, and community resource for Baltimore City. The CSU presidential search committee continues its efforts (chaired by our friend and former USM Regent Leronia Josey) with Regent Dwight Pettit serving as the committee’s liaison to the board.

Other changes are taking place as well. Regents James Brady, Cheryl Krongard, and Lewis Riley have left the board, with the terms of Thomas Finan and Student Regent Caitlin Heidemann ending June 30. I thank these individuals for their service.

New to the board are Barry P. Gossett, chairman and CEO of Acton Mobile Industries; The Hon. C. Thomas McMillen, 11-year NBA veteran and former congressman who is vice chair of Fortress International Group and CEO of Homeland Security Capital Corporation; The Hon. Roger L. Richardson, secretary of the Maryland Department of Agriculture; and James L. Shea, chairman of the law firm Venable, LLP. Joining the board on July 1, 2007 will be Thomas G. Slater, an attorney, and Student Regent Richard Scott, a Frostburg State University senior.

I look forward to working with all of you as we build on USM’s efforts to further our goals of affordable access to quality higher education; meaningful economic and workforce development; responsible fiscal stewardship; and an improved quality of life for all Marylanders.

Sincerely,

A handwritten signature in black ink that reads "WE Kirwan".

William E. Kirwan, Chancellor



REPORT FROM THE CHANCELLOR

INTRODUCTION

I am pleased to issue my fifth annual report to the University System of Maryland (USM) Board of Regents.

This past year has been a continuation of the success USM has experienced in recent years in Annapolis, on our campuses, and across the state. Working in partnership with elected officials, leaders of the business community, our colleagues throughout the entire education spectrum, and the citizens of Maryland, we advanced the priorities of access, affordability, and excellence.

Initially, in what has been described as a very difficult legislative session, given the tightness of funds, USM fared very well. The state legislature

approved an \$83-million increase in state support for our FY 2008 operating budget, making only modest cuts to Governor O'Malley's proposed increase. Given that state support represents approximately one-quarter of USM's total budget, this approved increase in state support was significant.

Also during the 2007

session, USM received one of its largest capital budget allocations ever, \$172 million.

After the legislative session ended, however, the Maryland Department of Budget and Management notified USM, and virtually all state agencies, to expect a decrease in the recently approved levels of state support due to the state's structural deficit. As of this report's printing, USM is still in discussion with the state over the magnitude of the reduction and will be making the necessary budget adjustments to cope with the funding decrease.

Some of the groundwork for our success was laid during our "Listening Tour," jointly spon-

sored by all of Maryland's higher education sectors and the Maryland Department of Labor, Licensing and Regulation. This candid discussion between the business community and higher education focused on the state's workforce and economic development needs and higher education's capacity to meet those needs. All told, some 500 people participated in the tour, and the critical role higher education can and must play in securing Maryland's economic future was made clear.

It occurs to me that my brief tenure as chancellor has been an interesting dichotomy. For the first half, we faced what I referred to at the time as a triple-whammy: significant budget cuts; surging enrollment, with many of these students the first in their families to pursue higher education; and ever-increasing demands on higher education given the landscape of the "new economy." In the second half, we have seen a return to stability, with a few years of greatly increased financial support.

If there was a silver lining to the fiscal difficulties we faced a few years ago, it was that USM took advantage of that situation to rethink how we operate. We did NOT remain passive, make a few modest cuts, and hope to ride out the storm. Rather, we aggressively applied the principles of cost cutting, cost containment, cost avoidance, and accountability.

Through the Board of Regents' Effectiveness & Efficiency (E&E) initiative, for example, USM reduced expenditures by more than \$35 million during the past two years. This figure does not include cost avoidance or alternative revenue enhancement; it considers only real money taken out of our budget. And we are on track to achieve an additional \$36-million reduction in expenditures over the next two years.

I cite our E&E initiative not just as an effort of which we are proud, but also as an example of how USM is "out front" in terms of the key chal-

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lenges facing higher education. If you look at the report issued by the Commission on the Future of Higher Education, chaired by U.S. Secretary of Education Margaret Spellings, you will find wide-ranging recommendations to make higher education more accessible, affordable, and responsive. If you look closer, you will see that USM has been actively engaged and making progress in virtually every area of recommendation. From partnerships with K-12 to emphasizing need-based aid, from updating curricula to providing lifelong learning, from focusing on key economic development needs to embracing accountability, USM is a model system.

Of course, success—as always—is accompanied by challenges. The need for a long-term funding plan tied to enrollment growth remains to be addressed. Taking our E&E initiative to the next level with the emphasis on course redesign and accountability is of paramount importance. And we need to accelerate progress in our \$1.7-billion private fund-raising campaign successfully so that it meets—even surpasses—expectations.

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We are indeed fortunate that, thanks to the efforts of the Board of Regents, our institutional leadership, USM office staff, and our supporters throughout Maryland, USM is addressing these challenges from a position of genuine strength.

One of the most promising developments on the immediate horizon is the creation of the State Commission to Develop the Maryland Model for Funding Higher Education, chaired by Senator P. J. Hogan. This cooperative effort to find long-term solutions to the issue of higher education funding and develop a funding model to address those issues is both timely and essential. I am pleased to note that there is significant USM representation on the commission's membership roster, which will certainly benefit both the process and the outcomes. As a commission member myself, I am very excited about the prospects for real and meaningful results.



Promoting Access and Academic Success

The state's demographics indicate that not only are we in the midst of an enrollment surge generated by the baby boom echo, but the composition of that surge is also very different from anything we have experienced in the past. Soon, and for the first time ever, the majority of our pre-kindergarten through college enrollments will comprise minority students. Many of these students will be the first in their families to attend college. There is no question that these students



are fully capable of succeeding in higher education. It is essential, however, that we take steps to make sure they have a place on our campuses and have access to programs and support mechanisms to help them succeed.

Positioning Our Institutions to Meet Enrollment Demand

This is a challenge we are meeting: All three of our designated growth institutions—Towson University (TU), Salisbury University (SU), and University of Maryland University College (UMUC)—met or exceeded their enrollment goals this year. In addition, the University of Maryland Eastern Shore (UMES), though not specifically designated as a growth institution this past year, responded to the state's need for greater access by increasing its enrollment.

Next fall, the University of Baltimore (UB) welcomes freshman students for the first time since 1975. I commend President Robert Bogomolny on the "UB First Scholars" program, which features free tuition for all members of the initial entering class, making higher education affordable and accessible.

With the surge in enrollment comes the increase in "physical" needs on our campuses.

- At Towson University, the new 250,000-square-foot College of Liberal Arts Complex—the first new building to be constructed in the main academic precinct of campus in several decades—will be a true 21st-century academic building.
- Salisbury has broken ground for its \$54.7-million Teacher Education and Technology Center, a showcase building for education in Maryland and the mid-Atlantic region. Scheduled to open in fall 2008, it will transform the face of the campus and provide a welcoming gateway to visitors.
- Site work has begun for the first building in the Allegany Business Center at Frostburg State University (FSU)—a cooperative venture between the university, Allegany County, and the State of Maryland—that will draw businesses, provide student internship opportunities, and offer research collaboration with faculty.
- The long awaited, state-of-the-art dental school facility opened at University of Maryland, Baltimore (UMB) and construction is under way on the new \$49-million Campus Center, which will serve not only the students on campus but the entire west Baltimore community.
- At the Shady Grove Life Sciences Center, the University of Maryland Biotechnology Institute's (UMBI) new \$60-million Center for Advanced Research in Biotechnology (CARB II) facility was dedicated.
- And this fall, the Universities at Shady Grove, one of our two regional centers, will open its third classroom facility—Shady



Grove III—enabling USG to triple its capacity to 6,000 students.



the most of a student's time in high school. We are going beyond traditional AP courses by enabling students to take

Keeping Higher Education Affordable

Hand-in-hand with the challenge of access comes the challenge of affordability. For the second consecutive year, USM will freeze tuition for in-state, undergraduate students. While I have yet to see a full compilation of next year's tuition rates across the nation, I think it is safe to say the two straight years of flat tuition places USM in elite company, if not in a class by itself.

Along with the tuition freeze, we are continuing our efforts to improve the "balance" between scholarship aid based on merit and scholarship aid based on need. In FY 2006, need-based aid to USM undergraduate students stood at just under \$19 million. In the FY 2008 budget, that number stands at more than \$31 million, a **two-thirds** increase in just two years. This has not been "at the expense" of merit-based aid, which increased approximately five percent over the past two years. Rather, it is the result of refocusing increases in financial aid funding with the emphasis on assisting college-ready, college-capable students with the greatest financial need.

By holding the line on tuition increases and increasing the amount of financial aid available to our neediest students, we believe that we will continue to make substantial progress toward the Board of Regents' goal of ensuring, by 2010, that our lowest income students graduate with 25 percent less debt than the institutional average.

Extending Opportunities Through Innovation

In another effort aimed at addressing both higher education access and affordability, we have established partnerships to promote early college and "dual enrollment" in order to make

college-level, college-credit courses while still in their senior year of high school. We have set statewide standards that allow students to accomplish this at their school, a community college, or four-year institution. Not only does this approach make it possible for students to get more out of their final year of high school, it also has the potential to reduce time to degree, reduce the cost of the degree, and put more students on a college track.

In addition, we are focused on the unique needs of our historically black institutions (HBIs) and the students they serve. The Board of Regents has established a workgroup on HBIs and Student Success, chaired by Regent Orlan Johnson, which will further strengthen our efforts in this area.

We also are embracing innovative avenues through University of Maryland University College (UMUC), our regional education centers—the Universities at Shady Grove (USG) and University System of Maryland at Hagerstown (USMH)—and enhanced partnerships with community colleges. The numbers confirm the impact of our efforts: UMUC, of course, is the worldwide leader in online education, with more than 150,000 online enrollments. Factoring out UMUC's impact, you still see an impressive increase of 79 percent in off-campus or distance education enrollments over the last five years at all other USM institutions combined.

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In addition, total enrollment at USM’s regional higher education centers, which stood at 2,150 in 2005, is estimat-

ed to reach more than 2,800 by 2008, an increase of more than 30 percent. Also, the number of community college transfers to USM institutions, which has risen more than 16 percent since 2001, is expected to continue to grow from 7,700 in 2005 to 8,500 in 2008, an additional increase of more than 10 percent.

More important than the raw numbers, however, is the fact that USM is meeting the needs of the students we serve through innovation, expansion, and partnership.

- FSU will bring its elementary education program with a specialization in early childhood education to the USM Hagerstown center beginning with the fall 2007 semester. TU is also enhancing its offerings at the Hagerstown center with bachelor’s and master’s programs in nursing beginning next year.
- The University of Maryland, Baltimore County (UMBC) is bringing its popular political science degree program to the Universities at Shady Grove (USG). The University of Maryland School of Pharmacy is doing likewise with its nationally-ranked Doctor of Pharmacy program, which will start at USG this fall.
- UMUC has opened its newest location at Dorsey Station Center in ElkrIDGE. The 22,000-square-foot center will further enhance UMUC’s impressive reach.
- UMBC has entered into partnership with Montgomery College to launch a new pro-

gram that will provide guaranteed admission and scholarship opportunities to qualified Montgomery College transfer students who wish to complete their bachelor’s degrees at UMBC.

Focusing on the STEM Disciplines

Of course it is not enough to make sure there is “room” for the students coming through the door; we also must do our part in preparing them for success at the college level. Nowhere is this need more acute than in the STEM disciplines (science, technology, engineering, and mathematics).

USM is initiating a new STEM project to help us meet this critical demand. Senior Vice Chancellor for Academic Affairs Irv Goldstein and Associate Vice Chancellor Nancy Shapiro are working with provosts—initially at UMBC and TU—to coordinate and bolster our current STEM efforts on those campuses, especially in terms of improving K-12 education in these disciplines. The idea is to recruit simultaneously more math and science majors into teaching (through incentives and alternative pathways) and to enhance the skills of current science and math teachers (through expanding professional development). Our goal is to produce 200 new science teachers every year for the next 10 years. In essence, we are cultivating the current and next generation of STEM **teachers**, so that they can in turn cultivate the next generation of STEM **professionals**.

If we are serious about adopting a K-12 curriculum that includes four years of math, biology, physics, and chemistry in every jurisdiction, then it is incumbent upon USM to lead the way.





Achieving National Eminence

By any standard—institutional, presidential, or faculty—USM has established true national excellence. Following are a few selected examples.

Lauding Institutional Excellence

In the 2008 edition of *U.S. News & World Report's* rankings of America's Best Graduate Schools, the University of Maryland, College Park's (UMCP) business, education, and engineering programs are ranked in the top tiers of their field, with the Robert H. Smith School of Business ranked 25th among national business schools, the College of Education ranked 21st among graduate education programs, and the Clark School of Engineering ranked 16th. UMCP is also listed among the best values in higher education by *The Princeton Review* and *Kiplinger's Personal Finance*.

Also in *U.S. News's* current graduate schools rankings, the School of Nursing at the University of Maryland, Baltimore (UMB) climbed from 10th to seventh place among all nursing schools in the nation, the School of Medicine rose to 16th in research and 20th in primary care instruction among the nation's public medical schools, and the School of Law advanced from 42nd to 36th among the nation's law schools, placing 15th among all public law schools nationally.

Salisbury University is solidifying its reputation as a Maryland university of national distinction. *U.S. News & World Report* named it one of the top five public universities of its classification (Master's) in the North. For the eighth consecutive year it was designated by *The Princeton Review* as one of "The Best 361 Colleges in the U.S." For the third year Kaplan-Newsweek named it one of "America's 369 Most Interesting Schools." *Kiplinger's Personal Finance* magazine also named SU one of the "100 Best Values in Public Colleges."

U.S. News also ranked Towson University sixth among top public universities in the Master's category (North).

In the 2006–2007 *Guide to Historically Black Colleges and Universities* produced by *Ebony* magazine, you will find Bowie State University (BSU) lauded as number one in the nation for the second consecutive year in awarding master's degrees to African Americans in computer science and information technology.

According to the U.S. Dept. of Education's National Center for Education Statistics, UMBC is one of the largest producers of undergraduate IT degrees in the nation.

The Sloan Consortium, in its national rankings, honored UMUC's Master of Distance Education program and its MBA Program as the Most Outstanding Online Teaching & Learning Programs.

Coppin State University (CSU) has a growing reputation as a leader in campus technology, receiving the 2006 *Computerworld* "Best Practices in Mobile and Wireless" Award for Innovation, garnering a top-20 ranking from *U.S. News & World Report* for colleges and universities nationwide with absolute wireless capability, and being cited by *Campus Technology* with "best practice" recognition.

Presidents Earn Honors

We also are extremely fortunate to have extraordinary presidents who continue to receive significant regional and national accolades.

- Donald Boesch, president of the University of Maryland Center for Environmental Science, was honored for his "Lifelong Leadership in Ecological Restoration" at the 2007 National Conference on Ecosystem Restoration.
- SU President Janet Dudley-Eshbach is featured in the most recent edition of



American Executive magazine, a national publication for business leaders.

- TU President Robert Caret was recently elected president of the Coalition of Urban and Metropolitan Universities and inducted into the Baltimore County Chamber of Commerce Business Hall of Fame.

- UMES President Thelma Thompson was recognized by Career Communications Group, Inc., as one of the 100 Most Important Blacks in Technology for 2007 for her work in bringing technology to the campus and into the university's curriculum.

- Stewart Edelstein, executive director of the Universities at Shady Grove (USG), received the Montgomery County Chamber of Commerce 2006 Chairman's Award for outstanding service and contributions to the chamber.

- Three USM presidents were listed among *The Daily Record's* "50 Influential Marylanders for 2007": UMBC President Freeman Hrabowski, UMCP President Dan Mote, and University of Maryland Biotechnology Institute (UMBI) President Jennie Hunter-Cevera.

Faculty, Students, and Alumni Gain Acclaim

The recognition and achievements of our faculty and student body are quite literally too numerous to mention. There are, however, a few highlights I will note.

- Dr. Mike Bardzell of Salisbury University's Department of Mathematics and Computer Science has been recognized as a distinguished teacher by the Mathematical Association of America.

If you consider national academy memberships and the most prestigious academic awards—Fulbright Scholarships, NEH Fellowships, Guggenheim Fellowships, and others—you will find more than 70 members of the USM faculty among those ranks.

- Also at SU, Dr. Natalie Hopson, chair of the Department of Psychology, was named the 2006 Psychology Teacher of the Year by the Maryland Psychological Association.

- At UMBC, biologist Rachel M. Brewster received the nation's top honor for promising young scientists, the Presidential Early Career Award for Scientists and Engineers. She was one of just three U.S. biologists selected by the National Science Foundation for this award.

- Coppin State University's Denyce Watties-Daniels, assistant professor of the Helene Fuld School of Nursing, has been awarded the "Professor of the Year-Technology Impact Award" by the Thurgood Marshall College Fund.

- Dr. Frank Kober, a longtime educator at CSU, received the Metropolitan Alliance of Black School Educators "Outstanding Educator" award.

- The Academy of Marketing Science has honored Roland Rust, chair of the Department of Marketing at UMCP's Smith School of Business, with its top award—the 2007 Cutco/Vector Distinguished Marketing Educator Award.

- At TU, Gloria Neubert, professor of secondary education, was named the 2007 Outstanding Teacher Educator in Reading by the International Reading Association.

- Marty Mattare, a Frostburg State professor at the USM Hagerstown center was honored

by the Hagerstown-Washington County Chamber of Commerce as one of the Educators of the Year.

- UMCP has a connection to yet **another** Nobel Prize winner. NASA researcher John C. Mather, who is also a University of Maryland adjunct physics professor, won the 2006 Nobel Prize in Physics for measurements of cosmic background radiation that provided a clear look at the birth of the universe.

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USM faculty and others also are prominent in *The Daily Record's* “50 Influential Marylanders for 2007:”

- Dean of the University of Maryland School of Medicine Albert Reece
- Dean of the University of Maryland School of Law Karen Rothenberg
- Director of UMCP's Maryland Industrial Partnerships Program Martha Connolly
- UMCP Athletic Director Debbie Yow

I also must note the highest honor presented to USM faculty by the Board of Regents, the Regents' Faculty Awards. This past year 17 USM faculty members were recognized for their extraordinary scholarship, service, and research.

- Dr. Sandra Herbert, Professor of History, UMBC
- Dr. Arie Kruglanski, Distinguished University Professor of Social Psychology, UMCP

- Dr. Robert Schwarcz, Professor of Psychiatry and Director of Neuroscience Research, UMB
- Dr. Ernest Bond, Associate Professor of Education, SU
- Dr. Christine Nielsen, Professor of International Business and Strategy, UB
- Dr. Edward Redish, Professor of Physics, UMCP
- Dr. Don Spickler, Associate Professor of Mathematics, SU
- Dr. Philip DeShong, Professor of Chemistry, UMCP
- Dr. Renee Shea, Associate Professor of English, BSU
- Dr. Sudhir Singh, Professor of Finance, FSU
- Dr. Yonathan Zohar, Professor of Biology, UMBI
- Dr. Bonnie Thornton Dill, Professor of Women's Studies, UMCP
- Dr. James Howard, Professor of Finance, UMUC
- Dr. David Inouye, Professor of Biology, UMCP
- Dr. David O'Brochta, Professor of Biology, UMBI
- Dr. Mark Marten, Associate Professor of Chemical Engineering, UMBC
- Dr. David Schaefer, Elkins Professor of Physics, TU

Along with outstanding leadership and exceptional faculty, USM boasts top-quality students as well.



- UMBC scholar-athlete Isaac Matthews, track and field standout, was honored by *Diverse* magazine as its top male Arthur Ashe Sports Scholar of the Year, epitomizing the highest standards of scholarship, athleticism, and humanitarianism.

- Salisbury University's Wendy Finley spent last summer volunteering with the Biloxi Relief Redevelopment Center, helping coordinate continuing efforts to assist individuals in the region affected by Hurricane Katrina. As the 2006 Carroll F.S. Hardy National Black Student Leadership Development Conference's Wind Beneath My Wings Award winner, Finley brought that volunteer mentality back to Salisbury this spring, where she organized some 58 SU students, faculty, and staff to provide manpower at a local soup kitchen.

- Also at SU, alumnus Jason Quigley was named one of the U.S. Air Force's Outstanding Scientists and alumna Dana Perdue earned the prestigious \$25,000 Milken Educator Award.

- Towson University physics major Tony Davidson III was the 2006 recipient of the Society of Physics Students Undergraduate Research Award, one of only two recipients nationwide.

- Also at TU, Brian Stelter, editor of Towson's student newspaper, the *Towerlight*, has been profiled by *The New York Times*, *USA Today*, C-SPAN, CNN, and NBC news in feature stories about his highly regarded TV news industry blog, TVNewser.

- Frostburg students were awarded first and second places in the student paper competition at the annual meeting of the Southeastern Chapter of the Institute for Operations

Research and Management Services, the largest society in the world for professionals in the field of operations research.

Advancing Diversity

USM and its institutions are national leaders in the area of diversity and inclusion efforts. The Joint Center for Political and Economic Studies released a study this past fall examining black male students at public flagship universities. I am proud to note that in this study the University of Maryland, College Park ranked **first**, both in terms of the percentage of black males in the student body and total black male enrollment.

Beyond our flagship, our institutions all rank very high—in relation to peers—in granting degrees (baccalaureate degrees, master's degrees, doctorates and first-professional degrees) to African Americans and other underrepresented minorities. In fact, according to *Diverse*, in terms of all levels of degrees awarded to African Americans in all programs, USM holds more than 30 top-25 rankings, with more than a dozen top-10 rankings. While we do well relative to other schools, the university system—along with the rest of the nation—still has significant work to do.

We continue to remain active in our ongoing partnership agreement with the U.S. Office of Civil Rights to meet the needs of our historically black institutions (HBIs), with a commitment to ensure that the neglect that plagued Maryland's HBIs in the past does not occur again.

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Creating Knowledge, Promoting Economic Development, and Advancing the Quality of Life

Impacting the Economy

I have often made the point that Maryland is the poster child for a “new economy” state. AeA (formerly the American Electronics Association), the nation’s largest nonprofit tech trade group, recently released its “Cyberstates” report. Maryland ranks fifth nationally for its concentration of high-tech jobs, sixth for tech job growth, and fourth for venture capital investments. Our state also ranks 12th in total tech workers, an amazing accomplishment given our relative size. Clearly, our strong system of higher education deserves much of the credit.

- Our state ranks among the top three in percentage of residents with a bachelor’s degree.
- We rank among the top five states in terms of number of doctoral scientists employed in our workforce.
- We also rank among the top five in the ratio of high-tech workers to private sector workers.
- We rank second nationally in total federal obligations for research and development and second nationally in federal research and development per capita.
- Maryland also ranks very high in terms of strictly academic R&D, ranking as a top state in attracting both engineering and life sciences academic R&D funding.
- Extramural research funding within the USM was again in the \$1-billion range in FY 2006 (FY 2007 figures will be available next year).

Extramural research funding within the USM was again in the \$1-billion range in FY 2006.

But having a “winning hand” is just the start; you have to play the hand right in order to maximize its impact. Our challenge is to make the decisions and investments that enable our state to take full advantage of our strengths and realize its full potential.

Looking at recent developments in the area of research parks underscores that this is an opportunity on which the state of Maryland—in conjunction with USM—is capitalizing.

Our founding research park at UMBC houses 13 tenants and 550 jobs. Both buildings are full. When the third building opens later this year, it

too will be at capacity. At about that same time, construction will begin on the final two buildings.

M-Square, the UMCP research park started just a few years ago, has five buildings that are open or under construction, with at least five more planned.

UMB’s BioPark is helping the state accelerate its drive to become an international leader in the biosciences industry. Outside of the university system, Johns Hopkins and Montgomery College—the first community college in the country to do so—also are developing research parks.

All five of these research park entities have come together to form RPM: Research Parks Maryland, a cooperative association representing our entire state. RPM recognizes these facilities as an unalloyed good, combining cutting-edge education, significant economic development, and groundbreaking research.

In addition, the Maryland NanoCenter at College Park is a leading resource in the nano-technology and nano-biology arenas, combining research, education, and partnership efforts, including a nanomedicine research partnership



with the University of Maryland, Baltimore and the University of Maryland Biotechnology Institute.

Protecting the Environment, Conserving Energy

One of the most recent announcements of growth at the UMBC research park was the U.S. Geological Survey's Maryland-Delaware-Washington Water Science Center. It is no secret that in recent years environmental and energy issues have gained a new level of prominence. This is yet another area where the USM has demonstrated leadership, with the Water Science Center being just one of several examples.

- UMES has been awarded a \$12.5-million grant from the National Oceanic and Atmospheric Administration (NOAA) to enhance understanding of the ecosystems of the Atlantic coast, including Maryland's coastal bays. UMES will serve as the lead institution among six comprising the Living Marine Resources Cooperative Science Center, with one of the partners being UMBI's Center of Marine Biotechnology.
- University of Maryland Center of Environmental Science President Donald Boesch served on Governor O'Malley's Environment and Natural Resources Transition Work Group. Their work was key in establishing the Governor's BayStat initiative to better monitor and coordinate efforts to improve the health of the Chesapeake Bay.
- SU has entered into a partnership with Pepco to implement environmentally friendly infrastructure changes in all campus buildings, decreasing everything from electricity to water usage. The initiative is guaranteed by

Pepco to save at least \$5.3 million in energy costs over the next 15 years.

Serving Communities

Along with our impressive role in critical economic and social areas, USM institutions also remain active and involved members of the communities they serve.

TU, which currently manages Morrell Park Elementary and is slated to manage Patapsco Elementary, is poised to expand its educational efforts to three additional academically troubled schools in the Cherry Hill area of Baltimore City: Carter G. Woodson, Arundel, and Cherry Hill elementary/middle schools. All three are restructuring as required after failing to meet standards on state tests for years. Not only do these efforts have the potential to make amazingly positive changes—just like Coppin did with Rosemont Elementary School—but they also honor higher education's obligation to get involved and make better the educational progress of the next generation of students.

The University of Baltimore was also among the nation's first institutions to receive the Carnegie Foundation's "community engaged" classification, a newly-created category for colleges and universities with a proven track record of extensive involvement in their communities in terms of service, partnerships and scholarly activity. The foundation noted UB's "exemplary examples" of coordinated community outreach.

Another example of commitment to community can be seen at UMB, where faculty, staff, and students provide more than two million hours of community service across the state every year. They also provided money: UMB faculty, staff, and retirees raised nearly \$470,000 for the 2006 Maryland Charity Campaign, making it the number-one contributor in the state for the third consecutive year.



And, of course, the community will be intimately involved as UMB—our founding institution —celebrates its bicentennial with a number of festivities.

An opportunity to connect with new community members is on the horizon with the actions of the Base Realignment and Closure (BRAC) Commission. Maryland stands to gain as many as 60,000 new jobs—directly and indirectly—during the next five years due to BRAC growth at Aberdeen Proving Ground, Fort Meade, Andrews

Air Force Base, and the National Naval Medical Center at Bethesda. While we are developing a flexible and comprehensive approach to managing this influx of people and jobs, and considering how to capitalize on this from an economic development perspective, we also must consider how USM can welcome and integrate these new arrivals into the family of Maryland. Certainly, your pledge to allow in-state tuition for new arrivals advances that effort.



Addressing the State's Critical Workforce and Health-Care Needs

Along with “new economy” jobs and job growth, there are, of course, other “traditional economy” needs, including teachers and nurses. We are intensifying our efforts across these workforce shortage areas.

Focusing on the Nursing Profession

The crux of the nursing shortage is not lack of interest in the field; a growing number of qualified nursing school applicants are turned away every year. The shortage is, in fact, a result of limitations in faculty and clinical space.

The University of Maryland School of Nursing is tackling the nursing shortage by training more nurse educators through its Institute for Education in Nursing in Health Professions. The goal of the institute is to train nurses and other health professionals, creating the necessary additional nurse educators. In addition, the UM School of Nursing initiated the Clinical Nurse Leadership program for students who already have earned baccalaureate degrees in other fields, becoming the only nursing school in Maryland to offer such a program.

As noted earlier, Towson University has established a nursing program at the University System of Maryland at Hagerstown. TU is working closely with the local employers in Washington County to ensure these students have clinical sites to enhance the educational experience. Towson hopes to bring a master's program to Hagerstown to further address the need for nursing school faculty.

Coppin State University's School of Nursing has been added to the list of national Historically Black Graduate Institutions. This makes Coppin eligible to receive up to \$1 million per year in grant monies for the next five years. These funds can be used to buy equipment, fund construction, or provide scholarships to attract and enroll more nursing students.

Salisbury University is seeing a steady increase in its graduate student enrollment, which is encouraging news as it relates to training potential nursing faculty. With recent renovations to classrooms, Salisbury is able to accommodate increasing nursing class sizes at both undergraduate and graduate levels.

Bowie State University's nursing program is undergoing a redesign that will encourage future enrollment in both undergraduate and graduate programs.

Enhancing Teacher Preparation

To improve teacher preparation, Maryland was the first state in the nation to develop a single set of standards for an Associate Arts of Teaching degree that allows future educators to move from a two-year to a four-year program seamlessly. The foundation of this innovative approach, which has since become a national model, is the element of partnership that drove it. K-12 educators, community college faculty, and four-year faculty developed the curriculum jointly, essentially guaranteeing its successful implementation. So not only are we expanding the “teacher pipeline” in the broadest sense, we also are graduating teachers who know what curriculum is being taught at the K-12 level and how to teach it. This commitment to “connectedness” at the macro-level complements micro-level initiatives, such as Coppin State University's Urban Education Corridor, a national model for preparing urban educators.

There are also significant partnership efforts driven by the USM Office. Consider Project LINC: Learning In Communities. This partnership with Prince George's County Public Schools has resulted in many measurable outcomes, including increasing teacher retention in Prince George's County and increasing the number of STEM teachers entering the county's public schools from



UMCP. During the course of the partnership, seven new science teachers from UMCP were hired, two of whom won countywide teaching awards. In the schools where we established Professional Development Schools (PDS), we increased the retention rate of novice teachers from one-half to more than two-thirds.

Earlier, I mentioned the partnership that Towson has established—and is expanding—with troubled schools in the Cherry Hill area. One of the most compelling aspects of this arrangement is that both the Baltimore City Public School System and the State Board of Education overwhelmingly favored this partnership to improve these urban schools. Considering that this effort

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involves not just Towson, but also Coppin, UMCP, and Baltimore City Community College, I think the potential exists to expand such efforts in the future.

This, and other partnership efforts—such as the STEM initiative mentioned earlier—represent a systematic, comprehensive systemwide approach to address the critical need for a sufficient number of well-qualified educators in our schools.



Identifying New Resources and Practicing Exemplary Stewardship

When it comes to stewardship, the Effectiveness and Efficiency initiative that this board instituted stands as a stellar example of what can be done. In fact, *Public Purpose* (the magazine of the American Association of State Colleges and Universities) in its April/May 2007 issue ran a feature story on E&E titled “A Model of Effectiveness (and Efficiency).” Tens of millions of dollars have been directly taken out of our costs and tens of millions in expenses have been avoided altogether, with quality not only protected, but enhanced.

With Effectiveness and Efficiency “institutionalized” within the USM, ingrained within our culture, its fiscal impact will continue to grow. It is one of the reasons Fitch reaffirmed USM’s “AA” bond rating, citing our prudent management practices. Our focus now is on the next steps of E&E.

We are entering the academic transformation phase of the E&E initiative, with a systemwide project to reengineer lower-division courses using an approach that is more technology-dependent, places more responsibility on the students, and frees up faculty from administrative activities so they can spend more time on direct instructional activities that benefit the students. This fall, each of our 11 degree-granting institutions will begin a pilot project, working on redesigning a course within the parameters developed by the National Center for Academic Transformation. Through this work, our students will benefit from a more active learning approach that can save money and meet their needs better.

We are also advancing the ethic of accountability, refining our “dashboard indicators” to provide an accessible, transparent set of data points

to allow our “customers”—students and their parents—to make informed higher education decisions. Information on costs, degree offerings, graduation rates, retention rates, transfer rates, and other data will be available, accessible, and easy to understand.

Step by step, the entire E&E process is yet another example of where USM is “out front” in terms of the key challenges facing higher education. I commend this board for answering this challenge so—to coin a phrase—effectively and efficiently.

Along with the cost savings and cost avoidance of E&E, this past year saw continued progress in our philanthropic efforts through the University System of Maryland’s federated \$1.7-billion capital campaign.

Five institutions—Salisbury, Towson, UMBC, UMCP, and UMES—have publicly announced their campaigns, with others to follow in the months ahead. Money raised in our campaign will be invaluable in our efforts

to fund scholarships, especially need-based; research excellence; and endowments.

Along with the significant gifts from the past few years, such as the \$3-million gift from Richard Hazel for UMES, the \$10-million gift to Towson from the Robert M. Fisher Memorial Foundation, and the three \$30 million-plus gifts to UMCP from Robert Fischell, Robert H. Smith and A. James Clark, this last year saw significant philanthropy.

- UMCP continued its momentum with a \$20-million agreement with Chevy Chase Bank to establish Chevy Chase Field at Byrd Stadium.

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- Salisbury University received the largest single gift by an individual donor in its history, a \$5.3-million bequest from the estate of Lucy Tull to benefit nursing and medically related professions taught at SU.

- UMB can boast of several gifts in excess of \$1 million, including:

- ♦ \$2 million from Erickson Retirement Communities
- ♦ \$1.5 million from the Robert and Jane Meyerhoff Foundation
- ♦ \$4 million from the Sherman Family Foundation
- ♦ \$2 million from the Kauffman Foundation

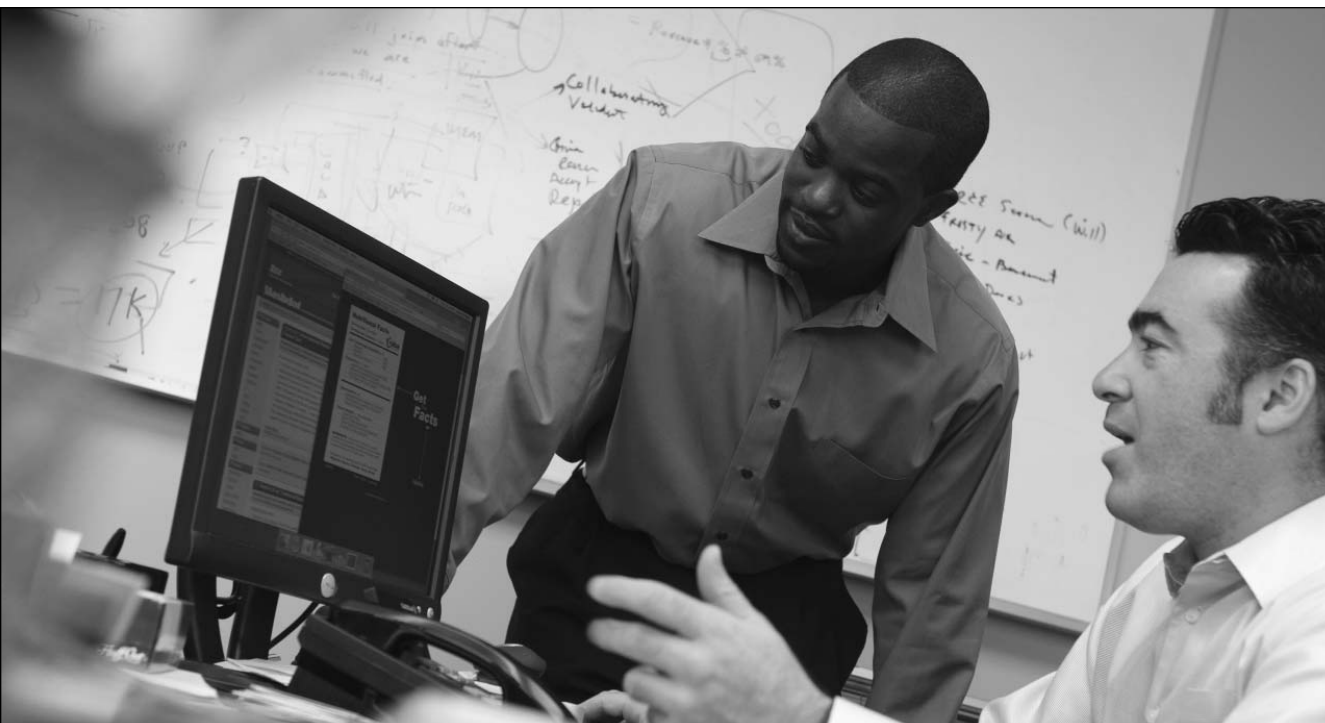
- Frostburg received a gift of more than \$600,000, the second-largest single cash gift ever given to the university, from the estate of Frostburg residents and long-time champions of the university, Ralph and Martha Race.

The Ralph and Martha Race charitable remainder trust gift will benefit endowments for western history education students and a lecture series.

- UMB can point to several significant leadership gifts to date, among them:

- ♦ \$12.9 million from The Bill and Melinda Gates Foundation
- ♦ \$7.3 million from Pfizer
- ♦ \$5.2 million from Wyeth Pharmaceuticals

As impressive as these examples are, I believe the best is yet to come. The USM Foundation has done a remarkable job of working with institutions to expand capacity, increase the number of prospects, and identify more potential donors. As more institutions publicly announce campaigns, and more activity takes place, more impressive results are sure to follow.



Final Thoughts

This report, summarizing the year's activities, demonstrates the remarkable impact the University System of Maryland and its institutions are having on the state's economy and its quality of life. Thanks in large measure to the work of our 13 institutions, Maryland is emerging as a leader in the knowledge-based economy of the 21st century.

Our institutions are at the forefront in helping the state address its challenges with workforce development, K-12 education, healthcare delivery, and the environment.

USM efforts to contain costs through its widely recognized Effectiveness & Efficiency initiative, moderate tuition increases, expand enrollment capacity, increase need-based

financial aid, and to simultaneously build the quality of its institutions have gained national recognition. Research discoveries coming from our institutions and ever expanding partnerships with the private sector are helping to place Maryland at the leading edge in the bioscience industries, information technology, and homeland security.

Through one lens, USM and Maryland's future looks very bright indeed, but there are troubling storm clouds on the horizon as well. The state's fiscal situation is in dire straits. Facing a \$1.5-billion structural deficit, our elected officials are grappling with the need to cut budgets and to find new sources of revenue to close the revenue and expense gap. While the new administration and the General Assembly have been very supportive of higher education, the level of investment required to sustain USM's and the state's impressive momentum will be a significant challenge.

Fortunately, the Commission to Develop the Maryland Model for Funding Higher Education has begun its work. The timing of this commission's work is very fortuitous. Recommendations coming from the group will help determine the allocation of state resources. Stable and robust funding is required to build a truly distinguished system of colleges and universities. That will, in turn, assure Maryland's economic leadership and high quality of life in the decades to come.

Under any funding scenario, considerable challenges and uncertainties lie ahead that will require our university system to bring the same kind of energy and focus to its efforts as we have in the past. While state support for USM will be determined, in part, by the cyclical nature of Maryland's economy, the demand for what higher education provides will be ever increasing. Enrollment will continue to surge, the need to address workforce shortages will persist, and the importance of academic research and development efforts will only expand.

In the global economy, where knowledge serves as the most important asset, higher education represents society's indispensable resource for ensuring a thriving economy, engaged citizenry, and higher quality of life. We must continue to take our responsibility in this equation seriously, and focus our abilities and efforts on meeting—and mastering—this challenge. Our increasing ability to operate as a system, not as 13 loosely federated autonomous institutions, to leverage our resources and assets in a coordinated and cooperative manner is the best reason to believe USM will meet this responsibility in 2008-09 and in the years to come.

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ABOUT USM

The University System of Maryland provides access to excellent higher education opportunities, performs groundbreaking research, offers vital services to communities and individuals, and fuels economic and workforce development. USM comprises 11 universities, two research institutions, two regional higher education centers, and a system office. As a public system of higher education, USM advances the State of Maryland and benefits all of society.

USM Facts

Undergraduate Students: 111,589 worldwide

Graduate/Professional Students: 37,528 worldwide

Full-time Faculty: 7,598

Part-time Faculty: 4,621

Academic Programs: more than 6,000 bachelor's, master's, doctoral, and professional

Locations: more than 100 in Maryland; USM institutions also offer programs in countries around the world

Buildings: 1,000, including 19 libraries

FY 2007 Operating Budget: \$3.7 billion

Vision

The vision of the University System of Maryland is to be a preeminent system of public higher education, admired around the world for its leadership in promoting and supporting education at all levels, fostering the discovery and dissemination of knowledge for the benefit of the state and the nation, and instilling in all members of its community a respect for learning, diversity, and service to others.

Mission

The mission of the University System of Maryland is to improve the quality of life for all the people of Maryland by providing a comprehensive range of high quality, accessible, and affordable educational opportunities; engaging in research and creative scholarship that expand the boundaries of current knowledge; and providing knowledge-based programs and services that are responsive to the needs of the citizens of the state and the nation.

USM fulfills its mission through the effective and efficient management of its resources and the focused missions and activities of each of its component institutions.

USM Institutions and Presidents

Bowie State University

Mickey L. Burnim

Coppin State University

Stanley F. Battle (Stepped down June 5, 2007)

Sadie Gregory (Interim President, effective June 6, 2007)

Frostburg State University

Jonathan C. Gibraltar

Salisbury University

Janet Dudley-Eshbach

Towson University

Robert L. Caret

University of Baltimore

Robert L. Bogomolny

University of Maryland, Baltimore

David J. Ramsay

University of Maryland, Baltimore County

Freeman A. Hrabowski, III

University of Maryland, College Park

C. D. Mote, Jr.

University of Maryland Eastern Shore

Thelma B. Thompson

University of Maryland University College

Susan C. Aldridge

University of Maryland Biotechnology Institute

Jennie C. Hunter-Cevera

University of Maryland Center for Environmental Science

Donald F. Boesch





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