



# 2006

## MEETING *the* CHALLENGES, MAINTAINING EXCELLENCE, ADVANCING SOCIETY

*University System of Maryland*

*Bowie State University*

*Coppin State University*

*Frostburg State University*

*Salisbury University*

*Towson University*

*University of Baltimore*

*University of Maryland, Baltimore*

*University of Maryland, Baltimore County*

*University of Maryland, College Park*

*University of Maryland Eastern Shore*

*University of Maryland University College*

*University of Maryland Biotechnology Institute*

*University of Maryland Center for Environmental Science*

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# University System OF Maryland



## Chairman David Nevins and Members of the USM Board of Regents:

It is my honor to deliver my fourth annual report. Thank you for the deep and profound commitment you have demonstrated on behalf of higher education and the University System of Maryland. I cannot say enough about the importance—and the impact—of your efforts.

I am pleased that the occasion of my annual report for fiscal year 2006 finds us at Frostburg State University (FSU). The end of the academic year is always a time of transition and change, never more so than this year. After 15 years as president of FSU—years that have seen this campus grow in size and stature—Dr. Catherine Gira is stepping down. Since she announced her retirement, we have had the great fortune of honoring President Gira and her accomplishments on several occasions. In what may be our last “official” opportunity to do so, I once again thank her for the vision, leadership, and energy she brought to her post. She leaves a tremendous legacy on which Dr. Jonathan Gibraltar will soon build as Frostburg’s next president.

Dr. Gibraltar’s arrival in August will come between Dr. Susan Aldridge taking charge at University of Maryland University College in early 2006 and a new president-designee to be named for Bowie State University later this year as President Calvin Lowe steps down after six years of dedicated service. President Lowe’s tenure has been marked by great progress for Bowie State University, with academic offerings, campus facilities, and student achievement all expanding, especially in the areas of business and technology.

Other changes are taking place, too. Regent Nina Rodale Houghton stepped down from the board in the fall. Regents Richard Hug and James Rosapepe stepped down May 31. The term of Student Regent Joel Willcher ends June 30. I offer my thanks for their outstanding service to the University System of Maryland.

This fiscal year, we welcomed three new regents to the board: Alicia Coro Hoffman, former member of the Maryland Higher Education Commission and a retired U.S. Department of Education senior executive; James Brady, former secretary of Maryland’s Department of Business and Economic Development; and Cheryl Gordon Krongard, a member of Legg Mason’s Board of Directors well known for her investment acumen, educational activities, and philanthropy. Also, Regent Clifford Kendall has been reappointed. On July 1, University of Baltimore student Caitlin Heidemann will begin her term as regent.

I look forward to working with you as we strive to build on USM’s ongoing progress and to advance the priorities shared by the university system and the State of Maryland: access, affordability, and excellence; continued economic and workforce development; responsible stewardship of resources; and an outstanding quality of life for all Marylanders.

Sincerely,

A handwritten signature in black ink that reads "William E. Kirwan". The signature is written in a cursive, slightly stylized font.

William E. Kirwan  
*Chancellor*

# Introduction

## A New Day

I am pleased to issue my fourth annual report to the University System of Maryland (USM) Board of Regents. In a sense, however, it is the first report of what has the potential to be a new era for the university system. We may well be on the verge of solidifying a new partnership, positioning higher education for continued success going forward.

Working together during the past year, we found a true consensus among this board, the greater university system community, leaders in Annapolis, members of the business community, and the citizens of Maryland. Together, we have established the priorities of access, affordability, and excellence. Together, we have worked to advance these mutual goals.

We witnessed the most tangible evidence of this partnership during the 2006 legislative session. As you know, support for higher education and USM was virtually unanimous. There was an unprecedented level of agreement on the importance of higher education in shaping Maryland's future. The results were a 15 percent increase in state funds for the system's FY 2007 operating budget and a capital budget totaling \$190.5 million.

The impact of this support is impressive. First and foremost, we were able to institute a tuition freeze

for in-state undergraduate students. Of course, we accomplished much more: We nailed down funding for our Flagship Initiative, providing significant enhancements for the University of Maryland, College Park. We reached broad consensus around the federal Office of Civil Rights agreement, which means enhancements for our historically black universities. And, we were successful in achieving 20 new capital projects to increase capacity and academic excellence.

## Funding Access and Affordability

As impressive as this is, beyond the numbers lies a deeper and more telling story. For the first time ever, we locked in funding specifically targeted for the growth in enrollment. If we can make this a permanent feature of our budget, we will have achieved enormous good for the future of higher education in Maryland.

We also were able to get a 30 percent increase in "need-based" financial aid, improving the balance with aid based on merit alone. This has been an issue of great personal advocacy and I am very pleased with this development.

In addition, we received designated funds to support USM's economic impact in nanotechnology and biotechnology, further enhancing the system's pivotal role as Maryland exerts national and international leadership in the knowledge economy.

Together, we have established the priorities of access, affordability, and excellence.

All these factors point to the potential emergence of a new era for USM, an era we are **all** playing a role in creating. The efforts of the USM community—regents and the system office, presidents, faculty, staff, students—to embrace positive change and stress accountability were—and will continue to be—critical. The partnership we established with the legislature and the business community to create a unified front made a significant impact. And, our outreach to the people of Maryland has put our state at the forefront of what I hope will be a “new” revolution in higher education, one that recognizes higher education as a “common good,” not only as a “private benefit.”

I am deeply involved in the American Council on Education’s “Solutions for Our Future” project, which seeks to reestablish higher education as a national funding priority. I am incredibly proud that our efforts are helping to position the State of Maryland as a national model in achieving this goal.

## Looking Ahead

Of course, as this new partnership unfolds, work remains to be done. We need to develop a long-term plan that establishes annual funding of enrollment growth as standard operating procedure. We need to take the next steps in our Effectiveness and Efficiency (E&E) initiative, making its emphasis on cost-containment, cost-avoidance, and innovative thinking endemic

to every aspect of USM. And, we need to execute our \$1.5-billion private fund-raising campaign successfully so that it meets—even surpasses—expectations.

As we take these next steps, we do so with the knowledge and understanding that we have not simply “weathered” a three-year budget storm. Rather, we grasped the rapidly changing landscape and adapted with bold and decisive action. Through our strategic plan approved by the Board of Regents in 2004, we **reworked** the mission, goals, and vision for USM. Through our task forces, we **reexamined** our approach to tuition and financial aid. Through E&E, we have **reengineered our academic and administrative processes**.

In many ways, we are a new—more responsive and more responsible—University System of Maryland. Looking at some of the key events and accomplishments of the past year within the context of our strategic plan, we find compelling evidence to suggest that while this new era for USM is young, we have taken concrete steps, achieved real and meaningful results, and seen significant progress.

# Promoting Access and Academic Success

The projected growth in student enrollment at USM institutions presents a significant challenge. In the 10 years from fall 2005 to fall 2014, we project that the system's overall headcount (not counting overseas enrollment) will grow nearly 33 percent, from just under 129,000 students to almost 171,000. Additionally, a significant portion of this increase is projected to come from lower-income and minority populations.

Addressing the challenges surrounding this ongoing enrollment surge—making higher education accessible and affordable for an increasing number of students—has been a focus of the university system. We have taken steps to meet these issues head on. For example, we are addressing the need for greater access by targeting growth at selected institutions, including Towson University, Salisbury University, and University of Maryland University College (UMUC). We also are promoting our regional education centers (Universities at Shady Grove and University System of Maryland at Hagerstown).

In addition, we are partnering with community colleges and promoting distance learning. As part of our efforts to ensure students' academic success at all levels, we have reached out to expand our K-16 efforts to make sure the next wave of college students is indeed prepared for the rigors of higher education. And, we have recognized the critical role of affordability.

## Targeting Affordability

There is perhaps no greater example of our commitment to affordability than the aforementioned tuition freeze, but it is by no means the only example. After a USM study indicated that our poorest students were graduating with 25 percent more debt than the average student, we set a new policy goal that, by FY 2010, our lowest-income students must graduate with 25 percent less debt than the institutional average.

This is a policy change that will make a real difference to those who need it most. It also is one of the reasons why, on average across the system, there is a 30 percent increase in need-based aid for next year. This increase is in conjunction with Governor Robert L. Ehrlich, Jr.'s commitment to need-based aid. During his first three years in office, the governor doubled the amount of need-based aid available to Maryland students.

Our campuses also are leading the way in this renewed commitment to need-based aid. For example, the University of Maryland, College Park (UMCP) began the Pathways Initiative, through which low-income students receive grants from the university or the state instead of loans. UMCP also has expanded its Incentive Awards Program, which provides financial, academic, and mentoring support to students from high schools that typically send few, if any, students to the institution. Piloted for the past five years in Baltimore City public schools, the program this year moved into selected Prince George's County high schools.

## Targeting Enrollment Growth

Hand in hand with making sure higher education is affordable, we are making sure we can accommodate the projected enrollment surge. Last fall we broke ground on Shady Grove III, which will enable the Universities at Shady Grove (USG) to triple its capacity to 6,000 students. USG brings seven of the University System of Maryland's 11 degree-granting institutions to a single location. The new facility will feature modern classrooms, state-of-the-art computer labs, leading-edge distance learning capabilities, and much more.

USG's Western Maryland counterpart, the University System of Maryland at Hagerstown, is also expanding opportunities with UMCP now offering master's degrees and graduate certificate engineering classes, Towson University offering nursing programs, and Frostburg State University and University of Maryland University College offering expanded programs as well.

Our other campuses are also responding. The University of Baltimore (UB)—for many years unique in its combination of upper-division (junior and senior years) undergraduate, graduate, and professional degree programs—is returning to a four-year institution in fall 2007.

Addressing the challenges surrounding this ongoing enrollment surge—making higher education accessible and affordable for an increasing number of students—has been a focus of the university system.

During the past year, we also celebrated:

- the opening of the wonderful new Towson University Center for the Arts;
- the opening of the state-of-the-art Jeong H. Kim Engineering Building at UMCP;
- the creation of a joint MBA program between Towson and UB;
- the dedication of Hazel Hall, the new teacher education facility at the University of Maryland Eastern Shore (UMES);
- the groundbreaking for Bowie State University's (BSU) new Center for Business and Graduate Studies;
- the groundbreaking for the Health and Human Services Building at Coppin State University.

## Targeting Academic Success

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. The USM office has spearheaded several impressive K-16 partnership efforts to enhance teacher quality, increase teacher retention, improve science education, and elevate student achievement. The partnerships pull together key USM institutions, community colleges, and local school districts, serving to benefit all levels of education.

Consider just a single example: E=mc<sup>2</sup> (Education Equals Mentoring, Coaching and Cohorts). This five-year, \$6.4-million grant managed by the system office unites Coppin State University; Towson University; the University of Maryland, College Park; Baltimore City Community College; and the Baltimore City Public School System. This teacher training program reaches hundreds of math educators in the Baltimore City School System.

We set a new policy goal that, by FY 2010, our lowest-income students must graduate with 25 percent less debt than the institutional average.

A look at the USM retention rates demonstrates the strides we are making in preparing our students for success in higher education.

- Overall, our second-year retention rate stands at approximately 80 percent, well above the national average retention rate for four-year public institutions of 73 percent.
- The second-year retention rate for African-American freshmen systemwide stands at 75 percent, which is slightly below the overall USM average, but above the national average for all students.
- According to *Black Issues in Higher Education* (now known as *Diverse*), in terms of the number of degrees at all levels awarded to African-Americans, nine of our 11 degree-granting institutions hold top-40 rankings or higher. And together, BSU, UMCP, UMUC, and the University of Maryland, Baltimore (UMB) hold more than a dozen top-10 rankings.

Of course, as is often noted, access to mediocrity is of little value. As we strive to meet the challenges of access and affordability, we must remain committed to our legislative mandate of national eminence.



# 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

- Salisbury University (SU) has been recognized by both *The Princeton Review* and *Kiplinger's Personal Finance* as a “best value” institution. In addition, *U.S. News & World Report* ranked SU as one of the top-10 public institutions—master’s category—in the North.
- The University of Maryland, Baltimore was also recognized by *U.S. News & World Report*; the schools of law and medicine received prominent rankings in the magazine’s 2007 edition of “America’s Best Graduate Schools.”
- The University of Maryland, College Park was also well represented in the latest *U.S. News & World Report*’s graduate schools rankings, with programs in computer science, engineering, physics, math, and education ranked in the top 25.
- The University of Maryland, Baltimore County (UMBC) has been acknowledged by the U.S. Department of Education as one of the largest producers of information technology (IT) undergraduate degree recipients in the nation, while building on its national standing as the collegiate world’s chess dynasty.
- Coppin State University’s extraordinary strides in IT were acknowledged by both *U.S. News & World Report*,

with a top-20 ranking in its listing of wireless accessible campuses, and *Network World* magazine, as one of only five universities worldwide to receive the Education All-Star Award.

- The Maryland Sea Grant College at the University of Maryland Center for Environmental Science (UMCES) scored the National Oceanic & Atmospheric Administration’s highest rating ever for a Sea Grant program.
- The Sloan Consortium honored University of Maryland University College’s MBA Program for Outstanding Online Teaching & Learning.

## Applauding Our Presidents’ Honors

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

- UMCP President C.D. Mote, Jr. received the National Academy of Engineering’s Founders Award, acknowledging both his work in engineering and his leadership in academia.
- UMBC President Freeman A. Hrabowski, III was one of nine professionals from various disciplines to receive Columbia University’s Teachers College Medal for Distinguished Service to Education.
- UMES President Thelma B. Thompson was recognized as one of *Essence* magazine’s “Women Who Are Shaping The World.”

- Coppin State University President Stanley F. Battle was acknowledged with an “Innovator of the Year” Award from *The Daily Record*, Maryland’s premier source of statewide business and legal news.
- Towson University President Robert L. Caret received the 2005 George L. Braude Award from the Maryland Section of the American Chemical Society in recognition of his leadership in the education and training of science teachers, forensic chemists, and nanotechnologists.
- UMCES President Donald F. Boesch chaired an independent group of prominent scientists and engineers who developed “A New Framework for Planning the Future of Coastal Louisiana after the Hurricanes of 2005” to inform actions for recovery of Louisiana areas affected by Hurricanes Katrina and Rita.

## Honoring Faculty Achievements

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

- UMCP Economist Thomas Schelling was awarded the Nobel Prize in Economics for his work on “Game Theory,” becoming the third University of Maryland Nobel Laureate.
- USM faculty members hold 50 prestigious National Academy memberships.
- Andrew Sharma of Salisbury University became USM’s most recent Fulbright Fellow, one of higher education’s most coveted academic honors.
- Thomas Kunkel, dean of the Philip Merrill College of Journalism at UMCP, was named Journalism Administrator of the Year by the Scripps Howard Foundation.
- Lenneal Henderson, a distinguished professor of government and public administration at the University of Baltimore, has been named a fellow at the National Academy of Public Administration.

## Fostering Student Success

- A team of seven BSU marketing students won the 2006 Students in Free Enterprise (SIFE) Regional Competition held in New York.
- Wendy Finley from SU earned one of the nation’s highest student volunteerism honors—The Wind Beneath My Wings Award—at the National Black Student Leadership Development Conference.
- Earl McKay from FSU was acknowledged with the most prestigious volunteer award from the Governor’s office when he was named one of Maryland’s “most valuable assets.”
- UMES alumnus Dr. Thomas LaVeist, current director of the Morgan-Hopkins Center for Health Disparities Solutions, received the first annual Minority Health Knowledge Award from the U.S. Department of Health and Human Services, Office of Minority Health.
- Two Coppin State students—Dara Foster and Nikita Glenn—were honored with National Visionary Leadership Awards from the National Visionary Leadership Project in recognition of their efforts to preserve the oral history and wisdom of African-American elders.
- Joe Howley from UMBC was a finalist for the British Marshall Scholarship and UMBC’s nominee for the Rhodes Scholarship.
- Bryant C. Lee from UMCP was awarded two prestigious national scholarships: the National Science Foundation Fellowship and a National Defense, Science and Engineering Graduate Fellowship.

These individual and institutional achievements are more than “points of pride.” Together, they send a message that USM plays a critical role in our state’s current and future success.

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

## Impacting the Economy

The connection between investment in higher education and economic and social progress is indisputable and is beginning to gain an even wider acceptance. The impact USM has on Maryland's economic and social well-being—both directly and indirectly—stands as a perfect example of this fact, especially our role in positioning Maryland for leadership in the knowledge economy.

We help produce one of the best-educated, most highly skilled workforces in the nation. Approximately one-half of the degrees issued in Maryland are granted by USM institutions. We are a driving force for Maryland's economic development. Perhaps the most telling statistic is that, in FY 2005, USM reached nearly **\$1 billion** in extramural funding.

Maryland is second only to California when it comes to fostering and attracting biotechnology businesses, thanks in large part to Bio and Research Parks at UMB, UMCP, and UMBC.

In recent developments, Governor Ehrlich has proposed a Center for Regenerative Research at the UMB BioPark. Also at UMB, the **1,000th** invention disclosure was submitted to its Office of Research and Development, which first began handling the commercialization of technologies developed by faculty in 1982.

M-Square, the UMCP research park, is adding tenants and will ultimately be the largest research park in the region.

Maryland's first university research park at UMBC, [bwtech@UMBC](mailto:bwtech@UMBC), plans to add a fourth building—another 110,000 square feet of space—because the existing buildings are already full.

Along with our research and technology parks, USM is fortunate to boast the University of Maryland Biotechnology Institute (UMBI), the only member of the system family with a legislative mandate to drive economic development in Maryland. As UMBI celebrates its 20th anniversary, its impact is accelerating as the number of inventions disclosed, research sponsored, jobs created, and companies “spun out” continues to increase. Each of UMBI's five centers is dominant in its field, cutting edge in its research, and global in its impact.

All in all, USM institutions filed 84 new patents in FY 2005, the most recent year for which we have totals. During the same period, income from technology transfer activities recorded by USM institutions topped \$976,000 and 190 invention disclosures were filed.

Of course, along with our contributions to the knowledge economy, USM is a pivotal part of the United States homeland security efforts.

- At UMCP, the Center for Advanced Study of Language (CASL) is the largest language research facility in the country and is **the** national laboratory for advanced research and development on language and national security. Also at UMCP, the Center for Integrated Security and Logistics (CISL) and the Center for Automatic Identification Research (CAIR) are developing technologies to enhance security at U.S. ports, including the Port of Baltimore.
- At UMB, the Center for Health and Homeland Security (CHHS) recently received a \$1.5-million grant from the U.S. Department of Homeland Security to train state and local emergency planners throughout the United States on continuity of operations to assure that the capability exists to continue essential functions across a wide range of potential emergencies.
- UMUC has established a new homeland security management track, which provides managers the tools to prepare for and manage a wide range of threats and vulnerabilities.
- Bowie State has formed a strategic relationship with HAZMED, a leading provider of environmental engineering and information technology services, to demonstrate and evaluate homeland security products and technologies that provide real-time surveillance and communications.

We are a driving force for Maryland's economic development. Perhaps the most telling statistic is that, in FY 2005, USM reached nearly \$1 billion in extramural funding.

## 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.

Frostburg State University received the Maryland Association for Higher Education Distinguished Program Award for its Community Outreach Partnership Center.

UB's new Student Center opened this year and will serve not only as a gathering place on campus for students, but will bring arts and cultural events to the entire community, adding to Baltimore's social, cultural, and intellectual life.

And, with a record-setting 75,000 people attending UMCP's eighth annual Maryland Day celebration in April, there is no doubt about its close community bonds. As that institution—our flagship—celebrates its 150th anniversary, I know these community connections are only growing stronger.

Perhaps most impressive, when Hurricane Katrina hit the Gulf Coast 10 months ago, our institutions responded. All of our campuses opened their doors to students from the Gulf area whose campuses were devastated, enrolling hundreds of displaced students. In a more hands-on effort, the University of Maryland School of Nursing dispatched two of its WellMobiles—staffed with volunteers—to assist the Red Cross in providing vital health services.

All of our institutions are involved in every aspect of life in Maryland for the betterment of the entire state and our fellow citizens.

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

At our institutions, at the Shady Grove and Hagerstown regional centers, through UMUC's online capabilities, and in partnership with community colleges, USM is aggressively meeting the challenge of educating both the "new economy" workforce in the life sciences and information technology, as well as the "traditional" workforce in areas such as nursing and education.

## Addressing High-Tech Needs

At a recent conference at UMCP, leaders from higher education, business, research, and technology launched a "call to action" intended to protect Maryland's competitive edge, one of the nation's first grassroots efforts in response to federal competitiveness initiatives.

With approximately 12,000 students enrolled in undergraduate and graduate IT programs, USM clearly is playing a vital role in securing Maryland's competitiveness. We also are strengthening our IT efforts by enhancing our state-of-the-art laboratories; expanding IT programs and partnerships, especially in nanotechnology; and building new facilities, like the Kim Engineering Building at UMCP.

I also note that our research parks at UMCP, UMB, and UMBC—along with others at Johns Hopkins University and Montgomery College—have formed a new organization. RPM: Research Parks Maryland is a statewide association representing the research park

industry in our state. We believe this is the first organization of its kind in the country.

## Addressing the Nursing Shortage and Other Health-Care Concerns

We see a parallel effort in addressing health-care needs, most notably in the nursing field. As noted earlier, Towson will offer its bachelor's degree in nursing at the Hagerstown center beginning this fall and hopes to bring a master's program to Hagerstown in the fall of 2007. The master's program is especially critical given that nursing faculty are required to have a master's degree, and the insufficient number of nursing school faculty is one of the factors contributing to the nursing shortage.

The University of Maryland School of Nursing at UMB also is addressing the faculty shortage issue with a new Doctor of Nursing Practice Initiative to increase Maryland's nursing faculty. And, also this year, the school competed successfully for a three-year, \$718,000 U.S. Department of Health and Human Services grant to support the school's new master's program in clinical research management.

Through our efforts, I note that there are more USM undergraduates enrolled in nursing programs—2,300-plus—than at any point in my tenure as chancellor.

Other efforts are also aimed at addressing health-care needs. For example, UMES has created the School of Health Professions in recognition of the nation's increasing awareness of the role of health care in our society. The Physician Assistant and Rehabilitation Services programs received national reaccreditation notification last year, and the UMES Physical Therapy Department graduated its first doctoral students.

In addition, the University of Maryland, Baltimore has proposed a School of Public Health to meet the growing need for public health workers with specialized training. During the next few years, UMB and UMCP plan to collaborate on the creation of a combined school of public health.

With approximately 12,000 students enrolled in undergraduate and graduate IT programs, USM clearly is playing a vital role in securing Maryland's competitiveness.

## Addressing the Teacher Shortage

Over the past three years, we have helped reverse the decline in the number of teacher candidates at our colleges and universities. For example, through an innovative partnership with community colleges, teaching program credits in teacher education transfer directly to the four-year institutions without further review.

One innovative program that specifically targets science teachers is UMBI's ExPERT Program. Operated in partnership with Montgomery County Public Schools and funded by the National Science Foundation, ExPERT brings science educators to UMBI's Center of Marine Biotechnology to conduct research and become part of a year-round learning community that focuses on improving both the teaching and learning of science.

As is the case with nursing students, there are more USM students—8,300—in teacher training than at any point in my tenure as chancellor.

In terms of teacher preparation, recruitment, and retention, efforts spearheaded by the system office through the K-16 initiative are opening and expanding the teacher pipeline, raising standards—especially in science and math—and providing access to early college credit, allowing students “to hit the ground running” as they move from high school to higher education.

# Identifying New Resources and Practicing Exemplary Stewardship

## Achieving Effectiveness and Efficiency

The University System of Maryland has truly set the standard in effectiveness and efficiency. During the past year, I have had the opportunity to address numerous national audiences about the state of higher education in America today. Without fail, as I move into the topic of accountability—highlighted by an outline of our Effectiveness and Efficiency (E&E) initiative—every audience has been extraordinarily impressed. When I take questions, invariably our E&E success dominates the discussion.

And why shouldn't it? Our efforts on the administrative side—using the system as a universal purchasing agent—and on the academic side—lowering time to degree, requiring out-of-classroom credits, increasing faculty workload—have been eye opening. The numbers alone are extremely compelling. For FY 2004 and FY 2005, the cost-containment, cost-avoidance, and alternative-revenue impact of our ongoing efficiencies, coupled with our formal E&E efforts, stands at more than \$175 million. I look forward to reporting the FY 2006 total later this year.

Of course, it is not just external audiences who are impressed. Governor Ehrlich specifically cited our E&E efforts when he proposed the 15 percent increase in state funds for our FY 2007 operating budget. The legislature, in approving the request, also recognized the impact of E&E. Most recently, our bond rating was

set at “AA” in recognition of our strengthened financial position, driven in part by our cost-saving efforts.

Again, I note that these achievements are made possible by our efforts together **as a system**, with this Board of Regents; presidents and their administrative teams; faculty, staff, and student leaders; and the USM office working in tandem. Together, we launched the effort to systematically look at our academic and administrative processes and found ways to reengineer our operations to reduce costs without reducing quality. More importantly, we have established E&E as part of our culture.

During the past year, the Board of Regents established a set of specific performance measures corresponding directly to priorities articulated in USM's strategic plan. The first update of these “Dashboard Indicators” is scheduled to be issued during the next academic year. The annual updates of these selected measures will help inform our decisions as we work to move the system forward in the years ahead.

## Increasing Private Giving

As we continue to stress accountability, as we further our efforts to lock in increased state support, and as we broaden our federal funding portfolio through grants and contracts, we also must expand private giving, especially through our USM federated \$1.5-billion capital campaign.

All our institutions are now preparing to launch capital campaigns in support of this systemwide goal. USM also secured \$3.2 million in base-budgeted, state funding to support this federated campaign. These resources will help build the fund-raising infrastructure at our institutions, particularly those that have not previously had active fund-raising programs.

The University System of Maryland has truly set the standard in effectiveness and efficiency.

In last year's annual report, I noted some high-profile, fund-raising news. The news included the \$3-million gift from Richard Hazel to enhance teacher education at UMES and the \$10-million gift from the Robert M. Fisher Memorial Foundation to Towson's College of Science and Mathematics—the largest gift ever received by Towson.

I am pleased to note that we continue to see incredible private support, including an \$8-million donation from the Arthur W. Perdue Foundation for the construction of a new building for the Franklin P. Perdue School of Business at Salisbury University—the largest gift in the history of SU.

In addition, Robert Fischell and his sons donated \$31 million to UMCP to establish the Fischell Department of Bioengineering and the Robert E. Fischell Institute for Biomedical Devices to ensure that medical devices and bioengineering are at the forefront of technology development. This gift joins the \$30 million from Robert H. Smith and the \$30 million from A. James Clark to give UMCP an impressive “philanthropy trifecta.”



# Conclusion

This summary report of the year's activities conveys the sense of a remarkable year of progress for the University System of Maryland. The record level of state support for our operating and capital budgets; the foundation of what could become a new compact with the state on funding for higher education; the impressive array of accomplishments of faculty, staff, and students at all campuses; the multitude of contributions our institutions have made to advance the quality of life in the state and the nation; and the cutting-edge research produced by faculty across the system all give testimony to a year few, if any, higher education systems in the nation can match.

Clearly, USM is fulfilling the destiny envisioned for it some 18 years ago when the system was created. It is appropriate that we pause and acknowledge how far we have come during these nearly two decades and what a remarkable year we enjoyed.

As proud as we may be of all that has occurred during the past 12 months, we must also note that this is not a time for complacency or self satisfaction. Considerable challenges and uncertainties lie ahead that will require us to bring the same kind of energy and focus to our efforts as we have in the past. Our level of state support depends on the vagaries of an economy that ebbs and flows in unpredictable cycles. But the calls on our services do not ebb and flow; they are ever expanding. Enrollment demand will rise inexorably.

The state's need for workforce development and for the knowledge transfer coming from our laboratories and research parks will only grow.

In the knowledge era, we are Maryland's best hope and primary resource for the creation of a globally competitive economy. That is an awesome responsibility and one we must endeavor to meet with all the energy and talent we can bring to bear.

What lessons can we take from our recent successes that give us the best chance of sustaining our momentum and meeting our obligations to the state and nation in the future? There are several, but one overarching fact is at the heart of our recent advances: We have learned to act as a system, not as 13 independent institutions loosely coordinated by a central office and board. The examples of our collective actions and their impact are abundant.

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- The remarkable success of the board-led E&E initiative required extensive collaboration and united action involving all 13 USM institutions.
- The enrollment growth strategy with targeted growth institutions and the collective support for a “Flagship Initiative” could only have been achieved through careful systemwide planning and cooperation.
- The breakthrough with enrollment growth funding and our other budget initiatives occurred because 13 institutions joined together and spoke with one voice in Annapolis.
- The growth of our regional centers and their impact on local communities would not be happening without the partnerships and collaborations we have forged across the system and with local community colleges.
- The impact of our new policies on need-based financial aid is magnified for the benefit of the entire state because we acted as one.

We have gained considerable national attention and acclaim because of the leadership we have shown—as a collective—in addressing some of higher education’s most vexing challenges.

We plan and deliver the benefits of our programs to the state in a manner that leverages the assets of our 13 institutions, not as 13 separate campuses summing up their collective activities.

Simply put, after 18 years of existence, the University System of Maryland has come of age. We have matured into an enterprise that recognizes it is more—much more—than the sum of its parts.

While we will have—as any successful organization must have—internal disagreements and disputes on various issues in the future, I am convinced we have passed a tipping point. We have become an entity that achieves and celebrates the success of its individual components often made possible by our collective actions and decisions. We plan and deliver the benefits of our programs to the state in a manner that leverages the assets of our 13 institutions, not as 13 separate campuses summing up their collective activities.

For me, realizing the power of our collective work as a system is the most rewarding aspect of the past 12 months. It is a dynamic that will ensure the state’s maximum benefit from its investment in USM in the good and bad economic times. It is a dynamic that will make USM the state’s most precious asset in building a bright future for all Marylanders. It is a dynamic that will position USM as a model for other higher education systems throughout the nation.

## 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: 108,849 worldwide  
Graduate/Professional Students: 35,514 worldwide  
Full-time Faculty: 7,506  
Part-time Faculty: 4,423  
Academic Programs: more than 600 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 2006 Operating Budget: \$3.4 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 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  
*Calvin W. Lowe*

Coppin State University  
*Stanley F. Battle*

Frostburg State University  
*Catherine R. Gira*

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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