MARYLAND SENATE BUDGET & TAXATION
SUBCOMMITTEE ON EDUCATION BUSINESS AND ADMINISTRATION

UNIVERSITY SYSTEM OF MARYLAND OFFICE
TESTIMONY OF USM CHANCELLOR WILLIAM E. KIRWAN

MONDAY, FEBRUARY 17, 2014

Chairman Madaleno, and members of the Committee, I am pleased to join you today in support of the University System of Maryland (USM) Office's budget. I want to begin by once again thanking Governor O'Malley and the members of this committee for the support you have provided the University System of Maryland over the years. We are proud of the productive relationship we have forged with the leadership in Annapolis to advance our mutual priorities.

I will keep my general comments brief and then turn to the issues raised by the legislative analysts and any specific questions you may have.

Very quickly, I want to outline how the System Office adds considerable value to the USM and the state. The USM Office is essentially the "corporate office" of the university system. As such, it executes a number of critical functions:

- Develops and oversees a $5 billion operating budget;
- Prepares and oversees a $250 million-plus annual capital program for academic and auxiliary facilities;
- Manages a USM issued capital debt portfolio in excess of $1.1 billion and maintains a highly favorable "AA+" bond rating;
- Develops policies and agendas for BOR meetings and ensures BOR actions are implemented;
- Manages the process for the selection and evaluation of USM presidents;
- Serves as USM's primary interface with state government;
- Conducts system-wide strategic planning;
- Coordinates academic program planning and program reviews for USM's 12 institutions;
- Leads the development of USM's regional education centers;
- Provides technical expertise and negotiation support to USM institutions to maximize opportunities for leveraging private investment and public/private development projects;

- Advises the board and USM institutions on the most beneficial real property transactions to promote institutional and system growth;
- Leads USM's efforts on course redesign and academic transformation through its new Center for Excellent and Innovation in Learning and Teaching (CIELT);
- Coordinates activities to achieve efficiencies and enhance effectiveness across USM;
- Convenes leadership groups across the USM to determine and disseminate best practices in all areas of university activities;
- Manages relations with the state's community colleges, leads efforts to develop two plus two programs, created and operates the highly regarded ARTSYS clearinghouse for community college transfer credits;
- Manages USM's P-20 activities and secures grants to support P-20 activities;
- Provides leadership at the state and national levels on the major issues facing higher education.

As you are aware, in concert with the legislation governing the USM, the System Office is one of the leanest such operations in the country. Indeed, of the entire USM budget, **well below one percent** goes to administrative cost at the System Office. That places the USM Office 3rd out of 33 such systems in the country, as the following chart indicates.

System Office Budget as a Percent of Total System Budget, FY12
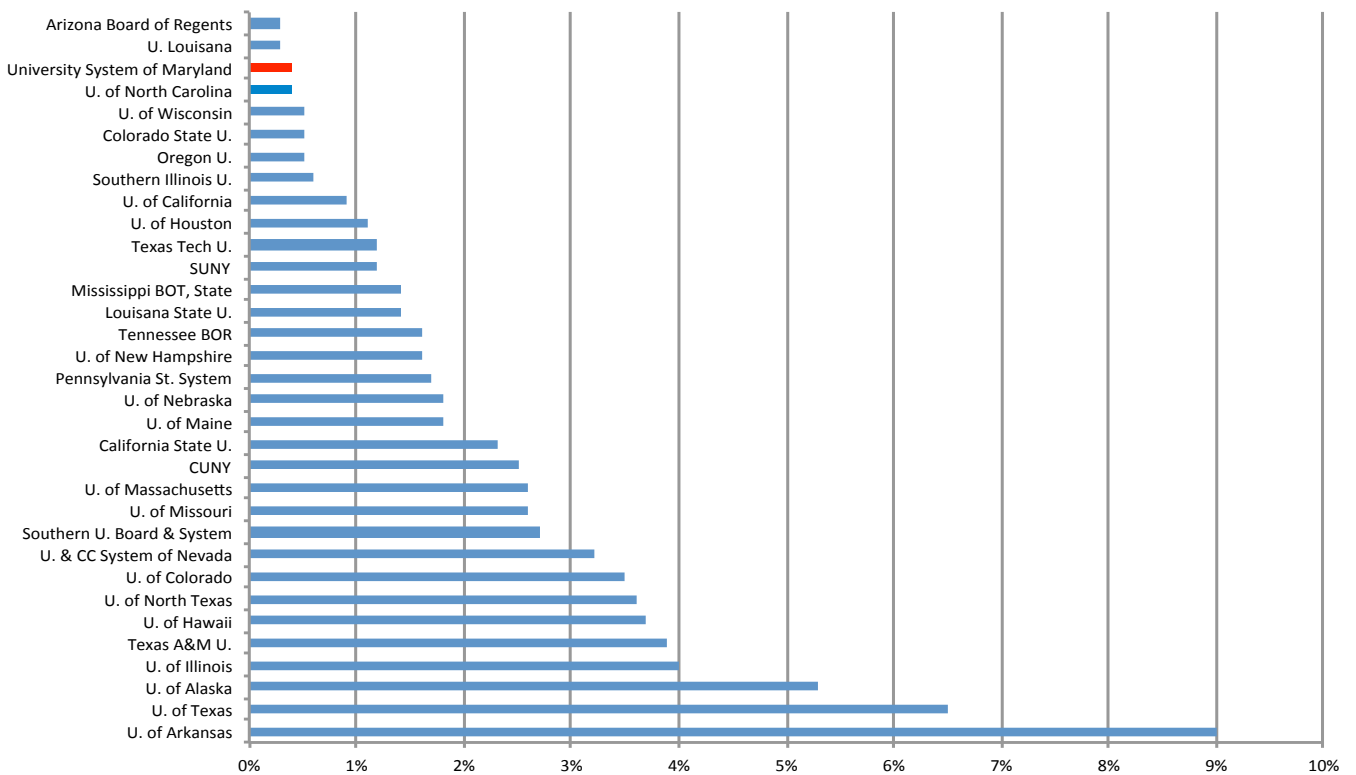
At the same time, what we are able to achieve with that small sliver of the system-wide budget is impressive. In some cases, we provide support or coordination to the campuses. In other cases, we provide the framework for leveraging the combined strength of our institutions. At all times, the USM Office is the primary source of strategic leadership for the entire system and, in many cases, the State of Maryland. Beyond simply serving our institutions, we bring coherence to the entire system, accomplishing things campuses acting individually could not.

Here are just a few examples of areas of activity undertaken by the System Office to advance the quality of its higher education institutions and serve the needs of the state:

Stressing Competitiveness, Technology Transfer, Commercialization, and Entrepreneurship

One of the most compelling examples of the impact we can have **as a system** can be seen in efforts to take full advantage of our ability to serve as a primary economic engine for the state. In just the past few years:

- We created the Committee on Economic Development and Technology Commercialization to provide oversight and support for campus-based tech transfer and commercialization.
- We expanded the criteria for faculty promotion and tenure to include the creation of intellectual property and tech transfer to foster a more entrepreneurial culture.
- We established the USM Cybersecurity Task Force, which has resulted in increased cyber offerings on our campuses, Cyber Centers at the University of Maryland, College Park (UMCP) and University of Maryland, Baltimore County (UMBC), expanded cyber partnerships with government and private industry, and other steps to make Maryland the Silicon Valley of cybersecurity.
- Our system-wide emphasis on the STEM disciplines of Science, Technology, Engineering, and Mathematics helped enroll over 1,400 **additional** STEM majors in FY 14.
- The University of Maryland: *MPowering the State*—the structured collaboration between the University of Maryland, College Park (UMCP) and the University of Maryland, Baltimore (UMB)—has resulted in a dramatic increase in joint research proposals, technology licensing, and start-ups.
- All told, USM institutions contributed significantly to the creation of 51 start-ups in FY 2012 and 67 new companies in FY 2013.
  - This success puts us on track to achieve the USM strategic plan goal of helping to create 325 new companies by 2020.

I would quickly note that the USM's competitiveness efforts have the potential of receiving a significant boost in the form of a collection of initiatives announced by Senate President Mike Miller, House Speaker Mike Busch and the legislative leadership to promote growth in Maryland's innovation economy and support the state's research universities. Four elements of the legislative proposal are of particular interest: A fund to match university funds aimed at recruiting top academic talent to the state through endowed chairs; tax incentives for start-ups located near universities; seed funds specifically for cyber-security start-ups; and a blue ribbon commission to study Maryland's competitiveness and to provide recommendations aimed at making the state a leader in the innovation economy. USM Regent and former Lockheed Martin CEO Norm Augustine will chair this commission if the legislative proposal is ultimately approved. I want to compliment

Chairman Bohanan and his leadership of the House Business Climate group, which generated a number of these ideas.

The success we have experienced, the corresponding economic impact, and potential going forward are strongly influenced by System Office coordination.

Course Redesign / Academic Transformation

The USM is at the forefront of the academic transformation movement. As an "early adopter" of course redesign, we were the first university system in the nation to implement pilot projects combining innovative learning techniques, leading-edge technology, and the latest cognitive science to improve learning outcomes at the same or reduced costs. By the end of this academic year, the USM will have redesigned 85 courses, enrolling more than 24,000 students.

We are currently involved in a comprehensive study of massive open online courses—or MOOCs. In partnership with Ithaka—recipient of a $1.4 million Gates Foundation grant—the USM is engaged in a study exploring how presentation of material via a Coursera open course can be used in a traditional credit-bearing class. We are conducting 12 side-by-side comparisons and 11 case studies, with results coming this summer.

With the academic transformation capacity we have built, we established a new Center for Innovation and Excellence in Learning and Teaching (CIELT), housed in the USM office. The center is assessing trends, analyzing results, researching what works, and developing "best practices" in support of academic transformation in Maryland and beyond.

Our success in academic transformation, which has made Maryland a national leader, stands as another example of an impact made possible by the System Office coordination and leadership.

Educational Partnerships

USM has established ongoing partnerships with school districts throughout the state, with community colleges, with government agencies, and with private entities to better meet the educational and workforce demands of Maryland.

Thanks to expansive partnerships with community colleges, all USM institutions offer dual-admission (2+2) programs. More students—and parents—are recognizing that two years at a community college and two years at a USM institution is a smart, affordable way to go. With these dual-admission programs, we can be sure that students leave community college with 60 credits and fully ready for upper-division courses on a USM campus.

The USM Office has played a key role in obtaining several significant grants from the National Science Foundation, the U.S. Department of Education, other federal agencies, and organizations such as the Bill and Melinda Gates Foundation. These grants range from supporting professional development, to improving student mentoring, to promoting STEM education.

Way2GoMaryland—the USM's information campaign designed to put more of Maryland's middle-school students on the path to college launched five years ago—has reached thousands of students, parents, and guardians. In fact, I am proud to note that at last month's White House summit in

higher education, this program was singled out for its commitment to increasing college access and success, especially for economically disadvantaged and underrepresented populations.

All these activities—and others—are genuine partnerships. And the impact and effectiveness of these partnerships are shaped and magnified by the coordination the System Office brings.

Regional Education Centers

The USM Office also supports the development and management of USM's two regional centers, the Universities at Shady Grove (USG) and the USM at Hagerstown (USMH). The centers represent a commitment to partnerships among the USM institutions, special relationships with Maryland community colleges, and close collaboration with the business and civic leaders at the county and state levels. In addition, they underscore our overall commitment to provide convenient, accessible, affordable educational opportunities to Marylanders. USG offers 80 high-demand degree programs from nine USM institutions at one central location in Montgomery County. Operational responsibility for the USG rests with the University of Maryland, College Park. USMH offers more than 20 programs from six USM institutions in downtown Hagerstown under the overall direction of Frostburg State University.

And just last November we announced that the USM, the Southern Maryland Higher Education Center, and the Southern Maryland Navy Alliance have reached an agreement to construct a new "USM building" at the Southern Maryland Higher Education Center. This new USM building will simultaneously expand educational opportunities for the residents of Southern Maryland and strengthen economic development and job creation in the region.

Once again, without the USM Office providing unity of purpose and coordination of effort, these vital centers of education and hubs of economic growth simply would not exist.

Fundraising Activities

As you know, the ability to raise revenue from alternative sources—especially private philanthropy—is becoming increasingly important. In the recently completed federated campaign, with many of our institutions surpassing their original goal, our System raised an astounding $2.1 billion. These generous gifts will reap great dividends, enabling our campuses to recruit exceptional new faculty, bring more talented students into the fold, and grow our institutions into ever more accomplished centers of educational and academic excellence. Through training, capacity building, technical assistance, coordination, and other efforts, the System Office is playing a vital role in the success of these efforts.

Effectiveness and Efficiency

There is one final USM Office achievement I would like to note. About 10 years ago we launched the USM's Effectiveness and Efficiency (E&E) Initiative, a systematic reexamination and reengineering of both our administrative functions and academic processes to reduce costs, enhance access, and raise students' completion rate, while protecting quality. To date, we have documented more than $460 million of base budget savings as a result of our E&E efforts. I am certain that without the USM Office working to coordinate this effort, E&E would not have achieved the high level of success and national recognition it has reached.

Conclusion

Throughout this academic year, we are celebrating USM's 25th anniversary by highlighting the positive impact that USM has had—and continues to have—on the quality of life in our state, our nation, and our world. I am proud to say, USM's impact has been profound and truly transformative. I am equally proud to say that the men and women at the USM Office have played a key role in bringing about this quarter century of success. All in all, the USM Office provides significant value to the state, the system, and—most importantly—the students we serve.

Turning now to the issues raised—and recommendations made—by the Department of Legislative Services.

Recommended actions: USMO recommended actions are consistent with USM Overview recommendations

Chancellor was asked to comment:

Page 8 - The Chancellor should comment if CSU should be expending resources to expand program offerings beyond its Baltimore campus, given the financial and enrollment challenges it currently faces and the apparent lack of demand for its programs in Hagerstown.

Chancellor's response: CSU offers two programs at USMH, Health Management Systems and Sports Management. It has no plans to expand offerings further at USMH or at other regional centers. These two programs have a very small enrollment. In fact, the target enrollment for fall 2014 is 5 in Health Information Management and 8 in Sport Management. The courses are offered through video conferencing and hybrid models by faculty on the CSU campus. Given the very modest nature of these offerings and the limited number of personnel involved, they cannot be deemed a "distraction" for CSU. Nonetheless, an evaluation of the continued efficacy of the programs will take place after the fall 2014 semester.

Page 13 - The Chancellor should discuss steps that USMO is taking to assist teacher education programs with implementing MCCRS and the new accreditation standards, particularly bringing together the K-12 and higher education community to coordinate activities and collaboration.

Chancellor Response: USM took the lead in organizing the October 2013 Teacher Education Summit at Towson University in order to raise awareness of the urgency of teacher education alignment with Maryland College and Career Readiness Standards. Over 200 people participated in that meeting, representing all USM institutions, as well as community colleges and the K-12 schools (MSDE and LEAs). There were a number of outcomes of that summit, but the most important outcome was the establishment of a P-20 Teacher Education Task Force, co-chaired by Dr. Tim Chandler, Provost at Towson University, and Jack Smith, Chief Academic Officer at MSDE. The charge to the committee includes the following elements:

- Examine Maryland policies and regulations on teacher education in the context of the new Common Core State Standards and Next Generation Science Standards to identify gaps and alignment needs;

- Building on the outcomes of the October 11 Teacher Education Summit, review pertinent research on global best practices in teacher education;
- Make recommendations to the Governor's P-20 Leadership Council for appropriate changes in (a) policy and regulations, (b) curriculum and instruction, (c) induction and internship programs, and (d) resource allocations in order to advance the quality of teacher education programs at Maryland's higher education institutions.

The recommendations of the task force will be presented to the Governor's P-20 Leadership Council in May 2014, and USM expects that these recommendations will lead to System and campus actions.

Listed below are collaborative actions led by USMO for teacher's education programs:
- Convenes the deans and directors of the teacher education programs regularly to ensure continued communication and collaboration among the programs and the dissemination of best practices.
- Applies for and uses external funding to support teacher education programs partnerships with K-12 schools to enhance the internship experiences at the Professional Development schools, and professional development of current teachers.
  - The NSF MSP grant with Prince George's County is an example of support.
  - Received a $65,000 grant from the National Governors Association to support faculty work with Common Core Standards and PARCC assessments. The grant supplies stipends for in-state travel for faculty (USM, MICUA institution and MACC institution faculty) in both arts and sciences and education to attend meetings convened collaboratively with MSDE to examine and implement MCCRS.
  - Awarded $120,000 from PARCC (over three years 2011-2014) to support faculty workshops and statewide working groups in English Language Arts, Mathematics, and Teacher Education.

The adoption of MCCRS is critically important to all citizens of Maryland, and USM has worked closely with MSDE to ensure that teacher educators are engaged participants in the summer Educator Effectiveness Academies supported by Maryland's RTTT grant.

We understand that higher education in Maryland, and the University System in particular, is deeply invested in the successful implementation of MCCRS. We have been devoting time and energy to aligning our teacher education programs with MCCRS, but we recognize that there is more to do and more could be done with additional resources.

Page 14 – The Chancellor should comment on the impact ACES will have on increasing access of traditionally underrepresented minorities to higher education, the role of USM institutions, and expanding the program to other parts of the State.

Chancellor's Comment: Achieving Collegiate Excellence and Success (ACES) is an innovative program that addresses the national challenge of how to increase college access and degree completion among students from low-income families. Currently only 8 percent of young people

from the lowest income quartile in America have a bachelor's degree by age 24, versus 82 percent of young people from the highest income quartile – a tenfold difference.

I recently was among a group of university chancellors and presidents who participated in a White House summit to promote access to higher education for students from low-income families. Along with other universities, university systems, foundations and other non-profit groups from across the United States, I had the opportunity to present ACES as one of USM's signature initiatives to address the low degree completion of low-income students.

The ACES program is a direct result of the partnership that exists between Montgomery County Public Schools (MCPS), Montgomery College (MC) and the University System of Maryland (USM) through the Universities at Shady Grove (USG). All three public institutions share a commitment to a K-20 education system in Montgomery County that will expand opportunities for all students to obtain a higher education degree and provide the region's economy with a steady stream of well-educated professionals. ACES began in the fall 2013 throughout 10 MCPS high schools with nearly 1000 students.

The growing demographic shifts in our state and country present formidable challenges throughout our education system. Montgomery County is a microcosm of the challenges faced in almost every community in our country. More than 50,000 MCPS students (1/3 of its total enrollment) are receiving free and reduced-priced meals. Eighty percent of those students qualify for the free lunch program – all indicators of families living near or below the poverty level.

USG, the larger of the USM's two regional centers, located in our most populous and diverse county is designed to expand local access to higher education that supports workforce and economic priorities. Its multi-institutional structure enables it to be nimble and responsive to the diverse needs of the region's economy. The ACES program is an outgrowth of USG's unique partnership with MCPS, MC, and the regional business community. USG provides an accessible, economical and affordable pathway to a baccalaureate and/or professional degree for students who need a local option to higher education services and to be competitive for jobs in the innovation economy. We are pleased that this model has proven so successful in so many ways. Four-year graduation rates for students that follow the pathway from Montgomery College through a degree program offered through USG are 20 percentage points higher than community college students who transfer directly to any one of our USM institutions.

Lack of financial resources is perhaps the major challenge that students face in completing their degree. This is especially true for students who transfer from our community colleges. The USM is pleased to support Senate Bill 785 and House Bill 1215 to expand scholarship support for students following the 2+2 pathway.

ACES will significantly help the USM advance Maryland toward the state's established goal of having 55 percent of our young adult population holding a degree by 2025. The ACES program has received strong attention from institutions throughout the USM and we plan for this program to be implemented statewide.

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