



Response to the 2011 Joint Chairmen's Language

**Board of Regents Report on the Study Examining the
Advantages and Disadvantages of Merging
University of Maryland, College Park
and University of Maryland, Baltimore**

December 9, 2011

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**Response to the 2011 Joint Chairman's Report Language
Report on a Study Examining the Advantages and Disadvantages of
Merging the University of Maryland, College Park and the University of
Maryland, Baltimore**

EXECUTIVE SUMMARY

The Joint Chairmen's Report of the 2011 Maryland Legislative Session requests that the University System of Maryland Board of Regents (Board) conduct a study of the advantages and disadvantages of merging the University of Maryland, College Park (UMCP) and the University of Maryland, Baltimore (UMB). In response, the Board oversaw the development and implementation of a comprehensive study work plan that involved UMCP and UMB community members and representatives from all University System of Maryland (USM) institutions.

During a six-month period—June through November 2011—seven USM study work groups met to discuss and analyze various factors related to the merger question. Among those considerations were impact on research, academic programs, and cultures; impact on economies and quality of life; opportunities for commercialization and technology transfer, and projected costs and savings. In addition, the Board encouraged interested parties—including business and community leaders, elected officials, and experts on mergers in higher education—to share their opinions and insights through two public hearings, the system's website, e-mails and printed correspondence, and other means. This report on the Board's examination of the advantages and disadvantages of merging UMCP and UMB documents the study process, the analyses, and the Board's conclusions. The report's first three sections—The Study Process, A Merged University of Maryland, The Strategic Alliance—describe the wide-ranging and inclusive work of the study groups. The sections reflect the voices and thorough analysis of the groups' members and include a detailed discussion of the identified benefits and risks of a merger.

The Board also asked the work groups to identify potential alternatives to a formal merger that could maximize benefits and minimize risks to the system. In response, the work groups came together to offer a vision for a bold and innovative UMCP-UMB Strategic Alliance.

The report's final section—The Decision Framework—offers the Board's views of the study results, their conclusions, and their charge to USM Chancellor William E. Kirwan. In arriving at consensus, Board members worked within the merger study's guiding principles. Drawing on the USM strategic plan and language in the 1988 legislation authorizing the formation of the system, the principles are:

- Maintain alignment between the education and economic development policy goals of the State and the priorities of USM as expressed in its strategic plan.

- Optimize the ability of USM to address State goals within the resources available to it.
- Increase the level of collaboration between UMCP and UMB—and among all USM institutions—to maximize education, research, and service opportunities.
- Enhance the potential of UMCP and UMB to perform at the level of their respective aspirational peer institutions.
- Preserve the commitment to excellence, access, and completion across USM, as a system of complementary institutions with distinct missions.
- Ensure an organizational and governance structure within USM that best enables USM to advance the quality of its institutions, respond to the needs of the state and its communities, and be accountable to the State for the effective and efficient stewardship of its resources.

While weighing the advantages and disadvantages of a formal merger, the Board also considered the possibility of other structures that might capture the beneficial aspects of a merger without incurring the risks and disadvantages. As a result of its extensive study and deliberations, the Board has reached the following conclusions:

- Merging UMCP and UMB is not in the best interests of the students, the system as a whole, and the State of Maryland given the leadership, cultural, operational, funding, and other identified challenges. The disadvantages of merging the two institutions clearly outweigh the advantages.
- USM should capture the beneficial aspects of a merger, as identified by the work groups and as described in the report, and avoid the substantial risks and disadvantages through the establishment of a structured, accountable, and agile Strategic Alliance between the two institutions.
- As envisioned, the University of Maryland Strategic Alliance is the optimal organizational approach to the 21st-century opportunities and challenges faced by the state, the nation, and beyond. The Alliance will make way for timely joint faculty appointments, joint research in areas critical to Maryland's economy, enhanced education opportunities for students, a robust technology transfer and commercialization operation, and other opportunities.
- The University of Maryland Strategic Alliance will serve as a model and a vehicle for stronger collaborations between all USM institutions.
- The Board appreciates the opportunity afforded by the merger study to strengthen collaboration between USM institutions and thereby position the System to meet State needs better.

Fully committed to establishing the University of Maryland Strategic Alliance, the Board has charged USM Chancellor William E. Kirwan to work with UMCP President Wallace Loh and UMB President Jay Perman to develop the Alliance's administrative structure, budget requirements, and specific initial initiatives. Chancellor Kirwan, President Loh, and President Perman will submit their document outlining these elements to the Board for review and approval by the end of March 2012.

INTRODUCTION

Language on page 127 of the 2011 Joint Chairman’s Report requests the University System of Maryland Board of Regents (Board) to submit a study “examining the advantages and disadvantages of merging the University of Maryland, College Park (UMCP) and the University of Maryland, Baltimore (UMB) . . . including any issues related to merging the two institutions under a single University of Maryland.” This report summarizes the study process undertaken by the Board in fulfilling the Joint Chairman’s request, as well as the information gleaned from that effort. The information and conclusions contained in this report were developed as a result of hundreds of hours spent by the Board and other members of the USM community and external stakeholders discussing the advantages and disadvantages of a merger and its potential impact.

The report begins with an overview of the study process. It then focuses on responses to the key questions identified in the legislation, as developed through a study plan crafted by the system and approved by the Board. The report concludes with the Board’s decisions as well as a description of those factors and outcomes it considered relevant in reaching its decisions. Included in the report appendices are the key information documents generated by various university-based work groups assigned to study specific questions or issues. These documents, along with the testimony and opinions of dozens of interested stakeholders, form the basis for many of the analyses and findings included in this report.

The report is structured in two parts. Following the introduction, Part one (Sections 2 and 3) reflects the “voice” of the campuses, predominately UMCP and UMB but the other USM campuses as well, expressing the potential opportunities, benefits and risks that they themselves saw in a merger or possible alternatives to merger. Part two (Section 4) reflects the voice and opinion of the Board. It is in this part that the Board, informed by the testimony and evidence presented by the institutions, experts, and stakeholders, provides its objective analysis and final decisions.

SECTION 1: THE STUDY PROCESS

On June 17, 2011, the University System of Maryland (USM) Board of Regents approved a work plan for the study. Developed by the USM leadership after months of review, the plan was based on discussions with the institutional leadership, state officials, and other stakeholders; advice from national higher education leaders; case studies of actual and proposed mergers in other states; and USM’s own experience with institutional mergers and reorganizations. From its inception the plan sought to ensure that, to the greatest degree possible, the campuses themselves “owned” this part of the process and were in charge of identifying and assessing the potential opportunities, threats, risks, and rewards of a merger or its alternative. To ensure that no institutional viewpoint was left unheard, the study was structured so that all USM institutions and constituencies that potentially could be affected by a merger had the opportunity to weigh in.

To help accomplish this task, the work plan established an inclusive, three-phase study. It focused on 12 key questions that the Board identified as critical for assessing the advantages and disadvantages of a merger and the possible impact upon USM and its

institutions. (See Attachment 1, titled “Study on the Potential Merger of UMCP and UMB Work Plan, Approved by the Board of Regents June 17, 2011” for more information, including a list of the 12 questions and timeline for the study). The initial phase involved bringing together representatives of UMB and UMCP to help define, develop, and test potential visions, benefits, and risks for a merged campus. Following that, all the USM campuses were asked to assess and comment on the consensus visions crafted by UMB and UMCP. Additional information about each of the three phases of the study process is provided below.

Finally, it is worth noting that for the purposes of the study the institutional work groups operationally defined the term “advantages” to mean the potential benefits or opportunities afforded by a merger or its alternative. “Disadvantages,” similarly, was defined as the potential risk or level of risk inherent in a merger or its alternative.

Phase 1

The first phase of the study centered almost exclusively on UMB and UMCP and the impact of a merger on these two campuses. During this phase of the study, four work groups composed of representatives from each of the two campuses met on a bi-weekly basis to research, analyze, and discuss the advantages, disadvantages, and potential impact of a merger on the two campuses. During this phase, the presidents of the two campuses also met regularly with the chancellor to review the progress of the work groups and address their own series of study tasks.

In addition, a series of national experts on higher education governance and mergers were brought into brief the Board, system leaders, and campus presidents on issues associated with mergers in other states.

Finally, a fifth work group, made up of undergraduate and graduate student representatives from the two campuses, also met during this phase of the study to identify issues and concerns from their unique perspective and discuss possible impacts. The conclusion of the initial phase of the study was a series of public hearings on the merger held at UMB and UMCP to gain additional public input.

Phase 2

The second phase of the study focused on the broader aspects of a merger, exploring its potential advantages, disadvantages, and effects on USM as a whole, as well as the other USM institutions. During this phase, senior leadership, faculty, and staff from each of USM’s campuses, plus the advisory councils representing USM faculty, staff, and students, were brought together to consider:

- the potential impact on USM’s ability to carry out its mission and achieve the goals of its strategic plan;
- the impact of a merger on the other USM institutions and their ability to carry out their missions, and;
- the potential impact of the merger on the competitiveness of the other USM institutions as measured by their academic quality and research and scholarly activity relative to their peers.

Importantly, to help focus this phase of the study, the System-wide work group members were asked to respond to and build on the reports and information developed during Phase I of the study. UMCP and UMB representatives participated in the discussions dealing with the potential impact of a merger on USM as a whole, while discussions related to the impact on the other USM institutions were restricted to representatives from the other USM institutions.

Finally, this phase of the study also benefited from significant stakeholder input received through the USM website, written testimony, and discussions the Board and USM leadership had with key stakeholders, constituencies, and elected officials.

Phase 3

The third and final phase of the study focused on synthesizing all of the information and viewpoints collected during the prior two phases. During this phase, the Board and USM's senior leadership carefully reviewed the data and reports prepared by the various work groups in order to develop a final series of decisions. This review process included the creation of a framework for analyzing and assessing the risks and benefits under various scenarios or options. The advice and recommendations from national experts and other key stakeholders were of particular benefit to the Board.

In total, the six-month study process involved the efforts of seven different work groups, staffed by more than 80 senior administrators, faculty, staff, and students from the 12 System institutions, the three advisory councils, and the USM Office. Four national experts with experience in higher education governance and mergers were brought in to speak to the Board, either in person or by videoconferencing, and public testimony was received from 47 individuals at the two public hearings, with an additional number submitting written statements. A list of the individuals who participated in the various work groups, were brought in to advise the Board, or who submitted public testimony is attached in Appendix II.

SECTION 2: A MERGED UNIVERSITY OF MARYLAND

“The committee believes that the grand challenge revealed in this merger study is the great opportunity standing before the State of Maryland and these two great universities: to create an environment where faculty innovation flourishes, where student opportunities abound, and where the State's economy and social fabric are enhanced . . .”

Introduction to the “Blue Work Group” Merger Study Report

Definition

While the study work groups were not tasked with identifying a formal governance structure for a merged university, they did consider it necessary to define what “merger” meant. The result was the development of a consensus definition that was adopted by each of the work groups in the study. In this definition, “merger” is defined as “one or more options for ways to bring the two vibrant, mature universities together as equals into a single entity.”

Vision

The vision for a merged University of Maryland that emerged from the study process was of a single, unified academic institution with the potential to be ranked among the top American Association of Universities (AAU) and land-grant universities, to become a national leader in interdisciplinary learning and research, including the commercialization of research, and to be a statewide catalyst for change and a source of enhanced pride for all Marylanders (see the “Blue Work Group” report in the appendix for a complete discussion of the vision developed by the work group.)

Potential Benefits of Merger

The benefits that members of the UMB-UMCP work groups identified as potentially resulting from a merger were numerous and encompassed all of the core areas of university activity: research, learning, and service, as well as economic development and enhanced reputation and rankings. They included:

1. *Greater opportunities for enhanced research collaborations, including research that achieves greater impact and the development of new areas of interdisciplinary and trans-disciplinary research.*

To the degree that a merger would produce an institution-wide imperative for collaboration and reduce or eliminate obstacles to collaboration that currently exist, it was seen as likely to bolster the capacity and impact of research by both partners.

The merged university, the work groups concluded, would be more likely to advance knowledge in the critical field of the biosciences—where arguably the greatest frontiers in science now exist—by fostering collaborations not only among existing bioscience research faculty at each location, but also among physical, computer, and engineering faculty from UMCP interested in problems in the biosciences and biomedical faculty from UMB who are interested in expanding their work into areas outside traditional biosciences. In addition, since competition for scarce federal research funding will likely require increasingly large multidisciplinary teams with unique expertise in the future, greater collaboration across the unified institution could enhance its competitiveness for very large interdisciplinary and trans-disciplinary grants from the federal government and private industry. Areas of potential for such grants include: health informatics, regulatory science, public health and social policy.

In addition to greater interdisciplinary and trans-disciplinary research, a merged University of Maryland, with its proximity to the federal government’s research and executive agencies, was also considered more likely to see its faculty assume additional leadership roles in national policy debates, contributing to research advisory and review bodies within the federal government and the numerous advocacy and nonprofit organizations that surround it. This, in turn, could help the combined university cultivate a stronger network among policy and research leaders, influence the direction of national policy and future research funding decisions, and generate new research opportunities. The merged institution’s proximity to Washington, DC, combined with the range of its combined faculty and programmatic interests and expertise, could give it a competitive advantage unmatched by any other major research university.

Finally, at the statewide level, the merged institution was also seen as having a potentially greater impact on the State's economy by increasing the level of research generated and number of spin-off companies. Bringing together faculty familiar with the clinical or applied needs of medicine and other industries with faculty who have the expertise to address them, e.g., clinical physicians and bioengineers, could fuel the State's position as an international intellectual and commercialization leader.

2. *Enhanced educational opportunities at both the graduate and undergraduate levels.*
Beyond its impact on research and commercialization activities, the merger was also seen as having the potential to substantially enhance educational and experiential learning opportunities for students at the unified institution. Conversations among the deans of UMCP and UMB had already identified opportunities for increased collaboration in dual degrees, including a 3+2 program in nursing, along with dual degree programs in public policy/law, public policy/social work, public health/social work, and public health/nursing. A merger was seen as an opportunity to develop and highlight other research or experiential learning opportunities for UMCP undergraduate students at the professional schools at UMB, thereby improving the undergraduate experience. At the same time, a merger could enhance graduate student education by providing ready access to the resources of a unified library, to unique research facilities of each institution, and to broader expertise among faculty. Graduate students in PhD programs could be drawn to interdisciplinary research opportunities fostered through a merger.

Finally, the merger discussions helped to identify a shared vision for how the educational offerings at the Universities at Shady Grove—one of USM's regional centers—could be expanded to better serve the needs of the growing biotechnology and information technology sectors of the State's economy in Montgomery and surrounding counties. Establishing a triangle of influence for economic development, research and education at College Park, Baltimore, and Shady Grove was seen as a way to strengthen the economic competitiveness of the State and opportunities for its people.

3. *Enhanced national and international rankings and reputation.*
The work groups acknowledged enhancing rankings and reputation to be a desirable objective. Estimates developed for the work groups indicated that if the resources of the two institutions were combined at this moment, the merged university would place 7th among all U.S. universities in total research expenditures, and among the top 13 public universities in membership in the national academies, faculty awards, and doctoral degrees granted. (What impact a merger would have on rankings that rely more heavily on reputation, or if agencies would in some way restrict the merged institution's ability to combine reporting on some measures, was not known).

While both universities agreed that rankings alone are not sufficiently important to justify a merger, they also agreed that rankings can have an impact on external perceptions, and are likely to enhance the reputation of the institution. Other factors on which the universities agreed included:

- Potential students are significantly influenced by rankings; the likely enhancement of the national and international stature of the new university under a merger could help retain the most academically talented students in the State for both undergraduate and graduate education and help attract and retain the most accomplished faculty.
- A university recognized as nationally eminent could be an asset to the reputation of the State generally, helping to attract new residents, federal facilities, nonprofits, and businesses that seek value and support a knowledge-based economy.
- A merged university would have broadened national visibility among such elite universities as those in the AAU, and could help increase the stature of all Maryland's public higher education institutions. This could make Maryland as well-known for the excellence of its public universities as it is for its K-12 public school system.

4. *Greater attractiveness to academically talented and diverse students.*

The work groups also posited that, under a merger, not only might more of the State's top academically talented undergraduate students be tempted to attend college in state, but more top academically talented students from diverse backgrounds might also be attracted to the merged university's graduate and undergraduate programs.

Through coordination of recruiting activities that market the opportunities of the merged university, both universities might be able to attract a larger, more talented, and more diverse student body from the State, with particular attention to expanding upon the principles of the jointly signed Sullivan Alliance to Transform America's Health Professions, a national effort to encourage more minority students to enter the health-care professions.

Enriched educational opportunities for UMCP students with pre-med, pre-law, and other pre-professional interests through the inclusion of instruction, advice, and/or other educational experiences by the faculty and staff of the professional schools at UMB, may result in a smoother transition for 100-200 UMCP students who come to the professional schools of UMB and may build a pipeline for the most talented students from UMCP to UMB.

5. *Enhanced visibility, commitment to growth and vision for the future would attract more of the best faculty to the merged institution.*

Talented faculty, perhaps above all else, want to work at a university where the resources, facilities, students, and colleagues are at the very highest level. To the extent that a merger would increase the prestige and prominence of the university, the work group agreed that increasingly outstanding faculty would be attracted to it.

6. *Enhanced service to the community.*

Finally, the work groups acknowledged that both UMCP and UMB have a strong commitment to service and responsibility to the people of the State. In a merged environment, both campuses could further develop their service component throughout the State, providing an opportunity to strengthen the institutions' public commitment to service and what it means to be a "land-grant university" in the 21st

century. For example, the unified institution, with the combined resources of its schools of social work, public policy, law, journalism, public health education, nursing, pharmacy, and medicine behind it, might be better positioned to serve areas of the State that are currently underserved by:

- providing an enhanced and extended array of services to Maryland's poor and marginalized populations;
- preparing skilled problem solvers, broadly educated in the study of civic and social change, who could use the political process to address needed legal, policy, and regulatory reform; and
- more effectively serving and supporting pre-K-12 education, particularly in the critical Baltimore-Prince George's-Montgomery County triangle.

Such an institution could serve as a catalyst for partnering with other institutions in the State, both within the System and outside of it.

Potential Risks of Merger

As attractive as the vision of a merged institution and its benefits might be, the risks identified with a merger were particularly compelling, including serious questions of how the enormous effort to merge two large and distinct bureaucracies into a single institution could become a major distraction for the two campuses at a time when both enjoy impressive momentum. From concern over the high failure rate of mergers inside and outside higher education (up to 80 percent according to one source), to worry about the negative impact of a merger on the ability of all USM institutions to address statewide education and training needs, to the geopolitical discord and divisiveness the merger discussion has already engendered, the risks associated with the merger identified by the work groups and in public testimony were numerous. They reflected multiple levels of concern, from the impact on the various institutions; to the impact on individual faculty, staff, and students; to statewide concerns over the impact on the System as a whole and its ability to reach its strategic goals.

At the institutional level, the risks associated with merger, as identified by the institutional work groups, included the following:

1. *A merged institution would not receive the level of new funding necessary to succeed, putting both new and established institutional initiatives and collaboration at risk.*
A "front and center" acknowledgement of the study group members was the need for substantial new and sustained funding, both operating and capital (see the cost estimate section beginning on page 14). Although some long-term cost savings might be achieved through a merger of administrative and information systems, the amount of potential savings relative to the projected need for new investments in research and education programs and facilities, was considered so small as to be *de minimis*. Absent significant new funds, there was unanimous agreement among the work group members that the merger would not only fail to achieve the vision and goals laid out for it, but would likely lead to the reallocation of internal funds from existing programs. If such reallocations were to occur, this could generate high faculty resistance and slow progress toward the vision and goals of the merger. This, in turn

could create a situation where the new institution becomes less than the sum of its individual campus parts.

2. *The sheer number of decisions and actions required to merge successfully, along with their complexity and time-sensitive nature, could overwhelm the capacity of the two institutions to move quickly enough and with sufficient adequacy to accomplish the merger vision.*

The work groups recognized that the level of attention required to implement a merger could simply overwhelm the ability of campus leaders to devote the time and attention needed to make the merger successful without neglecting or damaging other mission-critical activities. To mitigate this risk the work groups posited that university leaders, in a merged environment, would need to quickly establish priorities; articulate a clear strategic vision; communicate that vision at every student, staff, and faculty level; and empower management with the resources and authority necessary to achieve long-term objectives. Each of these actions could be critical to the success of the merger and failure in any one might have a high negative impact on the overall merger effort.

3. *A merged institution, geographically separate and internally focused on reorganizing itself, could become overly bureaucratic, less agile, and less able or willing to respond to new opportunities and emerging needs.*

According to the work group's analysis, added bureaucracy resulting from merger, coupled with the physical distance separating the two campuses, could slow the merged institution's ability to respond to new or emerging opportunities. The result could be a more bureaucratic institution less nimble and responsive than either of the current campuses.

4. *A merged institution could fail to overcome the impact of distance.*

Along with institutional culture, the potential impact of distance on the success or failure of a merger was one of the most difficult issues explored by the work groups. In the final analysis, the work groups concluded that while factors to ameliorate its impact exist, the "geographical distance between the two universities may add significant expense, inefficiency, and difficulty in accomplishing a merger and the goals for increased collaboration."

5. *The time frame necessary to fully integrate the institution's programs and administrative structures could result in frustration, resentment, and a reluctance to undertake new initiatives or programs.*

Although the work groups were unable to identify a standard time frame for completion of a merger (a review of recent mergers and discussions with experts found evidence that mergers could take from two to 10 years, depending on what was being merged and at what level), the work groups acknowledged that time could be a risk factor for success, particularly if faculty, staff, and students were unable to see initial progress under or benefits from a merger within a reasonable time.

6. *A merger could damage critical existing relationships on which the two institutions depend, including relationships with alumni, community groups, and related organizations (such as the University of Maryland Medical System).*

All of the work groups acknowledged the importance of maintaining and developing strong external relationships, those that currently exist or those that would need to be developed. The relationship between UMB and the University of Maryland Medical System (UMMS) was highlighted as a particularly critical element in UMB's success. Any reorganization that placed such critical relationships at risk, whether through specific action or as a result of inattention, was seen as a threat to the success of the merged institution and to the Maryland communities and citizens served by the institution.

At the individual/personnel level, the potential risks associated with merger, as identified by the institutional work groups, included the following:

7. *A merged institution, consumed by the mechanics of reorganization, could become susceptible to having many of its best, most productive faculty and staff recruited away by other institutions.*

The testimony of several of the national higher education experts experienced with mergers indicated that a merger, particularly among such large, complex campuses, was a time- and resource-consuming enterprise that could take up to a decade or more to complete. The related concern or risk expressed by many of the work group members was that during that lengthy transition period, valuable faculty and staff, disheartened by the process, could be picked off by competitor institutions or agencies, impairing not just the future competitiveness of the merged institution but the current success of the two institutions.

8. *A merged institution, attempting to combine different personnel and compensation systems, could create inequalities in faculty and staff pay and remuneration systems.* Although both institutions follow the same general Board-established policies, UMCP and UMB, due to historic differences in their mission, programs, and faculty, staff, and student expertise, each operates unique personnel and compensation systems and follows its own campus policies and procedures. To faculty, staff, and students, the inequity or perceived inequity that merging these dual systems could create—or alternately, continuing to try and maintain them as separate, dual systems could create—was seen as a major risk to the success of a merger from a personnel standpoint. This concern was especially acute among UMB representatives due to that institution's critically important faculty practice plan compensation system.

9. *Existing differences in graduate student compensation levels could result in the loss of benefits to some students and/or inequities for others.*

Similar to the above was the concern over the current differences in how graduate students are compensated at UMCP versus UMB and how these would be resolved in a merged institution.

10. *The ability of faculty, staff, and students to have equitable and effective representation under USM's current system of shared governance could be compromised.*

The final personnel equity-related concern voiced by several council representatives was the impact of a merger on the System's overall ability to ensure effective shared governance. The risk expressed by the work groups was that a system in which one

institution accounted for more than 56 percent of all personnel (including 57 percent of instructional personnel and 56 percent of administrative and classified) would effectively dominate USM's shared governance structure, destroying the current balance of power that exists. Either the representative delegations from the merged institution would have to be so large as to overwhelm all of the other delegations combined, or it would be too small to fairly and effectively represent all the interests of its constituents.

At the system- and statewide levels, the potential risks associated with merger, as identified by the institutional work groups, included the following:

- 11. A merged UMB-UMCP could potentially destabilize the system, placing at risk Maryland's public higher education system and its ability to serve the State's higher education needs, as outlined in the USM strategic plan.*

Through the strategic positioning of its assets and resources, USM and its institutions have created a unique alignment between the System's strategic goals and the access, economic development, and service needs of Maryland's citizens and economy. The success of this alignment is seen in initiatives ranging from the development of new STEM and pharmacy programs on the Eastern Shore, to the development of new biomedical research and education programs at Shady Grove, to System-wide proposals for new programs to fill BRAC-related needs in northern Maryland. A merger that placed more than 56 percent of its total education and research resources into a single institution could compromise the System's ability to respond to such statewide needs and opportunities.

- 12. A merger could divert current and future resources away from the other institutions in the System, negatively impacting their ability to carry out their own missions and contribute to the goals of the State and the USM strategic plan.*

To achieve their commitments under the USM strategic plan, USM institutions have put forward a request for almost \$800 million in additional funding over the next five years (\$443 million in current services costs plus an additional \$350 million in enhancements designed to boost enrollment, increase degree production, and spur additional research). That amount, combined with the additional resources the UMB and UMCP work groups have estimated as needed for merger, in combination with the billion-dollar shortfall projected in Maryland's 2012 budget, created deep concern among other System institutions that a merger, if funded at the levels requested, would by necessity divert funding from other important System and institutional initiatives. This, in turn, would hamper their progress under the USM strategic plan. In the words of one participant, "the pie is only so big. How much can the State afford?"

- 13. A merger could potentially inhibit the ability of the other USM institutions, particularly the research institutions, to effectively recruit faculty and students of the highest quality.*

An additional risk highlighted by the work groups was the negative impact a merger could have on the ability of the other USM institutions, particularly those with "University of Maryland" in their titles, to differentiate themselves in a highly competitive marketplace. As these institutions were at pains to point out, they have

established national reputations in their own right, and to the degree that a single merged institution would be so publicly branded “The University of Maryland,” it could create confusion as to their own identity and position within the System. This in turn could impair their ability to recruit faculty and students of the highest quality, hurting not just their quality but that of the System as a whole. Similarly, work group representatives also expressed concern that a merger risked creating a *de facto* “two-tiered or even three-tiered system,” with all the other USM institutions perceived, and treated, as “second-class or even third-class citizens.” Such an outcome, they believed, would tarnish the reputation for quality and effectiveness the University System of Maryland enjoys nationally.

14. A merger would constrain the ability of the other institutions in the System, particularly those in and around Baltimore, to offer programs that compete with the merged institution.

A policy-related and competitive risk that representatives from the Baltimore institutions, in particular, pointed out was the uncertainty a merger could create for them with regard to program offerings and program duplication. Should a merged UMB-UMCP move to offer on its Baltimore campus programs in areas that are already offered by other System institutions, it could have negative effects on the ability of those programs to compete. Similarly, they pointed out, there was also a risk that such a development could be interpreted as violating Maryland’s commitments under its agreement with the U.S. Department of Education’s Office of Civil Rights.

15. The proposal to merge is extraordinarily divisive, exacerbating regional and political fears and misperceptions at a time when Maryland needs all of its institutions and citizens to pull together in support of its educational and economic goals.

Finally, and perhaps most tellingly, the submitted testimony and related comments highlight the extraordinary degree of divisiveness and angst that a merger could create. To fully succeed, a merger must have the support of the leadership, faculty, staff, and students at both institutions, as well as the support and good will of key political, community, and alumni stakeholders. As the community-based testimony, and letters to the Board from numerous UMB faculty, staff, students, and alumni indicate, there is little support and strong opposition for a merger, particularly among the UMB community, and the political, business, and community interests in Baltimore. The USM strategic plan notes that to achieve its aggressive strategic plan goals, and keep Maryland at the forefront of knowledge-based economies, the State needs the support of all of its education, research, and community assets. This is particularly true for those populations and areas of the State, like Baltimore, where participation in higher education historically has been limited. To the extent that a merger could divide the State, its institutions, and its resources, the merger is seen as extraordinarily risky undertaking.

The Financial Question: What Would it Cost to Succeed Under a Merger?

While the language of the Joint Chairmen’s report did not direct the Board to provide an estimate of the potential costs of, or cost savings from, a merger, the Board considered such an analysis to be a key component of its study and directed a special work group to develop cost estimates.

This work group, which included faculty and administrators from both UMB and UMCP, looked at a number of documents and estimates in developing its report. It also took into consideration the advice and testimony of national experts with experience in higher education mergers. As a result of these and other considerations, the final estimates developed by the work group were framed by four overarching concerns or limitations:

1. The actual costs of a merger, or cost savings that can be expected from a merger, will depend heavily on decisions about the specific structures and processes to be merged, the mechanism by which merger will be implemented, the goals and outcomes that are desired, and the time allowed. Absent such detailed information, all estimates of costs or cost savings must be considered speculative at best.
2. While mergers among higher education institutions may achieve some cost savings in terms of personnel and operational efficiencies, they typically do not, and realistically should not be expected to, achieve significant, long-term identifiable savings.
3. Based on the State's funding guideline, both UMB and UMCP are already significantly underfunded relative to their peers. Both also have well-documented needs for additional research and instructional space. Any merger-related action or decision that threatens to exacerbate the existing funding or space deficits should be viewed with great caution.
4. Finally, both institutions already consider themselves to be highly effective, highly efficient institutions. Neither institution is interested in undertaking a process that would place its current programs, or level of funding, at risk.

With these concerns/limitations in mind, the work group set out to develop a “best estimate” of the costs related to merger as requested by the Board. Using the definition of merger developed by the other study work groups—“one or more options for ways to bring the two vibrant, mature universities together as equals into a single entity”—the work group focused its initial analysis of potential costs on those administrative and support areas most likely to be affected under a merger: information technology, human resources, administration and finance, sponsored programs administration, procurement, libraries, and other areas such as technology transfer/commercialization or transportation. Each area was delegated to a sub-work group of experts from UMB and UMCP to examine and report back on estimates of potential cost, benefits, and/or cost savings as appropriate.

Administrative and Support Services Costs

The largest potential merger cost for administrative and support activities, as identified by the work group, was the integration of information technology systems (interestingly, this was also the area seen as promising the most increased efficiency over the long term). The work group judged that the merger of data systems, including the development of a shared data warehouse, could cost between \$20 million and \$60 million depending on the type of system chosen (open source versus vendor developed), the desired scope of the system, and the

timetable for its implementation. Importantly, while some of these costs were projected to be one-time, up-front costs, others were seen as having the capability to be spread out over time in order to achieve some level of savings or cost avoidance.

Combining the assets of both campus libraries was seen as a second significant area of administrative and support services cost under a merger, though as with IT, combining library resources was also seen as an area of great potential benefit to the merged institution. The total cost to merge all library holdings, including journal and database subscriptions, was estimated by the work group at up to \$7 million, if full access was granted to all faculty and students. The work group noted that the sum was likely to be much less if access was granted on a more targeted or restricted basis.

Facilities, Faculty, Programmatic, and Commercialization Enhancement Costs

While the work group recognized that the potential administrative and services-related costs of a merger could be substantial, it also saw those costs as being “orders of magnitude” smaller than the levels of new investment in facilities, faculty, and collaborative programs required if the merged university envisioned in the study was to be fully realized. That level of success was seen as requiring funding to seed collaborative projects, incentivize faculty, create new joint programs, and develop the facilities and infrastructure needed for these programs/collaborations. Such initiatives, the work group noted, would occur on—and thus require additional resources for—both campuses, as well as USM’s regional center at Shady Grove.

A very rough estimate of the cost to implement the slate of new programs/collaborations envisioned by the work group was \$39 million. Importantly, this amount did not include the estimated capital costs that would be needed to support new initiatives, which would be significant for both campuses as well as Shady Grove. To give some sense of the scale of capital investment needed to achieve this collaborative vision, the work group noted that if 100,000 square feet in a new facility were designated for specific collaborations at Shady Grove, the estimated cost could run as high as \$169 million. Similar levels of capital investment were assumed to be needed for the other locations. The work group also noted, however, that some of the capital needs projected were already incorporated into USM’s long-term capital plan and therefore did not represent new requests.

Finally, the work group also identified operational costs that would be needed to energize research commercialization at the merged institution (though this activity was seen as achievable irrespective of a merger). Estimated costs ranged from a low of \$200,000 per year to enhance basic technology and commercialization staff resources to \$10 million to implement in Maryland a national model for using technology to respond to medical needs (see the Brown Work Group’s discussion of CIMIT, the Center for Integration of Medicine and Innovative Technology).

Note on Cost Savings

Although the work group recognized that identifying cost savings that might result from a merger was not a requirement of the Joint Chairmen's Report, it did look at cost savings and agreed that a merger could lead to savings and efficiencies, particularly in the administrative and information technology areas. Absent additional information about the scope, structure, and implementation of the merger, however, the amount of savings or cost avoidance was difficult to estimate. Evidence from a similar merger in Colorado indicated that some early savings were achieved through the reorganization and elimination of redundant positions and the centralization of core services. (This included the immediate elimination of a chancellor-level position, a savings estimated at \$217,000 annually). Similar opportunities for the reorganization and streamlining of services, conservatively pegged at under \$1 million in short-term savings, should be available under a UMB-UMCP merger.

SECTION 3: THE STRATEGIC ALLIANCE

"A formal, strategic alliance may allow us to be creative and transformational while lessening the degree of administrative, operational, academic and leadership change to our universities. Many of the benefits of a merger may be achieved with an alliance. . . . [While] the degree of risk is likely to be less."

Final Comments "Blue Work Group" Merger Study Report

While the advantages and disadvantages of merging UMB and UMCP were the primary focus of the study, the Board also sought to identify alternatives to a formal merger that might achieve many of the potential benefits envisioned with a merger but with fewer risks to the System, its institutions, and the State. As the study showed, Maryland is blessed to have two major and complementary public research universities—its flagship campus in College Park and the USM's founding campus in Baltimore—that have already developed many areas of collaboration. However, science and the needs of the State have evolved to a point that a more formal alliance would benefit the campuses and the State.

In recognition of this need, along with the desire to mitigate the risks posed by a formal merger, the institutional work groups came together to offer a new and innovative vision for how the excellence and impact of Maryland's two major public research universities could be advanced and the economic and educational need of Maryland and its citizens better served.

Vision

Currently titled the University of Maryland Strategic Alliance, this exciting, forward-thinking alternative to merger would create a formal, yet exceedingly agile, collaboration between UMB and UMCP. Through the Alliance, the two institutions in a targeted manner would identify programs and initiatives that would advance their quality and

impact on the state and nation in a way that neither institution could achieve acting alone. Though the Alliance would have a small administrative structure, it would be largely free of the bureaucratic, attention- and resource-sapping risks of a formal merger, thereby allowing its faculty and leadership to focus on emerging high-profile, high-impact needs and opportunities.

The opportunities and advantages foreseen under the Alliance were numerous and included:

- Creation of a unique, innovative alliance that assists in ensuring the institutions can make timely joint appointments, market the University of Maryland Alliance, and combine research and technology transfer reporting whenever possible, which could further the national and international reputations of the two institutions, and the System as a whole,
- Creation of enhanced educational opportunities for students at both campuses, including highly articulated degree pathways for talented students who enter USM's flagship campus and desire a professional degree from USM's founding campus. This would increase learning opportunities for students at the two institutions and enhance the System's reputation as a national leader in articulation,
- Creation of a unified University of Maryland technology transfer and commercialization operation, drawing upon the pockets of expertise that exist on both campuses, including the intellectual property clinic at UMB and the Venture Accelerator at UMCP, which would advance the ability of the institutions and the System to help fuel the State's knowledge economy.
- Joint development of bioscience and biomedical academic and research programs on the two campuses, utilizing the UMCP expertise in engineering, physics, and the biological sciences, and UMB expertise in the medical sciences and pharmacology. This would enhance the research and instructional capacity of the two institutions, and the system as a whole, in these critical areas.
- Joint development of bioscience and biomedical academic and research programs at the system's Shady Grove campus, including the creation or enhancement of programs in biomedical engineering, medical sciences and other fields up through the graduate and professional (i.e., MD) level. This, in combination with a study to determine the optimal academic structure for Shady Grove, would allow the institutions and the System to better serve the research and workforce development needs of the state and the nation.
- Development of a center for biomedical innovation and technology, drawing on both campuses' expertise in nanotechnology and biotechnology modeled on a similar partnership between MIT and Harvard, which could serve as an impetus for significantly upgrading the State's technology transfer and commercialization ability as a whole.

While the above represent a sample of the potential opportunities and advantages that the Alliance would generate, additional opportunities would be identified and developed, along with the governance structure, in coming months.

Potential Risks and Benefits of the Alliance

As with the question of merger, the campus work groups engaged in developing the vision for the Strategic Alliance also provided an analysis of the risks and benefits inherent in the Alliance, as it was conceived and defined. Many of the risks for success under an alliance, the groups noted, were the same as those under merger (i.e., failure of leadership, failure to communicate effectively, threats from entrenched programs), differing in degree rather than type. Of these shared risks, the most significant was seen as the risk of underfunding. The campus work groups were careful to stipulate that, to succeed, the Alliance would require an investment of resources sufficient to achieve its identified goals.

In addition to the potential risks it shared with merger, the Alliance was also seen as having a few risks that were specific to it. These included:

- The risk that the Alliance could potentially develop less institution-wide “buy in” and support for its goals, due to its more selective, focused nature;
- The risk that there would be less institution-wide emphasis on collaboration, leading to the risk that Alliance-supported initiatives would eventually abate.

Importantly, the Alliance was also seen as having benefits that were specific to it. These included:

- The ability to be more agile and opportunistic than a merger, since it would be more focused and selective;
- The ability to demonstrate achievements earlier and in less time due to its more limited scope; and
- The ability to develop and maintain a broader base of support among partners and stakeholders outside of the two Alliance institutions.

The Alliance was also seen as being less susceptible—though still somewhat susceptible—to some of the common risks shared with merger. Because it would involve fewer administrative changes, it was thought to be less likely to place unsupportable demands on the leadership’s attention and the administrative resources of the two institutions. Similarly, its focused nature was thought likely to mean that it would require fewer meetings with fewer people attending, thereby negating some of the risks and costs associated with distance and travel. Finally, and perhaps most importantly, it was thought that the selective nature of the Alliance would mean that its total resource demand would be less than that of a merger and therefore reduce its susceptibility to failure due to underfunding.

The Financial Question: What Would It Cost to Succeed Under an Alliance?

Although the work groups were not able to cost out the specifics of an Alliance without additional information as to the governance structure, timetable, and goals, they did note that many of the resource issues identified in the merger would remain. These included the need for seed funding for collaborative projects and the development of facilities and administrative infrastructure to support those collaborations.

Importantly, however, the work groups also identified some savings or cost avoidance achievable by the Alliance, but not the merger. These included savings on information technology (IT) and human resource (HR) conversion, since there would be no

immediate need to merge IT or HR systems. Likewise, because the two institutions already do substantial collaboration with each other, issues associated with processes and procedures necessary to advance collaborative work under the Alliance are already in place.

However, as some of the work group members noted, these administrative procedures are currently regarded by many faculty as barriers to enhanced collaboration, so they would need to be improved were the Alliance put in place. Likewise, members of the work group pointed out that if the institutions were to take maximum opportunity of the Alliance, they would need to develop a common data warehouse system. These efforts would require additional resources, though the exact amount was not known.

SECTION 4: THE DECISION FRAMEWORK

Guiding Principles for the Merger Study

Drawing on language contained in its 1988 authorizing legislation, USM's 2020 strategic plan, the papers and information produced by the six campus-based work groups, and the advice and testimony presented by national experts and concerned stakeholders, the Board developed a list of six guiding principles that it used to sift through and analyze the data and information and presented to it.

1. Maintain alignment between the education and economic development policy goals of the State and the priorities of USM as expressed in its strategic plan.
2. Optimize the ability of USM to address State goals within the resources available to it.
3. Increase the level of collaboration between UMCP and UMB—and among all USM institutions—to maximize education, research, and service opportunities.
4. Enhance the potential of UMCP and UMB to perform at the level of their respective aspirational peer institutions.
5. Preserve the commitment to excellence, access, and completion across USM, as a system of complementary institutions with distinct missions.
6. Ensure an organizational and governance structure within USM that best enables USM to advance the quality of its institutions, respond to the needs of the State and its communities, and be accountable to the State for the effective and efficient stewardship of its resources.

These principles, in turn, served as the framework for the Board's final decision, helping to drive the specific questions and analysis the Board used to reach a decision.

Board of Regents Assessment of Merger

With the submission of the reports by the merger study teams to the Board of Regents; the public hearings concluded; and the interviews and discussions with public officials, community stakeholders, the business community, and other parties nearing completion, the Board entered its assessment and decision-making stage. In that stage, the regents engaged in a deliberative series of discussions focused on the key question posed by Joint Chairmen's Report language: Is a merger of UMCP and UMB both appropriate and feasible?

Based on its review of the information and findings from the study group reports and external input regarding the potential merger, and in the context of the guiding principles it had developed, the Board agreed upon the critical factors to be considered in its assessment. These critical factors were then analyzed in terms of advantages and disadvantages. The assessment categories are summarized below.

Is the case for a merger appropriate/compelling?

- No. As the study groups posited, the merger would be between two mature and successful institutions already recognized nationally as high quality universities. The Board recognized that merger could provide a platform where programmatic collaboration and multidisciplinary research and learning could be increased and the attractiveness and availability of the merged institution to business and government could result in economic benefits for the State. The Board also agreed that with dedicated leadership, political support, adequate funding, and the commitment to quality exhibited by each campus, a single University of Maryland would continue to be, in both substance and reputation, among the finest universities in the nation, as UMB and UMCP already are. However, the Board further recognized that the vision of a merger that only includes its potential benefits is incomplete. Those benefits might not be achieved, a merger might not be necessary to achieve them, and certain disadvantages would inherently accompany a merger.

Is a merger feasible?

- To assess feasibility, the Board looked at key characteristics of and threats to successful mergers. These included the following:
 - **Leadership.** Committed leadership was considered essential. Both institutions had displayed a serious commitment to collaboration prior to the call for a merger study and this commitment continued to be displayed throughout the study process. However, the two institutions were not in complete agreement regarding an organizational path forward and offered alternative organizational options different from the merger. The Board determined there was clearly not the unified, collective leadership at the two institutions in support of the merger as defined.
 - **Cultural challenges.** Cultural challenges, which face the merger of any large organization, were also an important Board consideration. Testimony heard by the Board indicated that eight in 10 mergers fail, with the most common causes being cultural and operational differences between the two organizations. In the case of the potential merger of UMCP and UMB,

the differences in culture that exist at a graduate and professional school campus and those that exist at a comprehensive undergraduate and graduate research campus were considered significant and, in the opinion of the Board, represented a potentially insurmountable level of risk.

- **Operational challenges.** Significant to the Board's assessment was the degree of difficulty that a merger would entail in terms of operations. Operational concerns focused on four issues: system integration, institutional capacity to pay sufficient and appropriate attention (i.e., time on task), distance, and funding.

Systems integration. Under the issue of systems integration, the Board noted that since both UMCP and UMB are public entities within USM, systems integration was not an immediate challenge. For example, each institution operates under common state pension and employee health systems, a state treasury function, and like requirements for procurement and real estate transactions. Thus, these important processes would not be compromised with the merger.

Time on task. The Board did conclude that the level of attention required to implement a merger could simply negate the ability of campus leadership and staff to devote the time and attention needed to make the merger successful without neglecting or damaging other mission critical activities. Further, based on the study group's report, the Board recognized the risk that added bureaucracy resulting from a merger, coupled with the physical distance separating the two campuses, could slow the merged institution's ability to respond to new or emerging opportunities.

One very specific operational challenge identified by the Board related to UMB's concerns regarding its operational partnership with the University of Maryland Medical System (UMMS). The UMMS relationship is critical to the success of the UMB medical school and the other professional schools. It is a major funding source to UMB, while UMMS relies upon the medical school faculty to staff hospital departments. Maintaining this relationship requires a priority focus. UMB felt a merger would necessarily divert the attention of UMB's leadership and faculty and could compromise the UMMS relationship. The Board agrees with this view.

Distance. The impact of distance on the success or failure of a merger was a much discussed issue. As described earlier, the work groups concluded, and the Board agrees that while factors to ameliorate the negative impact of distance exist (e.g., teleconferencing), the geographical distance between the two universities would likely add significant expense, inefficiency, and difficulty to accomplishing a merger and the goals for increased collaboration.

Funding. In reference to funding, the institutional study teams made the case for enhancements to both operating and capital appropriations and

agreed that a substantial increase in funding would be needed to fulfill the vision for a merged institution. The emphasis the groups assigned to funding was supported by the consultants to the study, who also cited its importance to the success of a merger. The Board recognized that both UMCP and UMB are currently funded below the levels of their respective national peers, and the shortage of capital facilities at the two institutions is well documented. The risk in this regard was considered significant. This was not a reaction to the current budget difficulties alone. Rather, the concern was about the overall economic condition and the prospects for investment over the long term. Under a merger budget, for example, budget reallocations within and between campuses were seen as likely to be necessary to mount collaborative programs or equip appropriate research space. This was seen as adding a likelihood that the merger could compromise the very core competencies it was intended to leverage. The Board concluded that steady and substantial incremental increases in programmatic and capital funding over the next decade would be critical to attain the maximum benefit of a merged UMCP and UMB, but would be exceedingly difficult to realize. The issue of funding, therefore, placed the feasibility of a successful merger at high risk.

Would a merger maintain alignment between USM's priorities, as expressed in the strategic plan, and the policy goals of the State?

- The impact of a merger on the priorities of the USM strategic plan was a fourth assessment category of the Board. The premise of the strategic plan is to align the work of all USM institutions with the policy goals of the state regarding access and degree completion, economic development and job creation, and the quality of life for Maryland's citizenry. The plan is a highly coordinated blueprint for helping to achieve the state's goals for a 55 percent college degree completion level among Maryland's adult population, including increased production of high demand degrees in STEM, health care and cyber security; a doubling of research activity to build the innovation economy; and a major effort to create companies and jobs through technology transfer and commercialization and other economic development activities.

In a sense, the impact of a merger on the plan is connected to the funding issue described above, especially with respect to the importance of obtaining an incremental build up of programmatic and capital funding during the implementation of this 10-year plan. Previously, the Board approved implementation estimates and capital plans to achieve the goals of the strategic plan and the institutions are making progress. As the system-wide study group indicated, there was a serious concern among the 10 campuses not directly involved in the merger that their progress on the goals of the plan—and the System's overall—could be hindered if the costs of the merger negatively affected their funding prospects. Because the vast majority of enrollment growth and retention improvements is planned to occur at the “non merger” campuses, the Board considered the 55 percent degree completion

goal to be at high risk under a merger (as well as the associated goals related to high demand degree programs and workforce preparation initiatives).

At the same time, the Board reasoned that if funding and facilities were made available per the current strategic plan, merger would provide one way to enhance USM's overall capacity for research generation as well as USM's efforts to commercialize intellectual property and create companies. The Board determined that for the foreseeable future, incremental funding increases and the capital budget should be directed toward maintaining the current alignment of the institutions with the goals of the state as defined in the USM strategic plan.

Would a merger ensure an organizational and governance structure within USM that best enables USM to advance the quality of its institutions, respond to the needs of the State and its communities, and be accountable to the State for the effective and efficient stewardship of its resources?

- The view of the potential merger from the perspective of constituencies important to USM and its institutions was a major consideration for the Board. Public testimony, correspondence from interested parties, and interviews with elected officials, community leaders, members of the business sector, as well as students, faculty, staff, and alumni of all the campuses provided invaluable input to the merger study process. Merger is an emotional issue for many stakeholders and community leaders, and as the Board observed during public hearings, it can become divisive.
 - As stated earlier, the community-based testimony, and letters to the Board from numerous UMB faculty, staff, students, and alumni indicated little support and strong opposition, particularly among the UMB community, and the political, business and community interests in Baltimore. Given prior experiences with corporate mergers, considerable angst over a UMB-UMCP merger emerged in the Baltimore region. To some stakeholders a merger was seen as a loss of another iconic enterprise for the city of Baltimore, of a locally-based leader with substantial influence, as well as the prestige associated with a national research institution. To other stakeholders there was also the substantive concern over whether critical jobs and health care services would be lost at the local level. The Board determined these concerns to be a serious risk to the support for and eventual success of a merger
 - Finally, within the political realm, the Board's canvassing of the political support for a merger showed it to be mixed. However, in interviews with numerous elected officials, the idea of increased collaboration between UMCP and UMB was strongly supported as was greater collaboration among all USM institutions.

Would a merger preserve the commitment to excellence, access, and completion across USM, as a system of complementary institutions with distinct missions?

- The Board also assessed the possible effects of a merger on the other institutions and USM as a whole. Beyond the issues surrounding the strategic plan and funding, the institutions not involved with the merger were very concerned that a UMB–UMCP merger would create some unintended consequences. Would the merger, for example, foster the perception that Maryland had a “two-tiered” system of higher education, which in turn could serve as a disincentive for potentially outstanding faculty and students to join other campuses? The Board was very concerned that the level of risk for the other USM institutions was high, and could be a potentially damaging outcome of the merger.

There was also concern that USM, which was recognized throughout the process as a high performing system of higher education, could lose its overall ability to serve the interests of the State broadly. The Regents were mindful of the fact that Maryland has an inclusive culture and a sense of oneness. And, while there are substantive differences between large research intensive universities, institutions that are primarily graduate and professional with academic health centers, and comprehensive institutions, the Board recognized the need to understand and accommodate these differences in order to maximize the potential of each in decision-making.

Board of Regents Final Decision on Merger

Following a thorough discussion of the factors critical to the success or failure of a merger, as well as the potential benefits, disadvantages, and risks, and in consideration of the guiding principles that were outlined at the start of the assessment process, the Board of Regents concluded that, in sum, the disadvantages of a merger substantially outweigh its potential benefits. The Board further concluded that many of the potential benefits could be achieved without a merger. Thus, the Board has determined that a merger of UMB and UMCP is not in the best interest of the State nor public higher education in Maryland.

Board of Regents Assessment of the Strategic Alliance

As noted earlier, during the course of its study the Board realized that many of the envisioned benefits of a merger could be achieved without the related disadvantages, and a lower cost. The Board therefore evaluated alternatives to a merger that might allow the two institutions and USM as a whole to realize the potential benefits of a merger from greater collaboration.

The Board members’ assessment of the advantages and disadvantages of merger, described earlier, began with its six guiding principles that served as a backdrop to their thinking about the decision. In assessing the advantages and disadvantages of the Strategic Alliance, the Board utilized a similar set of critical factors. These factors were assessed in terms of benefits and risks. The assessment is summarized below.

Is the case for a Strategic Alliance, as described, appropriate/compelling?

- Yes. The Board agreed that the vision for the Strategic Alliance, as described on page 17, is highly innovative and forward-thinking. It would build upon the core

strengths of two highly successful institutions with an established tradition of collaboration. It would create a formal structure through which high value and targeted programmatic collaboration and multidisciplinary research could be pursued. Like a merger, the Strategic Alliance's attractiveness and availability to business and government promised economic benefits for the State. The Board also concluded that with dedicated leadership, political support, a commitment to quality, and funding allocated on a priority basis, a formal alliance would advance the reputation and productivity of both campuses.

Is the Strategic Alliance feasible?

- To assess the feasibility of the Strategic Alliance, the Board looked at key characteristics of innovative, successful partnerships and collaborations. These included:
 - **Leadership.** As with the merger, committed leadership was considered essential, and both institutions have a history of successful collaboration. Moreover, the presidents of the two institutions had already begun discussions on substantial new areas of collaboration. The Board is convinced that there is alignment and a sense of shared commitment for a strategic alliance that simply does not exist for a merger. However, leadership commitment would need to be sustained through various transitions at each campus especially since the alliance model would be built largely on faculty initiatives that need to be recognized and supported at the highest levels of the organization.
 - **Cultural challenges.** An important consideration for the Board in this regard was the level of institutional buy-in that was likely to be achieved under the Alliance. As the study groups concluded, the potential for less acceptance (or even awareness) under the Alliance is a risk that could compromise the energy to formulate initiatives. However, the governance structure of the Alliance would provide a formalized platform for accommodating broader exchanges between UMCP faculty and those in the UMB's professional schools, something both campuses recognize as critical to promoting and enhancing their research competitiveness. Such exchanges would also be a powerful incentive to collaborate. The Board concluded the opportunities and benefits would be significant, while the risk would be manageable.
 - **Operational challenges.** One important express purpose of the Strategic Alliance is to reduce the risk of combining the highly developed and separate processes and procedures of UMCP and UMB. Another consideration is that the two institutions are already engaged in mutual collaborative efforts, and processes and procedures are in place to advance the collaborative work of an alliance. It should be noted, however, according to some, current collaborations have a "reinventing the wheel" quality to them, and the general procedures were regarded by many faculty as barriers to enhanced collaboration. This matter was considered to be a serious risk to the level of enhanced collaboration sought by the Board. As the vision for the Strategic Alliance was developed, both the Board and

the study work groups envisioned a formalized governance structure and a modest administrative apparatus dedicated to supporting initiatives and creating user friendly, and consistent processes and procedures.

While the challenges associated with distance between the campuses and the risk of insufficient funding (see below) would be similar under an alliance to those expressed in the merger analysis, the work groups suggested that the demands on leadership would be lower and the number of administrative and management decisions fewer. The Board agreed with the assessment of the work group and concluded that the operational risks were demonstrably lower than with a merger and more manageable.

Finally, and importantly, the Board also reasoned that the Strategic Alliance would not represent an impediment to the partnership between the Medical System and UMB.

Funding. The costs of systems integration would be avoided under the Strategic Alliance but some funding would be necessary to support a dedicated administrative infrastructure and a data warehouse to collect personnel, financial, student, and other information from each campus.

However, the programmatic and facilities costs of the Strategic Alliance would be still substantial if the potential benefits of collaboration were to be fully realized. As the Board articulated in its merger assessment, both UMCP and UMB are currently funded below the levels of their respective national peers, and the shortage of capital facilities at the two institutions is well documented. The same high level of risk confronts the Strategic Alliance. To be clear, this was not a reaction to the current budget difficulties alone. Rather, the concern was about the overall economic condition and the prospects for investment over the long term. As with a merger, the Strategic Alliance would likely require budget reallocations within and between campuses to mount collaborative programs and equip appropriate research space. The Board concluded that discrete funding for high value collaborative initiatives, including funding to seed programs for example, would be needed. Funding for targeted capital projects would also be necessary.

Would a Strategic Alliance maintain alignment between USM's priorities, as expressed in the strategic plan, and the policy goals of the State?

- The impact of a merger on the priorities of the USM strategic plan was a third assessment category for the Board. Again, the premise of the strategic plan is to align the work of all USM institutions with the policy goals of the state regarding access and degree completion, economic development and job creation, and improving the quality of life for Maryland's citizenry. The plan is a highly coordinated blueprint for helping to achieve the State's goals for a 55 percent college degree completion level among Maryland's adult population, including increased production of high-demand degrees in STEM,

health care and cyber security; a doubling of research activity to build the innovation economy; and a major effort to create companies and jobs through technology transfer and commercialization and other economic development activities.

The Board determined that the Strategic Alliance as envisioned would not just be compatible with USM's strategic plan but would enhance the potential for realizing the plan's goals.

Would a Strategic Alliance ensure an organizational and governance structure within USM that best enables USM to advance the quality of its institutions, respond to the needs of the State and its communities, and be accountable to the State for the effective and efficient stewardship of its resources?

- The perspective of constituencies important to the USM and its institutions was a major consideration for the Board. Public testimony, correspondence from interested parties, and interviews with elected officials, community leaders, members of the business sector, as well as students, faculty, staff, and alumni of all the campuses provided invaluable input to the study process.
 - It is important to note that much of the divisiveness that was apparent in the conversations regarding merger were absent in the discussions over a strategic alliance. Clearly, the perception of lost stature for the City of Baltimore or the perceived danger of a marginalized focus on the region caused by the talk of merger evaporated. Stakeholder arguments against the merger were never about enhanced collaboration.
 - As stated earlier, within the political realm, in interviews with numerous elected officials, the idea of increased collaboration between UMCP and UMB, as opposed to a formal merger, was strongly supported as was greater collaboration among all USM institutions.

Would a Strategic Alliance preserve the commitment to excellence, access and completion across USM, as a system of complementary institutions with distinct missions?

- Though less of a concern than under a merger, there remains concern regarding the possible effects of a strategic alliance on the other institutions and USM as a whole. Beyond the issues surrounding the strategic plan and funding, the institutions not subjects of the study were very concerned that a UMB-UMCP merger or an "exclusive" alliance would create some unintended consequences. Would the alliance, for example, also foster the perception that Maryland had a "two-tiered" system of higher education that would result in disincentives for potential outstanding faculty and students from joining other campuses? The Board recognized the vital importance of

the other USM institutions to the State and to the System and believed that partnerships or alliances between two institutions must not come at the expense of other institutions. All institutions are encouraged to collaborate. Further, if a strategic alliance did exist between UMCP and UMB, current collaborations would stay in force, other institutions would not be negatively impacted, and future collaborations between the Alliance and other institutions would be encouraged by the Board.

There was also concern that USM, which was recognized throughout the process as a high-performing system of higher education, could lose its overall ability to serve the interests of the State broadly. The difference between a merger and the Strategic Alliance is not a nuanced one. To have one institution in a system represent nearly 60 percent of the expenditures could create a serious imbalance that would permeate, in a substantive manner, the areas of policy making, academic programming, and finance in ways that are not predictable. This concern is not present with the Strategic Alliance. It is the view of the Board that success with a Strategic Alliance would bolster the System's reputation and influence in the State to the benefit of all institutions in USM.

Board of Regents Final Decision and Charge

Based on the considerations addressed above, the Board of Regents has determined that it is in the best interest of the State of Maryland and its public higher education system to pursue a strategic alliance between UMCP and UMB. At its heart, this is a decision about an innovative organizational approach to 21st century opportunities and challenges for the nation and the state. These opportunities and challenges require a 21st century design for higher education and the Board believes it has found such a design in the proposed Alliance.

While UMCP and UMB have developed many areas of collaboration in the past, the Board is convinced that the direction of science and the needs of the State have evolved to a point that require a more formal structure to promote greater alignment and collaboration between these two institutions.

Under the Alliance, the two universities would identify programs and initiatives in a targeted manner that would advance the quality and impact of the institutions on Maryland and the nation to a degree that neither could achieve acting alone. The Board recognizes that to realize the full potential of the Alliance there will need to be an administrative structure accountable to the two institutions, the System and the Board. The Board also recognizes that the full potential of the Alliance will require an investment of resources sufficient to achieve identified goals.

While precise elements of activity within the Alliance will be developed in the coming months, the Board envisions that the Alliance might include such activities as:

- Highly articulated degree pathways for talented students who enter the University of Maryland's flagship campus and desire a professional degree from the University of Maryland's founding campus.

- The creation of a unified University of Maryland technology transfer and commercialization operation, drawing upon the pockets of expertise that exist on both campuses, including the intellectual property clinic at UMB and the Venture Accelerator at UMCP.
- Joint development of bioscience and biomedical academic and research programs on the two campuses, utilizing the expertise that exists at College Park in engineering, physics, and the biological sciences and the medical sciences and pharmacology in Baltimore.
- Joint development of bioscience and biomedical academic and research programs in Shady Grove, including the creation or enhancement of programs in biomedical engineering, medicine and other disciplines at the undergraduate, graduate, and professional (i.e., MD) level.
- Joint development of programs in public health, law and public policy, sociology and social services.
- Development of a center for medical innovation and technology, drawing upon both campuses' expertise in nanotechnology and biotechnology and modeled on a similar partnership between MIT and Harvard.
- Development of the capacity to efficiently implement joint appointments between the two campuses.
- Combined reporting of research and technology transfer results whenever possible.
- Marketing of the University of Maryland Strategic Alliance.

The Board believes that with the Strategic Alliance, the institutions will be able to achieve the highest academic quality in the creation and dissemination of knowledge and yet be agile and flexible enough to operate at the cutting edge of the most important areas of science. The Board's recommendation of the Alliance should not be seen as a step toward a merger. The Board is convinced that maintaining these two exceptional institutions as separate entities is in the best interest of the State and that an alliance is a low-risk way for these two powerful research universities to address the needs of the State in an era of tremendous economic constraints and competition.

With this decision, the Board now charges USM Chancellor William E. Kirwan to work with UMCP President Wallace Loh and UMB President Jay Perman to develop a document that will identify the specific initial initiatives in the Alliance, which will be presented to the Board of Regents for review and approval by the end of March 2012. This document will include a definition of the administrative structure required to drive the Alliance forward, as well as the budget necessary to ensure its success. The budget for the Alliance will become a priority component of the funding required to implement the USM's Strategic Plan. The document will also delineate the critical success factors and benchmarks of progress for the Alliance. The Board will expect the Chancellor to include the achievement of the Alliance's objectives in the annual evaluations of the two presidents.

The Board recognizes that the initiatives included within the Alliance will grow and evolve over time as the breadth and intensity of collaboration between the institutions expand. The Board also expects the Alliance to reach out to the other USM universities as

well as other institutions within Maryland and beyond to build synergistic collaborations whenever and wherever they can advance the mission and impact of the institutions.

APPENDICES

Study on the Potential Merger of UMCP and UMB Work Plan

Approved by the Board of Regents June 17, 2011

I. Introduction

The Board of Regents directed the Chancellor to develop a framework for responding to joint legislative committee language directing the Board to complete of a study regarding the potential merger of UMCP and UMB, and if appropriate, propose implementation plans. The primary purpose of this work plan is to describe a methodology or approach to the analysis of the potential merger that is thorough and complete with respect to the issues raised in the JCR language. A secondary purpose is to introduce various organizational matters and “process checks” that should be considered in order to help drive the study to a successful completion by December 15, 2011, the required date of submission to the General Assembly.

a. Legislative Language and Explanation

The 2011 “Report on the State Operating Budget (HB 70) and the State Capital Budget (HB 71) and Related Recommendations” by the Chairmen of the Senate Budget and Taxation Committee and the House Appropriation Committee (the Joint Chairmen’s Report) contains the following language for the University System of Maryland Office (p. 127):

Add the following language to the unrestricted fund appropriation:

, provided that \$1,000,000 of this appropriation may not be expended until the University System of Maryland Board of Regents submits a study examining the advantages and disadvantages of merging the University of Maryland, College Park and the University of Maryland, Baltimore. The study shall include any issues related to merging the two institutions under a single University of Maryland. If the Board of Regents concludes that merging the two institutions is feasible and appropriate, then the Board shall include an outline of how the merger will be accomplished, identify any legislative or other changes needed, and the projected timeline to accomplish the merger. The report shall be submitted to the budget committees by December 15, 2011, and the budget committees shall have 45 days to review and comment on the report. Funds restricted pending the receipt of the report may not be transferred by budget amendment or otherwise to any other purpose and shall be canceled if the report is not submitted to the budget committees.

Explanation: The General Assembly is interested in the potential benefits and costs that a merger of the University of Maryland, College Park (UMCP) and the University of Maryland, Baltimore (UMB) would have for the State, faculty and students.

UMCP is the State's flagship public higher education institution. It has major undergraduate, graduate, and doctoral programs with a significant research component generating over \$545 million in fiscal 2010. UMB is Maryland's only combined public academic health, human services, and law center. Seven professional and graduate schools train the majority of the State's physicians, nurses, dentists, lawyers, social workers, and pharmacists. UMB has few undergraduate programs and there are no public flagship research institutions with the level of research carried out by UMCP that do not have a medical school and a law school as a formal part of the institution. The two institutions are complementary and have few if any duplicative programs.

Combining the two institutions into one world class research and medical institution could encourage and facilitate seamless cross disciplinary cooperation, research, and interaction by removing those barriers that typically exist between institutions.

The University System of Maryland Board of Regents should study the advantages and disadvantages of merging UMCP and UMB under a single university and make a determination if such a merger is beneficial to the institutions involved and the University System of Maryland as a whole. If the findings are such that the proposed merger is of benefit, a merger plan may be developed."

Information Request	Author	Due Date
Report on a study to merge 2011	University System of	December 15,
UMCP and UMB	Maryland Board of Regents	

II. Approach to the Analysis -

Several prior studies, including those in Illinois and Colorado, relevant to the potential merger of an academic health center like UMB and another research university like UMCP were organized around the analysis of and responses to a series of questions that addressed the benefits and risks of a merger.

We tested this approach in two ways. First, we consulted four USM presidents and a number of senior officers at our research universities (Presidents Boesch, Hrabowski, Loh, Perman). Our discussions yielded several perspectives on the study in general, and informed the questions that might be developed. We also discussed criteria for measuring the results or “responses” to the questions. Second, there are questions implicit in the legislative language, and this informed the candidate questions included in this planning document. For example, the language speaks to an analysis of “ ... the advantages and disadvantages of merging UMCP and UMB under a single university and make a determination if such a merger is beneficial to the institutions involved and the University System of Maryland as a whole.”

In summary, the criteria for measuring answers to the questions are found in institutional mission statements and strategic plans. We would also consider leadership, organizational and geographic criteria, as well as criteria related to earlier merger experiences involving a public academic health center and another public research university.

III. The Candidate Questions –

a. Mission and Quality of Learning –

1. What advantages and disadvantages would merging into a single institution have for UMB and UMCP and their ability to carry out their respective missions?
2. More specifically, what impact would a merged UMB and UMCP have on the ability of the two institutions to--
 - a. encourage and facilitate seamless, cross disciplinary collaboration and research,
 - b. compete for and secure extramural resources,
 - c. expand or enhance academic offerings and student learning opportunities, including developing premier research and academic programs and providing greater access to underserved populations and areas of the state,
 - d. exploit opportunities for commercialization and technology transfer, as well Maryland’s unique advantages in location and concentration of research resources?
3. What impact would the merger of UMB and UMCP have on the University System of Maryland as a whole and its ability to carry out its mission and achieve the goals of its strategic plan, particularly those related to educational achievement, economic competitiveness, academic transformation, leveraging resources, and achieving national eminence?
4. What impact would the merger of UMB and UMCP have on the other institutions in the System and their ability to develop and carry out their own mission-related activities, as well as those of the System as a whole?

b. Quality, reputation, and rankings –

5. How would a merger affect the competitiveness of UMB, UMCP, and the other USM institutions, or their individual programs, relative to peers on key national and international measures of quality, research, and scholarly activity?

c. Cultural/Locational/Cost/Administrative Issues –

6. How would the differences in the distinctive histories, academic “cultures,” and administrative systems of UMB and UMCP, as well as the physical distance separating the two campuses, impact their ability to successfully merge into a single institution?
7. What are the projected costs, both immediate and long-term, associated with merging UMB and UMCP into a single institution for--
 - a. the State,
 - b. the two institutions, and
 - c. the USM and its other institutions?
8. What are the projected savings, or offsetting financial benefits, both immediate and long-term, associated with merging UMB and UMCP into a single institution for
 - a. the State,
 - b. the two institutions, and
 - c. the USM and its other institutions?
9. What impact, immediate and long-term, would a merger of UMB and UMCP into a single institution have on the economy and quality of life in their surrounding communities and regions, including their attractiveness to donors and alumni, and the reputations they enjoy among funding agencies and business leaders?
10. What additional state or federal legal or administrative requirements, or Board policies, would the merged UMB and UMCP be subject to and what impact could they have on research and education-related activity at the institution (for example, as a result of the merger, how would new programmatic offerings by UMB/UMCP be affected by current Office of Civil Rights or MHEC interpretations of Maryland’s higher education desegregation commitments)?

d. Capstone Questions –

11. Based on an analysis of the benefits, costs, and other issues associated with a merger detailed above—and recognizing the research and education needs and trends that are emerging at the state, national, and global level—is a merger of UMB and UMCP the “right thing to do” at this time for the two institutions, and the System as a whole, and the State? Is it a reasonably feasible thing to do at this time?

12. As an alternative to merging the institutions or maintaining the current strategic direction, should additional models be investigated that could enhance the ability of the two institutions to facilitate cross disciplinary learning and exchange, boost research and education programs, and enhance the national and international reputations of not just UMB and UMCP but the System and its institutions as a whole?

IV. Organizational Matters and Process –

Organizational issues to be further developed based on input and feedback include:

- a. Decisions on Working Group Membership and Chair
 - Use of Ad Hoc Board Workgroup or Full Board
 - Use of outside consultants (either ongoing or as needed)
- b. Project staffing and task assignments
 - Use of USMO staff, institutional staff, or others as needed
 - Assignments based on agreed upon set of questions and data needed to answer those questions
- c. Expectations for pre-study meetings and materials
 - Discussion with USM leadership, and individuals with experience from other institutions in other states
 - Case studies, testimony, and related materials from similar studies
- d. Communications strategy
 - Pre-study briefings of Board, institutional presidents, Governor, General Assembly leadership, USM councils, oversight agency staff, and other stakeholders
 - Use of website to gather stakeholder input and comments early in the process
 - Public hearings in Annapolis, Baltimore, and College Park
- e. Time line
 - May-June
 - Conduct pre-study briefings
 - Form and charge BOR work group
 - Assign work tasks and identify consultants
 - Finalize and test questions
 - July-August
 - Collect data and begin developing responses to questions
 - Review responses with BOR and solicit feedback
 - Brief presidents and USM councils on progress
 - Sept-October
 - Develop and release initial draft of study
 - Schedule and hold public hearings
 - Review and revise based on feedback

- Nov-December
 - Finalize draft and brief BOR and presidents
 - Submit draft to DBM for review
 - Brief Governor and General Assembly leadership
 - Submit final draft

Final Report of the “Blue Committee”

10/24/11

BACKGROUND

At the beginning of this process, the blue committee was assigned to accomplish the following tasks outlined by the Regents and USM leadership:

1. define a “merger”
2. answer the following questions relative to a merger
 2. a. Impact of merger on ability of UMB and UMCP to encourage and facilitate cross disciplinary collaboration and research
 2. b. Impact of merger on ability of UMB and UMCP to compete for and secure extramural resources
 2. c. Impact of merger on ability of UMB and UMCP to enhance academic offerings and student learning opportunities and provide greater access to underserved populations and areas of the state
 5. Impact of merger on competitiveness of UMCP and UMB or their programs on key measures of quality, research, and scholarly activity relative to peer institutions
 6. Impact of differences in the academic culture and administrative systems of the two universities, as well as the physical distance separating them, on the ability of UMB and UMCP to successfully merge
3. address the following aspects of these questions:
 - a. a vision for the merged entity
 - b. potential benefits derived from merging
 - c. potential risks associated with merging
 - d. critical factors necessary for success with merging
4. consider alternate models for the relationship between UMB and UMCP as a substitute to merger as defined above and address them in a similar manner.

INTRODUCTION

The committee believes that the grand challenge revealed in this merger study is the great opportunity standing before the State of Maryland and these two great universities: to create

an environment where faculty innovation flourishes, where student opportunities abound, and where the State's economy and social fabric are enhanced--in short, to become nationally eminent. Although the committee is certain that it will take great wisdom, leadership and additional funding to create this environment, the return on future investment is potentially high, as already demonstrated by the strong return on the State's current investment in each university.

The committee has been asked to address the impact of a merger strategy, and a strategic alliance as an alternative strategy, on our academic and educational programs, our achievements and our potential for growth. We have discussed the benefits and risks and asked what elements of a merger or a strategic alliance are necessary to achieve our national eminence goal, and what elements do not add value. Although some added values are tangible and able to be quantified, others are intangible.

In the initial portion of this document, we explore the possible benefits, risks and critical success factors to the universities, the USM and the state of Maryland from forming a single institution consistent with the vision we developed. Paramount in formulating and considering both benefits and risks is our mutual commitment to national eminence.

In the portion of the document following the discussion on merger, we repeat the discussion for strategic alliance, an alternative to merger.

We have not considered the organization or implementation time line of a merged university or the strategic alliance.

Our discussions have been organized around each of the questions individually. In the process of addressing each question, we additionally identified areas of collaboration and cooperation that appear to have merit and should be pursued. In the formulation of responses to each question, it became apparent that the overlap between the questions was high for risks, benefits and critical success factors. Thus we have presented the response in aggregate rather than as discrete answers since the aggregate provides a clearer picture of our analysis.

PRELIMINARY COMMENTS

In 2010, the University System of Maryland Board of Regents approved its strategic plan, *Powering Maryland Forward*. The plan calls for, "*attaining specific goals by 2020, such as producing an additional 10,000 bachelor's degrees per year, increasing by 40 percent the number of science, engineering and math graduates from USM institutions, doubling USM's externally sponsored research-and-development funding from approximately \$1.2 billion in fiscal year 2010, and enhancing cost-savings practices that already have earned the system*

national recognition for its efficient stewardship of public resources.”

(<http://www.usmd.edu/10yrplan/index.html>) In the committee’s opinion, this outcome is compelling but will only be achievable through committed leadership and trust between our universities, forward-looking change to our educational and research programs, and significant and sustained incremental funding. Funding of the plan is critical; as discussed in the Executive Summary of the USM Strategic Plan; “Implementation of the plan, especially with regard to economic growth and job creation, will require a substantial and sustainable increase in funding.” (<http://www.usmd.edu/10yrplan/USM2020Summary.pdf>). The committee agrees.

As emphasized by Regent McMillen at a recent Regent’s meeting, this is not a discussion on how to iteratively improve yesterday’s university; it is a discussion to define tomorrow’s university, with a special emphasis on achieving greater eminence. Both universities are committed to measurably enhance the reputation and excellence of our students, faculty, educational programs, and research impact and to be recognized among the nation’s most eminent universities. Although both universities are highly ranked, we do not agree with those who say we are “good enough”. The question that remains is how best to accomplish national eminence, but yet limit risks and unintended consequences of reorganization.

In this study, we have examined two options, merger and strategic alliance, between UMCP and UMB to accomplish these goals. We present our best analysis. Regardless of the final chosen option and even with sufficient funding, this is a huge undertaking in time and energy. Although some benefits may be realized early in the process, most will require a longer period of time before their value is realized.

DEFINITION OF THE TWO OPTIONS: A MERGED UNIVERSITY AND A STRATEGIC ALLIANCE

In this Task Force study, merger has been defined as one or more options for ways to bring together our two vibrant, mature universities as equals into a single entity.

In contrast, a strategic alliance is a purposeful, value driven partnership where each university maintains its own identity but agrees to act through a formal codified partnership in the pursuit of opportunities of mutual value and high impact.

ANALYSIS OF THE QUESTIONS RELATING TO THE IMPACT OF A MERGED UNIVERSITY

VISION OF A MERGED UNIVERSITY

The merged entity would have a broader educational base in graduate education in the biosciences in which the combined research and educational strengths would make UM a national leader at the forefront of interdisciplinary work in engineering, physical sciences and biomedical sciences and other areas; in public health where combined strengths would enhance educational opportunities for students and more broadly impact underserved populations in the state; in the study of civic and social change, the combined resources of the public policy, law, and journalism schools would foster interdisciplinary opportunities for students to become skilled problem solvers who understand how civil discourse and the political process can be used to address law and regulatory reform and who are encouraged to rethink and develop new policy choices. The merged entity would also offer enhanced learning opportunities through combined degree programs that cross traditional discipline boundaries and other experiential learning venues such as service learning and undergraduate research. A critical aspect of the vision is the requirement for new funding from the state. Few if any of the benefits can be achieved without this.

The merged entity would be widely recognized as an academic powerhouse among the top tier universities nationally. National and international rankings would place the new university in the top tier among AAU and land grant universities. Enhanced national and international recognition will increase competitiveness by attracting more highly talented students and faculty, which in turn will increase competitiveness in scholarship and research, and enhance collaboration with other top tier institutions. The combined institution would develop a reputation distinctive for its commitment to service, problem solving, public responsibility, and a redefined land grant mission.

BENEFITS TO A MERGED UNIVERSITY

1. A merged university may provide greater opportunities for enhanced research collaborations, impact, and development of new areas of interdisciplinary and transdisciplinary research.

The imperative for collaboration that may come from a merger will bolster the capacity and impact of research by both partners. Research and problem solving collaborations could extend across all the professional schools at UMB with UMCP faculty from the humanities, social and behavioral sciences, business, public health, education, as well as the sciences and engineering. Obstacles that limit collaboration such as the requirement for a lead institution in grant applications and the difficulty of joint appointments may be overcome in a merger.

Arguably, the greatest frontiers in science exist in the biosciences. The merged university may have greater likelihood of advancing knowledge in this important area by fostering collaborations not only among existing bioscience research faculty at each location, but also among physical, computer, and engineering faculty from UMCP interested in problems in the biosciences and biomedical faculty from UMB who are interested in expanding their work into areas outside traditional biosciences.

Continuing to be competitive for increasingly scarce federal research funding in all areas may require large multidisciplinary teams with unique expertise to develop compelling proposals. New collaborations across campuses made possible by an expanded intellectual base may enhance competitiveness for very large interdisciplinary and transdisciplinary grants from the federal government and private industry in areas such as health informatics, regulatory science, public health and social policy.

Due to our proximity to the federal government, federal laboratories, and legislators at the federal level, the merged entity may have an advantage, compared to other universities, of cultivating a strong federal network. It is likely that we will assume additional leadership roles that influence policy, and that contribute to the research advisory and review bodies within the federal government and numerous advocacy and nonprofit organizations surrounding the federal enterprise, thereby allowing us to influence the direction of national policy and future research funding. The competitive advantage of our proximity may become unmatched by any other major research university. This may, in turn, help the combined entity cultivate a strong network among policy and research leaders, contribute to the making of policy and generate new research opportunities.

A merged institution may enable an increased emphasis on strengthening the state's economy, by increasing the level and impact of research and the likelihood for spin off new companies, fueling the state's position as an international intellectual leader, and bringing together more closely faculty familiar with the clinical needs and those who can address them, e.g., clinical physicians and bioengineers.

New research initiatives that may grow from enhanced collaboration could help attract highly talented faculty, who in turn, may enhance research impact and educational competitiveness.

2. A merged university may provide enhanced educational opportunities at both the graduate and undergraduate levels.

Initial conversations among the deans of UMCP and UMB have focused on increase collaboration for dual degrees, including 3+2 programs in nursing and dual degree programs, including public policy/law, public policy/social work, public health/social work, and public health/nursing. In addition, research opportunities and other types of experiential learning for UMCP undergraduate students may be available in the professional schools at UMB, improving the undergraduate experience.

Graduate student education may be greatly enhanced by ready access to the resources of a unified library, to unique research facilities of each institution, and to broader expertise among faculty. Graduate students in PhD programs seek new problems and may be drawn to interdisciplinary research which a merger may foster.

A shared vision for expanding the educational offerings at Shady Grove to serve the needs of the growing biotechnology and information technology sectors of the state's economy in Montgomery and surrounding counties may be implemented. Establishing a triangle of influence for economic development, research and education at College Park, Baltimore, and Shady Grove may strengthen the economic competitiveness of the State and opportunities for its people.

3. National and international rankings and reputation may be enhanced.

It is recognized that enhanced rankings and reputation is a desirable objective. Combined, the new university would rank 7th among all US universities in total research expenditures, and among the top 13 public universities in membership in the national academies, faculty awards, and doctoral degrees granted.¹ The impacts on rankings that rely more heavily on reputation are not known. Both universities agree that rankings alone are not sufficiently important to justify a merger. However, ranking such as these have an impact on external perceptions, and are likely to enhance the reputational rankings of the institution. Potential students are significantly influenced by rankings. It is likely that enhancement of the national and international stature of the new university may help keep the most academically talented students in the state for both undergraduate and graduate education and help attract and retain the most accomplished faculty. A university recognized as nationally eminent will also be an asset to the state, helping to attract new residents, federal facilities, nonprofits and businesses that seek and support a knowledge-based economy and those who value it. A new university may have broadened national visibility among such elite universities as in the AAU, increasing the stature of all Maryland's public higher education institutions. Thus, Maryland

¹ Capaldi, E.D., Lombardi, J.V., Abbey, C.W. and Craig, D.P, 2010, The top American Research Universities: 2010 Annual Report, The Center for Measuring University Performance, Arizona State University.

may become as well-known for the excellence of its public universities as it is now known for its K-12 public school system.

4. Keep the most academically talented undergraduate students in the state, and attract the most academically talented students of diverse backgrounds to the graduate and undergraduate programs of the merged entity.

Through coordination of recruiting activities that market the opportunities of the merged university, both universities may attract a larger, more talented, and more diverse student body from the state into both undergraduate and graduate programs, with particular attention to expanding upon the principles of the jointly signed Sullivan Alliance to encourage minority students to enter the professions.

Enriched educational opportunities for UMCP students with pre-med, pre-law, and other pre-professional interests through the inclusion of instruction, advice and/or other educational experiences by the faculty and staff of the professional schools at UMB, may result in a smoother transition for 100-200 UMCP students who come to the professional schools of UMB and may build a pipeline for the most talented students from UMCP to UMB.

The most talented graduate students are attracted to the frontiers of discovery. Further, international graduate students are highly influenced by rankings. If the merger results in enhanced reputation, new research opportunities, and funding for innovative joint programs, it may also serve to increase the talent of the graduate students.

5. Enhanced visibility, commitment to growth and vision for the future may attract the best faculty to the new institution.

Above all, highly talented faculty may want to work at a university in which the resources, facilities, students, and colleagues are at the very highest level. To the extent that a merger increases the prestige and prominence of the university, increasingly outstanding faculty will be attracted.

6. Enhanced service to the community.

Both UMCP and UMB have a strong commitment to service and responsibility to the people of the state. In a merged environment, both campuses could further develop the service component throughout the state. Although UMCP is a land grant university, UMB was founded as a public university prior to the Congressional actions to create land grant universities.

Perhaps a merger provides an opportunity for us to re-envision and strengthen our public commitment, as a “land grant university” for the 21st century. For example, cooperation and coordination between health officers and extension agents, located in every county in the state, and by expansion of the engagement of the UM College of Education, may allow us to enhance services and information available to the people of the state and redefine the land grant university for the 21st century.

RISKS AND ASSOCIATED CRITICAL SUCCESS FACTORS TO ACHIEVING THE VISION OF A MERGED UNIVERSITY

1. The sustained effort required to successfully merge may exceed our institutional capacity to expeditiously and appropriately address the many required actions.

To mitigate this risk in a merged environment, university leaders may need to quickly establish priorities, articulate a clear strategic vision, communicate that vision at every student, staff and faculty level inside the university, and empower management to create an environment with the necessary resources to achieve long term objectives. Each of these actions may be critical to the success of the merger and thus, failure in any one may have a likelihood of high negative impact on the overall merger effort.

Critical Success Factors: The merged entity will likely need to have the mandate, resources and authority to reorganize and redefine itself to be focused on creating a highly effective environment that supports collaboration in educational, problem-solving, innovation and public service activities in order to exceed current achievement.

2. The sustained good will and continued support for the merger by the university’s internal and external constituents may be difficult to maintain at the intensity, for the duration, and at the necessary level of accountability, to achieve long term success. Institutional commitment, State support, and the support of critical partners such as UMMS may wane during an extended institutional transition as a result.

Comments: Major payoffs from a merger may not necessarily be immediate because each institution’s momentum cannot be readily redirected. During transition and direction of new resources, merger efforts must be supported at many levels inside and outside the university, and inadequate efforts to build this base support may occur. If the progress toward a merged institution is seen as too slow or the objectives are seen as not sufficiently valuable to each entity to justify the hard work necessary for success, chances for a successful merger may be limited. Further, executive level authority will likely need to be necessary to move the merger process forward, and balancing this authority with faculty governance authority may be challenging, and thus associated with significant risk.

Critical Success Factors: The merged entity will likely need to have sustained political support and financial commitment from the State to maintain long term funding of a merger plan. The university will likely need to have an effective communication strategy with dedicated resources to maintain political support across all relevant communities.

For impact on national competitiveness, the merged entity may need to be regarded formally and informally as a single entity with two interdependent campuses, and have employees and students that identify themselves as working for and attending a single institution, with two campuses.

3. The sustained level of attention required by the leadership to accomplish a merger may necessarily direct attention away from other important tasks, including tasks to achieve the “added values” that could accrue to the benefit of merged entity, as well as tasks necessary to maintain individual core programs that are already productive and critical to each of our missions.

Comments: The energy and resources of the two universities may, for many years, be focused on building new administrative structures to link and restructure what currently exists, limiting energy for non-administrative (e.g., problem-solving, innovation, public service and education) initiatives and existing programs. Although limited administrative structures will be necessary to achieve “added value,” they themselves may not add value.

The new entity may also become less agile in both internal and external actions, including activities such as business practices, clinical and research contracting, academic and administrative policies and procedures, and institutional decision-making. Attempts to change and unify the culture and autonomy of two faculties rather than respecting existing values may create unrest and disharmony, which may greatly diminish the opportunity for “added value” as well as result in the loss of valuable faculty.

Critical Success Factor: The merged entity will likely need to have the resolve to simplify and streamline administrative structures through consolidation and to focus on “added values.” We will likely need the mandate and public support to develop new ways to do things: new models to interact and partner with the corporate entities and governmental agencies; new models to support the economy; new models to incentivize our faculty; new sources for funding. Best practices from each institution will likely need to be understood and adopted where best suited, while at the same time respecting the autonomy and culture that got us to this point at the departmental, college and school levels, to the extent possible. Thus, although the university may take the lead, the actual implementation will likely have to be planned and take place at a local level in order to make the merger work. To accomplish this, the new entity will

likely need autonomy and flexibility in its administration and knowledge of its current capabilities and potential of the faculty and its programs.

For research impact, the merged entity will likely need the mandate, resources and authority to reorganize itself to be focused on creating a highly effective and collaborative research environment that exceeds current achievement. Both UMCP and UMB believe that additional resources are necessary to create the opportunities for collaboration.

The merged entity will likely need to study and understand the current achievement and full potential of its research faculty and programs, establish a level of priority for all research programs in an unambiguous and expeditious manner, and, based upon those priorities, provide and maintain the optimal environment and expectations to maximize research productivity.

The merged entity will likely need to continue to efficiently identify emerging research areas and areas of opportunity, consistent with a unified strategic plan, and take preemptive actions and investments at the institutional level to capitalize on these opportunities. For a merger to be successful in enhancing both research competitiveness and educational opportunities, leadership will likely have to clearly articulate the vision, advocate for it, be focused on mitigating risks, and achieve the elements critical to its success. Leadership will likely have to establish priorities and be empowered to implement them.

4. The geographical distance between the two universities may add significant expense, inefficiency and difficulty in accomplishing a merger and our expectation for increased collaboration and productivity.

Comments: Time spent in travel and at the other campus may be very inefficient for most faculty and student activities, but face-to-face interactions may be important to generate innovative ideas, creative activities and collaborations.

Critical Success Factor: The merger will likely create the need for a critical mass for some support activities, such as distance education and computing support, which may not be as strong at either campus operating independently. For educational impact, remote educational facilities will likely need to be available on both campuses. New capital projects in Baltimore, College Park, and Shady Grove will likely be necessary to enhance the new intercampus collaborations. A conservative estimate is the need for at least 100,000 sq ft at each site. Significant resources committed to telecommunications, travel, office space and administrative and IT support for faculty, staff and students will likely require some duplication on each campus. Further, co-location of parts of related programs to create a concentration of expertise

at a geographic site will likely have an impact on stimulating collaborative programs and improving our excellence

5. New resources may not be sufficient to avoid internal reallocation of currently committed funds. The time frame necessary to transition programs and administrative structures is unknown but is likely to be in the multiples of years. This may result in resentment among the faculty and staff, resulting in a reluctance to build new programs.

Comments: Merger may increase the administrative burden and associated expenses, and may result in internal funds reallocation. Loss of support for existing programs through reallocation may generate high faculty resistance and slowing of progress. This may create the situation where the new institution becomes less than the sum of its individual campus parts.

This concern may be of particular importance relative to the Universities at Shady Grove. Both universities support the concept that we should further develop a major presence on that campus in concert with IBBR. This may offer the opportunity, in education and innovation, to create an environment similar to Research Triangle, North Carolina. This will likely require significant investment and yet may offer perhaps the greatest opportunity for economic growth in the State.

Critical Success Factor: The merged entity will likely need to be provided with sufficient resources to fund new programs. Those resources will likely need to be used wisely and efficiently to identify emerging research areas and areas of opportunity, consistent with a unified strategic plan, and take decisive and preemptive actions and investments at the institutional level to capitalize on these opportunities. The USG concept will likely need to be fully funded and highly innovative.

6. Diversion of institutional effort toward strategic alliance processes and away from critical external relationships and pre-existing commitments that depend upon us (such as social, legal, K-12, STEM programs in the community) may make us fail in this component of our mission. Note: This risk is more fully discussed in the Gold group and includes a rethinking of the UMCP Land Grant mission for the 21st century.
7. Existing educational programs could be at risk due to diversion of attention and resources to the merger.

Critical Success Factors: The leadership must maintain the quality and vitality of the educational programs. For new educational impact, the merged entity will likely need to make enrollment in programs and courses at either or both institutions seamless, recognize teaching in combined and campus specific programs as equally valuable, make seminars, graduate advising, and

dissertation committees open to faculty from both universities as appropriate and encourage and reward their participation.

ANALYSIS OF THE QUESTIONS RELATING TO THE IMPACT OF A STRATEGIC ALLIANCE, AN ALTERNATE TO A MERGED UNIVERSITY

VISION FOR OF A STRATEGIC ALLIANCE, AN ALTERNATE TO A MERGED UNIVERSITY

The University of Maryland Alliance is an intentionally created intersection of UMCP and UMB that adds significant value to our existing academic programs in targeted areas. We envision a formal codified partnership:

- that is driven by faculty ideas that may be enhanced by cross-university collaboration and which may bring value to each university partner,
- that is driven by a joint university effort to “find” these faculty ideas, and “fund” the most promising,
- that “facilitates” these projects in a manner that expedites rapid development of the idea.

The purpose of the alliance is to stimulate ideas and translate them into useful forms. We will seek:

- Ideas which have high impact for academic discoveries, which demonstrate high creativity, problem-solving capacity or innovation components, and which have a high potential for translation.
- Ideas which have high impact on the relevance, capacity and excellence of our educational programs

We can accomplish this purpose by:

- Incentivizing faculty at the grass roots level to drive alliance collaborative programs by providing; new funding for high-value projects, new models to support faculty and staff salaries, new locations to allow our faculty to function together, and increased academic recognition toward promotion and tenure for alliance activities that involve creativity, problem-solving and innovation.
- Changing how both universities function and increasing their agility in developing opportunities, particularly relative to alliance undertakings; by championing an environment of innovation, problem-solving and creativity, by creating new methods to identify and facilitate idea translation, by instituting a cyclical process of process

evaluation, improvement and redefinition, by removing administrative and other obstacles, and by consolidating selected infrastructures.

The alliance is designed to create a forward-thinking creative framework to enable us to project the strength and breadth of the academic expertise of both universities and to leverage it in targeted areas. If widely supported and funded, it is likely that the outcome will result in major accomplishments that have high state and national impact and which may help us to achieve national eminence, improve the state's economy and well-being, and affect national policy.

WHAT WOULD BE REQUIRED FOR A STRATEGIC ALLIANCE TO ACHIEVE THIS VISION?

The committee recommends that the presidents of UMCP and UMB receive a clear mandate to achieve the following:

- to create a formal, operational vehicle, tentatively called the University of Maryland Alliance (UM Alliance), that is designed to accomplish the vision for an alternate to merger described in the Blue committee document.
- to provide the UM Alliance with the means to execute the vision for an alternate to merger, as described by the Blue committee and subsequently approved jointly by the presidents.
- to exercise the authority to assure that new funding from the state will be used only for UM Alliance programs that have been jointly approved by the presidents, and not for purposes unrelated to the UM Alliance.
- to pursue the administrative, operational, financial and academic changes and accommodations necessary to create the innovation environment envisioned for the UM Alliance. Several examples of change that may enable this environment include true joint appointments; shared space on each campus to house research, educational and creative activities; unified academic programs at USG; unified commercialization/tech transfer operations; unified federal research reporting; unified student access to resources; smooth transitions of student credits among the two universities.

New funding will be required to accomplish these mandates. Once the UM Alliance is funded, each president will work within the autonomous governance structure of his respective university to create the operational vehicle of the UM Alliance. The presidents will mutually determine what projects and administrative changes serve the interests of both institutions and what resources will be applied to them. Each president will be held responsible for creating and

maintaining the UM Alliance, and achieving results toward a set of mutually identified goals. The presidents will report annually to the Chancellor on the progress toward those goals.

There are additional questions related to the University of Maryland Alliance, particularly regarding its organization and governance and how it should be formally recognized. These questions are not the charge of the Blue committee. The committee recommends that these questions should be addressed by the presidents and Chancellor in their merger study group, the Red committee.

BENEFITS, RISKS AND ASSOCIATED CRITICAL SUCCESS FACTORS TO ACHIEVING THE VISION OF A STRATEGIC ALLIANCE

The benefits and the likelihood of achieving them with an alliance are similar to those discussed for the merger scenario on pages 3-6, with the exception of benefit #1, National and international rankings and reputation may be enhanced. This benefit, #1, needs additional study to determine if it is achievable in the strategic alliance model. Many of the risks and critical success factors associated with a merger are also present for the alliance vision and are commented upon in the next section. The committee felt that the agility of an alliance may likely exceed that of a merger due to the alliance's ability to focus on value priorities.

SPECIFIC COMMENTS ON RISKS BY THE COMMITTEE:

1. The sustained effort required to successfully create a strategic alliance may exceed our institutional capacity to expeditiously and appropriately address the many required actions.

Comment: A strategic alliance will likely demonstrate achievements earlier and in less time than that expected for a merger because of its more limited scope. However, the institution-wide imperative to collaborate will not be present so efforts may dwindle with time.

2. The sustained good will and continued support for the strategic alliance by the universities' internal and external constituents may be difficult to maintain at the intensity, for the duration, and at the necessary level of accountability, to achieve long term success. Institutional commitment, State support, and the support of critical partners such as UMMS may wane during an extended institutional transition as a result.

Comment: A strategic alliance may have similar difficulties in maintaining a strong support base. The Alliance may form new and useful relationships and partnerships with other universities, both within USM and externally, while not limiting the ability of either partner to continue to form such relationships outside the alliance. Thus, an alliance may be able to maintain the base of support more successfully than a merger.

3. The sustained level of attention required by the leadership to accomplish a strategic alliance may necessarily direct attention away from other important tasks necessary to maintain individual core programs that are already productive and critical to each of our missions.

Comment: As discussed in the merger section, merger carries the risk that attention to administrative change will divert leadership's attention away from creating the "added values" desired as part of the merger. This risk is less in an alliance because the degree of administrative change, and thus diversion of attention, is likely to be less because of fewer administrative changes in an alliance and its more limited scope. Further, the strategic alliance will likely be very selective as to which initiatives it undertakes, and may likely be focused on achieving those "added values" as the highest priority. For this reason, however, there may be less institution-wide buy-in since the areas of involvement and benefit will be limited. To mitigate this outcome, the leadership from the two institutions must believe and project that the benefits will ultimately benefit each of the institutions.

4. The geographical distance between the two universities may add significant expense, inefficiency and difficulty in accomplishing a strategic alliance and our expectation for increased collaboration and productivity.

Comment: A strategic alliance will not change the distance between the universities, and will not reduce the requirement for a critical mass for some support activities, such as distance education and computing support. However, the number of joint meetings between the universities may be fewer because meetings will be necessary only for alliance initiatives and less so for general administrative and academic purposes. Further, since alliance initiatives are specifically for value-added projects, the faculty and staff who participate in the meetings may be more engaged because it has personal relevance to them and their project.

5. New resources may not be sufficient to avoid internal reallocation of currently committed funds. The time frame necessary to transition programs and administrative structures is unknown but is likely to be in the multiples of years. This may result in resentment among the faculty and staff, resulting in a reluctance to build new programs.

Comment: The cost to initiate and sustain a strategic alliance will likely be similar initially but may, in the long run, be less than that of a merger. In both merger and alliance, insufficient funding will prevent achievement of the goals.

6. Diversion of institutional effort toward strategic alliance processes and away from critical external relationships and pre-existing commitments that depend upon us (such as social, legal, K-12, STEM programs in the community) may make us fail in this component of our mission.

Comment: Since an alliance maintains the autonomy of each university, it may enable each university to maintain these relationships and programs and keep them in balance with alliance initiatives, thus limiting the impact on current initiatives.

7. Existing educational programs could be at risk due to diversion of attention and resources to the merger

Comment: This risk may be less in the long term with a strategic alliance due to less complexity, but the possibility for the unforeseen innovative collaborations in programs that develop through close working relationships is also likely to be less.

DISCUSSION

Summary of the Merger Vision.

Merger has been defined as one or more options for ways to bring together our two vibrant, mature universities as equals into a single entity. A single entity implies one final leadership structure derived from combining the two current structures. Once achieved, the added value that this may bring is a single vision and unified leadership with resolve to achieve national eminence. As noted above, national eminence is associated with many added values, both tangible and intangible. The challenge would be to achieve these values in a timely fashion without creating adverse administrative structures or marginalizing other important programs and relationships.

To have a successful merger into a single entity, we would have to manage administrative priorities while fully focused on achieving national eminence. In the committee's opinion, the potential added values associated with national eminence are high and desirable. Both universities are already prestigious, accomplished, mature and vibrant, and the resulting entity could build on those achievements to achieve national eminence. The committee wishes to point out that the potential risks encountered in this process are also significant, and can only be mitigated by superb leadership, significant and sustained funding, patience with the process by all constituents, and most importantly, the optimal administrative structure. We will not achieve national eminence without accomplishing each of these.

Summary of the Vision for the University of Maryland Alliance :

A formal, strategic alliance may allow us to be creative and transformational while lessening the degree of administrative, operational, academic and leadership change to our universities. Many of the benefits of a merger may be achieved with an alliance. The types of risk may be similar to merger, but the degree of risk is likely to be less. There are three particularly important differences. First, the alliance may have the ability to prioritize its efforts more

effectively when compared to the merger model and yet maintain proper attention on existing programs as a consequence of less complexity and change. Second, the alliance may offer the possibility for more agility when compared to a merged university since it does not involve a wholesale transformation of administrative structure. Third, likelihood for the development of those yet unforeseen opportunities for innovation and creativity across all disciplines that the necessarily closer relationships a merger would forge may be lessened under an alliance.

Final Comments:

Whatever the outcome of this study, the University of Maryland of the future must be organized to empower faculty creativity and prioritize innovation to enhance the United States' global competitiveness and to address society's problems. The greatest innovations will not be changes to the existing market, but rather creation of new ideas and new markets. At the core of an innovative organization is an agile framework that allows problem-solving and discovery to occur freely. Innovation requires that an organization must be nimble and responsive, and its faculty members and academic chairs must be thought leaders and problem-solvers in their fields. That is how we will achieve national eminence. In different ways, UMCP and UMB have each accomplished an innovative environment very successfully on their own. This has occurred because the local values, local autonomy and local leadership have been respected and encouraged. We want to further empower the spirit of innovative to be successful for the future, and that is the grand challenge that we seek to achieve for the State.

The committee agrees that national eminence is achievable and will be enhanced by closer relationships between the two universities. The merger study process has had the extremely valuable element of bringing together leaders from both universities in key areas to discuss potential benefits of a merger as well as a strategic alliance as an alternative. In those discussions, the richness and success of each campus' programs have come through, as well as the great opportunities to be achieved by more aligned strategic thinking and closer collaboration. What has clearly emerged is a view that, although those benefits may be achievable with a merger, those same benefits may also be achievable without a merger but there may be unfulfilled possibilities such as combined reporting for ranking. For either scenario, the critical enablers that we have described will need to be in place, and changes within our universities must be given a high priority. Both a merger and a strategic alliance create an imperative for action; the success of either will depend on funding, committed leadership, support from the USM, Regents, and the State.

APPENDIX – BLUE GROUP REPORT

SPECIFIC INITIATIVES TO BE CONSIDERED BETWEEN OUR UNIVERSITIES

1. Innovation Centers.

A major objective of both universities is to enhance research collaborations by creating an environment that broadens synergies, and provides an opportunity for faculty from both universities to work together. An example to demonstrate this environment is the commingling of bio-engineering, medical researchers and the biotech community. This is a field that fits the description described earlier, that of innovation creating new ideas and markets. We would aim to bring such disciplines together by recruiting bright faculty and students, who would in turn produce new ideas and intellectual property, and interact with biotech for commercialization of their ideas. One highly desirable way to accomplish this goal is the creation of innovation centers. For example, we could establish research and office space dedicated to innovation centers at UMCP, UMB and USG, with each location having 100,000 square feet or more for this purpose. With sufficient funding and incentivized faculty, these centers would become highly active and collaborative places, with faculty from each campus working in adjoining labs. We would create administrative structures to eliminate obstacles to collaboration such that both universities get full “credit” and neither campus is disadvantaged. The UMB/UMCP seed grant program would be expanded to drive innovation in these locations. UMCP and UMB both have proven models for managing faculty appointments, teaching obligations and salary funding in institutes and centers, which are similar structures. UMB has had an effective incentive model for decades that stimulates faculty productivity—the faculty practice organization. It has the ability to move nimbly with flexibility and work within a structure that supports and fosters innovation. It has become a very strong supporter of the mission of the School of Medicine, and has allowed it to recruit a premier basic science and clinical faculty. If both universities applied what they already know to this example of bioengineering, medicine, biotech, other health-related fields, law and social work, we would predict a similar spectacular outcome; funding more faculty, generating more ideas, producing greater technology transfer and resulting in increased economic development for the state. Essential for this to success is significant new state funding, both operating and capital. These innovation centers were proposed several years ago and were not funded.

2. Articulation agreements.

Another example for joint educational impact is the further articulation, coordination and enhancement of student programs. This would allow us to retain bright students in Maryland who currently leave to study at other universities outside Maryland. This initiative would

include accelerated programs that bridge undergraduate degrees with advanced graduate and professional degrees for students.

3. Shady Grove Expansion.

At Shady Grove, we have the rare opportunity to blend together faculty of both universities to create jointly run undergraduate and graduate programs in STEM, Public Health, Public Policy, and the professional school disciplines at both universities. Further, this joint program can extend into research and research training with the proximity of the Institute of Bioscience and Biotechnology Research (IBBR) and the many federal agencies such as NIST, NCI, NIH and FDA. Critical to the success of the endeavor is enrollment growth funding, new facilities, and support of the USM for UMCP and UMB being the lead institutions at Shady Grove. The risks are that lack of a mutually beneficial administrative structure at Shady Grove will create misunderstanding and limit flexibility and innovation.

4. Organization to convert research to clinical purposes.

The Center for Integration of Medicine & Innovative Technology (CIMIT) is a multi-institutional Boston-based consortium that is designed to "Find, Fund and Facilitate" technology development to "improve patient care by facilitating collaboration among scientists, engineers and clinicians to catalyze the adaptation, development and implementation of innovative technologies to address unmet clinical needs." The model works for institutions that are not necessarily merged but which have complimentary skill/needs, e.g., MIT (science and engineering) and Massachusetts General Hospital (medicine). CIMIT was founded in 1998 and approximately 20% of the projects it funded have become a standard for clinical care. This is a very high success rate. It works because it was developed through the pull of clinical need for a solution to a problem rather than an engineering push to find a problem to fit a technology solution. In our case, UMB is largely a collection of technology users (Medicine, Dentistry, Nursing, and Pharmacy) with limited skill base in the underlying science and engineering required to develop new technology. UMCP has a collection of technology developers with limited expertise in technology use or need. Therefore, the CIMIT model could readily be applied our institutions, and to others in the State as well. Distance between participating institutions is overcome by having the Site Miners and research faculty reside in their home institutions, with research students spending time at the other institutions.

5. Research Foundation or joint administration of research

A second example of a model to stimulate problem-solving and innovation is the creation of a research foundation or single research administration through which all UMB and UMCP extramural funding would flow, similar to that done by other universities. In addition to efficiencies of scale and dedicated management, the combined research dollars of the UMB and

UMCP, at \$1,000,000,000, could be reported together to raise our overall ranking, adding further prestige and vibrancy to the State and the University of Maryland. The risk of this approach without a merger is divided leadership about the direction of the foundation, administrative complexity of a joint research administration, and the significant restructuring of the existing research administration. It would not be in the interests of either institution if the research foundation were managed by the USM.

Blue Committee Members

University of Maryland, Baltimore

Bruce Jarrell (Co-Chair), Executive Vice Dean, School of Medicine
Peter Gilbert, Vice President for Planning and Accountability
Phoebe Haddon, Dean, Francis King Carey School of Law
Kathryn Montgomery, Associate Dean, Strategic Partnerships & Initiatives, School of Nursing
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Ann Wylie (Co-Chair), Senior Vice President for Academic Affairs and Provost
Eric Kasischke, Chair, University Senate
Don Kettl, Dean, School of Public Policy
Patrick O'Shea, Vice President for Research
Darryll Pines, Dean, A. James Clark School of Engineering

Documents and Information Reviewed by/Collected for the Blue Committee

AAMC Medical School Profile for 2010 (developed by UMB)
Analysis of Merger Implications for Peer Comparisons (developed by UMCP)
Analysis of Merger Implications on National Rankings (developed by UMCP)
August 31, 2011 *Chronicle of Higher Education* article: "SUNY Plan to Share Presidents Between Campuses Sparks Protest"
2011 Report of the OHSU/PU Strategic Partnership Task Force
2010 PriceWaterhouseCoopers article: "In the Eye of the Storm: Moving from Collaboration to Consolidation" a white paper on collaboration and consolidation options in the UK
2007 Learning Alliance in Higher Education Study on Proposed Merger of Oregon Health Science University & Portland State University
2007 *Academic Medicine* article: "Merging Two Universities: The Medical University of Ohio and the University of Toledo"
2007 Report by the University of Texas Board of Regents on Feasibility of Merging UTSA and the UT Health Sciences Center
2004 Report from the University of Colorado System on Feasibility of Consolidating UCD and UCHSC
1991 UMB-UMBC Unification Study Report
1989 KPMG Study of the Potential Merger of UMBC and University of Baltimore
2007

UNIVERSITY SYSTEM OF MARYLAND MERGER STUDY

GOLD WORK GROUP

Question to be Addressed by the Gold Group

Consider the impact of a merger on the economies and quality of life in the surrounding communities and their attractiveness to and reputation among businesses, donors, alumni, charitable foundations, and non-governmental organizations.

Definition of Merger and Strategic Alliance

The Gold Work Group examined two options for joining the University of Maryland, Baltimore (UMB) and the University of Maryland, College Park (UMCP) in ways that would increase the stature and impact of the institution(s), enhance the economic and social fabric of surrounding communities, and otherwise benefit the citizens of the state and beyond.

The first option, merger, has been defined as “one or more options for ways to bring together our two vibrant, mature universities as equals into a *single* entity.” (See Blue Work Group Report.)

The second option, the formation of a strategic alliance, has been defined (again by the Blue Work Group) as “a purposeful, value driven partnership where each university maintains its own identity but agrees to act in the joint pursuit of opportunities of mutual value and high impact.” As the Blue Group has further observed: We envision a codified partnership The alliance is designed to create a forward-thinking creative framework to enable us to project the strength and breadth of the academic expertise of both universities and to leverage it in targeted areas.” (See Blue Work Group Report.)

In examining the value added, critical success factors, and risks associated with a merger or strategic alliance, the Gold Group seeks to advance both institutions in ways that increase their reputation and impact. As captured by the definitions and conceptions described above, both merger and strategic alliances are means to a larger, and more important, end. Enhancing our value to our constituents, the state and its citizens is a paramount objective.

Vision of a Merged University

The Gold Work Group followed, and in some respects deferred to, the work of the Blue Work Group which focused on the core topic of the academic integration of the two universities. Hence, we have adopted the Blue Group’s “vision” of a merged university but added language to address the impact that a merger or strategic alliance would have on external constituencies.

As the Blue Group Report states:

The merged entity would have a broader educational base in graduate education in the biosciences in which the combined research and educational strengths would make UM a national leader; and especially at the forefront of interdisciplinary work in engineering, physical sciences and biomedical sciences; in public health where combined strengths would enhance educational opportunities for students and more broadly impact underserved populations in the state; in the interdisciplinary intersection of social science, public policy, the humanities, and law in addressing major societal problems; in combined degree programs; and in undergraduate student learning through enhanced opportunities for service learning and undergraduate research. A critical aspect of the vision is the requirement for new funding from the state. Few, if any of the benefits can be achieved without this.

The merged entity would be widely recognized as an academic powerhouse among the top tier universities nationally. National and international rankings would place the new university in the top tier among AAU and land grant universities. Enhanced national and international recognition will increase competitiveness by attracting more highly talented students and faculty, which in turn will increase competitiveness in scholarship and research, and enhance collaboration with other top tier institutions.

The combined institution would develop a reputation distinctive for its commitment to service, problem solving, public responsibility, and a redefined land grant mission.” (See Blue Work Group Report.)

The Gold Work Group similarly envisions a merger as bringing together complementary strengths of UMB and UMCP in ways that would benefit the State’s citizens, the business community, K-12 education, and non-governmental organizations. A merged University of Maryland more specifically may:

- Be positioned to serve as a magnet institution, which would attract companies to Maryland because of the statewide impact and influence of the eminent, nationally visible merged university and assist existing companies in a more comprehensive and coordinated way.
- More effectively serve and support pre-K–12 education, especially in the Baltimore-Shady Grove-College Park “triangle,” through partnerships involving the College of

Education, Schools of Law, Social Work, Public Policy, and Public Health, and other academic and service programs.

- Enhance and extend the current array of services to poor and marginalized populations throughout the state. This, in turn, has the potential to enable both campuses to better address the full diversity of Maryland's communities, both rural and urban, because of improved integration of health, socio-legal, and education services offered by programs and schools to these communities.
- Increase experiential learning and service opportunities offered to undergraduate, graduate and professional students who would likely take advantage of new opportunities and improved organization of existing opportunities for working across disciplines and in conjunction with professional schools. Students at all levels might have better opportunities to interact with cutting-edge problem solvers and researchers drawn from across disciplines and professional interests.
- Position the merged university so that it might achieve what neither institution can do as well alone: redefine the mission of a state university to include a commitment to improve the health and social welfare of the citizens of the state, leading to greater productivity and well-being, reduced health care costs, and a decrease in racial and class disparities; however, achieving such an ambitious goal would require an extraordinary devotion of resources and attention by the university and the state.
- Be situated to take better advantage of, and make much more visible, the social, business, legal, public health, education, and public policy-making capabilities of the merged institution to address critical problems facing local municipalities and state and federal government. From economic development and health disparities to school, regulatory, and law reform, a merger has the potential to create increased opportunities for collaboration, service, and community impact. This might occur as knowledge of available services increases along with appreciation of the untapped, potential synergism of interdisciplinary collaborations.
- Might generate more partnerships with other institutions of higher learning (within and without the System), especially in the areas of entrepreneurship, education, nutrition and health literacy, and community service.
- Increase state-wide pride in and identification with the University of Maryland. A merged university, which at the outset would have more than \$1 billion in annual sponsored research and \$7 billion in annual economic impact, could have greater prestige and broader engagement with communities throughout the state.

Merger: Critical Success and Risk Factors

A merger would be a massive undertaking requiring many years to implement fully. The most important factors essential for a successful merger are strong leadership, an investment of new one-time and recurring funding to support the structural reorganization and incentives for collaboration, the commitment of both campus communities to make the combination work, and patience. New resources are critically important. All stakeholders must commit themselves to an implementation plan that over the long term achieves the “value-added” benefits of a merger and in the near term enables each campus to remain focused on its goals and aligned with its alumni and surrounding community. Other critical success factors and risk include the following:

1. A broad-gauged and sustained strategic communications plan will need to be crafted and implemented to ensure that the “value added” is understood by external and internal constituencies.

The value added of the merger (e.g., heightened prestige and ranking, the possible opportunity to attract even higher caliber undergraduate, graduate, and professional students, increased capacity to raise the quality of life of Maryland’s citizens) must be clearly communicated to external and campus stakeholders. At the same time, constituents must be reassured that their area(s) of particular interest will not be diminished or marginalized by being part of a larger, more powerful two-campus institution.

Branding the merged university must be done carefully to avoid confusion about the identities of the two campuses under the name of “University of Maryland.”

Alumni donors, philanthropic foundations, businesses, and nongovernmental organizations are stakeholders but their interests can differ and even conflict. Hence, it will be especially important to help shape the understanding and reaction of each group to the merger. Institutional selectivity and prestige correlate highly with alumni allegiance and the disposition of these alumni to support their alma mater. A careful and sustained effort must be made to ensure that alumni, donors, and other stakeholders believe in the continuing importance of the school, program, or activity with which they identify most strongly. Each constituency and sub-constituency will need to be engaged in a customized fashion over a period of many years,

2. The merged institution must have the resources and strategic thinking to compete with its peers in pursuit of philanthropic support and in support of its service-related mission.

The advancement programs of each institution are presently understaffed and inadequately funded. Substantial investment and strategic planning will be required to build a program that can over time generate results comparable to the nation's most prestigious public and private universities with which the merged entity will compete. Donors of very large gifts, from alumni and non-alumni alike, are increasingly motivated by "causes" or the objective of having transformative impact on programs and services. The merged university must be able to formulate big ideas and opportunities that draw on expertise across multiple disciplines – ideas that can appeal to donors with broad vision. At the same time, the fundraising program must embrace and reinforce existing relationships, loyalties, and giving patterns.

The fundraising operation of the merged university must reflect an institution composed of distinct schools, colleges, and programs, and alumni allegiances. Fundraising at virtually all large research universities is decentralized, allowing considerable autonomy; this decentralized structure should be maintained if the merger option is implemented. Big, multi-disciplinary and cross-cutting opportunities must be combined with "an all politics is local" approach in which specialized interests and allegiances are not just respected but nurtured and embraced. The established affiliations and interests of alumni, non-alumni friends, and donors with particular schools, colleges, and programs must not be diverted in an attempt to attract support for new initiatives or other parts of the institution and there must be ongoing involvement of the communities being served.

Since alumni of both UMB and UMCP have strong attachments to their schools, colleges or departments, it is important to demonstrate a heightened level of sensitivity and awareness about these connections related to major gifts fundraising and annual fund appeals. "Donor-centric" fundraising efforts should proceed seamlessly throughout the transition so as not to confuse past, current, and future donors and volunteers.

3. The merger must include leadership, financial, and infrastructure support to ensure that service-related collaborations are operable and sustainable. Cultural and other barriers to successful integration must be addressed through the building of trust, the practice of shared governance and consultation, and inclusion in the priority-setting process.

Merger will not automatically lead to collaboration. There will be abundant opportunities to enrich the education and research enterprise, to address community and quality of life issues of fundamental importance, and to expand partnerships with the K-12 community, other colleges and universities, and municipal governments and state agencies. However, collaborations that enrich these activities will require concerted effort and mutuality of interest between the campuses and their programs.

The merger itself will entail a lot of hard “slogging” as systems and procedures are, over time, integrated. Critical operations improvements that will be essential include information, technology integration and transportation. Developing a seamless, high volume, efficient intercampus transportation network which is accessible to students, staff, faculty, visitors and those with disabilities may pose a significant challenge. Alternatively, a highly evolved, widely available tele-presence system could be built to reduce the high energy and cost requirements of traditional transportation. The mechanics of a merger must not be allowed to divert attention from the opportunities for expanding interaction with and service to the surrounding communities. The university must develop incentives and organizational structures that nourish innovation, support collaborations, and enable relationships that cross disciplinary and professional boundaries to take shape and flourish. A delicate balance between strategic direction from the top and enterprise and innovation from faculty, students, and staff must be maintained. Students as well as faculty and staff must be fully engaged, for it is they who will determine the most creative and productive ways to work with and serve external constituencies. Outreach and service to external communities must be based on mutual interests and involvement in the spirit of true partnerships.

Because campuses and schools are diverse and cultural understandings of service may not align, it is important for leaders to identify common objectives and promote work that meets those objectives. A successful merger that envisions the concept of service discussed above would have to address tenure and promotion criteria that currently undervalue a commitment to it.

4. The merged institution must build and maintain a culture that strengthens the involvement of businesses, nonprofit organizations and foundations with the campuses and specific schools, colleges, and programs. Involvement must flow from mutuality of interests.

Both UMB and UMCP enjoy close and mutually beneficial relationships with businesses, nonprofit organizations and foundations throughout the state and nation and even in the international community. The Brown Work Group has examined the importance of expanding technology transfer and commercialization, and the Gold Group strongly endorses the goal of increasing services to industry and the number of companies that emerge from university research and incubation.

Because of the economic diversity of the State, we must consider how the merged university would best serve the needs of local businesses, foundations and nonprofit organizations. We must show sensitivity to established relationships of trust if we move to a merged institution.

Some businesses, industry, foundation and nonprofit organization leaders perceive the decision to merge as a challenge to local interests and relationship. They are concerned that the needs of some businesses will be preferred over others. For example, it has been said that business leaders and other stakeholders in Baltimore perceive that merger will lead to a loss of UMB's commitment to that city and that merger will rupture the relationships built on the loyalty of the Baltimore business community to UMB. Establishing the ongoing participation in decision-making about strategic priorities of the institution and its business partners may help to allay these concerns. A goal of the merged institution would be to build a culture that enhances these communities' involvement with the merged campuses in ways that serve mutually defined interests.

5. The merger process must address concerns about loss of autonomy of schools/programs to define their competitive direction. The merger process itself must not become a preoccupation that drains attention from the true goals of the merger and from existing reputation-building and service-focused institutional collaborations within the University System of Maryland as well as with other universities and organizations.

Internal stakeholders, such as schools and programs, may fear that the merger will disrupt or interfere with established and future school-university partnerships with other System campus schools and programs; as a consequence, they may believe that the productive working relationships already formed or planned may be compromised. These stakeholders need concrete assurances that they will not experience a loss of decision-making autonomy about service priorities or managing relationships with business communities that keep those communities actively involved and supportive.

Existing resources must not be reallocated in support of new initiatives at the expense of current and planned efforts (e.g., inter-professional programs and inter-professional clinics at UMB) to build prestige and expand impact. As new and expanded opportunities for working with and serving external constituencies are identified, great care must be taken to preserve and strengthen already successful collaborations, to establish priorities in accordance with the strategic plans of UMB and UMCP, and to ensure that sufficient resources are available to support existing and new activity.

Strategic Alliance: Critical Success and Risk Factors

As noted above, a full and successful merger of UMB and UMCP will take strong leadership, the investment of new resources, and many years of persistent effort by many people inside and outside the University. As the Gold Group examined its topic, there was extensive discussion

and review of whether an alternative to merger, a strategic alliance, would be viable. Could substantial value be added utilizing this alternative but with substantially reduced risks?

The Gold Group believes that substantial value would be added through a strategic alliance, one described by and envisioned in the Blue Work Group's discussion of this conception. The two institutions can promote highly attractive centers of collective activity, including targeted philanthropic efforts, joint degree programs, community education and service projects, and other programs that enhance the reputations of the institutions, and interdisciplinary research, as well as entrepreneurial and other opportunities that cross departments and campuses. These initiatives can engage faculty, staff and students in collective work, provide service to external constituents and increase the visibility and stature of the universities without some of the costs and risks of a full merger. There would be a greater likelihood of near term benefits accruing from some simple commitments to engage in joint work especially where common goals and priorities are readily or already ascertainable. An example of such an area might be the partnering of Education, Public Health, Law, Nursing and Social Work in schools along the corridor to address the problem of school violence. Some of the activities of a strategic alliance might involve intentional agreements about joint work that would not look much different than relationships established under a merger.

As in the case of merger, critical success factors need to be in place for the strategic alliance to work. Leadership, new resources, and a shared commitment to meaningful and sustained collaboration will be required. Incentives for partnering will need to be developed, and there will need to be critical rethinking of the universities' rewards systems (including tenure and promotion procedures). Moreover, to assure community buy-in, there must be meaningful participation of community representatives (of businesses, foundations and nonprofit organizations) at all stages of planning implementation and an evaluation process when the joint work involves the provision of community-related services. These communities must be fully engaged as partners and fully represented in the planning and implementation of all initiatives in which they are participants.

There are enormous headwinds faced by Academic Health Centers and the U.S. medical industry. The clinical enterprises of the UMB, its schools, and the University of Maryland Medical System (UMMS) are no exception: the challenging economic conditions have already seriously affected both organizations in fiscal year 2012. With declining reimbursements, the UMMS and UMB will need to maintain a very strong, undistracted alignment to manage what will likely be a prolonged period of financial stress. Whether merging the campuses would ameliorate or worsen the situation involves some speculation. In the current environment full merger may be a distraction from the critical leadership decisions that will be important during

challenging times. Given these potential distractions, a prudent option may be the strategic alliance embracing key joint programs.

The outcomes of the alliance – like a merger – should be projected clearly and publicly, following buy-in by key stakeholders. Both short-term results and long term consequences should be identified. Considerations of the time between investment (of resources, time, political capital, and leadership) and tangible results must be factored from the outset. A conservative estimate of results and available resources would be the best guide for anticipating the potential consequences of a strategic alliance and measuring success.

A strategic alliance can focus on specific initiatives where there are identifiable common interests and agreement about the value of collaboration. For the alliance to be truly transformative, all members of the campus communities must feel that they could be participants in such ventures. Because of its intentional or purposeful joint work, with appropriate incentives, a strategic alliance may create a cultural shift, favoring innovation and creativity. Perhaps the most obvious opportunity for joint work is in the biosciences and biotechnology, but faculty, students, and staff from all areas of each institution should be encouraged to identify opportunities for collaboration. Creativity that may flow from diversity of thinking in new partnerships would have transformative potential and may secure long-term, institution-wide commitment to this effort. (See discussion in the Blue Work Group Report).

In Closing

In addressing its assigned topic, the members of the Gold Group engaged in spirited discussion and learned much about and gained added appreciation of each other's university. All members see abundant opportunities for meaningful and sustained collaboration and agree that the status quo is not acceptable.

The UMB and UMCP participants agreed on the value added, critical success factors, and risks associated with merger and a strategic alliance, though there were differences in how these items were weighted.

The Gold Group would have liked to discuss further the options for designing, or structuring a strategic alliance, but time did not permit this. The Gold Group suggests that the University System of Maryland and the Board of Regents may want to devote attention to the variations in how a strategic alliance might be framed.

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Documents and Information Reviewed by the Gold Work Group

2009 University of Maryland, Baltimore Economic Impact Study
2009 University of Maryland, Baltimore Economic Activity Report
2008 University of Maryland, College Park Economic Impact Study
2008 University of Maryland, College Park Stakeholders Survey Summary Report
Powering Maryland Forward: USM's 2020 Plan for More Degrees, A Stronger Innovation Economy, A Higher Quality of Life

Final Report of the Brown Work Group: Commercialization

October 20, 2011

The Work Group's Process

The Brown Work Group was tasked by the Study Steering Committee with examining one specific question related to a potential merger between UMB and UMCP:

- What impact would a merger of UMB and UMCP have on the ability of the two institutions to exploit opportunities for commercialization and technology transfer, as well as Maryland's unique advantages in location and concentration of research resources?

The work group was composed of five senior administrators from each campus (see the membership list at the end of this document for more information). The group met four times over two months to discuss the issues, review and analyze data, hear from outside experts, and develop a response.

The following document presents the work group's consensus response. It begins with a vision for what the University of Maryland could accomplish in the area of commercialization. It then outlines those factors seen by the group as critical to success in achieving that vision, along with the potential benefits and risks. Finally, the paper concludes with a list of those benefits the group has concluded would require a merger to achieve, and a list of supplemental activities that the group sees as having the potential to enhance the commercialization efforts of the two campuses, whether accomplished through a merger or some alternative to merger.

The Work Group's Findings

Vision: The University of Maryland becomes a national leader in commercializing research, and plays a vital role in developing a vibrant entrepreneurial ecosystem and in creating new jobs in the State of Maryland. The University fosters an academic environment where faculty and students are encouraged and rewarded for promoting the entrepreneurial potential, including commercialization, of their research and other creative endeavors, and for engaging in industry-sponsored research.

In order to achieve this, the University needs to:

1. CRITICAL SUCCESS FACTOR: Foster an entrepreneurial culture.

Examples include:

- a. Change the faculty appointment and promotion process to reward entrepreneurial activities.
- b. Add more flexibility to tenure and leave of absence policies to encourage external activities with companies
- c. Allocate laboratory space for entrepreneurial research on the campuses.
- d. Devote seed funding packages to entrepreneurial faculty recruits.
- e. Develop joint entrepreneurship education and training programs.
- f. Seek increased flexibility in conflict of interest rules and other policy impediments.
- g. Encourage Deans, Department Chairs, Institute and Center Directors to support entrepreneurial faculty. Evaluate performance based on entrepreneurial results.

ADDED VALUE: BENEFITS

- h. Unified leadership could set clear policies across both campuses.
- i. Combined entity could have greater voice in changing State and USM policies that hinder entrepreneurship.
- j. Resources, reputation, and opportunities to collaborate at a combined entity could be more attractive to entrepreneurial faculty.
- k. Combining and aligning entrepreneurial resources at both campuses could increase the entrepreneurship rankings of the University, and attractiveness to outside entrepreneurs and companies.

RISKS

- i. Added bureaucracy coupled with physical separation could slow responsiveness to opportunities.
- l. Conflict of interest rules may slow progress.

2. CRITICAL SUCCESS FACTOR: Foster interdisciplinary teams to identify, evaluate, develop, and market promising discoveries.

- a. Both campuses should cross-market and link each other's resources under a single University of Maryland brand.
- b. Example: Clinician from the medical or dental school identifies a need for a new device. Engineering faculty and students design and build a prototype. Business faculty and students evaluate the market opportunities, develop a business plan,

- and identify potential business partners and investors. Law faculty and students investigate the patentability of the idea, examine the regulatory environment, and assist in developing business legal strategies. This should not be a linear process, but highly iterative. It also requires the full participation of industry.
- c. Enable faculty to find collaborators and mentors by creating an online database searchable by faculty member, corporation, research activity based on a full range of entrepreneurial activities at both UMB and UMCP, including:
 - i. Inventions, discoveries, patents, material transfer agreements, licenses
 - ii. Industry-sponsored research
 - iii. Faculty consulting with industry, serving on corporate boards, etc.
 - iv. Start-ups, incubator, and research park tenants
 - d. Create new space for assembling collaborative research efforts that are transdisciplinary, aimed at commercialization of innovative concepts identified above. This could be a new wing on an existing building, or an entirely new facility. Faculty who are excited about innovation, commercialization, and entrepreneurship from both UMCP and UMB would be co-localized in this facility. Additionally, staff with expertise in identifying commercial markets and nurturing new ventures would similarly be embedded among the researchers and clinicians nearby.

BENEFITS

- e. Unified leadership with a common vision could increase likelihood of implementation.

RISKS

- f. Success requires committed leadership and new funding.
- g. The combined entity may be less inclined to look outside itself for partners. The above activities may benefit from including other USM institutions and/or Johns Hopkins University.

3. CRITICAL SUCCESS FACTOR: Engage the private sector more effectively

- a. Expand industry-sponsored research.
- b. Create a joint not-for-profit entity to handle interaction with industry.
- c. Involve industry in identifying promising technologies, advising on product development, and funding commercialization.
- d. Expand graduate professional education opportunities that would be of interest to industry.
- e. Develop joint membership and presence of both UM campuses with state and regional private sector organizations, such as the Maryland Chamber of Commerce,

Greater Washington Board of Trade, the Greater Baltimore Committee, the Tech Council of Maryland, and other regional technology councils.

BENEFITS

- f. Create an Industry Liaison function that promotes both campuses to industry.
- g. Create inter-disciplinary teams to better serve industry, such as researchers in health sciences, informatics, public health, business, law, and public policy to better address Comparative Effectiveness Research.
- h. Cross market additional capabilities to existing industry partners of both campuses.
- i. Extend Master Agreements that each institution has signed with companies to cover both institutions could streamline funded research.

RISKS

- j. Success requires committed leadership and new funding.
- k. The combined entity may have a higher profile in the business community; however, because corporate funding is typically given to a specific program such as a cancer center or a bioengineering department this is dependent on deep collaborations rather than simply combining numbers and branding.

4. **CRITICAL SUCCESS FACTOR: Expand and leverage technology transfer programs and related services.**

- a. Includes tech transfer offices at both UMB and UMCP, clinical trial and corporate contracts, UMB's Law School Clinic, UMCP's Dingman Center, UMCP's MTECH programs. Each tech transfer office requires \$2 million in additional funding to reach parity with its peer institutions. An additional \$1 million would be required to bring the UMCP's entrepreneurial resources to Baltimore and to expand UMB's law school clinic in College Park. Total cost: \$5 million per annum.

BENEFITS

- b. Extend resources currently focused on one campus to the other campus. Although the Law School already has an IP Clinic at UMCP and the Business School already has a satellite campus in Baltimore at the UMB Biopark these initiatives are not fully optimized.
- c. Streamlined agreements, including technology licenses, corporate contracts, clinical trials, MTAs.
- d. Ability to negotiate better billing rates and service from outside intellectual property counsel.
- e. Scientific expertise at tech transfer offices could be pooled.

- f. Back-office functions, such as compliance, collections, billings, market research, could be centralized.
- g. Better visibility for the 'University of Maryland' brand among, local, national and international companies.

RISKS

- h. Because both offices are so under-staffed and under-resourced compared to their peers, few benefits will be possible or meaningful without significant resources.
- i. Centralization of tech transfer staff separately from either campus is not recommended. Ideally, tech transfer staff should be embedded within the translational research groups.

5. Which benefits require a merger to accomplish?

- a. Streamlining agreements – corporate and government, contracts, clinical trials, and license agreements.
- b. Unified leadership would assist in articulating the vision, setting priorities, and tracking results.

6. Supplemental Activities as Part of Merger, or Alternatives to Merger

The activities listed below are specific items that the committee has identified that would significantly enhance our commercialization efforts.

- a. High level standing committee with representatives of both campuses, and perhaps other USM institutions and members of the Board of Regents, could provide vision, set priorities, and track results. Committee should have full-time "Executive Director" who reports to both presidents. Cost for staff: \$200,000 per annum.
- b. Create a joint "Maryland Medical Innovation Institute" similar to the Center for Integration of Medicine and Innovative Technology (CIMIT), a consortium founded by the Massachusetts Institute of Technology and Harvard University's affiliated hospitals, Massachusetts General and Brigham & Women's Hospital. The Institute would accelerate the commercialization of medical devices, imaging, and bioinformatics by building inter-disciplinary teams that include clinicians and faculty and students from engineering, business, and law. "Site Miners," who are senior faculty at each institution, would assist in identifying and nurturing projects. "Project leaders," full-time employees of the Institute, who are experienced entrepreneurs, would assist project teams to develop and implement business plans and to attract external funding. Competitive seed grants of approximately \$100,000 per project would be awarded to the most promising ideas. In addition to

- dramatically increasing technology transfer, the Institute would spur broader collaborations between UMB and UMCP and help to create an entrepreneurial environment at both institutions. As CIMIT has done, the Maryland based consortium could be expanded to include other institutions, such as UMBC, Johns Hopkins University, and federal research labs. The Institute would require approximately \$10 million in annual support.
- c. Provide base budget support for, the successful UMCP/UMB NIH SEED grant program focusing on commercializing technologies and establish high level ties with proposed National Center for Advancing Translational Sciences at NIH with both campuses of UM as pilot facilities for bio commercialization activities. Cost: \$1 million per annum.
 - d. An online database doesn't require a merger and would likely benefit from including resources from other USM institutions.
 - e. UMCP and UMB could create and jointly fund an industry liaison office, with offices at both campuses and an outreach office located in Shady Grove, for example. There have already been discussions about coordinating such an effort with Johns Hopkins University. Cost: \$250,000 per annum.

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Documents and Information Reviewed by Work Group

2009 Presidential Task Force on Research and Economic Competitiveness (The "Mote Task Force" Report)
2008 Kauffman Foundation report "Education and Tech Entrepreneurship"
2011 presentation on CIMIT (Center for Integration of Medicine and Innovative Technology)

Final Report of the Green Work Group

10/8/11

Process: The Charge to the Group

The Green Work Group was tasked by the Study Steering Committee with examining four questions related to the impact of a merger between UMB and UMCP:

13. What impact would differences in the administrative systems (e.g., HR, IT, Research Administration, etc.), as well as the physical distance separating them, have on the ability of UMB and UMCP to merge successfully?
14. What are the projected costs, both immediate and long-term, associated with merging UMB and UMCP into a single institution, for the two institutions?
15. What are the projected savings, or offsetting financial benefits, both immediate and long-term, associated with merging UMB and UMCP into a single institution?
16. What additional state or federal legal or administrative requirements, or Board policies, would the merged UMB and UMCP be subject to and what impact could they have on research and education-related activity at the institution?

The work group, composed of five senior administrators and faculty from each campus, met three times over two months to review the questions and identify and analyze the information available. As the need for additional information was identified, the co-chairs of the work group assigned staff at the two campuses to work together to develop a response (sub-group assignments included staff dealing with Procurement, Administration and Finance, Human Resources, Libraries, Sponsored Research Administration, Information Technology, and faculty appointment, promotion, and tenure). The information provided by those sub groups was reported back to the work group and incorporated into its analysis and final report. Finally, at the request of the work group, additional, background information on mergers—or proposed mergers—that had occurred in other states and were assessed as having relevance to this study was made available to the work group for review and consideration.

Process: Defining “Merger”

To be able to assess the impact of a merger, including projected costs and benefits, a critical step for the work group was to come to agreement on what “merger” meant in terms of the structure, mission and goals of the merged entity. In this effort, the work group agreed to use the definition and vision of a merged institution that was developed by the blue work group. “Merger,” according to the definition developed, should be taken to mean “one or more options for ways to bring together our two vibrant mature campuses as equals into a single

entity.” With this definition serving as the baseline for its analysis, the work group then moved to identify and discuss critical success factors and risks related to accomplishing the merger and the vision incorporated within it. From these discussions, six key administrative or operational areas were identified by the work group as needing additional study with regard to the impact and costs of merger. The job of collecting and reporting back to the work group information on these six areas was assigned to task groups at the two institutions. Finally, in agreement with the guidance of the study leadership group, the work group also discussed factors critical for the success of, and risks inherent in, alternative structures that, while not meeting the definition of merger as it was developed by the two work groups, would still support substantially greater levels of collaboration between the two campuses.

The analysis below, along with the attached spreadsheet, lays out the work group’s findings under each of the four questions assigned to it. The questions are presented in the order in which they were listed in the Board of Regent’s June 2, 2011 work plan.

Analysis of the Four Questions Assigned to the Work Group

6b. What impact would differences in the administrative systems of the two campuses, as well as the physical distance separating them, on the ability of UMB and UMCP to successfully merge?

To respond to this question, the work group first sought to articulate a vision of what a “successful merger” would mean in terms of administrative and operational systems. The vision crafted by the group was of a “merged entity that would utilize administrative systems that were capable of readily providing information to any segment of the two campuses and consolidating reports on any aspect of administrative function.” This vision, the work group believed, would create “value added” primarily by--

- providing greater access to information across the merged entity in order to support decision making and identify new research opportunities, and
- providing easier access for faculty and students to the existing and newly created educational and research opportunities of the merged entity.

The work group saw maintaining the autonomy of the current operations systems as critical in order to avoid unnecessary and costly disruptions. In the work group’s estimation, the natural evolution of software would likely create the opportunity to unify systems in the future and thereby create most of the added value that could be accrued via administrative systems under a merged institution. Likewise the work group identified having greater “flexibility” in managing administrative systems and policy processes, at least until such time as the specific

policy changes needed under a merged institution could be pinpointed and implemented, as a critical success factor in achieving success under the merger, and one that would allow value to be added, without undue disruption and cost.

Most of the risks to realizing the vision of a successful, merged institution that the work group identified could be grouped into two categories: resource availability and leadership. Examples of the former were the need for access to additional resources to develop a regular, reliable transportation system between the two campuses, including expanded parking access to both campuses at a reasonable cost, and the need for new or expanded facilities for the co-location of programs.² Ameliorating or reducing risk under each of these factors would require significant investment. Equally important under the issue of resource-related risks was the need for substantial investment in information technology. Investment in IT, the group recognized, would enable high quality, joint educational programs to be developed, administrative functions to be consolidated, and mitigate some negative impacts associated with the distance between campuses. Failure to invest in IT, however, would put the merger at risk.

In the area of leadership-related risks, the group recognized that human resource issues were potentially the most challenging to manage in the merged entity. Transformational change in any organization can be disruptive if not properly handled and can lead to significant employee disaffection, a lost sense of organizational purpose and mission, and a drop off in productivity and effectiveness. How deftly and effectively the leadership of the merged institution handled the human resource issues that were sure to crop up in any merger, including how it communicated the new organizational vision and mission, were seen as perhaps the greatest risk factors to the success of the merger, greater even than cost or administrative systems.

Table 1 on the attached sheet lists the assessments of the value that could be added, the factors critical for success, and the risks associated with a merger, as they were identified by the work group. A preliminary estimate of costs associated with a merger is also presented. It should be noted that these cost estimates were based upon the necessarily vague definition and vision for a merged institution developed by the blue group (i.e., a merger of equals that consolidates the two entities into a new single entity in order to stimulate rapid growth in research and to create enhanced opportunities for education and service). As a result the cost estimates should be treated as initial approximations of cost only. A more detailed analysis would need to be done once the final detail, scope, and expectations for a merger were known.

² UMCP has estimated a cost of \$360,000 per year to expand, at a base level of functionality, its current shuttle bus service to UMB.

7. What are the projected costs, both immediate and long-term, associated with merging UMB and UMCP into a single institution, for the two institutions, the State, and the USM and its other institutions?

Obviously, any estimate of cost associated with merging the two institutions must take into account the structures and processes to be merged, the time allowed, and the goals and outcomes anticipated. Based on the best information available to the work group, the additional operating costs associated with achieving a full, successful merger of the administrative and information systems of the two institutions could range as low as \$27 million, depending on the system chosen, and as high as \$67 million. These represent up front, one-time estimated costs. The ongoing costs over time should be about the same as they currently are, and are projected to be in the future, if cost and operating assumptions hold up. An additional \$2-3 million per year in capital outlays, which would be needed almost immediately for expanded remote instruction, would add to the final tally and would be seen as in addition to add to the substantial education and laboratory space deficits that already exist on the two campuses.) Table 1 of the attached spread sheet identifies the costs necessary to realize the value added, enable the critical success factors, and mitigate the risks associated with a merger.

The costs for the administrative issues are driven primarily by information system integration and the addition of enhanced technology to support collaborative research and educational opportunities and to mitigate issues of geographic distance. While these costs are substantial, the committee also recognized and stresses in this report that they are orders of magnitude smaller than the level of new investment required to generate the world class university, with its collaboration and mission-driven value, that the vision of a merged institution seeks to fulfill. Success under that vision would require funding to seed collaborative projects, incentivize integration, and develop facilities and infrastructure for new collaboration. It is likely, too, to include some form of “collaborative innovation zone” facilities in three locations: College Park, Baltimore and Shady Grove. To give some sense of the scale of resources needed to achieve this collaboration vision, if 100,000 square feet were designated for specific collaborations at Shady Grove, the level of new investment needed could run as high as \$169 million. Similar investments should be assumed for the other locations.

Finally, the work group discussed the opportunities and costs for development of new, joint educational and research programs that could be operated by the merged institution at the USM’s current regional academic center at Shady Grove. The opportunity is significant but so too is the investment required. The estimates for full expansion of the academic medical education program are \$13 million per year for operations. Similar needs exist for the expansion of UMCP’s programs, as well as new joint UMB/UMCP programs. Together, a

building of approximately 100,000 square feet would be essential for full implementation of the UMB-UMCP vision for Shady Grove.

8. What are the projected savings, or offsetting financial benefits, both immediate and long-term, associated with merging UMB and UMCP into a single institution for the two institutions, the state, and the USM and its other institutions?

In reviewing all of the success factors and risks of administrative and operational systems to support a merger, or an alternative for greater collaboration, there appeared to be little that could be identified as creating savings at least in the near future. Over time, once common policies and procedures and enabling information systems are developed, economies of scale could allow greater growth with a relatively smaller investment in additional administrative infrastructure. However, this level of efficiency could not be generated in the short term.

At the same time, offsetting the costs associated with a merger -- or an alternative to merger that successfully engendered greater collaboration -- would be the financial benefit a successful, merged institution could have on the state's economy, breadth of educational offerings, new research collaborations, and quality of life. This would include the less quantifiable, but important, positive impact it could have on the public's appreciation of and support for support for public higher education in Maryland. Such benefits would include an anticipated increase in R&D dollars generated by the institution; a closer linkage between the state's premier public medical, engineering, bioscience/bioengineering, and policy research programs with the life sciences research corridor that exists in Montgomery and Frederick County; an enhanced ability to respond on a large scale, multi-disciplinary level to the health, education, and service needs of the state's citizens; and greater national and international recognition of the quality of Maryland's public universities Maryland's citizens overall.

10. What additional state or federal legal or administrative requirements, or Board policies, would the merged UMB and UMCP be subject to and what impact could they have on research and education-related activity at the institution?

While a merger would entail numerous changes to Board policy and, in some instances, state law, after due consideration, the work group did not believe that any of the changes, as they were currently understood, would prove prohibitive to a merger, or its alternative. The work group did agree, however, that eliminating constraints on the flexibility of the merged entity to respond to opportunities for research, and eliminating any, unwarranted, additional costs and bureaucracy required to comply with state regulations, would go far in helping achieve the fullest measure of success under a merger or alternative collaborative structure.

This focus on greater efficiency and effectiveness would also be in keeping with the spirit of a key goal of the USM 2020 strategic plan and the Board's E&E initiative.

Consideration and Analysis of Alternatives to Merger

Per the guidance of the study leadership group, the green work group also examined alternative, non-merger scenarios, including the costs, benefits, factors critical to success and risks inherent in them. Because no vision for an alternative had been articulated at the time, the work group focused its analysis on general issues associated with collaboration, those models of collaboration that allow two institutions to enhance support for research and entrepreneurial activities, and the advantages, disadvantages, and costs associated with them.

The two institutions already do substantial collaborative work with other institutions so the processes for working collaboratively under a non-merger alternative scenario already exist. However, these processes—which include the complex administrative procedures required to deal with collaborative grants and joint appointments in two institutions—are perceived by many faculty and administrators at the institutions as a barrier to enhanced collaboration. So while these processes would not only have to stay in place in any alternative short of a full merger, their weaknesses would have to be addressed as well if the alternative alignment was to be fully successful. In the same vein, while each institution's HR and IT systems would remain autonomous under an alternative scenario, thereby allowing fewer conversion or alignment costs, to obtain maximum value under a collaborative a common data warehouse would likely need to be developed. That would require additional resources. Finally, the green work group realized that a key advantage of a merger alternative would be that the two institutions could remain more nimble and selective in targeting specific collaborative opportunities.

Note: This document was developed prior to the Blue Committee's completion of its paper outlining a specific vision for a merger alternative: the University of Maryland Alliance. Information on the costs and savings associated with that vision will need to be developed.

Table 1					
				yes= this would still be possible and a positive development	
				no= this would not be possible, or necessary, in an alternative model	
Value Added		merger			
		admin category	alternative	costs	savings
1	Searchable research data bases so researchers can find each other and information about research capacities	spa	yes	X	
2	Storage of data in a single warehouse with mutual access[1]	spa	yes	X	
3	Eliminating the subcontracting status in joint grant proposals	spa	maybe	none	
4	Elimination of barriers to spending across campuses	spa	maybe	none	
5	Mutually accessible technology enhanced learning tools, common course listing, and student access	it	some	x	
				\$40 to \$60m for new ERP systems, \$20m if open source	Shared data warehouse could possibly eliminate need for operating
6	Shared data systems, including shared access to data warehouse	it	maybe		
7	Personnel appointments would be accessible to both campuses and joint faculty appointments would have more visibility	hr	maybe	none	
8	Combined library assets available to both campuses	lib	yes	\$7m	
9	Cooperation between purchasing offices may provide efficiencies	purch	yes		none identified
10	Technology transfer would have advantages of scale and shared expertise and should provide a more streamlined approach	oth	maybe	See brown group document	
11	Access of students on both campuses to varsity events and intramural athletic competition	oth	no	X	
12	Ability to leverage our investment in branding and reputation building.	oth	maybe		X
13	Ability to leverage the UMMS relationship to contribute more to future of healthcare of Maryland citizens	oth	maybe	none	
14	Strategic partnerships of each would extend to the other and could be enriched	oth	no	none	
Critical Enablers					
1	Facilities for real time remote instruction at each campus	it	yes	\$2-\$3m for initial jump	
2	HR system that allows joint appointments	hr	maybe	x	
3	Policy on promotion and tenure that supports collaboration.	hr	yes	none	
	New resources to fund infrastructure of new entity, provide funding to incentivize collaborations, and create new revenue enhancement opportunities	fin	yes		
5	Frequent, reliable and convenient public transportation	oth	yes	x	
6	System of parking that enables one parking fee.	oth	maybe	x	
7	New facilities to house collaborative programs including new educational and research facilities at Shady Grove	oth	yes		
8	Co-location of collaborative programs	oth	yes	x	
9	Programs that draw students from one campus to another	oth	yes	x	
10	Strong committed leadership on both sides	oth	yes	none	
11	Strong culture of collaboration	oth	yes	none	
12	Retain expectations of autonomy of individual schools at both campuses	oth	yes	none	
	Public corporation benefit yielding more autonomy from the state in areas of purchasing, healthcare benefits, and labor laws in the area of compensation	oth	yes		additional cost avoidance
14	Ability to relax requirements in areas such as administrative systems and APT, to find a way to merge maintaining autonomy until natural evolution of IT systems allows new implementation	oth	no		
				yes=still a risk in an alternative model	
				no= this would not be a risk in an alternative model	
Risks		merger			
		admin category	alternative	costs	savings
1	Inability to apply for multiple applications for grants, such as major equipment grants from NSF	spa	maybe		
2	Variations in salary structure for staff and faculty across two institutions could create dissatisfaction if not properly and sufficiently explained	hr	no		
3	Disruption in respective bargaining environments could occur (currently different)	hr	no		
4	Differences in graduate student benefits, which would need to be addressed as appropriate	hr	no		
5	Possible faculty policy differences, which would need to be addressed as appropriate	hr	no		
6	Leveling of salaries for faculty and staff could possibly reduce productivity and destroy incentives	hr	no		
7	Additional financial regulatory issues associated with an academic medical center (still to be verified)	fin	no		
8	Unrealized expectations due to insufficient funding could lead to low morale and loss of momentum	fin	yes		
9	Differences in institutional policies regarding distribution of tuition resources and indirect cost recovery, which would need to be addressed	fin	maybe		
10	Unforeseen complications created by poor implementation such as lack of commitment, growth in bureaucracy, and ineffective leadership, which would need to be addressed	oth	yes		
11	Distractions of merging vs. doing the work of meeting the vision	oth	yes		
12	Uncertainty in administrative structure such as the role of the provost and which colleges report to the president(s)	oth	no		
Category abbreviations					
lib - libraries					
hr - Human Resources					
it - Information Technology					
spa - Sponsored Programs Administration					
fin - Finance and Administration					
purch - Purchasing and Procurement					
oth - Other					

Green Work Group Members

University of Maryland, College Park

Ann Wylie (Co-Chair), Senior Vice President for Academic Affairs and Provost
Anand Anandaligam, Dean, Robert H. Smith School of Business
Linda Clement, Vice President for Student Affairs
Bill Bentley, Chair, Bioengineering
Bill McLean, Associate Vice President for Academic Services

University of Maryland, Baltimore

Kathy Byington (Co-Chair), Vice President for Administration and Finance
Natalie Eddington, Dean, School of Pharmacy
Jim Hughes, Vice President for Enterprise and Economic Development
Steve Bartlett, Chair, Department of Surgery, School of Medicine
Pete Gilbert, Vice President for Planning and Accountability

Documents and Information Reviewed by Work Group

Merger Impact Analysis – Procurement (Draft document prepared by UMB and UMCP)
Merger Impact Analysis – Service Centers (Draft document prepared by UMB and UMCP)
Merger Impacts – Information Technology (Draft document prepared by UMB and UMCP)
Sponsored Programs Administration, Similarities and Differences between UMCP and UMB
(Draft document prepared by UMB and UMCP)
Libraries – Merger Impact Analysis (Draft document prepared by UMB and UMCP)
Human Resources – (Draft document prepared by UMCP)
HR and APT – (Draft document prepared by UMB)

Final Report of the Student Work Group (The Platinum Work Group) Examining
The Proposed Merger of UMB and UMCP

November 7, 2011

The Platinum Work Group is the student group tasked with providing the Study Steering Committee with an examination of the effect of the merger from the perspective of the students. To examine this issue, the Platinum Group answered the following questions about the merger of UMB and UMCP:

What impact would the merger have on the academic, extracurricular, social, and professional opportunities for the students of both Universities? What are the opportunities for each aspect of student life, what are the risks associated with each opportunity, and what are the critical success factors for each opportunity?

For the purposes of this report, the Platinum Group will use the vision and definition of the merger, as well as the vision and definition of the strategic alliance as the alternative model of collaboration to the merger, as proposed by the Blue Group Final Report.

1. Academics

1.a. Academic Access

Increased access to classes at each campus.

Comment: The complimentary nature of the two campuses affords students the opportunity to gain access to classes that may be otherwise inaccessible within their enrolled program.

Critical Success Factor: Access must be streamlined and facilitated by the administration but not put an increased burden on students in terms of relocation, transportation, or finances. Provisions must be in place to ensure that the opportunities made available to students fall within their current tuition structure and can accommodate barriers inherent to the distance between the two campuses. This includes, but is not limited to, scheduled transportation services between the two campuses and temporary housing resources at each campus.

1.b. Dual Degree Programs

Opportunities for joint degrees .

Comment: Opportunities for joint degrees in programs offered exclusively at UMCP or UMB would offer students an early exposure to the benefits of multidisciplinary collaboration.

Critical Success Factor: Enrolling and participating in cross campus academic programs must accommodate academic schedules and student limitations in transportation and available time. Enrollment in and credits accrued towards degrees at either institution must be equally weighted and transferable towards the students' degree requirements.

1.c. Access to Graduate Opportunities

Undergraduate Exposure to Graduate School.

Comment: Closer interactions between the professional and graduate schools at UMB with the UMCP undergraduate student population would create a greater resource for students to understand the process, requirements, and outlook of post-graduate education.

Critical Success Factor: Administrative support is critical in creating connections between the two student bodies that would facilitate a transfer of experiences to educate pursuit of post-graduate education.

1.d. Increased Curricular Collaborations in Existing Programs

Greater ability to incorporate faculty research at professional and graduate schools at UMB into UMCP curricula, and vice versa.

Comment: Closer interactions between the schools at UMB with the schools at UMCP can allow for opportunities, such as integration of clinical research by physicians at UMB with bioengineering design projects at UMCP. Such interactions are not limited to the bioengineering-medicine relationship, and should be considered for all available fields including, but not limited to, law, public policy, pharmacy, philosophy, and English. However, we are concerned about the fate of redundant programs, programs with low enrollment, and other potential changes that may benefit a combined university but disrupt particular students at either campus.

Critical Success Factor: Curriculum design should be forward thinking and unique in terms of creating linkages between not simply obvious academic units, but non-obvious ones that can truly be transformative for students.

1.e. Increased Research Opportunities

More ability for students at both institutions to participate research opportunities, as well as classes as outlined above.

Comment: Students could potentially be vehicles by which information is shared between the two campuses. Allowing students, both undergraduate and graduate, to access research opportunities on any campus and streamlining the process by which students are able to do so will increase the educational opportunities for students as well as let them gain valuable practical experience in many diverse aspects of their respective fields.

Critical Success Factor: Ease of access as well as services such as short-term housing, transportation, and in certain cases, transfer of any grades given for research ought be flexible enough for students on both campuses to participate easily in research exchanges.

1.f. Policy and Representation

Unequal enrollment and different student roles at the two institutions may promote skewed policy and limit student voices.

Comment: Discrepancies in enrollment, tuition paid, and student contributions to research between the two universities may sway decision making and policy implementation over a combined university to favor certain student populations over others.

Critical Success Factor: Administrators specific to and familiar with each institution must have the authority to make policy specific to either campus. Likewise, student representation on either campus through committees or government associations should be equal in matters shared by UMB and UMCP and retain autonomy within the campus for matters unique to that campus.

2. Extracurricular Opportunities

2.a. Student groups

Overlapping interest, service, and outreach groups on each campus would create opportunities for collaboration between students with shared missions and values.

Comment: The many interest, service, outreach, and cultural groups on each campus would benefit from shared resources and experiences as well as learning from each other how issues unique to Baltimore or College Park affect students differently.

Critical Success Factor: Comprehensive lists of the various student groups on each campus must be made available to students along with schedules of events and meetings to bring the two campuses together.

2.b. Facility Access

Use of facilities on both campuses would encourage stronger relationships between students in College Park and Baltimore

Comment: Many high quality resources including libraries, athletic programs, and fitness facilities exist at both campuses that, through shared access, would make either campus more attractive to work and study at for students enrolled at the other campus.

Critical Success Factor: Student fees must be accessed to ensure fairness for students at each campus and must take into account both the range of resources as well as the geographic limitations unique to each campus. Additional fees should only be considered for those students that wish to take advantage of the resources at the other campus.

2.c. Focus on Surrounding Communities

Combining UMB and UMCP should not shift focus away from serving the Baltimore and College Park communities

Comment: Many organizations and student groups strive to better their communities through charitable events, community awareness, or public efforts. These have traditionally been very well supported by either university's administration. However, the scope of a combined institution may be too large to support local efforts that are accessible to students.

Critical Success Factor: University leadership must recognize the value of each of the universities in their surrounding communities and actively work to support the projects that are currently underway. Any changes in community involvement should be value added, and only combine the services available from each campus, rather than take services and focus away from the Baltimore or College Park communities. Maintaining positive town-gown relationships should be vitally important in any consideration as to the future direction of both campuses.

3. Social Opportunities

3.a Intercollegiate Athletics

Inculcating both campuses as supporters of "Maryland" could potentially lead to a stronger sense of community, both within and between the campuses

Comment: Intercollegiate athletics, the "front porch" of a university, can (if properly utilized) be a tool through which community can develop as well as foster diversity of activities at an institution. Therefore, easier access for UMB students to athletics events at College Park, or an

increased presence of athletics (both intercollegiate and intramural) at UMB can be helpful and a unique way of creating connections between the two campuses.

Critical Success Factor: Geographic distance and discrepancies in student fees must be considered to ensure equal access for interested students at both campuses without creating additional cost for those students that cannot use the services or are not interested.

3.b Campus Identity

Combining two separate campuses under one name could drastically change the unique identity of both UMB and UMCP.

Comment: The community of students and faculty at UMB and UMCP are inherently different given the academic and extracurricular programs provided on each campus. A merger could potentially eliminate any unique characteristics of UMB or UMCP, which would negatively impact the student bodies.

Critical Success Factor: There must be significant efforts made to preserve certain characteristics of each campus, regarding connections to the surrounding town or cultural traditions. It must be made clear that both universities are equals in the merger, and that one campus is not superior to another. While under one name, each campus must be permitted to preserve their own identity, and not forced to adopt another one.

4. Professional Opportunities

4.a. Networking Opportunities Across Campuses

The College Park and Baltimore campuses are well suited to offer students access to many professional organizations and government agencies that could provide post-graduate employment opportunities.

Comment: Easier access to student organizations, faculty members, and commercial partners at either campus would foster increased networking for students that may otherwise not have access to those resources.

Critical Success Factor: Geographic distance limitations must be considered to ensure easy access to either campus. Professional organizations at each campus should be encouraged to advertise, hold events, and collaborate with similar organization at the other campus.

5. Affordability

Each campus currently has different fees and tuition. As such, any consideration of increased cooperation and collaboration between two campuses brings into question the effects and impacts this will have on student finances (tuition and fees) and need-based or merit aid.

Each campus has unique needs, and this is reflected in the fees and tuition. However, with any amount of increased collaboration or cooperation, affordability should be paramount. Changes must be sensitive to the economic needs of students and enshrine the value of accessibility to a public higher education. We acknowledge that increased revenues may be needed to generate the financial inertia to accompany any change to both campuses- however, this should not come at the expense of students through large fee or tuition increases.

The students at both UMCP and UMB have carefully considered the potential impact on student life that a merger or strategic alliance may have and support a stronger relationship between our two campuses and our two student bodies to reach a goal of national eminence. We acknowledge that a true merger in the classical sense would promote stronger relationships, drive collaboration, and offer unforeseen benefits a looser strategic alliance may not afford. However we also feel the risks associated with a classical merger are greater than those in a strategic alliance in regards to impact on school identity, student burden, and representation. Furthermore, the geographic distance between the two campuses is a real concern for students that must be considered both in realizing the benefits and mitigating the risks previously identified.

Student (Platinum) Work Group Members

University of Maryland, Baltimore

Billy Bundeson	Graduate/Professional, Social Work
Nicholas Dye	Graduate/Professional, Medicine
Erin Farabaugh	Graduate/Professional, Dentistry
Shannon O'Connor	Graduate/Professional (Gerontology)
Justin Taylor	Graduate/Professional, Vice President, GSA
Andrew York	Graduate/Professional, Pharmacy/Law

University of Maryland, College Park

Andrew Anderson	Graduate/Professional, Public Health
Katie Kruger	Graduate/Professional, Government & Politics
Corie Stretton	Undergraduate, President, RHA
Mohammed Tariz	Undergraduate (Finance)
Kaiyi Xie	Undergraduate, President, Student Government Association

Report of the Work Group Examining the Impact of a Proposed Merger of UMB and UMCP on the USM as a whole, as well as the Other System Institutions (The “Purple” Work Group)

November 20, 2011

Introduction and Charge to the Group

The work group charged with looking at the effects of a merger of UMB and UMCP on the system and its other institutions included representatives from each USM institution and the three Systemwide councils representing faculty, staff, and students. The group, which was called the purple work group to distinguish it from the other groups in the study, was tasked by the Chancellor with responding to three questions highlighted in the June 2011, Board-approved work plan:

1. What impact would the merger of UMB and UMCP have on the University System of Maryland as a whole, and its ability to carry out its mission and achieve the goals of its strategic plan, particularly those related to educational achievement, economic competitiveness, academic transformation, leveraging resources, and achieving national eminence?
2. What impact would the merger of UMB and UMCP have on the other institutions in the System and their ability to develop and carry out their own mission-related activities?
3. What impact would the merger of UMB and UMCP have on the competitiveness of the other USM institutions on key measures of quality, research, and scholarly activity relative to peer institutions?

To provide a context for its discussion, the work group was asked to review and to respond to the three questions utilizing the definition and vision for a merged institution that had been developed by four earlier work groups in the study. These groups, which consisted of representatives from UMB and UMCP, had established a common definition for the proposed merger, along with a vision of what the merged institution could look like and be able to achieve in the key areas of interdisciplinary research and education programming, technology transfer and commercialization, and community-wide service and impact. In addition to a definition and vision, the earlier work groups also had analyzed the possible risks and rewards under a merger, including a rough estimation of costs and savings, and the factors needed to ameliorate risk and increase the chances for success (funding, leadership, policy flexibility, etc.). Finally, the four earlier work groups, at the System leadership’s request, also had laid out and analyzed a variety of non-merger options that might be explored.

Using the output of the four work groups as the base for its analysis, the systemwide, purple work group met twice to review the documents and discuss their concerns. At the initial meeting of the work group, which focused on the question related to the systemwide potential impact, all USM institutions and councils were represented. At the second meeting, which focused on the question related to the potential impact on those USM institutions that are not the direct subject of the merger (i.e., all USM institutions except UMCP and UMB), only representatives of those institutions and the councils were present. Finally, in addition to having the draft documents of the four earlier work groups, the purple group members also heard from the co-chairs of the work group that developed the overall definition and vision for a merged institution and they had access to various reports and articles about similar mergers and potential mergers that had been studied in other states.

The information below represents the purple group's response to the three questions posed by the study. Following the format used in the group discussions, the group's thoughts and concerns regarding the potential impact of a merger are first discussed. That is then followed by the purple group's analysis of the potential risks under the primary alternative to merger developed by the UMB-UMCP work groups: the University of Maryland Alliance

Areas of Concern for the USM as a whole Under a Proposed Merger

Addressing the proposed merger scenario first, the work group identified a number of potential risks and concerns for the System and its ability to carry out its mission and achieve the goals of its new strategic plan. These included:

Concerns Associated with Resource Impact

In the views of most purple group members, a merger as laid out by the other work groups—and absent any infusion of new resources—has the very real possibility of diverting current resources away from ongoing system and institutional commitments and initiatives. Given the current economic climate in Maryland, the work group argued that there was a very strong possibility that merger would weaken the ability of the System and its institutions to address the core goals of the 2020 systemwide strategic plan and the institutional commitments under it (up to 45,000 additional students by 2020), enhanced student success (10,000 additional baccalaureate graduates), more STEM graduates (a 40% increase in STEM graduates), and more research (a doubling of academic R&D to \$2.4 billion) etc.

The likelihood that this resource diversion would happen, the group indicated, was only increased by the lack of any strategic “roadmap” for achieving operational savings under it. As some members of the work group were at great pains to point out, in private sector mergers the resources freed up by consolidation of redundant or overlapping operations were the mechanism by which the merged organization was able to recoup merger costs and invest in new activities and initiatives. In the minds of those work group members, the increases in operating and capital funding called for in the study documents, combined with the lack of any identified cost savings, indicated a high likelihood that 1) the merger would fail to achieve the vision set out in the document, and 2) attempting to achieve that vision could only be paid for by reductions in funding currently going to support other core areas of System and institutional operations.

At the institutional level, these resource concerns were expressed through a host of possible outcomes associated with the merger, ranging from the time and attention the system and state leadership would have to devote to it to make it succeed, to the impact it could have on the ability of the other institutions in the state to raise private funds. The result for their institutions, the institutional representatives believed, could be a loss of public and/or political support for their institutions’ programs and initiatives, reductions in operating and capital funding as resources were diverted to sustain the merger, and a general reduction in the ability of their institutions to raise funds as private and corporate support focused on the merger. Such outcomes could be especially problematic, the representatives pointed out, for those institutions that predominantly serve populations and regions of the state (minority, low-income and first-generation college students, students in inner city Baltimore and the Eastern Shore, etc.) that historically have been under represented on the state’s flagship and graduate/professional school campuses.

Concerns Associated with the Impact on the Influence and Status of the System and its Individual Institutions

A second area of concern expressed by the group was the possibility that an institution, with the size, mission scope, and financial strength of a merged UMB-UMCP could create a power imbalance that, in turn, could have a number of deleterious effects on both the System and the other institutions in the System. These effects included, for the System as a whole--

- A diminished capability to advocate for additional resources and impartially allocate those resources as needed to address systemwide and statewide initiatives and needs. As a number of representatives pointed out, a situation in which one institution controlled over 60% of the resources going to the System (but which educated only 30% of the total students enrolled) could skew the ability of the System—or even state

lawmakers--to objectively balance the needs of the System and state overall against the dominating institution.

- The possible dissolution of the System. One possible outcome of the 60/40 scenario outlined above was considered to be the break up of the System. Precedents for such a break up were seen in such states as Illinois, and more recently the failed attempt in Wisconsin.
- The loss of the System's national and international reputation as a leader in the coordinated management of higher education resources and effectively addressing, in a coordinated, multi-campus way, statewide and national educational needs

At the institutional level, the concerns in this category centered around the worry that the other USM institutions would be perceived, and treated, as "second-class or even third-class citizens in a two- or possibly three-tiered system." This perception, in turn, would damage their ability to compete against peer institutions around the state and nation, and hinder them in striving to achieve their own institutional goals and commitments. Areas cited where such an impact might be most felt were recruiting and retaining high quality student, faculty, and staff. In the words of one representative, "we all are capable of serving really bright kids, so the emphasis on ranking and hierarchy leaves us concerned. We have to be aware of appearances." Other representatives commented that, like UMCP and UMB, they compete nationally for faculty, and in some areas actually compete against UMCP and UMB. To brand the merged institution as "the University of Maryland" without differentiating between it and the other University of Maryland institutions would create confusion and impair their ability to compete. Finally, another representative cited the initiatives for commercialization and technology transfer contained in the UMB-UMCP work group documents as leaving little room for other institutions to participate in this core system activity.

Concerns Associated with Flexibility, Responsiveness, and Inclusiveness

Related to the concerns expressed above, were concerns that an institution with the size and complexity of a merged UMB-UMCP, and focused on the need to consolidate processes and programs under a merger, might become less nimble and less open to innovation. For the System, this was seen as a risk that could impact its ability to bring all of its resources—including those at the merged UMB-UMCP—to bear quickly when state and national needs or opportunities were identified. As several representatives pointed out, such a lack of nimbleness seems to be going against the intent of the USM's 2020 strategic plan, which calls for greater responsiveness and transformation.

At the institutional level, the concerns surrounding nimbleness and flexibility and a merger's potential impact on it, centered around the issue of cooperative programming. As the representatives pointed out, most institutions in the room at the time have ongoing relationships with UMCP and UMB. There was a concern that a merged institution, intent on

building collaborations between the two former campuses, might become less responsive to the ongoing collaborations or opportunities to collaborate with the other System partner or potential partner institutions. At the same time, for several USM institutions, UMB and UMCP not only serve as active program collaborators but also as their service centers for construction and other functions, and manage core back office operations for others (payroll, human resources, etc.). As a result, they were obviously concerned over the impact a merger might have on the ability of UMB or UMCP to focus on their needs in these important areas.

Concerns associated with Shared Governance and Equity

Finally, the institutional representatives identified a number of areas associated with the merger that could negatively impact shared governance and equity issues within the System and its other institutions. These concerns included the size, impact, and effectiveness a merged UMB-UMCP would have among the System councils. As one member of the work group expressed it, a merged UMB-UMCP would be so massive and complex that its institutional representatives, under the current council structure, would either not be able to effectively represent the institutions (if current representation restrictions are maintained) or might come to dominate the other institutions in the councils (if the representation was proportionately increased). Either result would negatively impact equity and shared governance under the system. Similarly, another representative expressed concern over the impact a merger of the state's two dominant, and traditionally white, research institutions could have on the state's efforts to ensure that all vestiges of a dual system of segregated education, and its deleterious impacts, are eliminated.

Areas of Risk or Concern for the USM and its Institutions Under the Proposed Strategic Alliance

Moving to the second scenario, the University of Maryland Strategic Alliance, all members of the work group expressed support for increased collaboration among all System institutions; however, several also expressed concern over whether an exclusive alliance between UMB-UMCP would be the best way to achieve it. While members of the work group generally conceded that an Alliance option appeared to carry less risk to the System and its ability to continue to survive as an operational entity, numerous aspects of the alliance did concern them. These included: 1) concerns over resource and equity issues, 2) concerns about the exclusivity of the Alliance, and its impact on current and future collaborations among the Alliance and non-Alliance institutions, and 3) whether the alliance would allow UMCP and UMB to achieve what is one of the apparent core drivers of the study, a higher ranking in national and international measures of performance and reputation.

With regard to the resource issue, several work group members pointed out that the resource needs of the Alliance, outlined in the UMB-UMCP study papers, appeared to be much the same, including a large call for new capital funding. If the Alliance was simply another vehicle to ensure a larger proportion of funding went to UMB and UMCP, the work group members stated, they could not support it. Similarly, other members warned that if the Alliance pulled the attention of the campus, system and political leadership away from larger or ongoing System and institutional initiatives, it could be just as damaging as a merger.

Other members of the work group expressed concern about the proposed exclusivity of the merger, noting that each of the System's institutions have unique strengths. If the Alliance were expanded to include opportunities for the other system schools, they reasoned, that should make it even stronger.

Members of the Systemwide “Purple” Work Group

University of Maryland, College Park

Wallace Loh, President

Ann Wylie, Senior Vice President for Academic Affairs and Provost

University of Maryland, Baltimore

Jay Perman, President

Natalie Eddington, Dean, School of Pharmacy

Bowie State University

Karen Johnson Shaheed, Acting Provost and Vice President for Academic Affairs

Karl Brockenbrough, Vice President for Administration and Finance

University of Maryland, Baltimore County

Lynne Schaefer, Vice President for Administration and Finance

George LaNoue, Professor of Political Science

University of Maryland Center for Environmental Science

Don Boesch, President

Erica Kropp, Vice President for Administration and Finance

Dave Nemazie, Associate Vice President for External Affairs (Alternate)

Salisbury University

Betty Crockett, Vice President for Administration and Finance

Melanie Perreault, Associate Provost for Academic Affairs

Towson University

Marcia Welsh, Interim President

Mark Behm, Interim Vice President for Administration and Finance

Laslo Boyd, Interim Chief of Staff, Office of the President (Alternate)

Amie Voight, Special Assistant to the President (Alternate)

University of Maryland, University College

George Shoenberger, Chief Operating Officer

Javier Miyares, Senior Vice President for Institutional Effectiveness

Coppin State University

Ron Collins, Acting Provost and Vice President for Academic Affairs

Monica Randall, Associate Vice President for Government Relations

Frostburg State University

Steve Simpson, Provost and Vice President for Academic Affairs

Steve Spahr, Chief of Staff and Vice President for Government Relations (Alternate)

Ahmad Tootoonchi, Dean, School of Business (Alternate)

University of Maryland Eastern Shore

Ron Forsythe, Vice President for Information Technology and Outreach

Nicholas Blanchard, Dean, School of Pharmacy

University of Baltimore

Bob Bogomolny, President

Harry Schuckel, Vice President for Administration and Finance

Council of University System Faculty (CUSF)

Joan Langdon, CUSF representative for Bowie State University

Martha Siegel, CUSF Secretary and representative for Towson University

Nagaraj Neercharaj, CUSF representative for UMBC (Alternate)

Council of University System Staff (CUSS)

Willie Brown, CUSS Chair and CUSS representative for UMCP

Gynene Sullivan, CUSS Vice Chair and CUSS representative for UMB
University System of Maryland Student Council (USMSC)
Emmanuel Welsh, USMSC Chair and USMSC representative for Towson University
Anna Bedford, USMSC representative for UMCP

UMB and UMCP Merger: Implications on Rankings

Introduction

This document provides an overview of the potential impact of a merger between the University of Maryland-Baltimore and the University of Maryland-College Park on the institutions' national rankings. The report is divided into three sections:

- Implications for U.S. News & World Report Best Colleges Rankings
- Implications for Shanghai Jiao Tong Academic Ranking of World Universities
- Implications for Other Rankings

In many cases, it is difficult to predict the impact on rankings because the two institutions have few comparable programs. Our conclusions are based on the latest publicly available data, in most cases from fiscal years 2009 and 2010.

Implications for US News and World Report Rankings

The University of Maryland-College Park (UMCP) is currently ranked 18th among public institutions and 56th among all ranked schools in the undergraduate *U.S. News & World Report* Best Colleges Ranking. The University of Maryland-Baltimore (UMB) is not included in the ranking due to its small number of undergraduate programs (nursing, dental hygiene, and medical and research technology). However, a merger between UMB and UMCP would impact several categories of factors included in the rankings. Portions of three categories would be influenced: Faculty resources, financial resources, and graduation rates. An additional category, predicted graduation rate, might be impacted as well. Considering the weight of the relevant portions of these categories, the merger could potentially impact 44.5% of UMCP's total USNWR ranking score.

Other ranking categories (undergraduate academic reputation, student selectivity for entering class, financial resources, and alumni giving) are not likely to be affected because these metrics are exclusive to undergraduate students, alumni and faculty. Thus, we expect the merger will have a negligible impact on these categories given the small number of undergraduate programs and students at UMB. A description of the USNWR factors and ranking categories is attached as Appendix A.

Faculty Resources (20%): The following provides an overview of the subfactors of this ranking category and a summary of how the merger would impact scores within each. We expect that the merger will affect 55% of this category, or 11% of the overall ranking score.

- *Faculty compensation* (35%): Average salary of UMB professors is slightly lower than UMCP professors due to the nearly even distribution among their faculty ranks (UMCP faculty are skewed toward the professor and associate professor ranks). We expect that average faculty salary would slightly decrease or remain the same as a result of the merger; therefore, this score would likely remain the same.
- *Percent of faculty with terminal degree in their field* (15%): As an institution mainly comprised of graduate and professional schools, we expect that almost all UMB faculty have terminal degrees in their field. As a result, the merger would likely improve this score.

- *Percent of faculty that is full time (5%)*: According to the approximated USNWR calculation, a merger between UMB and UMCP would increase the number of full-time faculty beyond that of UMCP's peer institutions, and thus likely improve this ranking score.
- *Student to Faculty Ratio (5%)*: Because this figure excludes graduate students and faculty, a merger between UMB and UMCP would not affect this score.
- *Class Size (40%)*: This figure excludes graduate classes. Considering the small number of UMB's undergraduate programs and students, the merger is not likely to impact this score.

Financial Resources (10%): Calculated by total expenditures per FTE student. A merger between UMB and UMCP would increase this figure by slightly less than \$12,000 per FTE student. However, based on FY09 and FY10 data, UMCP would continue to trail three of its peer institutions in this category (University of California-Berkeley and University of Illinois-Urbana-Champaign, the two peers without medical schools, are the exceptions).

Graduation and Retention Rates (20%): Average graduation rate accounts for 80% of the total score for this category. Internal data shows that accounting for students who begin undergraduate studies at UMCP and complete a bachelor's degree at UMB would raise our graduation rate by 0.6%. Thus we expect that the merger will slightly increase this category score. We cannot speak to the impact of the merger on retention rate, which accounts for 20% of this ranking category.

Graduation Rate Performance (7.5%): USNWR defines graduation rate performance as "the difference between the actual six-year graduation rate for students entering in fall 2003 and the predicted graduation rate. The predicted graduation rate is based upon characteristics of the entering class, as well as characteristics of the institution." Considering the expected positive effect of the merger on graduation rate, we expect that this ranking category score will slightly increase.

On the graduate side, UMCP currently has 50 graduate programs that have been ranked in the top 25 among USNWR 2012 Best Graduate School rankings, including programs within 10 of our 12 colleges. A list of the top 25 graduate programs at UMCP is provided in Appendix B.

For 2012, USNWR ranked UMB's graduate programs as follows:

- | | |
|---|----|
| • School of Medicine, Best Medical Schools for Research | 38 |
| • School of Medicine, Best Medical Schools for Primary Care | 49 |
| • School of Medicine, Physical Therapy Program | 15 |
| • School of Law | 42 |
| • School of Nursing | 11 |
| • School of Pharmacy | 9 |
| • School of Social Work | 18 |

USNWR does not rank dental schools. Because graduate school rankings tend to be reputational, we have done no further analysis of the possible impact of a merger on these rankings.

Implications for the Shanghai Jiao Tong Academic Ranking of World Universities

UMCP is currently ranked 38th among World Universities and 29th among U.S. Universities in the 2011 Shanghai Jiao Tong rankings. The Shanghai Jiao Tong Academic Ranking of World Universities is based on four categories: Quality of education (10%), quality of faculty (40%), research output (40%), and per capita academic performance (10%). A complete list of the criteria, indicators and weights for these categories is below.

ARWU Methodology – Criteria and Weights for Overall Ranking:

Indicators and Weights for ARWU

Criteria	Indicator	Code	Weight
Quality of Education	Alumni of an institution winning Nobel Prizes and Fields Medals	Alumni	10%
Quality of Faculty	Staff of an institution winning Nobel Prizes and Fields Medals	Award	20%
	Highly cited researchers in 21 broad subject categories	HiCi	20%
Research Output	Papers published in Nature and Science*	N&S	20%
	Papers indexed in Science Citation Index-expanded and Social Science Citation Index	PUB	20%
Per Capita Performance	Per capita academic performance of an institution	PCP	10%
Total			100%
* For institutions specialized in humanities and social sciences such as London School of Economics, N&S is not considered, and the weight of N&S is relocated to other indicators.			

It is likely that a merger would positively affect the overall score, although detailed data for all the categories was not available for UMB. The data presented for both schools affects 60% of the overall score as shown below.

Breakdown on UMCP and UMB Scores for Overall Category:

Year	Ranking	Ranking	Total	Alumni	Award	HiCi	N&S	PUB	PCP
2011	(World)	(US)	Score						
UMCP	38	29	34.8	22.0	19.9	41.5	31.0	52.8	25.7
UMB	151-200*	69-89	-	0.0	0.0	23.9	17.0	38.8	17.2

*Ranks for schools with a rank of 100 and above are only shown in ranges.

Rankings in the Broad Subject Fields and Subject Fields

The tables below show the rankings of UMCP and UMB in the Broad Subject Fields and the Subject Fields. UMCP ranks in three of the five Broad Subject Fields and four of the five Subject Fields. Rankings in the Broad Subject Fields and Subject Fields have separate ranking criteria and weights from the Overall Category. UMB is ranked in the broad subject field of Clinical Medicine and Pharmacy, but not in any other broad subject field or in any individual subject field. Rankings are shown below.

UMCP Performance in Academic Ranking of World Universities by Broad Subject Fields

Broad Subject Fields	2007	2008	2009	2010	2011
Natural Sciences and Mathematics (SCI)	23	26	27	22	25
Engineering/Technology and Computer ENGences (ENG)	13	13	14	13	11
Life and Agriculture Sciences (LIFE)	/	/	/	/	/
Clinical Medicine and Pharmacy (MED)	/	/	/	/	/
Social Sciences (SOC)	18	16	17	17	21

UMCP Performance in Academic Ranking of World Universities by Subject Fields

Subject Fields	2009	2010	2011
Mathematics	21	19	26
Physics	17	17	18
Chemistry	/	/	/
Computer Science	14	14	14
Economics/Business	16	15	17

UMB Performance in Academic Ranking of World Universities by Broad Subject Fields

Broad Subject Fields	2007	2008	2009	2010	2011
Natural Sciences and Mathematics (SCI)	/	/	/	/	/
Engineering/Technology and Computer ENGences (ENG)	/	/	/	/	/
Life and Agriculture Sciences (LIFE)	/	/	/	/	/
Clinical Medicine and Pharmacy (MED)*	50	52-75	51-76	51-75	51-75
Social Sciences (SOC)	/	/	/	/	/

*Ranks for schools with a rank of 51 and above are only shown in ranges.

Implications for Other Rankings

Two other sets of ranking are of interest. First, *The Top American Research Universities* ranks universities on nine different measures drawn from a variety of established data sources. The most recent rankings include data collected in 2008 and 2009. Second, *Diverse Issues in Education* ranks degree production for different race/ethnicity groups. The rankings are determined by the total number of degrees at each level conferred on minority students at an institution.

UMB and UMCP Merger Implications for
Top American Research Universities

Top American Research Universities	Total Research Rank	Federal Research Rank	Membership in Academies Rank	Faculty Awards Rank	Doctorial Degrees Granted Rank	Annual Giving Rank
UM	39	40	39	31	21	64
UMB	41	61	75	91	178	77
Combined UM & UMB	7	14	30	19	13	32
Top Public Research Universities						
UM	23	20	20	17	15	36
UMB	25	37	41	59	119	45
Combined UM & UMB	6	8	13	11	11	15
Peer Institutions						
Top American Research Universities						
UC Berkley	18	38	4	4	1	19
UC Los Angeles*	5	10	13	11	9	8
Univ. of Illinois	28	33	19	18	7	39
Univ. of Michigan*	4	3	15	3	2	17
Univ. of North Carolina*	25	18	33	13	30	16
Top Public Research Universities						
UC Berkley	13	19	1	3	1	8
UC Los Angeles*	4	6	5	6	7	1
Univ. of Illinois	20	18	9	10	6	18
Univ. of Michigan*	3	2	6	2	2	6
Univ. of North Carolina*	18	9	16	9	14	7

* Institution has a medical school.

Source: The Center for Measuring University Performance
Top American Research Universities 2010

UMB and UMCP Merger Implications for
Diverse Issues in Higher Education Degree Production Rankings

The table below provides the current rankings of both institutions. Although UMB and UMCP only share one ranking, the merger would boost degree production among minority students in all categories.

Ranking (2011)	UMB	UMCP
Bachelor's degrees produced – African American	Not ranked	20
Bachelor's degrees produced – Asian American	Not ranked	16
Bachelor's degrees produced – Hispanic	Not ranked	73
Bachelor's degrees produced – Total Minority	Not ranked	25
Master's degrees produced – African American	72	85
Master's degrees produced – Asian American	Not ranked	34
Master's degrees produced – Total Minority	Not ranked	69
Doctoral degrees produced – African American	Not ranked	14
Doctoral degrees produced – Asian American	Not ranked	23
Doctoral degrees produced – Hispanic	Not ranked	51
Doctoral degrees produced – Native American	Not ranked	Not ranked
Doctoral degrees produced – Total Minority	Not ranked	24
First professional degrees produced – African American	8	Not ranked
First professional degrees produced – Asian American	13	Not ranked
First professional degrees produced – Hispanic	31	Not ranked
First professional degrees produced – Native American	51	Not ranked
First professional degrees produced – Total Minority	10	Not ranked

Appendix A

US News & World Report Ranking Methodology

Ranking Category	Category Weight		Subfactor	Subfactor Weight	
	National Universities and National Liberal Arts Colleges	Regional Universities and Regional Colleges		National Universities and National Liberal Arts Colleges	Regional Universities and Regional Colleges
Undergraduate Academic Reputation	22.5%	25%	Peer assessment survey	66.7%	100%
			High School counselor's rating	33.3%	0%
Student selectivity for fall 2009 entering class	15%	15%	Acceptance rate	10%	10%
			High school class standing in top 10%	40%	0%
			High school class standing in top 25%	0%	40%
			Critical Reading and Math portions of the SAT and the composite ACT scores	50%	50%
Faculty resources for 2009-2010 academic year	20%	20%	Faculty compensation	35%	35%
			Percent faculty with top terminal degree in their field	15%	15%
			Percent faculty that is full time	5%	5%
			Student/faculty ratio	5%	5%
			Class size, 1-19 students	30%	30%
			Class size, 50+ students	10%	10%
Graduation and retention rates	20%	25%	Average graduation rate	80%	80%
			Average freshman retention rate	20%	20%
Financial resources	10%	10%	Financial resources per student	100%	100%
Alumni giving	5%	5%	Average alumni giving rate	100%	100%
Graduation rate performance	7.5%	0%	Graduation rate performance	100%	0%
Total	100%	100%	—	100%	100%

Appendix B
Top 25 USNWR Ranked UMCP Undergraduate
and Graduate Programs

UNIVERSITY OF MARYLAND

US NEWS TOP 25 Most Current Rankings

Graduate Most Current Rankings			Undergraduate Most Current Rankings		
College / Issue	Rank		College / Issue	Rank	
AGNR					
2008 Vet Medicine	18		<i>UNIV</i> 2011 Top Public	18	
TOTAL Rankings	1		TOTAL Rankings	1	
ARHU			<i>BMGT</i> 2011 BMGT	19	
2010 English: African American Literature	10		2003 E-Commerce	4	
2010 English: American Literature Before 1865	15		2011 Entrepreneurship	9	
TOTAL Rankings	2		2011 Finance	25	
BMGT			2001 Human Resources	10	
2012 Information Systems	5		2011 Management	10	
2012 Marketing	20		2011 Management Information Sys	6	
2012 Part-time MBA	17		2011 Marketing	13	
2012 Supply Chain/Logistics	13		2011 Supply Chain Mgt/Logistics	8	
2012 Entrepreneurship	20		TOTAL Rankings	9	
2012 Production/Operations	23				
TOTAL Rankings	6		<i>ENGR</i> 2011 ENGR	19	
BSOS			2011 Aerospace	9	
2009 Audiology	24		2011 Mechanical	19	
2010 Criminology	1		TOTAL Rankings	3	
2010 Economics	22				
2010 Economics: International Economics	15				
2010 Economics: Public Finance	10				
2010 Psychology: Industrial/Organization	5				
2010 Sociology	20				
2010 Sociology: Population	8				
2010 Sociology: Sex & Gender	5				
2009 Speech-Language Pathology	18				
TOTAL Rankings	10				
CLIS					
2010 CLIS	10				
2010 Archives & Preservation	5				
2010 Digital Librarianship	9				
2010 Information Systems	10				
2010 School Media	6				
2010 Services for Children and Youth	6				
TOTAL Rankings	6				
CMPS					
2011 Computer Science	14				
2011 CS: Artificial Intelligence	13				
2011 CS: Programing Language	13				
2011 CS: Systems	18				
2011 Earth Science: Geo-chemistry	7				
2011 Math	20				
2011 Math: Applied Math	12				
2011 Physics	14				
2011 Physics: Atomic/Molecular/Optical	7				
2011 Physics: Condensed Matter	10				
2011 Physics: Cosmology/Relativity/Gravity	11				
2011 Physics: Plasma	7				
2011 Physics: Quantum	9				
TOTAL Rankings	13				

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Total Undergraduate	13
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Total Number of Current Rankings	73
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EDUC		
	2012 College of Education	23
	2012 Admin/Supervision	16
	2012 CAPS	1
	2012 Curriculum & Instruction	15
	2012 Education Policy	13
	2012 Education Psychology	7
	2012 Elementary Education	13
	2012 Higher Ed. Admin	10
	2009 Rehab Counseling	9
	2012 Secondary Education	14
	2012 Special Education	9
	TOTAL Rankings	11
ENGR		
	2012 School of Engineering	22
	2012 Aerospace	9
	2012 Computer	17
	2012 Electrical Engineering	14
	2012 Mechanical	21
	TOTAL Rankings	5
HLHP		
	2004 Community Health	12
	TOTAL Rankings	1
PUAF		
	2009 School of Public Affairs	25
	2009 Environmental Policy	12
	2009 Public Finance and Budgeting	15
	2009 Public Policy Analysis	9
	2009 Social Policy	13
	TOTAL Rankings	5
Total Graduate		60

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