

**Friday, April 15, 2016**

**Report to the USM Board of Regents**

**Chancellor Robert L. Caret**

**(AS DRAFTED)**

Thank you Mr. Chairman. With the faculty awards earlier and the legislative update I will deliver shortly, I will keep my report fairly brief. There were, however, some important achievements across the USM that I would like to highlight.

I begin with our “host” institution, the University of Maryland University College (UMUC) and President Javier Miyares. And congratulations are due to Javier. Last month he was elected to the Board of Directors of the American Council on Education (ACE). In addition, UMUC Asia is celebrating 60 years of providing quality education to U.S. military members, their families, and eligible civilians. In recognition of this impressive milestone, Regent Rauch and I will be attending UMUC commencement ceremonies in Asia later this month in Okinawa, Japan and Seoul, South Korea respectively. Javier, your commitment to academic excellence and integrity, your dynamic vision, and your insightful leadership continue to serve UMUC as a truly worldwide campus.

I also want to note that early next month I will be back here at UMUC for an in-depth visit and discussion. This will complete my series of daylong-plus visits to **each** USM institution to meet with administrators, faculty, staff, students, and others to explore how we can work together as a system even more effectively.

Elsewhere across the USM . . .

The **University of Maryland, College Park (UMCP)** was well represented in *U.S. News & World Report’s* 2017 Best Graduate School Rankings released last month, with 31 programs and specialties recognized:

* The A. James Clark School of Engineering ranked No. 24 overall, with four programs and specialties ranked in the top 25.
* The College of Education ranked No. 26 overall and had six programs and specialties ranked in the top 25,
  + with the Counseling and Personnel Services program again ranked #1 in the country.
* The School of Public Policy ranked No. 31 overall and had three programs and specialties ranked in the top 25.
* The Robert H. Smith School of Business ranked No. 41 overall and had two programs and specialties in the top 25.

The **University of Maryland, Baltimore (UMB)** was also singled out for praise by *U.S News,* highlighted by two overall top-10 rankings:

* The School of Nursing was ranked as the nation’s 8th best,
  + with seven individual specialties also ranked as top-10.
* The School of Pharmacy was ranked 9th in the country,
  + up an impressive 8 spots, from 17th in the previous rankings.
* In addition, the Medical School, Law School, and School of Social Work were recognized in the rankings for their outstanding programs.

At the **University of Baltimore (UB),** the School of Law's clinical and part-time programs earned high marks in *U.S. News & World Report’s* Best Graduate School Rankings. Its clinical training program is ranked 21st nationally, while its part-time program is ranked 36th.

I commend our *MPowering* partners—UMCP and UMB—on the recent four-year, $10 million USDA grant to lead the United States Department of Agriculture’s “CONSERVE” Center of Excellence. The center’s focus will be on developing water reuse solutions, nontraditional water sources, and new water treatment technologies to safely and sustainably grow food crops. CONSERVE will be centered at the UMCP School of Public Health and include experts from the College of Agriculture and Natural Resources, the College of Computer, Mathematical and Natural Sciences, and the School of Engineering. The team also includes the UMB School of Medicine and School of Law. Also joining the effort will be experts from the **University of Maryland Eastern Shore** (UMES). With the General Assembly focused on promoting even more collaboration within the USM, it is important to recognize the fact that strategic internal partnerships are established and forming all across the USM.

In some external partnership news, the **University of Maryland, Baltimore County (UMBC)** is one of 25 new members of the Center for the Integration of Research, Teaching and Learning (CIRTL), a network of U.S. and Canadian universities with science, technology, engineering and math (STEM) graduate programs committed to improving the teaching skills and increasing the diversity of future STEM faculty members. In addition, UMBC’s Meyerhoff Scholars Program was featured in a U*.S. News* article on highly successful national models for engaging and supporting black students in STEM fields. UMBC was also recognized for its efforts to support more low-income students in the recently released "Fulfilling the Promise, Serving the Need: Advancing College Opportunity for Low-Income Students" report issued by the U.S. Department of Education.

In a very important designation, the Human Rights Campaign Foundation announced that **Bowie State University (BSU)** is the first HBCU to have a Queer Cultural Studies course approved. This continues a strong legacy of inclusion at BSU, which was also the first HBCU to open a center to support LBGTQ students and their allies. At a time when many higher education institutions seem to be “challenged” by issues of diversity and inclusion, it is a great source of pride that within the USM, they are supported and celebrated.

We are also celebrating our strong economic commitment and impact. We will soon welcome new leadership in the System Office as Thomas Sadowski joins us in the newly-created position of vice chancellor for economic development on May 2nd. Tom, currently president and CEO of the Economic Alliance of Greater Baltimore (EAGB), brings more than 25 years of successful experience in economic development to this position. As USM's vice chancellor for economic development, he will mobilize USM's support for developing key Maryland industry and workforce clusters. He will serve as USM's senior representative on university-industry-government collaborations statewide. And he will be the system's primary liaison to the state in support of recruiting companies, and retaining and growing existing companies.

Over the past several weeks, in addition to meeting with legislative leaders, members of the Governor’s administration, and testifying before both the House and Senate, I have had the opportunity to talk directly with business leaders on the USM’s commitment to economic partnerships. I spoke before the World Trade Center Institute and at the JCS “Strictly Business” Breakfast. Later this month I will address the Montgomery County Chamber of Commerce and participate in the Second Annual Regional BioTech Forum presented by BioHealth Innovation, MedImmune, the Tech Council of Maryland, and others.

Earlier this year a recent study by the Business, Economic and Community Outreach Network determined that **Salisbury University (SU)** contributed $480 million to the local economy and supports almost 3,300 local jobs. The study also indicated that SU adds nearly $80 million each year to local, state, and federal coffers from taxes generated by this activity. I also want to congratulate SU on its recent “Tree Campus USA” recognition from the Arbor Day Foundation.

**Frostburg State University (FSU)**—long acknowledged for its commitment to effective urban forest management—was also honored as a Tree Campus USA. This was the fourth consecutive year that FSU was so honored. And, as we all know, the big news at Frostburg was the announcement last month that Ronald Nowaczyk will be taking office as FSU’s 15th president on May 9th. With nearly four decades of higher education experience and leadership under his belt, Ron has dedicated **his career** to helping public universities in rural areas advance academically and establish partnerships that enhance the quality of life throughout the surrounding communities. He is a great fit, both personally and professionally, for FSU and Western Maryland. I want to thank again the search committee chaired by Regent Tom Slater, a proud FSU alumnus. I also thank Tom Bowling, who has been leading Frostburg State University as interim president since July 1, 2015.

With Dr. Nowaczyk joining FSU in May, Kim Schatzel—who we “formally” welcomed last month with a dinner at Hidden Waters—now leading **Towson University (TU)**, and Dr. Maria Thompson leading **Coppin State University (CSU)** since July 1st , this academic year will see new leadership at **one-quarter** of our institutions. Add in the fact that I assumed the post of USM Chancellor less than a year ago as well, and it is clear that USM remains a dynamic organization, constantly changing and evolving.

In another piece of USM Office, MJ Bishop, director of the USM’s William E. Kirwan Center for Academic Innovation, recently delivered the keynote presentation at the Quality Matters (QM) Regional Conference on Quality Assurance in Online Learning in New York City.

Lastly let me highlight two of our regents. Frank Kelly is one of 12 inductees in *The* *Baltimore Sun’s* inaugural class of the Maryland Business and Civic Hall of Fame. Regent Kelly was honored for his instrumental role in developing the R. Adams Crowley Shock Trauma Center, the University System of Maryland, the University of Maryland Medical System, and the Maryland Stadium Authority. Frank and the other inductees will be honored at an event in June and profiled in a special section of The Sun. Frank, congratulations.

Congratulations also to Regent Norm Augustine on receiving the 2016 Governor’s International Award from the World Trade Center Institute (WTCI). In presenting the award, the WTCI noted Norm’s work as former chairman and CEO of Lockheed Martin, his leadership in the Maryland Economic Development and Business Climate Commission, his involvement in the United States Energy Security Council, as well as his service on the Board of Regents.

Turning now to the just-completed legislative session . . .

**OPERATING BUDGET**

The final operating budget for fiscal year 2017 for the USM passed both the House and Senate and makes strong bipartisan progress on the USM’s top priority: ensuring access to exceptional and affordable academic opportunities.

The General Assembly approved state support for the USM totaling $1.34 billion, coming from the General Fund and the Higher Education Investment Fund. This is an increase of $75 million—or approximately 6 percent—over the revised FY 2016 budget. In addition, through cost cutting and reallocation actions driven by our ongoing Effectiveness and Efficiency efforts, the USM will provide at least $17 million in added savings. Also, at the conclusion of the 2016 Legislative Session, the General Assembly did not transfer any USM fund balance.

With Governor Hogan’s final approval, the increases add up to approximately $92 million to fund several top priorities across the USM: $38 million for merit pay increases; $42 million toward increased healthcare and retirement expenses; $5 million for a 1 percent “tuition buy down” for in-state, undergraduate students; and almost $7 million targeted to improving college completion. In return, the USM will hold tuition increase for in-state, undergraduate students to a very modest 2 percent.

As you all know, the USM absorbed major budget cuts in both the FY 2015 and FY 2016 appropriations as the state addressed its structural deficit. While the FY 2017 budget remains prudent and tightly balanced, it is still a very positive budget for the USM and the State of Maryland. It maintains our commitment to access, affordability, and quality. It lets us fund some important completion enhancement efforts. And once again, it underscores Maryland’s bipartisan commitment to higher education.

With their actions, Governor Hogan and our legislative leaders have set Maryland apart from—and in many ways above—our competitors in the knowledge economy.

**CAPITAL BUDGET**

The General Assembly allocated nearly $308 million for capital construction projects across USM - up from $261 million in FY16 to help us achieve the strategic campus development goals. A sample of the critical projects that have been funded or advanced includes:

* At UMB, $81 million to fund construction and equipment for the Health Science Facility III
* At Bowie, over $31 million for construction and equipment for the new Natural Sciences Building
* At UMBC, the original recommended of $2.6 million in planning funds for the Interdisciplinary Life Sciences Building was increased to $7.6 million, with $100 million preauthorized for FY 18 & FY 19
* At Frostburg, $2.5 million for initial planning and design of a new Education and Health Professions Building
* At UMES, $3.5 million to start design of a new Pharmacy and Allied Health facility
* At UMCP, almost $70 million in construction funds for A. James Clark Hall to cultivate new bioengineering technologies
* At Coppin, preauthorization for $1.3 million in planning funds in FY 2017 for the renovation of the Julian Science Building for the College of Business
* The USG Biomedical Education facility at Shady Grove was funded $36 million for construction, with preauthorized amounts in FY18 and FY19
* And USM’s Building III at the Southern Maryland Higher Education Center received $3 million for planning.

**LEGISLATION**

Finally, in terms of legislation, there were a number of bills impacting the USM. And with only a few minor exceptions, bills the USM supported were passed and bills the USM opposed did not pass.

Of course, there was one piece of monumental legislation: SB 1052, The University of Maryland Strategic Partnership Act of 2016.

I was very much struck by the fact that this board was essentially united in its approval of the overall ***concept*** of this bill. In our meetings, calls, and discussions, the USM’s support for strengthening the increasingly successful alliance between UMB and UMCP launched in 2012—*MPowering the State*—was clear. In addition, many of the specify elements of the legislation earned the support and endorsement of the Board: the formation of a joint steering committee; the expanded partnerships to more effectively compete for public and private research grants and contracts; the creation of both the University of Maryland Center for Economic and Entrepreneurship Development in College Park and the Center for Maryland Advanced Ventures in Baltimore; and the important focus on the needs of Baltimore aimed at improving job availability and economic vitality.

However, there was concern that such a complex piece of legislation, representing such a significant transformation, could have some unintended negative impacts, not just on UMB and UMCP, but on other USM institutions as well and the 70 percent of USM students attending these other schools. Another concern was that the “strategic partnership” outlined in the legislation would become a merger, with a single president, unified personnel system, single identity, etc. Such an outcome was **not supported** by a majority of the board.

Fortunately, the General Assembly amended the bill to protect and enhance other USM campuses. The approved bill also allows UMB and UMCP to continue to operate "two distinct campuses within the University System of Maryland.”

Clearly there is a lot of work to be done going forward as SB 1052 is processed and implemented, but the bottom line is that we can expect this expanded partnership—*MPower* on steroids as I have heard some people call it—to benefit the state, the system, these universities, and the students we serve. We will see improved academic programs, stronger research activity, increased tech transfer and commercialization, and even more impactful public and community service.

I want to close by once again commending Vice Chancellor for Government Relations Patrick Hogan, our Assistant Vice Chancellor for Government Relations Andy Clark, and the entire Annapolis “team,” many in the system office, presidents, and the campus-based government relations members. This was yet another difficult and challenging legislative session. But thanks to your leadership and hard work, the USM once again emerged as a genuine funding priority, with strong support from the Governor’s office and both the House and the Senate.

###