February 3, 2012

HIGHER EDUCATION OVERVIEW PROVIDES GLIMPSE INTO ISSUES OF POSTSECONDARY EDUCATION PRIORITIES

On Friday, January 27 and again on Monday, January 31, Chancellor Kirwan joined other higher education segment leaders before the Senate and House budget-writing subcommittees. The Higher Education Overview, presented by the Department of Legislative Services, kicks off the General Assembly’s work regarding postsecondary education in Maryland.

The Higher Education Overview provides a “watershed” view of the issues and challenges facing all the major sectors of Maryland’s postsecondary community. The analysis compiled by the Department of Legislative Services can be viewed here.

FOCUS SHIFTS TO UNIVERSITY SYSTEM BUDGET; CHANCELLOR AND REGENT MAKE CASE FOR CONTINUED INVESTMENT

On Wednesday, Chancellor Kirwan and Board of Regents member Barry Gossett appeared before the House Subcommittee on Education and Economic Development to testify on the Governor’s FY 2013 budget recommendations for the University System of Maryland. A full copy of their testimony can be found here. The Department of Legislative Services overview and recommendations can be found here.

Regent Gossett opened the proceedings by thanking Governor O’Malley and the General Assembly for their “strong support” for USM over the past several years. Regent Gossett, while asking legislators to support the Governor’s recommended budget, noted
that the proposal includes $1.07 billion in state support for the USM and an increase of $9 million to “buy down” the tuition increase from 5 percent to 3 percent.

As a system, USM has stepped forward in “shared sacrifice,” Regent Gossett said, and will continue to work in partnership to “protect affordable, high-quality education; solidify the state’s role as a leader in the knowledge economy; and ensure a productive and competitive workforce for our state.”

Chancellor Kirwan spoke next echoing Regent Gossett’s sentiments about partnership and that the USM has aligned its priorities with those of the executive and legislative branches. The Chancellor stressed that USM’s steady focus on access, workforce development, and economic impact have helped the System emerge as a “national model” in higher education cost cutting and cost containment. Through the Effectiveness and Efficiency Initiative (E&E), USM cut more than a quarter billion dollars in direct costs from its budget. With no funds to support enrollment growth, no funds for enhancement programs, no salary increases for employees, and system-wide furloughs, USM has realized a modest increase over the past several years. The Chancellor noted that the Governor’s Capital Budget for FY 2013 provides the USM with $215 million for capital projects, including an extra $10 million for much-needed facility renewal projects.

Discussion continued with the ongoing impact of USM’s strategic plan and the commitment to the "Strategic Alliance" between the University of Maryland, College Park (UMCP) and the University of Maryland Baltimore (UMB). The strategic plan is a key driver in Maryland’s efforts to have 55 percent of the population 25 years old and older holding an associate’s or bachelor’s degree by 2025.

- In a time of national economic and budgetary turmoil, the USM has actually seen a modest increase in state support spread out over the past several years.

- With the four-year tuition freeze and the modest tuition increases that followed, Maryland moved from the 6th highest tuition in the nation all the way down to 25th.

- Not only has the USM cut more than $250 million out of our costs, the time to degree, four-year graduation rate, six-year graduation rates and community college transfers ALL hit their best levels.

- Largely due to private funding from the Gates Foundation, the Lumina Foundation, and others—USM is the national leader in course redesign.

Subcommittee members were made aware that Maryland ranks second in total federal obligations for research and development—first on a per capita basis. Maryland is third in research and development intensity and fourth in R&D performed at universities and colleges. However, Maryland ranks 28th in economic gain from R&D. By promoting opportunities for licensing and commercialization of intellectual property, providing
proof-of-concept funding and seed funding, and linking USM research activities with technology-based companies in Maryland, Maryland could emerge as a tech transfer leader.

The Department of Legislative Services (DLS) recommends, and the Chancellor opposes, a proposal to cut $11.6 million from the Governor’s Allowance for USM. Chancellor Kirwan explained that these funds were allocated to the USM in recognition of current services cost increases of **$59 million** (not including COLA) and our efforts to limit tuition increases. Given the rise in mandatory costs—healthcare, retirement, debt service, new facility operating costs, increased financial aid costs, etc.—the increase in state support plus the funding that will come from the modest tuition increases will only enable the USM to stay level next fiscal year. There are no “enhancement funds” included in the Governor’s Allowance.

The DLS recommendation to reduce the allowance by $11.6M will mean further erosion in access and quality as well as slow any movement in the USM and State Strategic goals. USM will work with the Department of Budget and Management, DLS and committee members to address this very serious issue.

**STATE OF THE STATE HALLMARKS OF THE O’MALLEY/BROWN ADMINISTRATION**

On Wednesday, Governor O’Malley delivered his annual “State of the State” address. Among those in attendance were members of Maryland’s congressional delegation, state legislature and the ambassadors to the United States from Mexico, Ireland, Japan, Russia, and South Korea, as well as former Governors Glendening and Hughes.

The governor highlighted the recent budgetary accomplishments of his administration. The proposed budget for FY 2013 includes nearly $7.5 billion dollars in spending reductions, the most ever for a six-year period in Maryland. He highlighted the stability of our AAA bond rating, the decline of the foreclosure rate in Maryland and the addition of 30,300 new jobs this past year. O’Malley lauded our elementary and secondary education successes, from standardized test scores to overall quality ranked first in the nation by *Education Week Magazine*.

The proposed FY 2013 capital budget would invest nearly $373 million in public school construction, which will directly support 11,650 jobs in FY 2013. The proposed capital budget would also directly or indirectly support the creation of 52,000 jobs in Maryland. The governor pointed out that unemployment decreased from a statewide average of 7.2% to 6.7% in December, a significant achievement for any gubernatorial administration in this economic climate. O’Malley expressed his desire to see Maryland as “#1” in technology transfer and the commercialization of new ideas into jobs. This year his administration proposed the Maryland Innovation Initiative, which will utilize a joint venture relationship between the state and its leading academic research institutions to “accelerate the commercialization of technology.”
Maryland was named as one of America’s top two states in the Milken Institute 2010 Technology and Science Index. Equally as impressive is that the United States Chamber of Commerce ranks Maryland in the top 5 states for growth in its \textit{Enterprising States} 2011 Report. The Governor highlighted the launch of his \textit{Invest Maryland} program, the largest venture capital program in the state’s history, which will take place this summer and award venture capital tax credits to companies most poised to spur job creation.

One of Governor O’Malley’s invited guests was a recently hired employee of Salisbury University. Linda Gillis used the “One Stop Job Market” located on the Eastern Shore and operated by the Department of Labor, Licensing, and Regulation. She credits the governor’s initiative as the basis for landing her “dream job” at the university. According to DLLR, the 35 One Stop Employment Centers were responsible for coaching nearly 205,000 Marylanders in the past year.

The governor also highlighted his plan to streamline the regulatory review process and is recommending 140 regulations for revision or repeal to the General Assembly (which account for nearly 744 pages of code). He made it clear he is committed to efficiency and “moving Maryland forward” as we remain a national leader in innovation, technology, and education.

\textbf{CAPITAL BUDGET SEES ROBUST GAINS}

On Monday, the Governor’s Capital Budget was discussed at length at the first Senate Budget and Tax Subcommittee hearing on the Capital Budget. Department of Legislative Services Analyst Matthew Klein spoke before the committee on the governor’s capital spending plans for Fiscal Year 2013. Overall capital project funding by the governor increased nearly $150 million over last year’s capital budget in an effort to stimulate employment growth.

Higher education saw a marked increase, roughly $57.7 million, in capital funding from last year with an increase from $235.8 million in FY 2012 to $293.5 million. The University System of Maryland will receive approximately $216 million for new construction throughout the state. Frostburg State University will be receiving $44.6 million dollars for a Center for Communications and Information Technology. Coppin State University will be receiving $38.8 million for the new Science and Technology Center. The University of Maryland, Baltimore County received $33.2 million for Phase II of their new Performing Arts and Humanities Building.

The University of Maryland, College Park received $29 million for Phase I of its Sciences complex as well as nearly $5 million for campus wide building system and infrastructure improvements. The USM also received nearly $37 million for the Facilities Renewal program. Another highlight included the $20.7 million that Morgan State University received to build its new School of Business complex.
HOUSE BILL SEEKS TO PROTECT INFORMATION PRODUCED BY UNIVERSITY FACULTY AND STAFF

On Thursday, the House Judiciary committee listened to testimony concerning House Bill 62. The bill authorizes a custodian of a public record to deny inspection under the Maryland Public Information Act (MPIA) if the record contains information of a proprietary nature that was:

- Produced or collected by or for faculty or staff of a public institution of higher education;
- Produced or collected in the conduct of or as a result of study or research on medical, scientific, technical, or scholarly issues; and
- Has not been publicly released, published, or copyrighted.

The provision does not apply to financial or administrative records of a University System of Maryland institution. The USM worked closely with the bill’s sponsor to craft friendly amendments clarifying the bill’s provisions. University System worked closely with the bill’s sponsor to craft friendly amendments clarifying the bill’s provisions. Patrick O'Shea, Vice President for Research at College Park and Erica Kropp, Vice President for Administration at UMCES, provided expert testimony on behalf of USM.

Currently, the MPIA grants the public a broad right of access to records that are in the possession of state and local government agencies. The law enables people to have access to government records without unnecessary cost or delay. Custodians have a responsibility to provide such access unless the requested records fall within one of the exceptions in the statute. A custodian must deny any inspection of certain public records, including, for example, adoption records, welfare records, and certain hospital records. A custodian must also deny inspection of certain other public records only in part. For example, a custodian must deny inspection of the part of a public record that contains information about the security of an information system.

The issue stems from attempts from several organizations to make Freedom of Information Act (FOIA) requests demanding data and emails generated by faculty members at public universities. The requests are attempts to intimidate and embarrass the professors for political beliefs related to their academic studies or to attack their research.

As a result, several states including Utah, Virginia, Delaware and Maine have adopted legislation that provides academic, freedom-based exemptions from the states’ FOIA requests. While the U.S. Supreme Court has not addressed directly the issue of academic freedom in relationship to FOIA requests, it has traditionally accorded special attention to academic freedom within the free speech protections of the First Amendment.
Upcoming 2012 Legislative Budget and Bill Hearing Schedule

February 7th
Senate Finance
1pm

• [Senate Bill 239](#); Maryland Innovation Initiative

February 8th
House Education and Economic Development Committee
1pm

• Maryland Higher Education Commission/Morgan State University/University of Baltimore Budget Hearings

Senate Education, Health and Environmental Matters
1pm

• [Senate Bill 261](#); Northeast Maryland Higher Education Advisory Board

February 9th
Senate Education, Business and Administration Committee
1pm

• University System of Maryland Overview, Morgan State University/University of Baltimore Budget Hearings

February 13th
TBA
1:30

ISSUE HEARING – INFORMATION NOT AVAILABLE

February 14th
House Appropriations Committee
1pm

• [House Bill 310](#); Internet and Electronic Account Privacy Protection Act

February 16th
House Education and Economic Development Committee
1pm

• University of Maryland Center for Environmental Studies Budget Hearing
February 22nd
House Education and Economic Development Committee
1pm

• University System of Maryland Office Budget Hearing

February 23rd
TBA
1pm

• Issue Hearing

February 27th
Senate Education, Business, and Administration Committee
1pm

• University System of Maryland Office/University of Maryland Center for Environmental Studies Budget Hearings

March 1st
Senate Education, Business, and Administration Committee
1pm

• University of Maryland, College Park/University of Maryland, Baltimore/Coppin State University Budget Hearings

March 5th
House Appropriations Committee
3pm

• University of Maryland, College Park/University of Maryland, Baltimore/Coppin State University Budget Hearings

March 6th
Senate Budget and Tax Committee
1pm

• Senate Operating Budget Decisions

March 6th
Senate Budget and Tax Committee
4pm

• Senate Capital Budget Decisions
March 13\textsuperscript{th}
House Appropriations Committee
1pm

- House Operating Budget Decisions

March 14\textsuperscript{th}
House Appropriations Committee
4pm

- House Capital Budget Decisions

March 26\textsuperscript{th}
Joint Senate and House Committee
TBD

- Budget Conference Committee Begins

April 9\textsuperscript{th}
12am

- 2012 Session Ends