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# **UNIVERSITY SYSTEM OF MARYLAND**

## **Office of Government Relations**

### **2011 End of Session Report**

#### **April 12, 2011**

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The Maryland General Assembly completed its work for the 2011 legislative session and adjourned Sine Die at Midnight.

The major responsibility of the System office is to prepare and advance the annual operating and capital budgets for the 12 institutions and two regional higher education centers that comprise the University System of Maryland (USM). In addition, the USM Office of Government Relations tracked more than 60 individual bills that would have had varying impacts on the system, its faculty, staff and students.

We worked closely with the USM State Relations Council, and often with our colleagues in the independent and community college sectors, to stop or modify several bills that would have imposed onerous new regulations on topics ranging from storm water management to course credit. At the same time, USM supported legislation to expand postsecondary opportunity for every Marylander by setting the stage for a modest tuition increase and ensuring a pathway to college for academically qualified undocumented students.

The 2011 General Assembly undertook major pension and retiree healthcare reform efforts. Understanding the deep concerns and trepidations of employees' systemwide, USM government relations officers, human resource managers, and the leadership of Council of University System Staff (CUSS) and the Council of University System Faculty (CUSF) collaborated closely to share information and updates. Timing is everything. When the time was right our Capwiz system generated more than 1,400 e-mails to legislators on this issue. The efforts of CUSF and CUSS were felt across the Capital and the internal collaboration unprecedented.

The End-of-Session report is a snapshot of the major issues the System faced during the Session and their final resolution. The report is broken into four parts: Operating Budget, Capital Budget, Bill Watch, and Pension-Retiree Changes.

## USM OPERATING BUDGET

The 2011 Legislative Session for Maryland's public universities began against the backdrop of a cautiously improving national economy.

A December *Wall Street Journal* survey of leading economists revealed that, on average, the economists "now see stronger expansion in the first half of 2011, with growth picking up speed as the year progresses." Those responding to the survey expected the gross domestic product (GDP) to rise 3% in 2011 and reduced the odds of a double-dip recession to 15% -- the lowest average forecast of the year. The majority said that there would be a better chance the economy in 2011 will outperform their forecasts than that it will underperform.<sup>1</sup>

The predictions can be coupled with a March 25<sup>th</sup> report by the Bureau of Economic Analysis in U.S. Department of Commerce.<sup>2</sup> The report cited a rise in GDP of 3.1 percent in the fourth quarter of 2010 after increasing 2.6 percent in the third quarter. The main contributing factors to the acceleration of the fourth-quarter included: imports turned down, and exports picked up; Consumer spending increased 4% -- the largest increase since the fourth quarter of 2006; and residential housing turned up.

Maryland's economy continues to outperform the country as a whole. Biotechnology, information technology, telecommunications, aerospace and defense are leading forces behind Maryland's economic growth. **In 2011, Maryland still retains its AAA bond rating.** It is one of only eight states to achieve this highest rating. Maryland ranks second nationally in the percentage of professional and technical workers and the State is poised to gain both defense and nondefense contracts for medical research, aircraft development, and cybersecurity.

Nonetheless, continuing unfavorable economic prospects continue to pose a dilemma for Maryland lawmakers. Higher-than-average unemployment strains government's ability to provide support for those without employment, healthcare, or housing. It reflects a shrinking economy punctuated by decreased tax collections to fund other critical programs and services including pension and retiree healthcare benefits.

In difficult economic times the state must prioritize what it can and cannot afford. With the passage of the Fiscal Year 2012 budget, Governor O'Malley and the General Assembly have once again bucked the national trend of disinvestment in higher education. The Legislative and Executive branches have reaffirmed their staunch commitment to keep Maryland's public universities affordable and accessible.

**Given the state of the economy, the operating and capital budgets speak volumes of the Governor and General Assembly's support for public higher education and USM.**

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<sup>1</sup> <http://online.wsj.com/article/SB10001424052748703727804576011521781546808.html>

<sup>2</sup> <http://www.bea.gov/newsreleases/glance.htm>

In the end, the legislatively adopted budget for USM approved a \$4 million reduction from the Governor's proposed budget. The fiscal year 2012 operating budget provides approximately \$1.048 billion in overall General Fund and Higher Education Investment Fund (HEIF) support.

From the onset, the USM Board of Regents showed its readiness to help tackle the State's burgeoning structural deficit **and** provide Maryland students with a quality college education at a reasonable cost. Over the past three years, USM has sustained state funding reductions of \$62.7 million, enacted furloughs to achieve savings of \$68.1 million, and transferred \$142.3 million in fund balance to the state. Combined, these financial transactions represent more than a quarter-billion dollars of cuts to USM even **before** the gavel dropped to open the 2011 Legislative Session in January.

USM has worked diligently to earn the trust and support of budget makers in Annapolis. The core of that fidelity rests in the Board of Regent's Effectiveness and Efficiency (E&E) Initiative. E&E hasn't spared USM from cuts, but E&E (in addition to being held out as a national model) has helped USM "tread water" financially. E&E has generated more than \$200 million in direct cost savings. Academically, USM's four-year and six-year graduation rates are well above national averages, while time-to-degree is at its best level ever at 4.5 years.

Throughout 2010 and into 2011 the personal sacrifice and financial strain on faculty and staff has been palpable. USM continues to deploy systemwide hiring controls while reducing funds for important facility renewal projects, student services, and academic program support. USM has drawn upon the fund balance responsibly in order to leave the System's bond rating intact and, more noticeably, joined with the rest of state government in implementing furloughs.

### **Governor's Priority:**

For the first time in 3 years the budget does not include a furlough of State employees. State employees in the pension system will now be required to contribute more for benefits. Budget makers believe the restructuring improves the long-term funded status of the system. Significant progress was made to lower the State's retiree health liabilities by changing current benefits and mandating a shift to the federal Medicare Part D prescription drug program in fiscal year 2020.

Equally important was to fund higher education at an appropriate level in order to keep tuition for in-state undergraduate students at USM institutions affordable. On the heels of unprecedented tuition freezes and modest percentage increases, Maryland is poised to move from 6th to an estimated 25th in terms of national tuition rates by state. By reigning in the rate of increase in tuition, the Governor and the General Assembly provide direct and seriously needed relief to Maryland's low- and middle family incomes. Policymakers in Maryland understand the critical role a homegrown college-educated workforce plays in not only attracting business and industry, but also creating high-paying jobs. This is tuition relief that other states simply are not providing to their citizens.

**Once a full and thorough reading and understanding of all items and language within the State budget takes place the Chancellor and the Board of Regents will discuss and make**

**decisions for the 2011-2012 Academic Year tuition rates. Given the state of the economy, and the need to adjust state funding for significant revenue write downs, the funding provided to USM shows a significant commitment and support for higher education by Governor O'Malley and the Maryland General Assembly.**

### **Operating Budget**

#### **Budget Cut**

The Senate rejected a House-proposed cut of \$8.1 million and proposed a \$2 million reduction. The House also instructed that the USM Office may replace some or all of the reduction with a transfer from the fund balance; reduce system operations, including the Universities at Shady Grove and University System of Maryland at Hagerstown; or assess system administrative costs to the institutions.

In the end, conferees settled upon a **\$4 million cut** to USM and authorized the USM office to replace some or all of the reduction with a transfer from fund balance; reduced system operations, including the Universities at Shady Grove and the University System of Maryland Hagerstown; or assess system administrative costs to the institutions.

#### **Operationally Critical Personnel**

A hard-fought provision to include USM staff, in addition to faculty, in the exception for pay increases for retention purposes went government-wide. The conferees agreed that what's good for USM staff is good for all State employees. The conference report prohibits State employees from receiving merit increases before April 1, 2014, **except** as necessary to retain faculty at the University System of Maryland, Morgan State University, and St. Mary's College of Maryland and retention **increases for operationally critical personnel in fiscal 2012 only** and requires reports from higher education and the Department of Budget and Management on the definition of "operationally critical" and the increases awarded under this provision

#### **Intercollegiate Athletics**

The House and Senate agreed that \$5 million would be withheld from USM institutions until USM submits a report to the budget committees on the amount of general funds expended in fiscal year 2011 on intercollegiate athletics, including institutional scholarships to student athletes. The report is due by September 1, 2011 and the committees will have 45 days to review and comment.

#### **Information on Voluntary Separation Programs**

The budget committees agreed **if** USM decides to implement a Voluntary Separation Program before June 30, 2011, the positions would not have to be abolished and the net savings would not have to revert to the State general fund. The plan should include an

agreement from participants that they will not seek or accept employment or work in any capacity, including as an employee, contractor, or employee of a contractor, with any Executive Branch agency, public institution of higher education, or any other State agency or unit for a period of 18 months following their separation. In addition, USM would have to provide the following information:

- the plan as approved by the institution's governing board;
- the number of applications received for voluntary separation;
- the number of positions approved to participate;
- a list of the position identification numbers (PIN) abolished;
- annual salary and fringe benefit expenditures for each PIN abolished in accordance with the program; and
- an estimate of the total cost of the program in terms of financial inducements offered and additional retirement costs incurred.

### **UMCP-UMB Merger**

The University System of Maryland Board of Regents is required to submit a study examining the advantages and disadvantages of merging the University of Maryland, College Park and the University of Maryland, Baltimore. The study should 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 is required to 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 is due to the House Appropriations Committee and the Senate Budget and Taxation Committee before December 15, 2011. The respective budget committees have 45 days to review and comment on the report. Moreover, \$1 million in funding for USM is restricted pending the receipt of the report.

### **Maryland Higher Education Commission (MHEC) New Provisions**

- **Allows MHEC to charge for Program Review (\$300,000)**
- **New Complete College Grant Program (\$800,000)**
- **Phase-Out Distinguished Scholar Program (\$1.1 million)**

### **COMMITTEE NARRATIVE**

*At times, the budget committees wish to express legislative intent or request the University System to perform certain studies or report on particular issues during the interim. This is usually written as "committee narrative" in the chairmen's report of the budget committees' action. Committee narrative does not have the effect of law nor does it require agreement to the language on the part of the entire House and Senate. However, both budget committees must agree on the wording. USM and the affected institutions will respond to committee narrative on the following issues:*

### **Faculty Workload Report**

The budget committees request that the University System of Maryland (USM) continue to provide annual instructional workload reports for tenured and tenure-track faculty. By focusing on faculty, the committees gain a sense of the teaching activities for the regular, core faculty at the institutions. Additional information may be included in the report at USM's discretion. Furthermore, the report should include the percent of faculty meeting or exceeding teaching standards for tenured and tenure-track faculty for the University of Maryland, Baltimore. The report is due December 1, 2011.

### **Institutional Aid Report**

The committees request that data be submitted for each University System of Maryland (USM) institution on all categories of institutional aid (need-based, merit, mission, and athletic). Data on tuition remission should be submitted as a separate category. The report should be in the same format as submitted to the Maryland Higher Education Commission and include prior year actual, current year working, and allowance data. The report is due January 6, 2012.

### **Institutional Aid by Expected Family Contribution Category**

The committees request that data be submitted for each University System of Maryland (USM) institution on the number of institutional aid awards by expected family contribution (EFC) category and by institutional aid category, such as grants, scholarships, athletics, and tuition remission for each fiscal year from 2007 to 2011. The report is due November 15, 2011.

### **Universities at Shady Grove and University System of Maryland at Hagerstown Detail Budgets**

In order to assist the committees in exercising its legislative budgetary oversight duties, the committees request that the University System of Maryland Office (USMO) provide detailed budgets for the Universities at Shady Grove (USG) and the University System of Maryland at Hagerstown (USMH) as part of the Governor's annual budget submission. This should include a budget summary detailing current unrestricted revenues and restricted revenues by source, number of authorized and contractual positions, and expenditures by program area and sub-object. Additionally, USMO should provide full-time equivalent student enrollment at USG and USMH by institution. The report is due with the fiscal 2013 request and allowance.

### **Report on the Methods to Determine Predicted Performance of the Public Four-year Institutions (MHEC)**

The committees are interested in increasing student performance at public four-year institutions of higher education in Maryland. The Maryland Higher Education Commission (MHEC), in conjunction with the University System of Maryland (USM), Morgan State University (MSU), and St. Mary's College of Maryland (SMCM), should submit a report identifying models the State could use to determine an institution's predicted performance in measures such as graduation and retention based on student characteristics. The report should include indicators

and algorithms that could be applied across public four-year institutions in Maryland, including comprehensive institutions, research institutions, baccalaureate-granting institutions, and historically black institutions. The report should also examine whether predictive modeling has been used in on a statewide level.

### **Helping Adults with Accumulated Credits Return to College to Complete Degree (MHEC)**

The budget committees are interested in helping students who dropped out of college with a significant number of credits return to college to complete their degree. The Maryland Higher Education Commission (MHEC) should work in conjunction with the University System of Maryland (USM), Morgan State University (MSU), and St. Mary's College of Maryland (SMCM), Maryland Association of Community Colleges (MACC), and the Maryland Independent College and University Association (MICUA) to study and report on actions the State and higher education institutions can and will take to encourage adults to return to college when they already have a significant number of credits earned. The report should include a discussion on changes to State regulation that could help toward this goal and also on possible issues regarding institution accreditation. The report should be submitted by August 30, 2011.

### **Report on Improving Developmental Education Data (MHEC)**

The committees request that the Maryland Higher Education Commission (MHEC) begin to collect more detailed outcome data on students participating in developmental education and, separately, summer bridge programs from public institutions. The data, some of which may be used in the Student Outcome and Achievement Report, should track retention, graduation, and persistence of students who require developmental education or participate in summer bridge programs compared to those who begin on college-level and include nontraditional developmental student and courses. MHEC should work in conjunction with the University System of Maryland (USM), Morgan State University (MSU), and St. Mary's College of Maryland (SMCM), Maryland Association of Community Colleges, and submit a report by October 15, 2011, outlining a format for collecting this data and a timeline for implementing the data collection and reporting.

### **Report on Outcomes of Students Participating in Access and Success Programs by Cohort (MHEC)**

The committees understand that as part of the State's agreement with the federal Office of Civil Rights, the State has provided annual funding to Maryland public historically black institutions (HBIs) to improve retention and graduation rates. From fiscal 2001 to 2006, the funds were budgeted through the Maryland Higher education Commission (MHEC) and released after each HBI submitted proposals to MHEC outlining how the funds would be spent in the coming year. Beginning in fiscal 2007, Access and Success funds were appropriated directly to the HBIs. The committees request that the MHEC collect progression, retention, and graduation data from each public historically black institution on all students participating in Access and success programs in fiscal 2011. Data should be analyzed and presented by institutions and

program. The report should include a summary of fiscal 2011 programs supported by Access and Success funds and a statement from each institution on how findings from the 2010 report have been used to inform and improve programs and student services supported by Access and Success funds. The report shall be submitted by October 15, 2011, and every year thereafter.

### **Collaboration on College Readiness (MACC)**

The budget committees are interested in learning more about how colleges work with local school districts to determine those students who are college-ready and those who need additional study before beginning college-level coursework. The Maryland Association of Community Colleges (MACC) and the University System of Maryland (USM) should submit a report describing to what extent colleges work with local school systems, and how the colleges and local school systems use the information. The report should be submitted by August 1, 2011.

### **Incentives for Completing an Associate's degree Prior to Transfer (MACC)**

The budget committees are interested in increasing the number of students who complete an associate's degree prior to transferring to a four-year institution. The 2010 Joint Chairman's Report requested Maryland's higher education segments to report on incentives and best practices. To follow up on this report, the budget committees request that the Maryland Association of Community Colleges (MACC), in conjunction with the University System of Maryland (USM), submit a report outlining the incentives and best practices that will be implemented and how those already in use can be expanded. The report should be submitted by July 15, 2011.

### **Task Force to Study Higher Education in Baltimore City (USM/MACC)**

Task Force to Study Higher Education in Baltimore City: The committees are concerned about degree progression, student success rates, and cost per degree at public two- and non-research four-year institutions in Baltimore City, and how those factors impact Maryland's efforts to attain the goal that 55% of citizens aged 25-64 hold an associate's or bachelor's degree by 2025. The Maryland Higher Education Commission (MHEC) should convene a taskforce with staffing provided by the University System of Maryland (USM), and the Maryland Association of Community Colleges (MACC) to assess the current state of public, non-research higher education in Baltimore City, long-term efficiencies that can be created through institutional partnerships, or merging resources or institutions, and the impact those actions could have on student success rates, cost per degree, and educational and degree opportunities. The task force should consider recommendations made by the 2011 Coppin State University revitalization study team and should include members of USM, MHEC, MACC, Baltimore City Community College, and Baltimore City Public Schools. The task force should also include at least two outside experts: one with expertise in institutional partnerships, including mergers; and one with expertise in degree completion. The task force should submit a report on its recommendations to the committees by December 15, 2011.

## **USM CAPITAL CONSTRUCTION BUDGET**

USM urged full funding of the Governor's fiscal year 2012 budget recommendations for all System institutions, as well as our System-wide Facilities Renewal program. With a commitment of over \$158.1 million dollars in fiscal year 2012, the General Assembly approved **all** of the USM projects included in the Governor's Capital Budget. USM relies heavily on our campus infrastructure to deliver quality academic programs and house critical research.

System-wide Facilities Renewal (FR) funds are a critical piece of USM's overall facilities renewal program. The \$17 million in academic bond funds is just a part of an overall approach the Board of Regents is taking to address the problem of deferred maintenance. The Board's program also encourages increases in operating expenditure for facilities renewal toward an annual spending target equal to 2% of the replacement value of campus facilities, as well as a high proportion of renovation and replacement projects in the capital improvement program.

### **BOWIE STATE UNIVERSITY**

#### ***Campuswide Site Improvements Phase 2 (Construction) -- \$1.757 million***

This project will improve and upgrade Bowie State University's (BSU) pedestrian connections and campus appearance including the restoration of existing sidewalks and paving; the installation of lighting, paving, and signage; and roadway improvements to reduce traffic congestion.

#### ***Field House Renovation and Addition – \$700,000***

This language adds funds to design and construct renovations and an addition to the Bulldog Stadium Field House. The current facility has inadequate bathroom facilities and no food preparation space.

#### ***New Bulldog Football Stadium Field Lights -- \$500,000***

Provide funds to design, construct, and equip the installation of new field lights at Bulldog Stadium. The stadium has no lighting system and the installation of lights allows Bowie State University to use the field for evening events.

### **FROSTBURG STATE UNIVERSITY**

#### ***Center for Communications & Information Technology (Planning) -- \$10.054 million***

Construct the Center for Communications and Information Technology (CCIT) to provide new classroom, laboratory, and office space for Graphic Design, Mass Communications, Mathematical, and Computer Science programs. The facility will also house the campus radio and television stations and academic support units including academic computer, and the Center for Teaching Excellence. The center will create a modern facility for the academic

programs, alleviate future space deficiencies, and provide a centralized campus facility linking the radio and television stations, academic computing, and technology disciplines. Once completed, the CCIT will provide 68,101 net assignable square feet (NASF)/127,000 gross square feet (GSF) of classrooms, class laboratory, research, and other support space.

## **TOWSON UNIVERSITY**

### ***Campuswide Safety and Circulation Improvements (planning) -- \$1.2 million***

This language authorizes design funds for a variety of campus-wide infrastructure and site improvements to improve the safety and functionality of the campus.

## **UNIVERSITY OF BALTIMORE**

### ***New Law Center (construction) -- \$41.493 million***

This project will provide funds to construct and equip a new law school building, a 189,700 gross square foot facility. The building will be constructed on the existing parking lot located between Charles and St. Paul Streets, north of Mount Royal Avenue, and is bordered by the Jones Falls Expressway. The new facility will replace the existing building and spaces supporting the law school and will house all law school departments and programs. The facility will include a ceremonial/teaching moot courtroom/auditorium; contemporary Socratic form classrooms; offices for faculty, staff, and administration; a law library with study space; and office suites.

## **UNIVERSITY OF MARYLAND, BALTIMORE**

### ***Health Sciences Research Facility III (planning) -- \$4.0 million***

Provide funds for preliminary design of a new research facility for the School of Medicine, subject to the requirement that the University of Maryland, Baltimore provide an equal and matching fund for this purpose.

## **UNIVERSITY OF MARYLAND, BALTIMORE COUNTY**

### ***New Performing Arts and Humanities Facility (construction) -- \$41.2 million***

The Performing Arts and Humanities Facility will provide classrooms, laboratories, offices, and other support spaces for the Departments of Theater, Music, Dance, English, Ancient Studies, and Philosophy. The performing arts program occupies space that is in poor condition, is not appropriately configured, and lacks needed technology, while the humanities programs have insufficient space to meet the increasing demand for courses. The performing arts and humanities programs are located in the Theater and Fine Arts buildings that are 42 and 37 years old, respectively. The Theater Building will be demolished, and the Fine Arts Building will be renovated. The new facility will be constructed in two phases and will provide an additional 88,883 net assignable square feet (NASF)/166,789 gross square feet (GSF); Phase I

will provide 45,435 NASF/90,184 GSF; and Phase II will provide 43,448 NASF/76,605 GSF. The fiscal 2012 allowance provides \$36.6 million to complete construction of Phase I and \$4.7 million to equip the facility.

### ***Pre-authorization for Performing Arts & Humanities Phase II***

This language pre-authorizes funding of Phase II of the new Performing Arts and Humanities Facility for the Maryland Consolidated Capital Bond Loan (MCCBL) of 2013. This would accelerate the construction phase of the project programmed in the 2011 Capital Improvement Program from fiscal 2015 to fiscal 2013. A second piece of language provides the initial authorization for the MCCBL of 2012 to start the construction the new facility. In concert, both pieces of language permit the project to be bid for construction in fiscal 2013.

## **UNIVERSITY OF MARYLAND, COLLEGE PARK**

### ***Physical Sciences Complex Phase I (construction) -- \$30.1 million***

Construct Phase I of the new Physical Sciences Complex to provide modern laboratory and office space for the Department of Physics, the Department of Astronomy, and the Institute for Physical Sciences and Technology (IPST). The departments, which will occupy the new building, currently reside in three aged, poorly conditioned, and obsolete buildings. The three buildings are the Physics Building built in 1950 in which the electrical system is obsolete; the IPST Building that opened in 1955; and the Computer and Space Sciences Building built in 1963. The complex will be completed in three phases and once completed will provide an additional 195,052 net assignable square feet (NASF)/368,946 gross square feet (GSF) in three interconnected buildings. The fiscal 2012 allowance includes \$30.1 million to continue funding of construction which commenced in July 2010.

### ***UMCP Campus Facilities Renewal -- \$5 million***

Provide funds to design, construct, and equip Campuswide infrastructure improvements, provided that it is the intent of the General Assembly that during the 2011 interim, as part of the Capital Debt Affordability Committee's review of the size and condition of the University System of Maryland (USM) debt (as required by § 8-112(e) of the State Finance and Procurement Article), the committee include an evaluation of the capacity to increase the amount of the USM Academic Revenue Bonds (ARB) by \$5,000,000 annually beginning in the 2012 legislative session for the purposes of providing additional authorizations to support campus-wide building system and infrastructure improvements at the University of Maryland, College Park. Any amount of additional ARBs would be used to match State general obligation bond funds for the multi-year infrastructure improvement project.

## **UNIVERSITY OF MARYLAND, EASTERN SHORE**

### ***New Engineering and Aviation Science Building (Planning) -- \$3.6 million***

This project will construct an 88,610 net assignable square feet (NASF)/ 163,350 gross square

foot (GSF) building to replace Tanner Hall, the existing Engineering and Aviation Sciences Building, which was constructed in 1963. In addition to being unable to accommodate the current or future enrollment in the programs it houses, Tanner Hall does not have appropriate facilities to support engineering programs. The new facility will provide appropriate instructional space for the Engineering and Aviation Sciences program, the Department of Computer Science and Mathematics, and the Telecommunications program.

## **SALISBURY UNIVERSITY**

### ***Maggs Physical Activities Center Main Gym Air Conditioning -- \$1.5 million***

This project will provide air conditioning to the main gym of the Maggs Physical Activities Center (PAC). This request is specific to the main gym as there are potential life and safety issues with its use during the warmest months of the year. Construction is slated to begin June 2011 and be completed by September 2011.

## **USM BILLWATCH**

### **In-State Tuition for Undocumented Students (Senate Bill 167/House Bill 735)**

**USM Position: Support with Amendment**

**Final Status: Passed House and Senate**

Late Monday afternoon, the Senate refused to concur in additional House amendments to Senate Bill 167. An evening conference committee agreed to a workable compromise.

Beginning July 1, 2011, Senate Bill 167 would exempt individuals who attended and graduated from a Maryland high school from paying nonresident tuition at public institutions of higher education. The University System of Maryland testified in support of the measure. However, USM expressed concern that the bill's language may be too broad and unintentionally open the possibility for challenges from residents of other states hoping to get in-state tuition. USM is working with the sponsors and others to offer a clarifying amendment.

To qualify for an exemption from paying nonresident tuition, an individual must have attended a secondary school in the State for at least three years; graduated from a high school in the State or received the equivalent of a high school diploma in the State; registered as an entering student at a community college in Maryland no earlier than the fall 2011 semester and was awarded an associate's degree or achieved 60 semester credits; provided documentation that the individual or the individual's parent or legal guardian has had Maryland income tax withheld or has filed a Maryland income tax return annually while the individual attended secondary school, community college and a USM institution; and made application to attend the institution within three years of high school graduation.

An individual who qualifies for the exemption and is not a permanent resident must also provide an affidavit stating that the individual will file an application to become a permanent resident within 30 days after becoming eligible to do so.

### **Task Force to Study Adjunct Faculty Impact at Historically Black Institutions**

**(Senate Bill 347)**

**USM Position: Support**

**Final Status: Passed House and Senate**

Senate Bill 347 would establish a Task Force to Study the Impact of Adjunct Faculty on Graduation Rates at Historically Black Institutions (HBIs) and require the Maryland Higher Education Commission (MHEC) to provide staff and a final report with findings and recommendations by January 1, 2013. Coppin State University President Dr. Reginald Avery testified in support of the bill and on behalf of USM.

The task force is charged with:

- Analyzing the number and type of adjunct faculty and the number of tenured faculty at HBIs in the State and other institutions of higher education in the State;
- Evaluating the ratio of adjunct to full-time faculty at HBIs in the State in comparison to other institutions of higher education in the State and assessing the impact of the ratio on retention and graduation rates at HBIs in the State;
- Evaluating the impact of different kinds of adjunct instruction including full-time, non-tenure track instructors, graduate student instructors, part-time instructors, and postdoctoral fellows on retention and graduation rates; and
- Making findings and recommendations regarding the relationship between the ratio of adjunct to full-time faculty at HBIs in the State and current disparities in retention and graduation rates in Maryland's institutions of higher education.

**Invest Maryland Program (Senate Bill 180/House Bill 173)**

**USM Position: Support**

**Final Status: Passed House and Senate**

Senate Bill 180, introduced at the behest of Governor O'Malley, creates a State-supported venture capital program and increases funding for the Enterprise Fund and Maryland Small Business Development Financing Authority (MSBDFA) within the Department of Business and Economic Development (DBED). These programs will receive a maximum of \$99.4 million in total funding from fiscal 2012 through 2014, which is provided through the creation of a tax credit against the insurance premium tax for insurance companies that make qualified contributions to the program. DBED can award a maximum of \$142.0 million in tax credits, which can be claimed beginning in tax year 2014. DBED must administer the program, and the bill also provides for the program application and certification process as well as creating a Maryland Venture Capital Authority within DBED.

Maryland is the most R&D intensive state in the nation ranking # 1 per capita in total R&D, our "Achilles heel" as a state is the lack of infrastructure to realize the full potential of the R&D coming from our universities, government labs and the private sector. As a result, Maryland ranks 42nd among the states in the number of business start-ups per capita and 32nd

in the number of start-ups receiving venture capital.

**Regulation of Public, Private Non-profit and For-Profit Institutions of Higher Education  
(Senate Bill 695/House Bill 995)**

**USM Position: Support with Amendment Final Status: Passed House and Senate**

SB 695 aims to distinguish between public, private nonprofit, and for-profit institutions of higher education in the State; creates a Guaranty Fund to reimburse students at for-profit institutions of higher education who are entitled to a refund of tuition and fees due to breach of agreement; alters the process for approval of programs offered by for-profit institutions of higher education; and prohibits the payment of a commission, bonus, or other incentive payment based on success in securing enrollment. The University System of Maryland testified in support of SB 695.

Current law differentiates between institutions of higher education, institutions of postsecondary education, private career schools, public senior (four-year) higher education institutions, regional higher education centers, and proprietary institutions. Out-of-state institutions are addressed in the Code of Maryland Regulations (COMAR). While nonpublic and private institutions of higher education are used throughout the Education Article, they are not defined terms.

Senate Bill 695 will insure that there is certain degree of accountability for for-profit institutions of higher education operating in Maryland while increasing consumer protection for students.

**International Baccalaureate and Advancement Placement  
(Senate Bill 109/House Bill 652)**

**USM Position: Oppose**

**Final Status: Withdrawn by Sponsor**

House Bill 652, which was withdrawn by the sponsor, would have created a policy that grants course credit for Advanced Placement (AP) examinations on the same par with comparable course credit for standard and higher level International Baccalaureate (IB) examinations. USM institutions currently offer credit for AP and IB exams; however, USM felt strongly that this should not be mandated in statute and especially not in the manner proposed. AP and IB are two distinct curriculums with varied course descriptions (depth and breadth) and grading practices. The curriculums should be judged and evaluated individually on their own merit. USM has argued that the best entity to make these determinations is the department at the specific campus. In the end, it is the academic department that confers the degree of

accomplished study. As USM testimony denotes in the Senate companion of House Bill 652, it is in the student's best interest that the faculty evaluates and assigns credits and equivalencies so that alignment and prospects for success in subsequent college courses are maximized.

**Ban on Handguns (House Bill 803)**

**USM Position: Support with Amendment**

**Final Status: Failed in House**

Although it received an "unfavorable" report from the House Judiciary Committee, House Bill 803 would have prohibited the unauthorized possession of a handgun at institutions of higher education and hospitals. USM supported such a prohibition with an amendment that allows off-duty law enforcement officers who are attending classes at USM institutions to be exempted.

**Tuition Cap and College Opportunity Act of 2011 (Senate Bill 725)**

**USM Position: Support**

**Final Status: No Action Taken**

SB 725 would have required the State to provide general fund support for USM to achieve 100% of the funding guidelines developed by the Maryland Higher Education Commission by 2022. The funding guidelines are set at the seventy-fifth percentile of funding per student of a group of comparable institutions located in competitor states. Corollary, State funding of historically black institutions (HBIs) should be set at the eightieth percentile of funding of a group of comparable institutions located in competitor states. Competitor states are states with which Maryland principally competes for employers, as determined by MHEC in consultation with the Department of Business and Economic Development.

**Task Force to Study the Creation of a Regional Higher Education Center in Northeastern Maryland (House Bill 1156)**

**USM Position: Support**

**Final Status: Passed House and Senate**

House Bill 1156 would establish a Task Force to Study the Creation of a Regional Higher Education Center in Northeastern Maryland; providing for the membership, chair, and staffing of the Task Force; prohibiting a member of the Task Force from receiving compensation, but authorizing reimbursement of certain expenses; requiring the Task Force to meet a certain number of times each month; requiring the Task Force to study and make recommendations regarding the higher education needs of the Northeastern Maryland region; requiring the Task Force to report its findings and recommendations to the Governor and certain committees of the General Assembly on or before a certain date; providing for the termination of this Act; and generally relating to the Task Force to Study the Creation of a Regional Higher Education Center in Northeastern Maryland.

**Foster Care Recipients (House Bill 1208)**

**USM Position: Support**

**Final Status: Passed House and Senate**

House Bill 1208 alters from 21 to 25 the age before which a foster care recipient must be enrolled at public institutions of higher education to receive a tuition exemption.

**Academic Program Review (Senate Bill 856)**

**USM Position: Oppose**

**Final Status: No Action Taken**

Senate Bill 856 would require the Maryland Higher Education Commission (MHEC) to review objections to proposals for new academic programs or substantial modifications to existing programs through a deliberative fact-finding process that includes the receipt of witness testimony and the weighing of evidence. The bill repeals the provision of law that makes MHEC's decision on whether a proposed program is unreasonably duplicative final and not subject to further administrative appeal or judicial review.

**Stormwater Management (Senate Bill 552/House Bill 668)**

**USM Position: Oppose**

**Final Status: Unfavorable Report**

SB 552 would have removed the exemption that has allowed state agencies and the University System to avoid payment locally assessed storm water management fees or charges. Although the impact to USM campuses varies from locality to locality, and because some institutions may have existing integrated storm water plans with their local water authorities, USM is concerned the flat out repeal of the exemption may go too far.

**Utility Management (House bill 628)**

**USM Position: Oppose**

**Final Status: Unfavorable Report**

SB 622 would have required gas and electric companies to maintain utility consumption records for nonresidential retail gas and electric customers and require that state buildings be benchmarked each year. Since most campus buildings are not directly connected to the local electric system, the electric utility would not have the data to provide concerning many USM buildings. USM will propose to the bill's sponsor change the definition of a "State Building" to apply only to ones "directly connected to the local utility." As presently written, USM would have to produce energy data for every building over 10,000 sq. ft. likely representing an additional cost for personnel and additional energy metering for some buildings.

**Commission to Study Streamlining and Increasing the Efficiency of the Procurement Process (Senate Bill 241/House Bill 628)**

**USM Position: Monitor**

**Final Status: Withdrawn by Sponsor**

House Bill 628 would have established a Commission to Study Streamlining and Increasing the Efficiency of the Procurement Process. In 2003, the General Assembly established a similar task force that issued its final report in December 2003. The task force organized itself into four subcommittees that met a total of 26 times to review testimony from public and private-sector sources. The full task force met six times. In its final report, the task force issued 31 recommendations, several of which were subsequently enacted through legislation.

**Higher Education – Use of State Employees Instead of Service Contracts (Senate Bill 401/House Bill 764)**

**USM Position: Oppose**

**Final Status: No Action Taken**

Senate Bill 401 would have made USM, Morgan State University (MSU), St. Mary's College of Maryland (SMCM), and Baltimore City Community College (BCCC) subject to current State procurement requirements governing service contracts for State-operated facilities that have an annual cost of at least \$100,000.

Currently, it is the policy of the State to use State employees to perform all State functions in State-operated facilities instead of contracting with a private-sector entity to perform those functions. Service contracts procured by State procurement units that have an annual cost of at least \$100,000 are exempt from the explicit preference to use State employees when State employees are not available to perform the necessary services; a conflict of interest would result if a State employee performed the services; the services require emergency appointments; the services are incidental to the purchase or lease of personal or real property; a clear need exists to obtain an unbiased finding or opinion; or the General Assembly authorizes or requires that certain services be performed by an independent contractor.

USM, MSU, and SMCM are exempt from most provisions of State procurement law. However, service contracts by USM, MSU, and SMCM with a value that exceeds \$500,000 require approval from the Board of Public Works. The procurements by these entities that are exempt from procurement law must nonetheless be made under procedures that promote the purposes underlying State procurement law.

Because USM operates an independent personnel management system and is exempt from State personnel rules, USM is also exempt from these requirements and procedures. This bill would have made USM subject to the same requirements as other State agencies.

**Access to Public Records - Electronic Documents (House Bill 37/Senate Bill 740)**

**USM Position: Support with Amendment**

**Final Status: Passed House and Senate with Amendment**

This bill would require a custodian of a public record to provide a copy of a public record in a searchable and analyzable electronic format under certain circumstances. USM representatives worked with the bill's sponsors to add clarifying amendments to ensure that the search for these records remain cost-efficient.

**Commission on Maryland Cybersecurity Innovation and Excellence (House Bill 665/Senate Bill 557)**

**USM Position: Support**

**Final Status: Passed House and Senate**

Senate Bill 665 establishes the Commission on Maryland Cybersecurity Innovation and Excellence. The commission is charged with the responsibility to: (1) review of current federal and State laws, standards, and policies for inconsistencies and preemption issues; (2) provide recommendations regarding strategic plans to promote cybersecurity innovation, including attracting private investment, and to recover from attacks on cybersecurity, including clarifying roles of State agencies; and (3) recommend methods of promoting innovation through public-private partnerships, the education system, research and development, and selection of a State agency suitable to implement a pilot program.

The University of Maryland, University College will provide staff support for the commission. The commission must report interim findings and recommendations to the Governor and the General Assembly by January 1, 2012, and final findings and recommendations by September 1, 2014.

**Academic Facilities Bonding Authority (House Bill 748)**

**USM Position: Support**

**Final Status: Passed House and Senate**

This departmental bill increases the bonding authority of the University System of Maryland (USM) by \$200.0 million, from \$1.200 billion to \$1.400 billion. The bill also authorizes the use of \$27.0 million in academic facilities bonds for the purpose of financing construction, renovation, and renewal projects at USM buildings and campuses.

**Southern Maryland Higher Education Council (House Bill 1347)**

**USM Position: Support**

**Final Status: Passed House and Senate**

This bill establishes a Southern Maryland Higher Education Council to develop a strategy for improving access to higher education for the residents of Southern Maryland. An interim report with a short-term strategy is due by December 1, 2011, and a final report with a long-term strategy is due by December 1, 2012. The bill takes effect July 1, 2011, and terminates June 30, 2013.

**PENSION AND RETIREE HEALTHCARE CHANGES**

The 2011 Legislative Session brought a comprehensive effort to modify the provisions governing pension and retiree health care benefits. The actions also brought one of the largest

responses to legislators from staff and faculty advocates.

<b>Pension</b>	<b>Current Law</b>	<b>New Law (July 1, 2011)</b>
<b>Average Final Compensation</b>	3 consecutive years with highest average	<i>New:</i> 5 consecutive years with highest average
<b>Employee Contribution</b>	5%	<i>Current members:</i> 7% contribution and 1.8% multiplier. <i>New Employees:</i> 7% contribution and 1.5% multiplier
<b>Vesting for Pension</b>	5 years	<i>New Employees (only):</i> 10 years
<b>Early Retirement</b>	55 with 15 years of service -- reduced .5% for every month before age 62	<i>Current members:</i> No Change. <i>New employees:</i> Age 60 with at least 15 years of service -- reduced .5% for every month before age 65
<b>Retirement Eligibility</b>	30 years of service regardless of age, or 62 with at least 5 years of service	<i>Current Members:</i> No Change. <i>New Employees:</i> "Rule of 90" (Age + years of service must add up to 90), or 65 years old and 10 years of service.
<b>Cost-of-living adjustments</b>	Capped at 3%	<i>All employees:</i> Capped at 2.5% when pension fund achieves projected earned rate of return and capped at 1 % when fund does not meet its projected rate of return.
<b>Retiree healthcare eligibility PENSION</b>	Eligible at 5 years with full benefit achieved at 16 years. Premium subsidy prorated for service between 5-16 years.	<i>New Employees only:</i> 1) 10 years to qualify 2) full premium at 25 years 3) premium subsidy prorated for service between 10-25 years
<b>Retiree healthcare eligibility ORP</b>	Eligible at 5 years with full benefit achieved at 16 years. Premium subsidy prorated for service between 5-16 years Spouse eligible at 25 years	<i>New Employees only:</i> 1) 10 years to qualify 2) full premium at 25 years 3) premium subsidy prorated for service between 10-25 years. Spouse eligible at 25 years.
<b>Retiree Prescription Drug Benefit</b>	<b>Current Benefit</b>	<b>New Benefit</b>
<b>Co-pays (generic, preferred and non-preferred)</b>	\$5, \$15 and \$25	\$10, \$25 and \$40
<b>Deductible</b>	\$0	\$0
<b>Coinsurance</b>	\$0	\$0
<b>Out-of-pocket cap for retiree only/retiree and spouse</b>	\$700/\$700	\$1,500/\$2,000
<b>Annual retiree premium (retiree/retiree and spouse)</b>	\$474/\$787	\$593/\$984
<b>Monthly retiree premium (retiree/retiree and spouse)</b>	\$39.50/\$65.58	\$49.42/\$82
<b>Retiree share of total premium</b>	20%	25%
<b>Medicare Part D</b>	Shift to Part D in 2020	