



January 20, 2012

WELCOME BACK TO THE USM LEGISLATIVE NEWSLETTER

Each Friday afternoon the University System of Maryland (USM), Office of Government Relations produces a newsletter for individuals interested in the political and policy debates in Annapolis. The e-newsletter highlights selected briefings, hearings, and legislative activities while the General Assembly is in session. USM encourages recipients to share the Friday newsletter with those in your campus community who may have an interest in the deliberations in Annapolis.

Although the distribution list has grown over the years, campus officials are reminded that their first and best source of political information is the institution's designated member to the State Relations Council (SRC). Please take advantage of their expertise and experience should questions arise about the legislative session. If you need the contact information for your respective campus representative in Annapolis please do not hesitate to contact me.

GOVERNOR RELEASES FY 2013 BUDGET PROPOSAL

On Wednesday, Governor O'Malley made public his fiscal year 2013 budget for the University System of Maryland (USM). USM worked closely with Governor O'Malley and the Legislature to ensure access to exceptional and affordable academic opportunities. The budget reflects three key USM priorities: retention, degree completion, and growth.

Support for Maryland's 4-year public university sector is contingent on many variables. The total FY 2013 budget for the State of Maryland includes almost \$800 million in

reductions as the Governor and the General Assembly confront another sizable budget gap of approximately \$1 billion. The total budget growth is constrained to 1.9%. As in FY 2012, the proposed budget proposes no furloughs for state employees. The Governor's strategy to balance a total \$35.8 billion budget is predicated on several reductions, cost-shifts, and revenue enhancements including, but not limited to:

- A shift in funding responsibility for teacher retirement costs (both pension and social security) to become a half-state, half-local responsibility (currently, school board budgets include all the funding for Social Security, while the state budget provides funding for the state-run pension system). The shift would begin in FY 2013 with a fiscal effect totaling \$239 million.
- A plan to limit the effect of income tax deductions and personal exemptions for higher-income earners and married couples beginning at a taxable income of \$150,000. This change, effectively increasing the taxable income base for calculating both the state and county income taxes, would generate \$182 million in state revenues and \$111 million in county revenues for FY 2013.
- Doubling the "flush tax" from \$30 to \$60 a year for the Chesapeake Bay Restoration Fund to upgrade treatment plants.

Governor O'Malley has, once again, demonstrated his strong commitment to higher education, to our university system, and to a high quality, affordable higher education for the students and families of Maryland. The Governor's FY 2012 budget, as proposed, is an affirmation of the efforts the Board of Regents and USM to make prudent business decisions in order to preserve quality, close the achievement gap, move towards the 55% degree completion goal, and advance Maryland's national and global competitiveness.

Here are the highlights for USM in the Governor's proposed 2013 budget:

- **The USM operating budget is increased to \$4.7 billion in FY 2013, a growth of 2.2%.**
- **The Governor's budget assumes a 3% tuition increase for in-state undergraduate students providing \$9.5 million to "buy down" 2% of the USM requested 5% tuition increase.**
- **The Governor's budget assumes no furloughs for state employees in FY 2013.**

Each year, the Governor proposes a budget that authorizes the issuance of debt (General Obligation Bonds) for capital projects within USM. Included in the annual authorization are capital projects including construction of new facilities, renovation of existing facilities, improvements to infrastructure, property acquisition, and maintenance and renewal funding for facilities. Although some projects were deferred, the Governor's FY 2013 capital improvement program included:

- \$44.6 million for the new Center for Communications and Information Technology at Frostburg State University.
- \$38.8 million for the new Science and Technology Center at Coppin State University.
- \$33.2 million for the second phase of a new Performing Arts and Humanities Building at the University of Maryland, Baltimore County.
- \$32 million for critical maintenance projects, \$29.6 million to complete the new Physical Sciences Complex at the University of Maryland, College Park.

In an even more encouraging sign, Governor O'Malley is asking for \$10 million in General Obligation Bonds for USM facility renewal.

As in the past, USM Chancellor Kirwan and the Board of Regents will not make any final recommendations and decisions on the FY 2013 tuition rates until the legislature passes the budget and we have our final numbers. In the meantime, the immediate focus is to protect the Governor's proposed budget as the Maryland General Assembly considers it. The USM Regents, Chancellor, Presidents, and USM government relations liaisons will make clear that further reductions to this budget would be harmful to our students, our institutions, and our state.

NATIONAL ASSOCIATIONS AND OTHERS TESTIFY ON 55 PERCENT ATTAINMENT GOAL & PERFORMANCE BASED FUNDING

On Thursday, at the first of several joint committee meetings, the House Appropriations Education and Economic Development Subcommittee and the Senate Budget and Tax Education, Business, and Administration Subcommittee jointly discussed the national 55 percent degree completion rate goal and performance based funding. Leading national experts representing the National Conference of State Legislatures, the National Higher Education Management Systems, the National Governor's Association Center for Best Practices, HCM Strategies, and the Southern Regional Education Board presented testimony to the joint committee on a wide array of subjects related to these two topics. Maryland was initially lauded as a national leader in the higher education community as we graduate more students with degrees, 46 percent, than the national average, 41 percent, for the traditional college-student age bracket.

Mr. Dennis Jones, President of the National Center for Higher Education Management Systems, praised the University System of Maryland, as well as the public elementary and secondary school systems as being among the best in the country. Jones discussed the national trends including: emigration, the percentage of adults holding degrees, total funding and degree productivity, and the status of Maryland in these comparisons. Maryland outperformed, or came close to the national average in much of the data discussed. Jones made mention only a few categories that were of concern to him.

Maryland is just under the national average for students directly attending college after high school (62.9 percent compared to 63.3 percent). He also mentioned to our low Associate's degree graduation rates, which rest at 13.49 percent, compared to the national average, 20.44 percent. An interesting point, given our statewide emphasis in this arena, was the surprising lag in our STEM graduation rates, 38.5 percent, compared to the national average, 54.4 percent. However, as Delegate Bohanan brought up, this data may be skewed because of the limited number of STEM employment opportunities in Maryland. Delegate Mizeur inquired upon whether a model existed that Maryland could use to collaborate business community needs and higher education programs so that specific skill sets could be incorporated in university and college programs.

Following Mr. Jones' presentation, Travis Reindl gave a presentation on behalf of the National Governor's Association on accountability and the metrics of the degree completion goal. Reindl briefly discussed efficiency and effectiveness metrics as well as developing an institutional model to link progress to quantifiable outcomes across state public higher education institutions. Martha Snyder, from HCM Strategies, discussed the national trends in performance based funding for higher education institutions. Several models currently employed in other states were outlined, including: Ohio, Louisiana, and Tennessee. While the exact structure of the programs and formulas varied, the bulk of funding was distributed according to graduation and retention rates. Among our colleagues in the USM State Relations Council, there are serious concerns about the success and quality of these higher education systems compared to the University System of Maryland and the impact these programs would have on our institutions.

John Ratliffe, representing Governor O'Malley, relayed the Governor's interest in attaining the 55 percent goal. He noted that the Governor believes an educated citizenry is one of the main economic drivers that will pull the nation out of recession. The hearing concluded with a firm statement of support from the Chairman of the Appropriations Committee, Norman Conway, and Senator Madaleno, assuring the Governor's office that the Legislature is prepared to "work hard" to make the 55 percent goal a reality in Maryland.

UMCES PRESIDENT SPEAKS ON THE DWINDLING OYSTER POPULATION

On January 19, 2012, President Boesch, of the University of Maryland Center for Environmental Studies, along with Assistant Secretary Frank Dawson of the Department of Natural Resources, spoke at a House Environmental Matters hearing that focused on the current status of the oyster population in the Chesapeake Bay. Dr. Boesch's remarks focused on the current oyster population and the importance of the increased number of sanctuaries with enhanced restoration activities. He also discussed the recent impact of storms and low salinity levels that caused vast oyster mortality in the upper Bay.

According to Dr. Boesch, the "spat set," or population of young oysters, is the highest that it has been since 1997. Several successful Department initiatives are credited with the surge in the oyster population. The Department has been able to streamline the

shellfish aquaculture permitting process and issued nearly 105 new leases, increasing the acreage of oyster sanctuaries in Maryland.

DNR also stepped up its enforcement of oyster sanctuary violations by revoking and suspending commercial harvesting licenses and fully utilizing its FY 2012 \$7.1 million capital budget appropriation to restore and create oyster bars throughout the bay and to develop low-salinity sanctuaries. DNR has also been working with the University of Maryland Extension to provide oyster aquaculture training and education on the Eastern Shore.

Tentative 2012 Legislative Budget Hearing Schedule

January 23rd

Senate Budget and Taxation and House Appropriations Joint Committee

3pm

FY 2013 Briefing by the Department of Legislative Services- Joint Hearing Room

January 24th

Senate Education, Health and Environmental Affairs

12:45pm

Maryland Higher Education Commission, presented by:
Danette Gerald Howard, Ph.D., Interim Secretary of Higher Education, Maryland Higher Education Commission

January 24th

Education, Health and Environmental Affairs Education Subcommittee

1pm

Briefing on Senator Pinsky Workgroup (Dr. Von Leman of University of Maryland, University College)

January 24th

Senate Finance and Health and Government Operations

1pm

University of Maryland, Baltimore will be testifying on Prince George's Hospital Center

January 24th

Senate Education, Health and Environmental Affairs

1:15pm

“Online Education,” presented by: Maryland Higher Education Commission, University of Maryland, University College, and other various providers of online education

January 25th
Senate Budget and Taxation Committee
1pm

K-12 education issues will be discussed including: implementing common core standards, longitudinal data system, and topics that involve linking K-12 education to higher education

January 25th
Senate Budget and Taxation Committee
2:30pm

Dr. Freeman Hrabowski will be recognized for his receipt of the Carnegie Award and speak about innovation in higher education

January 25th
Senate Budget and Taxation Committee
3pm

University System of Maryland's University of Maryland, College Park and University of Maryland, Baltimore Merger Study

January 27th
Senate Budget and Taxation Committee: Subcommittee Education, Business and Administration Committee
1pm

Higher Education Overview Budget Hearing

January 30th
House Appropriations: Subcommittee on House Education and Economic Development Committee
3pm

Higher Education Overview Budget Hearing

January 31st
Senate Budget and Taxation Committee: Subcommittee on Capital Budget Committee
4pm

Capital Budget Fiscal Briefing

February 1st

**House Appropriations: Subcommittee on Education and Economic Development
Committee
1:30**

University System of Maryland Overview Budget Hearing

**February 3rd
Senate Budget and Taxation Committee: Subcommittee on Education, Business and
Administration Committee
1pm**

Maryland Higher Education Commission Budget Hearing

**February 8th
House Education and Economic Development Committee
1pm**

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

**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

**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 13th
House Appropriations Committee
1pm

House Operating Budget Decisions

March 14th
House Appropriations Committee

4pm

House Capital Budget Decisions

March 26th

Joint Senate and House Committee

TBD

Budget Conference Committee Begins

April 9th

12am

2012 Session Ends