



MARYLAND HOUSE APPROPRIATIONS
SUBCOMMITTEE ON EDUCATION AND ECONOMIC DEVELOPMENT
UNIVERSITY SYSTEM OF MARYLAND
TESTIMONY OF USM BOARD OF REGENTS CHAIRMAN JAMES SHEA
THURSDAY, FEBRUARY 5, 2015

Chairman Jones, Vice-Chairman Barnes, and members of the Committee . . . On behalf of the Board of Regents, I want to express my thanks for the opportunity to testify on the Governor's FY 2016 budget recommendations for the University System of Maryland (USM).

In a few moments, USM Chancellor William Kirwan will speak to the specifics of Governor Hogan's budget proposal. For my part, I would like to note that despite the emphasis on addressing the State of Maryland's structural deficit—an effort that simply must be undertaken—the Governor's budget proposal for the USM still demonstrates his support for higher education not withstanding the extreme fiscal difficulties facing the state. It is, nevertheless, certainly one that will present the USM with significant challenges.

I look at what's happening in Wisconsin, where the Governor has proposed a two-year tuition freeze and a \$300 million—or 13 percent—cut to the University of Wisconsin System's budget. I look at what's happening in California, where a battle between the Governor and the President of the University of California may well lead to a tuition hike of 28 percent over five years. And I look at what is happening in Arizona, where higher education funding on a per-pupil basis has been slashed by nearly half, from \$6,387 per student to \$3,305 per student.

Maryland has avoided such problems for several reasons. First, the USM recognized the importance of demonstrating strong fiscal discipline and stewardship, implemented our comprehensive Effectiveness and Efficiency (E&E) initiative, and cut more than \$460 million in direct costs. Second, State leaders in Annapolis, in both parties, recognized the requirement that the citizens be skilled and well-educated in order to compete in the innovation economy, valued the USM's role as an educational and economic engine, and invested in its access, affordability, and competitiveness.

The partnership now in place between the USM and leaders in Annapolis has been and, I expect, it will continue to be critical. And while the Governor's budget proposal will be challenging, and will almost certainly hamper some key efforts and delay impactful initiatives, I encourage you to adopt this budget with no additional reductions to the USM.

Higher Education now stands as a genuine priority in Maryland and we have seen that investment pay off by making our Universities some of the finest in the country and by positioning Maryland for leadership in the innovation economy. Together let us continue this progress.

Madam Chairman and members of the committee, thank you again for this opportunity to testify.



Thursday, February 5, 2015
University System of Maryland (USM) FY 2016 Budget Testimony
Maryland House Appropriations Subcommittee
on Education and Economic Development
USM Chancellor William E. Kirwan

Chairman Jones, Vice-Chairman Barnes, and members of the Committee . . . thank you for the opportunity to testify on the Governor's FY 2016 budget recommendations for the University System of Maryland (USM).

As we all know, Maryland is experiencing a period of significant change. We have a new Governor and Lt. Governor, the General Assembly has a sizable number of new members, and this committee features both new membership and new *leadership*.

USM, too, will have new leadership, as I will be stepping down after 13 years as USM Chancellor on June 30th. On a personal note, I want to express my appreciation to the members of this committee and to the General Assembly for the phenomenal support and encouragement I have received from this body over the years. Because of this support, the 13 years I have served as Chancellor have been among the most meaningful and rewarding of my 51 years of working in higher education.

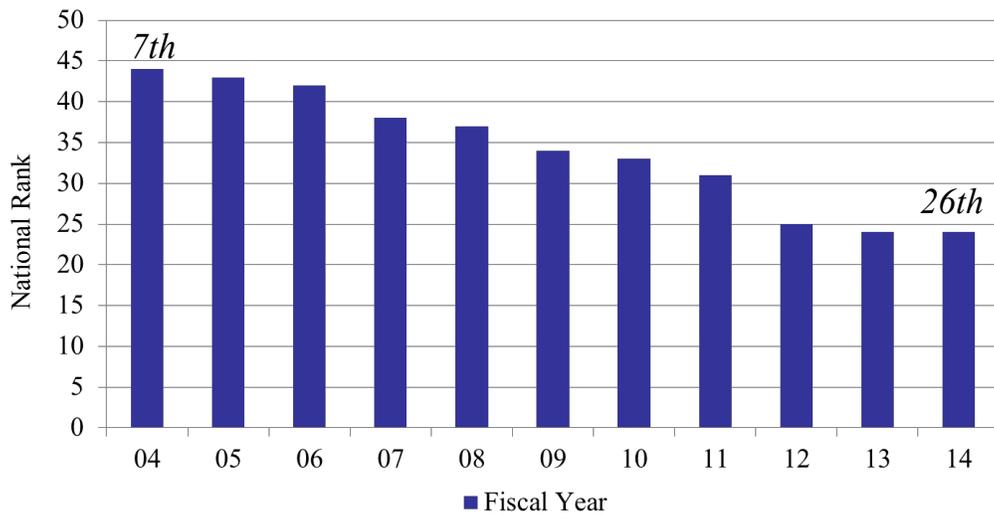
By aligning the USM's priorities with those of state leaders, we have experienced a period of great progress in our ability to serve the state: the number of students we enroll and the graduates we produce for the Maryland workforce have risen significantly, achievement gaps for low income and under represented minorities have narrowed substantially, average time-to-degree across the USM, now at 4.2 years, is at an all-time low, and community college transfers are at an all-time-high.

At the same time, we have elevated quality across the system. Between highly regarded national publications such as *Kiplinger's*, *The Princeton Review*, *Diverse Issues in Higher Education*, and *U.S. News & World Report*, you will find literally every USM degree-granting institution singled out for praise.

This success did not happen by accident. It has been your support that has allowed the USM to advance our shared priorities of providing affordable high-quality higher education and performing groundbreaking research. In addition, our work together has helped the USM establish itself as a national model in cost containment, academic innovation, and expanded access to low-income, first-generation, and non-traditional students.



USM Tuition and Fee Rankings



12 years ago, the USM had the 7th highest tuition and fees in the nation. Over a span of just over a decade, we moved all the way down to 26th. This success was the result of a real “one-two punch.”

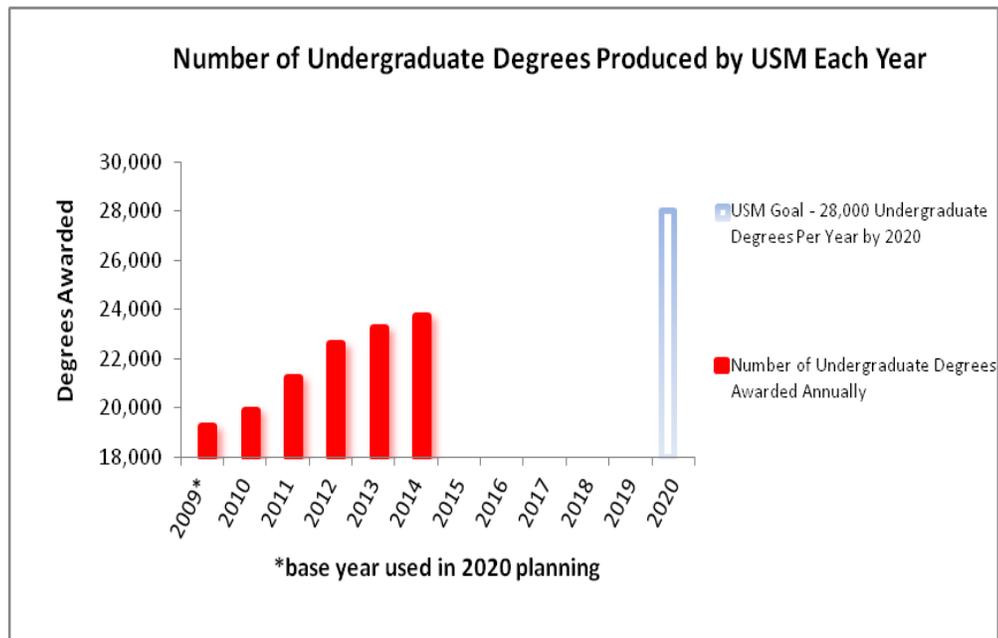
First, to demonstrate OUR seriousness and commitment to cost cutting, the USM implemented our Effectiveness and Efficiency (E&E) initiative, a top-to-bottom systematic reengineering of our administrative functions. To date, E&E has generated close to half-a-billion dollars in direct cost savings. Second, with our seriousness established, the state partnered with the USM to provide targeted funding to support a five-year tuition freeze followed by only modest increases.

We are currently in the process of finalizing what we are calling E&E 2.0. This will strengthen and expand the impact of E&E, both administratively and academically. As is the case with our on-going E&E initiative, the results of this enhanced effort will be reported to the Governor and the General Assembly every year.

Armed with the successful partnerships we had built through our E&E initiative in Annapolis and across the state, we developed a new strategic plan in 2010—*Powering Maryland Forward: USM's 2020 Plan for More Degrees, A Stronger Innovation Economy, And A Higher Quality of Life*. The plan has at its heart two key goals: Achieving a 55 percent college completion rate—2-year or 4-year degree—for Maryland’s young adults by 2020; And Enhancing Maryland’s competitiveness in the innovation economy.



Degree Production Is Up (+4,500 Degrees Since 2009)



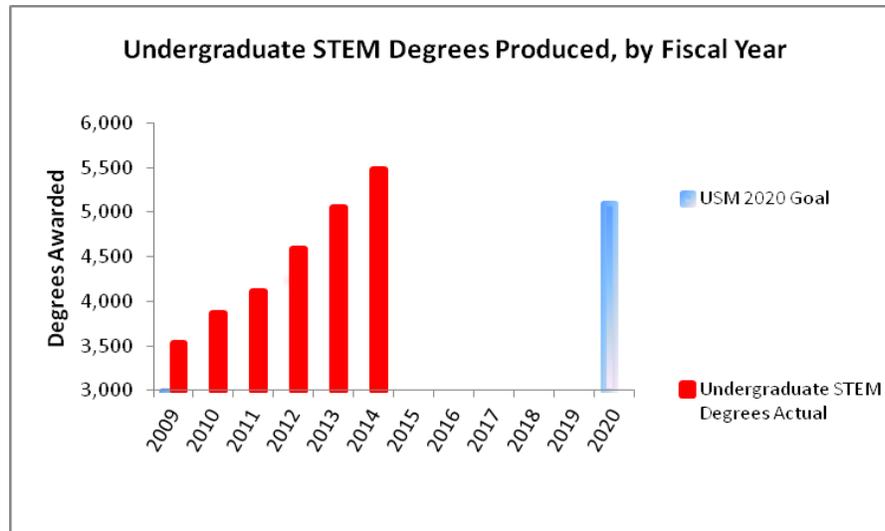
USM's responsibility for the 55 percent goal is to increase the number of degrees we grant on an annual basis by 10,000, going from 18,000 annually in 2010 to 28,000 by 2020. We are over halfway to our goal.

And if you look at Exhibit 11 on page 19 of the DLS overview, you will see that the number of undergraduate degrees issued increased at every USM institution except the University of Maryland, Baltimore (UMB). And in that case the decline is due to a change in the nursing program and is actually offset by an **increase** in the number of master's degrees.

I will also note that we have recognized the importance of the right degree mix to meet workforce needs to sustain a competitive knowledge-based economy.



STEM Degrees Are Up 55% Since 2009

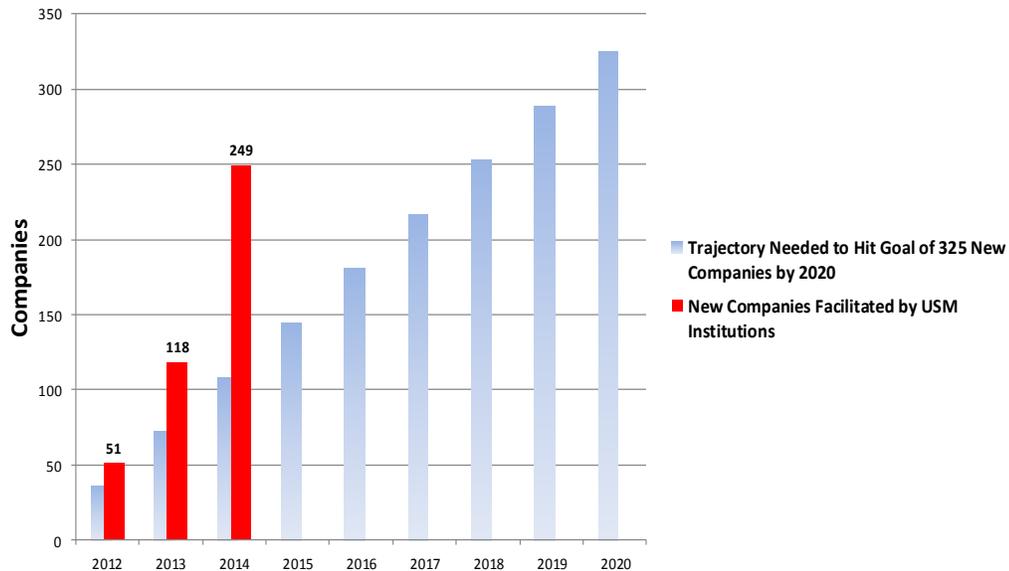


In terms of our strategic goal of educating the workforce of tomorrow our benchmark was to increase the number of STEM degrees we award annually over the decade by 40 percent. Undergraduate degrees awarded by USM institutions in the STEM disciplines of science technology, engineering, and mathematics are up more than 55 percent just over the past 5 years.

These are the professionals that will support our leadership in cybersecurity, health, info-tech, bio-tech, nano-tech, and aerospace, which brings me to our final strategic goal: Helping grow Maryland's innovation economy.



Business Start Ups Are Increasing: (249 New Start Ups Since FY 2012)



As both centers of education and hubs of research and development, USM institutions have dramatically accelerated their economic impact. The USM attracts well over \$1 billion in academic research and development funding annually, which supports more than 30,000 jobs, generating some \$3.7 billion in economic activity. In fact, if you combined the impact of Maryland’s three major university-based research parks, you would have one of the state’s largest employers.

Our strategic plan committed USM with the responsibility of creating 325 new companies by 2020 based on university generated R&D and through active partnerships with the private sector. With some 250 new companies born from the intellectual assets of USM institutions already, we are well on our way to achieving our strategic plan goal of 325 companies in 10 years.

Once again, this wave of innovation and entrepreneurship was a result of the state and the USM working together. While the USM made a concerted effort to facilitate tech transfer, promote commercialization efforts, and create new companies from intellectual property, the state made a concerted effort to strengthen Maryland’s innovation ecosystem with initiatives like Invest Maryland, Innovate Maryland, or RISE Zones, and the Maryland E-Innovation Initiative. This mutual commitment to economic competitiveness will be even more essential as the national economy strengthens.

Before turning to the FY 16 Budget and the analysts’ issues, I want to make one final point.

As I mentioned, I will be stepping down as of June 30th, which means the FY16 budget will go into effect just as Bob Caret becomes USM Chancellor. Both the system and the state are extremely fortunate that Bob Caret accepted this position. He knows higher education, he knows Maryland, and he has had a positive impact on every institution he has led.

I am confident that the positive momentum we have established and the record of success we have achieved by working in tandem—with a common vision, shared priorities, and mutual respect—will continue apace with Chancellor Caret.

Let me now turn to the FY 16 Budget.

The Governor has proposed \$1.219 billion in General Funds for the USM. This represents an increase of \$15.4 million—or 1.3 percent—over the USM’s *reduced* FY15 budget level. As you recall, the previous administration recently made a \$40 million cut to USM’s current (FY 15) budget with less than six months left in the fiscal year.

To reiterate what Jim said in his testimony, this is not the USM’s ideal budget. First and foremost, we will have no funding for any enhancements, which means: we can’t significantly expand enrollment; we won’t be able to increase our efforts in promoting the STEM discipline of science, technology, engineering, and mathematics; the addition of new—or expansion of existing—in-demand programs will have to wait; and it will be a status quo year at best for our targeted economic & workforce development efforts such as *MPowering the State*, the structured collaboration between UMB and the University of Maryland, College Park (UMCP) to boost research, technology transfer, and commercialization.

In addition, under this budget USM employees—just like all state employees—will be making some real sacrifices. The merit increase slated for FY 16 has been canceled and the January 1, 2015, COLA increase will be rescinded.

This is a challenging budget for every state agency, and the USM is certainly being asked, as we should be, to do our part in this budget of “shared sacrifice.” And the modest five percent tuition hike included in the Governor’s Budget will help us to maintain services and quality to the extent possible and lessen the negative impact on instruction and student services. In addition, it will keep Maryland in the middle of the pack in terms of tuition level nation wide.

So, yes, this will be challenging. This budget will require the USM to make some hard choices and implement some difficult cuts, and it will certainly compromise our progress in some important areas.

Now, when I say “hard choices” and “difficult cuts” . . . let me elaborate on that.

While we got a \$15.4 million increase in General Fund support over our *reduced* FY 15 budget, our mandatory costs also go up . . . by **\$86 million to be precise. These include:**

- Increased benefits costs—primarily health insurance costs—of \$39.4 million.
- New facilities coming on line, such as the new Science and Tech center at Coppin State University and the Edward St. John’s Learning & Teaching Center at UMCP, which will cost \$10.3 million.
- Increase in financial aid costs for undergraduate and graduate students of \$9.6 million.
- Expenditures on essential facilities renewal items, much of which has been delayed far too long already, will cost \$8.7 million
- \$5.8 million associated with increased IT and security costs.
 - We are moving aggressively so that last year’s data breach at the University of Maryland, College Park will not be repeated.

- Increases in utilities rates across the system, which we must to cover. They result in an additional cost of \$6.3 million.
- Implementing systemwide Sexual Harassment policies in compliance with Federal Title IX requirements will cost \$1.8 million.
- And a few other items as well.

I want to quickly note that the Department of Legislative Services is largely in agreement with the increased costs that I have outlined, as you can see with Exhibit 17 on page 25 of the DLS report.

However, on the following page in Exhibit 18, the DLS overview reflects the USM as having only a \$7 million shortfall. BUT . . . the \$15 million in “new” state funding listed on the chart does not account for the \$40 million **base reductions** to the USM’s budget required as a result of actions from BOTH the previous AND the current administrations.

So the reality is, after everything is taken into account, the USM is facing a \$47 million shortfall that we must and will deal with.

Let me assure you that we will do everything we can to bridge this gap while protecting our mutual priorities of access, affordability, excellence, and economic impact.

But it is simply the reality that these cuts will be felt across the USM. They will necessitate: a systemwide hiring freeze; the elimination of positions; larger class sizes; increased faculty workload; greater use of adjunct faculty; postponing many much needed renovation and modernization of facilities until at least FY 17; and other reductions in service.

None of these actions are being taken lightly. The USM fully understands that every state agency is being called upon to tighten its belt and that calls for tough choices.

So let me reiterate that the USM is supportive of this budget. Indeed, the USM appreciates the investment in public higher education by the Governor. And we are committed to providing the best return on investment possible for the state in advancing our shared goals and in serving the needs of our students. We would ask that, should a supplemental budget be possible, the General Assembly consider further investment in USM so that we can do even more to advance the state’s economy and quality of life.

Once again, thank you for your support you have provided USM over the years and to me personally.

Turning now to the issues raised—and recommendations made—by the Department of Legislative Services.

The first item comes on ***Page 27 - The Chancellor should comment on institutions’ priorities when determining how reductions will be allocated over the program areas in particular minimizing the impact on financial aid.***

On January 7, 2015, the Maryland Board of Public Works approved a \$40.3 million cut to the state funds of the University System of Maryland’s FY 2015 (current year) operating budget. A

month earlier, USM had been told to plan for an \$8.5 million cut but received a cut five times larger than that.

As was noted in the DLS analysis – in the short term USM institutions are taking the following budget-reduction actions:

- Freezing hiring, eliminating vacant positions, and/or furloughing employees.
- Postponing deferred maintenance projects.
- Implementing other operational savings as possible.

In addition, four USM institutions—Frostburg State University; Salisbury University, Towson University, and University of Maryland, College Park—have initiated modest tuition increases for students in the spring semester.

Addressing the FY 2016 budget shortfall will be extremely challenging. As noted in the testimony, the \$40 million base reductions along with a current services shortfall of \$7 million add up to a \$47 million deficit. To be clear, all programmatic areas included in an institution's budget will be impacted by these cuts. Campuses are currently in the process of reviewing programs and formulating a FY 2016 budget plan. Institutions have noted the following base actions under consideration:

- Position eliminations and possible layoffs
- Delay hiring of new faculty – including STEM disciplines
- Discontinuation of academic transformation projects
- Increased reliance on adjunct faculty
- Reduction of seed funding for research projects
- Limited funding for commercialization/technology transfer initiatives
- Combining academic departments to achieve efficiencies
- Larger class sizes
- Deferring facilities renewal and renovation projects
- Academic program closures
- Reduction in student services
- Operating reductions for travel, technology and equipment

USM's primary goal in addressing the reductions is to continue serving the state and preserving the system's core missions of teaching, research, and public service. Institutions will make every effort to shield financial aid from reductions, especially for low-income students.

Although we are concerned that the funding reductions may compromise the USM's critical role in enhancing the state's workforce and economic development, the USM remains strongly committed to preserving and enhancing the university system's ability to serve our students with excellence and to move our state forward.

The next issue comes on ***Page 34 - The Chancellor should comment on USM's need to amass such large fund balances and at what cost e.g., the freeze on the use of plant funds, postponed renovations and facility renewal projects, and program initiatives, and on the use of available funds to support the construction of projects that were not included in the CIP and that were also on an accelerated schedule.***

It is the case that the USM has built a fund balance that is sufficient to meet a plethora of demands while keeping the USM's commitment to the State to manage its resources in an effective manner. The questions raised by the analyst are timely since the USM is currently under a credit rating review in advance of a \$95 million bond refinancing. Two of the ratings (S&P and Fitch) are not yet complete. However, we have received the Moody's rating review. It is instructive.

Moody's reaffirmed the USM Aa1 rating with a stable outlook. From the ratings report: "The Aa1 rating . . . reflects the system's multi-institution presence with large and diversified enrollment, positive operating performance, good revenue diversity, conservative debt structure, and considerable resource strength guided by strong management oversight, and good operating and capital support from the State of Maryland (Aaa stable). Offsetting factors include pressured enrollment and tuition growth, increased competition for federally sponsored research dollars, and continued budgetary pressure for the State of Maryland. The stable outlook reflects Moody's expectations of steady enrollment and positive operating performance, continued growth in financial resources..." [Moody's Investors Services February 2, 2015]

In addition to the items included in the analyst's review of the adequacy of the fund balance several considerations are presented below. They will help to explain Moody's view that growth in financial resources is warranted.

First, in addition to the debt level described by the analyst one must add the effect of \$350 million of outstanding debt associated with an original \$500 million spend on public private partnerships for student housing and energy infrastructure. It is an important factor in the relationship of debt to resources. We strive to improve fund balance levels to ensure adequate debt coverage including public private partnerships.

Second, it is important to recognize more completely the planned need for cash support for near term projects. Here's why. The State has encouraged the USM to help support State funding (GO Bonds) for academic projects. To this end, USM has made it a priority to attract **donor funding** for these academic facilities. To do so, the USM must make available bridge loans for the growing number of projects supported, in part, by fund raising. These loans are necessary since receipt of donor pledges is usually spread over several years and after construction spending commences. For example, at its peak, the Sports Performance and Academic Research Facility will require a \$63 million loan amount as \$90 million of donor funding revenues are realized. It is a great investment for the State (reduced bond funding) and the university as the fund balance revenues will ultimately be restored. But, during the loan period, USM resources are depleted and the "resources to debt ratio" is diminished. We have increased fund balance in order to take advantage of donor opportunities while protecting the credit rating.

Third, the analyst cited the USM's effort to build endowment. This addresses a weakness in the finances of the USM and its campuses. USM has the lowest endowment amount per student than any university in the Aa1 category. Endowment is an important enhancement to financial aid and academic quality. With the support of the General Assembly, the USM has created a \$50 million fund to support fund raising and endowment building. As the analyst indicates, this fund does not affect our available resources to debt ratio. But, it is a major advance in our ability to diversify revenue to the benefit of the State and the institutions. This was made possible by the successful management of fund balance.

Fourth, is the matter of an overall ratio of USM debt to USM resources. The analyst suggests that that cash available should be about 55 percent of debt. This is an approximate ratio for the Aa3 rating. It is insufficient for the Aa1 rating. Also, the Aa1 rating leads to very favorable interest rates and increases opportunities for refinancing of existing debt to reduce debt service payments. Since the recession, the USM increased savings on debt service payments by approximately \$3 million per year through refinancings.

Last, the rating agencies have placed higher education nationally on a negative watch. Demographic shifts, specifically, reduced high school graduating classes and declining enrollment, lead to revenue losses. The increasing proportion of first-in-family college attendees creates cost pressures for greater financial aid and student support services. In a number of states including Maryland, state support is declining; this weakens the balance sheet ratios. There is also significant pressure to moderate tuition increases as well. The result is a negative outlook.

By way of consequences, in the last year, two Aa1 higher education entities received downgrades, the University of California System and the University of Kansas. In the case of the UC system, multiple years of operating losses where expenditures exceeded tuition and other revenue was a major factor. The downgrade occurred despite cash and investments on hand of approximately \$20 billion.

The analyst also raised questions on spending controls regarding the physical plant, renovations and facilities renewal projects, etc. Over the past two years, the operating margins (revenue less expenditures) have grown smaller. The operating margins beyond the fund balance goal were the source of funds that enabled the use of cash for capital projects. Many of the factors mentioned above contributed to the reduction in operating margins. In fact, last year, the USM fund balance declined. As a precaution, the USM placed limits on cash spending from the fund balance. It did not affect projects that were already underway and other similar commitments. We continued to cover costs for life safety renewal and other exceptions. We normally spend about \$100 million per year from fund balance. The current year spend will be in the \$70 million to \$80 million range. As projects are completed the dollar amount will taper off. Our financial results will determine when the System will return to the earlier spending level for capital projects.

By next week we will know the complete results of the rating agencies review. At that time we will begin to explore uses of fund balance that might help to address the concerns raised by the analyst, as well as other issues related to the significant budget cuts the USM faces on both the capital and operating sides of the FY 2016 budget.

Moving on, we have on ***Page 38 – The Chancellor should comment on the efforts undertaken by institutions in implementing their revised sexual misconduct policies including designating a Title IX coordinator, training, options for assistance following an incident, and investigation procedures, and remark on the estimated cost to campuses to implement the policy.***

The USM Board of Regents passed a new Sexual Misconduct policy in June 2014 that combined the previous sexual harassment and sexual assault policies into a single policy on Sexual Misconduct as recommended by the federal guidance under Title IX. Each campus was then required to review and provide policies and procedures that met the requirements of the USM

policy, with a deadline of December 31, 2014. The required elements of the USM policy are summarized in the checklist attached.

The major elements include: definitions (e.g., affirmative consent, responsible employee, dating violence, retaliation, and intimidation); clear prohibition of sexual misconduct; appointment of a Title IX coordinator and team; policy accessibility; reporting, investigative, and adjudication processes; interim measures; memoranda of understanding with local jurisdictions; and training for the entire campus community. All campuses have complied with a submission, although a few campuses are working with interim policies and procedures that meet the guidelines. USM and the Office of the Attorney General are in the process of reviewing all policies and procedures.

The responsiveness of the USM policy and the expectations and implementation of campus processes has put our System in the forefront of national university responses. As we move forward, we expect that our leadership will allow us to be involved in conversations around serious issues such as the appropriate balance of care in response to the victim and the due process of all parties involved. All USM campuses have a first step procedure in place that can be deemed a best practice anywhere in this nation. While responses may vary among campuses, we believe that if the response is victim-centered, compassionate, and professional, variation is appropriate when properly suited to the institution, its locality, and demographics.

An essential element of these policies is the definition of affirmative consent, with the core of the definition included in the USM policy:

Consent means a knowing, voluntary, and affirmatively communicated willingness to mutually participate in a particular sexual activity or behavior. It must be given by a person with the ability and capacity to exercise free will and make a rational and reasonable judgment. Consent may be expressed either by affirmative words or actions, as long as those words or actions create a mutually understandable permission regarding the conditions of sexual activity. Consent may be withdrawn at any time. Consent cannot be obtained by force, threat, coercion, fraud, manipulation, reasonable fear of injury, intimidation, or through the use of one's mental or physical helplessness or incapacity. Consent cannot be implied based upon the mere fact of a previous consensual dating or sexual relationship. Consent to engage in sexual activity with one person does not imply consent to engage in sexual activity with another.

Campus policies often extend the definition with specific reference to alcohol use, consent in social situations, and extended definitions of incapacitation.

Each campus has appointed a Title IX Coordinator and team. The distribution of information about that team, including contact information, is required to be broadly available in print and electronically. The Title IX Coordinator is responsible for the processes of investigation and adjudication of any reported sexual misconduct from a student, staff, or faculty member.

All campuses must have clearly-designated reporting, support, and immediate action processes in place including Interim Measures that may be taken while the investigation is initiated. Recognition of responsible employees, knowledgeable confidential employees, and

well-trained Title IX teams provide the options for those reporting purported misconduct and the best dispensation of cases. We believe that investment in early supportive interventions on behalf of the complainant will promote the reporting of incidents, as well as creating the environment we wish to achieve on our campuses. The carefully designed and implemented adjudication procedures may then proceed in an environment of fairness and balance.

Training for entire campus communities remains a challenge, but one that is being met by several different mechanisms. All campuses already have in place educational materials and programs for students during (and even before) orientation, during student leadership training, and throughout the year. Many programs are, in fact, student-led initiatives, including the White House Initiative called the “It’s On Us” campaign. Student leaders from at least four of our campuses participated in the White House Roundtable earlier this year. Some campuses are also using the Green Dot campaign, a well-established training and engagement program promoting bystander intervention. We are pleased with the energetic and pervasive involvement of our students in meeting the challenge of changing minds about what behaviors are “not OK” and improving the climate on our campuses.

Training for faculty and staff is currently being handled primarily through on-line training modules, with faculty training being expected annually on our campuses. Staff training is also being managed through on-line and in person training. The USM has developed the attached “Training Matrix” that delineates the requisite elements of the training, and our USM Sexual Misconduct Workgroup and other regularly-convened groups (including the Vice Presidents for Student Affairs and Provosts) as well as Title IX coordinators and campus counsels are sharing the best practices and programs that are serving their campuses.

The estimated costs of implementation of these policies and procedures—hiring of new professionals (Title IX coordinators, trained investigators, confidential counselors) and student advocacy programs—as shown on Exhibit 17 (page 25 of the Analyst Report) of approximately \$1.7 million appear to be underestimates. In fact, figures we received late yesterday indicate that the systemwide cost will be close to \$3.5 million. In addition, we are determining the best practice training programs and modules being piloted at our campuses currently, and we will collaborate on purchase and implementation of training whenever feasible. We anticipate increases in the number of incidents reported, requirements for investigation and adjudication, and significant increases in the types of support services utilized on campus. The additional costs for those enhanced efforts and time cannot be reliably estimated at this time. In addition, we anticipate that there will be cases that may lead to additional litigious responses which will also increase the costs to campuses for these programs.

The next issue is from ***Page 41 - The Chancellor should comment on the system’s oversight of institutions and on the accountability of institutions to use enhancement funds as specified to the General Assembly.***

As we have noted many times, the USM is committed to being a good steward of the resources entrusted to us, and we hold ourselves accountable to the state—and all of our alumni and stakeholders—for the wise and appropriate use of those resources. This includes our utilization of the FY 14 enhancement funds. To ensure that appropriate levels of accountability for these funds are in place, we have worked with the Department of Legislative Services, DBM, and our institutions over the past two years to put in place not just plans for how these

resources would be spent, but also commitments on what would be achieved, and the timeline by which that progress would occur. Initial plans, broken down by target area and institutional commitments under those areas, were submitted to DBM, DLS, and the General Assembly in July of 2012. We subsequently had numerous follow up conversations with DLS and DBM to further refine the goals and metrics. In January of 2013 we surveyed our institutions on the progress made at that time (just six months into the two-year enhancement period) and provided a written report to the DLS on overall progress to that date.

In September of 2012, as stipulated by the General Assembly in its 2014 Joint Chair's Report, we again canvassed our institutions, requiring each to submit a detailed report outlining progress under their specific FY 14 enhancement plans. These reports were collected and analyzed by the USM and the results forwarded to DLS, DBM, and the General Assembly in an extensive 28-page report. Where the initial data showed that institutions were not making the progress originally planned in their plans, or where subsequent events had shown the need for institutions to revise or reexamine initial strategies, the USM institutions were asked for additional information to explaining the issues involved and plans for use of funds moving forward. This information also went into the USM's September 2014 report. Finally, based on DLS's review of the September 2014 report and its follow up requests for additional information, we solicited from the USM institutions further detailed information about various projects, particularly in the area of academic transformation. That information, which came to an additional 20 pages of data and information, broken down by campus, further demonstrated the USM's commitment to accountability in the use of its FY 14 enhancement funding.

We believe that the system of oversight and accountability put in place for the FY 14 enhancement funds—a system developed with close consultation with DLS and DBM—is working appropriately. Obviously as events occur, not all campus plans go exactly as originally laid out or on the timeline proposed. The USM recognizes that some flexibility in adapting plans to circumstances must be allowed. However we also think the progress we have made toward our stated goals/commitments under the enhancement program (e.g., Twenty-eight academic transformation projects completed in FY 14 and an additional 23 expected to be completed in FY 15 versus an original goal of 48 by FY 17. Over 1,800 additional, new STEM majors enrolled in one year (FY 14), versus an original commitment to the state of 1,100 over three years) shows that the oversight and accountability mechanisms put in place are operating effectively.

Moving now to ***Page 42 – Since the \$0.7 million of enhancement was used as one-time funding and not to support an on-going activity, the Chancellor should comment on how these funds will be used in FY 2015.***

The USM believes that regional higher education centers are an important component to provide access to Maryland residents to earn a four-year degree. This is especially critical in locations with limited opportunities such as the Southern Maryland Regional Higher Education Center. The USM has awarded seed grants to help increase the degree programs to non-USM regional residents. These dollars are then recycled to provide new academic offerings once the grants are expired.

Three new grants (FY15 & 16) and one expansion grant (FY15 only) have been awarded.

The grants are:

Institution	RHEC	Program	State Date	FY 2015	FY 2016	Total
BSU	SMHEC	BS in Criminal Justice	Fall 2014	\$124,433	\$120,772	\$245,205
SU	SMHEC	MSW/BSU	Expansion	\$158,160	\$0	\$158,160
UMB	Laurel Center	RN to BSN	Spring 2015*	\$168,118	\$177,294	\$345,412
UMCP	SMHEC	BS in Electrical Engineering	Fall 2015	\$249,289	\$301,911	\$551,200
Total				\$700,000	\$599,977	\$1,299,977

*Due to delays in gaining approval from MHEC to offer the programs off-campus, the start date for UMB has been delayed to Fall 2015.

Because the "expansion" grant awarded to SU is for one year only, the USM will consider using these funds to offer additional grant(s) for FY 2016, if funds are available.

Also on **Page 42 – The Department of Legislative Services recommends that USM continue to report on the progress each institution is making toward meeting its established metrics. The Chancellor should also comment on whether programs or initiatives funded with enhancement funds will be impacted with the reduction in USM’s fiscal 2015 and 2016 appropriations.**

The USM is more than happy to report on the progress it and each USM institution is making toward meeting the goals and metrics laid out in our FY 14 enhancement funding plans, provided, of course, that the funding committed to supporting those plans continues to be available. As noted earlier in my testimony, we are very proud of the success our institutions have already had in meeting many of the enhancement funding goals. We think the enhancement program demonstrates, in a dramatic fashion, the impact the USM, working closely with the General Assembly, the Governor, and other stakeholders, can have on addressing Maryland’s higher education needs. With that said, however, while the USM would remain dedicated to addressing these important needs as resources allowed, absent the funding committed to by the state for these efforts in FY 14, we would not be able to meet the full range of commitments, nor implement all of the strategies, originally included in our FY 14 enhancement plan. While we would expect to see continued short-term progress in some areas—such as STEM and Academic Transformation where the impact of the new projects and enrollments put in place in FY 2014 and 2015 would likely continue to pay off for a period of time—we would expect to see the final goals for some programs reduced and the timeline for achieving them extended.

The last item is raised on **Page 44 – The Chancellor should comment on the status of institution’s efforts to increase planned giving and donations and if USM is considering initiating a capital campaign.**

As part of a system-wide effort to increase overall giving, and in particular giving to endowment, all of our institutions have made efforts to boost their planned giving efforts. Last year, the USM—in partnership with the state—established a quasi-endowment of \$50 million from fund reserves to generate income in support of endowment building. Many campuses are using these additional funds to hire major gift officers who will focus on endowment giving, including planned gifts. Other institutions are creating planned giving recognition societies, offering planned giving seminars at alumni and community events, and bolstering their marketing efforts.

Efforts toward increasing overall giving have been quite successful this year. Systemwide, we have raised \$195 million, July 1 through December 31 – as compared to \$112 million in FY14. This is 74 percent toward our fiscal year goal of \$262 million.

As the USM transitions to a new chancellor, launching a new campaign is very much on the horizon, and institutions are actively planning. As with the previous USM campaign, this will be a confederated campaign effort, with each USM institution launching its own campaign within a broad timeline. Several campuses will be launching campaigns in conjunction with key milestones, such as 50-, 100-, or 150-year anniversaries.

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USM Sexual Misconduct Training Matrix

1.Prevention and Awareness	2. Title IX Coordinator, Title IX Team, Investigators, Adjudicators, and any Person Involved in Sexual Misconduct Cases	3. Specific Groups Additional Training Required			
		Law Enforcement	Professional Counselors, Pastoral Counselors, and Non-Professional Advocates	Responsible Employees	Anyone Who Works With Students or Who is Likely to Witness or Report Sexual Misconduct
<u>Audience</u> Students and Employees	<u>Audience</u> Title IX Coordinator, Title IX Team, Investigators, Adjudicators, and any Person Involved in Sexual Misconduct Cases	<u>Audience</u> Law Enforcement Personnel	<u>Audience</u> Professional Counselors, Pastoral Counselors, and Non-Professional Advocates	<u>Audience</u> Responsible Employees	<u>Audience</u> Anyone who works with students or who is likely to witness or report Sexual Misconduct. This includes, but is not limited to, teachers, law enforcement, athletic coaches, school administrators, counselors, general counsel, health personnel, and resident assistants
<u>Frequency</u> <ul style="list-style-type: none"> • Required one time for all incoming students • Required one time for all new employees • Ongoing prevention and awareness campaigns required for both students and employees 	<u>Frequency</u> Annual Training Required	<u>Frequency</u> Training should be provided on a “regular basis.” <i>2014 DCL at 39.</i>	<u>Frequency</u> Training should be provided on a “regular basis.” <i>2014 DCL at 39.</i>	<u>Frequency</u> Training should be provided on a “regular basis.” <i>2014 DCL at 39.</i>	<u>Frequency</u> Training should be provided on a “regular basis.” <i>2014 DCL at 39.</i>

<p><u>Content*</u></p> <ul style="list-style-type: none"> • What constitutes Sexual Misconduct • Definition of Consent • Examples of Consent • Prohibited conduct • Institutional procedures • Bystander intervention • Consequences of engaging in Sexual Misconduct • How the school analyzes whether conduct was unwelcome under Title IX • How the school analyzes whether sexual conduct creates a hostile environment • Reporting options (law enforcement and institutional reporting options) • Identification of Responsible Employees • Identification of confidential resources • Prohibitions against Retaliation • Training should encourage student reporting • A statement that the institution prohibits Domestic Violence, Dating Violence, Sexual Assault, and Stalking • Definitions of Domestic Violence, Dating Violence, Sexual Assault, Stalking, and Consent • Information on risk reduction, warning signs of abusive behavior, and methods to avoid potential attacks • Effects of trauma, including neurobiological changes • Role of drugs and alcohol in Sexual Violence, including the deliberate use of alcohol and/or other drugs to perpetrate Sexual Violence <p><i>See BOR §5.A, 2011 DCL at 15; 2014 DCL at 42; and VAWA.</i></p>	<p><u>Content*</u></p> <ul style="list-style-type: none"> • Institutional requirements of Title IX • What constitutes Sexual Harassment, including Sexual Violence • Receiving, reporting, and handling complaints of Sexual Misconduct • Institution’s procedures (including information on the “preponderance of the evidence” standard of review) • Parameters of confidentiality • Working with and interviewing persons subjected to Sexual Violence • Particular types of conduct that constitute Sexual Violence, including same-sex Sexual Violence • Consent and the role drugs or alcohol can play in the ability to Consent • Information on the link between alcohol and drug abuse and sexual harassment or violence and best practices to address this link • Importance of accountability for individuals found to have committed Sexual Violence • Need for remedial actions for perpetrator, complainant, or community • Information on how to conduct a credibility assessment • Information on how to evaluate and weigh evidence in an impartial manner • Information on how to conduct an investigation • The effects of trauma, including neurobiological change • What constitutes counter-intuitive victim behavior • Cultural awareness training regarding how Sexual Violence may impact students differently depending on their cultural background <p><i>See BOR §5.B; 2011 DCL at 7, 12, 17; and 2014 DCL at 40.</i></p>	<p><u>Content*</u></p> <p>All things listed in Columns 1 and 2, and in addition:</p> <ul style="list-style-type: none"> • Notifying complainants of their right to file a complaint with the Title IX Coordinator • Notifying complainants of their right to file a criminal complaint • Law enforcement responsibilities of handling Sexual Harassment and Sexual Violence complaints <p><i>2011 DCL at 7, 17</i></p>	<p><u>Content*</u></p> <p>All things listed in Columns 1 and 2, and in addition:</p> <ul style="list-style-type: none"> • Parameters of confidentiality in their professional roles as counselors and advocates <p><i>2014 DCL at 38</i></p>	<p><u>Content*</u></p> <p>All things listed in Column 1, and in addition:</p> <ul style="list-style-type: none"> • How to respond appropriately to reports of Sexual Violence • Obligation to report (and to whom the report should be made) • What should be included in a report • Consequences of failing to report • Procedure for responding to student requests for confidentiality • Contact information of Institution’s Title IX Coordinator • Support services available • Practical training about how to prevent and identify sexual violence, including same-sex Sexual Violence • Behaviors that may lead to and result in Sexual Violence • Potential for re-victimization • Appropriate methods for responding to students who have experienced Sexual Violence • Nonjudgmental language <p><i>Note that some Responsible Employees may fall into other categories on the matrix as well and thus require additional training.</i></p> <p><i>2014 DCL at 38.</i></p>	<p><u>Content*</u></p> <p>All things listed in Column 1, and in addition:</p> <ul style="list-style-type: none"> • Recognizing and appropriately addressing allegations of Sexual Harassment and Sexual Violence under Title IX • How to report instances of Sexual Misconduct to institution’s Title IX Coordinator • How to identify warning signs of Sexual Harassment and Sexual Violence • Practical information about how to prevent and identify Sexual Violence • How to identify behavior that may lead to and result in Sexual Violence • Attitudes of bystanders that may allow conduct to continue • Potential for re-victimization by responders • Effects of re-victimization on students • Appropriate methods for responding to a student who may have experienced Sexual Violence, including the use of non-judgmental language <p><i>Note that some employees who fall into this category may also fall into other categories (e.g. law enforcement personnel) and thus</i></p>
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					<i>require additional training.</i> <i>2011 DCL at 4, 6, 17; and 2014 DCL at 38.</i>
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*All Content bullet points in all columns are derived from the USM BOR Sexual Misconduct Policy, the 2011 and 2014 Dear Colleague letters, and VAWA. Where the bullet point is derived solely from sub-regulatory guidance (and not also from law or BOR Policy), the bullet point reflects only training deemed to be a “should” or a “must” in the guidance.

DRAFT

Checklist for Institutional Sexual Misconduct Policies/Procedures

✓	USM Sexual Misconduct Policy Requirements
	Required Definitions
	Does the institution's policy ¹ define Consent, Dating Violence, Domestic Violence, Retaliation, Sexual Exploitation, Sexual Harassment, Sexual Intimidation, Sexual Misconduct, Sexual Violence, and Stalking?
	Do the institution's policy definitions either mirror or expand the USM definitions?
	Does the institution's policy define Responsible Employee?
	Does the institution's policy identify who qualifies as a Responsible Employee on campus?
	Does the institution's definition of Responsible Employee and identification of Responsible Employees mirror or expand the USM definition?
	If the institution is a residential campus, has the institution identified resident advisors as Responsible Employees? If not, has the institution consulted with its legal counsel on this subject?
	Required Policy Statements
	Does the institution's policy expressly prohibit Sexual Misconduct?
	Does the institution's policy expressly prohibit Retaliation?
	Does the institution's policy expressly identify Sexual Misconduct as a form of sex discrimination?
	Does the institution's policy affirmatively state that the institution must take steps to prevent the occurrence of Sexual Misconduct and remedy its discriminatory effects?
	Does the institution's policy expressly prohibit discrimination on the basis of sex in its education programs and activities?
	Does the institution's policy indicate that "inquiries concerning the application of Title IX may be referred to the institution's Title IX Coordinator or the Office for Civil Rights"?

¹ An institution may have one policy and procedure or multiple policies and procedures. For the purposes of this check list, the word "policy" will be used, even though an institution may elect to have more than one Title IX policy(ies)/procedures.

	Title IX Coordinator/Team
	Does the institution's policy identify a Title IX Coordinator by title, office address, telephone number, and email address?
	Does the institution's policy identify any Title IX team members by title, office address, telephone number, and email addresses?
	Are there mechanisms in place for updating the Title IX Team contact information in a timely manner?
	Is there a practice of providing annual training to the Title IX Coordinator and all Title IX Team Members?
	Are the training opportunities for the Title IX Coordinator and any Title IX Team members documented in writing and maintained by the University?
	Accessibility of Policy
	Is the institution's policy widely distributed to all students, employees, applicants for admission and employment, and other relevant persons?
	Is the institution's policy prominently displayed on the institution's web site and included in publications of general distribution?
	Is the institution's policy available at various locations throughout campus?
	Timeframe
	Does the institution's policy designate timeframes for (1) the institution to conduct a full investigation (2) the parties to receive notice of the outcome, (3) the parties to file an appeal?
	Does the timeframe set forth in the policy specify a period of generally no more than 60 calendar days from the initial report being made through resolution (excluding appeals)?
	Does the institution's policy explain the procedure/circumstances for extending the time beyond the 60-day period?
	Investigative/Adjudicative Procedures
	Does the institution's policy require and set forth procedures for prompt investigation and adjudication of allegations of Sexual Misconduct?
	Does the institution's policy identify who can file a complaint of Sexual Misconduct? Does this include students, employees, and third parties?
	Does the institution's policy explain how to file a complaint?
	Does the institution's policy identify to whom such complaints should be directed?

	If the institution has an amnesty policy, are the relevant portions either incorporated into the policy or cross referenced?
	Does institution's policy expressly allow the parties to be accompanied to Sexual Misconduct proceedings by an advisor of their choice?
	Does the institution's policy expressly set forth the scope of the advisor's role in the process?
	Does the institution's policy specify "preponderance of the evidence" as the standard of review?
	Does the institution's policy afford an investigative and adjudicative process that provides the parties equal opportunity to present relevant witnesses and evidence throughout the process?
	Does the institution's policy afford the parties similar and timely access to information to be used during any process?
	Does the institution's policy list a range of available sanctions, up to and including suspension, dismissal, expulsion, and termination from employment?
	Does the institution's policy provide an appeal process that is equally available to the parties?
	Confidentiality
	Does the institution's policy differentiate between confidential and non-confidential resources?
	Does the institution's policy identify confidential and non-confidential resources on campus?
	Does the institution's policy identify confidential and non-confidential resources off campus?
	Does the institution's policy explain institutional practices regarding confidentiality?
	Interim Measures/Resources
	Does the institution's policy apprise the community of various USM institution resources and education programs, geared to promote the awareness of and eliminate Sexual Misconduct, prevent its recurrence, and remedy its effects?
	Does the institution's policy apprise the institution of community resources and programs, geared to promote the awareness of and eliminate Sexual Misconduct, prevent its recurrence, and remedy its effects?
	Does the institution's policy identify various Interim Measures available

	to both parties and explain to the parties how to request them?
	Does the institution's policy identify options and procedures for immediate and ongoing assistance following an incident of Sexual Misconduct?
	In identifying such resources, does the institution's policy expressly instruct on how to receive guidance regarding the preservation of evidence for the criminal process?
	Does the institution's policy advise on external options for reporting Sexual Misconduct?
	Training
	Does the institution's policy apprise the institution community of various USM institution resources and education programs, geared to promote the awareness of and eliminate Sexual Misconduct, prevent its recurrence, and remedy its effects? Do these educational initiatives contain information regarding what types of conduct constitute Sexual Misconduct, definitions of Consent and prohibited conduct, the institution's procedures, bystander intervention, risk reduction, and the consequences of engaging in Sexual Misconduct?
	Has the institution developed and implemented ongoing prevention and awareness campaigns for all students and employees that address the training components listed above?
	Does the institution's policy advise the community of institutional programs that endeavor to promote the awareness of Sexual Misconduct and prevent its recurrence?
	Has the institution implemented training for the Title IX Coordinator that covers (1) what constitutes Sexual Misconduct, (2) Consent, (3) credibility assessments, (4) counter-intuitive behaviors resulting from Sexual Misconduct, and (5) institutional policies and procedures?
	Has the institution implemented training for persons who are charged with responding to, investigating, or adjudicating Sexual Misconduct? Is this training required for the Title IX Team, Responsible Employees, law enforcement, pastors, counselors, health professionals, resident advisors, complainant advocates, and any others respond to, investigate, and adjudicate Sexual Misconduct? Is this training delivered on at least an annual basis?
	Does the institution maintain records of Title IX trainings for students, faculty, and staff (to include a list of trainees, dates of training, and training content)?

	Practice/Procedures
	Does the institution have mechanisms in place for updating the Title IX Team contact information in a timely manner?
	Does the institution take prompt and appropriate action to investigate Sexual Misconduct?
	Does the institution have a practice to notify the parties concurrently, in writing, about the outcome of the complaint and whether or not Sexual Misconduct was found to have occurred?
	Does the institution have a practice to notify the parties concurrently, in writing, of any changes to the outcome of a Sexual Misconduct investigation?
	Does the institution have a practice that includes counsel review of decisions regarding Sexual Misconduct for legal sufficiency, prior to notifying the parties of the outcome?
	Does the institution have written notice prepared regarding available Interim Measures and a practice of regularly sharing this written document with victims and complainants?
	Does the institution advise parties of existing options for counseling, health, mental health, victim advocacy, legal assistance, and other services available on and off campus?
	Does the institution have written notice prepared regarding resources available complainants and respondents, and a practice of regularly sharing this written document with victims and complainants?
	Does the institution have a practice for notifying the parties, in writing, of how to obtain a no-contact order or a protective order and how to enforce existing no-contact orders or protective orders?
	Does the institution have a practice for explaining the parties' options and rights, as well as institution responsibilities, regarding notification of law enforcement and campus authorities, as well as conduct options?
	Does the institution have a practice for treating all parties equally at all phases of the process?
	Does the institution have mechanisms in place for reporting Clery-reportable crimes?
	Has the institution internally changed the Clery requirements so that instances of Dating Violence, Domestic Violence, and Stalking are separately reportable offenses?
	Has the institution updated its MOU with local law enforcement to make sure the institution is able to meet its Title IX obligations?

	Does the institution maintain records of Sexual Misconduct proceedings?
	Does the institution maintain records of Title IX trainings for Title IX Team Members (to include a list of trainees, dates of training, and training content)?
	Does the institution maintain records of all Title IX trainings for students, faculty, and, staff and others (to include a list of trainees, dates of training, and training content)?
	Do the institution's Responsible Employees promptly report Sexual Misconduct to the Institution's Title IX Coordinator?
	Does the institution deliver Title IX training to all incoming students?
	Does the institution deliver Title IX training to all incoming employees?
	Does the institution have a practice of delivering annual training to all Title IX Team Members, Responsible Employees, law enforcement, pastors, counselors, health professionals, resident advisors, complainant advocates regarding the procedures for reporting and handling complaints of Sexual Misconduct, the institution's procedures, and the parameters of confidentiality?
	Prohibited Content
	Has the institution rid its policy and procedures of any Prohibited Content?