University System of Maryland
Fiscal 2024 Budget Overview

Department of Legislative Services
Office of Policy Analysis
Annapolis, Maryland

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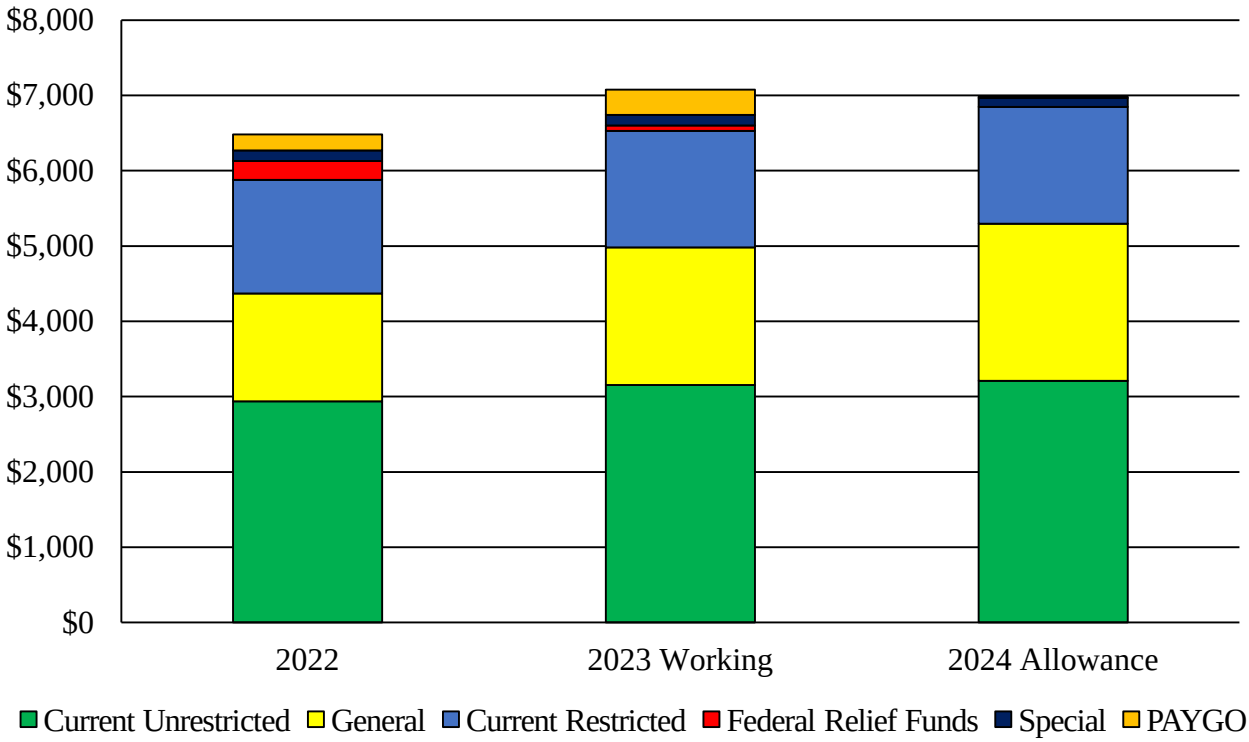
Executive Summary

The University System of Maryland (USM) consists of 11 degree granting institutions, a research center, and the system office, which operates three regional higher education centers.

Operating Budget Data

Revenues by Fund Type
Fiscal 2022-2024
($ in Millions)



PAYGO: pay-as-you-go

Note: Special funds totaling $9.8 million in fiscal 2022, $10.5 million in fiscal 2023, and $10.7 million in fiscal 2024 for the Maryland Fire and Rescue Institute are included as restricted funds. Fiscal 2023 general fund appropriation is adjusted to reflects deficiencies including one for the University System of Maryland's share of a deficiency appropriation budgeted in the Statewide Account with the Department of Budget and Management (DBM). The fiscal 2024 general fund allowance includes general salary increases budgeted in the Statewide Account with DBM and $17.6 million in Fiscal Responsibility Funds as PAYGO.

Source: Governor's Fiscal 2024 Budget Books

- General funds increase by $257.3 million, or 14.1%, in fiscal 2024 after adjusting for three deficiencies. These deficiencies include $69.6 million representing USM's share of a deficiency appropriation budgeted in the Statewide Account with the Department of Budget and Management (DBM) related to the 4.5% cost-of-living adjustment (COLA) effective November 2022, and one that would replace $8.0 million in general funds with the Higher Education Investment Fund (HEIF). After adjusting for the deficiency, the HEIF increases 2.5%, or $2.9 million, in fiscal 2024.

- The fiscal 2024 budget also includes an additional proposed deficiency appropriation that would provide $2.6 million in additional general funds to seven institutions to help cover the cost of the 4.5% COLA for non-State-supported positions.

Key Observations

- Between fall 2019 (prepandemic) and 2022, undergraduate enrollment across USM institutions has declined 5.2%, or 6,859 students, with only three institutions experiencing an increase in fall enrollment.

- Undergraduate enrollment for fall 2022 declined by 0.9% at USM institutions; this rate of decline is a return to prepandemic rates. For a second year, enrollment of first-time students increased 4.4% in fall 2022.

- The impact of COVID-19 can be seen in the second- and third-year retention rates. In general, the second-year rate has not recovered to prepandemic levels, while the third-year rate declined at all institutions.

Operating Budget Recommended Actions

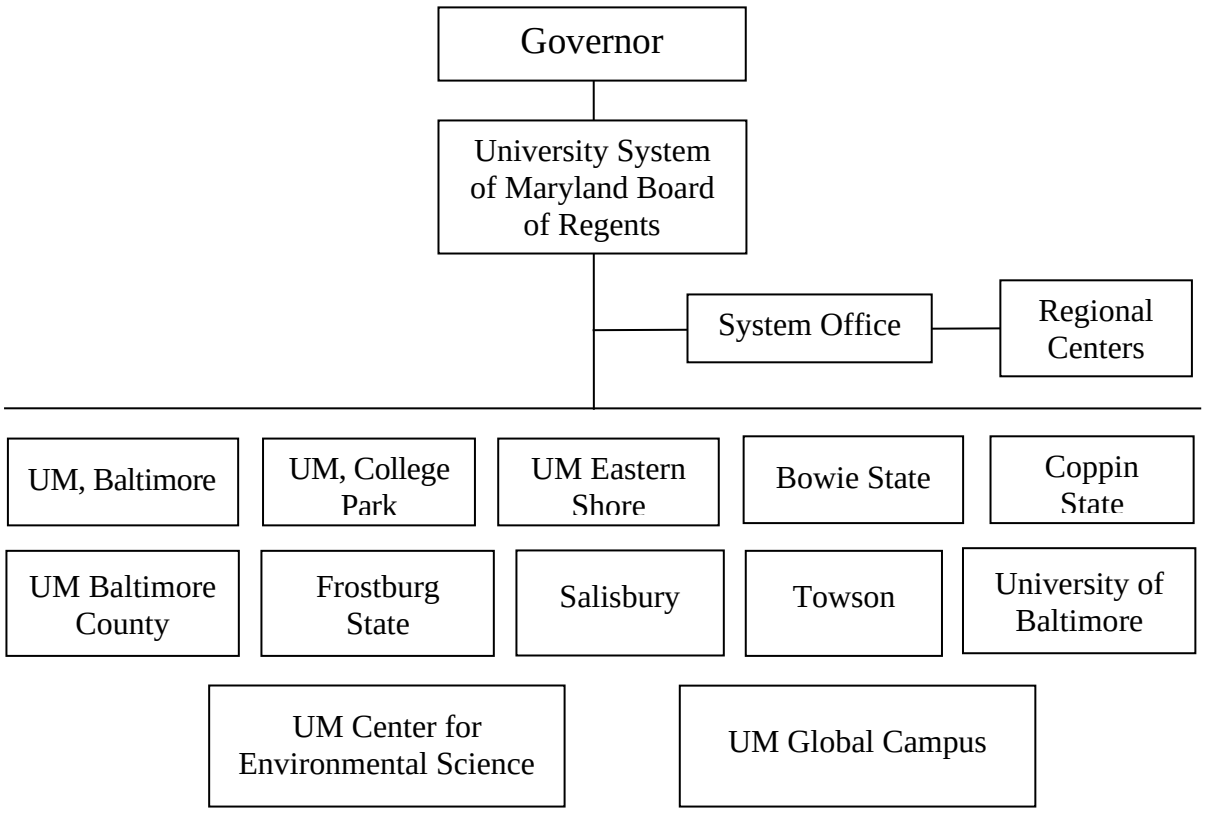
1. Concur with Governor's allowance.

Operating Budget Analysis

Program Description

Title 12 of the Education Article establishes USM to "foster the development of a consolidated system of public higher education, to improve the quality of education, to extend its benefits, and to encourage the economical use of the State's resources." USM consists of 11 degree-granting institutions, a research center, and the system office, which operates three regional higher education centers. **Exhibit 1** illustrates the structure of the system.

Exhibit 1
University System of Maryland



UM: University of Maryland

Source: Department of Legislative Service

The Board of Regents (BOR) is the governing body of USM. The board consists of 21 members, including 2 full-time students, the Secretary of Agriculture (*ex officio*), and the Secretary of Commerce (*ex officio*). Except for the Secretary of Agriculture and the Secretary of Commerce, 17 members are appointed by the Governor with the advice and consent of the Senate; 1 member is appointed by the Senate President; and 1 member is appointed by the Speaker of the House of Delegates. The board appoints the Chancellor, who serves as the chief executive officer of the system and the chief of staff to the board. The Chancellor and staff coordinate system planning; advise the board of systemwide policy; coordinate and arbitrate among system institutions; and provide technical, legal, and financial assistance.

The board reviews, modifies, and approves a systemwide strategic plan developed by the Chancellor in consultation with institution presidents. The board is charged with assuring that programs offered by the institutions are not unproductive or unreasonably duplicative. Other board activities include reviewing and approving new programs, reviewing existing programs, setting minimum admission standards, and determining guidelines for tuition and fees. The board monitors the progress of each system institution toward its approved goals and holds each president accountable for the progress toward the goals. Furthermore, the board may delegate any of its responsibilities to the Chancellor.

Consistent with the State Plan for Higher Education, USM goals are to:

- create and maintain a well-educated workforce;
- promote economic development;
- increase access for economically disadvantaged and minority students; and
- achieve and sustain national eminence in providing quality education, research, and public service.

Performance Analysis

1. Undergraduate Enrollment

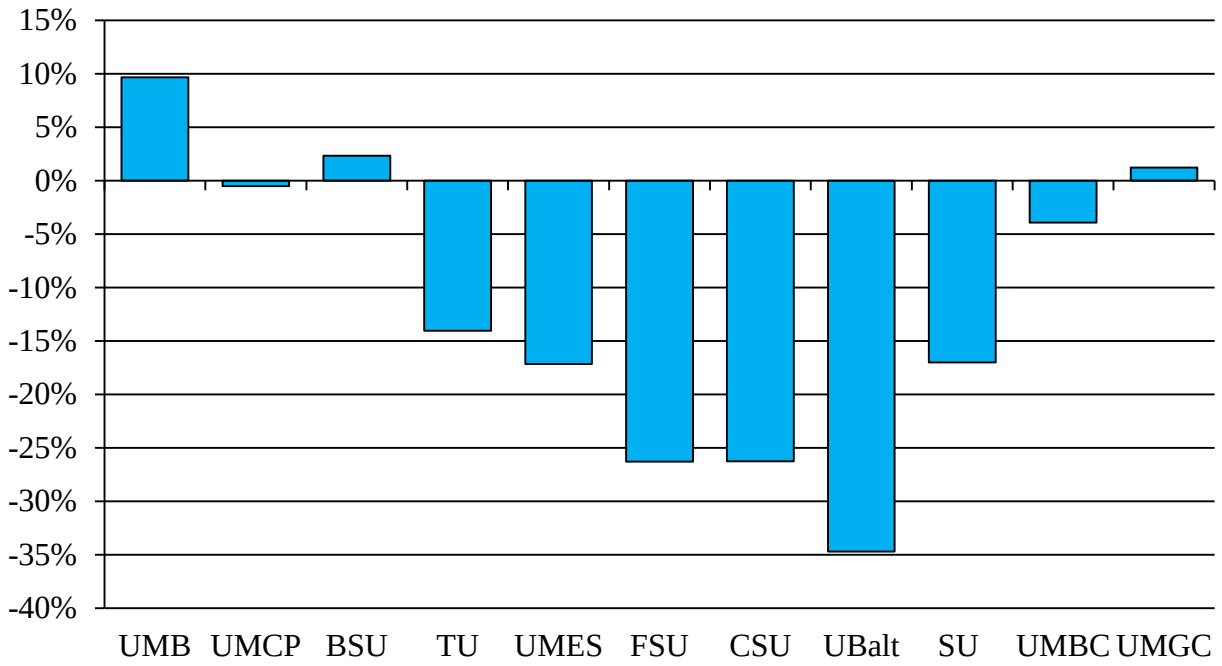
Lingering Impact of COVID-19

In fall 2020, USM institutions de-densified campuses with most classes being taught remotely and reduced resident hall occupancy. In fall 2021, campuses resumed in-person classes with full occupancy of resident halls. In order to understand the impact that the pandemic and the actions taken by the institutions had on undergraduate enrollment, fall 2019 (prepandemic) enrollment is used as a baseline for comparison. Since fall 2019, enrollment at USM institutions declined by 5.1%, or 6,799 students, and when excluding the University of Maryland Global Campus (UMGC) fell by 8.5%. Nationally, according to the latest data from the National Student

Clearinghouse, undergraduate enrollment at the public four-year institutions declined by 4.3% from fall 2020 to 2022.

Overall, as shown in **Exhibit 2**, all but three institutions (University of Maryland, Baltimore Campus (UMB); Bowie State University (BSU); and UMGC) experienced declines in enrollment from fall 2019 to 2022. Nationally, enrollment at regional institutions has been declining, especially during the pandemic. This trend also occurred at Maryland's regional institutions, each of which experienced double-digit rates of decline. At three institutions (University of Baltimore (UBalt); Frostburg State University (FSU); and Coppin State University (CSU)) the decrease in enrollment exceeded 25% during this time period. In terms of headcount, Towson University (TU) experienced the largest decline of 2,758 students, and Salisbury University decreased by 1,308 students. These decreases lead to concerns about the financial stability of these institutions as they need to find ways to cover the loss of tuition and fee and auxiliary revenues.

Exhibit 2
Change in Fall Undergraduate Enrollment
Fall 2019 and 2022

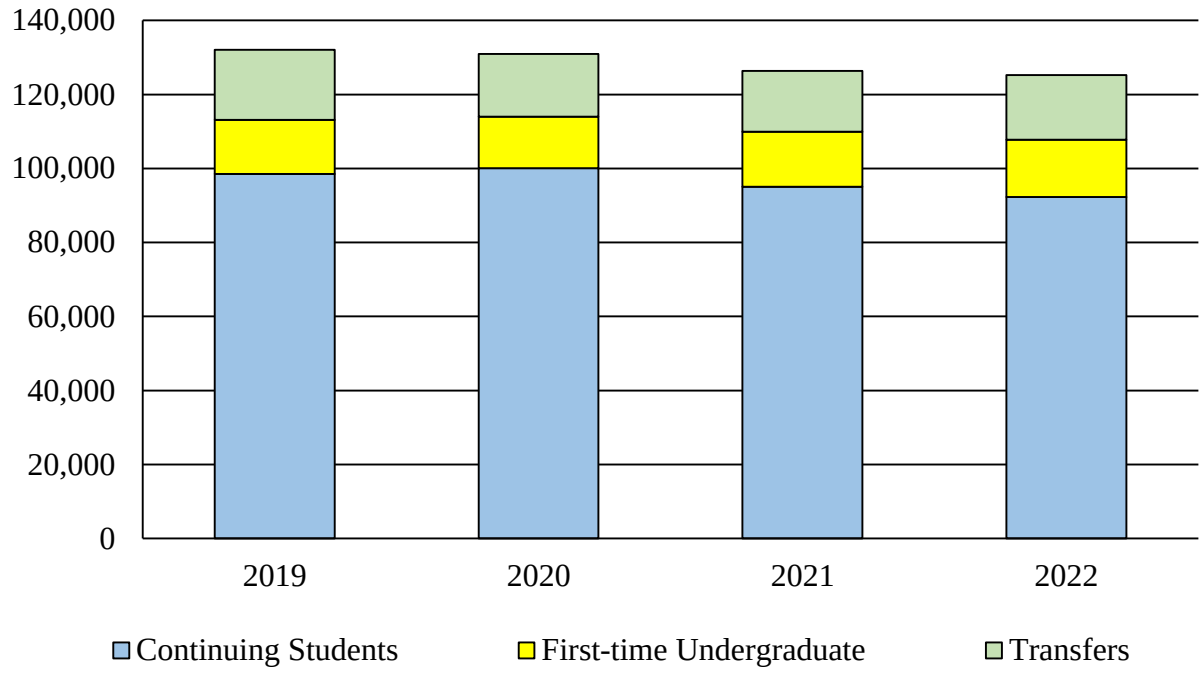


Source: University System of Maryland; Department of Legislative Services

During the pandemic, USM allowed institutions to use test-optional admission process. At its June 2022 meeting, BOR revised USM's undergraduate admissions policy removing the requirement that first year students submit test scores.

When breaking undergraduate down enrollment by student category, transfer students decreased by 1,506 students, or 7.9%, since fall 2019, with the largest decline (1,941 students) occurring in fall 2020, as shown in **Exhibit 3**. The largest total decline of 4,484 students occurred in fall 2021, primarily driven by a 5,008 decrease in the number of continuing students. The number of first-time (FT) students has rebounded and exceeded prepandemic levels growing from 14,610 to 15,529 students from fall 2019 to 2022, respectively.

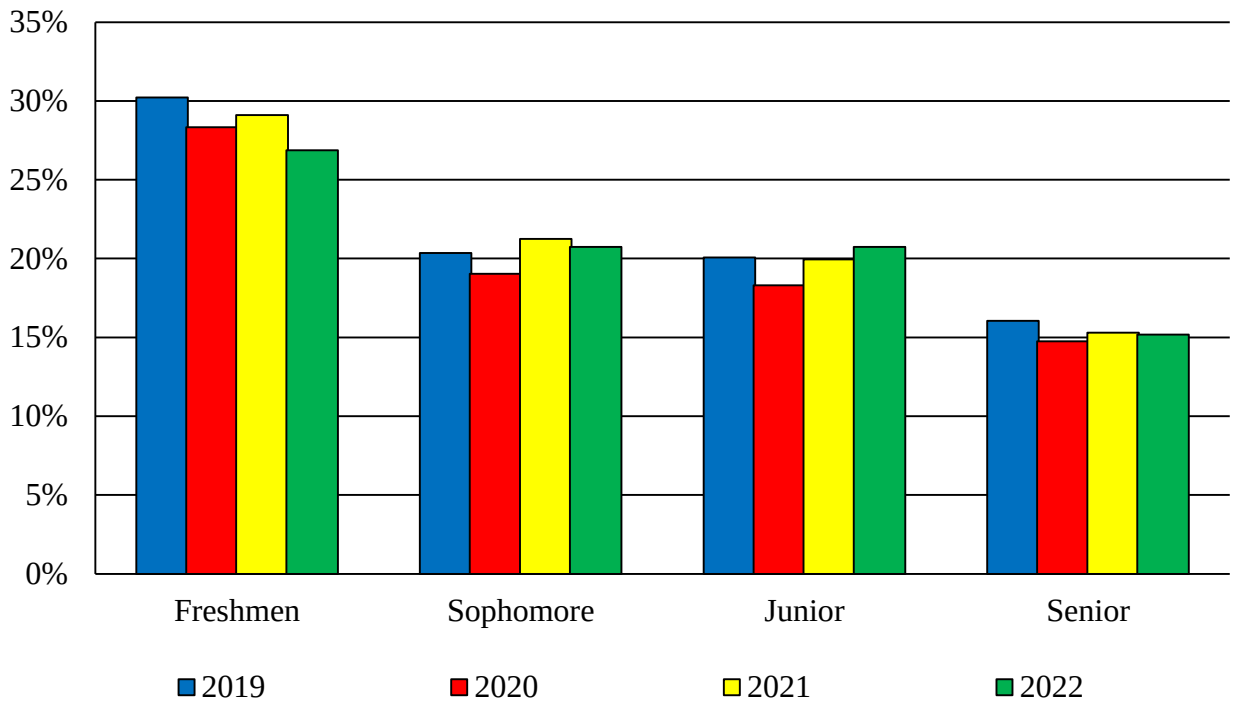
Exhibit 3
Fall Undergraduate Enrollment
Fall 2019-2022



Source: University System of Maryland

Exhibit 4 shows the percentage of students by level, who did not return to the same institution from fall to fall. According to USM, none of these students have graduated. Students may have not reenrolled for a variety of reasons including transferring to another institution, enlisting in the military, medical or personal reasons, or stopped out.

Exhibit 4
Fall-to-fall Undergraduate Attrition by Student Level
Fall 2019-2022



Source: University System of Maryland

The percentage of students not returning in fall 2020 declined across all levels, indicating remote learning did not deter students from re-enrolling. However, the percentages increased for all levels in fall 2021, suggesting that students may not have had a positive experience with remote learning. By fall 2022, the percentage of sophomores and juniors not returning has returned to prepandemic levels. The percentage of seniors not returning has remained stable around 15%, down 1 percentage point from fall 2019. It appears institutions are making strides in retaining freshmen with the percentage not coming back declining from 30.2% in fall 2019 to 26.9% in fall 2022. However, of concern are the juniors and seniors who do not come back after financially investing in their education and possible accumulating debt and did not earn a degree.

The Chancellor should comment on efforts that institutions are taking to retain all students and efforts to reach out to those who have stopped out to return and earn their degree.

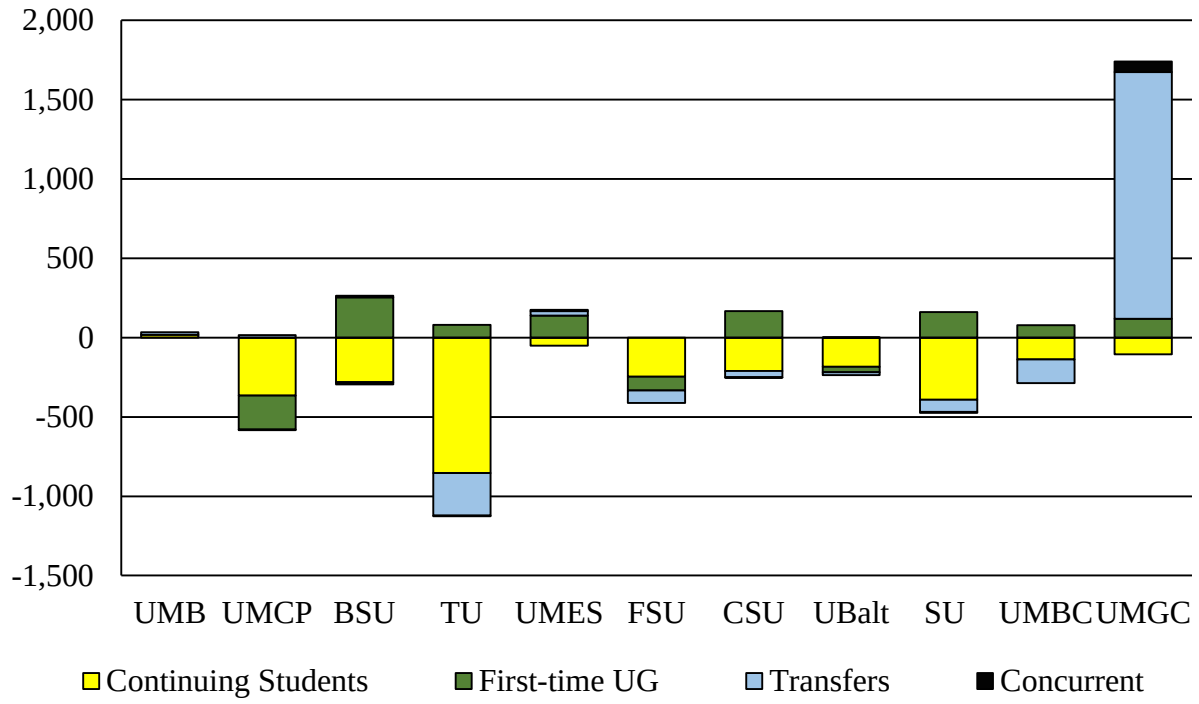
Fall 2022 Undergraduate Enrollment

After two years of declines, there were questions coming into the fall semester if enrollment would rebound to prepandemic levels as the pandemic moves toward an endemic phase. While undergraduate enrollment for fall 2022 declined 0.9% at USM institutions, the rate of decline slowed to prepandemic rates. Nationally, fall 2022 enrollment at public four-year institutions decreased 1.6%.

The decline in USM's enrollment was primarily driven by 2,708 students (45%) not returning to campuses, as shown in **Exhibit 5**. This decrease can partly be attributed to large graduating classes coupled with smaller incoming classes. This decrease was partly offset by an increase of 537 FT students (3.7%), of which BSU accounted to 253 of the FT students. The number of FT students at CSU increased 91.2%, or 166 students, in fall 2022.

Exhibit 5

Change in Fall 2021 and 2022 Undergraduate Headcount Enrollment



UG: undergraduate

Source: University System of Maryland

Overall, three institutions (UMB, University of Maryland Eastern Shore (UMES), and UMGC) experienced increases in enrollment. UMES experienced the highest rate of growth of 6.7%, or 122 students, mainly driven by an increase of 139, or 29.9%, of FT students. The total incoming class of 604 students at UMES is its largest class since fall 2015.

The largest declines in undergraduate enrollment occurred at UBalt and FSU, of 14.7% (236 students) and 11.2% (413 students) respectively, which were driven by decreases in continuing students. In terms of the total number of students, TU and University of Maryland, College Park Campus (UMCP) experienced the largest declines of 1,046 and 568 students, respectively.

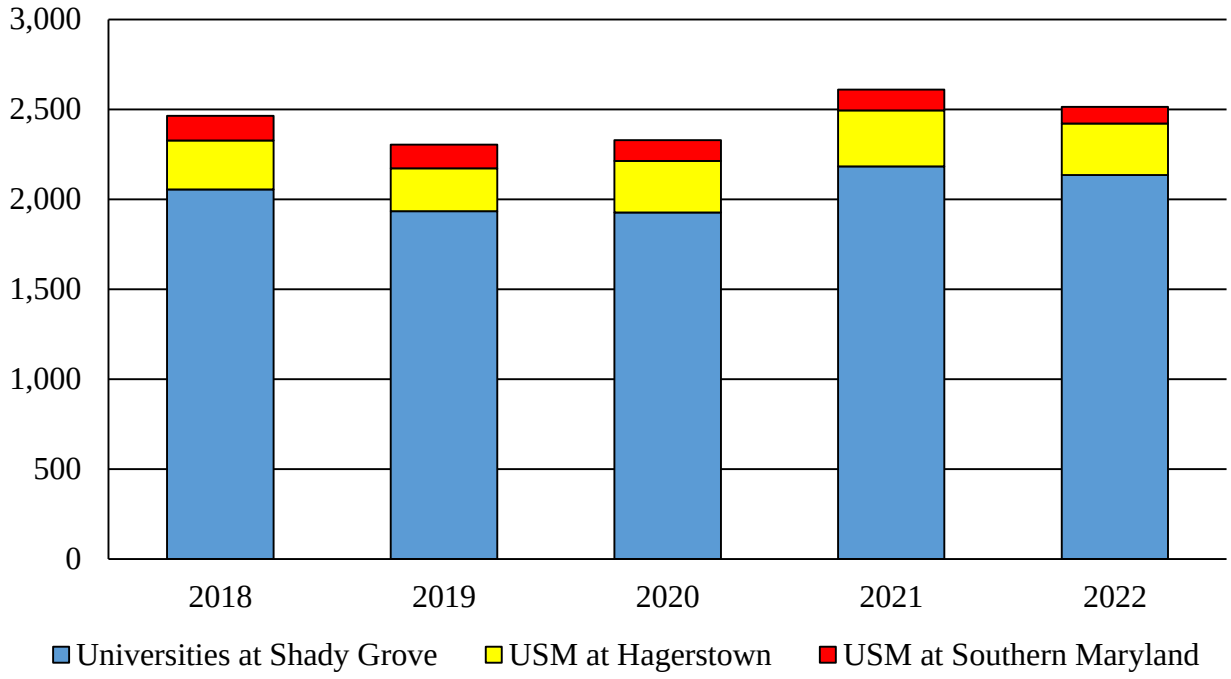
While the number of transfer students grew by 995 students, or 6.1%, this is attributed to a 17.1%, or 1,554 students, growth at UMGC. When excluding UMGC, transfers declined by 559 students, or 7.2%, reflecting the continuing decline of enrollment at the community colleges. TU and the University of Maryland Baltimore County (UMBC) accounted for most of the decline with losses of 268 and 149 transfer students, respectively.

The Chancellor should comment of efforts of the University System of Maryland Office (USMO) and BOR to assist those institutions experiencing continuous decline in enrollment to stabilize enrollment and maintain financial stability.

Regional Higher Education Center Enrollment

USM provides access to its institutions through three Regional Higher Education Centers (RHEC) – University at Shady Grove (USG), USM at Hagerstown (USMH), and USM at Southern Maryland (USMSM). From fiscal 2018 to 2020, full-time equivalent student (FTES) enrollment at the RHECs declined 5.5%, or 135 FTESs, as shown in **Exhibit 6**, of which USG accounted for 128 FTESs of the decline, while USMH grew by 14 FTESs. The decline in fiscal 2019 and 2020 may be attributed to pandemic and the challenges associated with remote learning.

Exhibit 6
Full-time Equivalent Student Enrollment
At Regional Higher Education Centers
Fiscal 2019-2022



Source: University System of Maryland

Enrollment increased 12.1%, or 281 FTESs, in fiscal 2021. This is primarily due to enrollment at USG increasing by 257 FTESs, or 13.3%, which is related to growth in UMB's Medical Cannabis program. USMH experienced an increase of 8.5%, or 24 FTESs, in enrollment primarily due to FSU's Physician Assistant program. Enrollment at USMSM remained stable. In fiscal 2022, all the RHECs experienced a decline in enrollment, which decreased by 3.7%. Since fiscal 2018, enrollment at USMSM has fallen by 32.2% from 136 FTESs to 92 FTESs in fiscal 2022. See **Appendix 2** for detailed enrollment by institution.

The Chancellor should comment on efforts to bolster enrollment at USMSM.

2. Student Performance

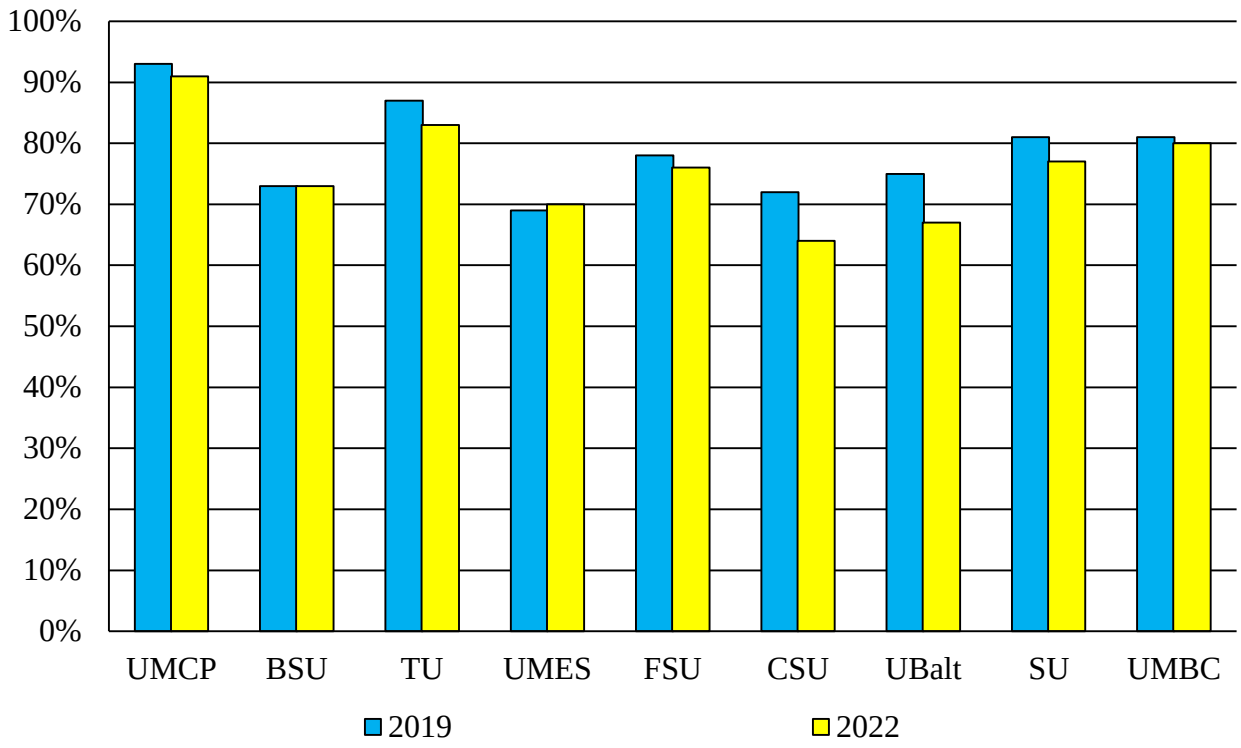
Retention Rates

Retention rates are not only an indicator of student progress but also the ability of institutions to keep students. The second-year rate is an indicator of a number of factors, ranging

from students being prepared for college to institutions providing support to students. Improving the retention of students is one of USM's strategies to increase enrollment, as it is easier to retain students than to recruit new students. It is also an early measure of any longer-term impacts that COVID-19 may have on institutions. As shown in Exhibit 3, a substantial number of students did not come back to USM institutions between fall 2020 and 2022, which will affect the retention and graduation rates in the out-years, and it could take years for institutions to recover from the lost enrollment.

Exhibit 7 shows the impact of COVID-19 on the second-year retention rates, comparing the rates of the fiscal 2019 cohort (prepandemic) with the fiscal 2022 cohort. Overall, the rate has not recovered to prepandemic levels at most institutions with only UMES experiencing an increase of 1 percentage point from 69% to 70% with the 2019 and 2022 cohort, respectively. At BSU the rate remained stabled at 73%, while CSU and UBalt experienced the greatest declines of 8 percentage points.

Exhibit 7
Comparison of Second-year Retention Rates
2019 and 2022 Fiscal Year Cohorts

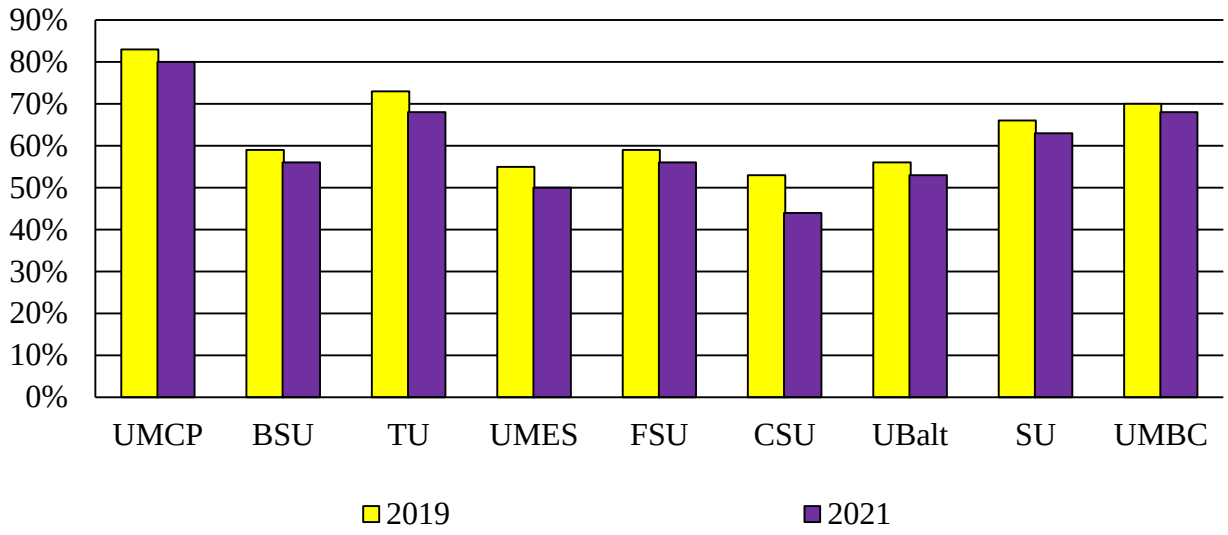


Source: University System of Maryland

Institutions faced a unique challenge in the 2021 to 2022 academic year in that they essentially had two new classes coming to campus – freshmen (fiscal 2021 cohort) and sophomores (fiscal 2020 cohort). While the sophomores have completed a year of college, it was done remotely, and they did not get to have the typical on-campus experience and may need assistance in adjusting to campus life, such as learning what academic resources are available, attending in-person classes, and engaging in campus life. If institutions were not successful in engaging the sophomores, it will impact their third-year retention and graduation rates.

Exhibit 8 compares the third-year retention rates of the fiscal 2019 cohort (prepandemic) to the fiscal 2021 cohort. Overall, the rate declined at all institutions, with six institutions experiencing declines of 2 or 3 percentage points. The largest decrease of 9 percentage points occurred at CSU. While institutions experienced a decline in the third-year rate, the decline may have been larger without the programs that the institutions developed to help sophomores adjust to campus life.

Exhibit 8
Comparison of Third-year Retention Rates
2019 and 2021 Fiscal Year Cohorts



Source: University System of Maryland

The Chancellor should comment on efforts by institutions to reach out to these students to encourage them to return to college and earn a degree.

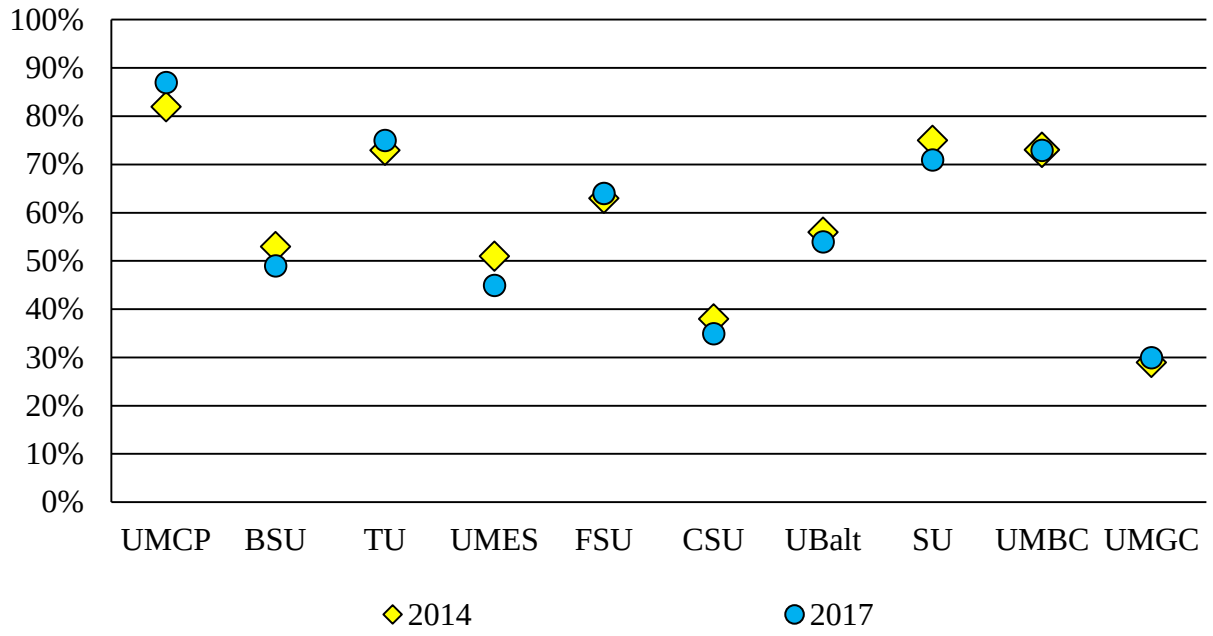
Undergraduate Degree Production

In order to provide a more complete picture of how institutions are performing, USM calculates its six-year graduation rate for all new degree-seeking students enrolled during the

fiscal year. Unlike the traditional graduation rate used by the Maryland Higher Education Commission (MHEC), which only tracks the completions of traditional first-time/full-time students (which only captures the success of about a third of USM students), USM's method also includes part-time students, transfers, spring enrollments, and those who stopped out or changed enrollment status. The inclusion of these additional students provides a more complete picture of an institution's performance. Furthermore, the graduation rates of fiscal year cohorts tend to be higher than the traditional rate at institutions that have a greater portion of transfers and part-time students, such as CSU and UBalt. In addition, using a fiscal year cohort allows for a calculation of a six-year rate for UMGC, which is excluded from the traditional measure due to its unique student population of mainly adult nontraditional students.

Exhibit 9 compares the six-year graduation rates of the 2014 and 2017 fiscal cohorts. USM attained its highest rate of 61% with the 2014 cohort, the last cohort to graduate before the pandemic. It has since fallen to 58% with the 2017 cohort, which can be partly attributed to the impact of the pandemic. Overall, four institutions experienced increases in their six-year graduation rates – UMCP, TU, FSU and UMGC. The largest decrease of 6 percentage points occurred at UMES, which decreased from 51% to 45% with the 2017 cohort.

Exhibit 9
Comparison of Graduation Rates Six Years from Entry
2014 and 2017 Fiscal Year Cohorts



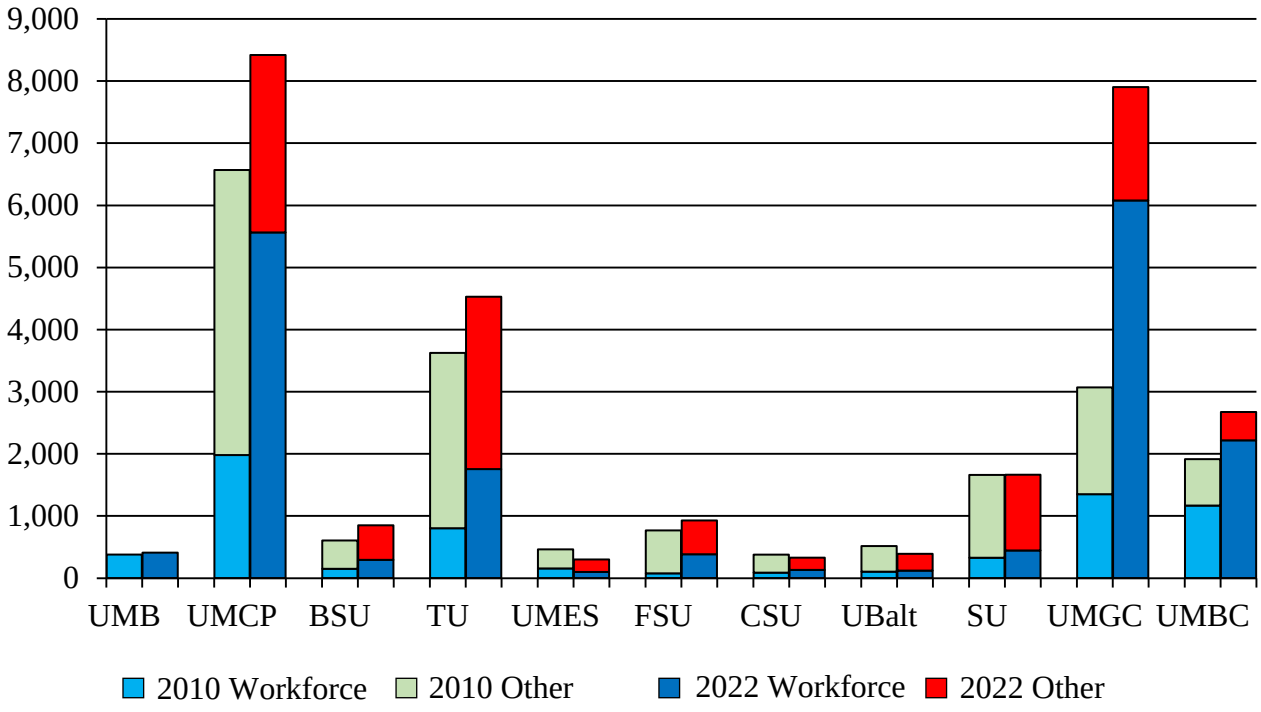
Note: Fiscal year cohorts include all degree seeking students (first-time/full-time, part-time, transfers, and spring admits) who enrolled during the fiscal year.

Source: University System of Maryland

UMGC's six-year rate increased to 30% with the 2017 cohort, the lowest of all the institutions and is more comparable to the two-year graduation rates of Maryland community college transfer students at other institutions. This is not surprising, given that transfer students comprised 50.5% of UMGC's undergraduate enrollment in fall 2016. Furthermore, 78.4%, or 34,689 of UMGC's undergraduate students in fall 2016 were part-time students who take longer to graduate.

In order to produce a well-educated workforce and maintain the State's 55% degree attainment goal, USM will need to increase the number of undergraduate degrees awarded. **Exhibit 10** compares the number of undergraduate degrees conferred by institution between fiscal 2010 (baseline) and 2022. Overall, between fiscal 2010 and 2022, degree production grew by 42.3%, to a total of 28,399. During that time, the number of workforce-related degrees (science, technology, engineering, and mathematics; health; and cybersecurity) increased by 62.4%, or 10,916 degrees. Conversely, the number of other degrees conferred fell by 2,467 degrees (18.4%). When excluding UMGC, BSU and UMBC experienced the largest growth rate, of 40.3% (244 degrees) and 39.6% (759 degrees), respectively. Three institutions (CSU, UBalt, and UMES) experienced declines in the number of degrees conferred, ranging from 13.0% at CSU to 35.2% at UMES, which partially reflects the continuing enrollment declines at these institutions

Exhibit 10
Undergraduate Degrees Awarded by Workforce and Other
Fiscal 2010 and 2022



Note: Workforce degrees include science, technology, engineering, and math, health professionals, and cybersecurity. Degrees awarded by UMGC in 2020 are not comparable to 2010 due a change in the U.S. Department of Education reporting requirements; since online courses are now administered stateside, all degrees are included in the total.

Source: University System of Maryland

Fiscal 2023

Proposed Deficiency

The fiscal 2023 budget includes three proposed deficiency appropriations that would provide a total of $72.2 million in general funds. USM's share of a deficiency appropriation of $69.6 million related to the 4.5% COLA effective November 2022 is budgeted in the Statewide Account in DBM. Another deficiency totaling $8.0 million, of which USM institutions' share is $7.7 million, would replace general funds with the HEIF, reflecting use of the fund balance due to fiscal 2022 revenues exceeding estimates.

Another proposed deficiency would provide one-time funding of $2.6 million in general funds to seven institutions, as shown in **Exhibit 11**, to fund a 4.5% COLA for non-State-supported positions. According to the DBM, the decision to provide these institutions with funds was based on the institutions' fund balance. However, only those institutions with costs below $1.0 million would receive funding.

Exhibit 11
Allocation of Deficiency and Cost of 4.5% COLA
Fiscal 2023-2024
($ in Thousands)

		Non-State Positions		Cost of COLA	
	Allocation of Deficiency	**Authorized FTE**	**Contractual/ Part-time**	**Fiscal 2023**	**Fiscal 2024 Annualization**
UMB		2,741.99	142.52	$16,700	$25,100
UMCP		3,332.81	953.28	13,850	20,800
BSU	$350	66.58	66.48	350	500
TU		407.85	501.00	1,050	1,600
UMES	650	128.57	53.00	650	1,000
FSU	350	114.59	75.00	350	550
CSU	150	32.50	9.71	150	200
UBalt	150	101.95	34.61	150	250
SU	550	171.00	143.48	550	850
UMGC[1]				5,000	7,500
UMBC		624.42	131.78	2,750	4,150
UMCES	400	94.00	-	400	600
USMO		21.48	-	50	100
Total	**$2,600**	**7,837.74**	**2,110.86**	**$42,000**	**$63,200**

COLA: cost-of-living adjustment
FTE: full-time equivalent

[1]UMGC does not have any authorized non-State supported positions. The calculation for the COLA is based on part-time employees. USMO calculated a non-Sate supported FTE number to be comparable with the other institutions of 2,367.82 FTE

Source: University System of Maryland; Department of Legislative Services

While the State provides funds for general salary increases for State-supported positions, it is expected that institutions will use other revenue sources to cover increases for non-State-support positions. Most of the non-State-supported positions are auxiliary related (*i.e.*, dining services, housing, athletics, and other services that receive revenue from sales and services to students, faculty, and staff). The COLA became effective November 2022, during the academic year, after rates had been established for auxiliary-related services. In addition, non-State-supported positions include those funded by contracts and grants in which the salary increase was not included in the award amount. While institutions have been able to cover previous general salary increases, the unexpected 4.5% COLA has left them scrambling to cover the cost. Exhibit 11 also shows the cost of the COLA for non-State-supported positions at all institutions, which totals $42 million in fiscal 2023 and $63.2 million in fiscal 2024.

Proposed Budget

As shown in **Exhibit 12**, the adjusted fiscal 2024 State funds for USM increase $238.5 million, or 12.1%, compared to the adjusted fiscal 2023 budget. Restricted funds decline $64.8 million, or 4.0%, due to the expending of federal relief funds in fiscal 2023. Overall, total funds decrease $94.2 million, or 1.3%, reflecting a decrease of $321.4 of pay-as-you-go (PAYGO) funds. When excluding these funds, total funds increase 227.2 million, or 3.4%, over fiscal 2023.

Exhibit 12
Proposed Budget
University System of Maryland
Fiscal 2022-2024
($ in Millions)

	Actual 2022	Adjusted 2023	Adjusted 2024	$ Change 2023-2024	% Change Prior Year
General Funds	$1,435,212	$1,759,259	$1,936,856	$177,598	10.1%
Deficiency – HEIF Swap		-7,726		7,726	
Deficiency – General Salary Increase for Non-State Supported Positions		2,600		-2,600	
Deficiency – 4.5% COLA		69,598		-69,598	
General Salary Increase			114,288	114,288	
HBCU Settlement Funds		6,342	36,193	29,851	
Total General Funds	**$1,435,212**	**$1,830,073**	**$2,087,338**	**$257,265**	**14.1%**
Special Funds					
HEIF	$139,672	$108,938	$119,561	$10,623	
Deficiency – HEIF Swap		7,726		-7,726	

	Actual 2022	Adjusted 2023	Adjusted 2024	$ Change 2023-2024	% Change Prior Year
Total HEIF	139,672	116,664	119,561	2,897	2.5%
CRF – HBCU Settlement Funds		16,000		-16,000	
DPA Legislative Priorities		5,625			
Total State Operating Funds	**$1,574,884**	**$1,968,362**	**$2,206,899**	**$238,537**	**12.1%**
State Special Funds PAYGO	$213,203	$338,986	$17,562	-$321,424	-94.8%
Other Unrestricted Funds	3,059,942	3,179,812	3,245,061	65,250	2.1%
CARES/ARPA – Direct Federal Support	20,291	2,100			
CARES Act – Indirect	6,000				
Transfer (to)/from Fund Balance	-123,757	-27,431	-37,078		
Restricted Funds	**$1,498,730**	**$1,534,778**	**$1,540,771**	**$5,993**	**0.4%**
CARES/CRRSSA/ARPA – Direct Federal Support	$221,880	$71,006			
State Special Funds (Restricted)	9,803	10,530	$10,701	$171	1.6%
Total Funds	**$6,480,976**	**$7,078,142**	**$6,983,917**	**-$94,225**	**-1.3%**
Total Funds Excluding PAYGO	**6,267,773**	**6,739,156**	**6,966,355**	**$227,199**	**3.4%**

ARPA: American Rescue Plan Act
CARES: Coronavirus Aid, Relief, and Economic Security
COLA: cost-of-living adjustment
CRF: Cigarette Restitution Fund
CRRSSA: Coronavirus Response and Relief Supplemental Appropriations Act
DPA: Dedicated Purpose Account
HBCU: Historically Black Colleges and Universities
HEIF: Higher Education Investment Fund
PAYGO: pay-as-you-go

Note: The fiscal 2023 working appropriation is adjusted to reflect deficiency appropriations including a deficiency for USM's share of a deficiency appropriation budgeted in the Statewide Account with the Department of Budget and Management (DBM). General funds also reflect $2.5 million restricted funds for UMB. The fiscal 2024 allowance is adjusted to reflect the fiscal 2024 2% general salary increase and increments. These actions are also budgeted within the DBM Statewide Account.

Source: Governor's Fiscal 2024 Budget Books; Department of Legislative Services

State funds increase $238.5 million with salary enhancements for annualization of the fiscal 2023 COLA and a fiscal 2024 statewide salary increases accounting for 62.5%, or

$149.1 million, of the growth. Other increases include $28.6 million in additional State funds for several mandates:

- $13.9 million as mandated in Chapter 41 of 2021 as part of the HBCU settlement ($7.6 million for BSU; $3.3 million for CSU, and $2.9 million for UMES);

- $5.0 million as mandated in Chapter 38 of 2022 to establish the Climate Catalytic Fund at the Maryland Clean Energy Center with the funds budgeted within UMCP;

- $5.0 million as mandated in Chapter 623 of 2022 to fund workforce development initiatives at USG; it should be noted that USG received $5 million in fiscal 2023 as part of the legislative priorities to support implementation of its strategic plan that is not provided in fiscal 2024, negating the impact of this mandate on overall State support for USG in fiscal 2024;

- $2.4 million as mandated in Chapter 765 of 2019 provides additional funding of $1.0 million each to UMB and UMCP for the MPowering Steering Committee and $0.4 million to UMBC to help further its research and economic development activities;

- $1.5 million as mandated in Chapter 637 of 2022 for the Institute for Public Leadership at UMCP;

- $0.5 million as mandated in Chapter 345 of 2022 to establish the Sustainable Maryland Program fund administered by the University of Maryland Environmental Financial Center at UMCP; and

- $0.3 million as mandated in Chapter 679 of 2022 for the University of Maryland Center for Environmental Science for evaluation related to oyster substrate and planning.

This leaves USM $65.9 million to cover other current service cost such as personnel-related expenses, financial aid, opening new facilities, contracts, or program enhancements. **The Chancellor should comment on how USM intends to use the remaining $65.9 million in State funding.**

The fiscal 2024 allowance includes funding totaling $0.6 million to continue two legislative priorities that were funded from the Dedicated Purpose Account in fiscal 2023 – $0.6 million for the Schaefer Center at UBalt and $50,000 for BSU for the Maryland Truth and Reconciliation Commission.

Other current unrestricted funds increase $65.2 million, or 2.1%, in fiscal 2024, of which $45.7 million is due to a 2.5% increase in tuition and fee revenue. This is partly due to a planned 2% increase in resident undergraduate tuition. Auxiliary revenues increase 1.8%, or $13.1 million.

Restricted funds decrease by 4.0%, or $64.8 million, primarily due to the planned expenditure of $71.0 million of federal relief funds in fiscal 2023 ($29 million at BSU,

$24.8 million at CSU, $4.4 at UBalt, and $4.4 million at UMGC), which must be spent by the end of the fiscal 2023.

Total funds decrease 1.3%, or $94.2 million, mainly due to a decline in PAYGO funding of $321.4 million. PAYGO funding in fiscal 2024 totals $17.6 million in Fiscal Responsibility Funds to fund two projects – one at UMES and the other funded through USMO for the Columbus Center. When excluding PAYGO funds, total revenues increase 3.4%, or $227.2 million.

Unrestricted Expenditures and Revenues

In fiscal 2021, despite a majority of classes being taught remotely and institutions limiting the number of students on campus, USM closed the year with a surplus of $39.9 million, as shown in **Exhibit 13**. Through various actions to reduce unrestricted expenditures and the use of federal relief funds, USM was able to cover the $89.3 million deficit incurred in auxiliary enterprises. In fiscal 2022 with the return of more normal operations, revenues grew 3.5%, or $134.9 million, resulting in a $60.7 million operating surplus. Auxiliary revenues grew 71.1%, or $265.7 million, reflecting full occupancy of resident halls. USM ended fiscal 2022 with a $152.9 million surplus, resulting in a $123.8 million transfer to fund balance (see **Appendix 2** for fund balance by institution).

Exhibit 13
Unrestricted Revenues and Expenditures
Fiscal 2021-2024
($ in Thousands)

	Actual 2021	Actual 2022	Adjusted Working 2023	Adjusted Allowance 2024	$ Change 2023-2024	% Change 2023-2024
Operating Expenditures	$3,756,393	$3,959,807	$4,473,354	$4,741,727	$268,373	6.0%
Unrestricted Revenues						
State Funds	$1,505,430	$1,574,884	$1,937,895	$2,170,706	$232,811	12.0%
Tuition and Fee	1,743,877	1,774,937	1,819,777	1,865,490	45,713	2.5%
CARES/CRRSAA/ARPA	78,928	26,291	2,100	0	-2,100	-100.0%
Other Revenues	557,332	644,387	645,229	651,686	6,457	1.0%
Total	**$3,885,567**	**$4,020,500**	**$4,405,001**	**$4,687,882**	**$282,881**	**6.4%**
Operating Surplus/Deficit	**$129,174**	**$60,693**	**-$68,353**	**-$53,845**		
Auxiliary						

	Actual 2021	Actual 2022	Adjusted Working 2023	Adjusted Allowance 2024	$ Change 2023-2024	% Change 2023-2024
Expenditures	$462,765	$546,905	$609,985	$635,464	$25,479	4.2%
Revenues	373,468	639,118	712,706	725,785	13,080	1.8%
Auxiliary Surplus/Deficit	**-$89,298**	**$92,213**	**$102,721**	**$90,322**	**-$12,399**	**-12.1%**
Total Surplus/Deficit	**$39,876**	**$152,906**	**$34,367**	**$36,476**		
Other Funds						
Planned transfer (to)/from fund balance	-$36,879	-$123,757	-$27,431	-$37,078		

ARPA: American Rescue Plan Act
CARES: Coronavirus Aid, Relief, and Economic Security
CRRSAA: Coronavirus Response and Relief Supplemental Appropriations Act

Note: Fiscal 2023 and 2024 expenditures and State funds adjusted to reflect deficiencies and general salary increases. Fiscal 2023 and 2024 excludes funding related to the Historically Black Colleges and Universities settlement. State funds include Higher Education Investment Funds. Other revenues exclude auxiliary and Maryland Energy Innovation Funds. State funds also excludes general funds and Dedicated Purpose Account funds that are restricted funds that appear as State funds in other exhibits.

Source: Governor's Fiscal Budget Books

In fiscal 2023, operating expenditures grow by 13.0%, or $513.5 million, mostly related to general salary increases, while revenues increase by 9.6%, or $384.5 million. This results in an operating deficit of $68.4 million, which is more than covered by a $102.7 million surplus in auxiliary revenues. USM is projected to end fiscal 2023 with a surplus of $34.4 million and transfers to fund balance totaling $27.4 million. An operating deficit is projected again in fiscal 2024; however, since tuition and fee revenues in the allowance are based on enrollment projections, changes in enrollment can have a significant impact on an institution's revenues. Therefore, adjustments will be made to revenues and expenditures in fiscal 2024 as the numbers become clearer with the start of the fall semester.

Personnel Data

	FY 22 Actual	FY 23 Working	FY 24 Allowance	FY 23-24 Change
Regular Positions	25,436.62	25,927.39	25,927.39	0
Contractual FTEs	6,607.38	6,636.65	6,641.42	4.77
Total Personnel	**32,044.00**	**32,564.04**	**32,568.81**	**4.77**

Vacancy Data: Regular

Turnover and Necessary Vacancies, Excluding New Positions	796.72	3.08%
Positions and Percentage Vacant as of 12/31/22	2,184.54	8.43%

- USM has personnel autonomy and may create or abolish positions during the fiscal year. In fiscal 2023, 732.83 full-time equivalent (FTE) positions were added, which were partially offset by the elimination of 241.10 FTE positions (127.82 FTE State-supported and 113.28 FTE non-State-supported positions).

- UMCP accounted for 54.4% (131.04 FTE) of the eliminated positions of which 81.0 FTEs were State-supported positions, and UMBC accounted for 20.8% (50.09 FTE) of the positions of which 28.27 FTEs were non-State-supported positions.

- Of the 732.83 FTE newly created positions, 482.52 FTEs were State-supported positions. UMCP accounted for 34.2% (250.31 FTE) of the new positions of which 145.4 FTEs were State-supported. UMBC accounted for 190.78 FTEs of the new positions of which 104.47 FTEs were non-State-supported positions.

- BSU, UMES, and CSU accounted for 161 FTEs of the newly created State-supported positions: BSU added 57 FTEs, or 9.4% increase in the number of State-supported positions; UMES added 63 FTEs, 8.2% increase in positions; and CSU created an additional 41 FTESs, an increase of 9.8% in State-supported positions. These increases can be attributed to the creation of new academic programs and the addition of faculty to support these programs.

- Position adjustments include the conversion of 53.89 contractual positions to regular positions, with UMB converting 25.00 FTEs to regular positions.

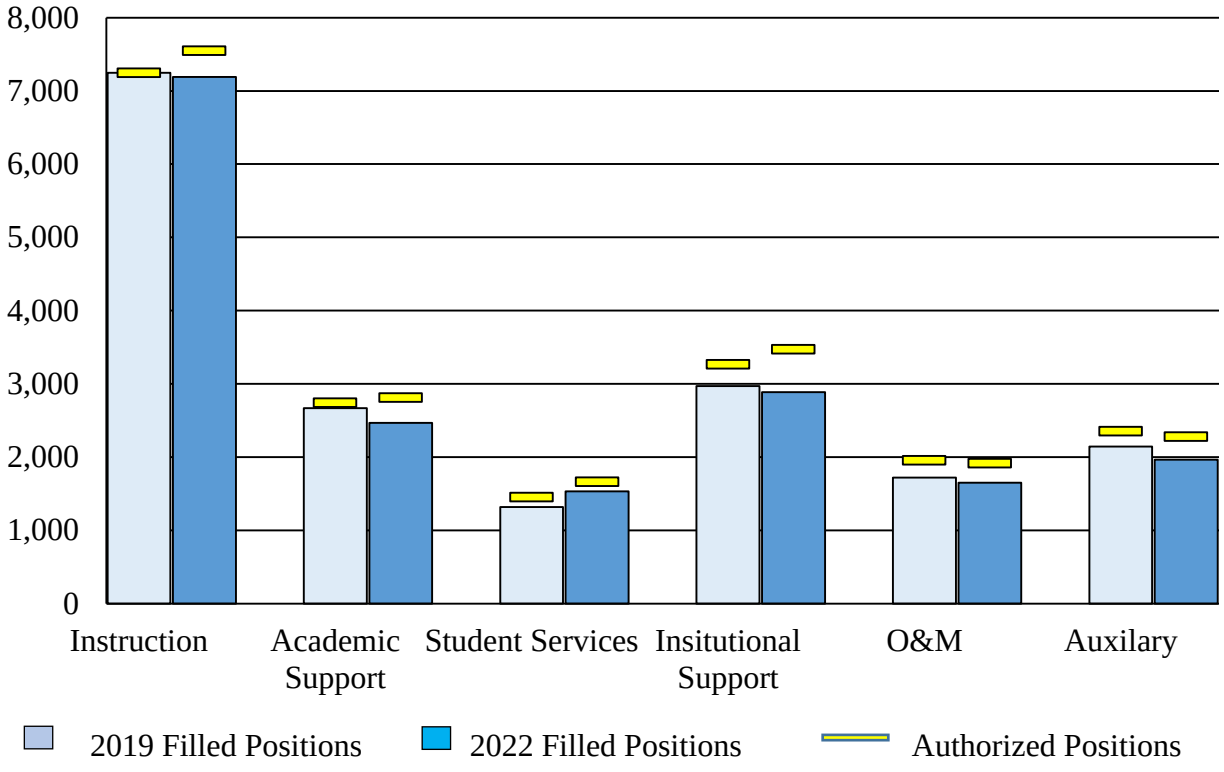
- The addition of 196.45 FTE non-State-supported positions are related to auxiliary and research, with UMBC accounting for 53.27% (104.47 FTE) of the positions.

- Eight institutions have vacancy rates in its State-supported positions exceeding 10.0%, which may be related to hiring freezes at those institutions experiencing enrollment

declines and the current hiring challenges. BSU, UMES, and CSU have vacancy rates exceeding 20.0%, which may also reflect the creation of new academic programs as positions may still be in the process of being filled.

Between fall 2019 and 2022, the vacancy rate in all positions, excluding research and public service, increased from 5.1% (980) to 10.3% (2,025). Overall, as shown in **Exhibit 14**, the vacancy rate in all program areas, except student services, increased during this time period. The largest percentage increase in vacant positions of 10.2 percentage points occurred in institutional support positions, which are positions related to the day-to-day operations of the institution. Operations and maintenance of plant and auxiliary have vacancy rates exceeding 16%, reflecting the current hiring challenges. The vacancy rate for student services-related positions decreased between fall 2019 (10.7%) and fall 2022 (8.7%), as institutions strived to fill positions to meet the needs of students.

Exhibit 14
Authorized and Filled Positions
Fiscal 2019-2023



O&M: Operations and Maintenance

Note: Filled positions as of October 2019 and 2022.

Source: University System of Maryland; Governor's Budget Books; Department of Legislative Services

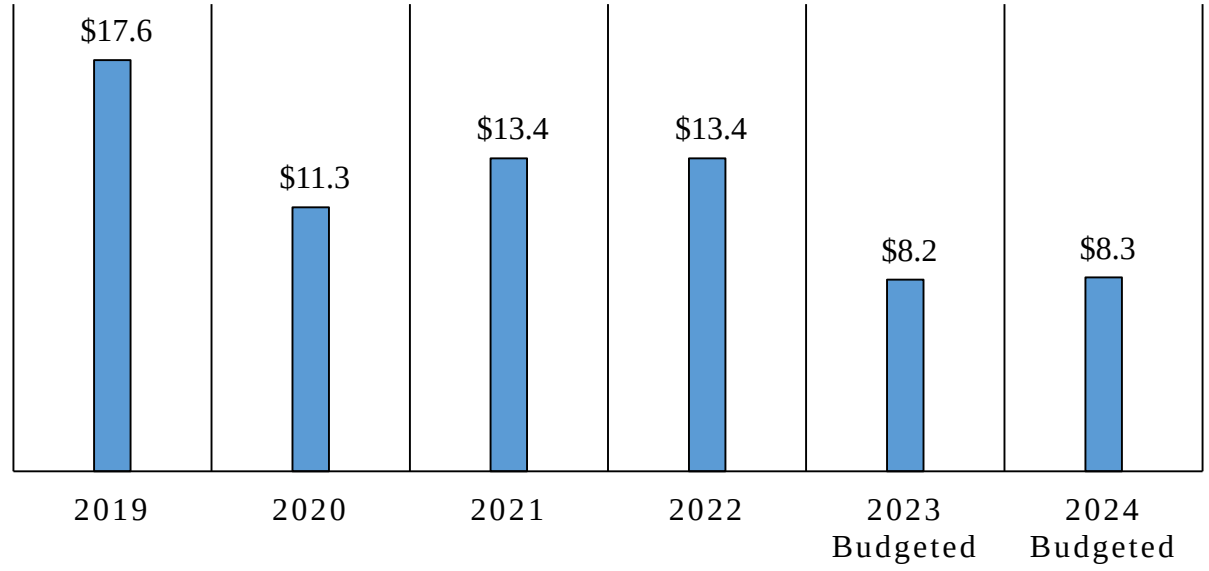
Issues

1. UMGC

Within the past year, UMGC has made some decisions that have raised concerns about its financial outlook: the announcement of selling its Largo properties to the Maryland-National Capital Park and Planning Commission for $75 million; and laying off 43 workers, a cost-saving measure of $5 million.

In 2019, UMGC was authorized by the USM BOR and approved by the Board of Public Works to spend up to $500 million in advertising costs over six years, beginning in fiscal 2019. At the time, UMGC felt constrained by its reliance on the Washington, DC; Maryland; and Virginia (DMV) region and the military. According to UMGC, the market share of adult students in the DMV region had reached near maximum levels. In contrast, competing institutions have made inroads into the region. At the time, UMGC felt that the market saturation in the DMV region had made it prohibitively expensive to continue relying heavily on this location to enroll students. **Exhibit 15** shows the expenses and budget for the national campaign.

Exhibit 15
National Marketing Campaign Budget
Fiscal 2019-2024
($ Millions)

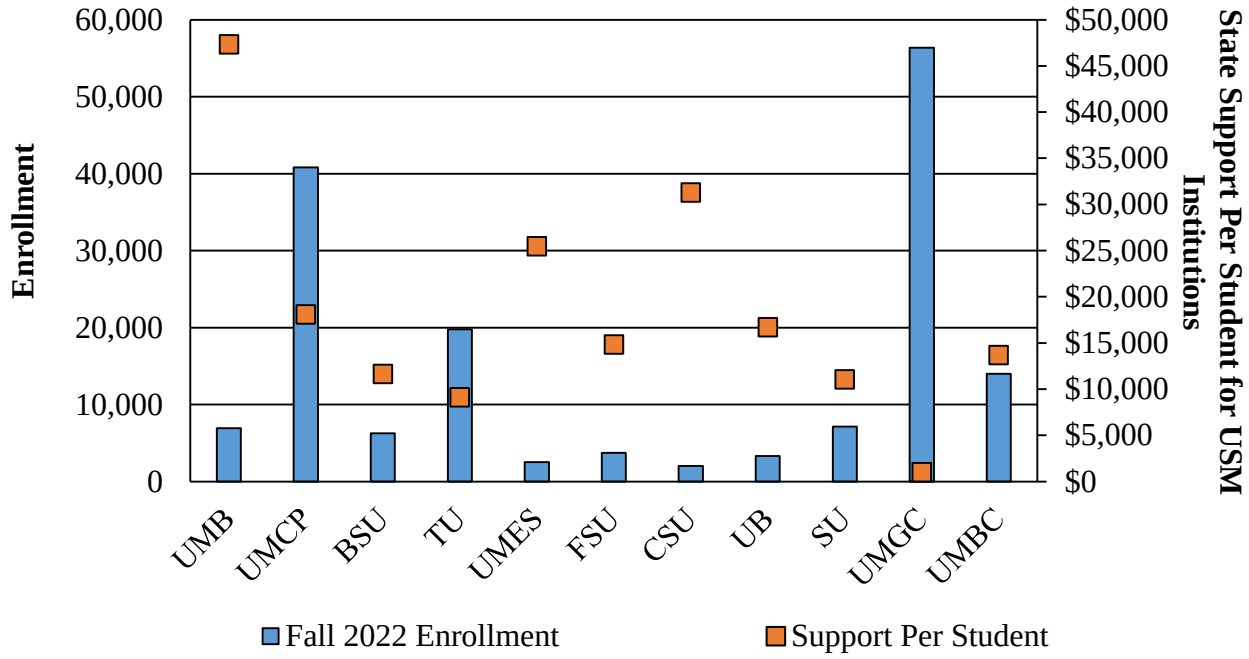


Source: University of Maryland Global Campus

In the first year of the marketing campaign, the test market of Philadelphia only resulted in 212 students after an $18 million campaign. UMGC has acknowledged that its marketing approach was poorly planned and has made modifications. Now, UMGC is utilizing a backward integration campaign. This type of campaign focuses on expanding its market in areas where they already have a physical presence, as opposed to the former campaign's method of expanding to entirely new markets. **UMGC should address the effectiveness of the new marketing strategy.**

UMGC's business model is based on a modest level of State support and enrollment growth. UMGC receives the lowest State support per student of all USM institutions. For fiscal 2023, the working appropriation is $57.6 million, equivalent to $1,021.03 per student for the current school year. **Exhibit 16** shows USM's funding compared to its sister universities.

Exhibit 16
State Support Per Student for USM Institutions
Fiscal 2023 Working Appropriation



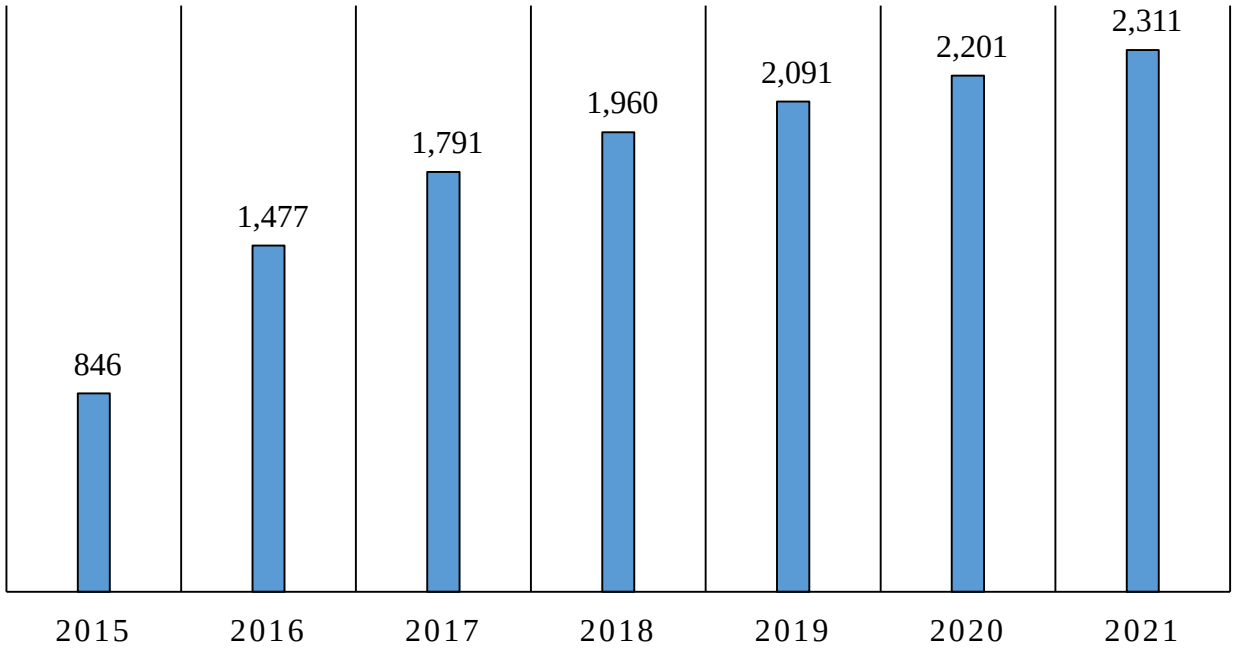
USM: University System of Maryland

Source: Department of Budget and Management, Maryland Higher Education Commission

In addition to the lower State support, UMGC takes a financial loss with the Maryland Completion Scholarship Program. As an institutionally funded scholarship, universities shoulder the cost of that scholarship program, which led to an $8.3 million loss for UMGC in fiscal 2022.

As with other public universities, UMGC subsidizes in-state students' lower tuition costs through out-of-state students' tuition. To support Maryland students and continue to be a viable business, UMGC depends on economies of scale. UMGC's large enrollment helps keep costs down because its operating costs are divided among its many students. The online education market was competitive at the start of the marketing strategy but has become more so due to the pandemic. The pandemic forced universities to switch to online education because of extenuating circumstances and many have continued some form of online education after returning to in-person learning. That means more competition for students for UMGC. The National Council for State Authorization Reciprocity Agreements (NC-SARA) collects data on 49 member states that voluntarily share data about their institutions providing online education or exclusively distance education enrollment (EDEE). According to NC-SARA, the number of participating institutions increased by 220 between fall 2019 and 2021. **Exhibit 17** shows the increase in participating institutions from fall 2015 to fall 2021.

Exhibit 17
Reporting SARA Participation Institutions
Fall 2015-Fall 2021



SARA: State Authorization Reciprocity Agreements

Source: National Council for State Authorization Reciprocity Agreements (NC-SARA), *NC-SARA Annual Data Report: Technical Report for Fall 2021 Exclusively Distance Education Enrollment & 2021 Out-of-State Learning Placements*

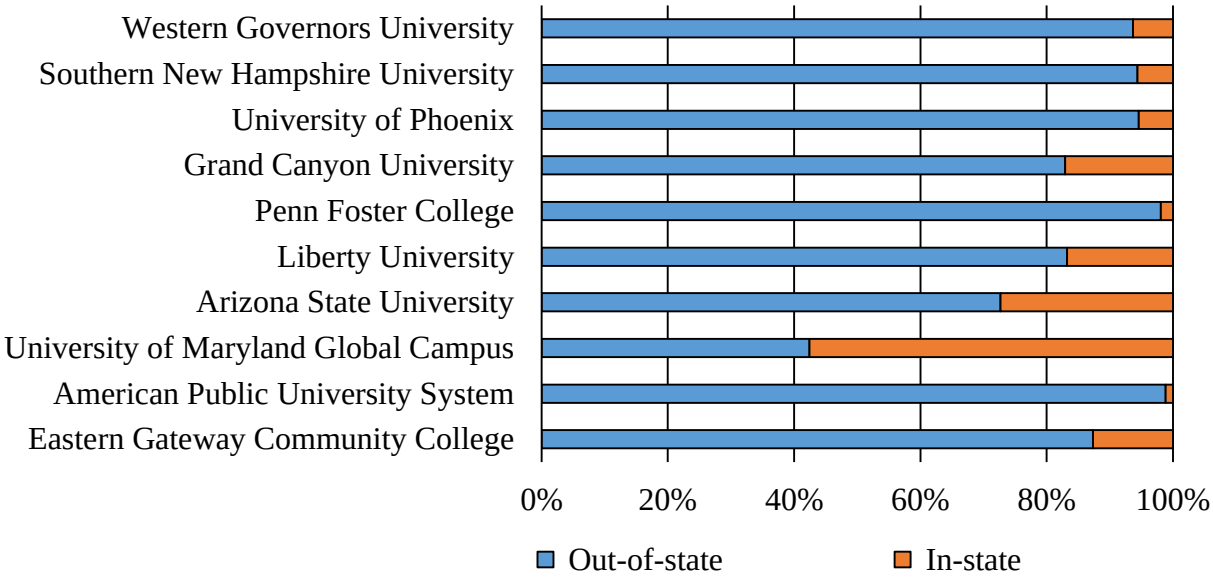
The NC-SARA report shows that UMGC is a top 10 school in EDEE, as shown in **Exhibit 18**. However, as seen in **Exhibit 19**, UMGC is the only university in the top 10 with more in-state than out-of-state enrollment. It is also one of the three public universities on the list. Therefore, UMGC is well-guided in looking to grow its enrollment numbers, mainly outside of the Maryland region. The question is how UMGC positions itself as an option for students among much more prominent, primarily private universities. **UMGC should discuss its financial outlook and how it can compete with private universities.**

Exhibit 18
Top Ten EDEE Institutions by Size
Fall 2021

Institution	Public/Private	Total Enrollment
Western Governors University	Private Non-profit	148,957
Southern New Hampshire University	Private Non-profit	137,162
University of Phoenix	Private For-profit	85,714
Grand Canyon University	Private Non-profit	79,475
Penn Foster College	Private For-profit	78,819
Liberty University	Private Non-profit	78,405
Arizona State University	Public	59,794
University of Maryland Global Campus	Public	46,537
American Public University System	Private For-profit	45,842
Eastern Gateway Community College	Public	42,929

Source: National Council for State Authorization Reciprocity Agreements (NC-SARA), *NC-SARA Annual Data Report: Technical Report for Fall 2021 Exclusively Distance Education Enrollment & 2021 Out-of-State Learning Placements*

Exhibit 19
Out-of-state and In-state Fall 2021 Enrollment for the Top 10 EDEE Institutions



EDEE: exclusively distance education enrollment

Source: National Council for State Authorization Reciprocity Agreements (NC-SARA), *NC-SARA Annual Data Report: Technical Report for Fall 2021 Exclusively Distance Education Enrollment & 2021 Out-of-State Learning Placements*

2. Prison Education Program

Prison education programs have gained support as a means for prisoners to turn their lives around and reduce recidivism. A 2018 study from the RAND Corporation that was funded by the Department of Justice found that incarcerated individuals who participated in correctional education were 48% less likely to return to prison within three years than incarcerated individuals who did not participate in any correctional education programs. In addition, prisons with postsecondary education programs have fewer violent incidents than prisons without such programs.

Prior to 1994, Pell grants were available to those in prison but the Get Tough on Crime Law stripped eligibility for the incarcerated. In December 2020, as part of its omnibus end of the year spending package, the U.S. Congress committed to restoring Pell grants for incarcerated

people. In 2015, the Second Chance Pell Program was piloted that allowed a limited number of colleges to apply for Pell grants for incarcerated students through a waiver. Initially, 67 institutions were invited to participate in the pilot program, which included four colleges from Maryland – Goucher College, UBalt, Anne Arundel Community College, and Wor-Wic Community College. The program has since expanded to over 200 institutions that are able to offer prison education programs (PEP), including BSU and UMES.

Expansion of Pell Grants

Individuals in prisons not part of the Second Chance Pell program do not qualify for Pell grants. New rules from the U.S. Department of Education (DOE) would allow incarcerated individuals in a prison with an eligible PEP to qualify for a Pell grant. The final regulations released last fall, which go into effect July 2023, outline the process for approval and guidelines for PEP. However, before an institution can offer a program, they will need to have faculty and staff and funding beyond the Pell grants, which typically do not cover the total cost of education.

For-profit institutions will not be allowed to operate Pell-eligible prison programs, and a college must be in good standing with DOE. Institutions will need to complete a lengthy approval process that includes approval from:

- DOE of its first PEP;
- the agency operating the prison (Department of Public Safety and Correctional Services (DPSCS)); and
- the accrediting agency or State approval agency (MHEC), which is required to conduct a site visit to ensure the "prison program meets the same standards as substantially similar programs that are not prison education programs offered by the institution".

PEPs are required to operate in the best interest of the students ensuring incarcerated students are receiving a quality education.

- All PEPs must ensure that the credits students earn through their courses can be transferred to at least one other institution in the state where the prison is located.
- Incarcerated students will not be able to pursue programs that lead to a career that is closed to them with their conviction.

DOE will monitor how many incarcerated students are being enrolled in PEPs to ensure that a college is not enrolling a disproportionately large number of students in prisons. This ensures colleges are not using prison education programs as a tactic to get more federal Pell Grant funding.

After an initial two-year period, DPSCS is required to make a determination about whether the program is operating in the students' best interest; without the determination, an institution

would not be eligible to award a Pell grant. As part of its evaluation, DPSCS will consider program inputs, which can include experience and credential of instructors, availability of academic and career advising services, and transferability of credits.

Expanding PEP in Maryland

Institutions and systems across the country are preparing for the opportunity to expand into prisons including USM. This past summer, two of the Regents, the Chancellor, and staff for USMO met with the Secretary of Public Safety and Correctional Services and other officials from DPSCS to discuss the potential for a USM PEP. An outcome of these meeting was USM establishing a workgroup comprised of representatives from DPSCS, USM, MHEC, Maryland Association of Community Colleges (MACC), and various higher education institutions. Presentations were made on current PEPs including:

- ***UBalt's Second Chance:*** Offers a Bachelor of Arts (B.A.) in Human Services Administration at Jessup Correctional Institution (JCI). Students take general education requirements in the first two to three years then move on to courses within the major. Also offers a minor in Business Management. Typical time to completion is six years. Currently, 10 students per year are admitted due to social distancing requirements.

- ***BSU:*** Started offering classes at JCI in fall 2022 to 9 students who are working toward a Bachelor of Science in Sociology. Also provides academic counseling and transition advice to students prior to their release to continue progress towards a degree.

- ***Goucher College:*** Offers a B.A. in American Studies at JCI and Maryland Correction Institution for Women. Admits students every two years with the goal to maintain an average of 130 students between the two facilities who take classes part-time while working full-time, therefore the time it takes to graduate varies depending on the situation of the student.

- ***Wor-Wic Community College:*** Offers certificate programs in Business Management and Hotel-Motel Management at the Eastern Correctional Institution. It is designed to be completed in six semesters and has two cohorts for each certificate program, with the goal of enrolling 15 students in each. The program offers math and English classes that satisfy general education 100 level courses needed for college admission post-release.

Maryland Correctional Higher Education Advisory Committee

The outcome of the workgroup meetings was the establishment of the Maryland Correctional Higher Education Advisory Committee that will review all proposed PEPs. Membership includes representatives from DPSCS, MHEC, USM, Maryland Longitudinal Data System Center (MLDSC), Maryland Department of Labor, students, and higher education institutions. DPSCS will chair the committee that will coordinate efforts between institutions, MHEC, and DPSCS in order to provide a variety of program options without duplicating efforts

at any one facility. In addition, research faculty at UMCP have indicated an interest in partnering with the committee to develop measures of success and return on investment.

Next Steps

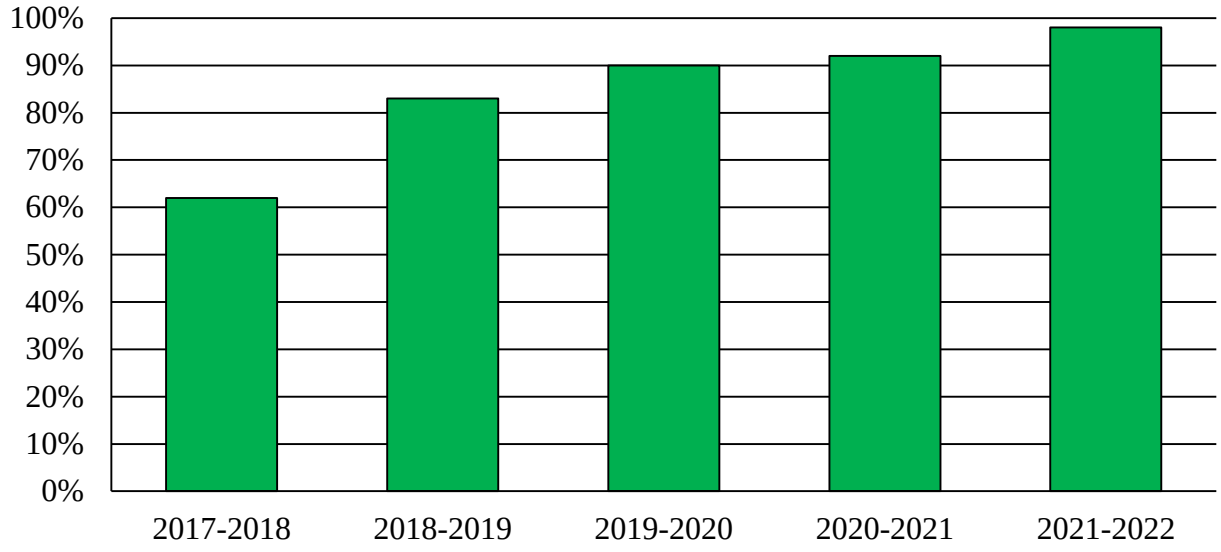
- MHEC to develop an inventory of program and activities;
- MACC to survey community colleges to gather data on current programming;
- TU will work with USM and DPSCS to complete a PEP application for a planned program; and
- USM will set up another meeting of the workgroup.

3. Maryland Center For Computing Education

Chapter 358 of 2018 (Securing the Future: Computer Science Education for All) required each public high school offer at least one high-quality computer science course by the 2021 to 2022 academic year. Chapter 358 also established the Maryland Center for Computer Education (MCCE) at USM. The purpose is to strengthen the skills of computer science education and increasing the number of computer science teachers in elementary and secondary public schools. MCCE monitors compliance with the requirement that each public high school offers at least one high-quality computer science course. To monitor and provide data transparency, MCCE completed a research project with MLDSC to review all computing education data since 2013. The statute also required each local education agency (LEA) to make efforts to incorporate computer science in each public elementary and middle school and increase enrollment of females, students with disabilities, and underrepresented students in these programs.

Recently, MCCE and Maryland's computer science community were recognized as the first state to ever offer computer science courses in every public high school. As shown in **Exhibit 20**, the percentage of public high schools that had enrollment of students in a foundational computer science course significantly increased from 62% to 83% between the 2017-2018 and 2018-2019 academic years and increased to 98% in the 2021-2022 academic year. Nationally, 53% of high schools offer a foundational computer science course. Five states require students to complete a computer science course to graduate (Arkansas, Nebraska, Nevada, South Carolina, and Tennessee); and 27 states require schools to offer computer science courses.

Exhibit 20
Percent of Maryland High Schools with Enrollment in Computer Science Courses
2017-2018 Academic Year – 2021-2022 Academic Year



Source: ode.org Advocacy Coalition; 2022 State of Computer Science Education

MCCE Funding

MCCE administers competitive grant programs to support professional development in computer science education. In fiscal 2019, $5.0 million in general funds was provided to USMO to establish MCCE and its activities ($3.0 million for teacher training grants to LEAs and other organizations; $1.0 million for mentoring, coaching, advocacy and outreach; $0.5 million to MCCE administration; and $0.5 million to institutions for higher education to establish teacher pathways). In fiscal 2020 and 2021, as mandated in statute, $1.0 million was provided for the Computing Education and Professional Development Funds, a special, nonlapsing fund to only be used for any activity or program to further to the purposes of MCCE, grants made by MCCE, and administrative expenses of MCCE.

Professional Development

MCCE provides professional development for prekindergarten through high school teachers. State level attendance through June 2021 totaled 1,266 educators. MCCE and professional development providers held a total of 203 days of professional development and 57 workshops during the 2021 summer. Overall, since 2018, MCCE has provided State-level

professional development for educators from 725 public schools, of which 36% are Title I schools. Also in attendance were educators from magnet schools (62), charter schools (24), and independent schools (25).

Given the growing workforce demand for quality cybersecurity personnel, MCCE designed and delivered a series of K-12 workshops for educators promoting cybersecurity career understanding and exploration. Also, MCCE developed content of a micro-credential pathway in cybersecurity.

Statute requires MCCE to maintain a clearinghouse with computer science education curricula and resources to support professional development in computer science education. A need for the clearinghouse emerged to specifically support elementary school teachers who do not have access to the same type of quality computer science materials as secondary teachers. The ECSNet is an online repository of elementary computer science lessons. Currently, there are over 700 lesson available on ECSNet.

Grant Programs

Institutions for Higher Education Pre-service Teacher Education Program Grant

This program grant addresses the need for long-term solutions to prepare pre-service teachers at all levels of K-12 instruction to enter public school classrooms with computer science knowledge and skills. The grant requires faculty from computer science and education programs to collaborate and for the institutions for higher education to collaborate with LEAs. Additionally, grant teams from across the institutions are to collaborate and learn from each other. Grants are set at two levels – $20,000 or $50,000 – with the grantees deciding which pre-service teaching program level (primary, secondary, or both) they would begin with for the pilot study (see **Appendix 3** for grantees and awards).

LEA Grants

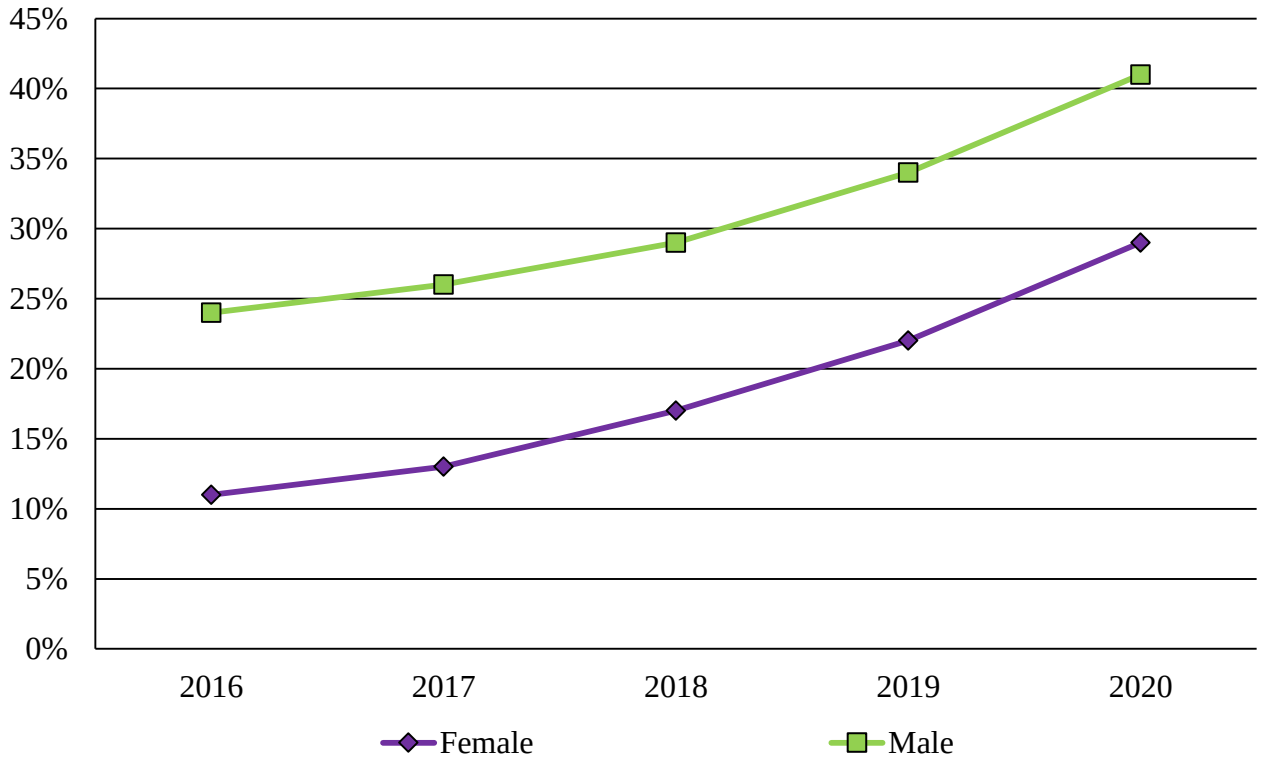
These grants are designated funds for each LEA to build a computer science planning team consisting of at least one center officer administrator, a school-based administrator, one teacher at the secondary, and one at the primary level. Each team will determine how to incorporate computer science into the existing district structure and identified what, if any, changes need to be made and develop two to four short-term computer science goals (See **Appendix 4** for grantee and awards).

Outcomes

MCCE, in collaboration with MLDSC, maintains an interactive online dashboard that shows changes in computer science enrollment of high school students and their post-graduation outcomes. Data is provided at the State, local school system, and local high school level. Since the graduating class of 2016, the percentage of graduating females participating in a computer science course increased from 11% with the 2016 graduating class to 29% with the 2020 class, as shown

in **Exhibit 21**. However, the gap remains between males and females participating in computer science.

Exhibit 21
Participation in Computer Science Courses by Gender
Fiscal 2016-2020



Source: Maryland Longitudinal Data Center

Exhibit 22 shows the percentage of graduates who participated in computer science by race and ethnicity. Overall, participation by Asian graduates had the largest increase from 26% with the class of 2016 to 56% with the 2020 class. While the increase was not as great, participation increased for all other groups of students. Of the 35% of the 2020 high school graduates who took at least one computer science course, 55% of them enrolled full-time at a college, with 17% declaring a major in computer science.

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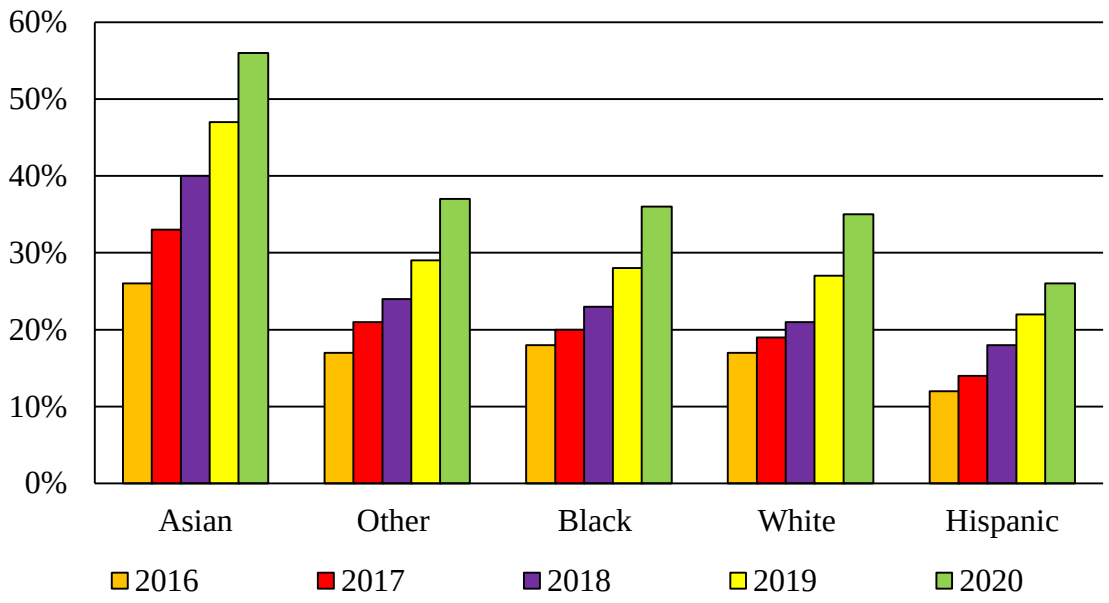
Exhibit 22
Percent Participating Graduates by Race and Ethnicity
Fiscal 2016-2020



Note: Public reporting based on guidance from the U.S. Department of Education, which combines race and ethnicity.

Source: Maryland Longitudinal Data Center

4. 2022-2030 Strategic Plan

USM developed its 2022 to 2030 strategic plan during the uncertainties of the pandemic, which resulted in some temporary and permanent changes to the academic and business models. Some changes include speeding up the transformation of programs and courses to remote learning, which allows for increased flexibility, and access to programs. These impacts were taken into consideration when developing the plan.

The plan reflects the changing profile and demographics of students, which will increase the competition for students, financial aid, and student services. In the next 10 years, USM expects that there will be:

- fewer high school graduates;
- fewer students transferring from the community colleges;
- increases in nontraditional students; and
- an increasingly diverse population.

In order to be more flexible as the focus changes from the traditional college-age student (18 to 24 years old) to the nontraditional student, institutions will need to design flexible pathways and credentials. In addition, institutions will shift the business model from institution-centric and process-oriented to a learner centered – putting the needs of the students at the center of decisions. The plan's goals and targets are expected to be centered around five priorities: (1) academic excellence and innovation; (2) access, affordability, and achievement; (3) workforce and economic development; (4) research; and (5) diversity, equity, and inclusion.

USM has developed a draft implementation plan that is scheduled to be presented to BOR at its February meeting for approval. The plan establishes accountability benchmarks, action item responsibilities, timelines, and processes for measuring success. Some of the metrics are quantitative, and others relate to processes. **Exhibit 23** presents some of the draft academic-related metrics and targets for some of the goals in the strategic plan. USM will be monitoring and tracking progress toward meeting these goals, annually reporting progress to BOR including through its dashboard indicators available on its website.

Exhibit 23
Academic Related Goals and Metrics

Goal	Metric	Target
Academic Excellence and Innovation		
Implement hiring and retention practices leading to greater quality and diversity of faculty and staff	Percentage of underrepresented minority faculty and staff	Increase percentage from prior year
Access, Affordability, and Achievement		
Increase enrollment	Undergraduate enrollment	Headcount enrollment of 131,000 by 2025
Improve transfer pathways	Percentage of transfers of new undergraduates	Percentage increase by at least 25% by 2025
Embed in existing programs innovative strategies to improve learner outcomes	Second year retention rates of all FT/FT students	Exceeds three-year average, measured annually
	Six-year graduation rates of all FT/FT students	Exceeds three-year average, measured annually
	Four-year graduation rate of Maryland community college transfer students	Exceeds three-year average, measured annually
Support for continuous improvement of student support services to increase retention and graduation, initial focus on HBCU	Second year retention rate of all FT/FT students at HBCUs	Exceed three-year average, measured annually

Goal	Metric	Target
	Six-year graduation rate of all FT/FT students at HBCUs	Exceed three-year average, measured annually

Workforce and Economic Development

Expand the number of graduate fields critical to State's economy	STEM bachelor's degrees produced annually	At least 10,000 degrees annually by 2025
	Healthcare bachelor's degrees produced annually	At least 2,500 degrees annually by 2025
	Cyber bachelor's degrees produced annually	At least 6,500 degrees annually by 2025
	New teacher program completers annually	Exceeds three-year average, measured annually

FT/FT: first-time/full-time
HBCU: Historically Black Colleges and Universities
STEM: science, technology, engineering, and mathematics

Source: University System of Maryland

Operating Budget Recommended Actions

1. Concur with Governor's allowance.

Appendix 1
2022 *Joint Chairmen's Report* Responses from Agency

The 2022 *Joint Chairmen's Report* (JCR) requested that USM and/or its institutions prepare two reports. Electronic copies of the full JCR responses can be found on the Department of Legislative Services Library website.

- ***Report on the Instructional Workload of the USM Faculty:*** This annual report continues the transition between reports generated using the course unit metric as defined under an earlier USM BOR policy on faculty workload and the revised policy using credit hours to measure productivity. Key findings of the report include: (1) despite the challenges presented by the pandemic, total credit hours produced in 2021 to 2022 kept pace with total student headcount enrollment, since 2016 to 2017 enrollments decreased 4.2% while total credit hours generated declined 3.9%; (2) full-time tenured/tenure track and full-time, non-tenure track instructional faculty account for 69.2% of all credit hours produced, a slight decrease from the previous year; (3) average credit hours produced by core instructional full-time faculty decreased 5.0% in 2021 to 2022; and (4) faculty secured over $1.57 billion in research funding, a 1.8% decrease from the previous year.

- ***BSU Nursing Program Update:*** The BSU Department of Nursing received approval by the Maryland Board of Nursing (MBON) on June 30, 2020, to adopt the BSU Undergraduate Nursing Program Action Plan. A progress report of the action plan was submitted to MBON in December 2021, and MBON approved the action plan progress report in February 2022. This action plan includes assigning faculty to courses based on their primary area of expertise, revising undergraduate curriculum, promoting targeted faculty development opportunities, implementing preceptorship clinical experiences for graduating seniors, requiring students to complete mandatory remediation in areas of weakness under faculty monitoring, referring at-risk nursing students to the Nursing Student Success Center and College Retention Coordinator, conducting two review courses per semester for graduating seniors, requiring students to pass an exit exam, and incentivizing passing the NCLEX-RN on the first attempt by offering reimbursement for the cost of the exam. During the pandemic, with only virtual learning available for students, the NCLEX-RN pass rate for first-time test takers was low, 56.5% in fiscal 2020 and 39.2% in fiscal 2021. However, in fiscal 2022 BSU's NCLEX-RN pass rate for first time test takers was 81.8%, surpassing the MBON-required pass rate.

Appendix 2
USM Regional Higher Education Centers
Full-time Equivalent Student Enrollment
Fiscal 2019-2023 Est.

	2018	2019	2020	2021	2022
Universities at Shady Grove					
Bowie State University	16.1	6.1	5.1	2.3	14.9
Salisbury University	34.6	27.8	25.1	19.2	29.3
Towson University	100.9	98.8	104.2	120.2	121.2
University of Baltimore	88.4	81.1	55.2	43.5	29.3
University of Maryland, Baltimore	567.7	544.5	604.9	772.5	791.1
University of Maryland Baltimore County	365.6	363.8	371.9	391.5	377.3
University of Maryland, College Park	630.0	597.3	590.0	683.2	650.7
University of Maryland Eastern Shore	57.2	54.6	40.4	25.2	14.4
University of Maryland Global Campus	194.7	160.7	130.5	126.2	106.3
Total	**2,055.2**	**1,934.7**	**1,927.3**	**2,183.8**	**2,134.5**
The University System of Maryland at Hagerstown					
Frostburg State University	148.1	129.5	179.9	207.3	195.9
Coppin State University	1.5	0.8	–	–	–
Salisbury University	55.8	66.0	73.1	62.5	61.1
Towson University	57.3	36.3	31.4	36.2	24.7
University of Maryland Eastern Shore		–	–	1.8	1.5
University of Maryland Global Campus	10.3	5.4	2.1	3.1	4.4
Total	**273.0**	**238.0**	**286.5**	**310.9**	**287.6**
The University System of Maryland at Southern Maryland					
Bowie State University	5.8	5.3	6.3	5.1	0.8
Salisbury University	22.0	26.6	19.6	19.9	21.8
Towson University	43.9	44.4	41.1	60.4	44.6
University of Maryland Global Campus	38.0	27.4	26.5	15.4	9.7
University of Maryland, College Park	25.9	28.2	21.7	14.3	15.0
Total	**135.6**	**131.9**	**115.2**	**115.1**	**91.9**

Source: University System of Maryland

Appendix 3
USM Fund Balance by Institution
Fiscal 2022-2024
($ in Thousands)

		2023 Working			2024 Budgeted			2023-2024 $ Change		
	2022	State-supported	Non-State-supported	Total	State-supported	Non-State-supported	Total	State-supported	Non-State-supported	Total
UMB	$281,555	$76,005	$212,969	$288,974	$80,036	$216,813	$296,849	$4,031	$3,844	$7,875
UMCP	413,865	147,443	284,272	431,715	150,011	301,202	451,213	2,568	16,930	19,498
BSU	33,669	21,935	13,228	35,163	23,243	13,505	36,748	1,309	277	1,585
TU	113,200	18,992	99,169	118,161	18,992	104,362	123,354	0	5,192	5,192
UMES	1,671	-9,157	12,828	3,671	-9,157	13,310	4,153	0	482	482
FSU	20,870	14,667	5,722	20,389	15,772	5,722	21,494	1,105	0	1,105
CSU	20,032	1,562	19,378	20,940	2,507	19,378	21,885	945	0	945
UBalt	15,856	1,788	15,137	16,926	2,915	15,182	18,097	1,127	44	1,172
SU	70,953	699	65,790	66,489	1,238	67,213	68,451	540	1,423	1,962
UMGC	138,665	0	130,975	130,975	0	123,284	123,284	0	-7,691	-7,691
UMBC	130,052	41,691	92,580	134,271	41,691	97,305	138,995	0	4,725	4,725
UMCES	26,579	74	26,798	26,872	74	27,127	27,201	0	329	329
USMO	12,297	11,849	0	11,849	11,402	0	11,402	-448	0	-448
USG	8,537	8,837	0	8,837	9,183	0	9,183	346	0	346
Total	**$1,287,800**	**$336,384**	**$978,848**	**$1,315,232**	**$347,907**	**$1,004,402**	**$1,352,309**	**$11,523**	**$25,554**	**$37,078**

Source: University System of Maryland

Appendix 4
IHE Pre-service Teacher Service Education Grants

Institution	Total Grant
BSU	$10,000.00
CCBC	14,312.70
FSU	76,013.00
Hood College	97,737.87
Johns Hopkins University	9,859.00
Loyola University	49,561.00
MSU	34,350.00
Mount St. Mary's University	99,944.00
Notre Dame of Maryland	54,990.00
SMCM	48,306.57
SU	129,691.40
TU	49,980.00
UMBC	49,511.00
UMES	10,000.00
UMCP	79,726.29
Washington College	3,955.00
Total	**$837,937.83**

IHE: institutions for higher education

Source: Maryland Center for Computing Education

Appendix 5
LEA Grants

LEA	Grant Amount
Allegany	$6,612.64
Anne Arundel County	58,275.39
Baltimore City	124,900.00
Baltimore County	5,000.00
Calvert County	40,364.62
Caroline County	18,567.00
Carroll County	56,536.43
Cecil County	35,884.00
Charles County	44,289.20
Dorchester County	11,852.31
Frederick County	93,257.43
Garrett County	17,474.00
Harford County	77,903.75
Howard County	70,494.57
Kent County	40,444.50
Montgomery County	142,106.46
Prince George's County	220,590.00
Queen Anne's County	5,534.10
Somerset County	4,475.00
St. Mary's County	18,800.00
Talbot County	562.97
Washington County	28,239.04
Wicomico County	29,401.53
Worcester County	58,565.18
Maryland School for the Blind	5,000.00
Total	**$1,215,130**

LEA: local education agencies

Source: Maryland Center for Computing Education