



UNIVERSITY OF MARYLAND
GLOBAL CAMPUS

**University of Maryland Global Campus
Fiscal Year 2026 Operating Budget
Response to Department of Legislative Services Analysis**

**Senate Budget and Taxation Subcommittee
Education, Business and Administration
Senator Nancy King, Chair
February 27, 2025**

**House Appropriations Committee
Education and Economic Development Subcommittee
Delegate Stephanie Smith, Chair
March 3, 2025**

Testimony and Response to Department of Legislative Services Analysis

Members of the subcommittee, thank you for your time. And as always, we thank Kelly Norton for her diligent work and analysis.

Overview and Background

I always appreciate my opportunities to visit Annapolis, because everywhere I turn, I see evidence of the work our team does in Maryland—from the legislators who have taught for UMGC to the office staff who proudly display UMGC credentials on their walls.

A few weeks ago, I was sitting in the Senate Canteen when one of our recent graduates—Mae Beale, an octogenarian—walked in with her trademark smile and stopped to tell me that she is working here, still making a difference, still inspiring others to continue learning.

That is the unique charter of UMGC in Maryland—to provide opportunities for learners whose lives do not allow them to commit to rigid schedules or face-to-face learning experiences. Some 80 percent of our learners are employed full-time and almost half are parents with dependent children.

Many are seeking to transform their lives while also *living* their lives, and many have tried college before without success—likely more than once. Others have completed an associate degree at a community college and now need flexible experience that accommodates their work and family priorities.

UMGC's Unique Service to Maryland

Other fellow institutions in the University System of Maryland offer a coming-of-age residential experience for young learners or expand human knowledge through research. UMGC fills a parallel need by working to empower adults to acquire the rapidly evolving skills that are in demand in the modern job market. These same adults form the backbone of Maryland's workforce, and most do not have the time or opportunity to attend classes on a college campus.

We are grateful for the state's support and believe that the funds invested in UMGC have delivered exceptional results. Last year, more than 31,000 Marylanders took courses from UMGC

and more than 5,200 graduated. Many of those learners stay here in Maryland, and today, more than 111,000 UMGC graduates live, work, and raise families in the state.

UMGC also continues to advance Maryland's goals of accessibility and affordability, enrolling more community college transfer students than any other university and enabling them to earn a four-year degree with little or no debt, thanks to our Maryland Completion Scholarship—for which you have provided additional funding—and other scholarships that provided more than \$21 million in support to learners last year alone.

Earlier, I mentioned the exceptional Mae Beale, and she is not alone. In 2024, more than 700 Marylanders over 60 years of age studied tuition-free at UMGC through Maryland's Golden ID program.

UMGC's Business Model

We are able to continue this work by leveraging our global scale while also maintaining one of the lowest tuition rates for four-year universities in the state.

Please bear in mind that UMGC operates as a tuition-driven institution. More than 80 percent of our operating funds come from tuition tied to our global operations, and our strategy has been to increase both our new enrollments and the number of current students who succeed in gaining the skills or credentials they sought when they came to UMGC.

Our strategy has been to demonstrate sustainable growth in the markets that generate margin for us—out-of-state, corporate, and graduate students—while remaining true to our mission of serving Maryland students and the military. We have demonstrated that growth for three straight years now. At the same time, we have piloted several initiatives successfully to improve student success, satisfaction, and persistence.

We are also seeing new success in being awarded grants, such as the \$4 million grant last year from the Bill and Melinda Gates Foundation. These new abilities and funding sources are part of our long-term strategy for sustainability.

The fastest-growing learner population in the country is the adult population. It is also the population least likely to engage in traditional learner models. Indeed, we at UMGC operate knowing that, for most of our learners, we will never be higher than their third priority after family and work. Governor Moore is one of more than 20 governors who have taken action to ensure that a traditional college experience is not the only path to economic mobility. At UMGC,

we see the opportunity to provide shorter term experiences that ultimately stack into degrees—or the ability to credential skills that are acquired in the workforce—as key elements of our expanding portfolio and another source of revenue that can be developed while restraining expenses.

UMGC's Marketing and Advertising Efforts

The \$500 million marketing authorization approved by the Maryland Board of Public Works in January 2019 was a six-year spend authorization that drives the enrollments and partnerships that fuel our operations and generate more than 80 percent of our revenue. Our marketing efforts have a lifetime value that equates to a 1:5 ratio, with every \$1 we spend generating \$5 in revenue. So the \$64 million we spent in 2024 can be expected to generate more than \$340 million in revenue.

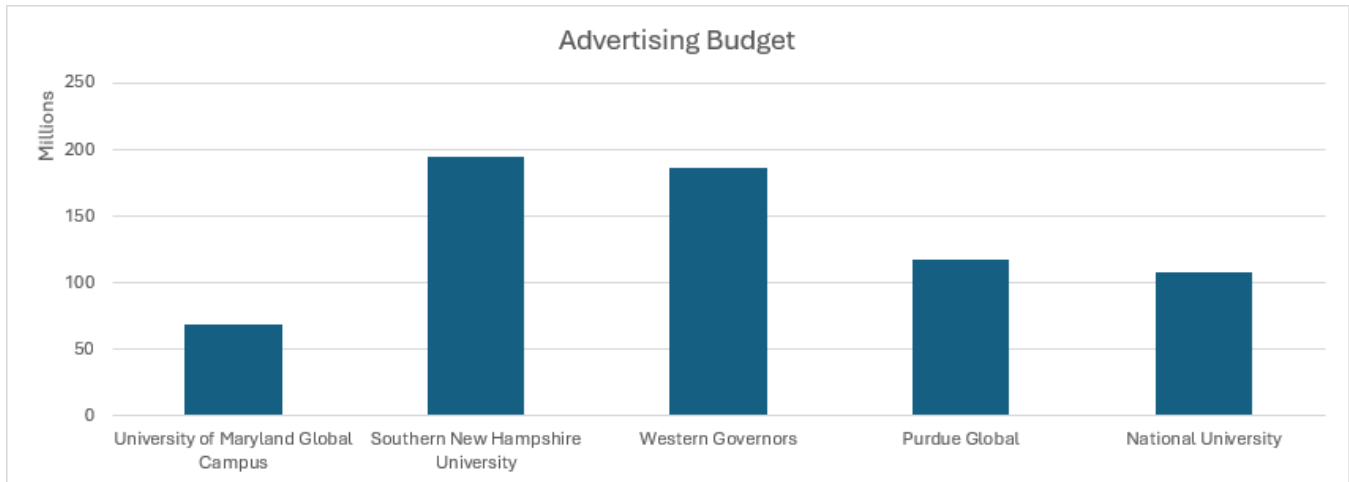
Other national universities that enroll Maryland students spend more than twice what UMGC does on marketing and advertising, and yet we have remained competitive, even as their Maryland enrollments have surpassed those of several other Maryland public universities.

Last year, our marketing costs were \$69 million. Here are a few examples of what our nonprofit competitors are spending:

- SNHU spent \$195 million
- Western Governors, \$186 million
- Purdue Global, \$117 million
- and National University spent \$108

An Increasingly Competitive Market

All these universities have seen their enrollments continue to rise, with some of them now having more students in Maryland than some of our own public universities, and at least one establishing a regional base in Baltimore. I also note that our national competitors recruit and operate here in Maryland without any of the regulatory restrictions around program duplication or other state guidelines.



Source: As reported in *On EdTech Newsletter* (June 7, 2021) and by Propublica.org from submitted IRS Form 990s.

In recent budget testimony, the Maryland Higher Education Commission referenced this competitive environment, noting that, “Almost half the students from Maryland who enrolled exclusively in distance education programs are enrolled in programs in Arizona, Virginia, the District of Columbia, Utah, and New Hampshire”—predictably, the home states of major competitors such as Arizona State, Liberty, Strayer, Western Governors, and Southern New Hampshire, respectively.

The strategies we have deployed post-pandemic have resulted in three years of double-digit growth, increasing our overall new headcount served by 10,000 students since 2022. In fact, last year UMGC celebrated the largest fall start in its 78-year history, enrolling almost 95,000 learners and granting more than 16,000 degrees and certificates worldwide. In the past couple of weeks, we also broke our spring start record—and there are still a few spring starts that will commence in the months ahead.

Like any complex business, we measure our marketing campaign by its overall impact on our numbers. Most learners, for example, don’t see a single bus sign or hear a radio or television commercial and immediately enroll, especially if they have not previously been successful or if they question whether they are “college material.”

In fact, many of our learners don’t enroll for months after first hearing of UMGC. Success is measured in part by whom they search for and call when they ultimately decide to enroll in a university. This is why brand recognition is so important. Many of my legislative friends in this room distribute yard signs and t-shirts for much the same reason, knowing that when the time comes to pull the lever, familiarity is a big factor in selection.

This is why, in addition to new enrollments, one of our key metrics is increasing brand awareness—using measures like National Awareness, where we grew from 12 percent to 21 percent from 2023–2024.

Again, on behalf of our entire UMGC family, thank you so much for your support. We look forward to continuing to play our part in making Maryland’s adult workforce one of the best in the nation, and in serving our military and civilian learners around the globe as they work to transform their lives and the lives of their families.

And now I would be pleased to answer any questions.

Comments Requested

The President should comment on how the university is addressing the financial situation, the sustainability of using fund balance over the long term to support E&G expenses, and how it is working to bring its expenses more in line with revenues.

These are not meant to be long-term operational practices. They are investments we are using to transform UMGC including upgrading our capabilities and cybersecurity in more than 20 countries where we are teaching or testing on the ground.

Our strategy has been to demonstrate sustainable growth in the markets that generate margin for us—out-of-state, corporate, and graduate students—while remaining true to our mission of serving Maryland students and the military. We have demonstrated that growth for three straight years now. At the same time, we have piloted several initiatives successfully to improve student success, satisfaction, and persistence. We are also seeing new success in being awarded grants, such as the \$4 million grant last year from the Bill and Melinda Gates Foundation. These new abilities and funding sources are part of our long-term strategy for sustainability.

The President should comment on how the institution will address the reduction in State support.

All universities will be impacted, and for UMGC, the additional volatility surrounding our 200 global physical locations adds additional uncertainty, especially for those directly connected to military policies and activities. Our plans are evolving, and firm decisions will be made when the full funding picture is clear for FY26.

In fiscal 2026, the number of contractual full-time equivalents (FTE) increase by 165.09. The President should provide a reason for the continuing increase in contractual FTEs in fiscal 2025 and 2026.

Contractual FTE increases are due to enrollment volume increases; increases to both adjunct and Contingent II student support-level positions were necessary to accommodate those enrollment increases.

The President should comment on the actions that UMGC has taken to address the HIEDA-related findings in the OLA audit as well as how the institution will ensure compliance with the USM Board of Regents HIEDA Task Force recommendations.

As we promised this past fall after our audit, UMGC has been working with a third-party vendor to consider what services UMGC Ventures and AccelerEd should provide to UMGC, the University System of Maryland, and the state. We will provide the results of that analysis in the coming months, and we remain committed to ensuring that all our operations comply with state policies and regulations. At our most recent Board of Regents meeting, the Board presented the results and recommendations of its review of HIEDA entities. Updates presented to the Board included clarification on eligible activities, improved transparency in reporting, audit requirements, and removal of procurement exemptions. The Board will vote on these in an upcoming meeting, and UMGC supports these recommendations and will work with the Board to ensure compliance. Additionally, the Board and USM—including UMGC—have voiced support for Senate Bill 439, Senator Lam’s bill updating the HIEDA statute.

The President should comment on how UMGC measures students gained from the marketing campaign.

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This is why, in addition to new enrollments, one of our key metrics is increasing brand awareness, using measures like National Awareness. where we grew from 12 percent to 21 percent from 2023–2024. While this is good progress, we still have plenty of room to grow, considering Southern New Hampshire and Arizona State are around 50 percent, with national populations double our own.

The President should comment on whether the institution plans to reintroduce that item (i.e., the advertising contracts to BPW).

Given our success in increasing enrollment and revenue, we do plan to submit a request to BPW in the upcoming months to continue moving forward with our marketing.