

OFFICE OF THE CHANCELLOR

University System of Maryland

FY 2027 Operating Budget

Response to Department of Legislative Services Analysis

Senate Budget and Taxation Committee*Education, Business and Administration**Subcommittee**Nancy J. King, Chair**February 9, 2026***House Appropriations Committee***Education and Economic Development**Subcommittee**Stephanie M. Smith, Chair**February 11, 2026*

Madame Chair, members of the subcommittee, I'm grateful for this chance to testify in support of Gov. Moore's FY 2027 budget proposal for the University System of Maryland.

I thank you for the generosity you've shown to higher education and to the USM over the years. As we face a challenging federal landscape, we need your support more than ever. Because it's with your support that we deliver on the promises we've made to the students and citizens of Maryland: education and innovation that develop our workforce, strengthen our economy, enrich our communities, and improve our lives. It's with your support that we put a college education within reach of all Marylanders and, with it, the life-changing opportunities that come with a degree.

It's clear that Maryland leaders consider their funding of our System not merely an expenditure, but an investment—an investment in the vitality of this great state and in the graduates who will shape its future. That perspective is difficult to sustain when confronting a budget shortfall, but it's *precisely* then that it matters most.

For these reasons, we support Gov. Moore's budget proposal and will work with his administration to close the state's deficit, doing our part for the good of Maryland.

Before turning to the question raised by DLS, I'll touch on the governor's budget recommendations and the USM's impact across Maryland.

FY27 BUDGET PROPOSAL

The governor proposes \$2.3 billion in state support for the USM, coming from the General Fund and the Higher Education Investment Fund. This is an increase of \$12.9 million (0.6%) over last year's budget (*see Figure 1*).

Clearly, the governor recognizes the impact of the cuts we've suffered over the last two fiscal years—cuts totaling 10% of our state appropriations—and has put forth a proposal that keeps our budget whole. We're grateful for his partnership and support, especially as we face significant fiscal pressures at the federal level.

While the FY27 proposal keeps the System's budget level, it shrinks our personnel line by \$29.5 million, or 1.5%, through a reduction of budgeted vacancies. Our universities will undertake a thorough review of their vacant positions, prioritizing those that are essential and determining the extent to which others may be eliminated. Campus leaders will need to assess the impact of this elimination on their academic mission, administrative efficiency, and bottom-line budget. Given the heterogeneous nature of our System, the universities will face different challenges in cutting vacancies and will have to weigh their own costs and benefits in doing so.

Additionally, our universities will continue to find savings in areas like equipment, supplies, contractual services, and technology modernization. This work isn't new for the USM: Our Effectiveness & Efficiency initiative, launched 23 years ago, has generated \$1.7 billion in cost avoidance, cost savings, and revenue. While savings accelerated over the years most disrupted by the pandemic, they're now leveling back to amounts more consistent with historical trends. In the past two years alone, E&E has yielded nearly \$130 million in efficiencies.

Of course, given successive years of budget reductions, our operations have grown ever leaner, and finding opportunities for cost savings in an already-austere environment becomes more challenging.

FY27 Budget Overview | Top Line

Governor's Proposal: \$2.3B / General Fund and HEIF

- \$12.9M increase (0.6%) over FY26

**Address our 1.5% operating budget reduction by assessing
vacant positions & cutting costs**

Expand Effectiveness & Efficiency efforts

Reaffirm our commitment to mutual priorities

- Access | Affordability | Quality

Figure I

The goal, always, is to close any budget gaps with a targeted approach that protects our priorities and minimizes harm to our students and employees. That said, should the coming months bring us additional cuts, our universities may have to implement personnel actions, as opportunities for non-personnel savings

have already been exploited. While no cut is harm-free, those directly affecting our people are particularly painful. When universities undertake personnel actions, they do so because no alternative will achieve the needed outcome.

In every hearing and briefing the legislature has hosted over the past year, you've listened as I've voiced my concern that we protect USM jobs. This budget proposal from the governor suggests that he has listened as well, and I'm proud to work in a state whose leaders prioritize the people they've sworn to serve.

Of course, through this budget cycle and beyond, we'll sustain our focus on preserving access to the USM: maintaining expansive outreach to Maryland learners, helping prepare them for college, and ensuring they can afford it. We make this pledge knowing that the state's short- and long-term strength depends on an educated, innovative, in-demand workforce; that that workforce talent is Maryland's primary advantage; and that the USM is its chief supplier.

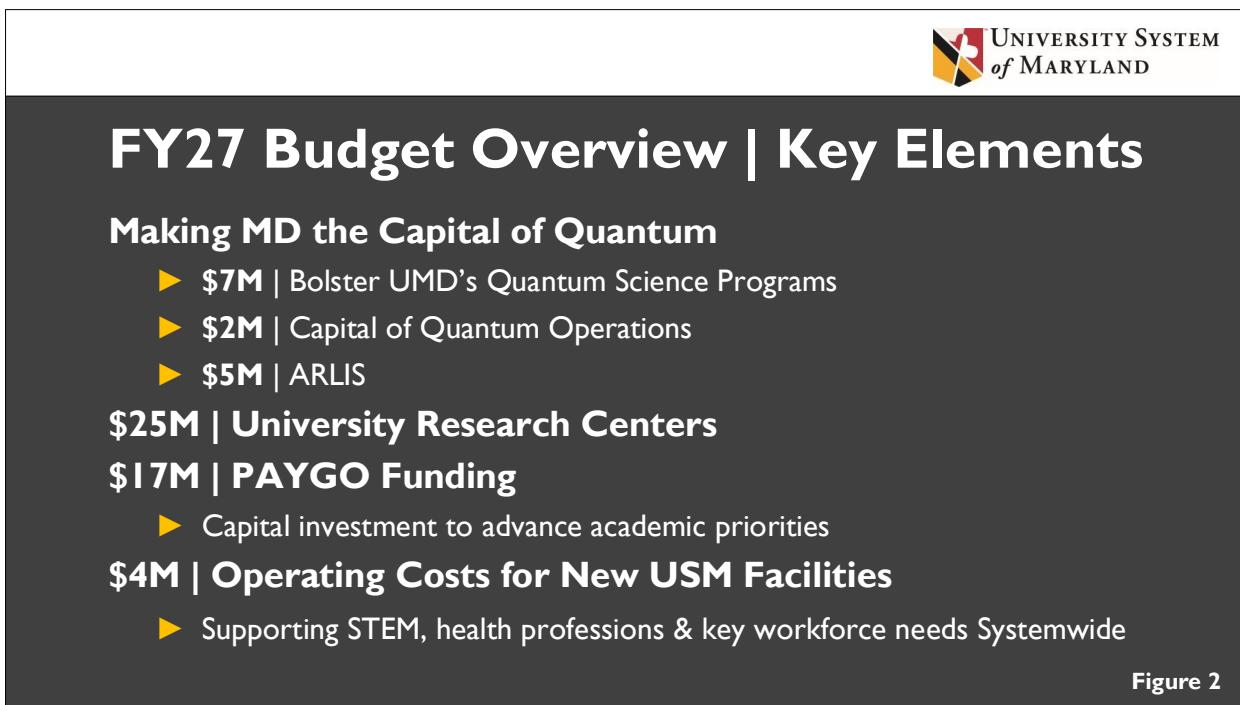


Figure 2

In the governor's FY27 proposal are several bold investments in the talent we produce (see *Figure 2*).

Gov. Moore is delivering on his promise to make Maryland the Capital of Quantum. Central to this promise is his support to the University of Maryland, College Park (UMD)—ground zero for Maryland's quantum ambitions. The governor proposes \$2 million for Capital of Quantum operations, \$7 million to recruit quantum faculty experts at UMD, and \$5 million to support technical and evaluation experts at the UMD-led Applied Research Laboratory for Intelligence and Security (ARLIS).

Since the governor launched the Capital of Quantum initiative a year ago, UMD's Discovery District has welcomed nearly a dozen quantum startups. The district's anchor, IonQ, is expanding its research-park footprint and doubling its Maryland workforce. In a huge win for UMD, Microsoft is locating its new

Quantum Research Center alongside these growing companies. And the ARLIS partnership with DARPA is unlocking millions in federal funds, including a new \$35 million contract to support DARPA's Quantum Benchmarking Initiative.

Quantum is a marquee Maryland asset remaking U.S. innovation, safeguarding our national security, and accelerating economic growth. We're proud to shape this sector and, with it, the many others it touches: cybersecurity, energy, drug development, precision medicine, manufacturing, financial modeling, and more.

Moving on from quantum, the FY27 proposal allocates \$1.5 million for the MPower alliance joining the University of Maryland, Baltimore (UMB) and UMD. The alliance catalyzes education, research, and commercialization partnerships between the USM's two biggest research universities, opening new opportunities for their students and amplifying their combined innovation impact.

Another \$100,000 in the governor's budget goes to UMB's Center for Cyber, Health, and Hazard Strategies, now staffing the state's Workgroup on Artificial Intelligence Implementation, established last session to ensure the responsible integration of AI into state functions and to protect consumer rights and privacy.

As the federal government shrinks its investment in academic R&D and shifts its research priorities, we're particularly grateful for the governor's proposal to support university-based research centers across the System. The \$25 million earmarked for that funding will help USM faculty sustain and pivot to high-need research in energy and climate resiliency, areas that are *not* a focus of the administration in Washington.

Also included the governor's proposal is PAYGO funding for the renovation of Towson University's Smith Hall (\$14 million) and for UMB's new School of Social Work building (\$3 million). Another \$4.1 million goes to the operation of new campus facilities across the System, many of which support education and R&D in areas of urgent workforce need.

A proposed \$35.7 million goes toward a 1.5% COLA for USM employees, effective July 1. This increase is critical as salaries struggle to keep pace with inflation, and it signals the governor's abiding support for our people, who power our progress on every metric that matters.

Of course, the System will have to absorb that pay raise for employees not covered by state funds. In FY27 alone, the cost would be at least \$25 million. Over the last five years, FY22 to FY26, the USM has covered unfunded COLAs totaling 14.5%, at a cost exceeding \$362 million.

The governor's budget proposal continues Maryland's historic support for the System's three HBCUs—\$32.5 million in new funding for Bowie State University, Coppin State University, and the University of Maryland Eastern Shore. It's the fifth installment of the 10-year, \$577 million HBCU settlement approved in 2021. With this year's installment, the three universities will have received a total of \$161 million in added funding (*see Figure 3*).

It's clear that even in this time of challenge, the governor's budget proposal reflects Maryland's enduring commitment to the USM. Without question, it's matched by our commitment to Maryland.

Supporting Our HBCUs

Year 5 Settlement Funding (total add'l funding over 5 yrs)

- ▶ Bowie State—\$14.5M (\$77.1M)
- ▶ UMES—\$9.0M (\$42.1M)
- ▶ Coppin State—\$9.0M (\$41.7M)

Settlement Funding Activities

- ▶ Scholarships & financial aid
- ▶ New & expanded academic programs
- ▶ Research investments
- ▶ Student success initiatives—e.g., coaching, tutoring
- ▶ Marketing & communications

Figure 3

OPENING ACCESS TO THE USM

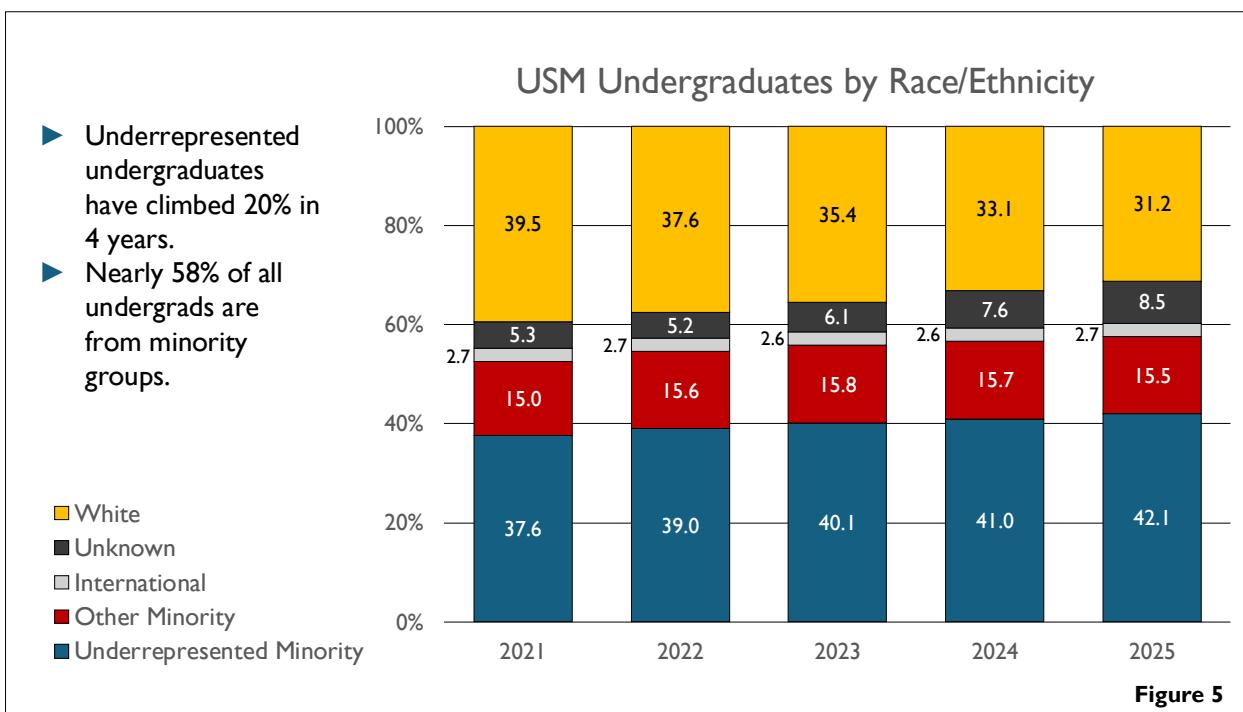
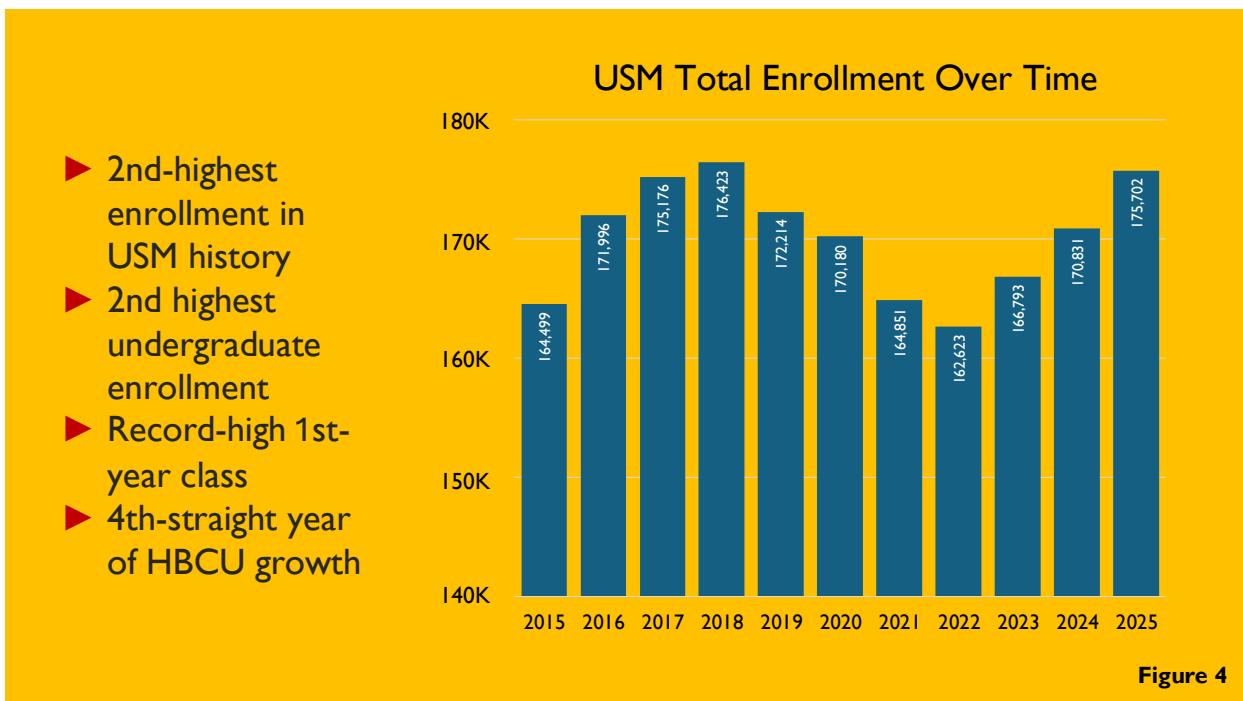
That commitment is one of access and affordability: putting a college education within reach of any Marylander who wants one. The USM's years-long focus on K12 preparation and college affordability is precisely because we believe that access-for-all is our most essential mission—that we must structure and sustain a system of public higher education that's open to all who choose college, for whatever reason they choose it.

And the USM *is* a destination of choice. Last fall, we recorded our second-highest enrollment in USM history, at 175,702 students (*see Figure 4*). We have our largest-ever first-year class and our largest-ever transfer cohort. Climbs in our undergraduate and graduate enrollment outpaced increases at public universities nationwide. And taken together, our HBCUs have recorded a fourth-straight year of growth.

As national polls keep asking whether college is worth it, Maryland students have answered, proving their faith in the value of a USM degree.

The USM's mission is rooted in equity and opportunity for all, so it's important that our students reflect Maryland's demography and diversity. And they do.

The USM is a majority-minority System: More than 55% of all USM students, undergraduate and graduate, are from minority groups. *Underrepresented* minority students—Black, Hispanic, American Indian, Native Hawaiian—make up 40% of our enrollment, reflecting substantial growth in a short time: 42% of our undergraduates are from underrepresented groups, up from 38% four years ago (*see Figure 5*), together with 33% of our graduate students, up from 29%.



RECRUITING MARYLAND LEARNERS

Of course, access means little if prospective Maryland students don't know who we are and what we can offer them. In 2024, the General Assembly requested data from each of our universities showing their success in attracting and enrolling first-time students from every region of the state.

The request covered universities' in-state *outreach* (practices to recruit Maryland students) and their in-state *outcomes* (applications, admissions, and enrollment by every Maryland high school). Per HB678 (2024), each university now submits an annual report to the legislature updating their Maryland outreach information.

The recruitment strategies our universities use are both narrow and expansive, traditional and contemporary, high-touch and high-tech, personalized and broad. For instance, they host high school counselors at university events and invite them to sit on advisory boards. Their admissions staff visit high schools, community centers, and churches. They partner in community events, and open up their universities to prospective students and families. At the same time, they use geofencing to target and push messaging to key audiences. They use multiplatform social media campaigns and texting sessions to engage prospective students.

Our universities don't just recruit across the state, although they do that, too. They use data to understand whom they're *not* reaching. They work extensively with well-known nonprofits—like the CollegeBound Foundation and First Generation College Bound—as well as smaller community-based and religious organizations to meet students and families where they are. These partnerships have been particularly effective in attracting first-generation students.

The success of these strategies is reflected in the number of applications we receive from Maryland high school seniors. Between FY22 and FY26, applications ranged from 40,000 (a pandemic-era low) to more than 60,000 this year. Roughly three-quarters of those applicants were accepted to at least one of the USM universities to which they applied.

What this means is that our Maryland system of higher education is populated by *Marylanders*. Eighty percent of all USM undergraduates are Maryland residents.

SMOOTHING TRANSFER PATHWAYS

Focused on first-time students, HB678 doesn't capture our success in attracting and enrolling transfer students. The USM is home to more than 39,000 new transfer students this year—from community colleges and four-year colleges—a 39% climb over 10 years (*see Figure 6*).

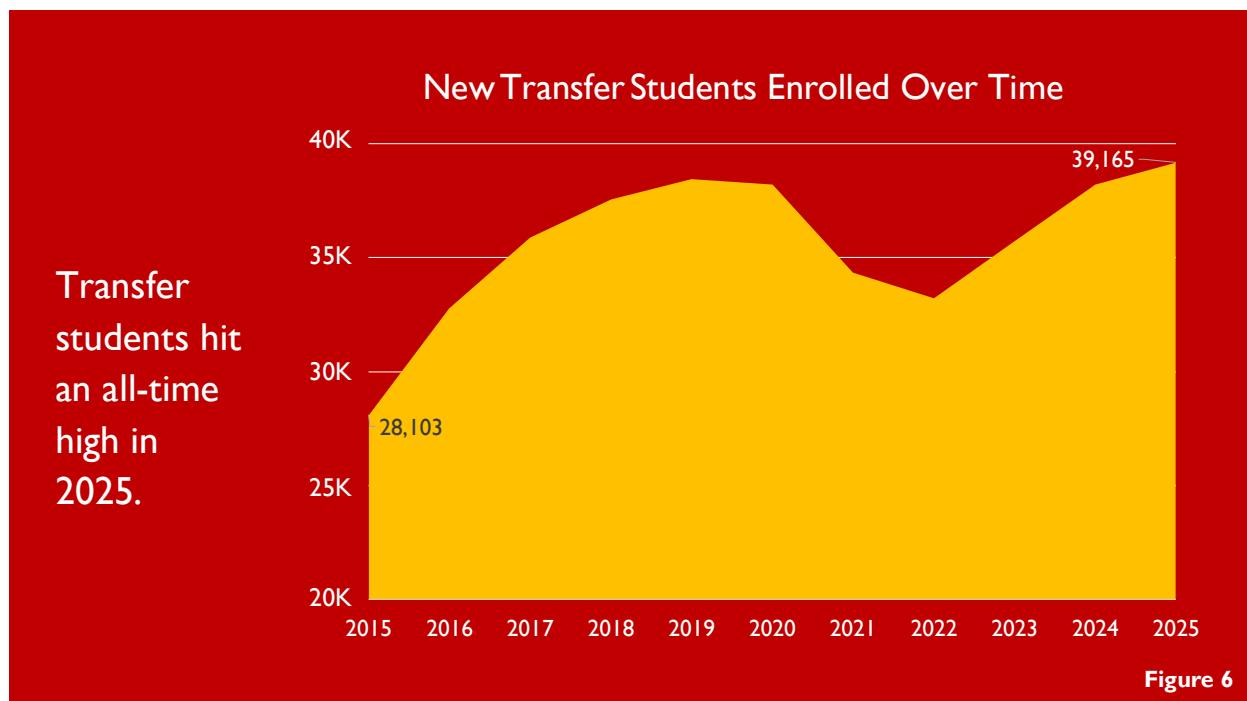
Today, new transfer students account for 29% of all USM undergraduates. For the past two decades, the USM has attracted 9,000–12,000 new transfers from Maryland community colleges each year. This group now accounts for 25% of all new transfers, as out-of-state transfers climb, particularly at the University of Maryland Global Campus. It's important to note that transfer students who've completed a program at a Maryland community college are among our most successful students, graduating at rates comparable to students who started in the USM.

We continue to improve our transfer pathways from Maryland's two-year schools. We're engaged across the state in the Maryland Transfer Intensive, run by the Aspen Institute and MHEC to build closer and more expansive partnerships across Maryland's universities and their main two-year feeder schools.

ARTSYS 2.0, our collaborative statewide transfer platform, is operational, with more than 200,000 course equivalencies and 600 program transfer guides helping students plan a smooth transfer to the four-year program of their choice. Last year, the platform's 26,000+ users engaged in more than 58,000 sessions. We

continue to expand ARTSYS to meet student needs, with more program guides to come and new features to be added, including 2-year to 2-year course equivalencies.

We value the access that Maryland's community colleges provide, and we believe that programs like dual enrollment and Early College will help us reach more students and ultimately expand our two-year transfer pipeline, as these students complete their community college studies and access a clear pathway into our universities.



MANAGING FEDERAL RISKS TO OUR ENROLLMENT

After a pandemic that punctured students' college-going plans nationwide, our sustained enrollment growth is particularly welcome, and we predict a flat or slightly higher headcount next fall. At the same time, we're monitoring federal actions that could harm student access in the years ahead.

For instance, international students are newly confronting draconian visa policies and slow-walked visa processing, expansive travel bans, and the specter of detention and deportation. It's unsurprising that international enrollment is down 17% nationwide.

While the USM's 9,200 international students make up only 5% of our total enrollment, the impact of federal policies and proposals is felt acutely at the graduate level. Our international graduate enrollment now stands at 5,600 students, a loss of nearly 1,000 students over last year. Most of that decline reflects depressed enrollment among *new* international students, particularly at the master's level.

At the undergraduate level, international enrollment actually climbed this year. However, *next* year—with a full admissions cycle under the current presidential administration—we expect some contraction among international undergraduates as well.

Changes in federal student aid also pose access risks. It's true that Pell eligibility and undergraduate aid were largely preserved in the reconciliation bill passed by Congress last summer—good news for us, as nearly 40% of USM undergraduates are Pell-eligible, reflecting a year-over-year increase Systemwide.

But not all students are unscathed. The USM enrolls roughly 8,000 students affected by new caps or cuts to federal loan programs. Three-quarters of them are graduate and professional students who will lose access to the Grad PLUS loan, which will be terminated this summer. Our universities' financial aid offices are working closely with these students to ensure they can complete their degrees. But certainly we fear losing *prospective* students who might alter their academic plans without sufficient loan funding going forward.

Similarly, we're monitoring threats to access among Maryland's low- and moderate-income students, as Maryland households suffer the effects of destabilizing federal policies—for instance, layoffs that have cost 25,000 Marylanders their federal jobs, and expensive federal programs whose costs have increasingly shifted to states. When Maryland's budget is squeezed by federal actions like these, so is the budget of every student, every family, who lives and works and learns here.

KEEPING THE USM AFFORDABLE

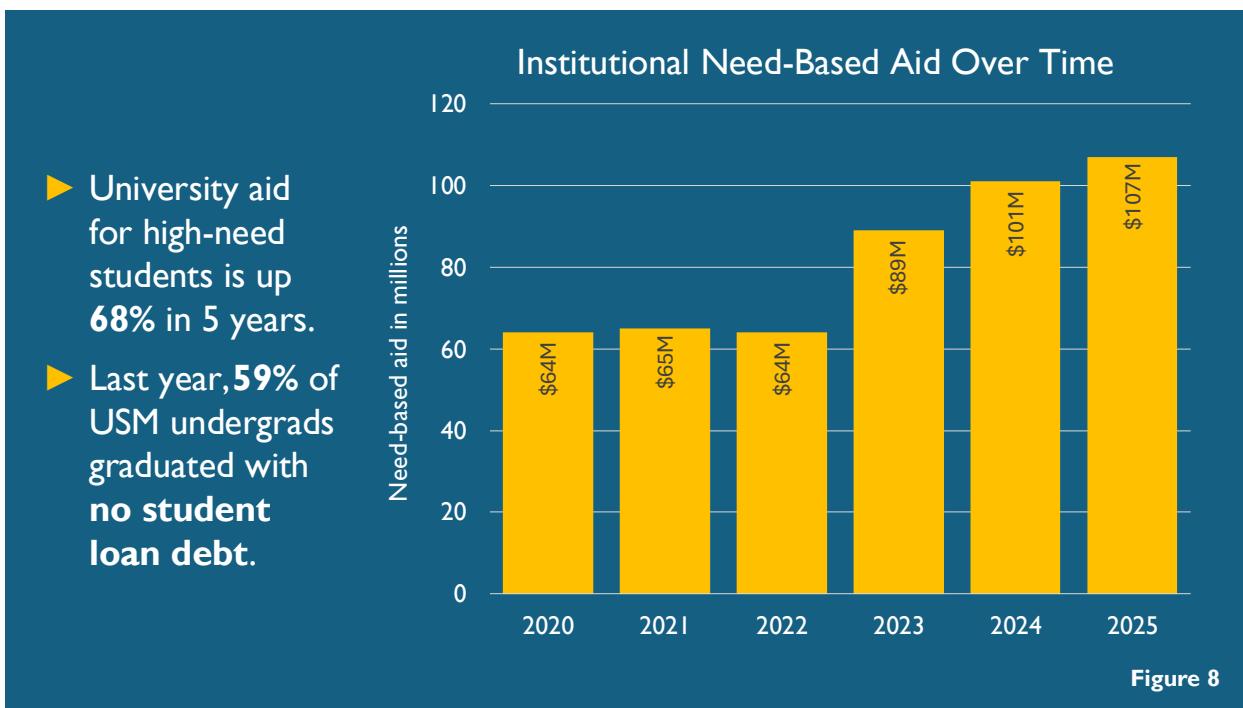
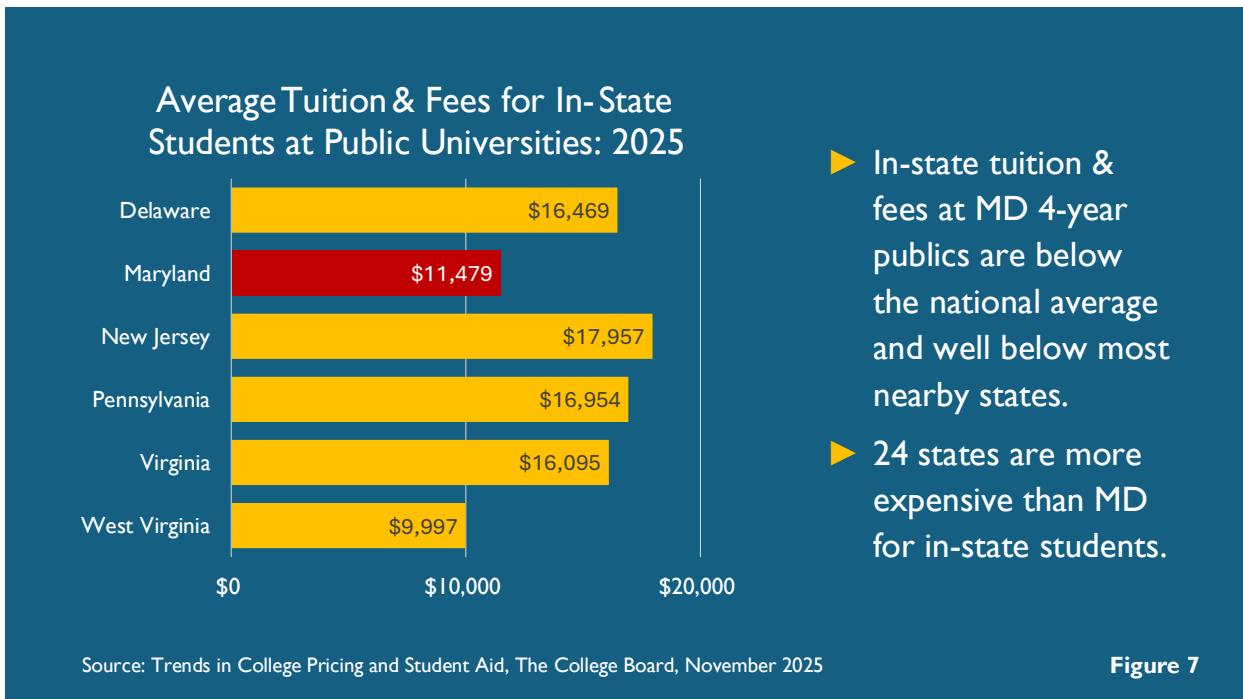
Affordability is a particular concern for the USM, as over the years, we've worked hard on *both* ends of the affordability equation: 1) keeping our tuition costs down; and 2) bridging the cost gap for students with remaining need.

Twenty years ago, Maryland's public universities were among the most expensive in the nation for in-state undergraduates. Today, 24 states are more expensive than Maryland. Our in-state undergraduates pay less than the U.S. average in tuition and fees—and *far* less than students in most nearby states (*see Figure 7*). This success is a direct credit to the generous support we receive year after year from the state.

For students who still need financial help—more than 27,000 last year—our universities awarded \$107.2 million in aid. That's in addition to federal and state dollars, and it's a pool of money that's grown 68% in just five years (*see Figure 8*). It's no coincidence that sizable increases in the aid we provide began *after* the state appropriated \$20 million to support high-need USM students.

Contributing to the growth, as well, is a quasi-endowment established by our Board of Regents and approved by the General Assembly in FY24 to support in-state students. The investment income produced by that endowment contributes up to \$6.4 million each year to the aid we provide Maryland learners.

The impact of these affordability efforts is profound: Last year, 59% of USM undergraduates earned their degree without accruing any student loan debt whatsoever.



BOOSTING DEGREE COMPLETION

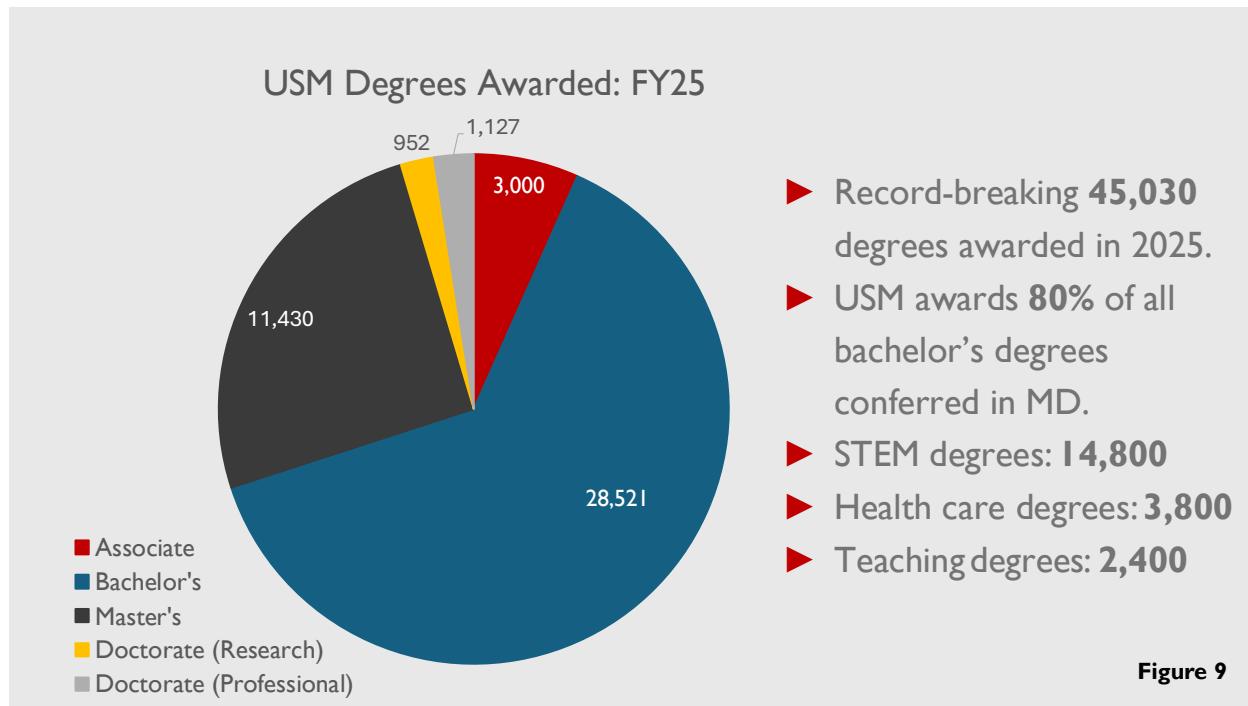
It's important to keep in mind that our growing enrollment isn't merely a factor of our success in recruiting students to our universities, but our success in *keeping* them there—on the path to their degree.

Across the USM, we graduate 73% of first-time, full-time students within six years, eclipsing the national average among public universities (63%). Among USM students who transferred from a Maryland community college, 68% graduate within six years, compared with 66% nationwide.

The USM uses institutional aid as a strategy to keep even more students in school through degree completion. Among first-time students awarded university aid, 85% persist to their second year, and 67% graduate within six. For those who get no university dollars, the retention rate is 74%, and the graduation rate, 53%. (This FY20 student cohort was the one whose college-going plans were most severely affected by the pandemic.)

Among community college transfers, the gap is wider still. With aid, 85% of transfer students are retained to their second year (vs. 73% without), and 74% graduate within six years (vs. 54% without). Providing need-based dollars is, therefore, a top priority Systemwide and a significant use of university funds.

The USM's high retention and completion rates explain, in part, our record-breaking degrees. Last year, the USM awarded 45,030 degrees (see *Figure 9*), the most in our history.



In all, 80% of the bachelor's degrees awarded in Maryland are earned by USM students. And 80% of our undergraduates are Maryland residents. That means many of them *stay* in Maryland following graduation, contributing their wealth to our economy and their service to our communities. We're proud of this 80/80 standard. We're proud that making Maryland students "college ready" *really* means making them "USM ready."

All of this together—our expansive outreach across the state, our growing enrollment and record-setting degrees, our commitment to serving *Maryland* students—is a significant reason why Maryland ranks in the top 5 states for bachelor's degree holders and advanced degree holders. It's a significant reason why we're a

top 5 state in the science and technology workforce, and why we have one of the nation's highest household incomes and lowest poverty rates.

One can trace a straight line through these metrics—from education attainment, to innovation, to income. Higher education drives Maryland prosperity. The *University System* drives Maryland prosperity.

GROWING OUR RESEARCH ENTERPRISE

Another way we drive this prosperity is through the research we produce and the products and technologies we commercialize from it. This R&D enterprise makes Maryland a U.S. leader in the innovation economy.

Altogether, the USM spent \$1.81 billion in research and sponsored programs in FY24. That's up 42% in five years and up 10% over the prior year alone. At \$1.63 billion (up 11% year over year), federal research expenditures comprise the lion's share of this total (*see Figure 10*). The combined federal R&D expenditures of our two biggest research universities—UMD and UMB—rank them No. 9 among U.S. public universities and No. 14 overall.

Every day, the grants and contracts we win are translated into innovations that make Maryland citizens healthier and happier; that make our world more secure and more sustainable. In 2024 alone, 114 patents were issued across the System, ranking the USM No. 8 among U.S. public institutions; 39 licenses and options were executed on our intellectual property, generating \$8.3 million in income; and 20 startups were launched based on USM technologies.

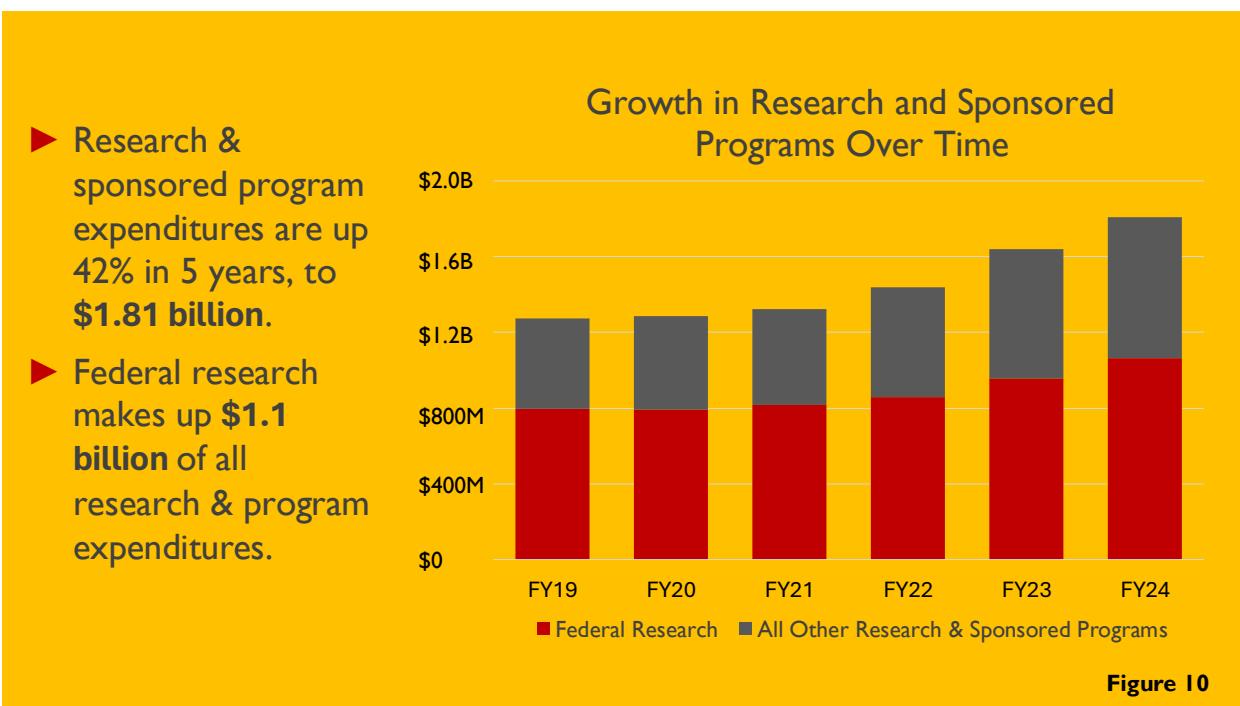
That same year, USM venture support helped launch 182 startups statewide. Meanwhile, our research parks house 200 companies and 9,000 people who commercialize innovations that improve our health, protect the environment, keep us safe, and connect our world. That's how our R&D creates more than new inventions; it creates jobs, companies, entire industries.

MANAGING FEDERAL RISKS TO OUR RESEARCH

This is why the threat to our research, in the form of federal divestment from university-based R&D, is so grave. We are, however, happy to note a gathering will, in the courts and in Congress, to act as a backstop against the administration's most severe, most damaging cuts.

This positive movement is welcome, given the harm our research enterprise has suffered over the last year. Federal agencies have implemented stop-work orders, rescoped awards, and introduced new and onerous compliance requirements, creating uncertainty and bloating university time and money spent in research administration and in grant review, defense, and litigation.

New executive orders and certifications have particularly hurt research areas that the federal administration considers out of alignment with its priorities—areas like DEI, environmental justice, global health, and health equity. In all of these areas, the USM has considerable expertise, and in all of them, we have a history of success in winning federal funding.



Since January 2025, our universities have had 219 awards canceled, totaling \$133 million. In terms of dollars lost, USM awards from the National Institutes of Health (NIH) suffer the most, with \$51.1 million in grants canceled, followed by the Department of Education at \$19.2 million, and the National Science Foundation (NSF) at \$14.1 million.

Given this damaging hit to NIH, it's unsurprising that UMB has absorbed the heaviest losses (\$49.9 million), followed by UMD (\$32.9 million) and UMBC (\$21.1 million). However, it's important to note that while our Research 1 universities have lost the most in terms of federal R&D dollars, *all of our universities* have had some grant funding canceled.

Aside from current losses, we've seen a marked slowdown in new award activity. Over the last year, the two biggest agency funders of U.S. academic research, NIH and NSF, have made fewer grants—new awards and competitive renewals—in every area of science and medicine.

That said, Congress has recently passed bipartisan minibus spending bills that reject the administration's deepest cuts to U.S. science agencies and restore budgets capable of advancing health, safety, and scientific innovation. But these minibuses do more than restore agency funding; they prohibit deviation from negotiated reimbursement rates for indirect research costs. These are essential administrative costs borne by our universities to run their research programs. Earlier proposals to slash these reimbursement rates to 15% would have done severe and lasting damage to our research enterprise.

Of course, real risks remain: Without question, there will be lasting impacts to deprioritized research programs that won't be reinstated even if prior-year funding levels resume. That said, we're more sanguine about our ability to weather this storm. Our earlier worst-case projection—a loss of up to \$300 million over

two years—could shrink with new congressional action to protect university R&D and, with it, America’s longstanding scientific leadership.

And that’s encouraging, because it’s not only our universities that suffer when they’re starved of research dollars. It’s our people—graduate assistants, early-career professionals, established faculty—who make these research programs run. It’s the citizens our research serves. It’s the vital contributions we make every day to our social and scientific progress—protecting human health and well-being; securing environmental and climate resiliency; improving equitable access to effective education; safeguarding our national peace and security. And so, again, we’re deeply grateful for the governor’s inclusion of \$25 million in his budget proposal to support our university research centers. State support will be vital as we preserve, pivot, and grow our research enterprise.

The USM is a ready partner in reasserting Maryland’s powerful leadership in the nation’s most critical R&D. We’re aligning our research strengths and assets with federal priorities—in defense, intelligence, autonomy, and AI. We’re growing new research opportunities and cultivating new sources of research support. We’re investing our own money in protecting core research activities, while exploiting new areas of inquiry and new funders. We’re prioritizing capacity for large grant proposals, diversification of sponsors (public and private), investments in grant development and research administration, and support for our vital research teams, from graduate trainees to principal investigators.

We know we’re well-positioned not only to adapt in the research areas where we already lead—but to develop new high-impact programs in emerging science. The USM is built for this.

OUR FUTURE IS MARYLAND’S FUTURE

Maryland wouldn’t be Maryland without a thriving USM. Our students become the citizens, colleagues, neighbors, and leaders who secure Maryland’s prosperity. Our scholarship plumbs the biggest questions of our age, and our research solves the greatest challenges. Our engagement in communities across the state makes them stronger, more vibrant, more resilient. Our work enriches Maryland—and the life of every single person who calls it home.

Our future is Maryland’s future. Our future is here.

ANSWERS TO DLS QUESTIONS

The chancellor should comment on recent challenges institutions have faced in maintaining and increasing undergraduate enrollment and efforts being taken to improve enrollment.

Enrollment at most USM universities has grown since the pandemic. And with 136,000 undergraduates, fall 2025 marked the System's second-highest undergraduate headcount in our history. Part of our growth is attributable to record (or near-record) first-year classes at several of our universities, helping them recover from the smaller undergraduate classes they saw—and virtually *all* four-year colleges saw—during the pandemic. Of course, those smaller classes have a years-long impact on our enrollment, as the cohorts make their way through school and complete their degrees.

FIRST-TIME STUDENTS

To attract first-time students, our universities engage in expansive recruitment across Maryland, using traditional and contemporary, high-touch and high-tech, approaches. For instance, admissions officers work closely with high school counselors. They visit high schools, community centers, and churches. They partner in community events. They host prospective students on their campuses—for a day, for a week, for the summer. At the same time, they use geofencing to target marketing to key audiences. They use multiplatform social media campaigns and technology that engages students with personalized text messages.

Our universities work with consultants to refine their scholarship strategies, marketing strategies, student-identification strategies. Some of our universities use a form of targeted direct admission: They submit to Common App select criteria for the students they want to attract. Common App, in return, sends back criteria-meeting students who've used the platform to apply to college but not to their school.

Our universities use data to understand the students they're *not* reaching, and they partner with local and national nonprofits, and with community-based organizations, to help fill the gaps. Of course, our universities are heterogeneous, and so are the student groups they're trying to grow: Hispanic students, first-generation students, students from rural communities, students from Baltimore City.

Our universities update the General Assembly each year on their Maryland outreach efforts, as required by HB678.

TRANSFER STUDENTS

The USM is home to more than 39,000 *new* transfer students this year—from two- and four-year colleges—a 39% climb over 10 years. These new transfer students account for 29% of all USM undergraduates.

Out-of-state transfer students to the University of Maryland Global Campus are climbing, and UMGC accounts for most of the USM's transfer enrollment. However, local two-year transfers are growing, too, as credit-based enrollments at Maryland community colleges continue their pandemic recovery.

We're engaged across the state in the Maryland Transfer Intensive, building closer relationships with our main two-year feeder schools. We continue to improve ARTSYS 2.0, with more program transfer guides and additional features that help students prepare for a smooth entry into our universities. We're working to expand Early College programs to reinforce this pipeline and offer a clear transfer pathway.

CHALLENGED UNIVERSITIES

Universities that have been challenged to increase enrollment are like their national counterparts: They generally enroll students from a relatively local region. They may have a higher percentage of part-time, working students—students who don't want to be fully online. They have a high share of students who need financial aid, but as small regional publics, they don't have large endowments to meet the extent of that need.

To understand the challenges these universities face, I meet regularly with their presidents and enrollment teams. These meetings are also where I hear about the opportunities they've seized—the strategies that are *working*.

For instance, Coppin State University and the University of Maryland Eastern Shore offer in-state tuition to students from states with only one HBCU—or none at all. Their full-time, out-of-state undergraduate population has climbed as a result. In fall 2025, UMES recorded its fourth-straight year of enrollment growth, and Coppin State's first-time freshman class jumped—in one year—from 467 students to 747. Transfer students at these HBCUs have climbed as well, and the transfer agreements Coppin inked with the two-year college systems in Colorado and California—two states without traditional HBCUs—are now paying off.

Universities with enrollment challenges are also providing more online and hybrid courses and programs, which are more appealing to students who have jobs and families, and need the flexibility these options offer.

The chancellor should comment on the factors affecting retention rates and efforts being taken to improve the retention and success of students.

Of course, the USM's *retention* efforts are an essential part of our *enrollment* efforts; the two are inextricably linked. And the single most vital factor in retention is a student's financial capacity to remain enrolled through graduation. This is why university aid to high-need students is a critical priority for our universities and a significant investment for them. Altogether, our universities awarded \$107 million in need-based aid last year.

Among first-time USM students who received that aid, 85% were retained to their second year, and 67% graduated within six. Without university aid, 74% of first-time students persisted to their second year, and 53% graduated within six. Among students who came to the USM from a Maryland community college, the success gap was wider still: 12 percentage points separate retention rates among students who got university aid (85%) and those who didn't (73%), and 20 points separate their graduation rates (74% with aid; 54% without). This FY20 student cohort was the one whose college-going plans were most severely affected by the pandemic.

This aid is especially important now that expanded eligibility for Maryland's Guaranteed Access Grant has depleted funding for the Educational Assistance Grant. Some students who might have otherwise relied on the EA grant will likely now look to their universities to meet their remaining need.

Of course, retention isn't all about money. It's often about support. With a \$4 million grant from the U.S. Department of Education, we've launched a peer-to-peer mentoring program at every USM university with undergraduate students. Using best practices in advising, belonging, and coaching, ABCs for Student Success helps first-time, first-generation, and underserved students navigate complex college structures and access the academic and social supports that our universities already provide. The City University of New York operates a comparable program and has seen an 11% improvement in retention among underserved students. We hope for similar results over time.

Our universities are also investing in technologies to identify, as early as possible, students who are struggling academically. These platforms engage faculty, advisors, and student support personnel as a team in centering student success. When a student's performance or behavior causes concern—missing class, missing an assignment, failing an exam—it triggers advising interventions aimed at getting the student back on track.

In this same vein, many universities are adopting instructional strategies that include student assessment early in the semester—especially in gateway courses—so that early intervention might prevent students from falling behind. These interventions might be academic, but they might also involve meeting non-academic needs that nonetheless interfere with learning—for instance, food and housing insecurity, mental health challenges, social isolation.

The chancellor should comment on criteria that will be used to allocate funds from the DPA to institutions.

We're deeply grateful for the governor's \$25 million allocation for research initiatives, especially given the \$133 million in federal grant funding losses our universities have sustained over the last 12 months. We're working with the governor's office and with key stakeholders on an allocation strategy to invest in research areas that have been deprioritized by the federal administration; that serve Maryland's critical needs; and that align with the expertise at our universities.

UMGC should comment on the current status of AccelerEd's reintegration, including the onboarding of new staff and timeline for full integration. DLS also recommends adopting committee narrative requesting information on the reintegration of UMGC Ventures and AccelerEd, including the status of ongoing contracts and recovery of original seed investments.

The University of Maryland Global Campus (UMGC) has reestablished its internal Office of Information Technology (OIT) and—as of December 1, 2025—has completed staffing it with approximately 175 FTEs. The university conducted an extensive and competitive recruitment process to assemble the highly qualified

and proficient workforce needed. This included public postings for most positions and attracted exceptional candidates, including both external applicants and former AccelerEd professionals with demonstrated technical expertise. All hiring actions were undertaken in strict accordance with merit-based selection principles, transparency requirements, and established professional standards.

Through this reintegration, UMGC now directly manages and maintains the comprehensive IT infrastructure—originally developed through UMGC Ventures and AccelerEd—on a total annual baseline budget, post-reintegration, of approximately \$47.9 million. This transition has strengthened the university’s student-facing digital environment, enhanced services for adult and military learners, and increased institutional agility, operational capacity, and long-term sustainability.

Contracts that were previously administered by UMGC Ventures and AccelerEd are now being transitioned to UMGC in alignment with standard USM procurement procedures. Two major contracts—for Information Technology Help Desk Services and Information Technology Staff Augmentation—are moving through the governance process with the USM Board of Regents and are expected to advance to the Maryland Board of Public Works in March 2026. All remaining smaller contracts are in active procurement and are scheduled for transition no later than June 30, 2026.