



# St. Mary's College of Maryland

at Historic St. Mary's City

Office of the President

August 31, 2011


The Honorable Edward J. Kasemeyer, Chairman  
Senate Budget and Taxation Committee  
Miller Senate Office Building, 3 West Wing  
11 Bladen Street  
Annapolis, MD 21401

The Honorable Norman H. Conway, Chairman  
House Appropriations Committee  
House Office Building, Room 121  
6 Bladen Street  
Annapolis, MD 21401

Dear Senator Kasemeyer and Delegate Conway,

In response to the 2011 *Joint Chairmen's Report* (2011\_p124\_SMCM\_Report on SMCM's Undergraduate Tuition), St. Mary's College of Maryland is pleased to provide the attached report.

Sincerely,

  
Joseph R. Urgo  
President

cc: Richard Harris, Department of Legislative Services  
Cathy Kramer, Department of Legislative Services



St. Mary's College of Maryland  
at Historic St. Mary's City

Report on  
St. Mary's College of Maryland's  
Undergraduate Tuition

Response to the 2011 Joint Chairmen's Report

Dr. Joseph Uργο, President  
September 1, 2011

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## Executive Summary

The Joint Chairs' Report requests a review of St. Mary's College current tuition level relative to its peers and whether it is affordable for Maryland students, determining if a tuition adjustment is needed. St. Mary's College charter as a public honors college results from visionary legislation with two institutional goals that are frequently at odds with each other. St. Mary's College is charged by the state of Maryland to provide both:

- (1) *the promise of public education affordable to all and thriving on diversity*, and
- (2) *high standards of academic excellence*

Supporting the two goals articulated by the legislature's vision for the College—the educational requirements of honors students and the promise of access—has placed strains on both revenues and expenditures. Tuition and fees, for example, have risen at roughly double the rate of the general fund over the past seven years. At the same time, expenditures for institutional financial aid have increased at nearly four times the rate of the general fund and double the rate of tuition revenue increases. The College has raised tuition to provide all St. Mary's students with a rigorous, honors-level liberal arts education. This increase means that in order to support the College's promise of access to those who have fewer financial resources, financial aid must also increase. Increasing financial aid leads to rising costs, in turn leading to raising tuition rates. As tuition increases, more families are unable to pay the cost of attendance, necessitating further increases in aid, for which the College must raise tuition.

With this report and proposal to the legislature comes the College's commitment to partner with the state and focus our fundraising efforts on need-based student scholarships. We are currently in the planning stages of a comprehensive campaign that will have as its first priority raising \$10 million to \$15 million in student financial aid, bringing the College's cumulative commitment to student financial aid to over \$60 million by the end of the decade. While the College is addressing this problem through fundraising focused on financial aid, fundraising alone will not suffice. The College must work as well with the legislature to craft a plan that lowers the overall tuition rate and improves need-based aid available to students with limited family resources. Our goal is to supplement state-supported financial aid with private funds to better fulfill our legislative *promise of public education affordable to all and thriving on diversity*. The College welcomes this opportunity to explore cooperative ways to make the honors college more affordable for high-capacity Maryland students.

Three actions are required to fully attain the two institutional goals in the College's charter:

1. We propose a 12% reduction in tuition for all Maryland students attending St. Mary's College of Maryland, dropping tuition and fees below the amount set in 2009.
2. We propose a \$7,200 need-based grant for each academic year to reduce the gap between current funding and net price for Pell Grant-eligible students. These grants combined with the above tuition reduction would result in an \$8,641 decrease in need for these students, which effectively fully meets their need.
3. St. Mary's College proposes to raise our four-year graduation rate for all students, both majority and minority, to 80%. A key component of our continuing commitment to the founding legislation on academic rigor relies upon providing the resources needed to assist students drawn from minority groups and families with fewer resources. The expansion of the College's DeSousa–Brent scholars program to a four-year scope will accomplish much of that goal.

**Joint Chairmen's Report, April 2011, page 124**

**Report on St. Mary's College of Maryland Tuition Rates:** The budget committees recognize that the legislation that created the funding formula for St. Mary's College of Maryland (SMCM) would limit increases in State funds in exchange for greater autonomy in college operations, and that in-state undergraduate tuition rates would likely be higher than other public institutions. However, the budget committees are concerned with how much more expensive SMCM has become compared to other Maryland colleges. SMCM operates as a public honors college and receives State funds calculated by a formula that accounts for inflation. Since SMCM did not participate in the State's recent tuition freeze and is also exempted from Chapters 192 and 193 of 2010 (which set a goal to limit future tuition increases), SMCM's in-state undergraduate tuition rate was \$5,652 more expensive than the State average in fall 2010.

SMCM should review its current tuition level relative to its peers and whether it is affordable for Maryland students and determine if a tuition adjustment is needed. If so, the college should discuss what changes are needed and what would be required from the State to accommodate a reduction in resident undergraduate tuition. A report should be submitted to the budget committees by September 1, 2011.

## **St. Mary's College of Maryland Response to the 2011 Joint Chairs' Report**

### ***Reaffirming the foundational principles***

Among the most rigorous and academically prestigious institutions of higher learning in the United States are its liberal arts colleges: Williams, Grinnell, Haverford, Hamilton, Pomona – colleges that serve the nation's most academically capable students, and produce, despite small student bodies, a preponderance of America's leaders. These colleges are also private, wealthy, and serve students who, in large measure, come from America's financially well-established families. In 1992, visionary leaders in Maryland created in St. Mary's College what a former president called "a public Swarthmore," an elite model of higher education that is pointedly non-elitist, but accessible to all students who possess the drive to attend a college centered on close student-faculty interaction and an intensity of intellectual and creative purpose.

St. Mary's College of Maryland has a mission statement on its website – all Colleges do, refined periodically by faculty and administration, often in strategic planning processes. St. Mary's College also has a legislated mission that precedes its institutional mission statement: House of Delegates Bill No. 1327 (1992) designates St. Mary's College of Maryland "A Public Honors College located in St. Mary's County" and provides a specific charge to the institution. We do not know of another liberal arts college in the country with such a legislative directive *preceding* its own mission statement, and in advance of any charge, mission, or intent adopted by its faculty and board of trustees. According to House Bill 1327:

**St. Mary's College of Maryland seeks to offer the combination of two ideals: the promise of public education affordable to all and thriving on diversity and high standards of academic excellence;**

**St. Mary's College of Maryland is committed to continuing its mission of providing an excellent education to qualified Maryland students, regardless of their ability to pay, through the use of scholarship endowments and other such methods as determined by the College's Board of Trustees;**

**It is the intent of the Administration and the General Assembly to ensure that St. Mary's College of Maryland maintains a commitment to the enrollment of minority students.**

House Bill 1327 granted St. Mary's College of Maryland and its Board of Trustees autonomy over its personnel, procurement, and budget, along with an assurance of a stable and predictable level of state support. House Bill 1327 states that "in order to establish a predictable level of funding, the Governor shall include in the annual budget submission a general fund grant to St. Mary's College of Maryland." The general fund grant created an incentive for high quality performance as St. Mary's College has increased its standing in the academic community dramatically over the past twenty years.

This visionary legislation is remarkable for combining two institutional goals that are frequently at odds with each other. St. Mary's College is charged by the state of Maryland to provide both:

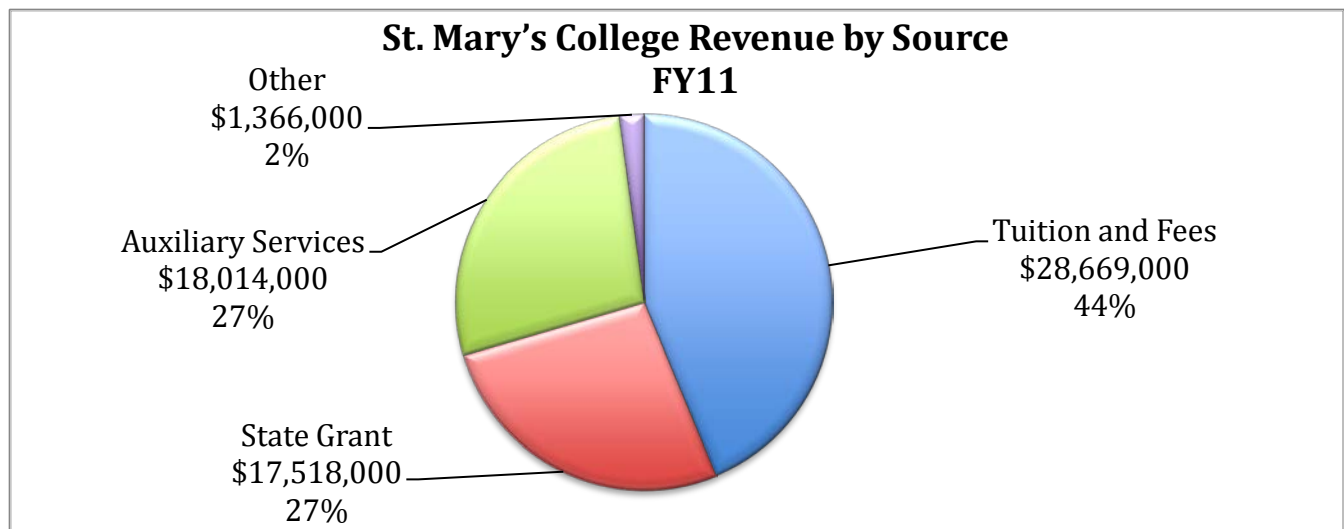
- (1) *the promise of public education affordable to all and thriving on diversity, and*
- (2) *high standards of academic excellence*

Throughout public education, programs that are *affordable to all* are typically not ones that are also committed to high levels of selectivity and *high standards of academic excellence*. When institutions are affordable to all and thrive on diversity, they struggle with providing a rigorous academic curriculum, and often are challenged by low retention and completion rates.

In contrast, our legislation states explicitly that St. Mary’s will provide a rigorous, honors-level education to qualified Maryland students, “regardless of their ability to pay,” and we are to do so “through the use of scholarship endowments and other such methods as determined by the College’s Board of Trustees.” This dual mission has made St. Mary’s an exemplary model for public higher education in the state of Maryland and the nation.

However, in our continuing commitment to pairing these goals we encounter our current challenge. We have entered an era when increasing numbers of students’ families do not have the ability to pay and we have not yet created sufficient funds in *scholarship endowments and other such methods* to bridge the gap between the cost of a St. Mary’s education and Maryland families’ financial resources.

Fundraising for need-based financial aid must be our highest priority going forward. The past decade was largely driven by needed improvements to the College’s facilities, particularly as enrollment reached the targeted goal of 2,000 students and families came to expect more up-to-date amenities from residential college campuses. We have raised private funds for capital projects and have several state-funded state-of-the-art facilities that help us serve our students with the high standards required in our legislation. In addition, over the last decade we attracted \$5.4 million in current and endowed philanthropic support for need-based aid and have funded through the College’s operating budget \$40 million in institutional aid. Nonetheless, our scholarship funds remain far from state-of-the-art. In fact, they are inadequate to meet our legislated founding mission.



President Urgo, even before he took office in July 2010, recognized that the College needed to enhance its ability to raise philanthropic sources of revenue moving forward, and thus hired a new Vice President for Advancement as his first endeavor. Within a few months of his presidency, Dr. Urgo additionally recognized that financial aid was one of the College’s foremost needs, thereby establishing need-based scholarships as the primary fundraising initiative. During fiscal year 2011, this focus resulted in

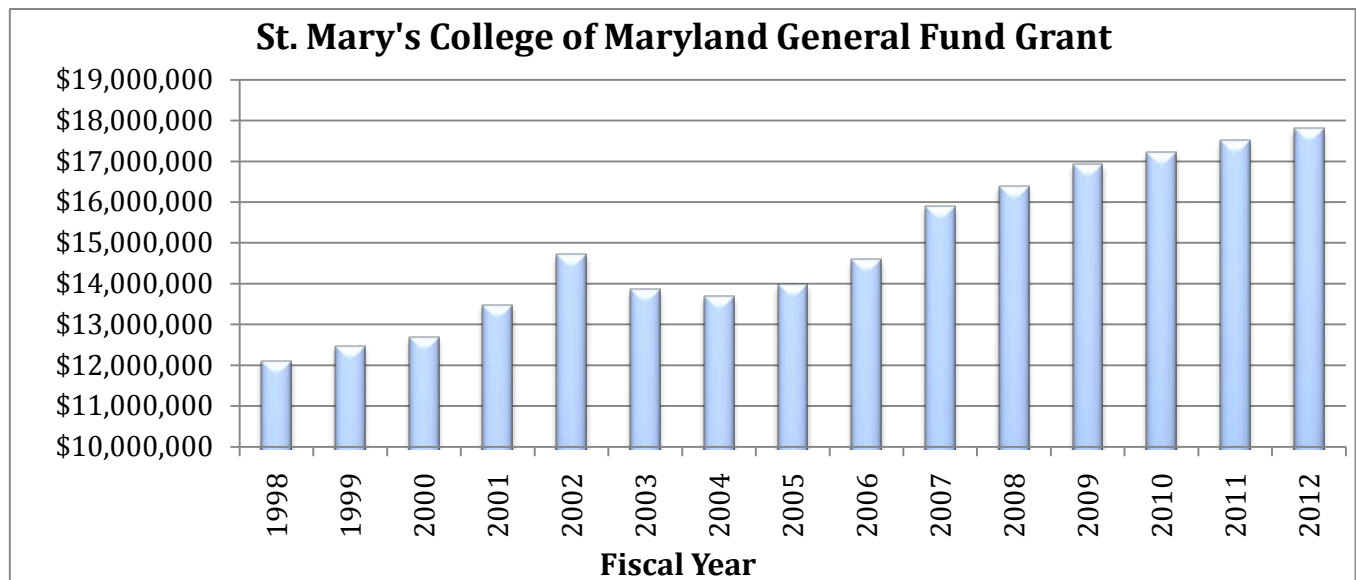
\$278,000 new need-based scholarship support. Additionally, on Aug. 15, 2011, the College received notice of approval from the France-Merrick Foundation for a \$100,000 financial aid scholarship grant, with a requirement for the College to raise an additional \$400,000 in need-based scholarships for Baltimore City youth. In anticipation of this opportunity, the College has enlisted a core group of alumni based in Baltimore to serve on a fundraising committee, with the intention of achieving our goal by the end of fiscal year 2013.

With this proposal to the legislature comes the College’s strengthening commitment to partner with the state and focus our fundraising efforts on need-based student scholarships. In addition to the initiatives listed above, we are currently in the planning stages of a comprehensive campaign that will have as its first priority financial aid. During fiscal year 2012, we will be actively cultivating alumni, community, corporate, and individual partners to build an understanding of the urgency for need-based aid and to set the stage for a comprehensive campaign beginning in fiscal year 2013. Early projections indicate a campaign target of \$10-15 million in philanthropic sources for need-based aid. This effort, coupled with a continued commitment of \$6 million in annual operating support dedicated to financial aid, brings our total institutional commitment to a minimum of \$60 million for need-based aid between now and 2020. Our goal is to supplement state-supported financial aid with private funds so that we are better able to fulfill our legislative *promise of public education affordable to all and thriving on diversity*. The College welcomes the opportunity to explore cooperative ways to make the honors college more affordable for high-capacity Maryland students.

***Situational background and higher education in Maryland***

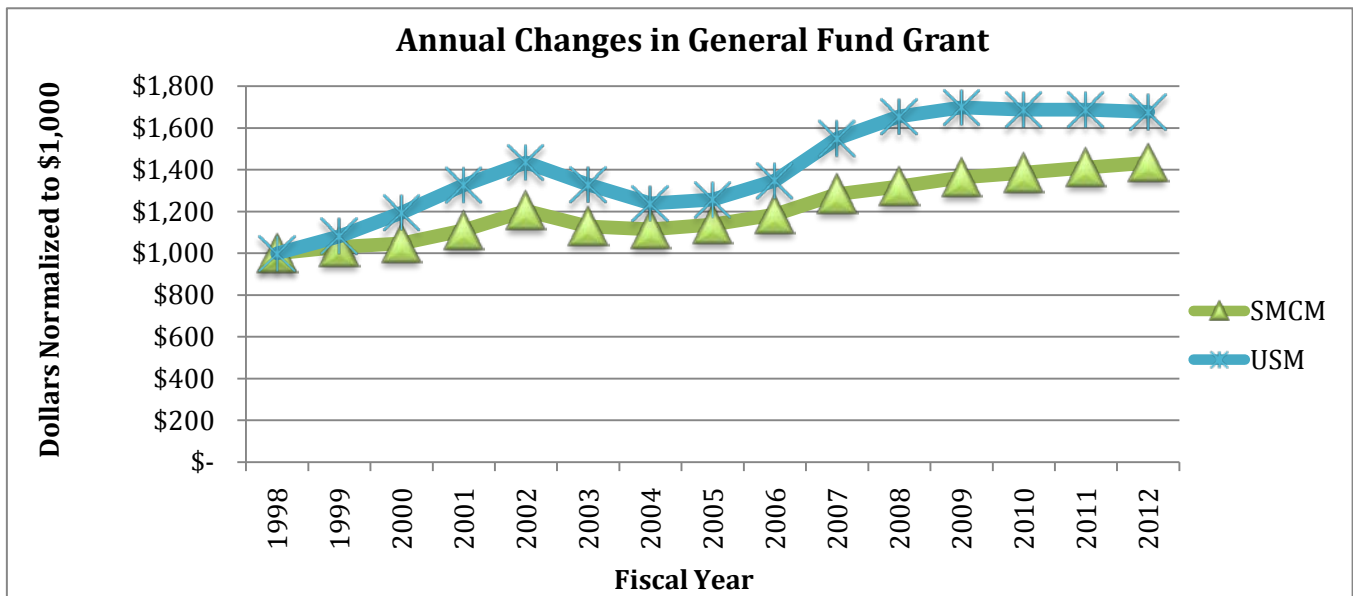
St. Mary’s College derives revenue from three principal sources: students and families (in the form of tuition, fees, room and board); the general fund grant; and other sources including philanthropic resources. Tuition from students and families account for 71% of all revenue followed by the general fund grant at 27%.

In fiscal year 2010, the general fund grant provided \$17.2 million to St. Mary’s College, approximately 26.8% of the operating budget for the College. The College’s first block grant, in 1993, totaled \$10.6 million, 50% of the operating budget. The state appropriation, while increasing in dollar terms, continues to drop steadily in its relative share of the College’s budget. This decline requires the College to seek additional revenues from other sources, such as tuition and fees, auxiliary enterprises, grants, and gifts. However, the financial burden has fallen primarily on students and their families, as is noted in the Joint Chairs’ Report.



A longitudinal comparison of funding between St. Mary’s College and the University System of Maryland indicates that the gains for USM have been more pronounced than at St. Mary’s College. The plan detailed in this proposal makes progress toward closing the equity gap by introducing state funds to reduce the tuition differential between St. Mary’s College and USM institutions. This differential is significant: the St. Mary’s College general fund grant would be larger by \$6.8 million if growth of state funding were equal between the two institutions since 1998.

During this time, USM has received roughly \$200 more per \$1,000 of funding, or about 20% ahead of funding for St. Mary’s College. Each \$1,000 of general fund grant received by St. Mary’s College in 1998 has now grown to slightly above \$1,400, while each \$1,000 of general fund grant received by UMCP is over \$1,600. A sizable portion of the difference in funding has been realized in the period from 2008 through 2011, when the governor’s budget contained funds aimed at freezing tuition at USM institutions. St. Mary’s College continued to pursue a strategy of increasing tuition and simultaneously increasing the need-based financial aid budget by an equal percentage each year. A number of other models, including a level four-year tuition plan or a flat discount such as that used by Miami University of Ohio, were considered but did not meet the needs of our students, largely because they required much higher tuition increases in the first years of the alternate plan. The strategy to increase tuition and match it with a percentage increase in financial aid provided funds to compete effectively with our private peer group on quality; however, it also fueled the increase in net price for St. Mary’s College beyond that at the other Maryland public higher education institutions. Given the protracted economic downturn, this strategy has become increasingly problematic.



This discrepancy has been intensified by increased student enrollment at St. Mary’s. In fiscal year 1998, the general fund grant supported 1,312 in-state students. St. Mary’s College has since added 324 additional in-state students. If we received the additional support on a per-student basis of \$9,653, the total addition to the general fund grant would have been \$4.4 million.

St. Mary’s College has expanded to meet the needs of the State, but the cost of this expansion has been borne by our students and their families. The College is limited in its ability to expand enrollment in order to increase revenue because its residential Honors College mission demands a low student-faculty ratio and small classes. Furthermore, increasing the number of students would require additional faculty and other resources, which would offset new revenue.

Within the parameters of our state funding, supporting the two goals articulated by the legislature’s vision for the College—the educational requirements of honors students and the promise of accessibility—has placed strains on both revenues and expenditures. Tuition and fees, for example, have risen at roughly double the rate of the general fund grant over the past seven years. At the same time, expenditures for institutional financial aid have increased at nearly four times the rate of the general fund grant and double the rate of tuition revenue increases.

The College has been actively examining its use of merit scholarships and need-based aid. There has been considerable presidential focus as demonstrated by three separate board addresses highlighting the need to reconnect to the College mission as it relates to access and affordability. A presidential task force produced a report in May 2011 that describes the inherent conflicts in supporting a dual purpose financial aid approach. The dual approach attempts to attract high capacity students who expect an incentivized admission offer through merit awards as well as an approach that is sensitive to the financial needs of high capacity students struggling with affordability. Merit scholarships represent an award structure that is imperfect and ultimately rewards students with more privilege because these students have access to an environment that promotes documentable pre-college academic success. The task force looked at the data related to Expected Family Contribution (EFC), a calculation derived from the Free Application for Federal Student Aid (FAFSA) representing a family’s capacity to pay for college, and whether a student was awarded a merit scholarship. From the Fall 2010 student population, the task force found:

- 41% of the student body was awarded a merit scholarship with award amounts ranging from \$500 to \$4,250;
- 38% of merit scholarship recipients were from families with low need as defined by an EFC greater than \$18,000;
- 34% of the merit scholarship recipients did not file a FAFSA, indicating zero need;
- 72% of the awarded merit scholarships were awarded to families/students with low or no demonstrated need;
- The remaining 28% of merit scholarships were awarded to families with an EFC less than \$18,000.

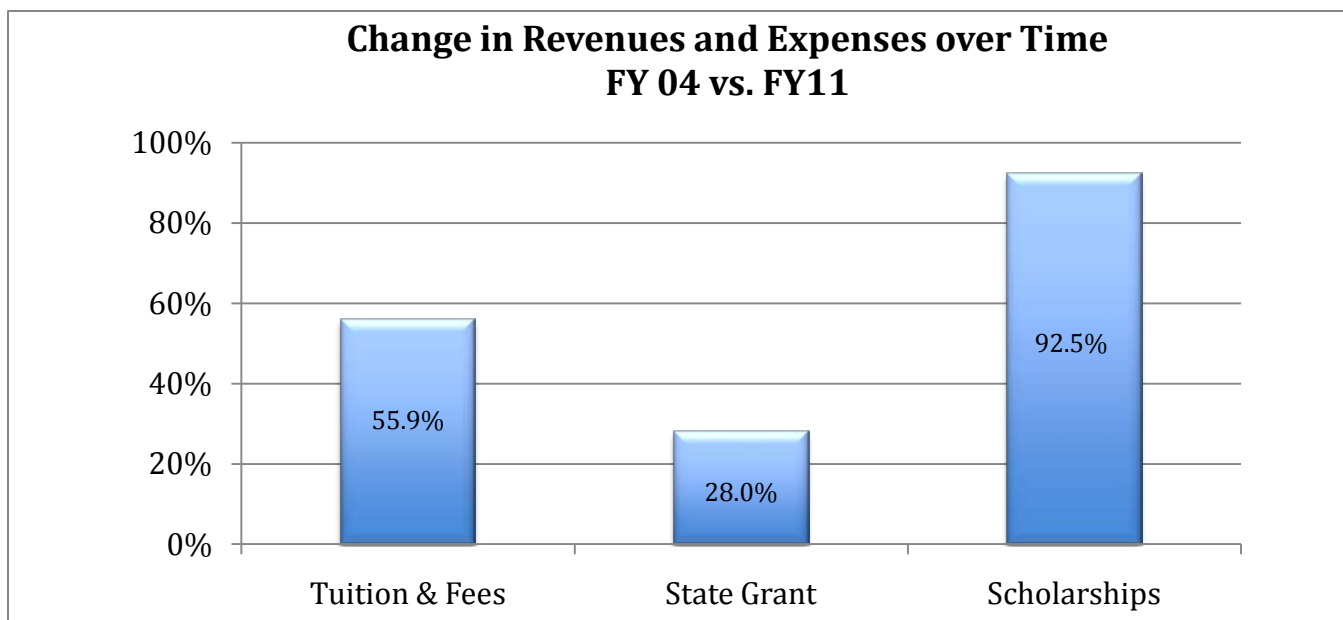
The data revealed that as a student’s ability to pay for college decreases the likelihood to be awarded a merit scholarship decreases. If the expected family contribution (EFC) was less than \$18,000, the student is less likely to be awarded a merit scholarship. The disparity has not been intentional but derives from the fact that a high ranking for a merit award heavily favors students from backgrounds that support such achievements as high SAT scores and success in rigorous high schools. These students have more often been from families with very little financial need. The task force recognized the challenge of recruiting highly qualified and competitive students but the evidence that the merit awarding process favors students with the lowest dependence on financial support is cause for concern as we consider the College’s goals of access and diversity.

It is important to note that merit scholarships have historically served as fulfilling a certain level of need once expected family contribution is determined through the admission process. There is a dynamic and porous relationship between need-based aid and merit scholarships. For example, a student applies for admission and due to the strength of the application the student is awarded a \$5,000 Academic Achievement Award. This is clearly a merit award at this point, and will remain a merit award if the student does not apply for financial aid. The categorization of the merit award becomes less clear if this student subsequently applies for financial aid and is found to be eligible for need-based aid. Does the merit award remain a merit

award since that was the intention when it was awarded, or, does the \$5,000 Academic Achievement Award become need-based aid when it helps meet the financial need of an eligible aid applicant? Federal guidelines allow this interchange and colleges routinely report a portion of non-need based funds as meeting the financial needs of students. Colleges recalibrate the distribution of need-based and non need-based awards to show the institutional efforts to meet need. The intersection of merit scholarships and financial need make it difficult to get a clear vision of the amounts spent on need-based and non-need based financial aid. But it is important to recognize that there is an original non-need based evaluation when awarding merit scholarships at the admission decision stage.

The College, in effect, is caught in a vicious cycle as it attempts to support both pillars of its mission. In order to provide all St. Mary's students with a rigorous, honors-level liberal arts education (the first pillar), the College has raised tuition to cover costs. This increase means that in order to support the College's promise of access to those who have fewer financial resources (the second pillar), financial aid must also increase. Increasing financial aid leads to rising costs, which leads again to raising tuition rates. As tuition increases, more and more families are unable to pay the cost of attendance, necessitating further increases in financial aid, for which the College must raise tuition.

While the College is addressing this problem through fundraising focused on financial aid, fundraising alone will not suffice. The College must work as well with the legislature to craft a plan that lowers the overall tuition rate and improves need-based aid available to students with limited family resources.

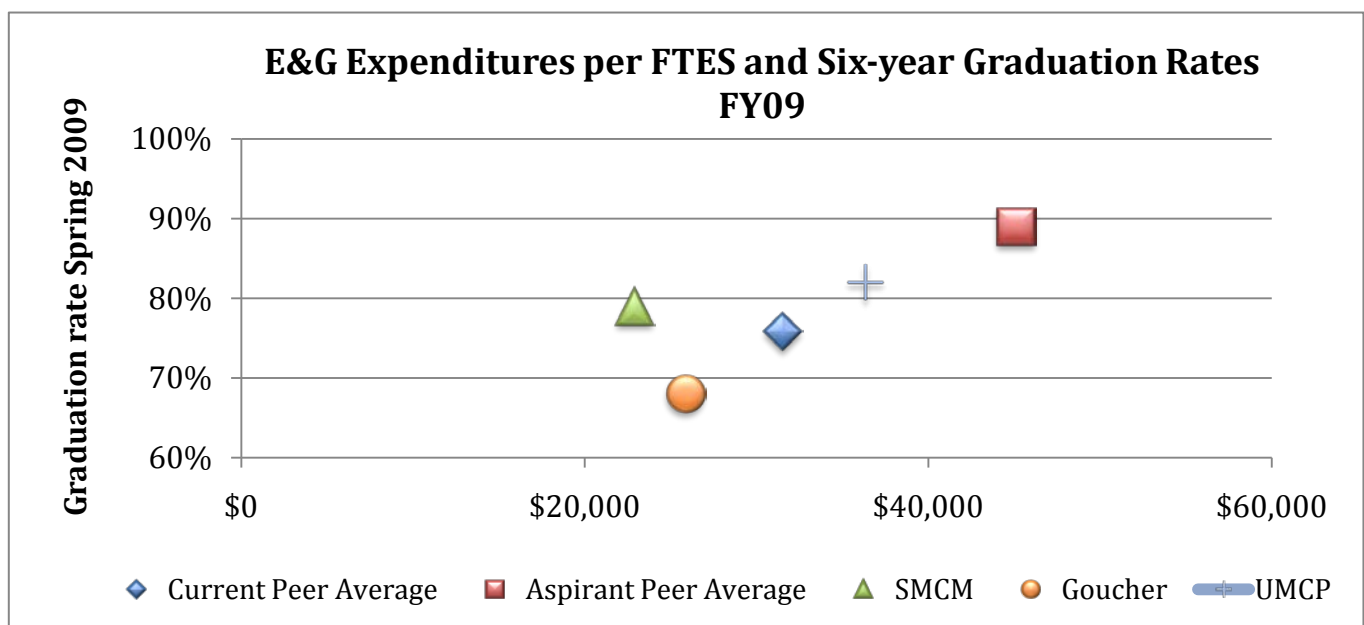


Given the above, it is not surprising that the Department of Legislative Services Higher Education Overview for 2012, in its listing of rates for all Maryland public institutions (p. 12), identifies St. Mary's College, which pursued a plan of increasing both tuition and institutional financial aid, as posting the highest percentage increase.

However, it should be noted that the national trend has been successive years of double-digit percentage tuition increases at public institutions, and that St. Mary's College has by comparison been

relatively moderate in raising tuition 3% for FY11 and 6% for FY12. The analyst’s report lists the rates including tuition, fees, room, and board at each institution (p. 13). The data reflect that despite a challenging economic climate, the College has endeavored to keep the comprehensive cost of attendance affordable, particularly through modest increases in fees, room, and board.

St. Mary’s effort to keep tuition increases relatively moderate can be seen in our control of expenditures per student. The Higher Education Overview shows the Educational and General (E&G) expense per full-time equivalent student (p. 27). E&G expenditures include most institutional spending with the exception of auxiliaries, such as room and board, and tuition discounts for financial aid. St. Mary’s College consistently runs surpluses in the auxiliaries, which are then deployed to support College programs. Since institutional resources are re-directed to financial aid, some of the E&G funds are diverted from the educational program. These moves result in lower E&G resources which in turn drives down the cost per degree.



The below average E&G spending per degree generated is in part due to these institutional resources being re-directed to financial aid instead of the educational program. At the same time, because St. Mary’s College has a high graduation rate, the cost-per-diploma is lower than the state average, since St. Mary’s also graduates a high percentage of students in four years. Thus, given the resources to improve time-to-completion for all students (as we discuss below), the College has an opportunity to further reduce the cost to the State per degree while relieving expenses borne by students and families.

These figures demonstrate that St. Mary’s College is succeeding in providing a nationally competitive liberal arts degree at a far lower expenditure of funds than other Maryland public institutions. As a public honors college, St. Mary’s College of Maryland faces a unique competitor group. Our peers include leading private liberal arts colleges, and several of these institutions approach \$200,000 in expenditures per degree. The tables below analyze the E&G spending per graduate (note that some of the institutions, such as the University of Maryland, are reporting certifications awarded as well). These comparisons reveal a model of educational efficiency at St. Mary’s College. Nevertheless, the College would fulfill its mission

more successfully with increased E&G expenditures targeted at areas that support students with the most challenges when entering college, such as first-generation and minority students.

Our proposal includes a general decrease in tuition levels supplemented by an increase in need-based aid for students with substantial financial challenges. It contains a third initiative that increases our E&G investment in students with the greatest challenges, to make it possible for these students to achieve parity with those who are more privileged. This investment will hold time-to-completion to our standard four years, saving the state and families money by eliminating the need to pay for additional semesters to degree completion. Further, as more students graduate on time, the College will be able to fill the additional openings in support of the governor’s goal of increasing the number of Maryland citizens with a college degree.

**E&G Expenditures per Graduate  
(FY09)**

*Source: St. Mary’s College Office of Institutional Research*

Institution	E&G Expenditures in FY09	Total Degrees and Certificates	E&G per Graduate Total
University of Minnesota Morris	not reported	303	
University of Mary Washington	\$59,668,519	1149	\$51,931
Hood College	\$35,371,342	597	\$59,248
Loyola University Maryland	\$142,731,076	1654	\$86,294
Guilford College	\$45,224,278	511	\$88,502
<b>St. Mary’s College of Maryland</b>	<b>\$46,358,425</b>	<b>516</b>	<b>\$89,842</b>
UNC Asheville	\$64,081,490	610	\$105,052
Goucher College	\$47,681,238	442	\$107,876
University of Maryland College Park	\$1,216,970,547	9663	\$125,941
The College of Wooster	\$56,243,762	435	\$129,296
Dickinson College	\$85,027,132	576	\$147,617
Gettysburg College	\$90,472,156	608	\$148,803
Beloit College	\$42,799,002	282	\$151,770
VMI	\$45,469,442	290	\$156,791
Bates College	\$74,439,557	472	\$157,711
Colorado College	\$93,511,829	538	\$173,814
Southwestern University	\$46,701,656	267	\$174,913
Kenyon College	\$67,728,232	386	\$175,462
Davidson College	\$75,821,353	429	\$176,740
Franklin & Marshall College	\$94,772,749	530	\$178,817
Connecticut College	\$79,452,000	440	\$180,573
Carleton College	\$93,771,425	507	\$184,954
Hamilton College	\$93,017,000	472	\$197,070

**E&G Expenditures per Full Time Equivalent Student (FTES)  
and Six-year Graduation Rates  
(FY09)**

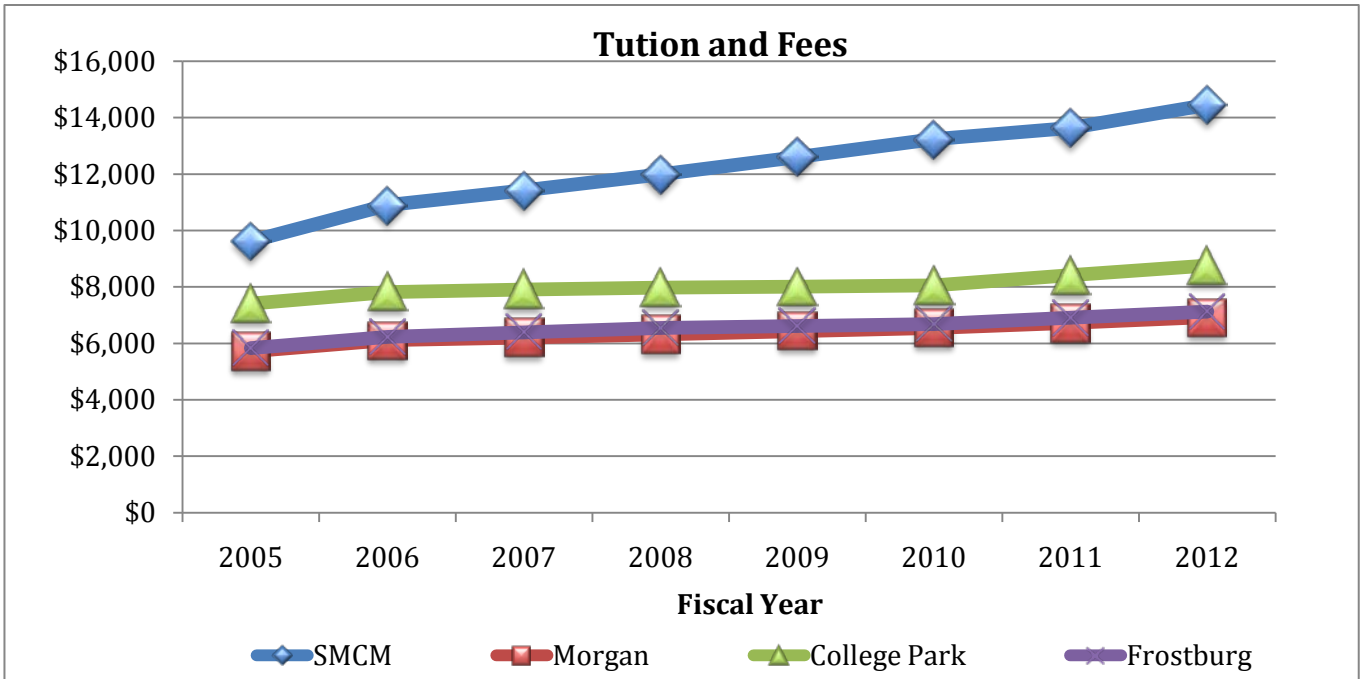
*Source: St. Mary's College Office of Institutional Research*

Institution	E&G Expenditures in FY09 per FTES	Graduation Rates (Spring 2009)
Carleton College	\$47,288	92%
Bates College	\$41,914	91%
Davidson College	\$45,456	91%
Kenyon College	\$41,323	89%
Aspirant Peer Average	\$45,105	89%
Hamilton College	\$50,279	86%
Beloit College	\$31,892	85%
Connecticut College	\$43,583	85%
Franklin & Marshall College	\$44,369	85%
Colorado College	\$46,500	85%
Dickinson College	\$35,816	84%
Gettysburg College	\$36,673	83%
University of Maryland College Park	\$36,371	82%
<b>St. Mary's College of Maryland</b>	<b>\$22,904</b>	<b>79%</b>
Southwestern University	\$37,124	77%
University of Mary Washington	\$14,013	76%
The College of Wooster	\$30,045	76%
Current Peer Average	\$31,505	76%
Virginia Military Institute	\$31,841	73%
Goucher College	\$25,872	68%
University of Minnesota at Morris	Not reported	66%
Guilford College	\$18,970	61%
UNC at Asheville	\$20,101	59%

**Proposal: Investment in the state’s high-capacity students**

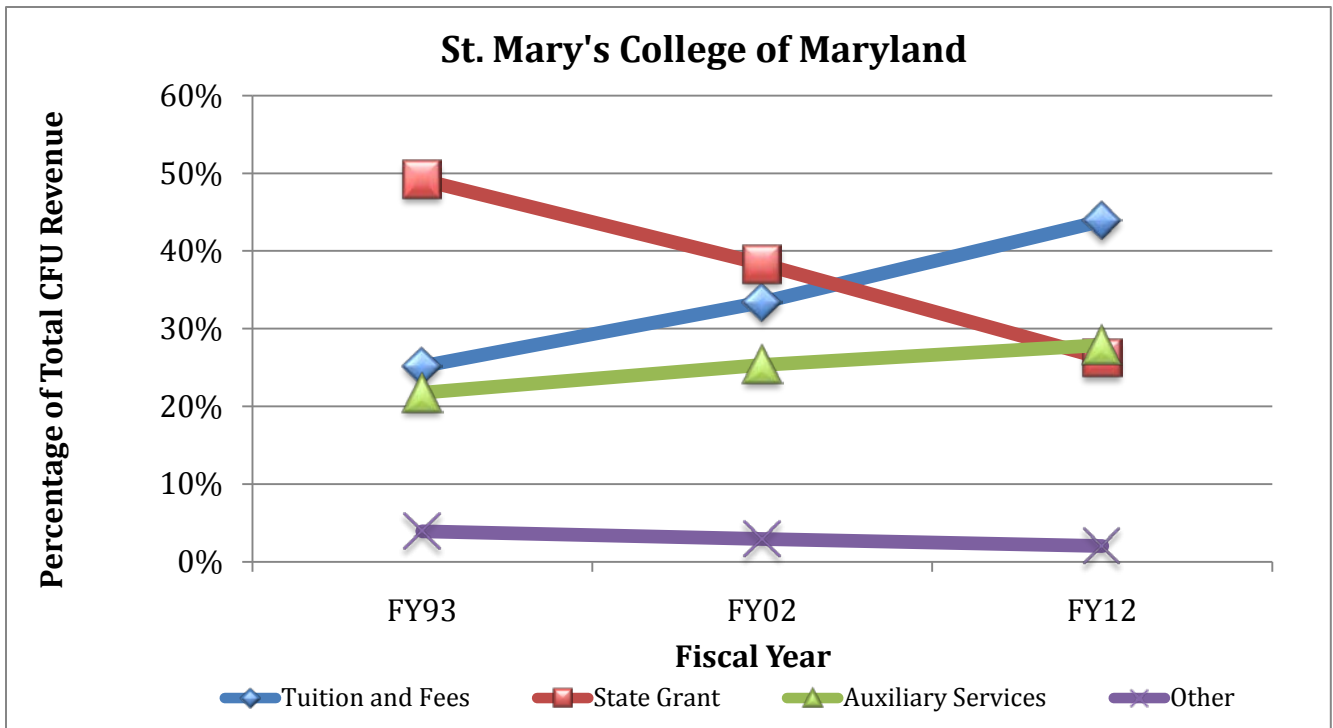
**Plank 1, Addition to General Fund Grant to Reduce Tuition**

St. Mary’s College tuition has risen steadily over the past decade, from \$7,548 in FY2004 to \$11,325 in FY2011. Out-of-state tuition, which is approximately equal to 100% of the calculated cost of education, has risen even more rapidly in response to cost pressures, such as employee benefits, technology and energy. The approximately 50% increase in the cost of a St. Mary’s education reflects the challenges inherent in operating in a service industry. A recent study on the cost of higher education (Robert B. Archibald and David H. Feldman, *Why Does College Cost So Much*, Oxford University Press 2010) compares the pricing of higher education to that in the dental industry, which has also seen substantial technology increases and consequent price increases. As with dentistry, higher education institutions have added elaborate technologies and a highly educated workforce to their infrastructure, but these technologies and high labor costs do not (and are not designed to) make either service more efficient. Instead, they enhance the experience for the same number of dental patients and students – reducing pain, as it were, in both cases, but not increasing efficiency.



While a number of families benefit from a public tuition that is still much lower than that of our private peers, other families with fewer financial resources are increasingly challenged by the cost of attendance. The average net price at St. Mary’s College exceeds that at the University of Maryland-College Park by about \$8,000. For students with the greatest financial challenges, with family income under \$48,000, the difference is nearly \$12,000 more per student (IPEDS, [www.collegeresults.org](http://www.collegeresults.org)). Closing this gap is warranted as a step toward providing a level opportunity for students to choose the model of public higher education based on the program rather than the net price. We propose a mix of actions, beginning with a 12% reduction in tuition for all Maryland students attending St. Mary’s College of Maryland. Offering an overall 12% tuition reduction to Maryland residents rolls back tuition and fees below the amount set in 2009. The proposed 12% decrease would yield a tuition and fee rate of \$12,285, narrowing the gap between St. Mary’s College and UMCP from \$5,694 to \$3,533.

The College received state funds to reduce the in-state tuition increase for FY08 from 7.8% to 4.8%, however St. Mary's resumed tuition increases from FY09 through FY12, and consequently did not receive what would have been \$3.2 million in state funds to replace student tuition. If the College received \$3.2 million now, and applied it to all in-state students, each would receive a reduction in tuition of \$1,980. In-state tuition would be approximately \$10,000. The infusion of funds would also begin to reverse the growth of tuition and fees as a percentage of College operating revenue. The College should also consider ways to support students and programs going forward, such as participation in the Higher Education Investment Fund (HEIF) through future legislation. The HEIF has the potential to continue support of the quality innovations demonstrated by St. Mary's College but will not solve the overall tuition dilemma.



Changes to the College's state funding are critical to St. Mary's mission as a public honors college as well as to its public image. Recently released U.S. Department of Education data lists St. Mary's College as having the fourth highest tuition among public four-year institutions, and lists the net price of St. Mary's College (which includes room and board and other fees) at \$21,468 per student, third highest on the list. A 12% decrease in tuition, to \$11,725, would remove St. Mary's College from the list of 10 highest tuition rates. Additional steps, detailed below, will be needed to reduce the net price for a St. Mary's College education to a moderate level for low-income students and their families.

**Plank 2, Addition to General Fund Grant to Reduce Net Price for Students with Need**

Our mission is to open the doors of educational opportunity to segments of the population who have the academic capacity, but would not otherwise have access to a leading liberal arts institution. Access means assuring that students from all socioeconomic strata are able to attend and graduate from institutions appropriate to their capacity and ambition, including our intellectually rigorous liberal arts colleges.

For these reasons, the College must focus its attention and financial resources on those who are least able to pay for a St. Mary's education. Consider, for example, Pell Grant students who are also the first in their family to attend college. St. Mary's has nearly 300 students who receive Pell Grants, many of whom are first generation students, and the College has both data and case studies that reveal the real needs of these students.

For example, consider the student whose parents did not attend college, and who has an expected family contribution of zero. That is, given federal income guidelines, the student and family are not expected to contribute toward the cost of education. The student receives the maximum Pell Grant of \$5,550 and a Supplemental Educational Opportunity Grant (SEOG) of \$1,000. The student also receives a Maryland grant of \$500 and another \$1,000 through federal work study. The student receives a \$3,000 institutional grant from St. Mary's College and then takes loans, \$5,500 for a subsidized loan and \$2,000 of unsubsidized loan. The total cost of attendance, including incidental expenses such as books, is \$27,380 and the financial aid package including loans totals \$18,550. The student has remaining unmet need of \$8,830, which will require additional unsubsidized loans, if available. Over time, these loans cost students thousands of additional dollars, burdening students with high loan payments as they begin their careers, and in some cases, forcing students to choose higher paying jobs over those that take entrepreneurial risks or perform a needed public service.

We propose to reduce the gap between funding and net price for students with the most demonstrated need by creating a \$7200 need-based grant for each academic year. These grants would be made possible by directing state funds, which, when applied to a tuition reduced by 12%, would result in an \$8,641 decrease in need for these students, which effectively fully meets their needs.

By selecting students receiving a Pell Grant for these new need-based grants, we have a federally defined group that represents the population with the fewest financial resources. Data indicates that the most critical retention issue for students is financial insecurity, and Pell Grant students compose the largest portion of the at-risk student population. The financial anxieties of high-need students compromise their academic performance, and place them at risk of failure. Over the years, this issue has worsened: our internal analysis indicates that Pell-eligible students had sufficient income to pay over 70% of the cost to attend in 2001–2002, but can only pay about 40% of the cost to attend today. It is a squandering of human capital to fund insufficiently the education of these high-capacity students. They have much more to offer the public with a college degree in hand than if they have a year or two of college courses but no degree.

Only through a combination of reduced tuition, plus substantial additional institutional need-based financial aid, can St. Mary's reduce the unmet need to zero. As indicated, the average net price at St. Mary's College is about \$21,000 per year. At the University of Maryland at College Park the average net price is about \$13,000 per year. Although much needed, the tuition reduction alone would not close that gap between funded and unfunded costs in an appreciable way for those Maryland families who are most in need.

With our current financial aid structure, St. Mary's College must generate significantly more funding to support the mission of access. Otherwise, the language of the Pell Institute (*Developing 20/20 Vision*) will continue to apply to our educational landscape: "The nation's failure to keep pace with other countries in educational attainment among 25- to 34-year-old adults can largely be traced to our inability to adequately educate individuals from families in the bottom half of the income distribution." The Pell Institute's prediction is supplemented by the DOE's Advisory Committee on Student Financial Assistance, which states that reforms "should address concerns about inequities in the types of institutions in which students enroll and the types of degrees these students earn. If we are to reach the 2020 completion goal, low-income and

working-class students cannot be tracked primarily to two-year and for-profit institutions, where attendance drastically reduces the likelihood of degree attainment, especially bachelor's degree attainment" (ACSFA, 2010).

Such analyses make it clear that institutions of higher learning are not doing everything they can—financially and structurally—to address these outcomes for low-income students. Likewise, current national debates about financial aid have focused on these problems by questioning the practice of subsidizing students whose families do not qualify for financial assistance based on income. *Priced Out: How the Wrong Policies on Financial Aid Hurt Low-Income Students* notes that many institutions reward the wealthy with scholarships that do not address need, and suggests that “in this new era of austerity, we must ask ourselves whether we can afford to keep subsidizing college for students from families for whom the question is not whether to attend, but where.” *Priced Out* details how institutions of higher education “chose to distribute this aid in a highly regressive manner. Private nonprofit colleges and universities spent almost twice as much on students from families in the top quintile of family income as they did on those in the bottom quintile. Even public institutions spent roughly the same amount on students from the wealthiest families as they did on those from low-income backgrounds” (Lynch, Engle, and Cruz, 2011, pp. 1-2).

Currently, St. Mary's College follows the public model described in *Priced Out*, spending roughly the same amount on students who receive merit scholarships and those who receive need-based aid. An enlightened future requires the College to move toward a model where the bulk of financial aid is awarded to students with the most need. We set as an objective of this report that by fiscal year 2016 spending for financial aid will be double for the students in the lowest income quartile than that for students in the highest quartile, resulting in a far more progressive and mission-driven allocation of institutional and state resources.

### **Plank 3, Addition to General Fund Grant to Increase Retention and Graduation Rates for Students with Need**

In *Academically Adrift: Limited Learning on College Campuses* (Chicago 2011), an analysis receiving a great deal of attention in academic circles, Richard Arum and Josipa Roksa explain the impact of an honors college experience on high-capacity students:

Being surrounded by peers who are well-prepared for college-level work is likely to shape the climate of the institution as well as specific student experiences. Having high-performing students in the classroom can help improve achievement of all students, including those who have accumulated fewer skills before entering college....Success may thus be a product not simply of students' individual backgrounds or what they bring to higher education, but also of the context in which they are embedded. (52-53)

There is no stronger argument for a public honors college. By serving the state's high-capacity students, those who, regardless of prior preparation, will benefit from a liberal arts education, we educate students to be leaders in Maryland and beyond. If we allow ourselves to drift financially—if we allow our pricing structure to continue on a path that excludes or makes it more difficult for high-capacity, underprivileged students to attend—then we will have abandoned our historic mission. Our legislated mission is to provide an elite, academically rigorous liberal arts education in the public trust, accessible to all students, regardless of socioeconomic origins.

Arum and Rosika also note that “when students enter higher education academically disadvantaged, they remain unequal, or in some instances grow even further apart. Initial inequalities are thus largely preserved and, in the case of African American students, even exacerbated. This pattern suggests that higher

education in general reproduces social inequality” (40). This is a strong statement to make to those of us committed to education’s capacity to act as an engine of social and economic opportunity. It suggests that it is not enough just to provide access to disadvantaged students.

The focus for much of this review has been on tuition and net price. However, the literature indicates that such an assessment is incomplete. “[N]et price is not the only important consideration for low-income students when choosing where to attend college. Students need options that offer both quality and affordability. Measuring quality is difficult, but one indicator of an institution’s quality is the percentage of students that graduate” (Lynch, Engle, and Cruz, 2011, p. 4). *Priced Out* proposes a standard of at least 50% of students graduating. Given our record, we propose a much higher rate. St. Mary’s College proposes to raise our graduation rate for all students, both majority and minority, to 80% in four years.

A key component of our continuing commitment to the founding legislation on academic rigor relies upon providing the resources needed to assist students drawn from minority groups and those with limited family resources and less college preparation. The expansion of the College’s DeSousa–Brent scholars program to a four-year scope would accomplish much of that goal. This expansion would require an increase of \$800,000 above the scholarship monies. The funding would provide a retention infrastructure at the College, common among our peer institutions but currently deficient at St. Mary’s. The metric of success would be to match the majority and minority four year graduation rates.

This metric is meaningful in two ways: 1) students in need of additional support in order to benefit from an honors college education would have the resources they need to succeed; and 2) such support would lower the total cost of attendance for students with fewer financial resources by helping them graduate in four years. An examination of graduation rates explains how these two components are related. Data tell us that by the end of six years, African-American students graduate at comparable rates to all other students. However, a substantial gap remains in the four-year graduation rate. The extra semester or year to completion—during which such students become better acclimated to rigorous college instruction—imposes an additional cost on low-income students and their families. In this proposal, we have described how supplementing grant aid will reduce financial pressures for these students. But additional funding to remove other obstacles to on-time completion will further decrease the total expenditure needed to complete a degree. In addition, more rapid progress to degree completion will provide additional space to enroll new students, reducing the cost per degree awarded. Since the cost per degree awarded at St. Mary’s College is already lower than the average for the state, we would demonstrate that a public liberal arts college degree can maintain the highest levels of academic rigor at a moderate cost.

**Graduation Rates, Spring 2010**

	Four-year Graduation Rate	Six-year Graduation Rate
All Students	72%	77%
Pell Grant Students	62%	82%
All Minority Students	58%	63%
All African-American Students	51%	76%

Source: Managing For Results, St. Mary’s College, Fall 2010  
Office of Institutional Research

St. Mary's has made progress toward the goal of supporting students from diverse backgrounds: the DeSousa-Brent Scholars Program in its current configuration contributes strongly to first-year retention rates by cultivating "the academic and leadership potential of talented students from traditionally underrepresented groups at St. Mary's College of Maryland [and supporting] a community of scholars who will guide the College's efforts to increase understanding of diversity and inclusion" (mission statement). However, the program is limited primarily to helping first-year students *begin* the process of becoming leaders, with only a small number of students remaining involved as peer mentors in subsequent years. Faculty members have observed that the program's students benefit from strong camaraderie and support during their first year and would be well served by additional support in their later years at the College. Similar observations were made by DeSousa-Brent students who completed an assessment survey in the spring of 2010. Furthermore, the relevant literature confirms that successful programs for underrepresented students continue throughout all four years of undergraduate education (Gándara & Maxwell-Jolly, 1999; Gandara, Rumberger, Larson, and Mehan, 1998).

We propose to transform the DeSousa-Brent Program into a four-year curriculum. The coursework and activities associated with a four-year program would shift from heavy institutional support in the first year to student-driven academic planning and social support in the second year; preparation for St. Mary's Projects or other advanced work in the third year; and, in the fourth year, peer mentoring of younger students, reflection on undergraduate development, and faculty-guided exploration of post-baccalaureate careers. We know that retention efforts are multi-layered. The College thus proposes creating roles that concentrate on recruiting students who will succeed, fostering an environment for success, developing innovative intervention and support strategies, and supporting those charged with carrying out the effort. Our estimate to create this structure would incorporate an additional \$800,000 in salaries and benefits for a total of six employees.

### ***Investing in Maryland's Future***

Maryland holds national distinction for the creation, in 1992, of a public honors college to provide a rigorous residential liberal arts education in the public trust. Traditionally, this model of higher education is private, and is reserved to a large degree for the socioeconomic elite. The rigor of this educational program is not for all students—indeed, in any given year, only 2-3% of college students nationally are enrolled in a residential, liberal arts college. Maryland models this national statistic. The 2000 students at St. Mary's College represent 2.2% of the total undergraduate degree-seeking student body in Maryland's public four-year colleges and universities. These students represent Maryland's academic elite, and they come from all segments of the state's socioeconomic spectrum. Investing in these students is an investment in the state's most highly motivated young scholars and future leaders. For twenty years, St. Mary's College of Maryland has provided an elite education that is not elitist, but is egalitarian in spirit and mission.

We serve high-capacity students who seek academic challenges with the goal to cultivate the highest order cognitive skills known and practiced in the arts and sciences today. Our students engage in original research in science labs, co-author published works with their professors, and most of them go on to pursue graduate study. These students are well worth the state's investment. Applications to elite liberal arts colleges exceed capacity nationally as the academically rigorous model we offer continues to be in demand among the nation's high performing students. Maryland provides a national model in St. Mary's College, one that other states have sought to emulate, to make this elite form of higher education available in the public trust. Our proposal asks that we recalibrate the level of state support so that we may continue to recruit high-capacity students and not limit eligibility to standards of wealth, but solely to a willingness to meet the challenge of the honors college curriculum at St. Mary's College of Maryland.

**FILE**

HOUSE OF DELEGATES

2lr2509

No. 1327

F2

By: The Speaker (Administration) and the Southern Maryland Delegation  
Introduced and read first time: February 5, 1992  
Assigned to: Constitutional and Administrative Law

Committee Report: Favorable with amendments  
House action: Adopted  
Read second time: March 10, 1992

**APPROVED**  
BY THE GOVERNOR

CHAPTER 209

MAY 12 '92

- 1 AN ACT concerning
- 2                                   **St. Mary's College - Budget and Reorganization**
- 3 FOR the purpose of reorganizing St. Mary's College of Maryland with the power and duty
- 4     to oversee its budget, personnel, and operations; providing for the powers and
- 5     duties of the Board of Trustees, including, subject to certain conditions, the power
- 6     to deposit, invest, expend, and account for certain money, acquire, sell, exchange,
- 7     lease, and mortgage property, and borrow money; requiring the President of the
- 8     College to address certain matters regarding student access in the College's overall
- 9     plan; specifying certain restrictions and limitations on the grant provided to the
- 10    College by the General Assembly each fiscal year; requiring that the income of the
- 11    College be deposited in the State Treasury or as the Treasurer directs, and that the
- 12    Treasurer invest the funds for the College; providing that certain classified
- 13    employees transferring to the College's new personnel system shall retain certain
- 14    rights, benefits, and privileges and that certain employees choosing not to transfer
- 15    to the new system be provided with certain job counseling and placement services;
- 16    providing for certain State funding; requiring the Board of Trustees to establish a
- 17    personnel system; providing that employees of the College are not included in the
- 18    State Classified Service; exempting the Board of Trustees from certain provisions of
- 19    the State procurement law; requiring the Board to establish procurement standards
- 20    and procedures for the College; providing for the status of current employees of the
- 21    College; requiring the College to make a certain annual report; requiring certain
- 22    audits; making provisions of this Act severable; and generally relating to the
- 23    financing and reorganization of St. Mary's College.
- 24 BY repealing and reenacting, with amendments,
- 25     Article - Education
- 26     Section 14-201 and 14-204
- 27     Annotated Code of Maryland
- 28     (1989 Replacement Volume and 1991 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.  
[Brackets] indicate matter deleted from existing law.  
Underlining indicates amendments to bill.  
~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

- 1 BY repealing and reenacting, without amendments,  
2 Article – Education  
3 Section 14-202 and 14-203  
4 Annotated Code of Maryland  
5 (1989 Replacement Volume and 1991 Supplement)
- 6 BY repealing  
7 Article – Education  
8 Section 14-205  
9 Annotated Code of Maryland  
10 (1989 Replacement Volume and 1991 Supplement)
- 11 BY adding to  
12 Article – Education  
13 Section 14-205, 14-207, and 14-208  
14 Annotated Code of Maryland  
15 (1989 Replacement Volume and 1991 Supplement)
- 16 BY repealing and reenacting, with amendments,  
17 Article – State Finance and Procurement  
18 Section 11-203(a)(1)(xiii) and (xiv)  
19 Annotated Code of Maryland  
20 (1988 Replacement Volume and 1991 Supplement)
- 21 BY adding to  
22 Article – State Finance and Procurement  
23 Section 11-203(a)(1)(xv)  
24 Annotated Code of Maryland  
25 (1988 Replacement Volume and 1991 Supplement)
- 26 BY repealing and reenacting, with amendments,  
27 Article 64A – Merit System  
28 Section 3(18) and (19)  
29 Annotated Code of Maryland  
30 (1988 Replacement Volume and 1991 Supplement)
- 31 BY adding to  
32 Article 64A – Merit System  
33 Section 3(20)  
34 Annotated Code of Maryland  
35 (1988 Replacement Volume and 1991 Supplement)
- 36 Preamble



1 14-202.

2 (a) The government of St. Mary's College of Maryland is vested in the Board of  
3 Trustees of St. Mary's College of Maryland.

4 (b) (1) The Board of Trustees consists of 17 members. Of the 17 members:

5 (i) 16 members shall be appointed by the Governor with the advice  
6 and consent of the Senate; and

7 (ii) 1 member shall be the Chairman of the Historic St. Mary's City  
8 Commission, or the Chairman's designee.

9 (2) One member shall be a student in good academic standing at the  
10 College.

11 (c) (1) Except for the Chairman of the Historic St. Mary's City Commission and  
12 the student member, each member serves for a term of 6 years and until a successor is  
13 appointed and qualifies. These terms are staggered as required by the terms of the  
14 members serving on July 1, 1978.

15 (2) The Chairman of the Historic St. Mary's City Commission serves on the  
16 Board of Trustees of St. Mary's College of Maryland for as long as that individual serves  
17 as Chairman of the Commission.

18 (3) The student member serves for a term of 1 year and until a successor is  
19 appointed and qualifies.

20 (4) A member appointed to fill a vacancy in an unexpired term serves only  
21 for the remainder of that term and until a successor is appointed and qualifies.

22 (5) (i) A majority of the voting members shall constitute a quorum for the  
23 transaction of business.

24 (ii) No formal action may be taken by the Board without the approval  
25 of a majority of the voting members of the Board.

26 (d) Each member of the Board:

27 (1) Serves without compensation; and

28 (2) Is entitled to reimbursement for expenses in accordance with the  
29 Standard State Travel Regulations.

30 14-203.

31 (a) Each year the Board shall elect from among its members:

32 (1) A chairman; and

33 (2) Any other officer it requires.

34 (b) The Board shall determine the time and place of its meetings and may adopt  
35 rules for the conduct of its meetings. 22

1 14-204.

2 (a) In addition to any other powers granted and duties imposed by this title, and  
 3 subject to the provisions of Title 11 of this article ~~and any other restrictions~~  
 4 EXPRESSLY imposed by law~~] or by any trust agreement involving a pledge of property~~  
 5 or money, the Board of Trustees [has] **IS RESPONSIBLE FOR THE GOVERNANCE**  
 6 **AND MANAGEMENT OF THE COLLEGE, AND HAS ALL THE POWERS,**  
 7 **RIGHTS, AND PRIVILEGES THAT GO WITH THAT RESPONSIBILITY,**  
 8 **INCLUDING** the powers and duties set forth in this section.

9 (b) The Board of Trustees:

10 (1) Has the care, control, and management of the College and all of its  
 11 property and assets;

12 (2) [May adopt any rules and regulations not inconsistent with law that it  
 13 considers necessary for the government and management of the College;] **MAY NOT BE**  
 14 **SUPERSEDED IN ITS AUTHORITY BY ANY STATE AGENCY OR OFFICE IN**  
 15 **MANAGING THE AFFAIRS OF THE COLLEGE EXCEPT AS EXPRESSLY**  
 16 **PROVIDED FOR IN THIS ARTICLE OR ANY OTHER PROVISION OF LAW;** and

17 (3) May appoint a President of the College who shall be the Chief Executive  
 18 Officer of the College and the Chief of Staff for the Board.

19 (C) (1) **SUBJECT TO TITLE 10, SUBTITLE 5 OF THE STATE**  
 20 **GOVERNMENT ARTICLE "OPEN MEETINGS" LAW, THE BOARD MAY MAKE**  
 21 **RULES AND REGULATIONS, AND PRESCRIBE POLICIES AND PROCEDURES,**  
 22 **FOR THE MANAGEMENT, MAINTENANCE, OPERATION, AND CONTROL OF**  
 23 **THE COLLEGE.**

24 (2) **EXCEPT WITH RESPECT TO CLASSIFIED EMPLOYEE**  
 25 **GRIEVANCE APPEALS, TITLE 10, SUBTITLES 1 AND 2 OF THE STATE**  
 26 **GOVERNMENT ARTICLE "ADMINISTRATIVE PROCEDURE ACT" ARE NOT**  
 27 **APPLICABLE TO THE BOARD OF TRUSTEES.**

28 **[(c)](D) THE BOARD OF TRUSTEES MAY:**

29 (1) [The Board of Trustees may apply] **APPLY** for, accept, and spend any  
 30 gift or grant from the federal government, **ANY STATE AGENCY OR OFFICE,** any  
 31 foundation, or any other person[.]; **AND**

32 ~~(2) [Any gift or grant the Board accepts shall be deposited with the State~~  
 33 ~~Treasurer in a nonbudgeted account and may be invested as the Board directs in~~  
 34 ~~accordance with law.] **MAINTAIN, MANAGE, AND INVEST ANY GIFTS OR**~~  
 35 ~~**GRANTS THAT IT ACCEPTS.**~~

36 **(2) MAINTAIN AND MANAGE ENDOWMENT FUNDS.**

37 **[(d)](E) (1) The President shall develop an overall plan that is consistent with**  
 38 **the statewide plan for higher education and the Charter that:**

1 (i) Sets forth both long-range and short-range goals, objectives, and  
 2 priorities for, and service provided by St. Mary's College and methods and guidelines for  
 3 achieving and maintaining them;

4 (ii) Subject to § 11-105 of this article, identifies the role, function, and  
 5 mission of St. Mary's College;

6 (iii) Enhances its role as a traditional liberal arts college;

7 (iv) Affirms the need for increased access for economically  
 8 disadvantaged and minority students;

9 (V) ENSURES THAT ACCESS TO THE COLLEGE BY STATE  
 10 RESIDENTS IS NOT DIMINISHED BECAUSE OF INCREASES IN TUITION AND  
 11 OTHER FEES OCCASIONED BY THE COLLEGE'S DESIGNATION AS A PUBLIC  
 12 HONORS COLLEGE;

13 ~~(v)~~ (VI) Encourages and supports high quality undergraduate  
 14 programs; and

15 ~~(vi)~~ (VII) Stimulates outreach to the community and the State  
 16 through close relationships with public elementary and secondary schools, business and  
 17 industry, and governmental agencies.

18 (2) The Board of Trustees shall review, modify, and approve the plan.

19 (3) By July 1 of each year, the Board of Trustees shall submit to the  
 20 Maryland Higher Education Commission, to the Governor and, subject to § 2-1312 of the  
 21 State Government Article, to the General Assembly an annual review of the plan.

22 ~~[(e)]~~(F) The student member may not participate in establishing or  
 23 administering faculty or administrative personnel policy at St. Mary's College.

24 ~~[(f)]~~(G) The Board of Trustees may grant full faculty status, with all the rights  
 25 and privileges pertaining to that status, to the Executive Director of the Historic St.  
 26 Mary's City Commission.

27 (H) (1) THE BOARD:

28 (I) HAS THE POWER TO SUE OR BE SUED; AND

29 (II) MAY CARRY COMPREHENSIVE LIABILITY INSURANCE  
 30 TO PROTECT THE BOARD, ITS AGENTS, AND EMPLOYEES.

31 (2) THE DETERMINATION WHETHER TO PURCHASE  
 32 INSURANCE, AND ITS SCOPE AND LIMITATIONS, SHALL BE WITHIN THE  
 33 BOARD'S DISCRETION, TAKING INTO ACCOUNT COMMERCIAL  
 34 AVAILABILITY AND AFFORDABILITY AND THE EXISTENCE AND EXTENT  
 35 OF INSURANCE SECURED BY THE STATE TREASURER.

36 (3) (I) TITLE 12, SUBTITLE 1 OF THE STATE GOVERNMENT  
 37 ARTICLE "MARYLAND TORT CLAIMS ACT" APPLIES TO CLAIMS OR  
 38 ACTIONS AGAINST THE COLLEGE, ITS BOARD, AND ITS EMPLOYEES.

1 (II) SUBJECT TO ALL EXCLUSIONS AND LIMITATIONS IN  
2 THAT SUBTITLE, THE IMMUNITY OF THE COLLEGE IS WAIVED TO THE  
3 EXTENT OF ANY INSURANCE COVERAGE PURCHASED UNDER THIS  
4 SUBSECTION.

5 (4) NOTHING IN THIS SUBSECTION SHALL BE CONSTRUED TO  
6 WAIVE OR ABROGATE SOVEREIGN IMMUNITY WITH RESPECT TO ANY  
7 CLAIM THAT IS NOT COVERED BY OR EXCEEDS THE LIMITS OF AN  
8 INSURANCE POLICY.

9 (5) NOTHING IN THIS SUBSECTION SHALL BE CONSTRUED TO  
10 WAIVE OR ABROGATE THE IMMUNITY OF THE COLLEGE UNDER THE  
11 ELEVENTH AMENDMENT TO THE UNITED STATES CONSTITUTION.

12 [14-205.

13 The interest or other income from the investment of any funds of the institution  
14 shall be credited to the institution, provided that any interest estimated to be earned on  
15 the State appropriation must be offset by an equivalent reduction in State General Fund  
16 support, and such amount will be reported annually, subject to § 2-1312 of the State  
17 Government Article, to the General Assembly.]

18 14-205.

19 (A) THE BOARD OF TRUSTEES SHALL PREPARE AND IMPLEMENT  
20 BOTH A CAPITAL AND OPERATING BUDGET FOR THE MANAGEMENT OF  
21 THE COLLEGE.

22 (B) (1) IN ORDER TO ESTABLISH A PREDICTABLE LEVEL OF  
23 FUNDING THE STATE SHALL MAKE, THE GOVERNOR SHALL INCLUDE IN  
24 THE ANNUAL BUDGET SUBMISSION A GENERAL FUND GRANT TO ST.  
25 MARY'S COLLEGE OF MARYLAND IN THE FOLLOWING AMOUNTS:

26 (2) (1) FOR FISCAL YEAR 1993, THE GRANT SHALL BE AS  
27 PROVIDED FOR IN THE STATE FISCAL YEAR 1993 APPROPRIATION; AND,

28 (II) FOR FISCAL YEAR 1994 AND EACH YEAR THEREAFTER,  
29 AN AMOUNT NOT LESS THAN THE PROPOSED GRANT SHALL BE EQUAL TO  
30 THE GRANT OF THE PRIOR YEAR AUGMENTED BY FUNDS REQUIRED TO  
31 OFFSET INFLATION AS INDICATED BY THE IMPLICIT PRICE DEFLATOR  
32 FOR STATE AND LOCAL GOVERNMENT.

33 ~~(2)~~ (3) THE STATE SHALL PAY THE GENERAL FUND GRANTS  
34 UNDER THIS SUBSECTION TO THE COLLEGE ON A QUARTERLY BASIS.

35 (4) NOTHING IN THIS SUBSECTION MAY BE CONSTRUED TO  
36 RESTRICT THE BUDGETARY POWER OF THE GENERAL ASSEMBLY.

37 (5) THE COLLEGE SHALL SUPPORT ALL OPERATING COSTS,  
38 INCLUDING PERSONNEL AND RETIREMENT COSTS, FROM ITS GENERAL  
39 FUND GRANT AND THE OTHER REVENUE SOURCES OF THE COLLEGE.

1 ~~(C) (1) THE BOARD MAY ACQUIRE, LEASE, AND MORTGAGE~~  
2 ~~PROPERTY.~~

3 ~~(2) WITH THE APPROVAL OF THE BOARD OF PUBLIC WORKS,~~  
4 ~~THE BOARD MAY SELL OR EXCHANGE PROPERTY.~~

5 (C) (1) SUBJECT TO THE APPROVAL OF THE BOARD OF PUBLIC  
6 WORKS, THE BOARD MAY ACQUIRE, LEASE, ENCUMBER, SELL, OR  
7 OTHERWISE DISPOSE OF REAL PROPERTY HELD BY THE STATE FOR THE  
8 USE OF ST. MARY'S COLLEGE OF MARYLAND.

9 (2) THE BOARD MAY ACQUIRE, LEASE, ENCUMBER, SELL, OR  
10 OTHERWISE DISPOSE OF PERSONAL PROPERTY.

11 (3) THE TITLE TO ANY LAND ACQUIRED BY ST. MARY'S  
12 COLLEGE OF MARYLAND SHALL BE HELD BY THE STATE OF MARYLAND  
13 FOR THE USE OF ST. MARY'S COLLEGE OF MARYLAND.

14 (D) (1) THE BOARD MAY BORROW MONEY FOR THE PURPOSES  
15 AND ON THE TERMS THAT THE BOARD DETERMINES.

16 (2) THE BOARD MAY SECURE A LOAN WITH PROPERTY  
17 ACQUIRED BY THE BOARD OR WITH REVENUES DERIVED FROM THE  
18 PROPERTY.

19 (3) A LOAN UNDER THIS SECTION DOES NOT:

20 (I) CREATE OR CONSTITUTE A DEBT OR OBLIGATION OF  
21 THE STATE OR ANY UNIT OF THE STATE OTHER THAN THE COLLEGE; OR

22 (II) CREATE OR CONSTITUTE A DEBT OR OBLIGATION  
23 CONTRACTED BY THE GENERAL ASSEMBLY OR PLEDGE THE FAITH AND  
24 CREDIT OF THE STATE WITHIN THE MEANING OF ARTICLE III, § 34 OF THE  
25 MARYLAND CONSTITUTION.

26 ~~(E) (1) ALL INCOME OF THE COLLEGE, INCLUDING GENERAL FUND~~  
27 ~~GRANTS, SHALL BE DEPOSITED, INVESTED, EXPENDED, AND ACCOUNTED~~  
28 ~~FOR AS THE BOARD OF TRUSTEES DIRECTS.~~

29 (E) (1) (I) THE INCOME OF THE COLLEGE SHALL BE DEPOSITED  
30 IN THE STATE TREASURY OR AS THE STATE TREASURER DIRECTS.

31 (II) THE STATE TREASURER SHALL INVEST THE FUNDS  
32 AND CREDIT TO THE COLLEGE ANY INTEREST OR OTHER INCOME FROM  
33 THE INVESTMENT OF THE FUNDS.

34 (2) THE COLLEGE MAY SPEND OR ENCUMBER, WITHIN THE  
35 FISCAL YEAR THEY ARE RECEIVED, REVENUES RECEIVED IN EXCESS OF  
36 THOSE ESTIMATED FOR ANY FISCAL YEAR.

37 (3) ANY UNEXPENDED OR UNENCUMBERED BALANCES OF THE  
38 COLLEGE'S REVENUES SHALL NOT REVERT TO THE GENERAL FUND OF  
39 THE STATE AT THE END OF EACH FISCAL YEAR.

1       (F) (1) SUBJECT TO REVIEW BY THE LEGISLATIVE POLICY  
 2 COMMITTEE OF THE GENERAL ASSEMBLY, THE BOARD OF TRUSTEES  
 3 SHALL ESTABLISH PROCUREMENT STANDARDS AND PROCEDURES FOR  
 4 THE COLLEGE.

5       (2) THE BOARD SHALL NOTIFY THE LEGISLATIVE POLICY  
 6 COMMITTEE OF ANY SUBSEQUENT SUBSTANTIVE CHANGES TO THE  
 7 STANDARDS AND PROCEDURES ESTABLISHED UNDER THIS SUBSECTION.

8 14-207.

9       (A) ~~BY JULY 1 OF~~ EACH YEAR, AS REQUIRED BY THE SECRETARY,  
 10 ST. MARY'S COLLEGE OF MARYLAND SHALL REPORT TO THE MARYLAND  
 11 HIGHER EDUCATION COMMISSION ON ALL ASSESSMENT AND  
 12 ACCOUNTABILITY GUIDELINES SET BY THE MARYLAND HIGHER  
 13 EDUCATION COMMISSION.

14       (B) IN ADDITION TO THE DUTIES SET FORTH ELSEWHERE IN THIS  
 15 SUBTITLE, ST. MARY'S COLLEGE SHALL:

16           (1) KEEP RECORDS THAT ARE CONSISTENT WITH SOUND  
 17 BUSINESS PRACTICES AND ACCOUNTING RECORDS USING GENERALLY  
 18 ACCEPTED ACCOUNTING PRINCIPLES;

19           (2) CAUSE AN AUDIT BY AN INDEPENDENT CERTIFIED PUBLIC  
 20 ACCOUNTANT TO BE MADE OF THE ACCOUNTS AND TRANSACTIONS OF  
 21 THE COLLEGE AT THE CONCLUSION OF EACH FISCAL YEAR; AND

22           (3) BE SUBJECT TO AUDIT AND EXAMINATION AT ANY  
 23 REASONABLE TIME OF THE ACCOUNTS, INVESTMENTS, AND  
 24 TRANSACTIONS OF THE COLLEGE BY THE DIVISION OF AUDITS OF THE  
 25 DEPARTMENT OF FISCAL SERVICES.

26 14-208.

27       (A) (1) ON THE RECOMMENDATION OF THE PRESIDENT, THE  
 28 BOARD OF TRUSTEES OF ST. MARY'S COLLEGE SHALL ESTABLISH A  
 29 PERSONNEL SYSTEM.

30           (2) TO CARRY OUT THE REQUIREMENTS OF THIS SECTION, THE  
 31 BOARD MAY:

32                   (I) ESTABLISH AND ABOLISH POSITIONS;

33                   (II) DETERMINE EMPLOYEE QUALIFICATIONS;

34                   (III) ESTABLISH TERMS OF EMPLOYMENT, INCLUDING  
 35 COMPENSATION, BENEFITS, HOLIDAY SCHEDULES, AND LEAVE POLICIES;  
 36 AND

37                   (IV) DETERMINE ANY OTHER MATTERS CONCERNING  
 38 EMPLOYEES.

1 (B) THE PERSONNEL SYSTEM SHALL PROVIDE FAIR AND EQUITABLE  
2 PROCEDURES FOR:

3 (1) THE REDRESS OF EMPLOYEE GRIEVANCES; AND

4 (2) THE HIRING, PROMOTION, AND TERMINATION OF  
5 EMPLOYEES IN ACCORDANCE WITH LAW.

6 (C) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS  
7 SUBSECTION, AN EMPLOYEE OF THE COLLEGE QUALIFIES FOR AND  
8 SHALL PARTICIPATE IN THE STATE EMPLOYEES' PENSION SYSTEM OR THE  
9 STATE TEACHERS' PENSION SYSTEM.

10 (2) AN EMPLOYEE IN A POSITION DETERMINED BY THE BOARD  
11 TO BE A PROFESSIONAL OR FACULTY POSITION MAY JOIN THE OPTIONAL  
12 RETIREMENT PROGRAM UNDER ARTICLE 73B, § 110 OF THE CODE.

13 **Article – State Finance and Procurement**

14 11-203.

15 (a) Except as provided in subsection (b) of this section, this Division II does not  
16 apply to:

17 (1) procurement by:

18 (xiii) the Maryland Historical Trust for:

19 1. surveying and evaluating architecturally, archeologically,  
20 historically, or culturally significant properties; and

21 2. other than as to architectural services, preparing historic  
22 preservation planning documents and educational material; [and]

23 (xiv) the University of Maryland, for University College Overseas  
24 Programs, if the University adopts regulations that:

25 1. establish policies and procedures governing procurement for  
26 University College Overseas Programs; and

27 2. promote the purposes stated in § 11-201(a) of this subtitle;

28 AND

29 (XV) ST. MARY'S COLLEGE OF MARYLAND.

30 **Article 64A – Merit System**

31 3.

32 The following positions shall not be included in the classified service:

33 (18) Administrative law judges appointed under Title 9, Subtitle 16 of the  
34 State Government Article; [and]

1 (19) All officers and faculty of the New Community College of Baltimore and  
 2 all registrars and librarians designated by the Board of Trustees of the New Community  
 3 College of Baltimore as holding faculty rank; AND

4 (20) ALL EMPLOYEES OF ST. MARY'S COLLEGE OF MARYLAND  
 5 INCLUDING, WITHOUT LIMITATION, ALL FACULTY AND ADMINISTRATIVE  
 6 PERSONNEL STAFF.

7 SECTION 2. AND BE IT FURTHER ENACTED, That every person who, as of  
 8 June 30, 1992 is employed by St. Mary's College of Maryland in a position authorized by  
 9 the State budget and a member of the State Classified Service shall be allowed to remain  
 10 in this system without any change or loss of rights, benefits, entitlements, or status until  
 11 July 1, 1993. Each person shall have the opportunity to transfer to the personnel system  
 12 established by the College before July 1, 1993 and be given all rights, benefits, and  
 13 protections of this system. ~~However, any person remaining within the State Classified~~  
 14 ~~Service shall not be availed of the benefits of the College's personnel system, including all~~  
 15 ~~rights, benefits, entitlements, and status, including, if any, Merit System and~~  
 16 ~~supplemental retirement or benefits opportunities~~ All classified employees transferring to  
 17 the College's new personnel system shall transfer without any loss of salary, benefits,  
 18 entitlements, or status, including retirement status, and shall retain the right to join  
 19 employee organizations of their own choice. The Administration of the College shall  
 20 establish a voluntary program for the placement of those classified employees who choose  
 21 not to transfer to the new personnel system, which shall include job counseling and  
 22 placement services for either a State or private sector position.

23 SECTION 3. AND BE IT FURTHER ENACTED, That any person who, as of  
 24 June 30, 1992 is employed by St. Mary's College of Maryland in a position authorized by  
 25 the State budget in a nonclassified position shall transfer to the College's new personnel  
 26 system without any change or loss of rights, benefits, entitlements, or status, including, if  
 27 any, Merit System and retirement status, except as otherwise provided in this Act or  
 28 specifically provided by the Board of Trustees of St. Mary's College of Maryland.

29 SECTION 4. AND BE IT FURTHER ENACTED, That except as expressly  
 30 provided to the contrary in this Act, any transaction affected by or flowing from any  
 31 statute here amended, repealed, or transferred, and validly entered into before the  
 32 effective date of this Act and every right, duty, or interest flowing from it remains valid  
 33 after the effective date and may be terminated, completed, consummated, or enforced  
 34 pursuant to law.

35 SECTION 5. AND BE IT FURTHER ENACTED, That if any provision of this  
 36 Act or the application thereof to any person or circumstance is held invalid for any reason  
 37 in a court of competent jurisdiction, the invalidity does not affect other provisions or any  
 38 other application of this Act which can be given effect without the invalid provision or  
 39 application, and for this purpose the provisions of this Act are declared severable.

40 SECTION 6. AND BE IT FURTHER ENACTED, That any fund balance,  
 41 including the restricted fund balance, held by the Treasurer on June 30, 1992, shall be  
 42 appropriated to the Board of Trustees of St. Mary's College of Maryland. Fund balances  
 43 shall be established by the 1992 fiscal year financial statement prepared by the College,

1 issued by their independent auditors, and accepted by the Comptroller. The substantial  
2 majority of funds should be disbursed by July 30 with final disbursement no more than 30  
3 days after the 1992 financial statement is issued and accepted.

4 SECTION 7. AND BE IT FURTHER ENACTED, That this Act shall take effect  
5 July 1, 1992.

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.