



Testimony on House Bill 51

**Maryland Consolidated Capital
Bond Loan of 2007**

**Academic Support
Technology Center**

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Proposed Building Request

University of Maryland University College (UMUC) is requesting funds in the Maryland Consolidated Capital Bond Loan (MCCBL) of 2007 for \$1.185 million for an Academic Support Technology Center (ASTC). This amount was deferred in the 2006 MCCBL until this year. The new ASTC will provide much needed space for UMUC to consolidate several functions and alleviate the pressures caused by leasing space in the area.

The main purpose of this project is to provide UMUC with sufficient and adequate facilities that can support the intellectual capital of the University:

- Faculty and staff supporting the School of Undergraduate Studies and the Graduate School of Management and Technology;
- Primary course development units;
- Classrooms and class labs; and
- Support for WebTycho, the University's proprietary online instructional delivery software.

By co-locating these programs, UMUC will be able to better facilitate collaboration and increase overall efficiency of academic programs so that the University can remain highly responsive to the needs of its educational markets and be flexible in adapting technology to curriculum and instructional delivery.

Primary Building Functions

The proposed ASTC will provide for over 122,000 net assignable square feet (NASF) will contain:

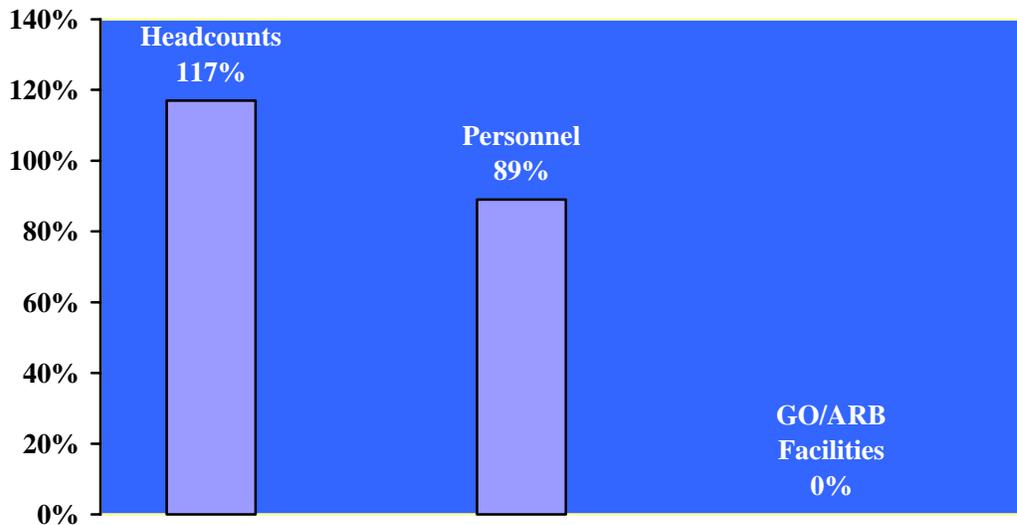
- Classrooms and class labs reflecting the cutting edge of face-to-face instructional delivery;
- Research labs for the continuing development and enhancement of UMUC's academic programs;
- Faculty and staff offices
- Academic and student support facilities, including study facilities and direct students services; and
- Various support services related to the operation of the building and the quality of life for its occupants, students, and visitors.

Additionally, all indications point to UMUC growing even more in the coming years as technological, economic, and demographic changes point to the unique education opportunities that have become the trademark of the University. As UMUC continues to grow its enrollments and its quality simultaneously, the need for space to house the additional personnel to meet the demands of students has increased, and will continue to do so.

Justification: Supporting Enrollment Growth and Improving Quality

UMUC has experienced enrollment growth over the last decade that is unparalleled in public higher education. In the fall 2006, UMUC enrolled over 10,000 new students, of which close to 50% are Maryland residents. UMUC strategically targeted Maryland students this year and the efforts of staff, faculty, and alumni paid off. There were 21,204 students at UMUC in fiscal 1996, which marked the dawn of the online education era. By the end of fiscal 2007, the University estimates unduplicated headcounts to be more than 40,000, an increase of 117% over that period.

Changes at UMUC Since Fiscal 1996



Source: UMUC, Governor's Budget Books

The above chart shows what could be described as the most efficient growth patterns in public higher education. The needs of the University and its students have changed so fast over the years that leasing space was the only way to meet those needs in a timely fashion. Throughout its 60-year history, UMUC has received no debt-supported facilities to meet growth needs and has funded its space needs through the operating budget. All facilities have either been purchased or leased with operating funds and reserves. Also, UMUC's online classes have also been supported through the operating budget. All other public universities, and many private institutions, have received various levels of State general obligation bonds and/or academic revenue bonds.

Funding

UMUC is requesting the remaining \$1.185 million in general obligation bonds that were pledged by the General Assembly in budget language added to the 2006 MCCLB. This will bring the total authorization of general obligation bonds to \$15 million. This amount will be supplemented with up to \$30 million in short-term financing through the University System of Maryland, with approval by the Board of Regents, whereby UMUC repays the fund balance up to \$6 million per year for five years. The final \$15 million will come from UMUC institutional funds.

Issues and Recommendations from the Department of Legislative Services

UMUC appreciates the recommendation by the Department of Legislative Services (DLS) to approve the full funding of this project, consistent with last year's recommendation.

DLS has requested that UMUC comment on the \$20 million increase in the estimated cost to acquire and modify a building.

First, the increase is an estimate at this time.

Second, the answer lies in changes in the real estate market for a building that meets UMUC's particular needs, especially as relates to size and location. The initial estimate of \$30 million submitted to the State more than two years ago was based on the estimated cost of a particular building, assuming that the University would purchase it or one similar to it. That particular facility is no longer available for consideration as it is fully leased.

As DLS points out, UMUC has reviewed 20 proposals that meet the basic criteria established in the RFP. The University must operate in the environment that is currently in effect and is working diligently to find the appropriate facility to meet our needs first, and balanced by a reasonable cost second. Since the State's portion of the cost will not exceed \$15 million, UMUC will have to make up the difference through internal funding and short-term financing. Therefore, it is in the University's best interest to keep the cost as manageable as possible.

UMUC concurs with the recommendation by DLS to not use State general funds as part of the repayment to the fund balance.



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