Good afternoon. Thank you to the University Senate for inviting me to speak, and thank you Eric Kasischke for your leadership as chair.

It was one year ago, when I stood here as a freshman president. I am proud to say that I am now a sophomore president. And I am looking forward to the day I become a PhD-candidate president, maybe even a post-doctoral president.

I want to thank all of you for your support, and the welcome that you so generously offered me and my wife Barbara. We love it here. We are thrilled to be in College Park.

This is a great university and, as you know, we continue to rise in our national rankings. We are ranked 17th among all public research universities in the country. And Kiplinger’s rates us as #5 among all public colleges in terms of best value, a mix of quality and affordability.

The success of our university is due to the collective efforts of everyone here. The faculty is the lifeblood of a university. No university is better than the quality of its faculty. Our students are the pride of our university. Our undergraduates and graduates are very talented, diverse, and engaged. Our staff is the backbone of this university. They support the success of faculty and students. They have invested in this university and we are invested in them. Our alumni are the ambassadors of the University. They go forth and represent us to the world. They are also generous benefactors of the University.

Today, I want to highlight some of our campus’s accomplishments the past year; next, assess where we are today; and finally, look forward to the coming year and the years ahead.

Our Most Valued Asset: People

Students
I have enjoyed meeting several hundred students the past year. I have held forums with our students in residence halls at night. I have taken them to lunch, gone to their athletic events and receptions, and visited with them in Greek houses. I am impressed with their academic and co-curricular accomplishments. They are a talented and very diverse population. But what impresses me most of all is that almost to a person, they say they absolutely love it here at the University of Maryland. This speaks so well of what you do as faculty and staff.

Our students won the solar decathlon competition this year, besting 20 other teams from around the country and around the world. Almost 200 students from many different disciplines – engineering, architecture, environmental science, business, policy and many other areas – worked with our faculty and staff to design and build this “green” house that is a model for sustainability.

With Gamera, our students established the world record in human powered flight.
And have you all seen “Rent”? This student production is as good as any professional production one can see on Broadway. And there was the performance of Mozart’s Requiem on the 10th anniversary of 9/11. Our choral groups and the symphony orchestra were sensational, their performances inspiring.

And what an incredible asset the Clarice Smith Performing Arts Center is for this university – a laboratory that brings together the arts, education, and community outreach. In ten years, more than 100,000 people have come through the doors of this center.

**Faculty**

We have great faculty. I do not have enough time to recite all the accomplishments of our faculty this past year, but I would like highlight a few things. We have 30 to 40 faculty members who last year received very prestigious national awards, including NSF Career Awards, Guggenheim Fellowships, and Fulbright Scholarships.

Our faculty launched several major, multi-disciplinary research centers this past year, funded by substantial external grants. These centers address some of the grand challenges of the 21st century, such as cyber-security, neuro-imaging, racial and economic disparities in health delivery, health information systems, and environmental sustainability.

In the tradition of our land-grant roots, the noble tradition of improving people’s lives and enriching communities, our faculty, working with the FDA, established the world’s first international institute for training in food security—another step in the globalization of our land-grant mission. Other countries are now asking us to help set up such laboratories in their homeland.

**Staff**

The work of the staff is exceedingly important. Because we value the staff and how much they give to the University, we want to support them. I assure you that my administration is committed to a respectful and safe working environment for everybody. I say this because last year there were some anonymous allegations of abusive practices in the workplace. They claimed their work environment was like a “Nazi camp” and a “slave plantation,” and they alleged sexual abuses.

We took those allegations very seriously. We formed a committee composed of outside leaders in human resources from other universities, who worked together with our senior HR personnel. For several months, they interviewed scores of staff, especially staff in lower level positions. The committee’s final report did not find any sexual abuse. It did make 8 or 9 recommendations to improve the workplace environment. That report is on the University’s website.

We immediately acted on those recommendations. We are providing training to supervisory staff in the two units where the complaints originated. We are offering English lessons for staff employees. We are providing computer training to staff because information from supervisors to staff is sent by email. We have changed the procedures of how people can appeal so that the persons who hear the appeal are not from the same department where the conflict arose in the first place. I am very appreciative that these workplace issues were brought to our attention.

**Alumni**
Our alumni, our University’s ambassadors, are 300,000 strong. In the past year they contributed over $100 million to this University. I thank the staff in alumni affairs and development led by Brodie Remington, the Vice President for University Relations. It is a tough job to have to raise over $9 million each month, month after month after month, especially in this economic climate, but they have done it. I am very grateful for their work.

Administrators
We are blessed with talented and collaborative administrators, in the colleges and in the central administration. One of the large tasks in my first year was to find successors to a large number of administrators who had already stepped down or were on course to step down by the time I arrived. This past year we had to fill 9 positions, with a mix of internal and external appointments. We have a new Senior VP and Provost (Ann Wylie), a new VP for Research (Pat O’Shea), a new VP for Administration (Rob Specter), a new VP for Information Technology (Brian Voss), and a new Athletic Director (Kevin Anderson). A new Chief Diversity Officer (Kumea Shorter-Gooden) will arrive in January. We have two fabulous new deans in the College of Computer, Mathematical, and Natural Sciences (Jayanth Banavar) and in the College of Arts and Humanities (Bonnie Thornton Dill). We have a new Assistant President and Chief of Staff (Michele Eastman).

The continuing deans and vice presidents here are superb. They are among the finest and most collegial administrators I have worked with anywhere. We are learning to work together as a team to move the University forward.

As I begin my sophomore year, we are starting four new searches. I implored our Provost, Ann Wylie, to continue beyond the initial two-year term that she had agreed to serve. She has done a splendid job, but she has family obligations, so she cannot continue. However, she has agreed to stay on as long as necessary until a new Provost is on board.

Brodie Remington, after more than 12 years in the grueling but very important job of development, will be stepping down sometime after his successor begins office. So, we are beginning the search for a new Vice President for University Relations.

After founding the School of Public Health more than ten years ago and leading it to national prominence, Dean Bob Gold is stepping down. Thank you, Bob, for your service. The search for his successor is already in motion.

After four years of dedicated service, Kevin Klose is stepping down as Dean of the Merrill College of Journalism and the search for that position is also underway. Kevin came into a very difficult financial situation four years ago. He has turned it around successfully. Thanks for a very good job, Kevin.

Elected Public Officials
I want to express, on behalf of the University, our gratitude to our elected officials in Annapolis. In these tight economic times, Governor Martin O’Malley and the General Assembly have protected the budget of higher education in Maryland. We have experienced relatively modest budget reductions compared to those imposed on universities in other states, and I thank them.
When I stood before you last year, I pledged that I would fight state-mandated furloughs. Because of the work of so many people, I am pleased to say that furloughs have been eliminated. In addition, we gained the authority to make retention offers to our staff. We must still advocate for competitive compensation. We have had no merit increases or COLAs for several years. This causes problems of salary compression and some of our best faculty and staff are at risk of being recruited by other institutions. I will continue pressing the case for salary increases so we can recruit and retain the top people our University needs to remain pre-eminent.

It will be a challenge to secure state funding for merit increases unless and until the economy returns to normal. As long as the state budget faces a $1 billion structural shortfall, we are still at risk for budget reductions, not budget enhancements.

However, I am hopeful in this fight for merit increases. It is not because compensation for faculty is somehow more deserving than compensation for other state employees. I am hopeful because we can make the case that the University of Maryland is a key economic engine of the State.

I remind our elected public officials that every dollar invested in faculty salaries generates three dollars in external research funds. For every one dollar the State appropriates for this University, we produce eight dollars in economic activity. We are a $3.4 billion economic engine for the State. It makes economic sense to invest in the University of Maryland.

The New Normal

As we begin the second decade of the 21st century, we are being tested with an economic crisis of global proportions, and of a magnitude not seen since the Great Depression. Therefore, we need straight talk about the hard facts and tough choices that face us.

We have 25 million fellow Americans who are either unemployed or under-employed. We have a huge national deficit. For years, we as consumers as well as our Federal Government have been living beyond our means, spending more than we have, and making up the shortfall by borrowing. The Federal Reserve said last week that unemployment and the slow growth will be “the norm for years to come.”

What does the “new normal” auger for higher education—and for the University of Maryland in particular—in terms of funding for the educational and for research missions?

The good news is that the State revenue is growing about 3% a year. This is information that comes from the Governor’s office, the Department of Budget and Management, from the Board of Public Works, and from external economic consultants with whom I have talked. However, State expenditures exceed revenue. This is why Maryland currently has a $1 billion structural deficit.

There is not one person I have talked to in Annapolis who believes that an economic upswing is around the corner. The prevailing view is that “flat growth”—and hence flat State appropriations—may remain the norm for some time.
The meaning of public commitment to higher education has morphed. Four years ago, that commitment translated into annual increases for our operating budget. In today’s frugal times, that commitment means that the higher education budget gets cut less than that of other State agencies.

Nobody knows how long the new normal will last. But remember the book by one of our former faculty members, Carmen Reinhart, *This Time It’s Different*. It is a magisterial work of economic history. She reviewed a few hundred years of economic history and found that economic recessions that result from a major financial crisis—such as the one we had in 2008-09—take about a decade to overcome. Japan experienced a decade of stagnation after its housing bubble burst in the 1990s.

Our research funding, over half a billion a year, comes from federal agencies. Recently I met with the director of NSF, together with other AAU presidents. He said the most optimistic scenario for NSF—“a pathologically optimistic scenario,” he called it—is that federal funding for his $7B budget will remain flat in the coming years. Therefore, NSF will have to make reallocations in order to pursue new opportunities in these tight economic times. And we heard the same message from the NIH director.

Our other major source of revenue is tuition. We have a Governor who for the past three or four years has frozen tuition. And this year he allowed a tuition increase of 3%. He is deeply committed as a matter of principle to keeping higher education affordable at a time of high unemployment and underemployment, of stagnant wages for many working and middle class families, and students graduating with rising debts and reduced job opportunities.

In the new normal, how do we continue the University of Maryland’s upward trajectory of excellence, impact, and service to the State and nation? We must position ourselves so we remain strong and when the lean times recede—and eventually they will recede—we will surge forward.

We will continue to practice fiscal discipline and make strategic budget reductions, as needed. We will develop new revenue streams by expanding our partnerships with Federal agencies, the private sector, and international organizations, and by expanding our philanthropic activities. We will reallocate resources to protect core missions and invest in strengths. And we will make targeted investments in strategic areas.

Life is not about waiting for the storm to pass; it is about learning to dance in the rain. Eventually this too shall pass. We have faced hard times before; we have remained strong; and we have emerged stronger.

**Investing in the Future**

Today I am announcing a $10 million investment in our future, available immediately.

First, $4 million will be devoted to educational excellence. Administered by the Provost, this sum will be invested in our newly created General Education Program with its innovative I-series courses and diversity courses. It will also be used to expand student internships and to support programs in the humanities and in the sciences.
Second, $2 million will be invested in financial aid to expand the affordability of a Maryland education. I have been impressed with the way our students are supporting each other with the “Keep Me Maryland” campaign, raising funds to enable fellow students to remain in school. But too many of our students and their families still face financial difficulties.

Third, $4 million will go into a competitive innovation fund which departments and colleges can apply for, to be leveraged with their own matching funds. This fund will support investment in strategic areas that I identified last spring in my inaugural address:

1. Multi-disciplinary cluster hires to address the grand challenges of the 21st century, such as health, environmental sustainability, national security, and economic competitiveness.
2. Innovation and entrepreneurship.
3. Internationalization.

Of course, the latter two areas may involve multi-disciplinary cluster hires as well.

Now, let me shift from programs to infrastructure—from the operations budget to the capital budget. We will be spending immediately $10 million annually for the foreseeable future to address the “invisible crisis” on campus. This is the flooded basements, leaking roofs, and the outdated systems that one does not see behind the magnificent Georgian facades of the century-old buildings on campus. We expect to get $5 million yearly from the legislature and another $5 million yearly from bonded revenue. Now, $10 million may not seem like a lot, but over ten years, we will be investing $100 million in capital improvements, an important step towards addressing an infrastructure crisis with a total price tag of some $700 million.

I am also advocating for capital appropriations to support new construction, not only for renovation of current facilities. According to the State’s own formulas about the amount of building space we need on campus given the number of students and personnel we presently have, we are short 1.7 million in net assignable square feet. This translates to about 24 buildings. The price tag for building 24 buildings is about $1.5 billion. It’s unrealistic, of course, to assume that the State is able to foot a bill this large, but we continue to make measured progress.

Using our own auxiliary plant funds, we just opened this fall Oakland Hall, the first new self-financed residence hall in some 40 years. It is a fantastic, state-of-the-art, green building. Another new residence hall is currently in the design phase and we expect it to be opened in two years.

We recently received a $10 million gift from an alumnus, Ed St. John of Baltimore, which constitutes the private matching amount for a state-funded, $40+ million, high-tech, learning and teaching building, the first such educational building to be constructed in some 40 years. As many as 10,000 students a day will attend classes there when it opens in about three years.

And my expectation is that soon we will be able to announce other gifts that will be leveraged for State funding to build major new research labs.

Let me turn now to other important issues that are on the horizon.

Intercollegiate Athletics
I have talked about how these tough economic times require us to live within our budgets. We also have to raise new revenues, reallocate, and make investments in the future. This applies to all departments on campus, including athletics.

As has been reported recently, the expenditures of Intercollegiate Athletics have exceeded revenues for several years. This difference has been covered by drawing on its reserves or savings. It is perfectly legitimate to do so, but at some point, those reserves will be depleted unless revenues go up or expenses go down. Well, this year, reserves in Intercollegiate Athletics are almost zero. We have a large deficit.

Intercollegiate Athletics is self-sustaining, receives no state funding, and must balance its budget annually. I have provided a loan from auxiliary (non-state) funds to cover the deficit this year. But our initial projections are that this deficit will grow significantly in the coming years if current revenue and expenditure trends continue unchanged.

I suppose this is no different than the fiscal situation that many American consumers, and our Federal Government, are in: we have spent more that we can afford, borrowed money to make ends meet, and then kicked the can down the road. Now, of course, we have run out of road.

We can no longer deny that we have a problem. We can no longer delay taking action. Inaction could be ruinous to the future of Maryland Athletics. This is why last July, upon learning that the reserves were nearly depleted, I formed the President’s Commission on Intercollegiate Athletics. It is a large and representative group of faculty, staff, students, administrators, alumni, and benefactors. I charged them to study the finances and make recommendations to raise revenues and reduce expenses in order to ensure the long-term financial sustainability of Intercollegiate Athletics and to strengthen the support for our student-athletes, so that they can be successful in the classroom, on the field, and in the game of life.

This is not only about money and balancing the books. It is about important values, about caring for the well-being of our student-athletes, and about setting the right balance between academics and big-time athletics in higher education today.

This report is due next week, November 15, and I will make it public. Athletic Director Anderson will have the chance to comment on it, as will the University Senate Executive Committee and the University Athletic Council. Their comments will also be made public. I will also meet with coaches and student-athletes, as needed. Based on the information and advice from these multiple constituencies, I will make my final decision.

Creating a Top 20 College Town

Another major challenge to enhancing the excellence of this University is not the University itself; it is the continued development of our surrounding community. We need to invest in community development.

The most frequent concern I hear from parents and from students, I hear it all the time, is the perceived lack of safety in College Park. We have to address this issue. The campus is safe, but the neighborhoods where many students live are perceived to be less safe. We have to negotiate with
the city about expanding the concurrent jurisdiction with our campus police to provide security in neighborhoods where students live.

We also have to help enhance public education in Prince George’s County. Many of our faculty and staff no longer live here because of the quality of the schools. Led by Dean Donna Wiseman of the College of Education, with the participation of faculty from the College of Behavioral and Social Sciences, we are involved in intensive discussions with city and county officials to help establish a charter school. Our goal is that it can begin operation within the next year or two.

Public transportation was the first major issue I had to address in my first year, and it involved the Purple Line light rail project. The Federal Transportation Administration, I am pleased to say, approved the State’s proposal for the Purple Line to go forward to the engineering and planning stage with the highest marks possible. That would not have occurred without the support of the University of Maryland for the Purple Line to go through our campus. In our metropolitan area with one of the worst vehicular traffic congestion in the nation, light rail will significantly improve transportation for our faculty, students, and staff; spur economic development along its route; improve the livability of the surrounding communities; and reinforce the University’s national reputation for environmental sustainability.

And we need to develop a town center for College Park. This is the East Campus project that Provost Ann Wylie has spearheaded the past few years. We are still in negotiations with real estate developers, but my goal is that within a year or so we can start making this dream a reality: a first class hotel and conference center, subsidized graduate housing; nice retail shops, upscale restaurants, and a town square.

A top 20 public research university must be in a top 20 college town, if it is to continue to thrive and attract top faculty, staff, and students. That is our vision of the future.

“Merger” of University of Maryland, College Park and University of Maryland, Baltimore

I want to turn to a historic opportunity, and a great challenge, that is before us now. This is the question raised by a legislative committee: should the University of Maryland, College Park and the University of Maryland, Baltimore be “merged”?

As you know, the Board of Regents must submit its recommendation by December 15, and the General Assembly will make its decision.

It is not in my purview as president to decide, but it is my responsibility to advocate. I have kept my silence to date because the Board of Regents is undertaking a study of this issue. This study has involved many different groups and public forums, in which I have participated. Now this process is almost completed. All the reports are in. They should be made available publicly in due course. I feel now is the time I can speak freely and directly. And I did so when I met with the Board of Regents yesterday and they asked me where I stood on this issue.

To paraphrase Shakespeare, “to merge or not to merge” is not the question. Merger is an organizational form; it is a means to an end, not an end in itself. The question is: what is the compelling vision for the future of the University of Maryland, College Park and for the University
of Maryland, Baltimore that will propel both to new heights of excellence, impact, and service to the people of the State and the Nation? Then, we can go back and see if merger is the best organizational means to achieve that end.

Imagine a continuum: at the one end is the status quo, two universities—formerly joined—that for the past 50 years have operated in separate silos, with some collaboration and some joint activities, but they are minimal compared with other universities where the professional schools in the health sciences, law, and social work are members of the same parent institution.

At the other end is a full merger of the two universities with one president, which some people presume will reside in College Park, as was the case in the past.

Along this continuum can be varying levels of joint undertakings between the two universities that can range from informal and episodic to formal and permanent. Last fall, shortly after I arrived, I led our provost and all our deans to meet with our counterparts at Baltimore to explore greater collaboration in education and research. This was the first time in anyone’s memory that we had met.

The president at Baltimore and I are both new. We both come from the outside. We get along well with each other. If there is a propitious time to act, it is now.

I believe that the status quo is not an option. And, I am enough of a realist to think that a classical merger—which some view as a “hostile takeover” of the Baltimore campus by the larger College Park campus—is probably unlikely for reasons deeply rooted in the culture, history, geography, demographics, and politics of the State.

We must find common ground without sacrificing the high ground. One option between the status quo and full merger is a “strategic alliance” between the two institutions. College Park and Baltimore collaborate in defined areas of education and research to the benefit of both institutions and the State.

There is another option. Interestingly, it is an option that the Diamondback editorial board has endorsed. It is the option that Maryland Senate President Mike Miller describes as “One Maryland”—one single flagship university called the University of Maryland, with two campuses, one in Baltimore, one in College Park, each with its own president. By law, College Park is the flagship institution, but Baltimore recently has re-branded itself as “the University of Maryland.”

The “strategic alliance” model and the “One Maryland” model are similar in that they bring both campuses together to work on joint research and educational endeavors, such as joint-degree programs, expanded development of the Shady Grove campus, joint technology transfer and commercialization of research, and so forth.

However, the difference is that the “One Maryland” concept is predicated on one university, with two presidents on two separate campuses, each responsible for his or her own spheres of activity, but responsible and accountable for the specified joint ventures. If, by law, we are one University of Maryland, we can be considered as one institution for purposes of reporting research results and for branding. Our half a billion dollars of research in College Park and the half a billion dollars of research in Baltimore would make us, jointly, a $1 billion research enterprise.
We want to be a global educational and research powerhouse, out-educating, out-innovating, and
out-competing the other integrated and global universities of the 21st century.
Transformative excellence is never easy. It is never speedy. It is never without controversy. We
must be focused not only on what is at present but what can be in the future. To pull this off
requires a vision that catapults both universities to world preeminence. It is a win-win for both
campuses, a win-win for the State, and most importantly, a win-win for the students of Maryland.

Conclusion

Let me conclude by reminding you of what former President Dan Mote always loved to say. Our
mascot is the Diamondback Terrapin, a creature native to this area. The turtle can only go forward.
It cannot go backwards, and cannot go sideways. And I have added the “Loh Corollary” to the
“Mote Doctrine”: in order to go forward, “the turtle has to stick its neck out.”

We have advanced because of our can-do spirit as Terps. We stick our necks out. We aim high.
We think big. We work hard. We take risks. We persevere. This is how the University of
Maryland will win the future.

Thank you.