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St. Mary's College of Maryland
FY2017 Information Technology Grant
FY17 MHEC Operating Budget

House Committee on Appropriations
Subcommittee on Education and Economic Development
February 3, 2015

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Senate Budget & Taxation Committee
Subcommittee on Education, Business, and Administration
February 8, 2015



Tuajuanda C. Jordan, President
Larry E. Leak, Trustee
Chip Jackson, Vice President for Business and Finance

(This information may be found online at <http://www.smcm.edu/govtrelations/>)

Introduction – The Public Honors College

St. Mary's College of Maryland, located in Historic St. Mary's City, is designated the state's public honors college. The College's charter, established by the State of Maryland in 1992, provides both the promise of a public education affordable to all, thriving on diversity and the high standards of academic excellence. St. Mary's is one of only two public honors colleges in the nation.

Since the charter's inception, the College has thrived in the pursuit of its mission, with extraordinary successes in student achievement and college completion as well as in diversity. As a residential college with an academic program grounded in the liberal arts tradition, St. Mary's College maintains a low student-faculty ratio and a curriculum that develops higher-order thinking, creativity, and innovation skills. St. Mary's College promotes scholarship and creativity by challenging its students to excel through rigorous coursework, classroom and experiential learning, and close relationships with faculty.

SMCM Mission

"We promote scholarship and creativity by challenging our students to achieve academic excellence through close relationships with faculty...

... within a community dedicated to diversity and accessibility."

Supporting the two goals articulated by the state's vision for the College - the educational requirements of an honors program and the promise of access - places St. Mary's College in a unique position in the state and within the national higher education sector. St. Mary's College has been highly successful supporting state-wide goals with high retention and completion rates, a strong commitment to diversity, and by providing resources for students with financial need. The College is grateful to the legislature in its support of Maryland's honors college.

Information Technology Grant

St. Mary's College of Maryland requires significant re-investment in its information technology infrastructure in order to address critical deficiencies in security, operations, and student learning systems. In order to provide secure infrastructure that has the capacity and functionality to support administrative and academic computing needs, the Enterprise Resource Planning (ERP) system must be replaced.

The College's current ERP system, which powers all financial, student, and personnel transactions on campus, was purchased 17 years ago on a technology platform that is vulnerable to security breaches, lacks referential integrity, and is incapable of ensuring data quality. Furthermore, the system lacks the data warehousing capability for enterprise-wide longitudinal reporting and analysis, both of which are essential to drive institutional decisions and measure success.

The proposed ERP replacement totals \$2.2 million and is proposed as a jointly funded project, with the College and the State each contributing \$1.1 million. State funds are proposed to be provided in FY17 through MHEC. The project includes a new ERP/student information system that will improve security, provide data integrity, enhance operational efficiencies, and provide critical information through implementation of data warehousing with robust analytic tools. The newly implemented system will be transformational as it will improve processing and efficiency in many areas and provide new tools to support faculty and staff engaged in student success at St. Mary's College of Maryland.

The replacement of the ERP is an urgent need for the College. The deficiencies of the current system create significant security challenges and hamper our ability to create a rich analytical environment that would enhance data-based decision making, evaluation, and assessment. With new analytics solutions, St. Mary's College will be able to gauge and improve student effectiveness to enhance retention and graduation, as well as optimize business processes.

The President of SMCM should comment on why the college needs additional State support outside of its block grant, especially when another formula-funded institution, BCCC, is funding extensive IT development out of its own fund balance.

The new \$2.2 million ERP project is beyond the fiscal capacity of the College's annual operating budget. One-time funding is essential to implement the new ERP, and the College has been able to identify \$1.1 million from its fund balance to support the project. State support to match College funding will allow us to move ahead with the project next year rather than wait 3 to 5 years to accumulate additional one-time internal resources.

Increased operating expenses for the project will be funded through institutional resources. The College does not seek State support for the on-going annual cost to maintain and operate the new ERP, estimated at \$145,000 per year.

The College's current fund balance totals \$6.9 million in unrestricted funds for operating purposes. These funds primarily serve as a fiscal buffer in the event of significant unforeseen events. The College has been successful rebuilding the fund balance after spending \$3.8 million in 2011 to address mold found in two residence halls after Hurricane Irene.

The current fund balance is considered a minimal amount to provide financial stability and serve as an adequate shock absorber in the event of unanticipated financial stress. The fund balance is also essential for the College to maintain its A2 credit rating. While Moody's recently confirmed our rating with a stable outlook, it indicated that our reserves are modest. The following are excerpts:

“Affirmation of the A2 rating reflects the State of Maryland's solid support for St. Mary's, which serves a unique role as Maryland's only stand-alone public honors college, and the college's improved operating performance. The rating also positively incorporates the college's progress in meeting enrollment targets and manageable debt burden.”

In their report, however, Moody’s also noted:

“Financial resources and liquidity are also thin for the rating category.”

Source: Moody’s Investor Service, August 12, 2015

While the College has cash within its current fund balance to fully fund the ERP initiative, it believes doing so would not be fiscally prudent, and risk its credit rating. State support allows the College to move forward to implement this urgent and critical project next year rather than waiting 3 to 5 years to amass the resources necessary if it is required to fund the project alone.

St. Mary’s College is deeply appreciative of the support of the Legislature and the Governor to enable the College to enhance its IT infrastructure and continue to provide an outstanding academic experience, focused on student success, while remaining accessible and affordable.