

Commission to Develop the Maryland Model for Funding Higher Education

Minutes

October 27, 2008

The Commission to Develop the Maryland Model for Funding Higher Education held its third meeting of the 2008 interim on Monday, October 27, 2008 at 1:30 p.m. in the Appropriations Committee Hearing Room, House Office Building, Annapolis, Maryland.

The following members were present:

Delegate John L. Bohanan, Jr., Chairman
Mr. Norman R. Augstine, Vice Chairman
Ms. Tina M. Bjarekull
Lt. Governor Anthony G. Brown
President Robert L. Caret
Delegate Norman H. Conway
Mr. John Paul Davey
Secretary T. Eloise Foster
President Murray K. "Ray" Hoy
Dr. Kristina Johnson (for President William R. Brody)
Secretary James E. Lyons, Sr.
President C. Dan Mote, Jr.
Senator Donald F. Munson
Delegate John A. Olszewski, Jr.
President David J. Ramsay
President Earl S. Richardson
Mr. Lawrence A. Shulman
Mr. Garland O. Williamson

Chairman's Opening Remarks

Delegate Bohanan welcomed everyone to the meeting.

Maryland's Higher Education Challenge

Mr. Dennis Jones, President of the National Center for Higher Education Management Systems (NCHEMS), gave a presentation on the higher education challenges in Maryland. He said that compared to other states Maryland does extraordinarily well but the new basis of comparison is international and in that context Maryland has more work to do. He began the presentation with the good news about Maryland. Maryland ranks in the top tier of states regarding the relationship between educational attainment, personal income, and economic strength. Compared to the national average, Maryland ranks very high in educational attainment (Bachelor's Degree

and Graduate or Professional) of the population ages 25 through 64. The median earnings of the population ages 25 through 64 is higher in Maryland than the national average at every level of education.

However, Maryland is facing some challenges. Although Maryland is higher than the national average in the percentage of adults with an Associate Degree or higher, Maryland is still ten percentage points behind Canada, Japan, and Korea in the population ages 25 through 34. The percentage of educational attainment in Maryland needed to reach best-performing countries or reach international competitiveness by 2025 is 55% but the current projection is that Maryland will only reach 48%. In order to reach the 55% goal by 2025, Maryland will need a 40% increase in annual Associate and Bachelor's Degree production in the public higher education institutions. This 40% increase would cost \$445 million for the additional students at the current cost per student. A 24% increase in annual State support would be needed for these students; otherwise, there would be a 29% increase in tuition and fees for students at public four-year institutions and a 56% increase for students at public two-year institutions. However, if Maryland improved its efficiency of degree production to match top states, costs could be reduced \$515 million.

Mr. Jones then spoke about the environment in which improvement will have to be made. From 2006 through 2025, the age groups 18 through 24 and 25 through 44 will show a large increase in the population of African Americans and Hispanics and will show a large decrease in the population of Whites. This could impact the number of adults who obtain degrees because the data shows that African Americans and Hispanics overall do not graduate from college at the same rate as Whites. Additionally, the state share of funding for public higher education has decreased from 69.3% in 1991 to 54.8% in 2007 while the family share has increased during that same time from 30.7% to 45.2%. Also, the ability of households to pay the family share for college differs between the population groups.

Finally, Mr. Jones spoke about the education pipeline. The percentage of ninth graders who graduate four years later is 73.5% in Maryland compared to the national average of 67.9%; however, Maryland is far behind the top performing state, Minnesota at 85.1%. The college participation rates for students from low-income families in Maryland is 25.9% compared to the national average of 23.8%; however, Mr. Jones said that no state has excelled in this area because even the top performing state is Iowa at only 35.5%. Mr. Jones shared that Maryland is a low production, importer of capital state. In other words, Maryland has a low production of graduates and imports graduates from other states (in-migrants). For more information, see the presentation entitled "Maryland's Higher Education Challenge."

Mr. Garland Williamson asked how many people who are not being educated are staying in Maryland because that is who causes a drain on the system. Mr. Jones said he did not have the specific data with him but he knows that if a person is born in Maryland and does not obtain an education the person will stay in Maryland. He said less educated people are less mobile.

Mr. Williamson also asked why other states are more efficient than Maryland in the number of undergraduates. Mr. Jones said he was not sure other than the fact that other states produce a lot more degrees.

Ms. Tina Bjarekull asked if a Maryland student goes out of state for college and then returns is that student considered to be a Maryland student or an in-migrant. Mr. Jones said the student is counted as an in-migrant.

Senator Donald Munson commented that this presentation was great and provided insight into the situation facing Maryland.

Briefing on Updating the State Plan for Higher Education

Dr. George Reid, Assistant Secretary for Planning and Academic Affairs at the Maryland Higher Education Commission (MHEC), spoke about the process to update the 2004 State Plan for Higher Education. Dr. Reid said that input from interested parties statewide will be invited at several points in the process. He said that there will be four public comment opportunities, including at the November 19, 2008 MHEC meeting. The revision of the 2004 State Plan will be guided by Governor O'Malley's Postsecondary Education Transition Report and the O'Malley administration's priorities for postsecondary education; issues impacting higher education since 2004; action recommendations from the 2004 State Plan; the Higher Education Commission; the Secretary of Higher Education; and the citizens of Maryland. The revised State Plan will include goals for 2009 to 2013. Dr. Reid explained how the State Plan will be written and he briefly described the timeline for completion of the plan by June 2009. For more information, see the presentation entitled "State Plan Presentation."

HBI Study Panel Final Report

Delegate Bohanan told the HBI Study Panel that the Commission appreciates their efforts and although every issue did not result in unanimous agreement among the panel, they forged ahead and came out with a good product.

Lt. Governor Anthony Brown also thanked the panel and said that the final report will be a very valuable tool for the Commission. He said that Governor O'Malley is very aware of the efforts of the panel.

Delegate Bohanan recognized representatives of the HBIs that were present at the meeting, including President Earl Richardson and President Mickey Burnim.

Mr. Dave Spence, the chair of the HBI Study Panel, apologized that this was the first time the Commission has seen the final report. He said the focus at the meeting today would be on doctorate education and facilities. Mr. Spence reminded the Commission about how the panel approached comparability and competitiveness in institutions by dividing those concepts into two categories: 1) capacity, which is

resources including faculty, programs, facilities, funding, and other factors; and 2) results/outcomes, which are things like degree production, graduation rates, and external funding generated.

Mr. Spence said that for an HBI to be competitive in undergraduate education, the students must graduate at rates similar to students at TWIs. For graduate education, there must be similar numbers of degrees produced, external grants generated, and placement of doctoral graduates. Mr. Spence stressed that no other state has set such a high standard for competitiveness.

Mr. Spence reminded the Commission about the dual mission of the HBIs and he emphasized the need for skills preparation in students at HBIs. He said that the panel had compared the HBIs to select TWIs in traditional capacity and outcomes but this was not very helpful. The SAT scores of HBI students are a couple hundred points below students at TWIs so HBIs need a different form and level of capacity or “effective capacity.” Mr. Spence said that the HBIs are not funded at appropriate levels to carry out both parts of their dual mission. He said that someone could argue that HBIs and TWIs are funded similarly but the HBIs need to expend a higher amount of their revenues on financial aid and HBIs have a lower ceiling on the amount they can charge for tuition.

Mr. Spence again went over the main recommendations regarding undergraduate education and emphasized how high of a standard it is to raise graduation rates at HBIs to levels approaching those at TWIs. He also said recommendation number 2 is a central recommendation because it asks the HBIs to outline the programs and services needed to ensure that lower-income, lesser-prepared students eventually graduate. He also said that there is almost a perfect correlation between SAT/ACT scores and income so he emphasized recommendation number 7 that pointed out that HBI students disproportionately have greater financial needs.

Dr. Franklyn Jenifer said that when the panel visited Towson University they were impressed with its comprehensive student assistance program that helps lesser-prepared students.

Ms. Judith Winston again emphasized the dual mission of HBIs. Dr. William DeLauder said that no institution should admit students it believes will not be successful. He said the HBIs believe in their students and if given the resources the students will be successful.

Mr. Spence said “if Maryland and the HBIs can do this, other states will beat a path to your door.” Dr. Jenifer said that 60% of African Americans go to HBIs and he said that any student admitted should be potentially eligible for graduation. Dr. DeLauder said the data from the NCHEMS presentation fit right into the panel’s findings because the State needs to do a better job with educating minorities.

Mr. Spence turned the Commission’s attention to the panel’s findings on comparability and competitiveness in graduate education on page 15 of the report. He

said that the report includes some information on master's programs but the critical issues of comparability and competitiveness center on doctoral programs. He said that the panel recognized that other universities have doctoral programs but those programs are practical, applied doctorates such as at Towson, Bowie, and Coppin. The panel focused on research based doctorates. Mr. Spence said that the first doctorate at Morgan was approved in 1979 and he said the report states that Morgan now offers 13 doctoral programs but President Earl Richardson said there are actually 15. The University of Maryland Eastern Shore (UMES) has 7 doctoral programs. Funding has not followed for the doctoral programs at Morgan and UMES. He said that the University of Maryland College Park (UMCP) and other universities have had a much steeper trajectory of doctoral programs than Morgan.

Mr. Spence said the panel tried to keep within the Commission's charge and tried to compare Morgan and UMES to other public institutions in Maryland. This was impossible because Morgan has no Maryland doctoral peer in its Carnegie Classification and UMES is a special purpose institution because it is a land grant institution. Dr. DeLauder said that UMBC comes the closest to a peer of Morgan but UMBC is in the next tier in Carnegie Classification so it is not a true peer. He said the same is true for UMES because UMCP is also a land grant institution but it is in a higher Carnegie Classification so it is not a true peer.

Mr. Spence said that the panel came up with a set of indicators of what a quality doctoral university would look like, including buildings, operations, and programs. Dr. Jenifer said the panel used these indicators or quality points to create a standard and compared Morgan and UMES to the standard. Ms. Winston said the panel looked at quality in a holistic way. The baseline is everything the university needs to produce high quality graduates but with limited capacity. Ms. Winston said there should be quality across the board without depriving universities of necessary tools.

Mr. Spence pointed out the three recommendations for providing a campus-wide infrastructure for Morgan on page 23. The first recommendation is that Morgan should develop a detailed strategic plan and submit it to MHEC. MHEC would then provide recommendations to the Governor and the legislature who would in turn establish a comprehensive program and provide the resources to make Morgan a quality doctoral research institution. Mr. Spence said Morgan should identify a few existing doctoral programs to target first. A panel of experts should be appointed for each selected program to determine the threshold support and capacity needed for each of the targeted programs. He said this would be baseline capacity for a good program and not capacity for the program to be the best in the world. He said that recommendation on page 7 pertained to all universities and requires that any new funding for doctoral-level programs be targeted and monitored and the university should be held accountable for expenditures and anticipated outcomes.

Ms. Winston said that the panel was not trying to shirk its duties by recommending that a panel of experts be appointed to examine each targeted doctoral

program. She said that the doctoral programs at issue crossed a wide variety of fields and there should be subject matter expertise to determine baseline capacity for each program.

Mr. Spence pointed out the section in the report about UMES and said that the recommendations were basically the same as for Morgan: develop a detailed strategic plan and appoint a panel of experts to review targeted doctoral programs.

Mr. Spence spoke to the Commission about the panel's findings relating to facilities. He said that every university has capital needs that are not being met and he said the panel saw needs at Towson University, Salisbury University, and UMBC. However, the panel found that the facilities at the HBIs lag behind the facilities at the TWIs. He said that if the panel's recommendations are implemented, the HBI students are going to be spending a lot more time on campus with mentors so the campuses need to be good places to be. The panel recommends that the HBIs review their capital priorities through fiscal 2013 based on the physical capacity that will be needed to become comparable and competitive. If warranted, priorities should be realigned.

Finally, Mr. Spence said that the State should appoint a group to monitor the progress toward meeting the goals and recommendations.

Mr. Spence spoke about the panel's review of the program approval process. He said that the main issue is that when the State approves a new program or a program implemented with existing resources, the State needs to ensure that there is a sufficient funding stream. Dr. Jenifer said that he sees the big problem as mission creep. He said that mission creep will bankrupt a state if the state doesn't get it under control. He said "You can't take the position that lets all flowers grow when you have a limited bank account."

Mr. Spence said the State should be praised for taking on this issue with the HBIs and again he mentioned that the recommendations set a very high standard and he does not know of another state that has set this high of a standard. Mr. Spence thanked all the campuses that hosted the panel and provided data. He also said that the panel was given complete independence and at no time felt pressure to make certain findings.

Delegate Bohanan asked if the review of the doctoral programs was one time or periodically. Dr. Jenifer said the panel is recommending one time but a good practice is to do a review periodically. Delegate Bohanan asked if a program should be discontinued if it is not working. Dr. Jenifer said that is a decision beyond him and is a decision the State would have to make. Mr. Spence commented that maybe later there should be a statewide review of programs. Dr. Jenifer said maybe it shouldn't be statewide because that would overburden the Secretary of Higher Education. Dr. DeLauder said that accreditation programs require periodic review.

Mr. Norman Augustine thanked the panel and said that since the HBIs are not now adequately funded, what should the additional effort consist of? Mr. Augustine specifically asked about adding funds to the Access and Success Program. Mr. Spence

commented that the program was not getting results and said the criterion should be graduation and not retention. He said he is not sure that there is an infinite way to offer programs. He said he was impressed with the program at Towson University but he recognized that Towson has a different student body. Mr. Spence said that any program must be comprehensive and have people working with the students in reading, writing, and math and they must follow the students through all years of school, not just the first year.

President Richardson pointed out that the Access and Success Program has not been funded enough to get results and funds have not been spent on financial aid.

Mr. Williamson asked about mission creep and asked if the panel looked at program duplication. Dr. Jenifer said the panel knew it was an issue but did not look at it in detail. He said that strategic planning needs to be looked at seriously because every university wanted to grow and become a UMCP. He said it is an issue the State really needs to look at but other states that have a restrictive program model have not been particularly successful either. Mr. Williamson asked if this is an element of mission creep and Dr. Jenifer said yes.

Mr. Spence commented that a common practice in higher education now is a post admission test for basic learning skills. Mr. Williamson asked why this is better than the ACT or SAT. Mr. Spence said the ACT or SAT are not specific enough to determine skills lacking. He thinks the number of students who are not college ready is underestimated but states don't collect the data on a statewide basis so it is difficult to get an accurate number. Mr. Lawrence Shulman said 70% were not college ready in 2001 through 2003 but the students who took remedial courses do as well or better than the college ready students.

President Ray Hoy asked about the 60% figure on page 11 of the report. He questioned that because 50% of African Americans are attending community colleges. Mr. Spence apologized and said that percentage is for four-year universities.

Delegate Bohanan asked what should be the first priority of the Commission. Mr. Spence said each of the panel members might give a different answer but he believes the bachelor's degree is so critical and it impacts more students so that should be the first priority. However, the Commission should try to address undergraduate and graduate education simultaneously.

Dr. Jenifer said that he would turn to the statewide leaders and MHEC to determine the first priority. He said he would look at the area that has been the most negatively impacted which is Morgan.

Delegate Norman Conway talked about his concern about the college readiness of students. He said he knows that the Southern Regional Education Board focuses on it and maybe the State needs to give it a greater focus. He said that the money put into K-12 education has been a causal factor in the deficit Mr. Spence said that higher

education needs to identify and endorse one common set of readiness standards because higher education has been sending mixed signals. Community colleges have one set of standards and four-year universities have another set. Mr. Spence said that SREB is looking for another state to participate in the Statewide Standards Initiative. Delegate Conway commented that the subcommittee chair for Education and Economic Development in Appropriations might want to look into that and Delegate Bohanan said he would.

Secretary Lyons thanked that panel and said he has a lot more to say but since he is a party to the lawsuit he will not say anything else.

Briefing on Lumina Productivity Grant Proposal

Dr. Nancy Shapiro, Associate Vice Chancellor for the University System of Maryland (USM) and Dr. Sue Blanshan, Director of Academic Affairs for MHEC, gave a presentation on the Lumina Productivity Grant proposal. Dr. Shapiro said that the Lumina Foundation approached USM to make an application to *Making Opportunity Affordable*. USM agreed and assembled a statewide team and they recently learned that they were awarded \$150,000 for statewide planning. *Making Opportunity Affordable* is a multi-year initiative focused on increasing productivity within U.S. higher education. The objective is to close the widening gap between the need for more college graduates and the number of graduates colleges and universities are expected to produce in the years ahead. Dr. Blanshan said that the preeminent pieces are this Commission and the update of the MHEC State Plan. Dr. Blanshan said the bottom line is to lower the cost per degree by increasing the number of adults with degrees. She said that there is a one year planning phase with the potential for a \$2 million grant. Dr. Shapiro said that the stakeholders working group is focusing on policy changes that can really make a difference in one year. The Lumina Foundation will provide national level consultants to look at Maryland and give advice. Dr. Shapiro explained that 11 states have been awarded planning money for the first year and 6 states will be chosen to receive grants at the end of the first year.

Closing Remarks and Adjournment

Delegate Bohanan went over the Commission's schedule for the remainder of the year. Mr. Shulman asked how much time each workgroup will be given to present at the next meeting and he was told 20 minutes to present with a total of 30 minutes including time for questions.

Delegate Bohanan adjourned the meeting at approximately 4:10 p.m.