

Commission to Develop the Maryland Model for Funding Higher Education

Minutes

October 29, 2007

The Commission to Develop the Maryland Model for Funding Higher Education held its eighth meeting of the 2007 interim on Monday, October 29, 2007 at 9:30 a.m. in the Appropriations Committee Hearing Room, House Office Building, Annapolis, Maryland.

The following members were present:

Delegate John L. Bohanan, Jr., Chairman
Lt. Governor Anthony G. Brown
Ms. Tina M. Bjarekull
President Robert L. Caret
Senator Ulysses Currie
Senator Roy P. Dyson
Secretary T. Eloise Foster
President Murray K. "Ray" Hoy
Chancellor William E. Kirwan
Mr. Larry Letow
Mr. Tom Lewis (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. George Shoenberger (for President Susan C. Aldridge)
Mr. H. Clay Whitlow
Mr. Garland O. Williamson

Chairman's Opening Remarks

Delegate Bohanan welcomed everyone to the meeting.

Briefing on the State Capital Budget

Mr. Chadfield Clapsaddle, the Executive Director of the Capital Budget for the Department of Budget and Management (DBM), gave a presentation on higher education capital funding. From fiscal 1994 through 2008, Maryland has invested \$3.2 billion in capital funding for higher education. In fiscal 2001 there was a significant increase in capital funding for higher education because of an infusion of pay-as-you-go (PAYGO)

funds. The average annual capital funding for higher education is \$275 million. On average, higher education is approximately 30% of the capital budget.

Mr. Larry Shulman asked who makes the decisions about the allocation of capital funds between institutions. Mr. Clapsaddle said that three groups have input into the allocation of funds and they are the Governor, DBM, and the Maryland Higher Education Commission (MHEC). Mr. Shulman said that some colleges are growth institutions and he wondered if there was a chart that showed whether the State was meeting the needs of those colleges. Mr. Clapsaddle said he could put a chart together.

President Dan Mote wondered if the space deficiencies that already exist and the projected space deficiencies were being looked at simultaneously and Mr. Clapsaddle answered yes.

Mr. Clapsaddle said that more than three-quarters of higher education capital funding goes to four-year public institutions and three out of the top five public institutions receiving the most capital funding are historically black institutions (HBIs). Excluding the University of Maryland, Baltimore (which is a research institution), Morgan State University and Coppin State University are second only to the University of Maryland, College Park in level of total investment. For community colleges, Montgomery College, Baltimore City Community College, and the College of Southern Maryland receive the highest levels of state investment.

President Earl Richardson asked what the Commission was supposed to take from the charts on pages 6 and 7 of the presentation. Mr. Clapsaddle said that the emphasis in terms of capital funding has been on the HBIs since the early part of the decade. He said he was pointing out that the State has been making investments in the HBIs.

President Richardson said that there must be a factoring in of the institutions and before drawing conclusions you need to know the current status of the institutions. He said that no conclusions could be drawn from the data Mr. Clapsaddle had presented.

President Mote said that the funding per full-time equivalent student (FTE) should be three times as much at a medical school.

Mr. Clapsaddle said that higher education facility needs are a function of enrollment, faculty and staff, types of space needed, and the age of existing facilities. He said that based on enrollment levels and State space guidelines, the four-year institutions are experiencing deficits in classroom, lab, and office space while community colleges are experiencing deficits in lab and office space. Mr. Clapsaddle also pointed out that 7.9 million gross square feet (GSF) of four-year public institution space is over 27 years old and 5.6 million GSF of community college space is over 27 years old.

President Richardson said that the chart on page 6 was very interesting to him and he asked Mr. Clapsaddle if he would conclude that Morgan and Coppin are as developed as their peers or better developed. Mr. Clapsaddle said this was a tricky question because

you would need to take into account space deficits based on enrollments and compare those to their peers. He said that there have been improvements to the quality of academic space at Morgan and Coppin.

President Richardson asked if the goal is to develop all the institutions to give them the same quality of programs. Mr. Clapsaddle answered that the purpose of the chart on page 6 was to show the \$3.2 billion capital investment divided out by FTE.

Delegate Bohanan asked if Mr. Clapsaddle has looked at which campuses have the highest percentage of facilities over 20 years old. Mr. Clapsaddle said he had and will get that information to Delegate Bohanan.

For more information, see the presentation entitled “Higher Education Capital Funding.”

Briefings by Higher Education Segments

University System of Maryland

Dr. William Kirwan, the Chancellor for the University System of Maryland (USM), gave a presentation on the USM. The USM has 135,000 students in 13 institutions and 2 research centers. Eighty-nine of its programs are ranked in the top 25 nationally. The mission of the USM is to prepare the State and its citizens for an increasingly global society and global economy. The challenges facing Maryland are: access to higher education, tuition affordability, the achievement gap, workforce shortages, research competitiveness, and environmental sustainability. Beginning in 2009, there will be more minorities graduating from high school than whites. Chancellor Kirwan said that all of the higher education segments are in support of the Governor’s proposal to create a dedicated funding stream for higher education and will be sending in letters of support.

Senator Ulysses Currie said that letters of support are important but there needs to be a full blown campaign to support this idea because the citizens do not want additional taxes.

Mr. Garland Williamson said he supports additional money for higher education but he is concerned about the allocation of the additional money because of inequities in the past. He said that the State needs to figure out how to close the gaps and eliminate the inequities.

Chancellor Kirwan pointed out the chart on page 12 regarding the achievement gap. He agreed with Mr. Williamson that this is a serious problem that the State must tackle.

Chancellor Kirwan spoke about the changing workforce requirements from 1992 to 2004 and the percentage job growth for jobs that required a bachelor's degree or greater was 40% compared to 4% for jobs that required less than a bachelor's degree.

Chancellor Kirwan spoke about how the USM has responded to current challenges such as having the enrollment funding initiative, working to make tuition more affordable, and working to close the achievement gap. He said there will be a systemwide conference focusing on closing the achievement gap on November 14.

He also talked about the USM funding guidelines and commented that funding guideline attainment was at its high point in fiscal 2002 at 90% and at its low point in fiscal 2005 at 64%. The attainment level for fiscal 2008 is 80%.

Chancellor Kirwan made seven recommendations to the Commission, including full funding of the funding guidelines with at least 60% of each institution's funds coming from general funds (70% or higher for HBIs); full funding of the USM's Enrollment Funding Initiative; and a 10-year dedicated revenue stream of \$200 million annually for capital construction above the current level. For more information, see the document entitled "University System of Maryland Presentation."

Senator Roy Dyson said that higher education must partner with K-12 education to address the achievement gap. He asked if the meeting on November 14 will include K-12 and Chancellor Kirwan said it would include the CEO of the Baltimore City Public School System. Chancellor Kirwan said that the achievement gap is the biggest issue facing the State.

Senator Dyson asked what they are hoping to achieve at this meeting and Chancellor Kirwan answered that they will look at best practices that have worked elsewhere in the nation, they will set goals to help reduce the gap, and they will bring the resources of the entire USM to help with this issue.

Secretary James Lyons said that all of the segments are working hard to partner with K-12 to help reduce the achievement gap.

Morgan State University

Dr. Earl Richardson, president of Morgan State University (MSU) gave a presentation on MSU. President Richardson said that Maryland's population is now 29% African American, which is the fourth highest of any state. Maryland's public schools are nearly half minority, with African American students accounting for about 40% of enrollments. He said that as the number of white graduates decline, they will be replaced by African Americans with poorer pre-college credentials and less ability to pay. While 34% of recent public high school graduates have been African American, 21% of recent baccalaureate recipients are African American. To achieve parity, the State needs to graduate an additional 3,400 African Americans with baccalaureate degrees annually. President Richardson spoke about MSU's mission, vision, and the clientele served by

MSU. On average, African Americans score 200 points below whites on the SAT. MSU's typical freshmen class has an average SAT score of 925. He also spoke about the opportunities and challenges at MSU. He said that at the doctoral level MSU has been extremely successful at attracting and graduating African Americans. He said that MSU's major problems involve resources and the issue of historic underfunding by the State. President Richardson said that the cost of tuition at MSU is much less than the actual cost of education but MSU does this in order to provide access to students who could not afford to pay higher tuition costs. He said that the facilities at HBI lag significantly behind other institutions. He said that Maryland's current funding model is flawed because the beginning step is based on comparing Maryland institutions to institutions in other states. The problem is that MSU does not have a peer in other states that is adequately funded. There are other doctoral research universities in other states but they are underfunded as well. He also said that the funding model does not address the years of neglect by the State. He said that it is difficult to have a formula unless it addresses an institution's size, mission, and cost calculations between states. For more information, see the document entitled "Morgan State University Presentation."

St. Mary's College of Maryland

Dr. Thomas Botzman, Vice President for Business and Finance, gave a presentation on St. Mary's College of Maryland (SMCM). SMCM was founded in 1840 and was designated as the State's Honors College in 1992. SMCM had approximately 1,900 students in fall 2007 and 85% of the students live on campus. The six-year graduation rate for African Americans is 70%, which is approximately the same percentage as for white students. SMCM has a new core curriculum which features a first-year student seminar, experiential education, and the senior capstone St. Mary's Project. SMCM offers a high-quality education at a price far less than its peers. Dr. Botzman spoke about the SMCM funding model which is a state operating grant that is adjusted annually by a formula inflator. For more information, see the document entitled "St. Mary's College of Maryland Presentation."

Mr. Williamson asked what percentage of SMCM students are from out-of-state and Dr. Botzman answered 20% but the goal is 25%.

Community Colleges

Mr. Clay Whitlow, the Executive Director for the Maryland Association of Community Colleges (MACC) and Dr. Ray Hoy, president of Wor-Wic Community College, gave a presentation on community colleges in Maryland. There are 16 community colleges on 23 campuses located around the State that provide associate's degree and certificate programs and train workers who need to upgrade their skills. Community colleges deliver adult basic education to over 60% of all recipients in the State. Maryland's community colleges remain the lowest cost segment of higher education but are still the 11th most expensive in the nation. Community colleges provide developmental education courses for students who are not academically prepared for college-level work. Sixty-two percent of Maryland high school graduates who attend

college in-state begin at a community college. Community colleges help meet workforce needs because 1 in 13 incumbent workers is training at a community college at any given time and 86% of community college graduates stay in Maryland to work. Dr. Hoy quoted a 2004 report by the National Governors Association that said “Governors’ abilities to increase the effectiveness of postsecondary pathways for the least well-served will determine states’ long-term economic prosperity.” Although Maryland is a highly educated, wealthy state, nearly 700,000 Maryland adults are functionally illiterate. The sources of funds for community colleges are: tuition and fees 40%, county funding 33%, State general funds 25%, and other 2%. Dr. Hoy spoke about the Cade funding formula and talked about the positive and negative aspects of the formula. He also spoke about the capital needs of community colleges exceeding the current amount in the Capital Improvement Program. MACC’s recommendation to the Commission is to provide incentives for Maryland students to begin their college careers at community colleges. MACC also recommended that the State should give greater priority to capital funding for community colleges. For more information, see the document entitled “Maryland Association of Community Colleges Presentation.”

Mr. Williamson commented on the number of students that need remedial education. Dr. Hoy said that the students who need remedial education and complete it are just as successful in college as the students who did not need remedial education.

There was discussion about the lack of room in nursing programs to train the number of nurses needed for the workforce. Mr. Williamson commented that Maryland brings in nurses from other countries because it turns away hundred of nursing students because of lack of room in nursing programs.

Baltimore City Community College

Dr. Carolane Williams, president of Baltimore City Community College (BCCC), gave a presentation on BCCC. She began her presentation with the same quote from the 2004 report by the National Governors Association that said “Governors’ abilities to increase the effectiveness of postsecondary pathways for the least well-served will determine states’ long-term economic prosperity.” She spoke about the mission of BCCC and demographics of Baltimore City. Baltimore City has one of the lowest participation rates in higher education in Maryland: 26% of adults in Baltimore City who are 25 years or older do not have a high school diploma, 61% of ninth graders fail to graduate from high school, and 19.5% of the city’s population live below the poverty level. Dr. Williams cited statistics that states that invest more in higher education see crime rates drop. BCCC is the largest provider of undergraduate education in the city, has the lowest tuition of higher education institutions in the city, and is the only true urban community college in the state. BCCC serves approximately 20,000 students and is the largest GED provider in the city. Of the BCCC students: 52% have children, 60% have annual household incomes under \$30,000, and 77% need developmental education courses. However, once the students receive developmental education, they persist at the same rate as their peers at other Maryland community colleges. Dr. Williams supports the USM and community college recommendations to the Commission and also

recommends special funding for districts with disproportionately high numbers of low income, hard to serve populations, funding to support new or expanding programs in high demand/critical shortage careers, and increased capital funding. For more information, see the document entitled “Baltimore City Community College Presentation.”

Senator Currie asked about Baltimore City’s role in funding BCCC. Dr. Williams said that Baltimore City contributes \$1 million to BCCC.

Mr. Williamson said that questions about the funding from Baltimore City for BCCC is a sore point with him because Baltimore City cannot afford to contribute more than it does. Baltimore City’s tax base is homeownership but people have been moving out of the city so the tax base has decreased. He said that Dr. Williams is holding BCCC accountable for how it spends its money.

The Lt. Governor commented that after listening to the discussion he thinks what is needed is a “Bridge to Excellence number 2.” He said that just as Thornton looked at the environment in which each school system operates, higher education needs to do the same.

Independent Institutions

Ms. Tina Bjarekull, president of the Maryland Independent College and University Association (MICUA), and Dr. Thomas Powell, president of Mount St. Mary’s University, gave a presentation on Maryland’s independent institutions. MICUA has 18 member institutions that are distinctive and diverse. MICUA member institutions serve more than 50,000 students every year and the students are economically and racially diverse. MICUA member institutions’ students graduate 65% of their students in four years compared to 47% nationally and graduate 72% in six years compared to 63% nationally. MICUA member institutions confer almost one-quarter of all degrees in Maryland. MICUA member institutions generate \$6.5 billion in net new income annually.

Ms. Bjarekull also said that there is a strong misconception that other states do not provide funds for independent institutions; however, in fiscal 2006, 46 states provided \$2.3 billion for private higher education. Ms. Bjarekull said that the Sellinger Program was established in 1973 after the Pear Committee concluded that it was in the best interest of the State “to adopt a modest State assistance program for eligible private institutions.” The Peer Committee recommended that the appropriation for the independent institutions be “directly related to the tax dollars spent for support of public higher education.” MICUA institutions have the lowest State cost per degree awarded. Ms. Bjarekull spoke about the Sellinger Formula and said that the inflationary factor may be a deflator rather than an inflator. Sixty percent of Sellinger funds are used for scholarship aid for Maryland residents. Ms. Bjarekull also commented on some of the future challenges of MICUA institutions such as recruiting and retaining faculty in certain fields, private fund raising challenges, aging facilities, and instability in State resources for higher education. She also spoke about the opportunities of increased demands for higher education due to BRAC, a collaborative higher education

community, and a supportive political environment. For more information, see the document entitled “Maryland Independent College and University Association Presentation.”

Dr. Powell shared that most of the students at Mount St. Mary’s University come from middle class families. He said that the university has a \$40 million endowment but can only draw \$2 million per year from it and the vast majority of those funds are used for scholarships.

Closing Remarks and Adjournment

Delegate Bohanan thanked everyone for their participation and adjourned the meeting at approximately 1:15 p.m.

Prepared by: Dana Tagalicod