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Maryland Higher Education Commission Higher Education Fiscal 2018 Budget Overview

**Testimony of Dr. James D. Fielder, Jr., Secretary of Higher Education,
to the Senate Budget and Taxation Subcommittee on
Education, Business and Administration
and the House Appropriations Committee**

January 26 & 27, 2017

Issues

- 1. The Department of Legislative Services (DLS) is concerned by the precedent of fully guaranteeing the HEIF revenue to higher education regardless of actual revenue attainment and will recommend against the \$8.7 million in HEIF-related deficiencies in fiscal 2017. – Pg. 9**
- 2. The Secretary of Higher Education should comment on the best use of the \$0.3 million in the TST given that no significant TST funds have ever been deposited or withdrawn from the account. – Pg. 9**

MHEC Response: The balance in the Tuition Stabilization Account should be retained. Given the Governor's commitment to college affordability, leaving the funds in the account offers the opportunity to utilize the funds to hold down the cost of tuition in future years.

- 3. In light of the public institutions surpassing the MHEC targets, the Secretary should comment on when MHEC now projects that the State will achieve the 55% goal. – Pg. 17**

Although the public institutions have already reached the degree targets established in the MHEC model for 2024-2025, it is unlikely that the institutions will exceed the cumulative targets much before 2025.

In 2015-2016, the community colleges awarded 15,139 undergraduate degrees and the public four-year institutions awarded 29,156 undergraduate degrees. Both public sectors exceeded the target levels established in the MHEC model for 2024-2025. This represents an increase in degree awards by an average of 5% annually between 2010 and 2016. This is an extraordinary accomplishment, and the colleges and universities are to be commended on their efforts and encouraged to keep up the good work.

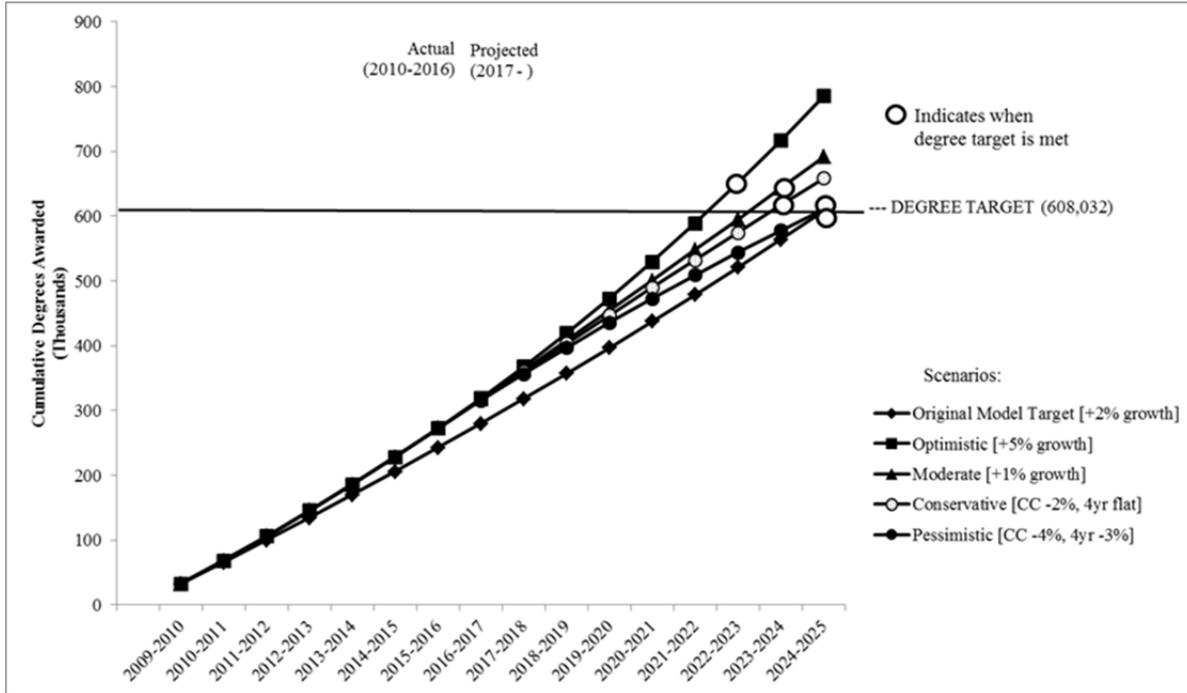
However, the cumulative targets are such that even continued growth will not allow the institutions to exceed the target by more than two years. While there are many possible scenarios, four will suffice to show the relatively narrow range of outcomes.

- In the most optimistic scenario, in which both sectors continue to increase degree awards by 5% annually, the institutions will reach the collective goal in 2023.
- In a moderate scenario, in which both sectors increase degree awards by a more modest 1% annually, the institutions will reach the collective goal in 2024.
- In a conservative scenario, in which community college degree awards *decline* by 2% annually and four-year awards remain steady at 2016 levels, the institutions will reach the collective goal in 2025.
- In the most pessimistic scenario, in which community college degree awards *decline* by 4% annually and four-year awards *decline* by 3% annually, the institutions will still reach the collective goal in 2025.

As noted in the analysis, enrollment at community colleges has declined for five consecutive years. However, during that same period degree awards have increased in each year. It is true that the rate of increase has slowed, and it is reasonable to estimate that decreased enrollment may lead to slower growth or even negative growth. However, MHEC has not discovered a direct relationship between enrollment and degree awards. This may be a sign of the effectiveness of the efforts by the community colleges to guide more students to completion.

This response has focused on the degree targets, rather than actual attainment levels, because attainment levels are affected by issues outside the control of the public institutions. The MHEC model included assumptions about four such issues in particular: population growth, mortality, in-migration of individuals with degrees, and degree awards by independent and private institutions. In the 2017 edition of its progress report toward the 55% goal, MHEC will examine these assumptions and the extent to which those assumptions have been borne out by actual events.

Figure 1. Projected Scenarios for Meeting Degree Targets at Public Institutions, 2017-2025.



4. **The Chancellor of USM, the President of MSU, the President of SMCM, and the Executive Director of MICUA should comment on how four-year institutions are ensuring they are accessible to, and successful with, nontraditional students and whether the transition away from FT/FT student may be slower than previously thought. – Pg. 23**

5. **The Secretary of MHEC should comment on the process used for selecting comparable funding peer institutions and why size, program and enrollment mix, and other attributes were not taken into consideration. – Pg. 25**

MHEC Response: When Commission staff made the recommendation to move to the Competitor State funding guideline model, the recommendation was made after careful review of the work performed at the time that the Funding Commission recommended moving to the Competitor State Model. The peer group for each Maryland institution under the Funding Commission model was recreated for each Maryland institution and used in the analysis. These are the peer groups that MHEC continues to use for funding guidelines presently. Since the Competitor State model limits the number of states to ten, the number of institutions available to be used as peers is also limited.

- 6. DLS recommends MHEC, in coordination with USM, MSU, DLS, and DBM, revise the funding peer institutions for each public four-year institution. In light of the recent strategic partnership with UMB and UMCP, the appropriate method to select their peer institutions should also be examined. – Pg. 26**

MHEC Response: MHEC concurs with the recommendation with the understanding that it will collaborate with University System of Maryland, Morgan State University, Department of Legislative Services, and Department of Budget and Management staff to revise the funding peer institutions so that each group completely understands and agrees upon the method used to select the peers.

- 7. The Secretary of Higher Education and the Chancellor of USM should comment on what resources would be needed to ensure that ARTSYS becomes a complete one-stop shop for all Maryland transfer students. – Pg. 31**

MHEC Response: ARTSYS was designed, and is currently managed, by the University System of Maryland. The original purpose of ARTSYS was to assist community college students to prepare for transfer to USM institutions. ARTSYS has been expanded to serve other transfer-related purposes, but its operations are still largely oriented around its original purpose. In light of the recent statewide initiatives and mandates, it will be imperative for MHEC and USM to work together with the community colleges and private institutions to ensure that ARTSYS is regularly and comprehensively updated. This work should include: updates to course offerings and academic program transfer information, information on statewide academic programs, processes and procedures for course equivalences for all academic programs, and programmatic articulation agreements that are transparent for students and maximize course work.

While no official report has been made by the Student Transfer Advisory Council (STAC) on what is needed to improve ARTSYS, MHEC will work with USM and STAC to identify how the system can better meet the needs of Maryland transfer students.

- 8. The Secretary should comment on MHEC’s forthcoming campaign to educate both students and institutions about the degree pathways created by the statewide transfer and reverse transfer agreements and how the agency will track transfer student success. – Pg. 31**

MHEC Response: MHEC will consult with the Segmental Advisory Council to identify ways to educate students, academic advisors, faculty, and institutional staff on the regulatory changes to transferring and reverse transferring credit. Outreach will likely occur during summer 2017, after the regulatory changes have taken effect and prior to the start of the 2017-18 academic year. If possible, MHEC will also use this opportunity to gather information about challenges campuses and students are facing with regards to supporting transfer students.

MHEC measures transfer students and transfer student success through the Undergraduate Transfer Report, which reports on the number of students transferring from one public institution to another.

- 9. The Secretary of Higher Education should comment on how MHEC and higher education institutions can work with local school systems to coordinate a statewide dual enrollment outreach campaign to ensure that all Maryland students and parents are aware of dual enrollment opportunities. The Secretary and the Director of the Maryland Association of Community Colleges (MACC) should also comment on whether noncredit courses that are part of Career and Technical Education or apprenticeships can be incorporated into dual enrollment pathways. Finally, the Director of MLDS should discuss whether it is possible for the annual dual enrollment report to include data from the most recent completed academic year. – Pg. 35**

MHEC Response: MHEC will consult with the Segmental Advisory Council, various institutions, and MSDE and local education agencies to improve dual enrollment opportunities and increase awareness. Additionally, while working with community colleges, MACC, and USM, MHEC will review the current Memoranda of Understanding between institutions and local education agencies. In these efforts, MHEC will identify challenges and barriers for students and local education agencies that are limiting dual enrollment opportunities. Such barriers might include transportation, credentialed faculty, current rating mechanisms for secondary schools including AP and other measures for which secondary school performance is currently assessed, and general funding resources for local counties.

A continuing education course at a Maryland college or university is defined as a course for which academic credit is not awarded. Nothing in State statute prohibits dually enrolled students from enrolling in non-credit educational experiences as part of either the high school or college dimension of their experience. Local education agencies and post-secondary institutions determine what college courses or experiences may be used for high school credit. However, regulations prohibit colleges and universities from granting college-level credit for non-credit educational coursework offered at postsecondary institutions. Beyond that, each college and university would have to make an independent judgment about whether specific experiences offered through high schools, such as internships and CTE programs, could be used as the basis for credit or advanced standing toward degrees.

- 10. USM and MACC should comment on any preliminary findings or observations from the study, and how the study's results will be communicated to MSDE and LEAs in terms of modifying college and career readiness standards and degree pathways for dually enrolled and other students. – Pg. 38**

11. The Secretary of Higher Education and the Director of Maryland 529 should comment on how to expand awareness of 529 plans and the new matching contribution to Marylanders. – Pg. 40

MHEC Response: MHEC currently promotes the programs at Maryland 529 in the following ways:

1. Link on the MDgo4it.com website;
2. Link on the MHEC website; and
3. Distribution of plan information at all outreach events attended by MHEC.

MHEC will enhance its efforts by including Maryland 529 programs in its expansion of outreach efforts to specific groups such as the Maryland School Counselor Association and others. In addition, MHEC will add Maryland 529 information to its social media (Facebook and Twitter) schedule. This will be a specific list of messages tailored to certain groups with detailed information. The posts and tweets will be sent out over an established period and then analyzed for effectiveness (number of likes, re-tweets, etc.).

Recommended Actions

1. Adopt the following narrative: - **Pgs. 4 & 41**

Institutional Aid, Pell Grants, and Loan Data by Expected Family Contribution Category: In order to more fully understand all types of aid available to students, the committees request that data be submitted for each community college, public four-year institution, and independent institution on institutional aid, Pell grants, and student loans. Data should include, by expected family contribution (EFC), the number of loans and average loan size of federal subsidized and unsubsidized loans, and loans from private sources as reported to the Maryland Higher Education Commission (MHEC). Additionally, data should be provided on Pell grants, including the number and average award size by EFC. Finally, data should include the number of institutional aid awards and average award size by EFC for institutional grants, institutional athletic scholarships, and other institutional scholarships. The data in the response should differentiate between need-based aid and merit scholarships. Data should also include the number of institutional aid awards and average award size by EFC for tuition waivers/remissions of fees to employees and dependents and students. Waiver information for students should be reported by each type of waiver in State law. This report should cover fiscal 2017 data received by MHEC from State institutions and is to be submitted in an electronic format (Excel file).

Information Request	Author	Due Date
Report on fiscal 2017 financial aid categories by EFC	MHEC	June 30, 2018

MHEC concurs with this recommended action.

2. Adopt the following narrative: - **Pgs. 4 & 41**

Instructional Faculty Workload Report: The committees request that the University System of Maryland (USM), Morgan State University (MSU), and St. Mary’s College of Maryland (SMCM) continue to provide annual instructional workload reports for tenured/tenure-track faculty. By focusing on these faculty, the committees gain a sense of the teaching activities for the regular core faculty. However, there are other types of instructional faculty at institutions such as full- and part-time nontenured/nontenure track faculty including adjunct faculty, instructors, and lecturers. Focusing on only tenured/tenure-track faculty provides an incomplete picture of how students are taught. Therefore, the report should also include the instructional workload when all types of faculty are considered. Additional information may be included at the institution’s discretion. Furthermore, the USM report should include the percent of faculty meeting or exceeding teaching standards for tenured/tenure-track faculty for the University of Maryland, Baltimore.

Information Request	Authors	Due Date
Annual report on faculty workload	USM MSU SMCM	December 15, 2017

3. Adopt the following narrative: - **Pgs. 4 & 42**

Report on Revised Comparable Funding Peers: Funding guidelines are used to assess how Maryland’s institutions are funded relative to comparable “peer” institutions in Maryland competitor states. Comparable institutions as outlined in the Commission to Develop the Maryland Model for Funding report defines peers as those institutions of similar academic scope, comparable size, similar student profile, and same Carnegie classification. However, in the most recent update of peer institutions, peers were selected based only on their Carnegie classification resulting in five University of Maryland (USM) institutions having the same peer institutions. As a result, the funding guidelines do not allow for an accurate comparison of how Maryland funds its institutions compared to those in competitor states. Therefore, the committees request that the Maryland Higher Education Commission (MHEC), in consultation with USM, Morgan State University, the Department of Legislative Services, and the Department of Budget and Management, revise the funding peer institutions for each public four-year institution to include only those institutions in competitor states with comparable attributes to the “home” Maryland institution. Peers for the University of Maryland, College Park and the University of Maryland, Baltimore should be those institutions comparable to the University of Maryland campuses. The report should be submitted to the budget committees by September 15, 2017.

Information Request

Author

Due Date

Report on revised
comparable funding peers

MHEC

September 15, 2017

MHEC concurs with the recommended action.