



**SENATE BUDGET & TAXATION
EDUCATION, BUSINESS AND ADMINISTRATION SUBCOMMITTEE
HIGHER EDUCATION OVERVIEW
FRIDAY FEBRUARY 1, 2013**

Testimony of Dr. William Kirwan, Chancellor

Chairman Madalen, and Committee members, thank you for the opportunity to provide comments on the Fiscal Year 2014 Budget for Higher Education.

The recommended actions are:

1. **Retaining \$4.8 million in the Tuition Stabilization Trust Account in fiscal 2014 to meet its minimum statutory funding levels.** Further recommends that in future years, if the balance falls below 1%, over attainment of HEIF revenues be allocated first to the Tuition Stabilization Trust Account until it reaches its statutory minimum level. Revenues above that should be held in fund balance for appropriation in future years.

USM Response:

The USM opposes the recommended reduction of \$4.8 million provided in the Governor's Allowance. These funds are an essential component of the programmatic funding included in the USM Budget. Initiatives these funds would support include meeting STEM enrollment and workforce needs to build the Maryland economy, strengthening the impact of the new UMB - UMCP MPower initiative, and advancing USM's national leadership in academic transformation and college completion initiatives.

FY 2014 marks the first year USM is slated to receive any programmatic funding in five years. Specifically, our outcomes include: increasing STEM degree production 10% or 700 degrees, expanding the educational, research, and economic impact of MPower (e.g. starting 35 companies per year), doubling the number of students in re-designed courses to 24,000, and enhancing completion initiatives. But without a reciprocal commitment to the Governor's full funding level, USM will be unable to achieve our mutual goals.

It is important to note that in FY 2009 and FY 2010, when mid-year Board of Revenue estimates projected an under attainment of the HEIF fund, the USM's budget was reduced. This is the State's protocol for special funds: HEIF is a special fund. Should the HEIF fund fall short of the estimated balance, the USM will once again adjust its budget.

The USM has a proven track record as an exemplary steward of public funds. The \$350 million in savings we have generated throughout the course of our Effectiveness and Efficiency (E&E) initiative underscore this fact. The trust and cooperative partnership we share with both the Governor and the General Assembly are reflected in this budget. The budget is based on state priorities, and has established the USM as a good investment that will benefit the state as a whole.

The USM feels that the HEIF and its component Tuition Stabilization Trust Account are being used consistent with the original legislative intent and the law. This funding is allowing USM to hold down in state undergraduate tuition growth to a modest 3% in stark contrast to national trends. Maryland law states that "a balance of between 1% and 5%....should be maintained in the Trust Account", not that it shall or must. Further the law states, "Money in the Trust Account may be expended only to supplement General Fund appropriations to public senior higher education institutions for the purpose of stabilizing tuition cost of resident undergraduate students." USM feels that the system and the state are doing exactly that.

Chancellor's Comments Requested

Page 17 – Massive Open Online Courses (MOOCs):

As universities explore the potential of online education and other new technologies to improve student learning and graduation rates while lowering costs, the University System of Maryland (USM) is partnering with Ithaka S+R on a project to measure how well online learning platforms are working. Ithaka S+R, the recipient of a \$1.4 million grant from the Gates Foundation, is a nationally known higher education research and consulting group. The partnership will seek to accelerate the use of new learning technologies across higher education. The USM will serve as a test bed for online or hybrid courses (those that blend face-to-face instruction with online instruction) in a range of subjects at campuses throughout the System. These new teaching technologies can deliver tangible cost savings, from engaging faculty in the most efficient manner to ensuring more students are able to graduate and complete their degree in less time.

The main focus of USM's partnership with Ithaka S+R will be a series of tests of online learning methods. Approximately 5-7 tests will be conducted during the 2013 spring, summer and fall terms. They will mostly be side-by-side evaluations of learning outcomes, comparing traditionally taught sections with hybrid or online-only sections in courses offered for credit. Students of traditionally taught sections and hybrid sections using Coursera and possibly other massive online open courses, or MOOCs, will take common final exams. This methodology will allow the partnership to assess the effectiveness of the different course delivery models. Students also will take surveys at the end of a term to give feedback about their experience in the courses.

Among its 11 campuses, USM includes the full range of institutional types that comprise American higher education. This breadth of institutions includes historically black universities, research universities, and the University of Maryland University College-the nation's largest non-profit online university. Given the System's strong record of experimenting with new teaching and learning technologies, the USM provides an ideal testing platform for how an individual campus can adopt advances in online learning. Furthermore, the USM was the first university system in the nation to embrace the use of technology and innovative educational techniques to redesign entire courses, resulting in better learning outcomes and lower costs.

The Ithaka/Gates project will not only examine the effectiveness of MOOCs. Included in the funded experiment will be online, blended, and highly interactive instructional models from Carnegie Mellon's OLI (On-Line-Learning) project, as well. In addition, we have applied for additional funding to test Pearson's LearningLab products.

That future will be built on careful consideration, analysis and evaluation of how MOOCs work, how effective they are (compared to traditional courses), and how well they contribute to the larger goal of student learning, college completion, and degree production.

Page 20– Enrollment Trends-

Declining enrollment in Higher education in Maryland is the result of three coinciding trends.

First, the Baby Boom Echo, the period in which large numbers of the children of the Baby Boomers entered college, has largely ended. The result is that the total number of high school

graduates has begun to decline. Importantly, however, this decline is not projected to be long term (WICHE projects that the decline in Maryland high school graduates will end within the next 3-5 years, possibly as early as 2016 and then will begin a slow increase that eventually will take the numbers back up to within 3-4 percentage points of the 2007-2008 high), nor is it projected to be nearly as steep a drop as occurred after the original baby boom (the total decline is expected to be no more than 10%, which should place us roughly at the same number of graduates as the state produced in 2004-05).

Secondly, during the extended economic downturn and as a result of flat and declining budgets, institutions were focused on maintaining quality and improving the completion opportunities of their current students and were thus cautious in admitting larger first-time freshmen classes. The result is the number of new first-time freshmen has been in decline in the USM since 2008 and has returned to levels typical of the period prior to the Enrollment Funding Initiative. As students from the larger classes have graduated, these smaller classes have resulted in declines which were only partially compensated for by increased transfer activity.

Thirdly, UMUC and other universities with significant part-time enrollments have felt the negative effects of the economy. It is a national trend that part-time students stop-out because of downsizing or compensation reductions. With reductions in part-time students, the overall headcounts have declined at some universities.

Declining enrollment is an issue for meeting completion goals and an optimal mix of degrees. Several steps are either contemplated or under way which should address the issue. Most important is the system-wide effort to Close the Achievement Gap, which will substantially increase retention and enrollment and will ultimately enhance completion. In addition, Maryland remains a net-exporter of students to higher education institutions in other states, funding to high demand programs in STEM and Health-care featured in the operating budget for FY 2014 will create opportunities which will be attractive to the state's top high school graduates. The continued efforts to maintain relatively low-tuition for in-state students will also continue to make USM institutions highly attractive.

In addition to Marylanders who pursue education out-of-state, there are large numbers of students who have not completed degrees and have either left higher education or have not transferred to four-year institutions. As well as the efforts described above, which are also helpful with this group, reverse transfer and programs to "reclaim" students who have left higher education promise to bring more of these students back into a successful completion path.

Finally, UMUC's long-term growth plans remain robust and will be a key to successful enrollment growth and student completion. Given the long-term prospect of improved budgets to support these efforts, USM institutions are likely to move towards strategic growth which will include a mix of added new and transfer enrollment and enrollment increases from enhanced retention of current students.

Page 26-Reliance on Adjuncts-

Nationally, the number of adjunct faculty has increased considerably across higher education in the last two decades. This trend should not be viewed as entirely negative, adjunct faculty bring real-world skills which enrich the classroom in areas like law and business, and they often advise students as they participate in clinical rotations, internships and student teaching. In the USM, the percentage of non-tenure track faculty remains at or below the national average in all instances. That said, by any measure and in most areas, the increased reliance on non-tenured track teaching faculty is a reality of higher education in the 21st century.

Because of this shift, increasing attention has been placed on the status of adjunct faculty in the USM, faculty professional development and measurement of outcomes generated by USM adjunct faculty. In 2009, the USM led the work of a Legislative Workgroup on the Status of Graduate Assistants and Adjunct Faculty, resulting in an extensive Joint Chairmen's Report that evaluated how adjunct faculty and graduate assistants are appointed, compensated and supported in Maryland's public institutions and made a series of substantive recommendations to improve their status. In response, in 2010 the Board approved a policy that established new a full range of minimum requirements for the appointment, compensation, and conditions of employment for adjunct faculty teaching at USM institutions. The goal of this policy, and subsequent follow up actions by the board and institutions, has been to assure that instruction at the USM institutions is of the highest quality, and carried out by well-trained, experienced individuals with the appropriate credentials, who in turn are appropriately supported in and rewarded for their service to our students and institutions.

In addition, in 2012 the USM worked to establish a "Meet and Confer" process to enhance the ability of adjunct faculty to communicate their concerns with institution administration and work with those administrators to further improve their status and better integrate adjunct faculty into the USM community.

Encouragingly, the result of recently completed study has indicated that performance of students in courses taught by adjuncts has been virtually identical to those taught by tenured/tenure-track faculty in the USM overall and at USM's Historically Black institutions. However, despite these results, questions remain about the overall impact of adjuncts on the overall course of a student's education remain, particularly as tenured/tenure-track faculty provide guidance and advising to students, are able to involve students in research, and create the curriculum based on their deep knowledge of their subject areas.

Page 36- Change in Faculty, Administrator & FTES-

During the time period of FY 2010 to FY 2013 with limited state funding, USM restricted the expansion of administrative positions to preserve the instructional quality and student services operations. In the future we do see limited growth in administrative areas relating to technology, economic development activities, academic transformation initiatives and accountability systems. There are also increased federal compliance regulations which will necessitate increases in administrative support for contract and grant management as well as financial aid.