



MHEC

Creating a state of achievement

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Governor

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Lt. Governor

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Chairman

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Secretary

R62I0001

Maryland Higher Education Commission

Testimony of Dr. Jennie C. Hunter-Cevera, Secretary of Higher Education, to the Senate Budget and Taxation Subcommittee for Education, Business and Administration and the House Appropriations Subcommittee for Education and Economic Development

February 19 & 23, 2015

Recommended Actions

1. Add the following language: - p. 34

, provided that it is the intent of the General Assembly that institutional grants to a public four-year institution should be transferred only by budget amendment to that institution.

Explanation: This action provides greater clarity to the General Assembly on when an institution receives an institutional grant from the Maryland Higher Education Commission and also prevents funds from being double counted in the working appropriation.

MHEC concurs with this recommended action if it is adopted by the Department of Budget and Management (DBM).

2. Strike the following language to the general fund appropriation: - p. 34

~~, provided that this appropriation shall be reduced by \$6,461,675 contingent upon the enactment of legislation reducing the required appropriation for aid to non-public institutions of higher education~~

Explanation: This language is not necessary for the General Assembly to reduce the appropriation.

MHEC concurs with this recommended action.

3. Add the following language to the general fund appropriation: - p. 34

, provided that funding in the Sellinger Program in fiscal 2016 should be distributed by the most recent audited enrollment figures.

Explanation: This reruns the Sellinger formula based on enrollment rather than being frozen at the prior year's numbers.

MHEC concurs with this recommended action.

	<u>Amount Reduction</u>	<u>Position Reduction</u>
4. Reduce Sellinger formula funding.	\$ -6,461,675 GF	- p. 34

MHEC concurs with this recommended action on the basis that it is consistent with the Governor’s proposed budget.

5. Add the following language to the general fund appropriation: - pp. 34 & 35

, provided that \$4,900,000 in general funds designated to enhance the State’s four historically black colleges and universities may not be expended until the Maryland Higher Education Commission submits a report to the budget committees outlining how the funds will be spent. The budget committees shall have 45 days to review and comment on the report. Funds restricted pending receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted to the budget committees.

Explanation: This annual language restricts the expenditure of funds until the Commission reports to the budget committees on the plans for spending funds designated to enhance the State’s four historically black colleges and universities (HBCU).

Information Request	Author	Due Date
HBCU enhancement expenditure report	Maryland Higher Education Commission	July 1, 2015

MHEC concurs with this recommended action.

6. Adopt the following narrative: - p. 35

Report on Best Practices and Annual Progress Toward the 55% Completion Goal: The committees understand that in order to meet the State’s goal to have at least 55% of Maryland’s residents age 25 to 64 holding at least one degree credential by 2025, accurate and timely information on degree progression and best practices is needed to ensure that the State is on track to meet the goal. The committees request that the Maryland Higher Education Commission (MHEC) annually collect and analyze student- and transcript-level data on progression, graduation, and other relevant metrics from each public institution of higher education, including community colleges and regional higher education centers. MHEC should submit a report by December 15 each year that analyzes the data and shows each institution’s progress toward the State and institutional goals in 2025. The report should also include a summary of best practices and findings on the effectiveness of institutions’ programs, as well as any concerns regarding lack of progress or best practices that are not being implemented by institutions.

In addition, the committees request that MHEC, on behalf of the Governor and General Assembly and in collaboration with the Governor’s Prekindergarten-20 Council, convene a biennial Summit on Completion that provides a forum for representatives of all segments of education (including K-12), economic and workforce development, and other stakeholders to

share best practices on college completion that are underway in Maryland and hear from experts on best practices in other states that may be replicated in Maryland. A summary of the summit should be included in the annual report on best practices and progress toward the 55% goal.

Information Request	Author	Due Date
Report on best practices and progress toward 55% completion goal	MHEC	December 15, 2015, and each year thereafter

MHEC concurs with this recommended action pending the inclusion of biennial funding for the before mentioned Completion Summit. The 2013 and 2014 Completion Summits, as required in the 2012 and 2014 Joint Chairmen’s Report (JCR), incurred approximately \$25,000 in unappropriated general funded expenditures on MHEC’s budget in each fiscal year.

7. Adopt the following narrative: - p. 36

Report on Outcomes of Students Participating in Access and Success Programs by Cohort: The committees understand that as part of the State’s agreement with the federal Office for Civil Rights, the State has provided annual funding to Maryland’s public historically black colleges and universities (HBCU) to improve retention and graduation rates. From fiscal 2001 to 2006, the funds were budgeted through the Maryland Higher Education Commission (MHEC) and released after each HBCU submitted proposals to MHEC outlining how the funds would be spent in the coming year. Beginning in fiscal 2007, Access and Success funds were appropriated directly to HBCUs. The committees request that MHEC collect progression, retention, and graduation data from each public HBCU on all students participating in the Access and Success program in fiscal 2015. Data should be analyzed and presented by institution and program. Data should include the throughput completion rate in credit-bearing coursework for required remedial classes and graduation rates. The report should include a summary of fiscal 2015 programs supported by Access and Success funds and a statement from each institution on how findings from the 2014 report have been used to inform and improve programs and student services supported by Access and Success funds. The report shall be submitted by October 15, 2015, and every year thereafter.

Information Request	Author	Due Date
Report on the fiscal 2015 outcomes by cohort of students participating in Access and Success programs	MHEC	October 15, 2015, and annually thereafter

MHEC concurs with this recommended action.

8. Adopt the following narrative: - pp. 36 & 37

Future of the Maryland Higher Education Commission: With changes in leadership at the Maryland Higher Education Commission (MHEC) and a continued effort to maximize State resources across all agencies in times of limited State support, the committees believe it is an appropriate time for MHEC to reexamine the current structure of MHEC and to report on any recommendations to improve the higher education coordination, monitoring, and reporting body in Maryland. MHEC should work with the Maryland State Department of Education (MSDE), the University System of Maryland (USM), and representatives from the community colleges and independent institutions to consider and make recommendations, including the following options: (1) that MHEC should become an office within MSDE; (2) that MHEC should be an equal partner with MSDE within a new State-level Prekindergarten-20 agency; or that (3) MHEC should retain its current form. The authors of this report are encouraged to think broadly and to explore, at a minimum, sharing administrative resources to generate cost efficiencies for MHEC and MSDE and to reduce redundancies. The authors should also consider agency models used in other states, and to note whether ideas from prior State commissions such as the 1963 Curlett Report or 1999 Larson Report have been implemented or addressed.

Information Request	Authors	Due Date
Report on the Role, Structure, and Future of MHEC	MHEC MSDE USM Maryland Association of Community Colleges Maryland Independent College and University Association	December 15, 2015

MHEC opposes this recommended action on the basis that it is too early in the administration of Governor Lawrence J. Hogan, Jr. to perform such an analysis and is inconsistent with the administration’s vision for higher education under Secretary Hunter-Cevera. The Agency is currently performing an internal Effectiveness and Efficiency review to determine how best to restructure.

Performance Analysis

1. **The Secretary should comment on what caused the increase and how not to lose that momentum. – p. 6**

MHEC has recently expanded its data collections to allow for greater analysis of questions surrounding progress and completion. However, this expansion does not apply to earlier years, so MHEC does not have sufficient historical data to explore factors associated with the increase in African American retention beginning with the 2010 cohort and continuing to date. MHEC believes that the likeliest explanation for the increase is the wide range of initiatives undertaken by colleges and universities to close achievement gaps and improve outcomes for African Americans and other underrepresented minority groups. Colleges and universities provide mentoring and advising operations, tutoring and other academic support ventures, financial aid programs, outreach efforts and partnerships with K-12 schools, and collaborations across

institutions designed to improve student outcomes for students from underrepresented minority groups. These initiatives are discussed at greater length in the 2014 Cultural Diversity Report (MSAR #8751). The retention rate for African Americans remained above 75.0% for the 2011 and 2012 cohorts, and MHEC anticipates that these efforts will continue to produce strong results in future years.

Of course, the achievement gap is a national issue, particularly with respect to African Americans. Nationally, the graduation rate achievement gap for African Americans at four-year public institutions increased from 11.1 percentage points for the 2000 cohort to 16.1 percentage points for the 2007 cohort. Although the overall graduation rate increased by 4.5 percentage points nationally during this time period, the African American graduation rate declined by 0.5 percentage points.

In addition, all of Maryland’s competitor states have achievement gaps of their own. Table 1, below, provides information on the achievement gap for each of Maryland’s competitor states, using average IPEDS graduation rates for 2009-2011.

Table 1. Graduation rate and achievement gap data, Maryland and competitor states, 2009-2011.

State	Statewide Graduation Rate (IPEDS)	Graduation Rate of Largest Under-represented Ethnic/Racial Group	Achievement Gap for Largest Under-represented Ethnic/Racial Group	Graduation Rate for African Americans	Achievement Gap for African Americans
Maryland ^a	63%	40%	23%	40%	23%
California ^b	64%	54%	10%	49%	15%
Massachusetts ^b	69%	64%	5%	57%	12%
Minnesota ^a	61%	44%	17%	44%	17%
New Jersey ^b	62%	51%	11%	48%	14%
New York ^b	64%	50%	14%	47%	17%
North Carolina ^a	59%	44%	15%	44%	15%
Ohio ^a	56%	32%	24%	32%	24%
Pennsylvania ^a	67%	49%	18%	49%	18%
Virginia ^a	64%	47%	17%	47%	17%
Washington ^b	69%	59%	10%	63%	6%

^aLargest URM is African American.

^bLargest URM is Hispanic/Latino.

Source: Education Trust Education Watch Reports 2011; Digest of Education Statistics, Table 306.60.

As noted in Table 2, below, the number of first-time full-time students in Maryland grew by 15.8% between the 2000 and 2010 entering cohorts, and African American students constituted 62.0% of that increase (other groups grew by greater percentages). It is possible that the drop in retention during the early part of the 2000s was a byproduct of this increase, and that the recent increase in retention for African American students is a signal that colleges and universities have achieved previous levels of success while also increasing access.

Table 2. First-time full-time entering cohorts, 2000-2010, Maryland four-year public colleges and universities; by selected ethnic/racial groups.

Entering Cohort Year	All Students	African American	White	Asian	Hispanic
2000	12,319	3,426	6,896	955	321
2001	13,454	4,092	7,082	977	355
2002	13,165	3,975	7,095	958	355
2003	13,250	4,317	6,520	1,035	409
2004	13,610	4,272	6,796	1,058	383
2005	13,788	4,419	6,846	1,106	456
2006	14,492	5,046	6,824	1,173	536
2007	14,799	4,723	7,428	1,162	511
2008	15,100	5,163	7,248	1,239	563
2009	14,666	4,743	7,285	1,214	559
2010	14,262	4,631	6,785	1,296	712
Difference 2010-2000	1,943	1,205	-111	341	391

Fiscal 2015 Actions

- 1. The Secretary of Higher Education should comment on how MHEC will absorb \$2 million in cost containment. – p. 10**

MHEC is in the process of identifying reductions to meet the 2% reduction targets in both FY 2015 and FY 2016. We are working with DBM and the Governor’s Office on their review of our recommendations, and this information will be shared with the committees.

Fiscal 2016 Actions

- 1. DLS concurs with the reduction to Sellinger aid in fiscal 2016, but recommends that such aid be distributed by enrollment, rather than the prior year per-institution appropriation as specified in the BRFA of 2015. This would require an amendment to the BRFA. – p. 14**

MHEC concurs with this recommended action.

- 2. DLS recommends budget bill language that general fund grant disbursements made directly to State institutions of higher education be transferred only through budget amendment so that the budget system does not double count the grants in the working appropriation and properly shows the total State support going to the institutions. – p. 18**

MHEC will comply with this recommended action if it is adopted by DBM.

3. The Secretary should comment on progress toward working with DHMH and the Board of Physicians so that HPSIG awarding may resume as intended under current statute. – p. 21

Beginning in March of 2013, MHEC staff engaged in discussions with Department of Health and Mental Hygiene (DHMH) staff regarding issues with the Health Personnel Shortage Incentive Grant (HPSIG). Both parties agreed to develop recommendations for suggested statutory changes. Discussions included moving from a formula grant toward a competitive funding model, developing more clearly defined outcomes metrics, and implementing a model for forecasting health occupational shortage areas.

These changes were put into draft statutory language, which DHMH staff presented to the Board of Physicians in August of 2014. The Board of Physicians rejected the recommendations. The Board raised several issues it wished to address, including but not limited to, placing a hard cap on the Board's contribution to the fund, and gaining financial support from other licensure Boards with occupations covered by the grant. To date, no new statutory language has been recommended. MHEC will continue to meet with and work collaboratively with DHMH and the Board of Physicians to update the statute governing this program for the 2016 session of the Maryland General Assembly.

Issues

1. Given the co-location of both MHEC and MSDE, DLS recommends that MHEC work with MSDE and other higher education stakeholders to create recommendations on the organizational structure of MHEC, which should include considering whether MHEC should become an office within MSDE, an equal partner with MSDE within a new State-level P-20 agency, or whether MHEC should retain its current form. – p. 24

The legislative analysis suggests that the State should consider again the recommendation in the report of the 1961 Commission for the Expansion of Higher Education in Maryland that a department of higher education be created within the Maryland State Department of Education (MSDE). That recommendation occurred for very particular reasons that existed at the time, to wit: MSDE's responsibility to provide oversight for teacher candidates – who were originally high school graduates, but a growing number of teacher candidates by the 1950s were graduates of state teachers colleges – and the lack of an oversight body for community colleges. These conditions bear no relation to the condition of education in Maryland more than 50 years later. In 1961, Maryland public colleges and universities enrolled 22,165 undergraduates; in 2014, they enrolled 262,349 undergraduates, an increase of 1,084%. Community colleges – which were to be overseen by this new department within MSDE – have grown from 3,404 students in 1961 to 145,085 in 2014, an increase of 4,162%. This particular recommendation of the 1961 Commission is simply inapplicable to the current needs of the State.

MHEC opposes this recommendation. It is premature at this time given that the new leadership has barely been on the job for one month. Secretary Hunter-Cevera has initiated an internal Effectiveness and Efficiency (E&E) review of MHEC's capabilities and functionalities. From the eight E&E teams created across the agency, it is apparent that MHEC itself can best address where to improve and/or enhance its capabilities. It is the Secretary's vision to make MHEC more proactive than reactive, and more action-oriented in getting results in a timely fashion. MHEC will produce reports that will not only provide information and data, but

recommendations for implementation leading to more affordable, accessible, and high quality postsecondary education opportunities for all Marylanders. MHEC's Commissioners are also poised to help MHEC achieve new heights. A strategic plan will be written that delineates how MHEC will achieve specific goals over the next four years. Finally, the Hogan Administration wants MHEC to be a rigorous agency responsible for the oversight and coordination of higher education programs in the State of Maryland.

When conversations about a merger of MHEC and MSDE occurred in 2011, MHEC took the position that a merger would lead to few gains in efficiency and substantial decreases in productivity. MHEC continues to hold this position. Additionally, an analysis of shared IT services between MHEC's and MSDE's IT Departments in FY 2013 revealed there to be no cost savings, and potential added expense.

2. The Secretary and Director of MACC should comment on the outcomes of the sexual assault policy workshop with the community colleges. – p. 25

In partnership with the Maryland Association of Community Colleges, the Maryland Higher Education Commission presented an educational seminar on Title IX compliance and policy issues. The seminar, entitled "TITLE IX, the CLERY ACT, and SEXUAL MISCONDUCT POLICIES for COMMUNITY COLLEGES," was held on January 22, 2015 at Howard Community College. Every Maryland community college sent at least one representative. In total, over 120 community college staff members attended this seminar. Among the topics presented were:

- Clery Act Compliance;
- Title IX Obligations and the Role of a Title IX Coordinator;
- Reporting Procedures and the Investigation Process;
- Adjudication Procedures and FERPA;
- The Policy Adoption and Dissemination Process;
- Working with Law Enforcement; and
- Training of Staff and Students.

The Commission is now looking at additional ways to provide training or otherwise assist institutions in this area.

3. The Secretary, Director of MACC, and President of MICUA should comment on any next steps for Maryland institutions to come into compliance with federal regulations on sexual assault policies and any role MHEC may play in the near future to facilitate compliance for any postsecondary education institution in Maryland. – p. 27

In the fall of 2014, MHEC coordinated the updating of sexual assault policies by Maryland's institutions, to reflect recent federal guidance, with final policies to be filed with the Commission by December 31, 2014. Each institution complied.

MHEC staff has reviewed these policies, and can report that Maryland institutions have done an excellent job of enacting policies that are consistent with this rapidly developing area of federal law. In addition, MHEC will review the policies to ensure that they address the following elements required by section 11-601:

1. Informing a victim of a sexual assault of the right to file criminal charges with the appropriate law enforcement official;
2. The prompt assistance of campus authorities, at the request of the victim, in notifying the appropriate law enforcement officials and disciplinary authorities of an incident of sexual assault;
3. Designation of the nearest hospitals equipped with the Department of State Police Sexual Assault Evidence Collection Kit;
4. Full and prompt cooperation from campus personnel in obtaining appropriate medical attention, including transporting the victim to the nearest designated hospital;
5. Offering counseling to a victim of sexual assault from mental health services provided by the institution, other victim service entities, or the nearest State designated rape crisis program; and
6. After a campus sexual assault has been reported, and upon the request of the alleged victim, the transfer of the alleged victim to alternative classes or housing, if such alternatives are available and feasible.

In order to ensure that each institution's policy remains current, MHEC will review policies on a frequent basis. In addition, MHEC will develop a network of Title IX coordinators throughout the State to share information on innovative programs and best practices.

4. The Secretary should comment on how MHEC will use the funding guideline model with DBM given the fiscal challenges facing the State. The Secretary should also comment on whether the funding guidelines should be used by the General Assembly to inform budget decisions this legislative session. – p. 28

Chapter 345, Acts of Maryland 1999, charged MHEC with developing operating budget funding guidelines, in consultation with the segments of higher education, that compared funding of Maryland public institutions to “peer” institutions from across the United States. These were selected from a comprehensive set of variables designed to reflect individual institutional characteristics. In addition, MHEC established a framework to measure the performance of each Maryland public institution using a set of common and institution-specific metrics against a subset of “performance peers” to analyze and report on institutional performance against those institutions. MHEC began using the operating funding guidelines in the FY 2001 budget.

In 2006, the Commission to Develop the Maryland Model for Funding Higher Education (Bohanan Commission) spent two years studying State funding of higher education in Maryland and reaffirmed the importance of using comparative funding guidelines for operating appropriations to the public four-year colleges and universities. The Bohanan Commission also modified the model by limiting the peers to comparable institutions in the 10 states with which Maryland principally competes to attract employers, termed “competitor states.” These 10 competitor states are California, Massachusetts, Minnesota, North Carolina, New Jersey, New York, Ohio, Pennsylvania, Virginia, and Washington. However, because of fiscal concerns related to the recession of 2008, the new guidelines were not implemented until last year.

The operating funding guidelines provide an important assessment tool in the allocation of State appropriations to public four-year colleges and universities. They provide a benchmark by which the appropriation of each institution can be compared. In addition, they provide the opportunity to assess each institution's performance on specific metrics against peer institutions

from the other states. One important aspect of this model, in contrast to “formulaic” models implemented in other states, is that this model is an iterative tool, along with budget requests and other institutional reports, which can be used to inform budget decisions. It is not a funding formula, but provides a “benchmark,” rather than a mandate, for State funding to each Maryland public four-year institution. The model provides an assessment of funding while maintaining the flexibility to make funding decisions outside of the model, should circumstances call for the consideration of additional factors.

Therefore, in either strong or weak economic cycles, MHEC will continue to use the Competitor State funding guideline model. MHEC also recommends that the Governor and members of the General Assembly use the guidelines both as a reference for State appropriations for public institutions of higher education, and for an annual review of their performance against similar institutions from competitor states. Finally, comparisons to competitor states are used to inform questions on additional policy issues, such as the achievement gap, as previously discussed, and on funding comparisons for student financial aid.

5. The Secretary and Executive Director of HSCRC should comment on how MHEC can be sure Maryland hospitals are not simply paying for the training of nurses bound for other states. – p. 31

The NSP II Hal and Jo Cohen Graduate Nurse Scholarship program requires a student to work for a Maryland institution for two years for every year of tuition funding received. If the Nurse Support Workgroup recommends additional undergraduate or graduate scholarship programs, a service obligation component would be expected to be included. The HSCRC funds provide support for follow-up services for tracking these obligations and implementing repayment plans if needed. Other programs that provide tuition and loan repayment (New Nurse Faculty Fellowship and Nurse Educator Doctoral Grants) include a commitment to renew funding based on “employment in good standing” at the nominating school.

The Maryland Longitudinal Data Service Center (MLDSC) will have access to 2014 employment data for nurses working for non-federal employers in Maryland.

6. The Secretary should comment on whether UMUC should be shown separately sector in future analyses due to the different mission and enrollment size of that institution. – p. 32

In MHEC’s “Progress to 55%” report, UMUC is currently included in the “four-year public colleges and universities” sector, given that it is a public university that grants four-year undergraduate degrees. It is certainly true that UMUC differs in size and mission from the rest of the institutions of this sector. However, the same could be said for each of the other 12 institutions in this group. MHEC believes that, since institution-level data is included in the “Progress to 55%” report, it is easy to identify the effect of UMUC on progress within the sector, and so identifying UMUC as a separate “sector” adds little to the explanatory power of the progress report. Nevertheless, if the General Assembly wishes for UMUC to be separated from the rest of four-year public institutions in the report, MHEC will take this under consideration.