

## How the University System of Maryland Responded

BY WILLIAM E. KIRWAN



A crucial national dialogue is under way about higher education and its role in securing our nation's future. Last fall, a blue-ribbon panel on higher education, established by Secretary of Education Margaret Spellings, issued a report expressing concerns that the United

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States could be losing its status as the world leader in post-secondary education. The panel offered far-reaching recommendations aimed at ensuring that higher education can meet its responsibilities for advancing our national security, global competitiveness, and the quality of life of our citizenry.

The underlying concern is clear: How do we ensure that American higher education maintains the level of quality that has made it the world's premier system, while also providing affordable access to a growing number of 18- to 22-year-olds?



This concern is a major reason for the close scrutiny by the Spellings Commission and others of higher education's costs and the "value added" of its degrees.

We in higher education see matters from a different perspective. Our sense is that the nation has moved from treating higher education as a "public good" to considering it a "private benefit." This transition manifests itself in public policy that expects individuals to pay a larger and larger share of the cost. A recent study by the State Higher Education Executive Officers, for example, shows that state investment on a per-student basis, adjusted for inflation, is at an historic low.

Despite these differing perspectives, everyone inside and outside higher education should agree on the dangers outlined in this issue's "Playing the Numbers" feature: For the first time in our nation's history, we are developing an educational deficit in relation to the rest of the industrialized world.

A few decades ago we ranked first in the proportion of our population that graduated from high school and also in the number of those graduates who enrolled in college.

Today, we rank seventh and ninth, respectively, on those two measures of educational attainment. Even worse, we are the only industrialized nation with a flat college-participation rate. In an economy that puts a premium on a skilled workforce, creativity, and innovation, these trends represent a tremendous threat to our global competitiveness and economic security in the decades ahead, to the social mobility of citizens, and to our civic well-being.

Thus, recapturing the sense of higher education as a common good worthy of greater investment of public funds is critical to the future well-being of our nation. Indeed, higher education simply will not be able to meet the expectations society places on it without adequate and consistent public funding. But for this to happen, those of us in higher education must change our approach. We must, once and for all, discard the appealing but flawed notion that if we simply do a better job of explaining our needs and our impact on society, greater funding will surely follow. Rather than repackaging our failed arguments and bemoaning our lack of support, we need to listen carefully to our critics, understand their concerns, and address them to the degree that we can.

As a first step, we must understand the fact that our nation has entered a new era of public accountability. Be it in business, government, the non-profit sector, the public schools, or higher education,

the expectations for accountability in the use of funds and for performance have reached a level never before seen in our nation. Higher education receives a significant amount of taxpayer support and, in this new era, we must be more accountable to the public for the rising costs of our operations. Higher education also receives sizable funding from the students (and parents) who pay tuition, and we must be more accountable to them for rising fees and for the educational outcomes of their college experience. Finally, in the knowledge economy, higher education has become the primary ladder of opportunity for individuals, and we must be more accountable to society for ensuring—in partnership with government and the private sector—that no qualified student is denied access to a college degree for financial reasons.

Increased accountability to taxpayers can only be achieved by instilling a commitment to cost consciousness and cost-containment throughout higher education. For some years now,

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our costs have been rising faster—*much* faster—than family incomes. This is not a sustainable situation.

Unfortunately for those of us in higher education, cost consciousness is not in our individual or institutional DNA. Of course, higher education is not a private-sector industry. We can't be held to the same kinds of expectations for cost containment as the business world. Teaching classes of 1,000 students might lower costs, but it would have a negative impact on quality. Nevertheless, higher education cannot continue to operate while ignoring the cost-conscious environment in which the rest of the world operates.

The good news is that universities can make systemic changes that control growth in costs without damaging quality. The University System of Maryland (USM) launched such an effort almost two years ago, which we call our Effectiveness and Efficiency Initiative (E&E). Through this initiative, we are systematically looking at our academic and administrative processes to see how they can be re-engineered to hold down cost increases and sustain or even elevate quality.

On the academic side, we reduced students' time to degree, increased faculty members' teaching commitments, and mandated out-of-classroom learning to free classroom space for additional students. We are also working with the National Center on Academic Transformation on how to use technology to teach some of the most popular lower-division courses so as to reduce costs while maintaining or even increasing learning. On the administrative side, we started using the central system as a universal purchasing agent for procuring energy and other commodities and are beginning to consolidate "back-room" operations such as auditing.

These achievements were made possible by our efforts to act together *as a system*, with our Board of Regents, campus presidents and their administrative teams, faculty, staff and student leaders, and the University System of Maryland office working in tandem. Over the past two years, the impact of our Effectiveness and Efficiency Initiative—including cost-containment, cost-avoidance, and strategic reallocation of resources—stands at more than \$175 million, which enabled us to hold down growth in tuition. Our efforts were praised by the governor and the General Assembly. Because of our initiative and a concerted effort to align our budget requests more closely with state needs and priorities, we



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were rewarded with budget increases of 6 percent in fiscal 2006 and 15 percent in fiscal 2007.

The second step we in higher education must take is to show accountability to tuition-payers, demonstrating the "value added" of their college degrees. At the elementary and secondary education levels, the need for assessment and accountability has become a given, their importance universally recognized. At the same time, the need to approach education from pre-school through college as a single continuum—the K-16 model—continues to gain credence. Given these trends, it is difficult to argue that higher education is somehow above the need for specific, measurable, transparent indicators of success. Higher education simply will not be able to persuade the public that assessing "what" and "how well" students are learning should stop after high school.

Apart from buying a home, paying for a college education is often the most expensive purchase a family will ever make. When deciding which institution best suits their needs, students and parents have every right to expect easy access to information such as costs, degree offerings, graduation rates, transfer rates, job-placement and graduate-school-acceptance statistics, average test scores, and grade-point-averages. Before asking people to commit literally tens of thousands of dollars, it is incumbent upon us to step forward and give them the information they need to make



an informed, educated choice by providing clear, concise, relatively standardized data that can be compared across institutions.

We also need to measure and report how higher-education institutions fare in meeting the “big three” core educational outcomes: the development of critical thinking, analytical reasoning, and written communication skills. First and foremost, we should do this because it will enable us to improve the quality of our educational offerings. But we also have an obligation to demonstrate to our paying customers the benefits they can expect to receive in knowledge and skills from our degree programs.

In an era in which public accountability has become a way of life in most sectors of society, we will continue to ignore these calls for information about the learning coming out of our degree programs at our peril. Since different institutions have different missions and serve different clienteles, a “one-size-fits-all” approach in assessing learning outcomes is not appropriate. But we can and should develop accountability measures, perhaps tailored to the various classifications of institutions, that focus on the increase in educational value that institutions provide. Better that we ourselves devise the mechanisms that demonstrate the effec-

tiveness of our institutions than risk the imposition of measures we have little hand in shaping. Fortunately, under the leadership of Peter McPherson, the National Association of State Universities and Land-Grant Colleges—in conjunction with the American Association of State Colleges and Universities—has embarked on an effort to create a voluntary system of accountability that encompasses many of the elements I have outlined.

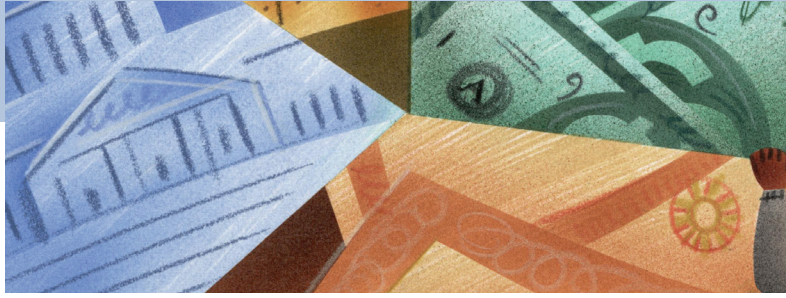
The University System of Maryland’s Board of Regents has developed a series of “dashboard indicators” that allow the university community (including students and parents) to assess the system and its 13 component institutions. For the first time we are identifying, scoring, and housing a comprehensive inventory of selected measures in one place, as part of our efforts to enhance accountability and transparency. Among the core dashboard indicators for many of the system’s institutions are freshmen-acceptance rates; entering students’ average SAT scores; graduation and retention rates; minority-group students as a percentage of total undergraduates; total research and development funds obtained per full-time faculty member; facilities utilization; and average teaching workload. In addition, we are tracking numerous “outcome measures” and incorporating those data into our dashboard indicators. Information on specific degree programs—such as teaching graduates and nursing graduates—is being gathered, as is the percentage of graduates who pass the requisite certification and licensure exams.

The USM first reported these dashboard indicators to the Board of Regents in 2005. We gave our second annual report to the board in December 2006. In addition, the current report is posted on the system’s Web site. The board and system and campus leaders use the data not only as assessment tools but also to

give prospective students and their parents more complete and readily accessible information about our institutions.

Higher education has long played a pivotal role in honoring our nation’s “social contract”: the obligation of the current generation to educate the next generation. Providing affordable access to qualified low-income students is an indispensable aspect of this social contract and is a vital step for us to take in restoring the sense of higher education as a quintessential “common good” in the knowledge economy of the 21st century.

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So a third step higher education must take is demonstrating accountability to the larger society by providing access for all qualified, economically disadvantaged students. The founding principle for the distribution of financial aid in higher education was to support students who otherwise would not be able to attend college. Starting in the early 1990s, trends in financial aid have altered this founding principle. At the state and institutional levels, need-based aid programs have received relatively modest increases while merit-based aid, which is not needs-tested, has virtually exploded.

According to a recent study by Donald E. Heller of The Pennsylvania State University's Center for the Study of Higher Education, from fiscal 1996 to fiscal 2004, merit aid on college campuses grew 212 percent, while need-based aid grew by only 47 percent. In effect, many institutions are trying to "buy" students with high test scores, usually from upper-middle-class families, to improve their rankings, at the expense of supporting qualified students from low-income families.

Two years ago, we launched a study of the USM institutions to examine our use of financial aid, and we didn't like what we discovered. We found that we were just as guilty as most of the rest of higher education of paying too little attention to our financially neediest students, who were graduating with 25 percent more debt than the average student. We decided that we could not allow that to continue.

As a system, we established a new policy that stipulates that by fiscal 2010, the lowest-income students at each of our 11 degree-granting campuses must graduate with 25 percent less debt than the institution's average student debt. This is just one of several policy changes that have resulted in a huge increase in financial aid for those who need it most. The average across the system is a 30-percent-increase in need-based aid for fiscal 2007.

An ancillary benefit of the system's decision to reemphasize financial need as the basis for student-aid distribution was reflected in the overall state budget. In recognition of our effort, in recent years the governor, with approval from the legislature, has doubled the amount of need-based aid available to Maryland students.

Of course in the long run, America's economic, social, and cultural future demands greater investment in higher education. It is unrealistic to believe that higher education can "manage" its way through a sustained period of reduced support and growing enrollment without a serious impact on the quality of

its operations. Our nation's continued leadership in the knowledge economy can only be realized through a renewed sense of partnership between higher education and the body politic, which must include an infusion of public funds for colleges and universities. But this will require a change in higher education's approach to accountability.

With a demonstrated commitment to cost containment, access for low-income students, and accountability for our operations and educational outcomes, we will be in a much better position to make the case that postsecondary education deserves greater support from taxpayers.

So much is at stake. Higher education raises incomes and lowers poverty, creates opportunities and solves problems, reduces barriers and elevates civic engagement. Higher education changes the lives of the people who will change the world. Our nation simply must find a way to ensure access for all qualified students to a high-quality higher education. Doing so is our best hope, one might say our only hope, for building a bright future for America. This is why higher education must increase the public's confidence and financial support. And the way to do that is demonstrated willingness to embrace a new, higher standard of public accountability. ☐

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