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Secretary of Higher Education

Administration Budget Hearing

Senate Budget and Taxation Subcommittee on
Education, Business, and Administration

January 25, 2002

Response to Issues Raised in the Department of Legislative Services Analysis

1. Enhancements to Historically Black Institutions

The Department of Legislative Services recommends budget bill language restricting the expenditure of fiscal 2003 Historically Black Colleges and Universities (HBCU) enhancement funds until the Maryland Higher Education Commission has submitted a report to the budget committees detailing how the funds will be spent.

The Commission accepts the analyst's recommendation and will provide a report detailing how the fiscal 2003 enhancement funds will be spent. Based on the Commission's recommendation, enhancement funding for HBCUs was to be used for ongoing operations. Funding in the proposed budget for enhancements is to be used for one-time operating or capital enhancements and to pay for debt service on capital improvements. The Commission has requested that each HBCU resubmit their enhancement plan for fiscal 2003 to reflect one-time only enhancements.

2. Continuing Evolution of Funding Guidelines

DLS recommends that the committees support the redetermination of peers for 2004 but encourage MHEC to consider a longer time frame between future redeterminations.

The Commission concurs with the analyst recommendation.

3. Sunset of 1999 Academic Program Review Law

The Secretary should comment on work with the Board of Regents, if any, the commission has undertaken to improve documentation of a program's feasibility within existing resources. The Secretary should also comment on what authority and resources the commission would require to assure that new programs are being implemented within existing resources, without detriment to existing programs, and to achieve quality.

The Commission has met with members of the Board of Regents and USM to discuss possible ways to address the concerns raised with the program approval process. The Board of Regents has agreed to work with the Commission on appropriate refinements to the current process. The Commission will keep the subcommittee informed as progress is made in this area.

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4. **Low-Productivity Programs**

The Secretary should comment on what, if any, follow up the commission does to ensure that institutions address its recommendations about low-productivity programs, especially in light of the State's current fiscal constraints.

The Commission has historically left this responsibility to the Board of Regents. Given the State's current fiscal constraints and concerns raised with the program approval process, the Commission recognizes a need to play a more proactive role. This issue will be discussed with the Board of Regents as part of the program approval process discussions.

5. **Performance Analysis: Managing for Results**

The analyst raised a number of issues with the Commission's MFR: 1) MFR goals for General Administration reflect goals for postsecondary education not agency activities; 2) an audit by the Office of Legislative Audits; 3) collaboration with the Maryland State Department of Education to develop interim measures for the College Preparation Intervention program; and 4) identify performance measures for all Educational Grant programs.

Each issue is individually responded to below:

1) The Commission has been instructed by DBM to focus on goals for postsecondary education in Maryland rather than an evaluation of administrative practices of the agency. The Commission is willing to refine its goals to measure administrative practices and will work with DBM.

2) The Commission is willing to work with the Office of Legislative Audits to perform an audit of its performance measures. It should be noted however, that proper documentation is available for all current performance measures. Documentation is not available for the definition of one performance measure submitted in a prior MFR.

3) The Commission will explore whether interim measures for this program would be appropriate.

4) The Commission will include outcome oriented performance measures for all grants in future MFR submissions as appropriate.

Responses to Recommended Actions Raised in the Department of Legislative Services Analysis

1. **Reduce Sellinger formula funding to reflect 2001 per-student funding - $8,055,422**

The Commission does not accept the analyst's recommendation. Reductions made to the Sellinger funding formula should be aligned with those reductions proposed in the

Budget Reconciliation Act. With the DLS recommendation, independent institutions would receive 4 percent less than they received in fiscal 2002. The Budget Reconciliation Act provides for a total increase of 7 percent.

2. **Reduce funding enhancements to the state's four historically black institutions - $3,000,000**

   The Commission does not accept the analyst's recommendation. Enhancement funding for the state's historically black institutions is essential to fulfill the State's commitment with the U.S. Department of Education, Office for Civil Rights. A reduction in funding fails to show the State's commitment to meeting its obligation.

3. **Restrict the expenditure of funds for enhancements to public historically black institutions until the Secretary submits a report to the budget committees explaining how the funds will be spent**

   The Commission accepts the analyst's recommendation and will provide a report detailing how the fiscal 2003 enhancement funds will be spent. Based on the Commission's recommendation, enhancement funding for HBCUs was to be used for ongoing operations. Funding in the proposed budget for enhancements is to be used for one-time operating or capital enhancements and to pay for debt service on capital improvements. The Commission has requested that each HBCU resubmit their enhancement plan for fiscal 2003 to reflect one-time only enhancements.

4. **Reduce funding for Private Donation Incentive Grants to provide one-half of amounts now die under the matching provisions of the program - $2,490,707**

   The Commission supports funding levels identified in the Governor's Budget Reconciliation Act.

5. **Restrict funding for the Maryland Digital Library until the Commission reports to the budget committees on a permanent funding strategy for the library**

   The Commission concurs with the analyst's recommendation.

6. **Reduce funding for the Southern Maryland Higher Education Center to maintain the fiscal 2002 level of operating support - $268,000**

   The Commission does not accept the analyst's recommendation. The Commission believes that this Center serves an important role in achieving the State's higher education goals by bringing upper-level undergraduate and graduate education to the southern Maryland region. The Center also supports the economic development needs of Calvert, Charles, and St. Mary's counties by providing educational resources such as engineering, applied sciences and management programs to both the civilian and military workforce.

7. **Reduce special funds for Health Personnel Shortage Incentive Grants to conform with sunset recommendation to end diversion of special funds for this program - $350,000**

   The Commission does not accept the analyst's recommendation. The Health Subcommittee of the House Environmental Matters Committee did not approve the recommendation in the BPQA sunset review report to eliminate the earmarking of funds to support the Health Manpower Shortage Incentive Grant Program. In addition, the subcommittee felt strongly that funding be continued for this program.

8. **Delete funds for interior modifications and reduce food budget to 2001 level - $6,134**

   The Commission concurs with the analyst's recommendation to reduce funds for interior modifications related to the Guaranteed Student Tuition Fund, however it does not support any reduction to its administration budget.