
Capital Prioritization

**Presentation to the
Capital Investment Workgroup of the
Commission to Develop the Maryland Model for
Funding Higher Education**

**Department of Legislative Services
Office of Policy Analysis
Annapolis, Maryland**

June 10, 2008

Charge of Capital Workgroup

- The workgroup has been charged with six objectives, one of which pertains to prioritization. The charge is:

“Suggest ranking/prioritization principles/guidelines for capital investment in higher education across segments and by project type”

Overview of Prioritization Guidelines Currently in Use within Segments

- Community Colleges
- University System of Maryland
- MICUA

State Documents to Guide Development of Prioritization Principles

- State Plan for Postsecondary Education
- Van de Water Consulting's report:
Meeting Maryland's Postsecondary Challenges
- Higher Education Funding Commission's
July 2007 Symposium

Goals of the State Plan for Postsecondary Education

- **The five goals include:**
 - Quality and Effectiveness
 - Access and Affordability
 - Diversity
 - Student-Centered Learning System
 - Economic Growth and Vitality
- **Capital related goals:**
 - Access

Capital Principles of the State Plan for Postsecondary Education

- The second goal of Maryland's current State Plan is Access and Affordability.
- The connection of this goal to capital is capacity: all Maryland residents who wish to attend should have a place.
- Maryland will provide access and quality with a commitment necessary to build facilities to make these goals attainable.
- Duplication of programs will be limited.
- Growth in workforce shortage areas will be encouraged.
- Distance learning will be encouraged to achieve the goal of access.

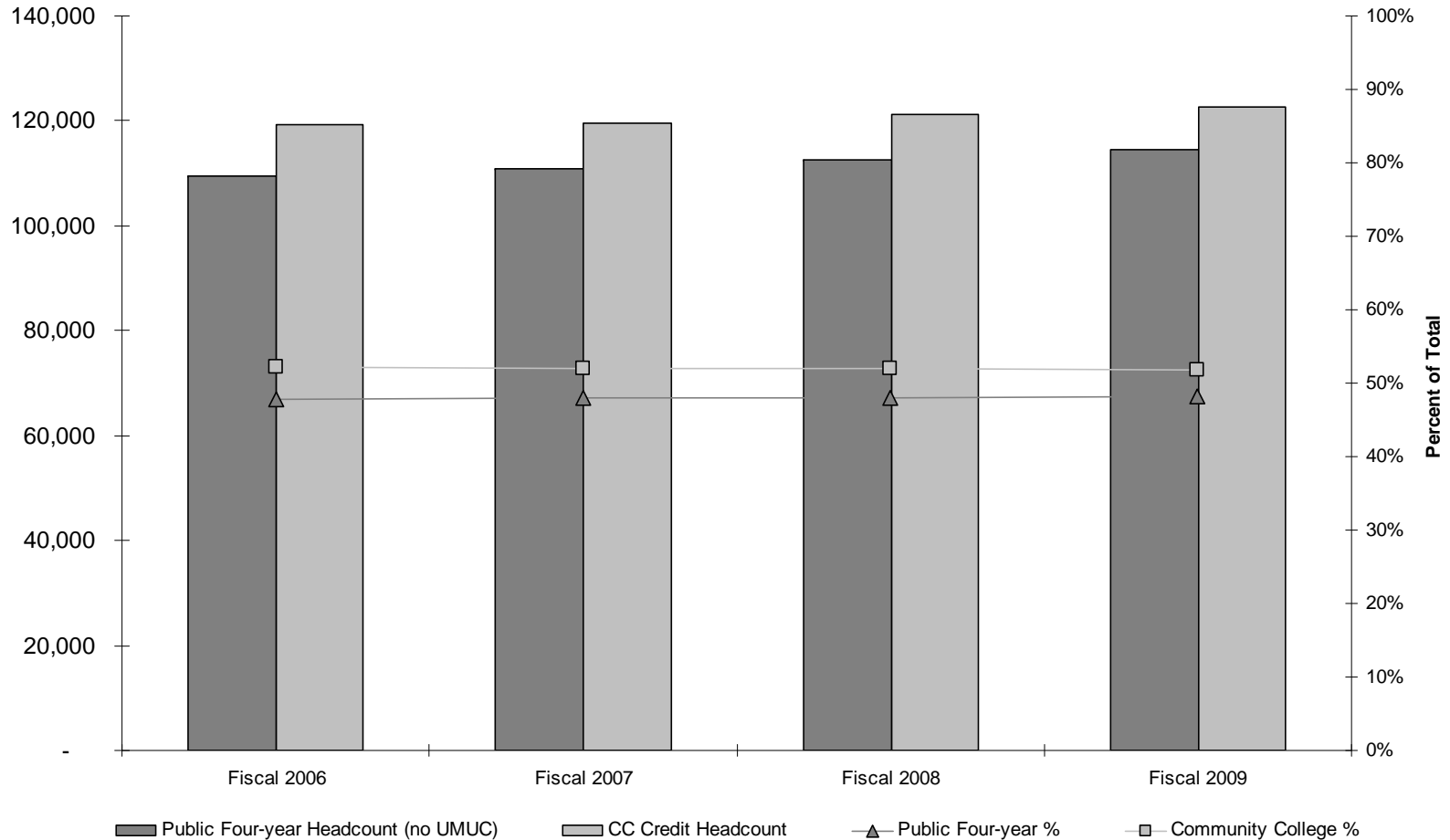
Principles of the Van de Water Report

- Capital was outside of the scope for this report.
- However, development of the report included interviews of over 30 Maryland leaders.
- These interviews showed a concern for accommodating enrollment growth in light of the anticipated “Thornton Effect” which is expected to bring more students to college.
- The State has plans to develop a 10-year growth plan. The Van de Water report was an initial step toward the development of this coordinated statewide growth plan.
- The report also dealt with access, but mostly from a student preparedness and financial aid/cost perspective.
- The distribution of future enrollment growth between the segments will be important.

Principles of the Symposium

- Discussion of the three-legged stool:
 - Preparation
 - **Capacity**
 - Affordability
- Future enrollment growth in Maryland, while significant, is not unprecedented. Future growth will be similar to past growth.
- Ideas of how to handle enrollment growth:
 - improve college preparation to avoid remediation needs (less time to degree)
 - encourage online education (less need for bricks and mortar)
 - eliminate low-enrollment courses/programs to free up space for higher demand areas.
- Although these sound like operational issues, they directly impact capital needs.
- To achieve access, is there a difference in the role of research vs. open access colleges (including community colleges)?

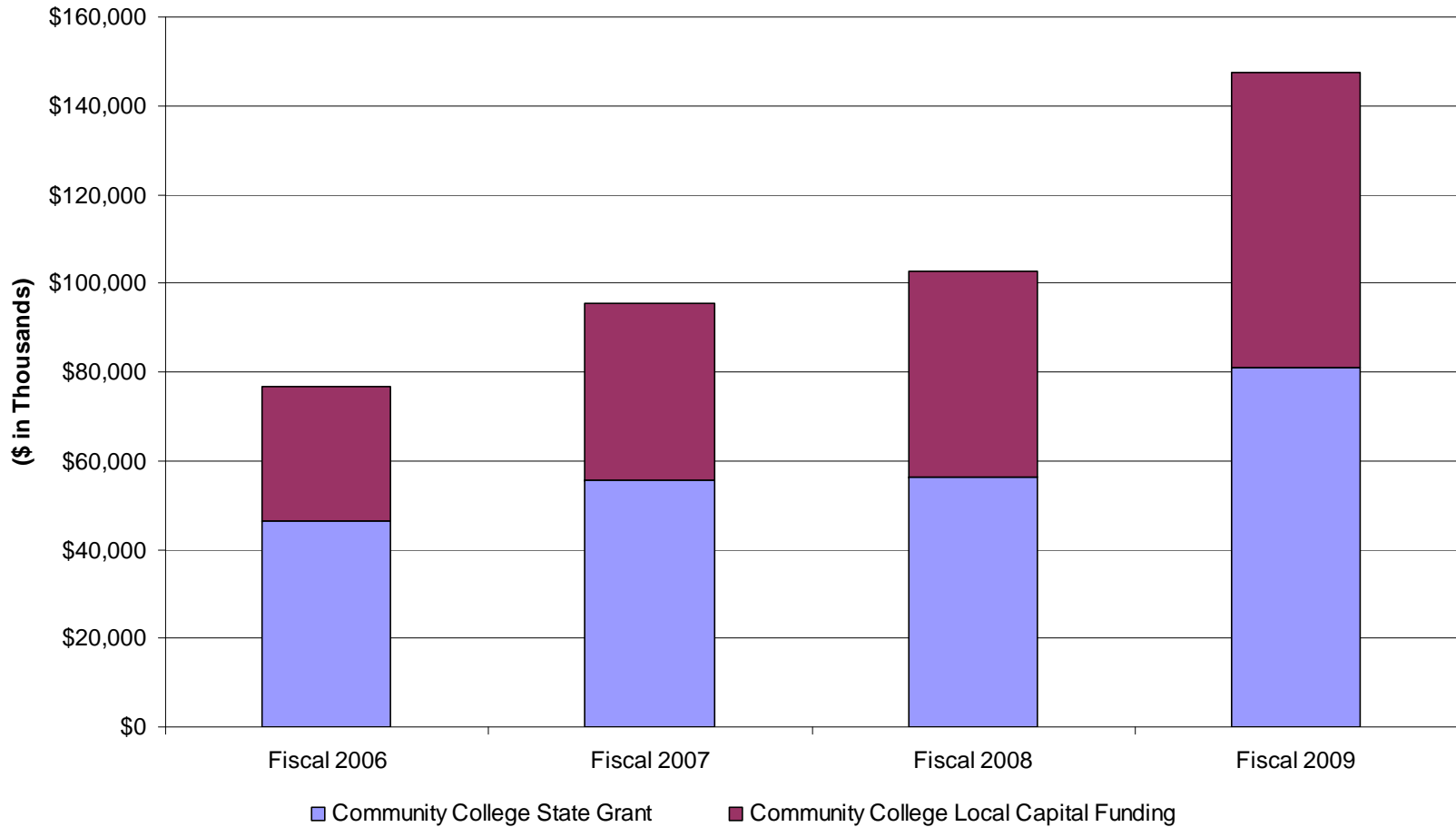
Segment Comparison of Headcount Enrollment



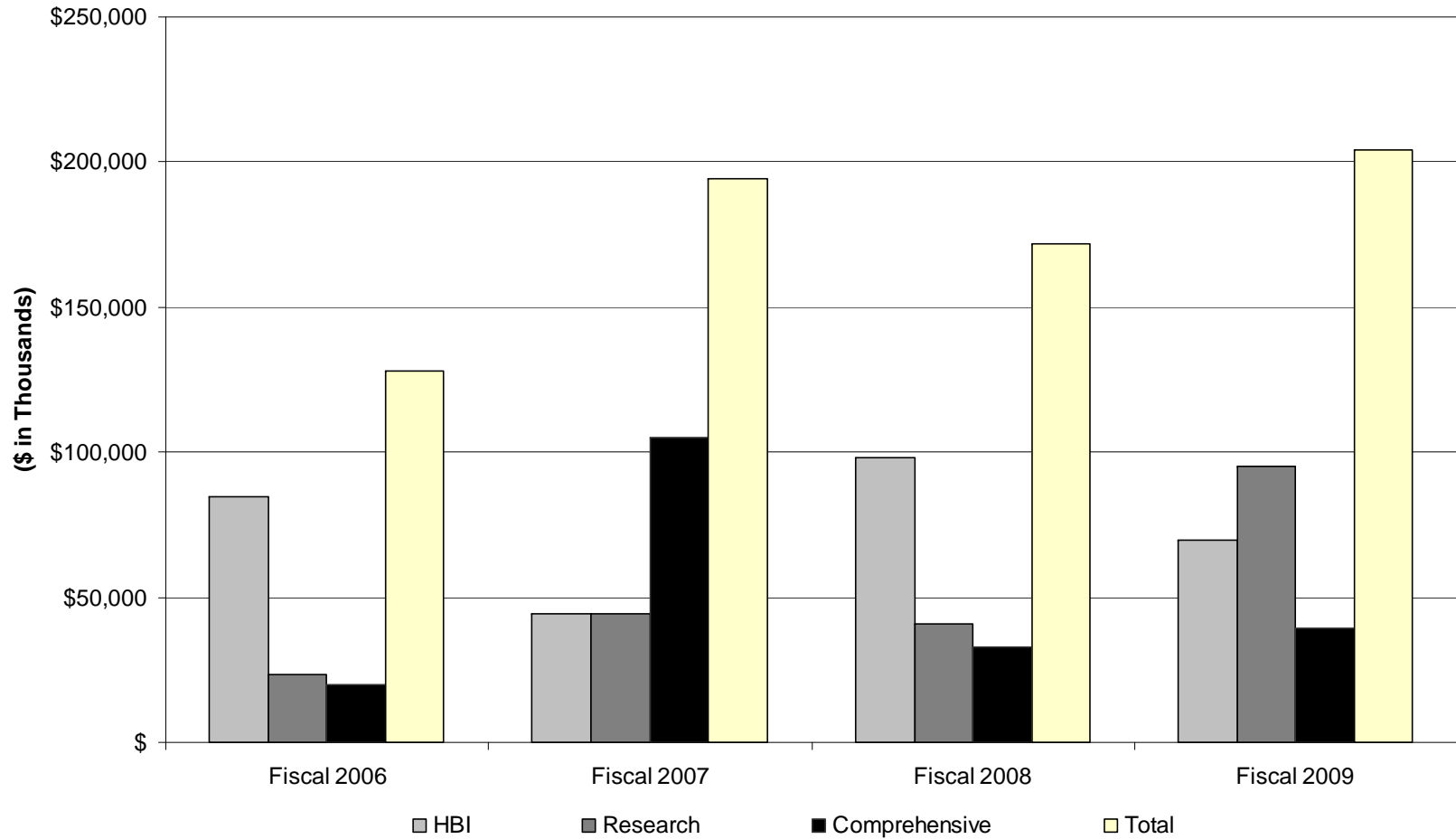
Segment Comparison of Capital Spending

- Community College data include the local share of capital spending
- Comparison of HBI, Research, and Comprehensive institutions capital spending
- Comparison of research and comprehensive capital spending (MSU is included in research group and BSU, CSU, and UMES are included in comprehensive group; UMUC is excluded)

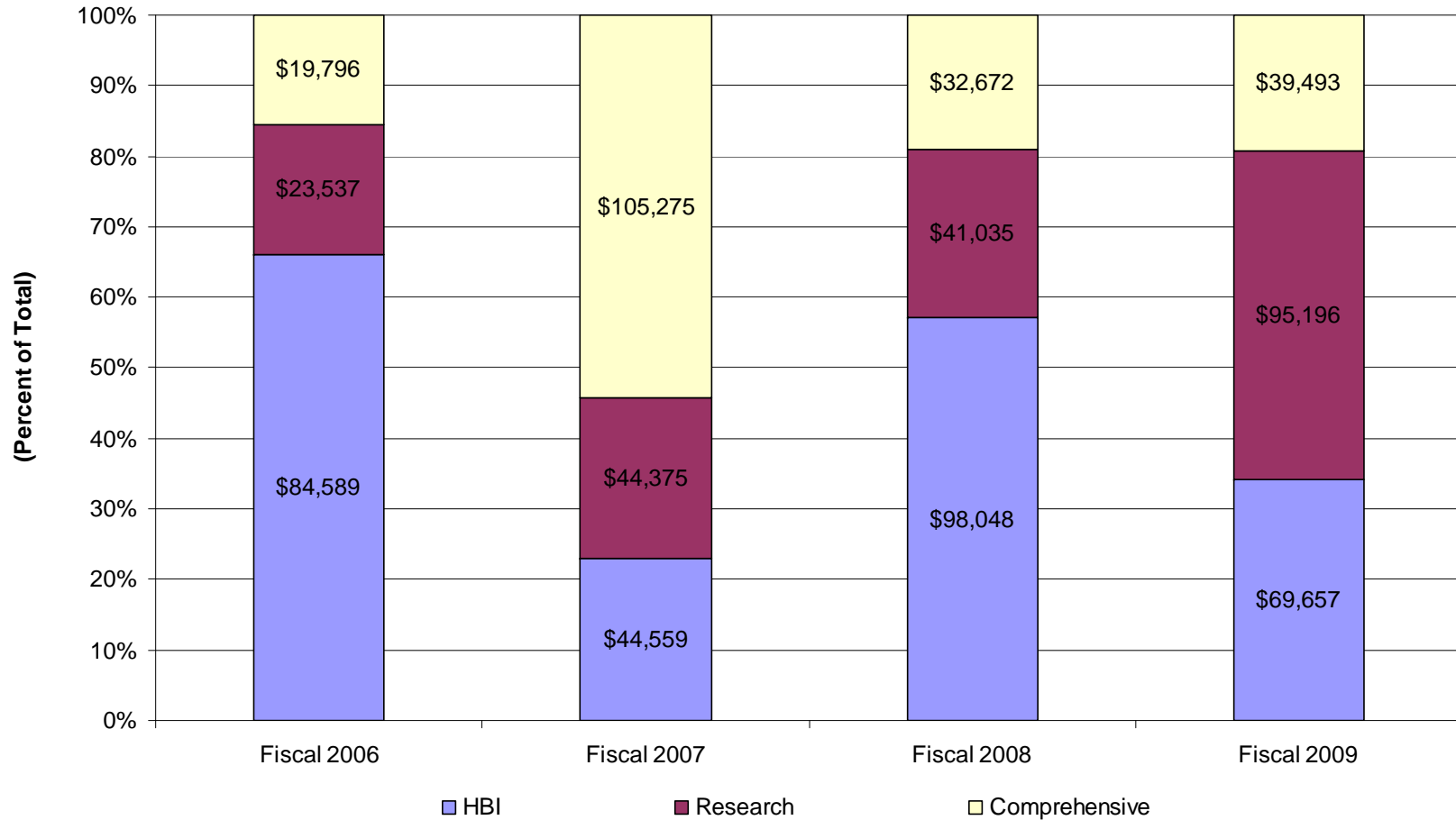
Community College Capital Spending



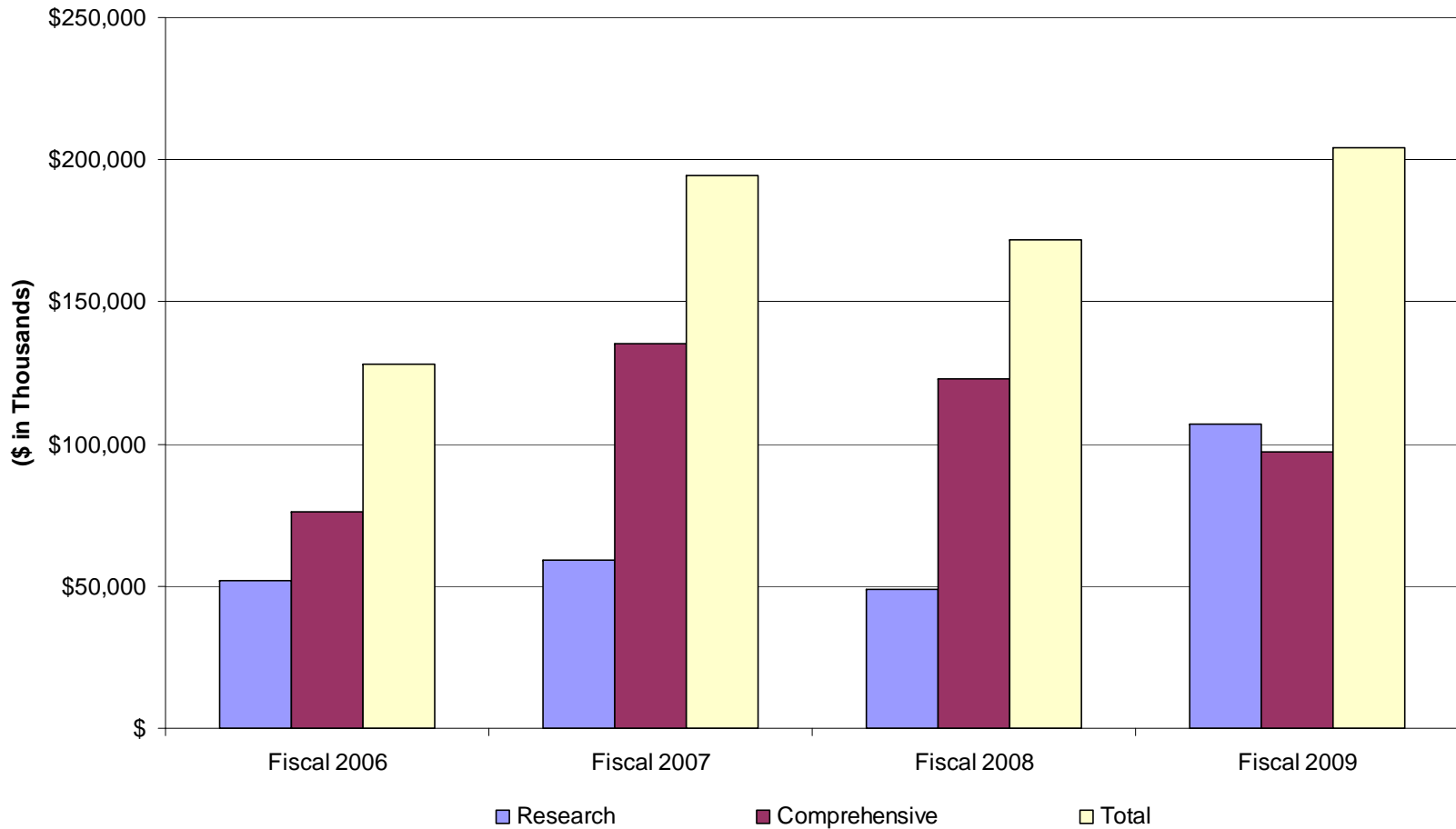
Public Four-year Capital Spending



Public Four-year Percent of Total

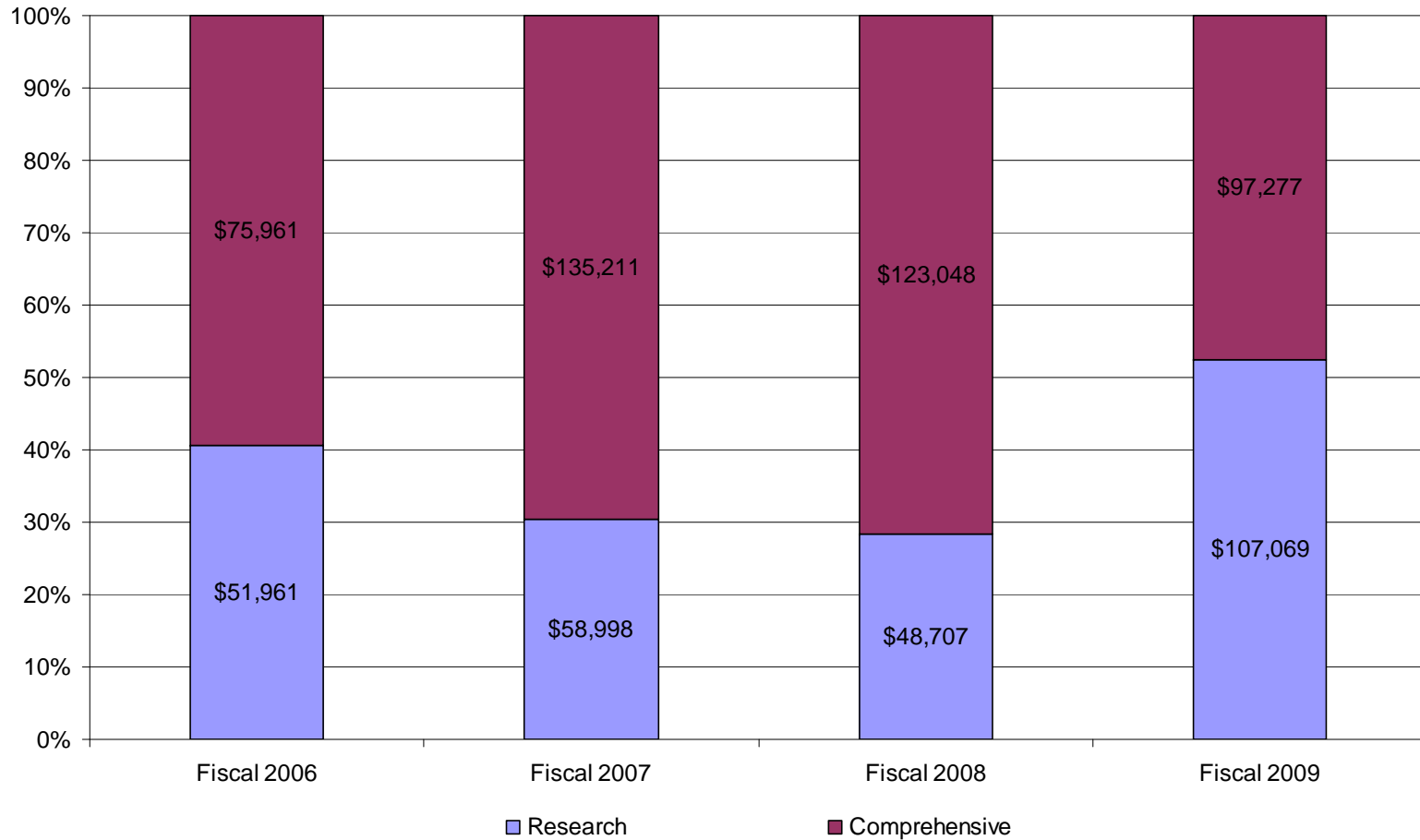


Public Four-year Research v. Comprehensive

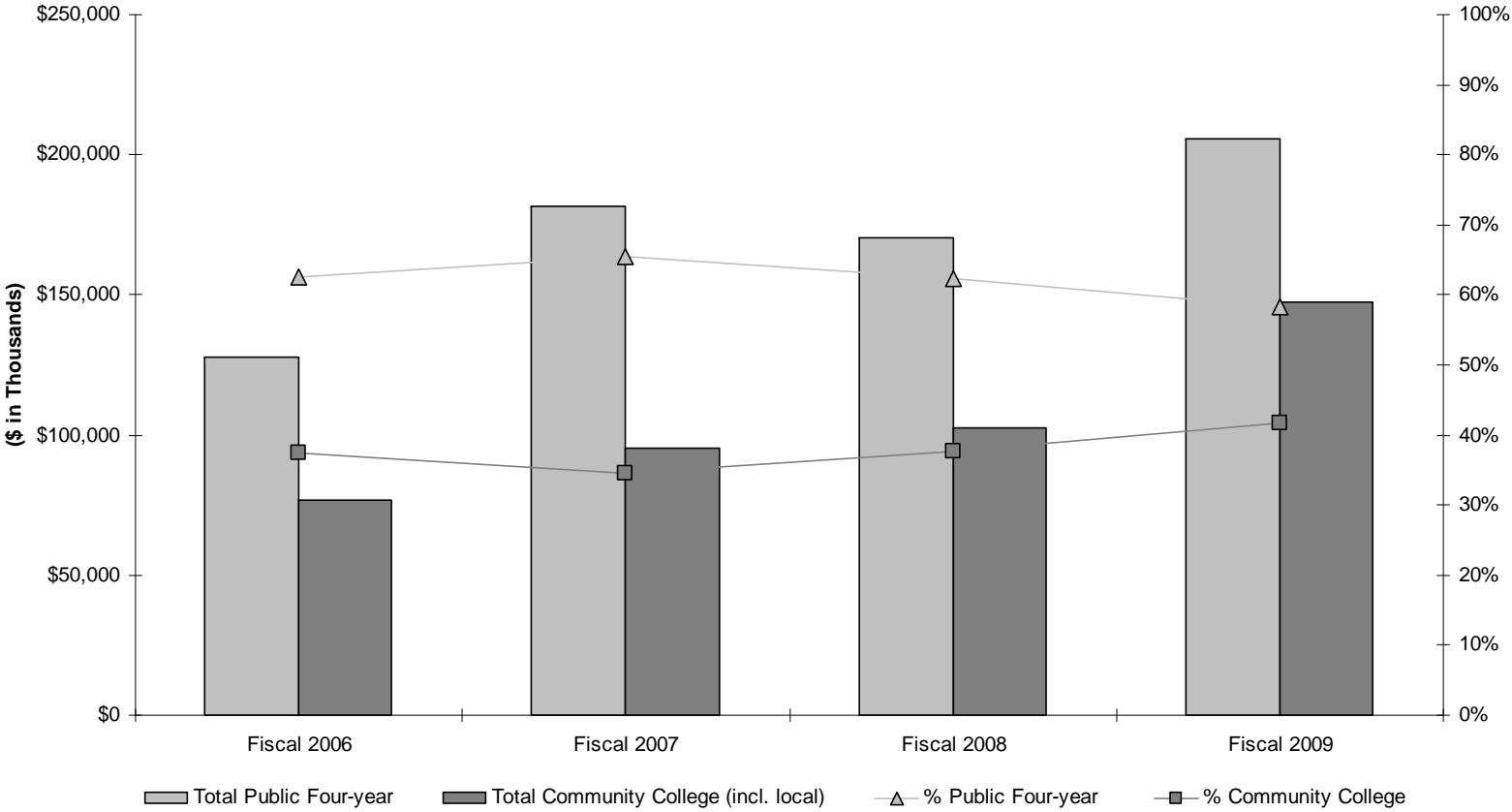


Research v. Comprehensive

Percent of Total



Segment Comparison of Capital Spending



Questions

- What are the State's education capital goals?
- What do we need from higher education?
- Who are you trying to serve? Demographics will play into this.
- What can we do better with the money we have now?
- Where can strategic investments help Maryland get the results we need?
- Can we build on our strengths?

Next Meeting Topic

- Prioritization follow-up?
- Alternative funding opportunities and mechanisms.
 - Please forward any ideas or examples of things other states do.
- Private Donation Incentive Program
- Workforce needs

Interim Schedule for Workgroup

- Meeting notices will be sent to members via email. Please respond as to your availability.
- Workgroup meetings will now be posted in the Hearing Schedule online.
- Final report due to full commission October 8 (tentative).
 - Can include formal recommendations or options for the full commission to consider.
- Meeting schedule:
 - July 16 – alternative funding and workforce needs
 - August 21 – recommendation work session
 - September – draft report review and comment