

Commission to Develop the Maryland Model for Funding Higher Education

Capital Investment Workgroup June 2008 Progress Report

The Capital Investment Workgroup was charged with examining enrollment trends and capacity issues; examining capital needs by type of space and workforce needs; and suggesting prioritization principles or guidelines for capital investment across segments and by project type. So far, the workgroup has had two meetings, but have been able to examine quite a lot of data.

Examine enrollment trends compared to capital expenditures

The charge specifically asked the workgroup to compare enrollment trends to capital expenditures. To do this we looked at enrollment growth data and capacity data for the past six years. The data showed that while the public four-year institutions have experienced a 17 percent increase in enrollment between fall 2000 and 2006, the academic space deficits were actually reduced by 38 percent. When scaled to a per full-time equivalent academic space deficit, there was a decrease in deficit of 47.3 percent. Therefore, it appears that capital projects for the public four-year institutions have not only kept pace with enrollment growth but have actually improved academic space deficits.

However, this has not been the case at community colleges where enrollment grew by 22 percent and deficits increased by 38 percent. On a per student basis, deficits have increased by 13 percent. Therefore, it appears that capital projects for community colleges have not kept pace with enrollment growth.

Examine current and future capacity issues statewide

In terms of future capacity issues, the workgroup looked at data showing that enrollment at the public four-year institutions and the community colleges is expected to increase 22 percent and 24 percent, respectively, over the next 10 years. This equates to 23,000 full-time equivalent students at the four-year institutions and 17,000 full-time day equivalent students at the community colleges.

Based on this enrollment growth and the current State *Capital Improvement Program*, the 10-year projected academic space needs were examined. Data showed that most public four-year institutions and community colleges are expected to have greater academic space deficits in 2016 than in 2006. The exceptions include St. Mary's College, which is expecting minimal change in the current deficits that are small to begin with. Also, Carroll, Chesapeake, Frederick, Garrett, and Prince George's community colleges are expecting to have a smaller deficit in academic space or even a larger surplus by 2016.

Examine capital needs by type of project/space

The workgroup looked at the four types of academic space: classroom space, teaching lab space, office space, and research lab space. We examined data showing the surplus/deficit for each type of space by campus for the public four-year institutions and the community colleges. For the

four-year institutions, in general, most campuses have a deficit in all types of academic space. A few campuses currently have surpluses, but these are projected to turn into deficits in 10 years.

However, the picture is very different for community colleges. Most campuses have a surplus of classroom space now and in the future. Notable exceptions are Baltimore County and Montgomery County community colleges. These two have deficits. Although a surplus in classroom space seems to conflict with the prior conclusion that capital expenditures have not kept up with enrollment growth at community colleges, the large deficit in teaching lab space and, to a lesser degree, office space outweigh the surplus in classroom space.

The workgroup also examined the age of buildings. This was thought to be important since the age of a campus can impact the extent of needed maintenance and the possibility of replacement buildings. The age of campus space was analyzed by looking at the number of gross square feet in several age categories. For the public four-year institutions, 37 percent of the gross square feet is more than 27 years old, but 25 percent is less than 7 years old. At the community colleges 64 percent is more than 27 years old, but 14 percent is less than 7 years old. This also shows the difference in capital investment over the last 6 years between the two segments.

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

The workgroup just met about this topic today. We examined the existing priority methods used by the community colleges and the four-year institutions. We also discussed principles and guidelines that can be used to examine the capital investment across the segments and by project type.

Examine current and future capacity relative to workforce development/shortage areas

Currently, staff are compiling data on graduation levels by programs in designated workforce shortage areas. This information will be provided by the colleges to show what levels of graduates are being produced in programs that match up to occupations identified as being in-need in the State. It will also provide some information on the current capacity of the State to produce graduates in needed areas. This is expected to provide information as to what types of space will need to be built in the future. A meeting on this topic will be held in July.

Future Activity

Also in July, the workgroup will be looking at alternative funding mechanism/sources for capital investments in higher education. This will include an evaluation of the existing, but soon to expire, Private Donation Incentive Program (PDIP). PDIP uses State funds to leverage private donations. A cap of State funding support was set for each institution. All but Bowie State University have reached this cap, thus the program has expired for these institutions.

In August we plan to begin discussions of the final conclusions of our work and any possible recommendations to this commission.