

On the record with Md.'s top higher ed official

INTERVIEW BY MARK R. CHESHIRE

Editor in Chief

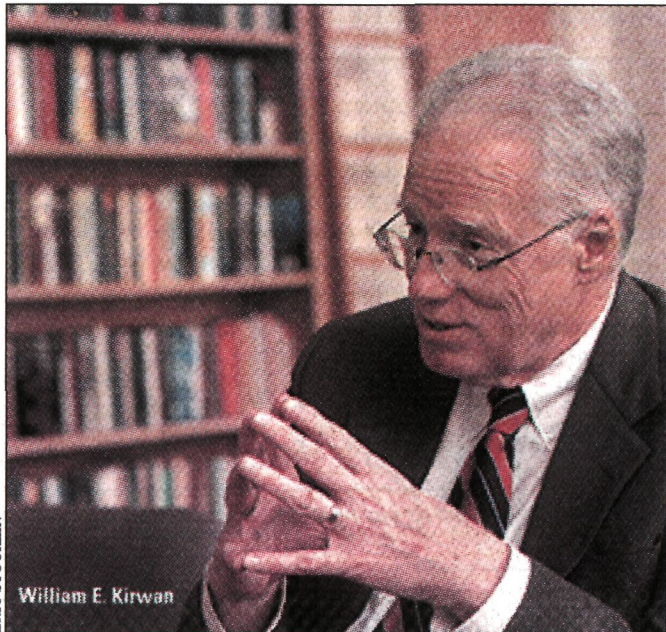
As head of Maryland's 13 public universities and research centers, William E. Kirwan has had the unenviable job in recent years of balancing the higher education system's financial books amid dramatic state funding cuts and equally dramatic increases in enrollment and costs.

He's done so by cutting thousands of jobs and hiking tuition, among other things. But despite these big and painful changes, financial trouble still looms ahead for

Kirwan and the University System of Maryland, which he leads as chancellor.

To remain the powerful economic engine it is, the system needs more help from the state, Kirwan said this week during an exclusive interview with *The Daily Record*. Even if you don't have children headed for a Maryland college, the future of these schools, Kirwan makes clear, matters to you more than you probably know.

SEE KIRWAN PAGE 6A



William E. Kirwan

ERIC STOCKLIN

Kirwan

Continued from page 1A

Address the changing role of higher education relative to our changing economy.

... What I think has become pretty clear in people's minds — not just in Maryland, but across the country — is the importance of higher education in the world we're going to be living in. When I was growing up, there used to be two paths one could follow. You could get a high school degree, go work in some sort of manufacturing job, make a darn good salary, have a good quality of life and live happily ever after. Or you could go to college and follow some professional path.

That first path is increasingly not an option for young people. Point one is: There is this general understanding that if a person, region or state is going to be successful, then there have got to be opportunities for people to go to college.

The second thing is we don't have the traditional manufacturing jobs to the extent we did. Just look at what happened in Baltimore with the closing of the General Motors plant. That's just an exhibit of a national decline in tradition manufacturing

jobs.

The other thing is the U.S. niche in the world of today and tomorrow is value added through knowledge and creativity and innovation. The role of universities in fueling that spirit has become a very important dynamic in our society. It's not surprising that when you look at those regions in the country that are successful, they are ... in the presence of high-quality universities. That's a pattern.

After spending 34 years here in Maryland, I went to Ohio for four years before coming back to Maryland. The experience in Ohio is [shared] by a lot of the Midwest. They are really in deep economic trouble because their economy is built on the old-line manufacturing. They really haven't developed a knowledge economy, as we see in many states along the East Coast and West Coast and to some extent in the South.

Any time we talk about higher education and what's happening with higher education, we have to recognize that its role in society has never been as important as it is right now. Quite frankly, as important as it is now, it's only going to increase as we go forward.

What about Maryland and these changes?

Maryland is blessed. We have devel-

oped what I call a winning hand. Maybe people will find this surprising, but we have the most educated work force in America — the highest percentage of bachelor's degrees, the highest percentage of professional degrees. We are No. 1 in the nation in [research and development] expenditures per capita. ... Amazingly, we're No. 2 in actual volume of R&D. In this knowledge age where creativity and innovation are the drivers, Maryland has been sitting pretty.

But I'm very worried that we could be on the verge of losing our competitive edge, basically for two reasons. First of all, because of the state's economy and the absence of any agreement on revenue, the state has not been able to sustain its investments in higher education. We were cut a few years ago. We lost 14 percent of our general fund support. We've recouped a little of that since then. We're 12.5 percent down from our high point in 2002.

On top of this challenge, we're at the leading edge of a huge enrollment surge in our state. It's the so-called baby boom echo. Now this is uneven across the country. Maryland is one of those states that will see a great impact from the echo. We anticipate during the next eight or nine years an increase of between 25 percent and 30 percent in enrollment demand — Marylanders wanting to come to our

University System of Maryland

The University System of Maryland includes 11 universities and two research centers. They are:

Bowie State University

Coppin State University

Frostburg State University

Salisbury University

Towson University

University of Baltimore

University of Maryland, Baltimore

University of Maryland, Baltimore County

University of Maryland, College Park

University of Maryland Eastern Shore

University of Maryland University College

University of Maryland Center for Environmental Science

University of Maryland Biotechnology Institute

schools.

We are well positioned right now. But we are, I think, at risk of impacting the quality of our institutions by the inability to invest in them, by compromising access and affordability because of the consequent increases in tuition that have occurred.

We've raised tuition — and I'm not proud of this — over 30 percent since 2002. Our institutions are, in some sense, a bargain, but the rate of increase is just too high. Students have a right when they go to school to plan for [what it's going to cost]. Nobody could have planned, I don't think, for a 30 percent increase.

What has the system done in recent times to respond to financial and enrollment changes?

As we came into the downturn of the economy and the budget cuts, we quite naturally reduced expenditures. We eliminated about 5 percent of the work force in the system.

What's the rough number of employees [whose positions were cut]?

Between 4 percent and 5 percent of our workforce.

We reduced expenditures. We did things that, quite frankly, have begun to impact the quality of our institutions — reduced library hours, reduced advising, cut out all sorts of services; people didn't get raises. All of this is starting to take a toll. We're beginning to lose faculty, and it's very troubling. We pride ourselves on the fact that during the last 10, 15 years we've been a net importer of star faculty. The last several years we've lost more than we recruited.

Is it just a matter of salary?

I think it's a lot of factors. It's salary, for sure. But ... also since we've been cutting support, faculty and students are going to go where they feel like they've got the infrastructure so they can do their work and complete their studies in a really rich educational environment. The reductions we've had to make have begun to impact the infrastructure. That's very troubling.

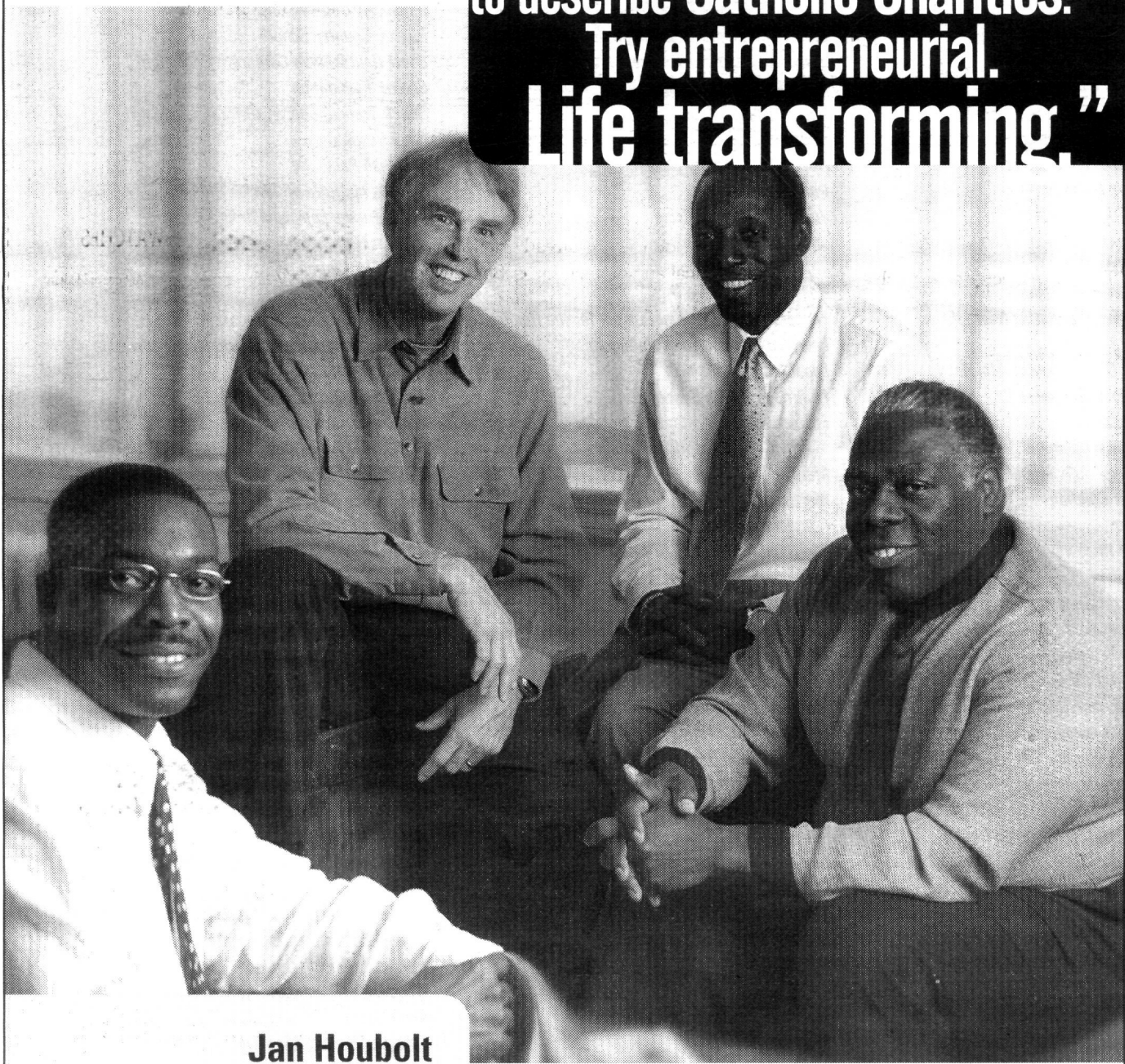
Just to quantify something that gives a sense of how we've dealt with this: We had a \$120 million budget cut, and we had another \$100 million to \$150 million in mandated cost increases — things like health care that we just had to pay for out of our existing budget. We've had huge increases in utilities.

... When you add all this together, you're talking about \$250 million we've had to deal with during the last several years ... We've done two things. We've reduced expenditures by eliminating positions, and we've raised tuition. Tuition has covered about 38 percent of the budget hole. Expenditure reductions and position eliminations have covered about 62 percent. So we haven't just passed our problem on to the student. We've tried to do this in a way that buffers the student. As high as increases have been, we've tried to avoid even higher tuition increases.

We've been through this over the last several years. The board, the chancellor, and the presidents said we can't keep do-

SEE KIRWAN PAGE 16A

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EXECUTIVE DIRECTOR, THE LEADERSHIP, A PROGRAM OF THE GREATER BALTIMORE COMMITTEE, AT CHRISTOPHER PLACE EMPLOYMENT ACADEMY

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www.cc-md.org

Community leaders—regardless of their religious beliefs—value our work in making profound and lasting differences in the lives of over 160,000 Marylanders each year. And that's in addition to more than a quarter million hot meals provided at our dining facility, Our Daily Bread. With love and compassion, we serve disadvantaged children, families, and seniors, the overwhelming majority of whom are not Catholic.

Helping people of all beliefs.



Catholic Charities

CHERISHING THE DIVINE WITHIN.

Kirwan

Continued from page 6A

ing this year to year, just patching things through. We've got to make some strategic decisions so we can do our share, do our part, to protect the three pillars of our existence: quality, affordability and accessibility. That's what we're about. The regents formed an effectiveness an efficiency initiative, a workgroup of regents working closely with me and others throughout the system. We brought in a consultant, Accenture. What we did was look at our situation in a more strategic way. How can we make some intelligent, strategic, long-term decisions to do whatever we can within our resources to protect our trinity of goals?

The effectiveness and efficiency initiatives fall into two categories: administrative and academic initiatives. The academic initiatives are all about building capacity. I told you about this enrollment surge. What can we do with our own resources to take in more students? ... We're taking some pretty dramatic steps.

We're asking the faculty to teach more, to put more emphasis on teaching so we'll have more classroom availability to serve these students. We're 120 as the standard number of credits required for an undergraduate degree, with appropriate exceptions such as accreditation. We're expecting students to earn credits outside the classroom — advanced placement credit, study abroad, internships, all of which are available, but we're expecting students will earn at least 12 credits outside the classroom. Again, that gives us more capacity. With all of these rolled together — we feel and we've committed to the state — we can [handle] during the next three years about 25 percent of the increased enrollment demand without asking the state for any additional funds.

What we can't do without additional support is take the other 75 percent. The state has got to do its part.

What's the status of these recommendations?

We're implementing these recommendations.

On the administrative side, which is all about reducing costs, we're doing a number of things like strategic outsourcing, purchasing as a system. We've done that episodically in the past. We're going to do it in a systematic way to reduce our expenditures. We're going to ... buy energy as a consortium. We're going to eliminate some of the back-room operations. We can create centers of activity that take some of the cost out of the administrative structure. This will contribute about \$17 million to our budget situation for next year.

How many people work at the 13-institution University System of Maryland?

19,000 faculty and staff.

... I want to say, and I'm probably jumping ahead on your questions, ... what I find heartening is that there is no question that the governor wants to support higher education. He has said all fall that we're off the table for any further cuts. He's instructed his budget secretary to find money to invest in our universities. He's even now committed to giving us [in Ehrlich's words] a "bump" in our funding.

The governor understands that he needs to invest in higher education. The General Assembly has also been very emphatic about the importance of higher education and their desire to invest in higher education. What we don't have is an agreement on revenue to invest in higher education.

I'm an optimistic person. I take a lot of heart in the fact that our leadership realizes this needs to be done. I just have to believe they're going to find a way to do it.

The governor earlier this year vetoed a bill that would have capped tuition increases and financed the cap with an increase in the corporate tax. The legislature appears very close to having the numbers to override that veto. Where do you stand on this bill?

My response to that is very simple. I feel it is my role and responsibility to identify what our needs are and within the resources available to help create the strongest possible system of education. ... I cannot cross the boundary and get into the policy issue of where the revenue comes from. That's what our elected officials are there for.

The popularity of online education seems to be surging. Talk, if you will, about the role of online education in Maryland.

One of our great assets — I call it our secret weapon — is University College [one of the University System of Maryland's 13 institutions]. They are the world leader in online education. That's going to become such a dominant part of the educational world.

... I think it's several sociological phenomena coming together to drive the demand for online education. We're raising generations that are very comfortable operating in the IT world. The people who know the most about it are the youngest.

Second, you've got people who are living unbelievably hectic lives. ... So many people are looking for educational opportunities on their terms, when they can get it. Online education ... is the most rapidly growing sector of

higher education.

What have I missed?

One other thing we've done that I'm very proud of is ... we just issued a report on financial aid. I and others were very alarmed by the rising tuition and the impact on those at the lower end of the economic ladder.

Maryland [the state, not the university system] does not have a very good record in terms of providing need-based financial aid. We have about \$80 million of financial aid at this level. Only about half of it, \$40 million, goes for need-based aid at the state level. If you looked at most other states, it's 65 percent, 70 percent that goes to need. [The other half of Maryland aid goes to merit aid recipients of various types].

A study a few years ago showed Maryland ranked 34th in its ability to address need-based student aid. We're one of the wealthiest states in the country, and yet we don't do a good job in supporting our neediest students. That's not a very good place for us to be. For all of these reasons, I put together a financial aid task force to take a hard look at what we're doing. ... They wrote an excellent report that was just approved by the board of regents.

It sets an expectation for our institutions that going forward we're going to put a much greater emphasis on need-based aid. One of the disturbing things that came out of the report is that our poorest students graduate with the highest average debt. That's become such an impediment for low-income students to go to college, which is really their lifeline to a better economic circumstance.

We've got to do a better job in this area as a system and as a state. One of the recommendations that captures the spirit of the report is that by a date certain ... the neediest students will graduate with debt that's at least 25 percent below the average. That's going to be a huge shift of financial aid in support of our neediest students.

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