The members of the board of regents that oversees Maryland’s multibillion-dollar public university system settled in around a whiteboard in a sterile conference room as if preparing for a siege.

The state budget allocation for the system’s 13 universities and research institutions had been deeply slashed, even as rising numbers of applicants were clamoring to be admitted, and students and their parents had been hit with huge tuition increases — in one year, twice. It was a cycle soon to be repeated in state after state around the country.

But Maryland was about to do something completely different. It was about to transform the culture of American public higher education, even if only at the margins. A savvy board of regents was embarking on the painstaking process of dragging the medieval model of a university, with its many vested interests, into the 21st century.

It wasn’t as if no one had thought of this before — the idea of making universities more up to date, efficient, and effective. It’s just that the resistance from campuses has been so unyielding. Merely broaching the idea of changing the way American universities do their work has proven an exhausting and often futile exercise. “How many faculty,” one former chancellor asks wryly, “does it take to change a light bulb? The answer is, what do you mean ‘change’?” Even in Maryland, the conversation in the conference room that June day in 2003 was immediately bogged down by a question that might have also seemed a joke if it weren’t so contentious: What should they call this — an “effectiveness” or an “efficiency” plan? After all, the system’s university presidents protested, calling it an efficiency plan implied the campuses were inefficient.

Birth of an Initiative
But a plan did slowly emerge from that meeting. It included ways to move students through the system more quickly, and, therefore, more cheaply, and increase the number of courses taught by faculty, among many other things. And it has succeeded at saving more than $136 million in the six years since.

Maryland’s Effectiveness and Efficiency (E&E) initiative — the question of the title was eventually resolved by stressing quality and value over cost containment — is being talked about, if
not yet widely emulated, in the executive suites of campuses all over the nation. It has become a hot topic at higher-education conferences. It was singled out for praise by President Barack Obama. It is touted as a model for not only changing the business and academic practices of public universities, which serve two-thirds of the nation’s four-year undergraduates, but also for persuading politicians that they are conscientious stewards of taxpayer money. In Maryland, goes the conventional wisdom, that is why the governor reversed those deep cuts in the public higher-education budget, even funding what has now stretched into a four-year freeze of in-state undergraduate tuition — this in a year when other states are cutting public university appropriations by as much as 36 percent to help control a collective $350 billion shortfall in state revenues this year and next, driving up tuition by double digits.

But the truth about what happened in Maryland is much more complicated. “Urban legend,” one insider calls the idea that the E&E initiative is what turned around the universities’ financial fortunes. The $136 million saved so far, after all, is just a tiny fraction of a university system budget that tops $3.7 billion annually.

And the real story is no less of a lesson for American universities than the efficiencies the regents found.

The truth is that what happened in Maryland was a success of a kind that’s equally rare in higher education — the political kind. It resulted from a unique and providential alignment of forces: student leaders who defied the stereotype that college kids are apathetic; an unusually outspoken board of regents; a skillful chancellor; and politicians looking for a populist issue in a partisan cause. All of these things came together in a way that has not occurred in other states. What really happened in Maryland wasn’t simply a case of a governor and legislature rewarding the university system for its fiscal prudence. It was a shrewd, patient, and eventually successful political operation in support of public higher education, a sector that in America has been largely politically tone-deaf.

**Recognizing Value in Tough Times**

Strong public university systems are comparatively recent entities in most of the mid-Atlantic and northeast states, where private higher education dominated until well past the mid-20th century. Among other things, their rise from obscurity and mediocrity has been fueled by their role in educating graduates to work in the emerging knowledge economy in those states, and in such essential fields as nursing and teaching.

In Maryland, since traditional industries like steelmaking started to decline, “There’s been a growing realization that this is an important thing,” says Donald Langenberg, the former chancellor, who is credited with expanding and improving the university system after it was created in 1988 through the merger of 11 Maryland public colleges and universities. “People understand it’s one of the things that make Maryland the well-educated and wealthy state that it is.”

The wealthiest state in the country, in fact, as measured by median household income, and the fourth most educated, after Massachusetts, Colorado, and Connecticut, based on the percentage of the population with at least a bachelor’s degree. And while the schools themselves validated Langenberg’s light-bulb gag by stubbornly resisting the highly charged proposal to combine the state’s separate universities into a single system — historically black Morgan State, for instance, was ultimately given its own independent governing board by legislators who feared the plan wouldn’t pass otherwise — wealthy, well-educated Maryland generally welcomed the improvements that followed.

While the flagship University of Maryland at College Park had occasionally won “best party school” honors, only one program at just one state university was in the top 25 of any other college ranking before the system was set up. After then-Gov. William Donald Schaefer followed
through on a promise to beef up funding if the merger was approved, 68 programs at Maryland’s various public university campuses (the universities of Maryland at College Park, Baltimore, Eastern Shore, and Baltimore County; the University of Baltimore; Frostburg, Salisbury, Bowie, and Coppin state and Towson universities; and the largely online University College) rose to the top 25 of one college ranking or another.

An Era of Cutbacks
But public higher education’s curse is that it is among the largest discretionary items in state budgets, and the progress in Maryland was abruptly reversed when the recession of the early 1990s hit. “When times got tough, we got our asses kicked, to put it bluntly,” says Pat Florestano, onetime lobbyist for the university system, a former state secretary of higher education, and now a member of the board of regents. From 1991 to 1994, state funding for the universities was cut by nearly 20 percent, even as costs rose. The effects were dramatic. The University of Maryland at College Park alone eliminated eight departments and 23 degree programs.

“Higher education is one of the first places budget-cutters go,” says Laslo Boyd, who served as Schaefer’s chief education adviser. “It’s one of the few parts of a state budget that has an alternative revenue source, which is tuition. There is a mechanism where you can pass the cuts along, so legislatures and governors say, ‘Well, we’re cutting this, but they can make it up.’ ”

Then another governor, Parris Glendening, turned the tide again. A former political science professor at the University of Maryland at College Park — in a small state where it sometimes seems that everybody knows each other, he was Florestano’s dissertation adviser — Glendening called himself the education governor, and poured money back into the universities.

So much money, in fact, that Maryland’s state budget swelled by 60 percent while Glendening was in office, during the boom years of the late 1990s. But the economy would sputter once again in 2002, by which time his generosity toward the universities and other causes left behind a $1 billion deficit. Yet another governor would soon preside over yet more dismal cuts in higher education. And that was finally enough to set the stage for drastic measures.

“Public universities in this country have state funding levels, most of them, that look like a roller coaster,” says Langenberg, who was chancellor in Maryland from 1990 to 2002. “In Maryland, we’ve had one, two, three downs. It’s not about the downs. And it’s not about the ups that come after the downs. It’s the fact that, overall, there’s a downward trend nationally in the funding of public higher education that’s been steady and continuing for 30 years.”

A Charismatic Leader Emerges
In a state where Democrats have a nearly 3-to-1 advantage, it was a huge upset when Robert Ehrlich beat Kathleen Kennedy Townsend in 2002 to become Maryland’s first Republican governor since Spiro Agnew nearly 40 years before. It was a victory he had little time to savor. Facing an overwhelmingly Democratic General Assembly and that $1 billion deficit inherited from Glendening, Ehrlich called the university system chancellor, William English “Brit” Kirwan, to his office in Annapolis.

The Kentucky-bred son of a president of the University of Kentucky, Kirwan started as an assistant professor of mathematics at the University of Maryland at College Park, rising eventually to president — just in time to wrestle with the early 1990s budget cuts. He finally left, citing the financial hits among his reasons, and took the job of president of Ohio State University, even as Glendening started to restore Maryland’s higher-education budget. When he returned as chancellor to Maryland, another funding crisis set in. (“A lot of people said, ‘Go back to Ohio,’” Kirwan says. “ ‘You’re bad luck.’ ”) But while he may have had poor timing, Kirwan is famously charismatic and, in a sector not distinguished for its leaders’ political skills, “he really has a great
political instinct and savvy,” says Beth Garraway, a retired lobbyist for the Maryland Independent College and University Association. “Watching him work a room, he’s more impressive than any politician I’ve ever seen,” says Boyd, who wrote a book about Maryland government and politics and is now a political consultant.

That was about to come in handy. Kirwan arrived at Ehrlich’s office to learn of what proved only the beginning of draconian cuts of $122 million out of the state allocation of $868 million for the university system. Although only 7.5 percent of the state’s general-fund budget went to its universities, they suffered 20 percent of the cuts. State support would fall from nearly half their budgets to one dollar out of four. The rest of the cost of running the campuses would have to be made up largely through tuition increases that would make the public universities in Maryland the sixth most expensive in the country.

There was no choice, Ehrlich says. “Any time a governor comes in and inherits a difficult fiscal situation, you try to identify places to trim. There’s nothing special about that.” Having boasted while a congressman about the state’s I-270 high-tech corridor and its potential in such areas as biotech, he says — industries that need a constant supply of educated workers — “I got the essential points of higher education. On the other hand, it’s not exempt” from having to cut costs in tough times.

**More Students, Fewer Offerings**

The impact of the state cuts was compounded by an enrollment spike of the equivalent of more than 5,000 full-time students and higher costs for fuel and health insurance. To make up the shortfall, the university system eliminated nearly 800 jobs, froze salaries and hiring, delayed new programs, reduced academic offerings and library hours, eliminated low-productivity programs, put off maintenance and repairs, delayed technology upgrades, and, like schools in many other places, hired cheaper adjunct instructors instead of full-time faculty — the typical short-term measures universities take when forced to trim spending. On top of all of this, the universities raised tuition around 40 percent, depending on the campus, including two increases in one year.

Maryland, of course, was not unique in this. Tuition increases at four-year public universities nationwide have not only consistently exceeded the inflation rate; they’ve been accelerating. Public university tuition rose 35 percent, after inflation, in the first five years of this decade. That’s largely because state spending per student fell from $7,100 to about $5,800 in the same period, and four-year public university students now pay about 60 percent of the cost of their educations, up from half as recently as 2002, even as the universities’ spending on instruction has been falling. Money is only likely to get tighter as higher education competes for taxpayer dollars with health care and social services for an aging population. And governors and legislators are secure in the knowledge that their university presidents and compliant, politically appointed boards of regents — not them — usually get the blame for hiking up tuition in response.

**Many Voices, One Plan**

If success has many fathers, Maryland’s Effectiveness and Efficiency initiative must be a rousing success. Ehrlich says it was his idea. In their meeting at his office, he says, Kirwan “got it. He was great. We negotiated a deal that really didn’t get publicized enough. I said, ‘Look, I’ll get you additional dollars if you find me additional efficiencies. I’ve got to believe there are efficiencies in a system this large.’ ” Although he never seems to have taken credit for the plan, Kirwan often gets it anyway. But even he says it was Cliff Kendall, a retired corporate CEO and member of the board of regents, who took up the work in earnest. “This was Cliff’s baby,” Florestano says.

Boards of regents of state university systems are typically appointed by governors or legislators and, like corporate boards of directors, say their critics, they are loath to question orders.
“You could look at the faults of corporate boards and the faults of boards of public universities in a similar light,” says Richard Novak, vice president of the Association of Governing Boards of Universities and Colleges. “Too often we see public boards in which trustees or regents tend to feel not as independent as they should, too beholden to the governing authority — the governor or legislature — or too identified with the university administration.” Novak’s group has pushed successfully for nonpartisan screening committees to vet candidates for boards of regents in Hawaii and Virginia, just as nominating panels do for judges. “But it’s an uphill battle, because governors don’t want to give up that authority.” Nor do all university trustees push to have more clout. One quarter of boards of regents or trustees get no financial training, and a quarter admit they don’t do much of a job of budgetary and financial oversight, according to a survey by the governing boards’ association.

Maryland’s regents are no wallflowers. At the time the E&E plan was developed, they included business executives like Kendall, a retired senator, an admiral, and a former U.S. ambassador. With overlapping terms and the unaccustomed change from a Democratic to a Republican governor, these appointees were Republicans and Democrats alike. And they largely spoke their minds. “The board was quite defensive in saying, ‘We’re not making these tuition increases. We got our money cut.’ We did state emphatically where the responsibility belonged” — with the governor — says Kendall, whom Ehrlich reappointed to the regents board nonetheless. “There are no shrinking violets in that room,” Florestano says. (Not everyone in Maryland wholeheartedly applauds the regents. They did, after all, acquiesce in the tuition hikes, which continued to accelerate, Boyd points out. “The bottom line was that that board increased tuition by 40 percent. There may have been an internal debate about it, but the governor got what he wanted.”)

**An Image of Wastefulness**

And yet the universities couldn’t seem to win. Thrashed on one side by the budget cuts, they were being flogged on the other for waste and bloat. Students protested that administrators were being overpaid. They had grounds for suspicion: U.S. university administrators, the same people who say they’re doing everything they can to hold down costs, have given themselves salary increases above the rate of inflation for 11 years in a row.

“The public has absolutely zero confidence that college leaders are interested in becoming more efficient and productive,” says Pat Callan, president of the National Center for Public Policy and Higher Education. “They don’t think universities make any attempt to hold down tuition.”

Forty-three percent of Americans think that universities raise prices whenever they can, according to polls conducted by the center in conjunction with the group Public Agenda, and only 19 percent believe that schools do anything to keep prices down. More than half say universities could spend much less and still maintain a high quality of education, and 58 percent think they could take in a lot more students without affecting quality or increasing tuition. Four in 10 say waste and mismanagement are factors in driving up the cost of college, and six in 10 government and business leaders think universities need to become leaner and more efficient.

In Maryland, a Republican state senator, J. Lowell Stoltzfus, took up the banner, carping that 10 percent of Maryland’s public university employees made at least $100,000 a year, and that 50 pulled down salaries of more than a quarter of a million. The president of one campus had received a 126 percent pay raise over five years. “Everybody was criticizing the system for having too many administrators, the faculty wasn’t working hard enough, and on and on,” says Kendall.

The regents listened. “Every suggestion for improvement, every criticism, we recorded and brought back,” Kendall says. They found that Maryland’s universities, in fact, had nearly 30 percent fewer administrators for their size than comparable schools — one for every 97 students,
compared to one for every 68 — and that administrative salaries were 25 percent lower. “When we started this, we didn’t start with a bad system,” Kendall says. “We started with a good system. The perception was that it wasn’t good, and we tried to straighten that out, first of all. Then we really focused on making it a better system.”

The regents were less pleased to learn some other things, such as the fact that facilities went unused more than a third of the time on some campuses, that students were taking far too long to graduate, and that faculty teaching loads were below the universities’ own targets, all of which was costing money that was in diminishing supply.

‘Shaping the Agenda’
Slowly, the Effectiveness and Efficiency initiative took form. The chancellor, Brit Kirwan, “did some real questioning of us at the beginning, but he saw the benefits,” says Kendall. Kirwan next turned to his intransigent university presidents, taking them “up to the mountaintop,” as he puts it, on a retreat to the inn and conference center at the University of Maryland University College, near system headquarters. They, too, were not on board at first.

“It was a matter of making clear to them that we had to do something significant and serious, but we could shape it,” Kirwan says. “We were early enough in this process that if we stood up we could shape the agenda. If we didn’t, we would be implementing an agenda we didn’t set.”

The presidents weren’t given a choice. Kirwan sent them back to their campuses with a message: This was not about cutting quality. It was about protecting hard-won gains. Such outreach is a crucial lesson of the Maryland experience, says Florestano, the regent, since university bureaucracies are quick to sabotage what they see as attempts to interfere with them. “You have to get serious systemwide buy-in, because otherwise they just kill you by ignoring you and doing things too slowly.” That, says Callan, is why most of the political efforts to get colleges and universities to be more efficient fail.

A committee of the regents, with the help of a consultant, set to work. Auditing, construction management, and procurement services were centralized. The campuses lowered their energy bills by $5 million over three years by buying electricity collectively. There was a similar joint-purchasing deal with Microsoft that saved another $1 million a year.

Learning Outside the Classroom
To speed up graduation and reduce instructional expenses, the number of credits required to earn a degree — which differed by department — was limited to 120, and students were required to earn at least 12 of them outside the classroom through online courses, internships, study-abroad programs, or Advanced Placement tests, which cost the universities substantially less money. The regents are now thinking of increasing even those requirements.

Since many students drop out in the first semester of the academic year, some applicants for admission to the freshman class were offered places in the spring instead of in the fall to fill resulting vacancies in classrooms and dormitories; this year, the University of Maryland at College Park accepted 590 students under that new program who would otherwise have been rejected. With demand increasing nonetheless, the regents steered the rest of the enrollment growth to campuses where costs were lowest — Towson, for example, where the total expenditure per student is $12,275, almost two-thirds less than the $33,645 at College Park.

Room has since been made available for 15,000 additional students, a number greater than the enrollment of the University of Maryland Baltimore County. The percentage who graduate within four years began to rise, from 34 percent to 39 percent, compared to the national average of 28 percent, while the average time it takes an undergraduate to earn a degree fell from 9.2 to 8.9 semesters. All of this meant savings for the state. “We didn’t have some grand plan,” Kirwan
says. “This was something that got started because of a crisis and it has grown and it has become a way of life for us.”

The regents tiptoed into the classroom, too. After all, says Kendall, that’s where the vast bulk of the money goes. They ordered a revamp of introductory lecture courses, which serve disproportionate numbers of undergraduates; the 25 largest courses at American universities, on average, enroll 35 percent of the students. But 40 percent of students at teaching universities and 15 percent at research universities fail these compulsory classes, meaning that they have to repeat them, and drag out their college careers. A pilot program in Maryland has improved success rates and cut costs as much as 71 percent per student by converting courses like these from an exclusively lecture format to a mix of online study aids and tests, team projects, and small classes led by undergraduate mentors — cheaper than even notoriously low-paid graduate teaching assistants.

**Getting the Faculty On Board**

But the most audacious challenge the regents took on was to get the faculty to teach more courses. Few things have been so forcefully resisted elsewhere. When the chancellor of the Tennessee university system proposed ways of dealing with a 20 percent reduction in state appropriations that included adding more online teaching and having advanced students tutor underclassmen, the head of one Tennessee university’s faculty senate described it as a “radical attack.” When public Kean University in New Jersey last year pressed its faculty to be in their offices at least four days a week to be available to students — some now spend as few as two days a week on campus, university officials said — the faculty filed a grievance with the state labor relations board.

In Maryland, however, something unexpected happened: The faculty agreed to the idea. “They understood that our system needed to do something to change the perceptions, and they understood that we were not going to do anything radical to affect the quality of education,” says Kendall, who was asked to speak before the faculty senate — an invitation, he admits, he approached “with great trepidation. They questioned me and I didn’t give any ground. I just said, ‘Would you rather have the board of regents, which cares about higher education, taking care of this, or would you rather have somebody else doing it?’ ” It was the same message Kirwan had given his presidents on his proverbial mountaintop.

Faculty had to look no further than Ehrlich’s deep cuts to get the point. “It was the handwriting on the wall,” says Bill Stuart, a professor of anthropology at the University of Maryland at College Park and chairman of the Council of University System Faculty. “To fight it too much we stood to lose even more ground.” Ehrlich thinks the two things were connected, too. “I do think there was some fear within the system because there was a Republican governor. I didn’t have any, quote-unquote, record in higher education. I think there was a little bit of fear of the unknown — ‘My God, what was he going to do?’ ”

Regents required faculty at the research universities to increase their teaching loads by 10 percent, from five courses a year to five and a half, and at the comprehensive universities from seven courses a year to seven and a half. They softened the blow by agreeing not to measure productivity by individual faculty member, but by department, giving chairmen flexibility to let some faculty teach less as long as others taught more. “We had some real pushback from the campuses when we talked about doing that on an individual basis,” says Florestano, herself a former university professor. “When Cliff first started talking about this effectiveness and efficiency move, inside I thought, ‘Oh, God, here we go, we’re going to start talking about the faculty again.’ My posture was to be defensive. But we wanted to demonstrate to the public that higher education can change. There’s a perception out there, not entirely inaccurate, that higher education doesn’t like to change.” (“Man, no kidding,” Ehrlich says.)
Overcoming Mistrust

That doesn’t mean that faculty agreed the universities were ineffective or inefficient, or that their productivity was low. A handful protested. “Every 10 years or so there’s an alarm about workload,” Stuart says with a sigh, the archetypal professor in a beard and bowtie sitting before the blackboard in a vacant classroom on the rolling green, red-brick College Park campus. “If they really pursued it, they’d find we were woefully underpaid. Part of it is the faculty’s fault, because it’s not clear to outsiders the work we do. And well-meaning people can agree that there probably are inefficiencies. At least they didn’t use the idiom this time, ‘Cut the fat.’ There is no fat.”

There was an abundance of diplomacy, however, to allay the inevitable mistrust. What words were chosen was a crucial part of that — especially for academics. (If “efficiency” is an odious term on campus, “productivity” is a dirty word,” says Callan.) “A lot of people on college campuses correctly believe they’re not well understood by people off campus,” says Jim Rosapepe, then a regent, who had the helpful experience of having served as U.S. Ambassador to Romania. “So they worry that when someone says you can teach undergraduates more efficiently, what people really mean is, we can pay you less.”

Diplomat that he is, Rosapepe says it’s not what’s unusual about higher education, but what’s normal about it, that makes change hard. “There’s an inclination to go with the flow. That’s also true of the health-care industry. I don’t think higher education is unique at all. It’s actually just normal.” Kirwan, however, says there’s an important difference: Universities, he says, are seen as bastions of liberalism, “but they’re really among the most conservative institutions in our society” when it comes to how they themselves do business. “Even in its glory days, General Motors was a lot simpler organization than a university system is,” Langenberg echoes. ‘It’s easier to get people to say, ‘We ought to change them and that, but not us or me.’ It takes persistence, it takes willingness to push hard and settle for relatively small achievements. It takes taking the long view.”

In the end, says Dan Hurley, director of state relations and policy analysis at the American Association of State Colleges and Universities, pragmatism won the day. “The fact that the faculty bought into this is remarkable,” says Hurley. “There are a lot of stories of tremendous pushback in that regard. That was tremendous foresight on the faculty’s part, because there are faculty layoffs and furloughs and all types of retrenchment going on now [in other states]. Had they not done what they did and embarked on this initiative, the likelihood of layoffs and premature retirements and so on would have been a lot more real.”

A Savvy Student Reaction

The ink still wet, Kirwan took the E&E plan to the governor and General Assembly in 2004. “One of the things we sold to the state was we were going to do good things in a very efficient way,” he says. “With the enrollment surge, we told the state, ‘We’re going to accommodate more students at no cost to you, just by being more efficient.’ We basically used E&E to create — it sounds a bit inflated — a new compact with the state. We built a level of trust and partnership. In Maryland, it was not that way before.”

Still, the E&E initiative saved only slightly more than $25 million in its first year, when the Ehrlich budget cuts and other added costs by then exceeded $200 million, and tuition continued to skyrocket. That prompted students into action. They collected 20,000 signatures, carefully identified by legislative district, on an electronic petition to the General Assembly demanding more higher-education funding. They formed their own political action committee. They held protests and vigils. They filed a class-action lawsuit challenging the mid-year tuition increase — and lost, because the judge ruled they had no written contract with the universities specifying a
set tuition rate. (Lawyers nonetheless added legal language to the universities’ websites with the disquieting warning, “The university reserves the right to make changes in tuition, fees, and other charges at any time … without prior announcement.”)

Though they made little headway changing public policy, student leaders proved surprisingly canny at public relations. One went on a hunger strike. Another picketed in Annapolis, donning a Hawaiian shirt and thick black wig to parody the governor. Yet another parked a rusty Ford Pinto in front of the State House to accuse Ehrlich, who went to Princeton, of having had a Cadillac education while sticking students in Maryland with a lemon. Students also went in search of Ehrlich in a video called “Bob & Me,” a send-up of Michael Moore’s “Roger & Me,” about the effects of the higher-education budget cuts. “It was not so much that students rose up in large numbers,” Boyd says, “but that there were very articulate students who were just terrific and engaged.”

Then Dick Hug, a Baltimore business executive who had been Ehrlich’s campaign finance chairman and was his first appointee to the board of regents, poured fuel on the fire by publicly suggesting not that tuition at the universities be moderated, but that it be doubled over six years, improving their financial condition without state help and prodding students to graduate more quickly.

Although Ehrlich quickly distanced himself from the idea, it didn’t come out of nowhere. The University of Michigan at Ann Arbor has largely weaned itself from taxpayer support, depending on the state for only 7 percent of its funding, and some legislators there have talked of privatizing it completely. A similar proposal has been made in Colorado and there have been murmurs about privatization at Virginia Tech, the College of William and Mary, and the University of Virginia, whose law school has already announced that it is moving to financial self-sufficiency.

In Maryland, however, a poll showed that 83 percent of voters were firmly against Hug’s idea of doubling tuition. In an earlier Washington Post poll, voters also said that they were overwhelmingly opposed to Ehrlich’s budget cuts. That got Democrats’ attention. They sensed that the tuition increases at the universities made Ehrlich vulnerable on higher education. “It’s ultimately a middle-class issue,” says state Sen. Brian Frosh. “This is where people who can’t afford a private higher education send their kids, and they want their kids to get a good — an excellent — education. There’s no reason they shouldn’t. You only have to look across the river to the University of Virginia to see it happen. And people were afraid that that was going to go up in smoke.”

**Framing a Tuition Hike**

Frosh promptly offered legislation that would raise the corporate income tax to fund the universities, reverse the cuts, and limit further increases in tuition to 5 percent. Legislators passed it, but, as expected, Ehrlich vetoed the bill. He said raising business taxes would put jobs at risk for university graduates, but Frosh said a tuition hike, for many families, was no different than a tax increase.

“The average taxpayer gets this,” Rosapepe says. “They realize it was their tax dollars that built the University of Maryland, so they feel they ought to be able to afford to send their kids there. It’s a real gut issue for people. Once the issue was framed so people understood there were big tuition increases because there were big budget cuts, I think the buzz around the state that legislators started hearing was, ‘What are you doing about these outrageous tuition increases?’”

The governor made yet another round of cuts to public universities after the legislative session ended, requiring another increase in tuition in the middle of the academic year. Four members of the board of regents voted against the increase, and the unusual public rift kept the universities’ financial situation in the news. Two of those four — Rosapepe and former U.S. Sen. Joe Tydings (“Ehrlich is a nice man,” Tydings says, “but he has no concept of the importance of higher education”) — began a grassroots organization to keep the pressure on, which they called Marylanders
for Access to Quality Higher Education (since renamed Marylanders for College Opportunity); insiders say an earlier attempt at this had been rejected by the campus presidents, who thought it undercut their own control of lobbying on their universities’ behalf. The new group hired Laslo Boyd as a consultant and began to e-mail people likely to feel strongly about the cost of university tuition.

It was a tactic that seemed as logical as it had been underused. “Universities have e-mail addresses for all of their students, many of their alumni, many of their parents, professors, staff,” says Rosapepe. “A state university by definition should have the largest, best-informed, most articulate grassroots constituency of any institution in the state.” But few public universities take advantage of this.

The strategy went beyond e-mailing, Boyd says. “You involve many different constituencies, not just one. You don’t have the chancellor and the presidents and the board advocating for the universities, because they look self-interested. You create lots of different groups who support the universities for different reasons. You get businessmen who talk about how universities are important to the economy, you get parents who say tuition is ridiculous. Then you find people in the legislature who see it as a winning political issue.”

The growing grassroots constituency and its legislative allies pushed the General Assembly to overturn the Ehrlich veto when it reconvened. But days before the override vote, Ehrlich announced that he would increase university funding by 4.8 percent, defusing the threat. There was an election coming up.

‘A Wedge Issue’
Still groggy from the New Year’s weekend that marked the start of 2006, a hastily assembled crowd of students and their parents flanked Baltimore Mayor Martin O’Malley on the College Park campus of the University of Maryland as O’Malley opened an attack on Ehrlich over the tuition increases of the previous three years and proposed an outright freeze on any further rises in the cost of public university tuition.

“We’re calling for a halt to increasing costs on working families,” O’Malley, then a Democratic candidate for governor, told the crowd. “We believe we become a stronger state when more people have an opportunity to go to college.”

The event, on Monday, Jan. 2, was carefully choreographed to preempt Ehrlich’s planned news conference on the campus the next day, and it marked something else that seldom happens in American politics: the elevation of higher education to the status of a major issue in a gubernatorial campaign. O’Malley would spend $2 million on TV ads about the topic, including one in which a child tried in vain to reach a university diploma on a mantelpiece. “It became a nice wedge issue,” Boyd says. “You could see poll results that showed that voters had some angst about tuition. It really was an extraordinary development to take something that was not on anybody’s agenda and make it a central topic of debate. It wasn’t easy to do. It took some very skilled political people to make it happen. What I’m not going to judge was the degree to which it was political intrigue and cynicism versus, this is an effective issue.”

Whatever it was, it was starting to work. Forced to follow the O’Malley rally, Ehrlich the next day promised to increase funding for the universities by $117 million, or nearly 15 percent — the largest percentage increase in the nation, he said — and raise spending on need-based financial aid. He said the university system’s E&E plan had convinced him it deserved the money, and that a dollar spent would get a dollar’s worth of value. But Democrats pounced on the announcement as an election-year ploy. As Frosh put it to reporters, the governor had pushed the universities under the bus and now wanted credit for driving them to the emergency room. Ehrlich’s increase would fall far short of making up for his earlier cuts, and still another rise in tuition was expected
to be passed when the board of regents met just three days later.

“Keep in mind, 2006 was a very, very different time for our state and our country,” O’Malley press secretary Rick Abbruzzese says. “We were still very much in the middle of our housing boom. There didn’t seem to be a reason why students had to bear 40 percent increases in college tuition and take on the cost of what a state government should responsibly be doing.” Even families whose children were in diapers, he says, “were seeing the news coverage of that and thinking, ‘How are we going to afford to send our kids to college?’”

It was a good question. Seventy percent of Americans think higher education is being priced beyond the income of the average family, according to Public Agenda and the National Center for Public Policy and Higher Education, compared to only 44 percent who feel that the cost of a house is out of reach.

Reaching Voters

Tuition, pure and simple, is what got voters interested, say observers — not the eye-glazing topics of whether universities create jobs or what their economic impact is. “It was the tuition increases,” says Paul Herrnson, a government and politics professor at the University of Maryland at College Park and director of the Center for American Politics and Citizenship. “There was no guarantee that the tuition wasn’t going to go out of sight.” Tuition, Callan says, “is what grabs people. And that’s another thing they’ve been smart about in Maryland. Because tuition is the one thing everybody understands.”

When the regents finally convened at the end of that eventful first week of 2006, Rosapepe, a Democrat, picked up the baton, voting that tuition not go up at all, never mind by the 4.5 percent that was proposed. He lost 16-1, but made his point.

Things began getting ugly, even by the hard-nosed standards of Maryland party politics. The General Assembly passed a law banning members of the board of regents from political fundraising, which became known as the “Hug Bill” because it was so obviously aimed at Ehrlich ally Dick Hug. Republicans just called it mean-spirited.

Ehrlich vetoed the bill, but the Democratic majority in the General Assembly overturned his veto (along with four other Ehrlich vetoes, a 20-year record) and Hug was forced to leave the board.

Then, when Langenberg, the former chancellor, wrote two letters to the editor of The Baltimore Sun criticizing Ehrlich’s treatment of the universities, the governor decreed that he be forced to resign his emeritus position. Kirwan defended his predecessor’s right to free speech, but Ehrlich, in an interview with the University of Maryland student newspaper, went on to take a swipe at Langenberg’s $110,000 salary, saying: “We’re talking about inefficiencies?”

Ehrlich isn’t convinced O’Malley and his allies succeeded in making higher education stick as an issue, “as much as he tried. He had this sort of pseudo-populist tone, with the tuition freeze and all that. My response was that University of Maryland tuition was the best deal in the world, and, by the way, we doubled need-based aid. For the general public, it’s never one of those front-burner issues. It’s more of an insider issue. It’s never going to be up front in the polls.” What was really going on was that O’Malley used the universities to change the subject from the troubled public schools for which he was responsible in Baltimore, says Ehrlich, adding dryly: “He wasn’t exactly the education mayor.”

The Governor Yields

Still, Ehrlich started to financially support the universities. A few weeks after his College Park news conference, he went to Towson to announce that he was allocating $1.4 billion for campus building projects systemwide. Democratic legislators kept the heat on, introducing a bill to
lower the regents’ 4.5 percent tuition increase to zero, something it was Ehrlich’s turn to call “an election-year gimmick.” But soon he was putting $17.2 million into a supplemental budget to freeze tuition for in-state undergraduates. “Obviously we were pleased” by how things were going during the campaign, says Kendall. “We ended up in a position where both candidates were advocating for higher education and low tuition.”

Rosapepe, with evident satisfaction, says, “This was like a three-year campaign that educated the public, defined the issue, set the choice. You had a bidding war between the Republican governor and the Democratic candidate. Which is exactly what the universities should want.”

Ehrlich is right: Higher education seldom rises to the level of a major political issue, as it did in Maryland. “Obama used it and he continues to use it, and that’s great,” says the state universities association’s Hurley. “But as a grassroots issue, higher education isn’t usually in the mix. One reason is that public sentiment takes aim at the universities, which haven’t been articulate and persuasive enough at casting the blame where it needs to be, which is on state legislatures and governors.” Laslo Boyd, who also once served as Maryland’s higher-education secretary, is more blunt. “Universities in many places are incredibly politically inept,” he says. “They often tend to look more inward than outward. The notion that they should be politically engaged is still a tough one to get them to buy into.” Whatever the right combination of political skills, says Callan, “there aren’t many people in higher education who have them.”

What’s different about what happened in Maryland, says Stanley Ikenberry, former president of the University of Illinois and the American Council on Education, “is that often universities don’t take the initiative to engage the public and engage policymakers in these kinds of difficult issues. They retreat behind the ivy walls and hope that somehow the pressure will subside. And in some cases where they do try to engage the issue they find the political climate is such that it’s either impossible to get the issue on the public agenda, or if it gets on the public agenda some politician or interest group may run off with it for their own purposes. This was a pleasant circumstance in which the two contrasting worlds came together.”

A Two-Way Street

O’Malley won. There were few things, he says, that more starkly demonstrated the difference between him and Ehrlich than their positions on support for higher education. “Marylanders understand the connection between quality education, affordable colleges, and the strength of their economy,” he says. “When the former governor tried to flip the switch and turn the university system into a user-fee-based system and was unabashed that Maryland was a good bargain at any price, he did a lot of damage to that cause.”

Ehrlich’s eleventh-hour conversion to the dogma of tuition freezes, O’Malley says, “was a demonstration of just how out of step that sort of user-fee approach was.” The former governor, he says, “had a very neoconservative bent on the world, that all government was waste, and that things that were subsidized by government needed to give up their subsidies. He did not see a university system as a common good.”

Still, even with O’Malley in Annapolis instead of Ehrlich, the universities were nervous — especially about what he says they considered the disconcertingly populist notion of tuition freezes. “Any university administrator who hears an elected official say the words ‘tuition freeze’ apparently wants to jump out the window,” the governor says. “I had to field countless calls from university presidents who very painstakingly explained to me, as if I didn’t understand, that they couldn’t hold the line on tuition without state funding.”

In fact, in his first 16 months in office, O’Malley allocated 28 percent more for Maryland’s public universities than Ehrlich did in his first two years. He pushed through the state’s first-ever dedicated funding source for higher education, the Higher Education Investment Fund, paid
for with an increase in the corporate income tax. That helped nearly double the proportion of the state general fund spent on higher education, from 7.5 percent to 13.2 percent, propelling Maryland from 38th to 20th in government higher-education appropriations per capita.

In all, the universities saw about a 32 percent increase in state support in four years, compared to a 15 percent cut in the previous four. “This has been a two-way street,” O’Malley says. “There has been a publicly acknowledged and repeated pledge that we can only hold the line against increases in tuition if we increase state funding for the university system.”

Financial Woes Return

Keeping those campaign promises, of course, got tougher when the bubble burst again. The university system budget was reduced by $56 million in the first half of 2009, although that was out of a total budget that is nearing $4 billion — and O’Malley cut the universities less drastically than other state departments. “He’s gone out of his way to protect us,” Florestano says. (Perhaps because the situation was reversed under Ehrlich, advocates for other state-provided services haven’t made an issue of this. “We wish there were more dollars, but we don’t believe that it’s productive for various recipients of state dollars, particularly those that provide services for children and young adults, to fight over them,” says Shelley Tinney, director of the Maryland Association of Resources for Family and Youth.) Faculty pay raises were deferred and university employees ordered to take unpaid furloughs. Then, within two weeks of the start of the state’s fiscal year this summer, Maryland found it had a $700 million shortfall in its $13 billion budget. Legislative analysts expect the deficit to widen to $1.5 billion in 2010, and the governor announced another $470 million in budget cuts overall, including a big hit to community colleges and at least $40 million more from the public universities, which would cause 24 layoffs, the elimination of 151 open jobs, a hiring freeze, a $2 million reduction in maintenance expenses, a $3 million reduction in travel and a draw down of cash reserves. Class sizes will increase, courses will be harder to get into, and the time it takes students to graduate will start to creep back up.

Student demand, meanwhile, continues to grow. There were 28,000 applicants for 4,000 first-year seats at College Park this year, up 17 percent from last year, and enrollment systemwide is forecast to rise 24 percent in the next decade as a larger share of high school graduates go on to college.

Federal stimulus money made it possible to continue the tuition freeze although, as the state budget situation worsened, a tuition increase was on the table for as early as the winter of 2009. Due to the tuition freeze, the average student now is charged about $1,000 a year less than he or she would have been if it had been allowed to continue to grow by 4.5 percent a year. In-state undergraduates entering their senior year have paid the same tuition through their entire public-university careers, and Maryland has moved from sixth to 16th among the 50 states in the cost of public-university tuition.

Maryland also continues to add to its college-rankings honors: Salisbury State, Towson and the University of Maryland Baltimore County have moved into the Princeton Review’s 50 best values in public universities, while Kiplinger’s rates Salisbury, Towson, and the University of Maryland at College Park among the nation’s best higher-education deals. “The mantra of our administration is to strengthen and grow the ranks of the middle class in Maryland,” O’Malley says, “and one of the best ways to do that is by making a college education more affordable for more people.”

The E&E initiative has helped to win the universities political support, O’Malley says. “I don’t know that the general public is very aware of it, but members of the Legislature are. It’s given members of the General Assembly greater confidence that dollars invested in the public university system are being well spent. So we’ve been able to make progress even as we make cuts.”
Ehrlich gets some credit too, and from an unexpected direction. “What happened under Ehrlich,” says Brady Walker, a law student at the University of Baltimore and chairman of the University System Student Council, “helped this system become leaner and more able to respond when the situation was much more serious.”

O’Malley has announced that he will run for re-election. Ehrlich is considering a rematch. Maryland’s public universities are looking forward to it.

Positive Reviews
The University of Maryland Baltimore County in Catonsville is much like many of the campuses that serve America’s rising tide of public university students: boxy, modern buildings, symbols of the school’s young age, that stand in contrast to the likes of postcard-worthy College Park. Opened only in 1966 on 500 acres of what was previously farmland, UMBC has an enrollment that exceeds 12,000, and more than 42 percent of it is students of color. Signs in the student commons advertise on-the-go breakfasts for the 1 in 4 who are commuters.

Maryland’s higher-education transformation has been largely welcomed here. Some students complain about the shabby swimming pool and other recreation facilities, but admit that most people here are more likely to study than swim or work out. As an honors university specializing in the natural sciences and engineering, UMBC offers many of the large lecture courses that are typical of those disciplines. So the measures taken to push students through those courses more quickly are the ones that have affected this campus the most.

At Frostburg State, for instance, when online testing and undergraduate mentors were brought into an introductory psychology course, grades went up even as the cost to the university fell from $89 per student to $26, a 71 percent savings. Towson made the same kind of changes to a tough introductory course in developmental math, and the percentage of students who passed the first time through crept up from one third to one half. The number of students who dropped, withdrew from, or failed two similar math courses at Coppin State fell by more than 10 percent after those classes, too, were revamped to be more efficient.

For the most part, students seem to like these changes. The emphasis on supplementing classroom time with online study aids and team projects is “more interactive — more real world,” says Josh Michael, a UMBC junior who is double-majoring in political science and secondary education and who represents the system’s students on the board of regents. “Everybody wins. The state wins because it’s paying less money, and the students win because they’re not taking Chem 101 three times.”

The tuition freeze doesn’t hurt, of course. “We’re paying the same and getting more,” Michael says with satisfaction, relaxing in a campus food court crowded with a rainbow coalition of students hovering over laptops. “In California they’re paying more and getting less.”

Maryland as Role Model
Which leaves the obvious question, best expressed by Callan, who asks: “Wouldn’t you think, right at this minute, that every state in the country would be doing what Maryland did?”

It’s something Kirwan, just returned from speaking at another higher-education conference, wonders too. “Shouldn’t everybody? People recognize that what we have done in Maryland has produced some positive results. Why more haven’t embraced some of the strategies we have in the way we have to is a mystery to me. I can’t answer that.”

For all of the attention he’s received for Maryland’s approach, the chancellor says, he doesn’t think it’s all that hard to reproduce. “Look, I’m not a radical reformer,” Kirwan says in an interview in his office in Adelphi, a lushly wooded area near College Park, where the windows overlook a thick forest of green. Public higher education “is not 180 degrees off of where we want to
be. We just have a battleship that needs to change direction a little bit.”

Yet Maryland largely remains the exception that proves the rule. “We really are the outlier,” Kirwan says. In Ohio, where a chancellor who was a former congressman consulted on his own plan with Maryland officials, the regents last year set performance measures and offered rewards for efficiency as a means of increasing enrollment at public universities and community colleges by 230,000 students over 10 years. Ohio’s governor responded by exempting instruction and financial aid from cuts forced by a projected $7.3 billion two-year state budget deficit. But most higher education leaders seem at distant poles from politicians and the public on this topic.

Even as surveys show that voters want universities to be more efficient, university presidents in focus groups conducted by Public Agenda and the National Center for Public Policy and Higher Education said categorically that the only way to improve the quality of higher education is either for society to pay more or for fewer students to be served. “The leaders and the public are saying almost the exact opposite,” organizers of the focus groups concluded.

The presidents said more money would have to come from taxpayers, families, and private industry, and while they acknowledged there were inefficiencies in higher education, most believed that universities have already done what they can to become cost-effective. In fact, responds Callan, a Maryland-style 10 percent increase in faculty course loads in California, where the California State University system is trimming enrollment by a whopping 40,000, “would mean several thousand more students would be able to go to college.”

Instead of narrowing, the rift between higher education and the public continues to widen, according to business, government, and philanthropic leaders. “There’s a feeling in the Legislature that the university is relatively arrogant,” one lawmaker in an unspecified state told the interviewers. “They’re not going to listen to anything you’re going to say. They say, ‘Just send us the money. We’re too smart for you to tell us how to spend it. We’ll spend it [any way] we think is right.’” During hearings about higher education, Boyd says, “You’ll see legislators roll their eyes at these presidents who talk down to them like it’s a lecture.”

Not that the politicians are always right, focused largely as they are on how to pay for public services. Kendall, the regent, remembers meeting with a legislator who thought university administrator salaries in Maryland were too high. “I said, ‘No, they’re in the third quartile.’ And he responded, ‘Why aren’t they in the second quartile?’ I said, ‘Well, if you really want an inadequate and a terrible system, that’s the quickest way to get there.’ But he was dead serious.”

How Not to Win Friends

On the whole, however, says Callan, university officials deserve the lion’s share of criticism for the fact that politicians just don’t get them, to their detriment at budget time. “There’s this sense in higher education that we’re the smartest people in the world. You should leave this to us,” he says. “Our idea in higher education of engaging the public is, we talk, they listen. Higher education has become provider-driven, run for the sake of the people who run it, not for the public.”

Even as it asked for more state money in the middle of its state’s dire budget crisis, for example, the University of California paid out generous salaries and perks for administrators — one got $125,000 in relocation costs to move the 70 miles from Santa Cruz to Oakland — and infuriated legislators responded by proposing an amendment to the state constitution that would strip the system of autonomy and put it under their direct authority. Although it editorialized against the bill, the Los Angeles Times blasted the universities for what it called their “too-cool-for-accountability” attitude.

“The national associations in D.C., since it’s the presidents who pay their salaries, put out public-relations campaigns on the notion that if people understood how important higher education is, the more supportive they would be,” says Callan, whose watchdog center is based in
San Jose. “The truth is, the more they know about it, the more critical people become.”

Now, while fluctuating revenues make budgets moving targets, states from coast to coast are warning public university systems to prepare for even more backsliding in appropriations: 5 percent in New Jersey, 6 percent in North Carolina, 7 percent in Kansas, 8 percent in Minnesota, 10 percent in Louisiana and Connecticut, 15 percent in Oregon and Virginia (on top of a 5 percent hit in Virginia last year). South Carolina plans a 24 percent reduction in higher-education spending; Nevada, 36. In response, tuition once again is going up by double digits. Florida universities, for instance, have increased tuition 15 percent this year, the maximum allowed by law. The state of Washington has lifted from 7 percent to 14 percent the limit on tuition hikes for in-state undergraduates.

“One of the explanations for why we don’t get innovation is tuition,” Callan says. “We’re always able to raise the price and at least cushion, if not completely make up for, the losses. We’ll charge more tuition, we’ll serve fewer people, but innovation is the last way we respond to these recessions.” Universities, in other words, are quicker to raise their prices before they cut their costs. Since Texas public universities were given the ability to set their own tuition in 2003, it has increased 50 percent or more at some, prompting alarmed state legislators to consider re-regulating it.

**Challenges Continue**

This cannot go on forever, say observers. “This recession and a lot of related dynamics will require more than one-time belt-tightening measures,” says Dan Hurley of the state universities association. “It’s going to require systemic changes. That’s why there are some really important lessons to be learned” from Maryland. “Even when the economy rebounds, I don’t think we’re ever going to go back to where there’s going to be enough funding to do everything higher education wants to do,” warns Kirwan. “There are just too many other legitimate calls for funding.”

And while Maryland’s E&E initiative continues — “We keep finding new things we can do,” says Kendall — its four-year freeze on tuition (now between $8,780 at UMBC and $5,140 at Coppin State, with College Park’s at $8,005) will have to end eventually, too. Some students already see class sizes creeping up and more of their courses taught by part-time faculty, and worry the tuition freeze will squeeze things further — and be followed by a huge jump they say could compare to the 72 percent spike in utility bills when a six-year rate cap in Maryland was lifted on those. (O’Malley says that any future increase in tuition will be moderate.)

There may even be such a thing as too much success, says student council chairman Walker. “The concern from some students is that this is largely a political move,” he says of the freeze on tuition that has made campuses more vulnerable to cuts in state appropriations. “Is it something that will down the line result in a large tuition increase, and will it affect quality? I don’t know how that plays out in the long term, and by long term I mean as soon as the next legislative session. Is this a model we can really sustain?”

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