

Facing the Challenge: Reducing Costs in the University of Maine System

The University of Maine System faces and will continue to face funding pressures, as will all public higher education institutions in the country. Recent downward revisions in state revenue projections along with broader concerns about the vitality of the national economy indicate that public funds will be scarce in the foreseeable future. The Governor and the Legislature have significant demands upon them with only limited solutions for addressing the funding scarcity. The UMS looks forward to a continued partnership with State leadership, as in the past, to face the current and future challenges. The recently approved bond referendums are an example of the State's commitment to higher education.

The UMS has submitted an \$8 million supplemental request for FY09 in order to meet costs and control tuition. No matter what the future funding outcome might be, the UMS has the responsibility to operate its institutions and central office as efficiently as possible in both the near term and in the longer run. Over the next 36 months, the University of Maine System will, through its central office and universities, reduce its costs of operations by \$5 million through the following means:

1. OPERATIONAL AUDIT #2: \$2.6 MILLION

2. IMMEDIATE ACTIONS AND OUTCOMES: \$2.4 MILLION

➤ FURTHER REDUCTIONS IN THE SIZE AND COST OF THE SYSTEM OFFICE

This will entail eliminating some functions, reducing the scope of operations, merging functions with campus offices having appropriate expertise, and revising current business practices.

➤ REDUCE ADMINISTRATIVE COSTS SYSTEM-WIDE

Each university will be asked to reduce their administrative costs and other costs related to non-mission centric activities. These activities will be reduced in scope, eliminated, merged with other operations, or offered collaboratively in a cost-sharing manner with other public institutions.

➤ ELIMINATE SENIOR ADMINISTRATIVE SALARY INCREASE FOR ONE YEAR

Senior administrators at all universities and system office with an annual salary of \$100,000 or greater will be included in this group. The savings will carry forward as a permanent reduction in base budget costs.

3. LONGER RUN INITIATIVES

➤ ESTABLISH A COST REDUCTION COLLABORATION WITH STATE GOVERNMENT AND PUBLIC INSTITUTIONS

Working with State Government and public institutions, including the MCCS, to accelerate efforts to combine or share support activities, where possible, with a special emphasis on purchasing or administrative functions which do not entail changes in governance, e.g., prescription drug purchasing.

➤ PARTNER WITH THE PRIVATE SECTOR FOR SYSTEM-WIDE ENERGY SAVINGS RENOVATIONS

Secure private funds to enable the University System to accomplish extensive facilities improvements and finance it with the savings from reduced energy consumption after which savings would accrue to the universities.