



Report to the 125th Legislature On the University of Maine System

RICHARD L. PATTENAUDE
CHANCELLOR

WEDNESDAY, MARCH 30, 2011

Report to the 125th Legislature: The State of the University

Mister President, Mister Speaker, honorable members of the 125th Maine State Legislature; President Fitzsimmons; President Brennan; Trustees; Presidents; distinguished guests and friends.

Thank you for the invitation to speak before you today.

As always it is an honor to stand before you and briefly report on the University of Maine System...or as briefly as an academic can, given a podium and an audience.

My report focuses on three topics:

- Where we were when last I spoke in this setting;
- Where we are today;
- Where we will be going.

Let's start with a moment of myth busting. The myth is that universities change slowly and may be resistant to change.

It's not true anymore. It can't be true anymore. The times do not allow it.

First—where we were.

Just over two years ago the economy was rapidly falling apart, jobs were being lost, and revenue forecasts were dropping like a rock.

To assess our situation, we did a comprehensive four year financial projection. The results were startling.

We found that if we did not change how we did business we would face a \$43 million dollar structural deficit in four years.

The Board of Trustees and I agreed that fixing this was priority #1.

We proceeded with a broad-based and public planning process that produced our multi-year plan called **New Challenges, New Directions**, approved by our Board in November 2009.

It has three basic goals which guide our work as a System, they are:

1. Achieve long-term financial sustainability;
2. Keep education affordable;
3. Meet the changing educational and research needs of Maine's organizations and Maine people of all ages.

So, where are we today?

Goal 1—long-term financial sustainability—we have made remarkable progress in just over two years:

- Like many businesses, we have trimmed our workforce and now have 7% fewer employees;
- We finished last year with expenditures \$5 million below the prior year;
- We cut our unfunded liability for retiree healthcare by more than half, a reduction of \$185 million;
- Our endowments are back to pre-recession levels;
- We are making slow but steady progress on funding deferred maintenance;
- All universities and the System as a whole have balanced budgets.

How did this happen? It took clear goals, hard work, persistence, and sacrifice:

- Our employees have gone two years without basic raises... and for senior managers it has been three years;
- The System office budget was cut deeply;
- We have fewer deans, colleges, and senior administrators than two years ago;
- Programs have been trimmed, suspended, or combined while judiciously adding new programs through reallocation.

The credit for this hard work goes to the campuses. Our presidents and campus leaders have done an outstanding job of managing their resources. They have relied on the help and support of the Board of Trustees, unions, faculty, staff, and the volunteers who make our universities great.

Effective financial management is a core responsibility for all of us, reflecting the trust given to us by you and by the people of Maine. We take it very seriously.

What is the bottom line, so to speak? Maine's University System is becoming even more efficient, has solid control of its finances and is maintaining quality.

Do we have sufficient funding? Of course not. But that will not stop us from making progress. That's a promise.

Let me then turn to goal 2—affordability.

This year, we have the smallest tuition increase in 8 years, at an average of 4.8% for in-state undergraduates.

How did this happen?

The trustees, the presidents and I are clear on our view of tuition. It is not a means to fill budget holes. Low tuition is a policy statement, not a financial safety valve. This is critical, particularly in Maine, where affordable tuition is a key to student retention and graduation.

And it will make an extraordinary difference to Maine because of what it does for our students and our citizens.

In report after report, the relationship between education levels, employment, and income is crystal clear:

- As educational achievement goes up income goes up;
- As educational achievement goes up unemployment goes down.

As you know, an individual with a baccalaureate degree will earn \$1 million more in his or her lifetime than a high school graduate.

To me this says one thing: higher education is economic development.

And, if we secure flat funding as the Governor has proposed—and for which we are appreciative—next fall we will again keep our tuition at the lowest increase in years. I want to also express our thanks to the Committee on Education and Cultural Affairs for their unanimous support of the Governor’s budget.

Sometimes you need to put a human face on these abstract ideas, facts and goals. Joining us today are students from all our campuses who will be visiting your offices to tell you their stories. I would like now to briefly tell you the story of three UMS students. They are powerful evidence of the transformative power of education.

- **Becky McKinnell**, came from Massachusetts to attend USM. As a student, she completed an “Arts & Entrepreneurial Business Program” that changed her life’s focus. In that program, she created a business called “iBec” which specializes in graphic and web design. Perhaps you have heard of her: Business Week named her a “Top 25 Entrepreneur – Age 25 and Under” and she was also the U.S. Small Business Administration’s “Maine Young Entrepreneur of the Year” last year. I want to point out that Becky is not able to join us today because our USM graduate is busy operating that small business in Portland. She has steadily expanded her firm since she graduated and now employs eight people in her Old Port office.
- **Heather Martin**, is a native of Caribou and graduate of Richmond High School. She’s earned numerous awards as an undergraduate engineering student at UMaine. Today she is a graduate student in UMaine’s Civil & Structural Engineering Program. She is working on developing the first-ever model for deep-water off-shore wind technology. In April, Heather will travel with Professor Habib Dagher and others to test the floating model wind turbine in

the Netherlands. When she graduates, she plans to live and work in Maine. She is in classes today which she cannot miss as she prepares for the work in the Netherlands. So when you visit Habib's lab, say hello to Heather.

- **Jason Yates** is from Rockland and is a UMA student majoring in Justice Studies. Jason represents our rapidly growing number of time-bound and place-bound students who are taking a combination of online and in-person classes at multiple campuses to get their university degree. Jason also represents another type of student: he is a veteran of the U.S. Marines who served not one, but two tours in Iraq. He tells us that he is able to pursue his studies thanks to the G.I. Bill, the ability to take courses from multiple campuses, and the supportive environment at UMA. Please join me in greeting Jason and thanking him for his military service and thanking all who serve, or have served, our country.

These are three stories of the impact of a college education on people's lives. And this is happening every day on our university campuses. And this opportunity must be accessible and affordable.

And when it is...higher education is economic development.

This brings me to the final section of my report to you and to the last goal of **New Challenges, New Directions**.

Goal 3—enhancing our service to the people and organizations of Maine—where we are going.

Working in partnership with you, with our communities, and with Maine's businesses we need to accomplish the following:

- Graduate more students;
- Increase our support for the businesses of Maine;
- Encourage and support research, business development, and entrepreneurial efforts.

But, how do we best do this?

To assist us in focusing our work, we partnered with Laurie Lachance head of the Maine Development Foundation and Dana Connors, head of the State Chamber of Commerce.

At our request and with the chamber's much appreciated financial support, MDF drilled down into their recent report, **Making Maine Work**, to prepare a focused report for us—**Making Maine Work: the Role of Maine's Public Universities**.

Their unbiased review did two things. First, it revealed just how much is already being done by Maine's universities, and, second, it clarified what needs to be done.

Here are some examples of what we are already doing:

- We have created OnlineMaine, a central website for access to online degrees and student support at all our universities, which will be managed by UMA;
- Our universities are on a path to double the number of online degrees to reach adult, working, and rural students—a dozen new degrees will debut next fall;
- We are establishing student success centers on all campuses for one-stop advising and retention, such as the centers in place at USM;
- We are drawing millions of dollars from out-of-state sources to fund STEM initiatives including a recent \$3.2 million dollar National Science Foundation ADVANCE Grant to the University of Maine focusing on increasing the number of women in the sciences;
- We are creating a System-wide Energy Sustainability Management Degree that will utilize information from many sources including the successful energy savings pioneering work at the University of Maine at Presque Isle;
- UMaine continues to expand its world leadership position in offshore wind technology;
- UMFK is partnering with Fort Kent High School next fall to pilot the state's first early college high school program bringing a cohort of juniors to the campus for two years of dual enrollment;
- We will be offering Doug Hall's "Innovation Engineering" Program on all campuses, drawing on the successful program at the University of Maine;
- UMF has created a Masters Degree in Special Education that will be offered statewide via the Internet;
- UMM is expanding its applied science research in marine biology led by Professor Brian Beal;
- Our nursing programs, in collaboration with the community colleges and Maine's private universities, are working closely with healthcare providers statewide, to plan for tomorrow's workforce in healthcare.

There is much good work under way and the list could go on. It would be easy to be complacent. But...we cannot ignore three elephants in the room.

The first is **remediation**.

Remediation rates are unacceptable at all of our institutions. They are near the national average, but they must improve.

President Fitzsimmons and I are joining with Commissioner Stephen Bowen of the Department of Education to prepare a "Complete College America" grant focusing on college preparation, remediation, and retention. And if we aren't funded, we will find a way to pursue the work on our own, albeit, more slowly.

The second elephant is **transfer**. I am tired of talking about the transfer problem. It's time to solve it. President Fitzsimmons and I are in full agreement on this. We have formed a permanent joint work group on transfer that has one simple goal—identify transfer issues between the community colleges and the University System, and also between our universities, and fix them.

Our campuses have been working hard on this but we need to do better, taking a more comprehensive approach.

We are committed to working collaboratively to make the transfer experience smooth, seamless, and effective. We will report to you in a year on our progress.

The third elephant in the room is the **responsiveness** of the University System to business needs.

Today I will focus on a specific undertaking in a critical discipline to show you an example of where we are going.

I recently heard a presentation by Mike Dubyak, President and CEO of Wright Express, a technology intensive company with over 500 Maine employees. He and several Maine business leaders are concerned about the number of computer science, information science, and information management graduates coming out of our universities.

These graduates are particularly critical because in this information age and in our changing economy, these skills are essential to all businesses—small and large, north and south, current and emerging.

The current level simply does not meet the expanding needs of Maine companies. Several large employers such as Wright Express, Hannaford, TD Bank, UNUM, Idexx, and Maine Medical Center, foresee a significant shortfall as their organizations grow and as people retire.

A rough estimate is that we will have to double the number of graduates from the current 50-60 per year to meet the long-term needs. If we don't, it will stifle business expansion and will negatively impact business location decisions. And it will constrain business activity statewide.

UMS has computer science or information technology programs on 5 of our 7 campuses. Much good work is being done. We are told that our graduates are of high quality, but there just aren't enough of them.

So today I am pleased to announce the formation of the **University-Business Information Technology and Computer Science Partnership**. Its goal is very clear: in four years we will double the number of graduates from our programs. I have asked Mike Dubyak to co-chair this with me as we move forward. Mike is a great friend of higher education and is committed to building the economy of Maine.

Business and university leaders will gather soon to set this in motion. We will have all recommendations and a work plan ready by this fall. This is a critical initiative for us and for the State. It is an example of the efforts you will see from us in the future.

Why? Because we know that higher education is a key to economic growth.

All of us in the University of Maine System know we must continue to change and evolve. As we do we will not lose track of all the good things that higher education is about—personal growth and discovery, creating and preserving knowledge, and helping our students become lifelong learners and better citizens.

But the new normal is all about rebuilding our economy and creating opportunities for people to live and work in Maine.

We ask that you support our work. Flat funding is essential to ensuring our vitality and our continued progress.

Because, simply put, **higher education is economic development.**



University of Maine
Robert A. Kennedy, President

University of Maine at Augusta
Allyson Hughes Handley, President

University of Maine at Farmington
Theodora J. Kalikow, President

University of Maine at Fort Kent
William G. Hess, President

University of Maine at Machias
Cynthia E. Huggins, President

University of Maine at Presque Isle
Donald N. Zillman, President

University of Southern Maine
Selma Botman, President

Established in 1968, the University of Maine System is the state's largest educational enterprise. It has an annual enrollment of more than 42,000 students and serves over 500,000 individuals annually through educational and cultural offerings. Two-thirds of its alumni—approximately 120,000 people—live in Maine. The University of Maine System features seven universities—some with multiple campuses—located across the state, as well as nine University College outreach centers, a law school, and an additional 75 interactive distance learning sites. For more information, visit www.maine.edu.

University of Maine System Board of Trustees:

Lyndel J. Wishcamper, Chair • Norman L. Fournier, Vice Chair

**Kurt W. Adams • Eleanor M. Baker • Stephen L. Bowen •
Samuel W. Collins • Benjamin D. Goodman • Tamera L.
Grieshaber • M. Michelle Hood • William D. Johnson • Kevin P.
McCarthy • Marjorie Murray Medd • Paul J. Mitchell • Victoria M.
Murphy • Wayne A. Newell • Charles J. O'Leary**