



*Maine's
Public
Universities*

UNIVERSITY OF MAINE SYSTEM

FY06-07 Biennial Budget Presentation
Committee on Appropriations & Financial Affairs
Committee on Education & Cultural Affairs

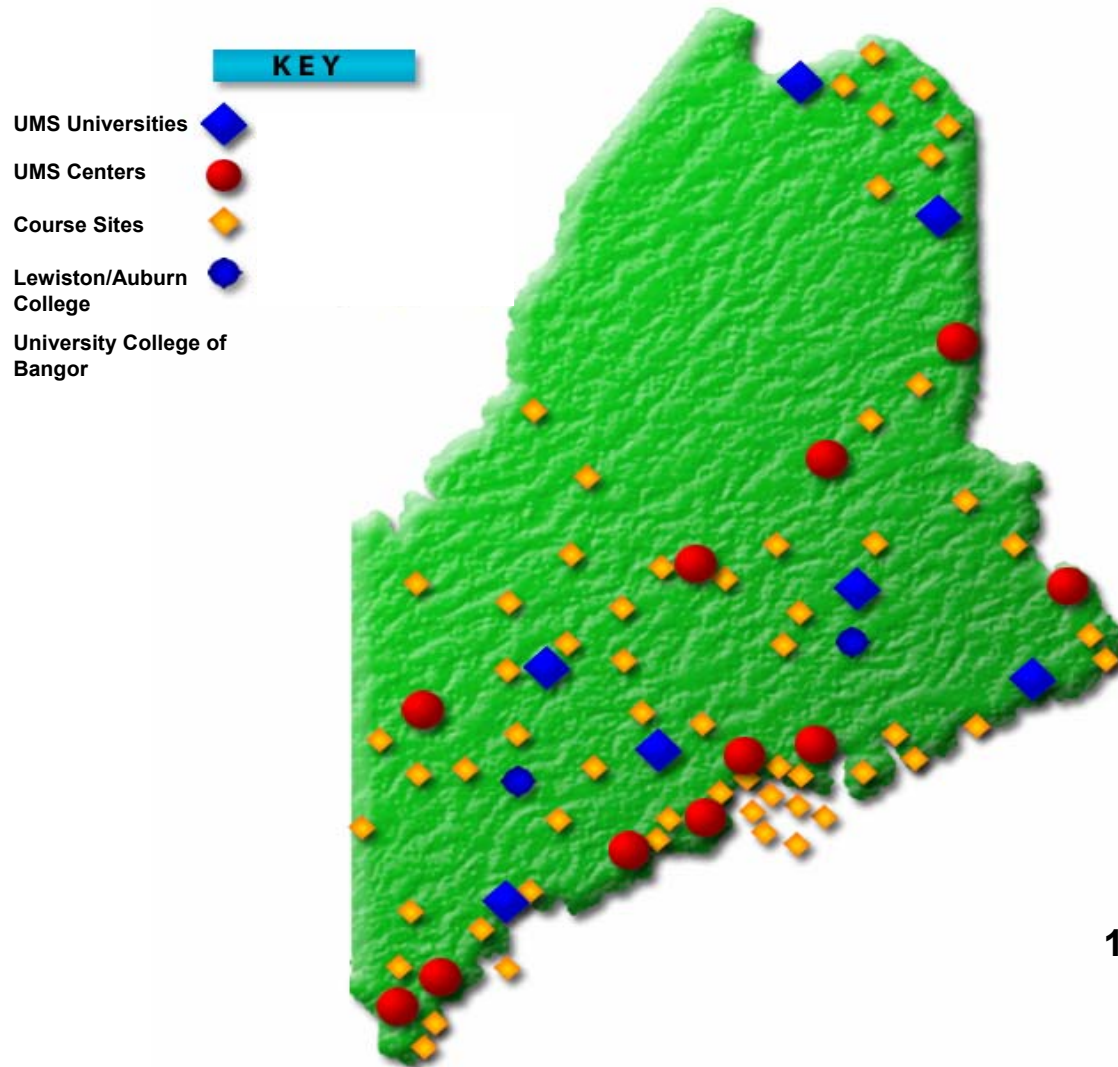
Joseph W. Westphal, Chancellor
Wednesday, February 2, 2005

UNIVERSITY OF MAINE SYSTEM

MISSION

- Provide for an educated and diverse citizenry through high-quality **teaching, research, and public service**
- Lend vision and leadership to higher education in Maine
- Serve as an economic engine for the State
- Advocate financial and political support for higher education

STATEWIDE ACCESS



7 Universities

11 University College Centers

UMS WORKFORCE

(2004)

- Approximately 5,300 full and part-time employees
- 3rd largest employer in Maine
 - \$266 million payroll
- 8,200 student employees
 - \$21.7 million payroll (21% Federal work study funding)

TEACHING

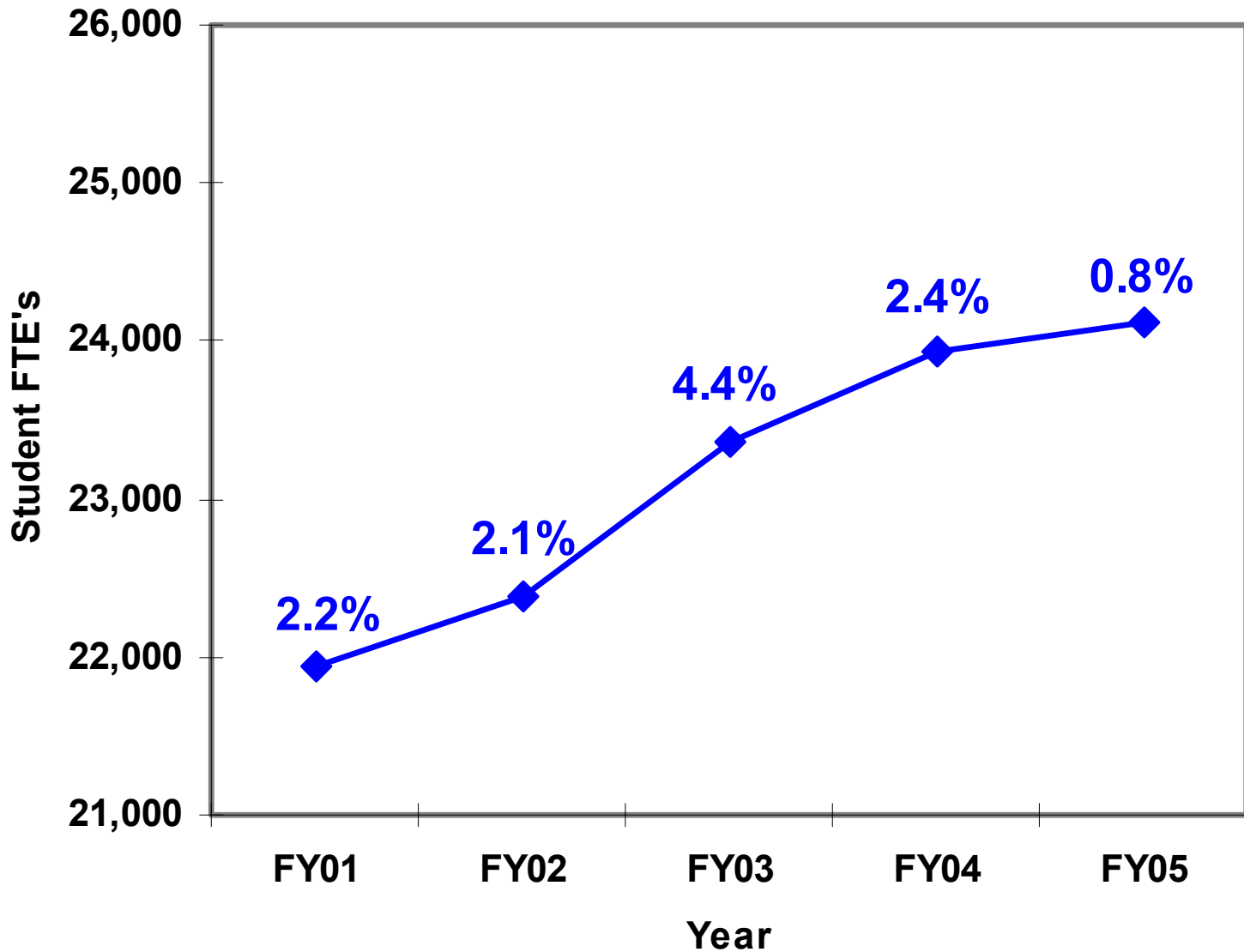
(Headcount: Currently enrolled students)

- 34,300 students in 2004-05

Programs

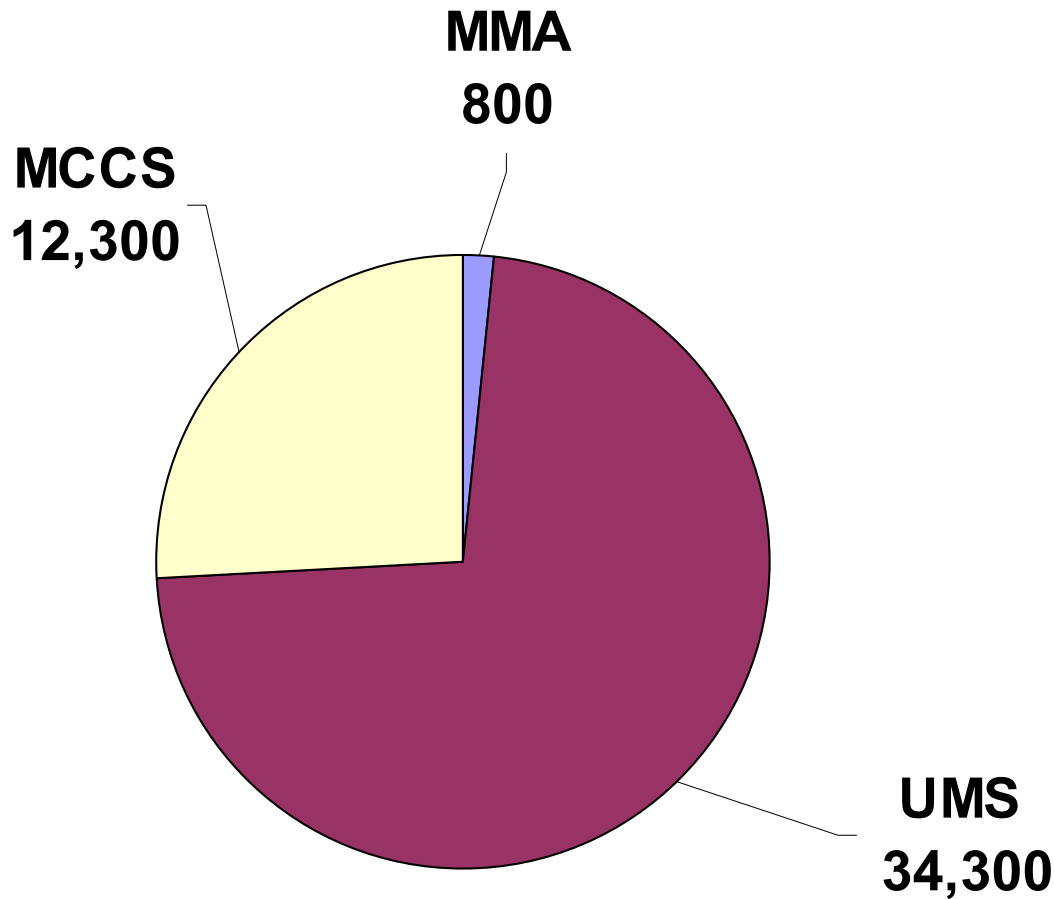
| | |
|--------------------|--------|
| • Non-degree | 5,000 |
| • A.A. and A.S. | 2,800 |
| • B.A. and B.S. | 21,900 |
| • Master's | 3,963 |
| • Doctoral and Law | 663 |

ENROLLMENT GROWTH



STUDENT ENROLLMENT IN MAINE PUBLIC HIGHER EDUCATION

FALL 2004 Headcount



UMS AVERAGE STUDENT TUITION AND FEES

2004-2005

| | <u>In-State</u> | <u>Out-of-State</u> |
|---------------|-----------------|---------------------|
| Undergraduate | \$ 5,486 | \$13,820 |
| Graduate | \$ 4,746 | \$13,140 |
| Law School | \$13,930 | \$22,330 |

AFFORDABILITY: NEW ENGLAND LAND GRANTS

2004/2005 Annual Tuition & Fees

| | <u>In-State</u> | <u>Out-of-State</u> |
|-----------------------------|-----------------|---------------------|
| University of Maine | \$ 6,394 | \$15,658 |
| University of Rhode Island | \$ 6,752 | \$18,338 |
| University of Connecticut | \$ 7,490 | \$19,322 |
| University of Massachusetts | \$ 9,008 | \$17,861 |
| University of New Hampshire | \$ 9,226 | \$20,256 |
| University of Vermont | \$10,226 | \$23,866 |

TEACHING: OUTCOMES

- 4,956 degrees awarded during 2003/04

| | |
|-----------------------|-------|
| Associate | 455 |
| Baccalaureate | 3,480 |
| Masters | 843 |
| Doctorate | 40 |
| Law | 82 |
| Advanced Certificates | 56 |

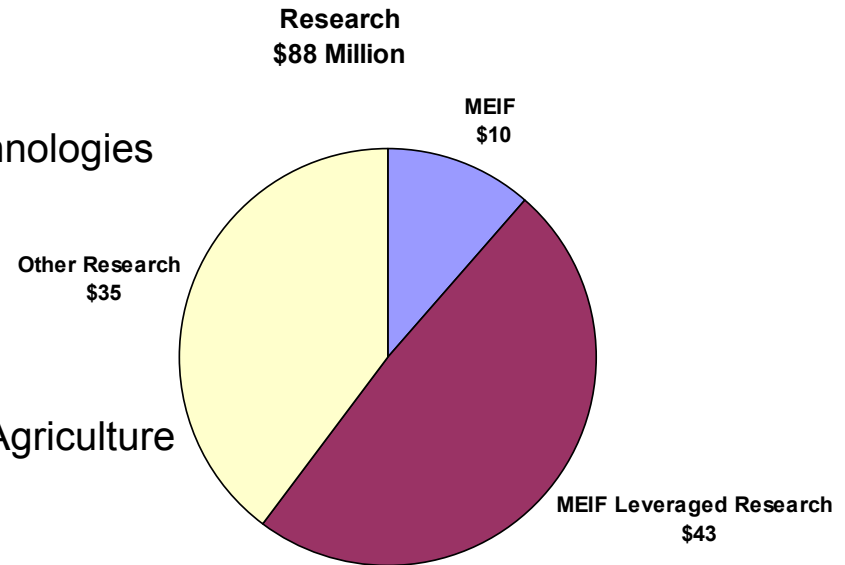
- Approximately 110,000 alumni currently living in Maine
 - Increasing Maine's economy by an extra \$2.5 billion annually as a result of having a UMS education.

RESEARCH

In 1997, the Maine Legislature established the Maine Economic Improvement Fund (MEIF) to help increase federal and private investment in university-based research. The action responded to the documented cause-and-effect relationship between university research activity and economic growth – specifically, the creation of new products, new technologies, new industries, and new jobs.

Seven key areas of great importance and potential to Maine:

- Aquaculture and Marine Sciences
- Biotechnology
- Composites and Advanced Materials Technologies
- Environmental Technologies
- Information Technologies
- Advanced Technologies for Forestry and Agriculture
- Precision Manufacturing



RESEARCH & DEVELOPMENT:

MEIF OUTCOMES – FY04

SUCCESS: Using MEIF funds as leverage, UMaine and USM were awarded a record \$43 million in external grants and contracts for research related specifically to the MEIF initiative's seven targeted areas of economic growth and potential.

RETURN ON INVESTMENT: The State of Maine received a **4-for-1 return** on investment for its \$10 million of MEIF appropriation.

STRATEGIC IMPACT: Overall, a total of \$53 million (\$43 million in external grants and contracts plus \$10 million of MEIF investment) was invested in university-based research and development in MEIF's seven targeted areas.

CREATING JOBS: 857 full-time equivalent (FTE) positions were created and/or supported as a result of MEIF funds and leveraged external grants and contracts. Of that total, 150 positions were supported directly through MEIF funds, and 707 positions were partially or totally paid from R&D grants and contracts leveraged through MEIF funds.

SAMPLING OF PUBLIC SERVICE OUTREACH PROGRAMS

- University of Maine Cooperative Extension – UM
- Institute on Rural Poverty – UMF
- Edmund S. Muskie School of Public Service – USM
- Margaret Chase Smith Center for Public Policy - UM
- Rural Public Safety Administration Program – UMFK
- Search and Rescue Club – UMPI
- Women, Work, and Community – UMA
- Center for Community Inclusion – UM
- Elizabeth Clark Flaherty Center for Early Care and Education – UMM

PUBLIC SERVICE/OUTREACH - CONTINUED

- Institute for the Study of Students at Risk – UM
- Cumberland Legal Aid Clinic – UM School of Law
- Maine Community Policing Institute – UMA
- Albert D. Conley Speech and Hearing Center – UM
- Center for the Study and Prevention of Hate Violence – USM
- Maine Health Research Institute – UMF
- Student Nurses Organization – UMFK
- William S. Cohen Center for International Policy and Commerce – UM
- Outdoor Adventure Program International – UMPI
- Maine Center for Coaching Education – UM
- George J. Mitchell Center for Environmental and Watershed Research - UM

UNIVERSITY OF MAINE SYSTEM STRATEGIC PLAN OBJECTIVES*

- # 1 Strive for **quality** across the System; strengthen student services and support;
- # 2 Ensure a high-quality and **well-supported faculty** throughout the System;
- # 3 Create a comprehensive, state-of-the-art System-wide **Distance Education** program;
- # 4 Enhance **library resources** by supporting a high-quality, integrated System library consortium; continue to develop State-wide digital library;
- # 5 Strengthen and leverage **research** throughout the State to ensure greater breadth and depth of research;
- # 6 Require **accountability** from all universities by providing appropriate goals and objectives and carefully assessing each institution's ability to meet its goals;
- # 7 **Cost Containment** through centralized business/administrative functions;
- # 8 Evolve the System **organization and structure** to better serve the citizens of Maine;
- # 9 Develop a coordinated, collaborative approach to **university advancement and advocacy**.

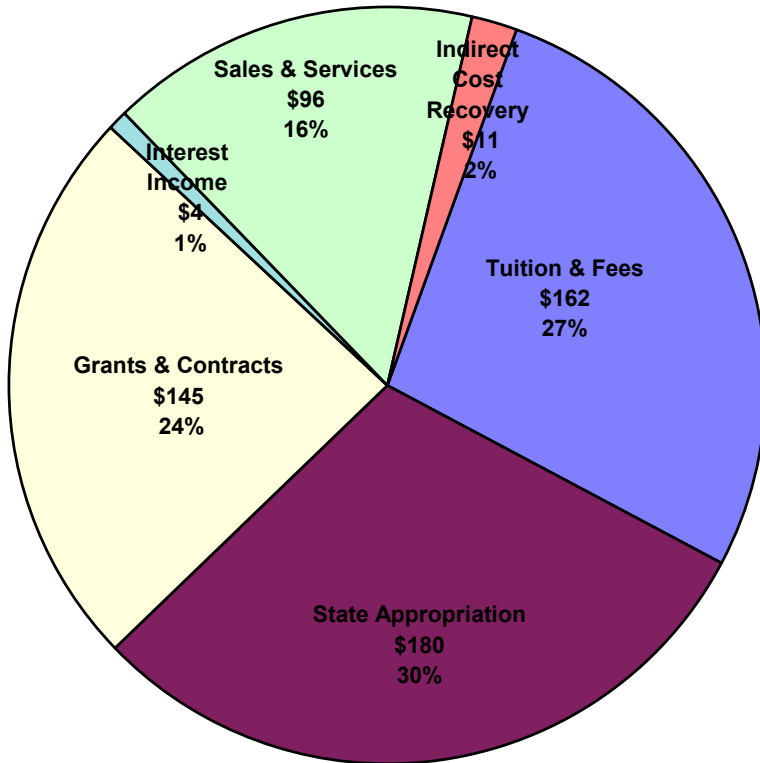
*Visit www.maine.edu/ssp/ for more details on Strategic Planning process.

FINANCIAL SUMMARY TOTAL BUDGET FY05

(\$ in Millions)

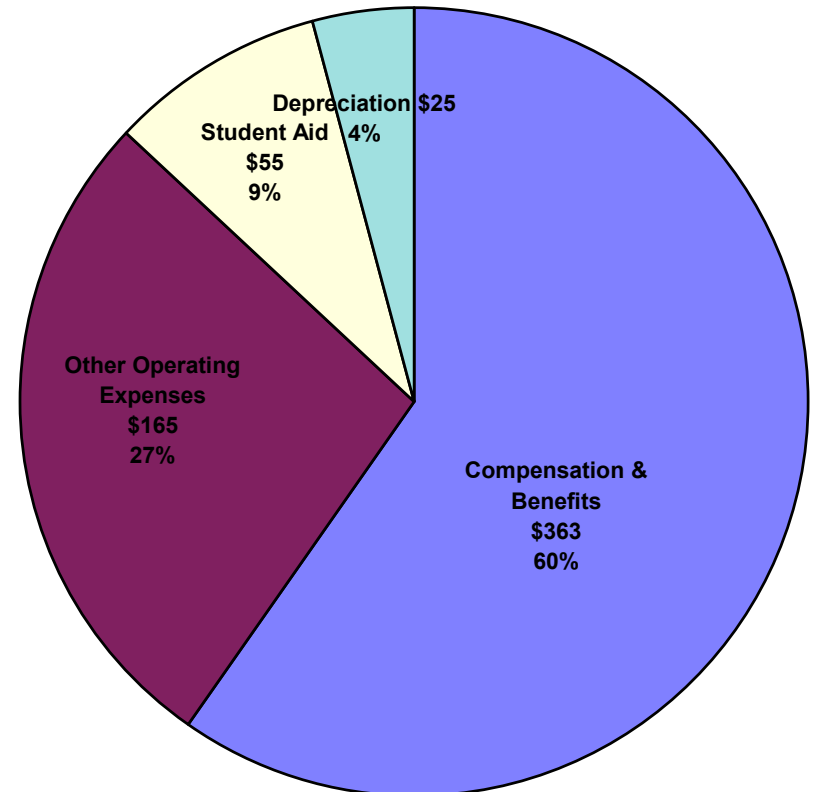
FY05 REVENUE BUDGET

\$598



FY05 EXPENSE BUDGET

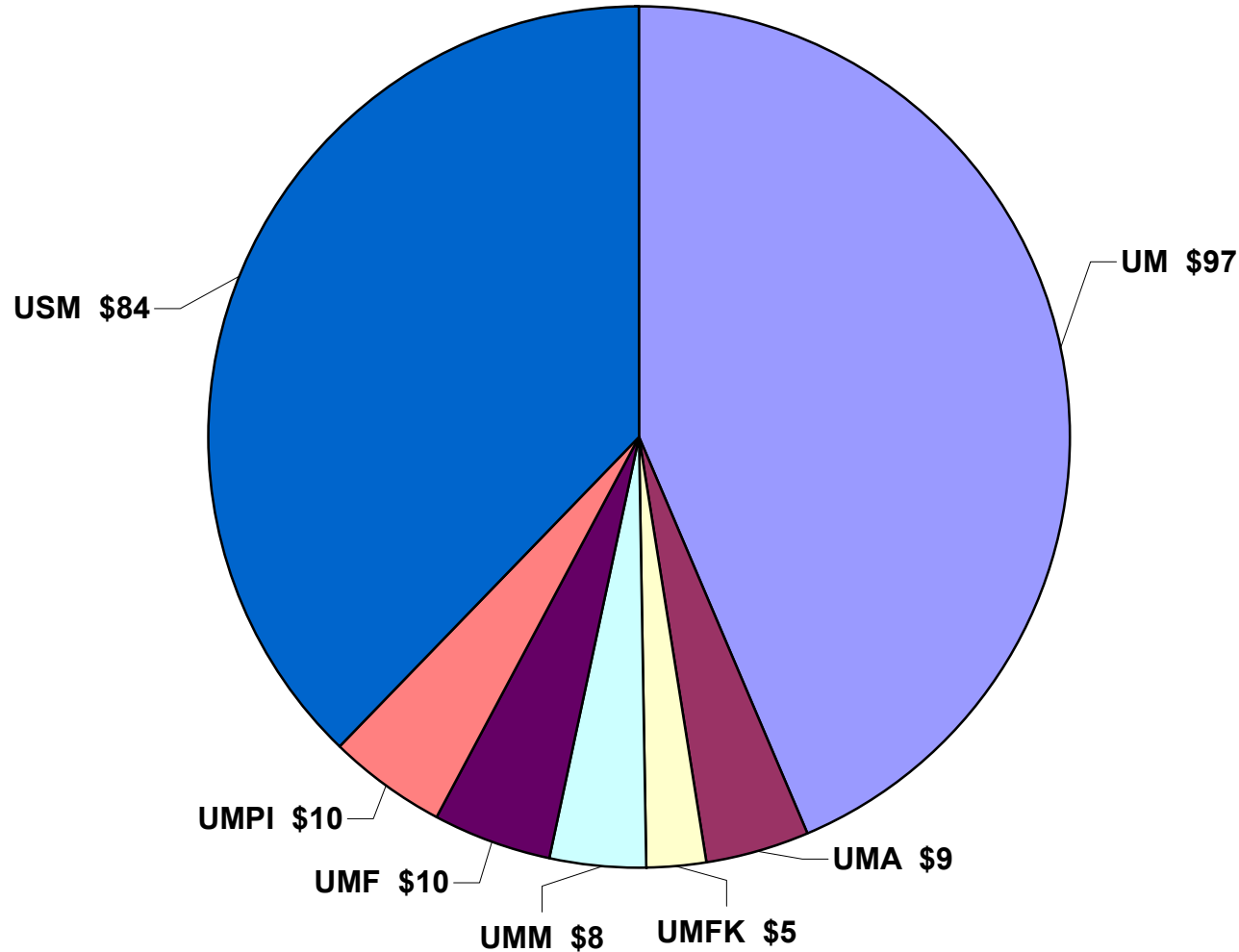
\$608



Current deficit of \$10 million due to unfunded depreciation.

CAPITAL RENEWAL AND DEFERRED MAINTENANCE REQUIREMENTS

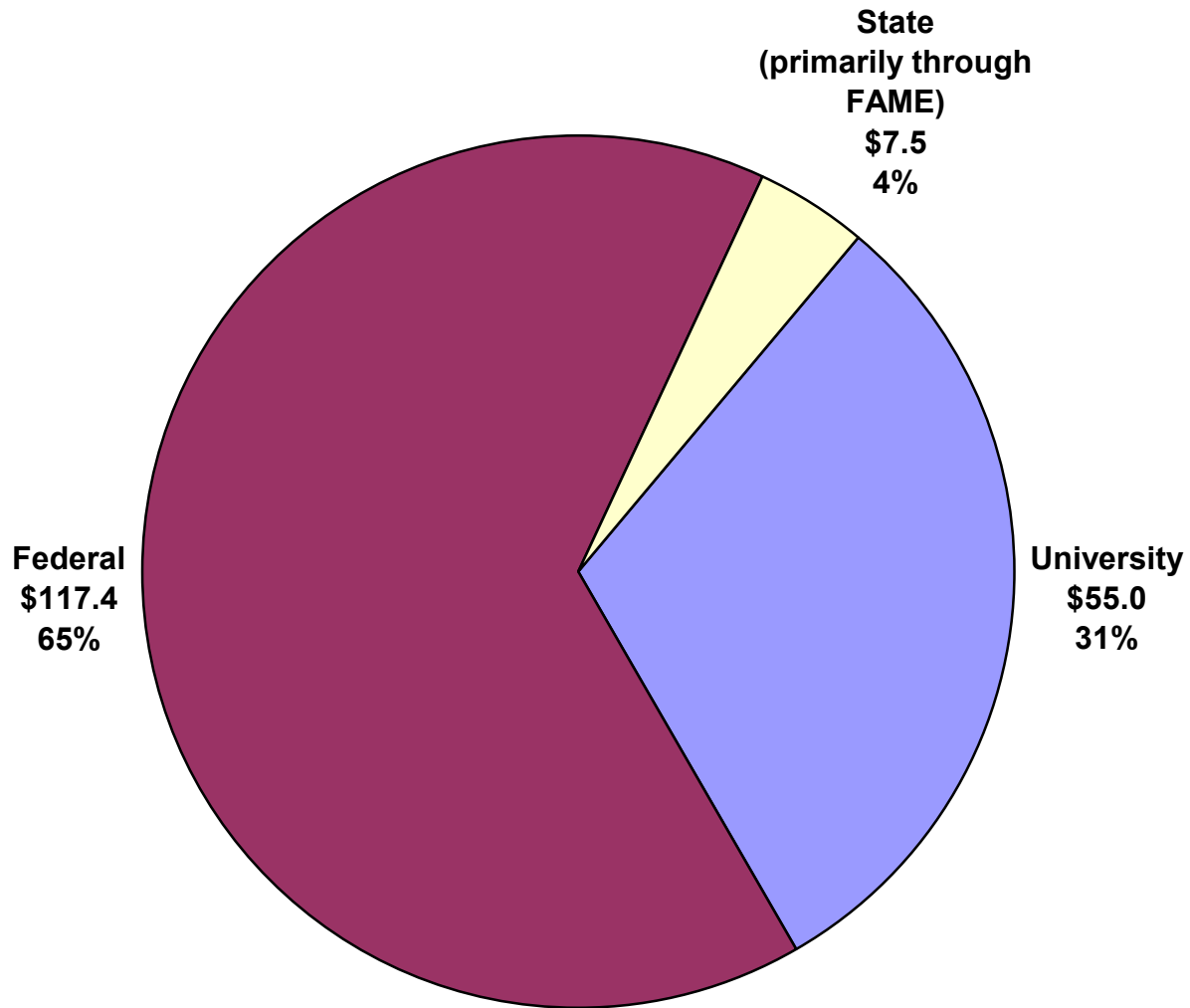
Total = \$223 Million



Total UMS square footage = 9.1 million

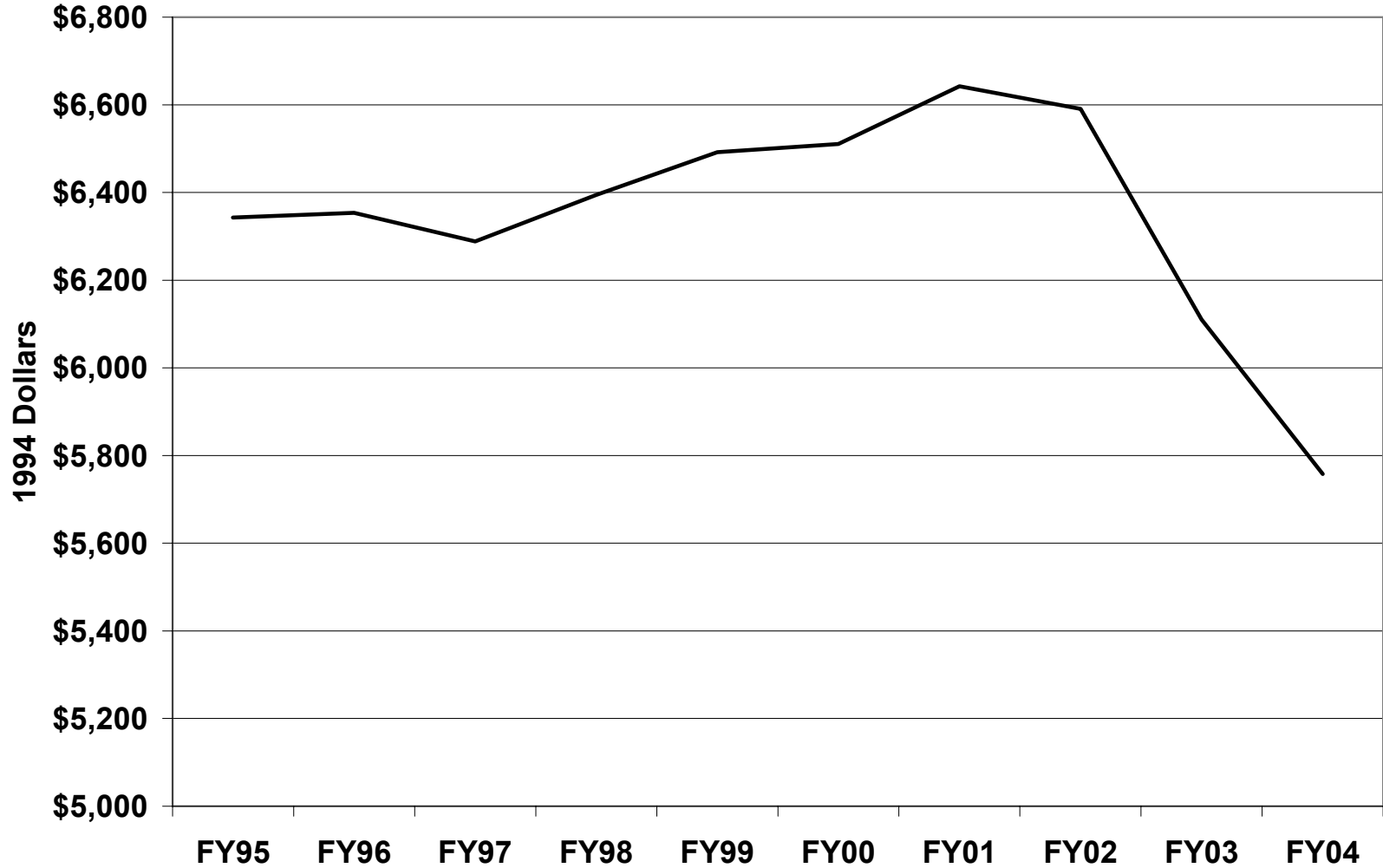
FINANCIAL AID – FY04

Total = \$179.9 Million



UMS APPROPRIATIONS PER FTE STUDENT

(Adjusted for Inflation)
1994 - 2004



FEDERAL AID REALLOCATION*

(Perkins Loans, Supplemental Education Opportunity Grants, Work Study)

(\$ in Thousands)

| | <u>Current Allocation</u> | <u>Proposed Fair Share</u> | <u>Full Impact</u> | |
|--------------|-------------------------------|--------------------------------|--------------------|--------------|
| | | | <u>\$</u> | <u>%</u> |
| UM | \$3,528 | \$1,354 | (\$2,174) | (62%) |
| UMA | 497 | 429 | (68) | (14%) |
| UMF | 713 | 262 | (451) | (63%) |
| UMFK | 446 | 57 | (389) | (87%) |
| UMM | 423 | 70 | (353) | (83%) |
| UMPI | 907 | 119 | (788) | (87%) |
| USM | 2,966 | 672 | (2,294) | (77%) |
| TOTAL | \$9,480 | \$2,963 | (\$6,517) | (69%) |

*Proposed by the re-authorization of the Higher Ed Act.

TOTAL BIENNIUM REQUEST

(\$ in millions)

| | | Biennium Request | Governor's Proposed Budget |
|--|-------|---------------------|----------------------------------|
| Current State Appropriation in FY2005 | | \$180.1 | |
| FY2006 Incremental Appropriation Request | | | |
| Part I Current Services | \$6.0 | | |
| Part II New and Expanded Programs | \$9.1 | \$15.1 | |
| Total State Appropriation Request in 2006 | | \$195.2 | \$181.1 |
| FY2007 Incremental Appropriation Request | | | |
| Part I Current Services | \$8.6 | | |
| Part II New and Expanded Programs | \$5.4 | \$14.0 | |
| Total State Appropriation Request in FY2007 | | \$209.2 | \$181.1 |

INCREMENTAL CURRENT SERVICES BUDGET

PART I REQUEST

The FY06/07 Biennium Request is built on several key fiscal assumptions:

- **Financial Aid:** Reduce the "gap"
- **Enrollment:** Increase 1%
- **Tuition:** Increase by approximate growth in personal family income
- **Compensation:** Increase for inflation and market
- **Goods and Services:** Inflationary increases, particularly energy costs and health insurance
- **Investments in Capital Assets:** Increase funding to fully fund depreciation on an on-going basis over the next five years
- **Cost Savings:** Resulting from implementation of Strategic Plan

NEW AND EXPANDED PROGRAMS

PART II REQUEST

(\$ in millions)

| | <u>FY06</u> | <u>FY07</u> | <u>Total</u> |
|---|--------------|--------------|---------------|
| Financial Aid | \$2.8 | \$2.7 | \$5.5 |
| Academic Program Investments (i.e., Teacher Education and Nursing) | 1.2 | 0.2 | 1.4 |
| Distance Education and Libraries | 2.5 | - | 2.5 |
| Research & Development (MEIF funds) | 2.5 | 2.5 | 5.0 |
| Tourism | 0.1 | - | 0.1 |
| Part II Request - Total New and Expanded Programs | \$9.1 | \$5.4 | \$14.5 |

APPROPRIATION REQUEST

(General Fund)

(\$ In Thousands)

Part I - Current Services

| | Base | Biennium Request | | Governor's Recommendation |
|---------------------------------------|------------------|------------------|------------------|------------------------------|
| | 2004-05 | 2005-06 | 2006-07 | |
| Educational & General Activities | \$165,074 | \$171,086 | \$179,686 | \$166,386 |
| R&D Debt Service | 2,500 | 2,500 | 2,500 | 2,500 |
| Maine Patent Program | 312 | 300 | 300 | ----- |
| Maine Economic Improvement Fund (R&D) | 12,200 | 12,200 | 12,200 | 12,200 |
| Casco Bay Estuary Project at USM | 35 | 35 | 35 | 35 |
| Total | \$180,121 | \$186,121 | \$194,721 | \$181,121 |

Part II - New and Expanded Programs

| | | | | |
|-------------------------------|------------------|------------------|------------------|------------------|
| New and Expanded Programs | ----- | 9,100 | 14,500 | ----- |
| Total Biennium Request | \$180,121 | \$195,221 | \$209,221 | \$181,121 |

IMPACT STATEMENT

If UMS receives less than the requested funding from State appropriations for FY06-07, the following options or combinations are possible:

- Larger tuition and fee increases
- Lower or no compensation increases for employees
- Up to \$20 million in cuts distributed to our seven universities over the biennium
- Increase deferred facility maintenance beyond its current level (\$200+ million)
- No improvements to technology infrastructure
- No increase or possible cut in student financial aid
- Reduction in work force

CONSEQUENCES

- Quality of programs and services could be severely compromised
- Affordability could suffer as a result of a much higher dependence on tuition to cover fundamental programs and operations
- Student access could be reduced because of fewer class offerings and reductions in programs
- Student financial aid could be reduced
- Many students could find that their ability to graduate would be delayed because of reduction in classes and in faculty and staff
- Student/faculty ratios could increase dramatically
- Retention and graduation rates may fall
- Graduate student stipends could remain stagnant, resulting in lower enrollment
- Overall student services could be reduced
- Faculty and staff professional development could be cut
- Maine's documented problem with "brain drain" could be exacerbated as college bound students look out of state for quality education opportunities

LONG-TERM, ON-GOING EFFICIENCY INITIATIVES:

(Reduce Costs, Improve Service, and Increase Net Revenue)

- Purchasing collaborations among campuses, state, and community colleges
- Technology centralization and standardization
- Centralization of administrative services
- Workforce/attrition management
- Integrated health strategy; wellness programs
- Programmatic reductions, consolidations, and streamlining where appropriate
- Facility management/energy conservation initiatives
- Increased development activities (gift annuities, federal funds, annual funds)
- Enhance recruiting efforts, system-wide outreach programs

TODAY'S CHALLENGES

- Record enrollments, record levels of sponsored programs, economic impact on State's economy - \$1.2 BILLION
- Costs keep rising, students paying greater percent, bigger demands for financial aid
- Buildings, equipment and laboratories are aging and costly to maintain, many built in 1960's and need renovation and renewal; tough competition creates increased "brain drain"
- UMS needs adequate funding to meet needs of Maine's citizens
 - Operating funds
 - State capital bond funds

REASONS TO PROTECT STATE'S INVESTMENT IN THE UNIVERSITY SYSTEM

- Growing need and demand for affordable, accessible higher education
- Transition to the “new” economy involving different types of jobs and higher levels of educational attainment (e.g., biomedical science initiative)
- Stopping the “brain drain”
- University’s role in job growth and economic development
- Statewide economic, educational, and cultural impact
- Increased demand for lifetime learning opportunities
- Reduce the shortage of teachers, health care professionals, and others