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

Year
- FY01
- FY02
- FY03
- FY04
- FY05

Percentage Growth
- 2.2%
- 2.1%
- 4.4%
- 2.4%
- 0.8%

Student FTE's
- 21,000
- 22,000
- 23,000
- 24,000
- 25,000
- 26,000
<table>
<thead>
<tr>
<th></th>
<th>In-State</th>
<th>Out-of-State</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduate</td>
<td>$5,486</td>
<td>$13,820</td>
</tr>
<tr>
<td>Graduate</td>
<td>$4,746</td>
<td>$13,140</td>
</tr>
<tr>
<td>Law School</td>
<td>$13,930</td>
<td>$22,330</td>
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# AFFORDABILITY: NEW ENGLAND LAND GRANTS

<table>
<thead>
<tr>
<th>University</th>
<th>In-State</th>
<th>Out-of-State</th>
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<tbody>
<tr>
<td>University of Maine</td>
<td>$6,394</td>
<td>$15,658</td>
</tr>
<tr>
<td>University of Rhode Island</td>
<td>$6,752</td>
<td>$18,338</td>
</tr>
<tr>
<td>University of Connecticut</td>
<td>$7,490</td>
<td>$19,322</td>
</tr>
<tr>
<td>University of Massachusetts</td>
<td>$9,008</td>
<td>$17,861</td>
</tr>
<tr>
<td>University of New Hampshire</td>
<td>$9,226</td>
<td>$20,256</td>
</tr>
<tr>
<td>University of Vermont</td>
<td>$10,226</td>
<td>$23,866</td>
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</table>
## TEACHING: OUTCOMES

- 4,956 degrees awarded during 2003/04
  
<table>
<thead>
<tr>
<th>Degree</th>
<th>Count</th>
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<tbody>
<tr>
<td>Associate</td>
<td>455</td>
</tr>
<tr>
<td>Baccalaureate</td>
<td>3,480</td>
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<tr>
<td>Masters</td>
<td>843</td>
</tr>
<tr>
<td>Doctorate</td>
<td>40</td>
</tr>
<tr>
<td>Law</td>
<td>82</td>
</tr>
<tr>
<td>Advanced Certificates</td>
<td>56</td>
</tr>
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</table>

- 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.
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.main.edu/ssp/](http://www.main.edu/ssp/) for more details on Strategic Planning process.*
FINANCIAL SUMMARY
TOTAL BUDGET FY05
($ in Millions)

Current deficit of $10 million due to unfunded depreciation.
CAPITAL RENEWAL AND DEFERRED MAINTENANCE REQUIREMENTS

Total = $223 Million

USM $84
UM $97
UMPI $10
UMF $10
UMM $8
UMFK $5
UMA $9

Total UMS square footage = 9.1 million
FINANCIAL AID – FY04

Total = $179.9 Million

- Federal: $117.4 million (65%)
- State (primarily through FAME): $7.5 million (4%)
- University: $55.0 million (31%)
UMS APPROPRIATIONS PER FTE STUDENT

(Adjusted for Inflation)

1994 - 2004

$5,000

$5,200

$5,400

$5,600

$5,800

$6,000

$6,200

$6,400

$6,600

$6,800

1994 Dollars

FY95 FY96 FY97 FY98 FY99 FY00 FY01 FY02 FY03 FY04
### FEDERAL AID REALLOCATION*
(Perkins Loans, Supplemental Education Opportunity Grants, Work Study)

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

**($ in Thousands)**

<table>
<thead>
<tr>
<th></th>
<th>Current Allocation</th>
<th>Proposed Fair Share</th>
<th>Full Impact</th>
</tr>
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<tbody>
<tr>
<td>UM</td>
<td>$3,528</td>
<td>$1,354</td>
<td>($2,174)</td>
</tr>
<tr>
<td>UMA</td>
<td>497</td>
<td>429</td>
<td>(68)</td>
</tr>
<tr>
<td>UMF</td>
<td>713</td>
<td>262</td>
<td>(451)</td>
</tr>
<tr>
<td>UMFK</td>
<td>446</td>
<td>57</td>
<td>(389)</td>
</tr>
<tr>
<td>UMM</td>
<td>423</td>
<td>70</td>
<td>(353)</td>
</tr>
<tr>
<td>UMPI</td>
<td>907</td>
<td>119</td>
<td>(788)</td>
</tr>
<tr>
<td>USM</td>
<td>2,966</td>
<td>672</td>
<td>(2,294)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$9,480</strong></td>
<td><strong>$2,963</strong></td>
<td><strong>($6,517)</strong></td>
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### TOTAL BIENNIAL REQUEST

($ in millions)

<table>
<thead>
<tr>
<th>Current State Appropriation in FY2005</th>
<th>$180.1</th>
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</thead>
</table>

**FY2006 Incremental Appropriation Request**

<table>
<thead>
<tr>
<th>Part I Current Services</th>
<th>$6.0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part II New and Expanded Programs</td>
<td>$9.1</td>
</tr>
</tbody>
</table>

**Total State Appropriation Request in 2006**

| $195.2 | $181.1 |

**FY2007 Incremental Appropriation Request**

<table>
<thead>
<tr>
<th>Part I Current Services</th>
<th>$8.6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part II New and Expanded Programs</td>
<td>$5.4</td>
</tr>
</tbody>
</table>

**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)

<table>
<thead>
<tr>
<th></th>
<th>FY06</th>
<th>FY07</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Aid</td>
<td>$2.8</td>
<td>$2.7</td>
<td>$5.5</td>
</tr>
<tr>
<td>Academic Program Investments</td>
<td>1.2</td>
<td>0.2</td>
<td>1.4</td>
</tr>
<tr>
<td>(i.e., Teacher Education and Nursing)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distance Education and Libraries</td>
<td>2.5</td>
<td>-</td>
<td>2.5</td>
</tr>
<tr>
<td>Research &amp; Development (MEIF funds)</td>
<td>2.5</td>
<td>2.5</td>
<td>5.0</td>
</tr>
<tr>
<td>Tourism</td>
<td>0.1</td>
<td>-</td>
<td>0.1</td>
</tr>
<tr>
<td><strong>Part II Request - Total New and Expanded Programs</strong></td>
<td><strong>$9.1</strong></td>
<td><strong>$5.4</strong></td>
<td><strong>$14.5</strong></td>
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# APPROPRIATION REQUEST

(General Fund)

($ In Thousands)

## Part I - Current Services

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

## Part II - New and Expanded Programs

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>Biennium Request 2005-06</th>
<th>Biennium Request 2006-07</th>
</tr>
</thead>
<tbody>
<tr>
<td>New and Expanded Programs</td>
<td></td>
<td>9,100</td>
<td>14,500</td>
</tr>
<tr>
<td><strong>Total Biennium Request</strong></td>
<td><strong>$180,121</strong></td>
<td><strong>$195,221</strong></td>
<td><strong>$209,221</strong></td>
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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