

University of Maine System State Appropriation Request
 FY 2017 Supplemental and the FY 18-19 State Biennial Budget
 October 12, 2016

EXECUTIVE SUMMARY

The University of Maine System has submitted a three year appropriations request to the Governor’s Office as part of the State of Maine’s routine budget development process. The request seeks annual inflation adjustments to the state allocation to Maine’s public universities to maintain affordability, improve access, and increase degree attainment to strengthen the Maine workforce. The multi-year request also seeks targeted investments to support job-creating research, expand the early college programming available in more than one hundred Maine high schools, and increase support for adult completion scholarships serving adult learners in 132 Maine communities. The state allocation provides 37% of the overall operating budget for Maine’s public universities.

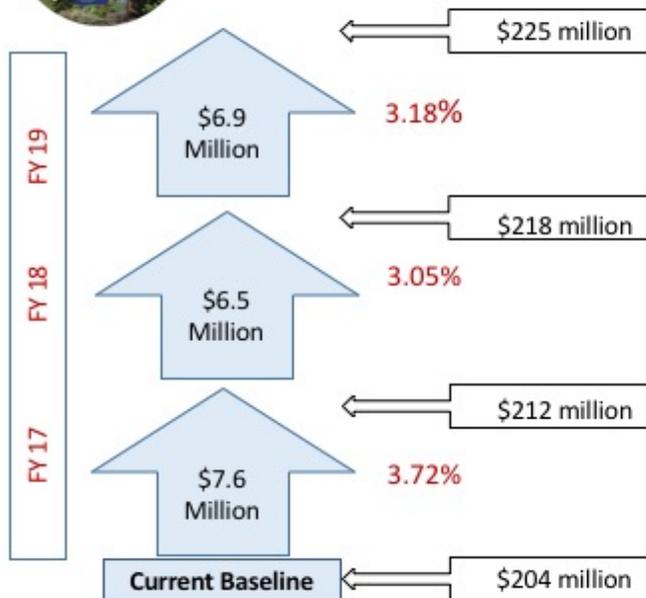
Maine’s public universities have reduced their workforce by 902 positions since 2007. The corresponding \$82 million in annual salary and benefit savings helped offset a six-year tuition freeze. Administrative reforms and academic coordination are creating new opportunities for collaboration across the campuses that help our universities stand taller in the regional competition for talent and resources needed to move Maine forward.

APPROPRIATIONS REQUEST

The University of Maine System Board of Trustees approved a state budget request at their September 19, 2016 meeting that, if approved by the Legislature, would bring state support to Maine’s public universities to \$225.1 million by FY 2019.



FY 17 Supplemental and FY18-19 Biennial Budget Request



Request Highlights

<p>FY 19 BUDGET REQUEST \$4.42 mm, inflation adjustment to allocation \$2.5 mm, debt service for facility investments</p>
<p>FY 18 BUDGET REQUEST \$4.86 mm, inflation adjustment to allocation \$2.1 mm, MEIF Research Reinvestment Fund</p>
<p>FY 17 SUPPLEMENTAL \$4.65 mm, year 6 of tuition freeze \$2 mm, early college & adult degree \$550 k, rural professional degree attainment</p>

The System request has been submitted to the Department of Administrative and Financial Services to aid in the development of an FY 2017 Supplemental Budget Bill and the FY 18-19 Biennial Budget proposal. The full budget request can be viewed at [this link](#).^{1 2}

FY 2017 Supplemental Budget: Governor Paul LePage committed to seeking \$7.2 million in funding for the universities in an FY 17 Supplemental Budget Bill as part of [this letter](#) in March of 2016 urging an extension of the tuition freeze. Specific items included:

- \$4.65 MM in state support to extend the tuition freeze for a 6th year;
- \$2 MM to expand early college and adult degree completion scholarships; and,³
- \$550,000 in one-time funding to expand professional degree attainment in rural Maine.

FY 18-19 Biennial Budget Requests: Maine is the only state in the country to reduce the real cost of four-year public higher education over the last five years. The System is seeking inflation adjustments in the state allocation to help sustain affordability and invest in initiatives that will increase student access and degree attainment. The biennial request also includes targeted investments to support job-creating research and finance \$21 million of investments in mission-critical, aging University facilities. Specific Items Include:

- \$4.86 MM inflation adjustment (2.6%) in state support in FY18;
- \$4.42 MM inflation adjustment (2.3%) in FY19;
- \$2.1 MM for the Research Reinvestment Fund in FY 18; and,
- \$2.5 MM in appropriations to service debt payments on a \$21MM University revenue bond, FY 19.

UNIVERSITY FINANCES AND ADMINISTRATION

State support for public higher education has been increasing slowly back to and finally beyond 2008 funding levels after being cut by more than \$10 million at the start of the decade.

See graphic below.

¹ The full university request of \$229.1 million by FY 19 reflects \$3.98 million in on-going direct transfers to the universities such as the UMS Scholarship Fund supported by racino and UMS license plate sale proceeds.

² \$6.5 million increase in baseline for FY 18 (see arrows in graphic) is less than FY 18 request highlights because \$550 k for professional degree attainment in FY 17 is one-time money that does become part of the base.

³ See endnotes on Early College and Adult Degree Completion Initiatives

**UNIVERSITY OF MAINE SYSTEM
STATE APPROPRIATION**
(Includes Base and One-Time Adjustments)

Fiscal Year	E&G		MEIF	E&G R&D Debt Service	Restricted Memorial Gym Debt Service	Casco Bay Estuary	Women, Work &	Other	Total	
FY96	\$132,642,841								\$132,642,841	
FY97	\$135,453,698	2.1%							\$135,453,698	2.1%
FY98	\$138,165,672	2.0%	\$500,000						\$138,665,672	2.4%
FY99 ⁵	\$141,952,445	2.7%	\$4,500,000						\$146,452,445	5.6%
FY00 ²	\$152,166,828	7.2%	\$10,050,000						\$162,216,828	10.8%
FY01 ³	\$174,960,510	15.0%	\$10,100,000	\$2,500,000					\$187,560,510	15.6%
FY02	\$163,863,272	-6.3%	\$10,100,000	\$2,500,000					\$176,463,272	-5.9%
FY03	\$160,736,418	-1.9%	\$10,100,000	\$2,500,000					\$173,336,418	-1.8%
FY04	\$159,861,418	-0.5%	\$10,200,000	\$2,500,000		\$35,000			\$172,596,418	-0.4%
FY05	\$165,236,418	3.4%	\$12,200,000	\$2,500,000		\$35,000			\$179,971,418	4.3%
FY06	\$168,486,418	2.0%	\$12,200,000	\$2,500,000		\$35,000			\$183,221,418	1.8%
FY07 ⁴	\$178,261,418	5.8%	\$12,800,000	\$2,500,000		\$35,000			\$193,596,418	5.7%
FY08	\$183,236,418	2.8%	\$13,700,000	\$2,500,000		\$35,000			\$199,471,418	3.0%
FY09	\$175,157,071	-4.4%	\$14,700,000	\$2,500,000		\$35,000			\$192,392,071	-3.5%
FY10	\$170,460,323	-2.7%	\$14,700,000	\$2,500,000		\$35,000		\$750,000 ⁶	\$188,445,323	-2.1%
FY11	\$176,460,388	3.5%	\$14,700,000	\$2,500,000		\$35,000			\$193,695,388	2.8%
FY12	\$178,530,506	1.2%	\$14,700,000	\$2,500,000		\$35,000			\$195,765,506	1.1%
FY13	\$173,659,570	-2.7%	\$14,700,000	\$2,500,000	\$767,950	\$35,000			\$191,662,520	-2.1%
FY14	\$176,194,798	1.5%	\$14,700,000	\$2,500,000	\$767,950	\$35,000			\$194,197,748	1.3%
FY15	\$176,194,798	0.0%	\$14,700,000	\$2,500,000	\$767,950	\$35,000	\$841,975	\$500,000 ⁷	\$195,539,723	0.7%
FY16	\$179,159,600	1.7%	\$17,350,000	\$2,500,000	\$767,950	\$35,000	\$864,475	\$0	\$200,677,025	2.6%
FY17	\$182,620,534	3.6%	\$17,350,000	\$2,500,000	\$767,950	\$35,000	\$864,475	\$0	\$204,137,959	4.4%
FY17 ¹	\$187,270,534	4.5%	\$17,350,000	\$2,500,000	\$767,950	\$35,000	\$864,475	\$0	\$208,787,959	4.0%

¹ Biennial Budget plus Governor's requested \$4.65M supplemental request to replace tuition increases 15 Yr Average Chng 1.3%

² Provides \$4.7M in one-time construction funds

³ Provides \$17.25M in one-time capital improvement funds & \$1.0M in Osher Scholarships

⁴ Provides \$3.0M in one-time funds for Regional Optical Network

⁵ Includes \$4.0M transfer from the State for MEIF not included in Fiscal Program Review Appropriation History

⁶ Graduate School of Biomedical Sciences

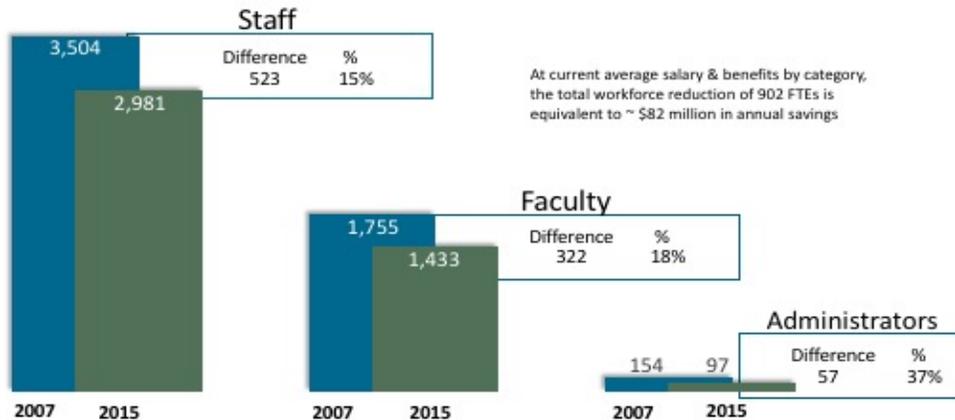
⁷ Adult Scholarship Fund

Alignment for the Times and a Six Year Tuition Freeze: Maine's public universities have been undergoing a pioneering change initiative that has eliminated over 900 positions and achieved more than \$80 million in annual salary and benefit savings. This reform initiative has restored the fiscal stability of Maine's public universities and financed the longest tuition freeze in the history of the University of Maine System.



Alignment for the Times

Total	2007	2015	Difference	%
Staff, Faculty, & Administrators	5,413	4,511	902	17%

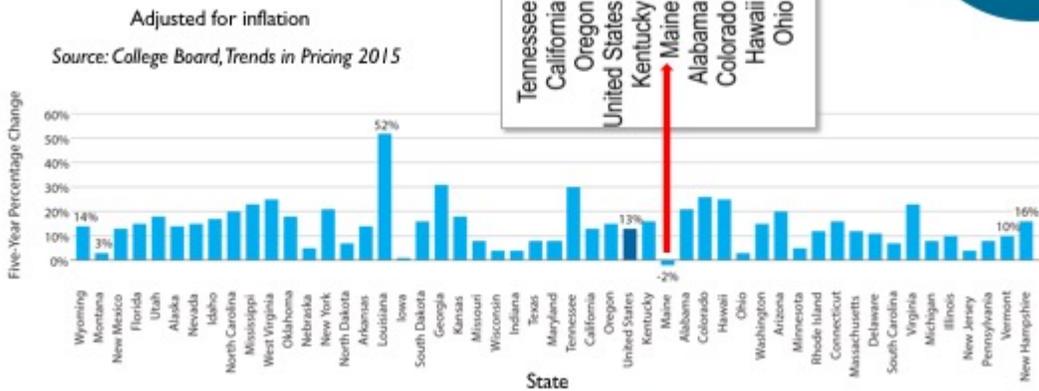




The Nation's Best Commitment to Affordability

Maine is the only state to reduce the tuition-adjusted cost of public higher education thanks to a 5-year tuition freeze

2015-16 Average Annual Tuition Growth Rates
Tuition and Fees by State — Public Four-Year In-State



Only Decline in the U.S.

More than an exercise in austerity, what has become known as the One University Initiative has led to the elimination of the University of Maine System office in Bangor⁴ and the establishment of a [unified budget](#) and administrative structure that is increasing collaboration among Maine’s universities as well as the capacity and responsiveness of public higher education to address critical state needs.

University Services: University Services is the statewide, single-entity approach to managing administrative functions and delivering support services to Maine’s seven mission-differentiated public universities. University Services largely replaces a less efficient and not cost effective seven-campus administrative management model and includes functions such as facilities, finance and budget, human resources, information technology, risk management and general services, shared processing center, and strategic procurement.

To put it plainly, one HR Department today serves the entire enterprise rather than the eight separate (7 universities and a central office) HR Departments that were in place under the old model.

The progress the University of Maine System has made under the One University Initiative was featured for national audiences in [October of 2016 in The Atlantic](#).

⁴ The relocation of university employees from the former system office is 90% complete and will be finalized before the end of the year. The universities are actively [marketing the space](#) for sale.

END NOTES

Early College Initiatives: Participation in the University of Maine System Early College Programs has grown by 117% over the last two years with more than 3,000 high school students earning college credit at little or no cost at more than 100 Maine secondary schools in the 2015-2016 academic year. Maine high school students who do college-level work while working toward their diploma gain credit hours, confidence, and a critical head start on higher education that improves on-time college completion rates by nearly 20 percent.

Adult Degree Completion: 200,000 Mainers have earned some college credits but have not completed the work needed to earn a door-opening college credential or degree. The University of Maine System Adult Degree Completion Scholarship, established with the support of the Legislature, provides up to \$4,000 per academic year to eligible adult Maine learners. Hundreds of scholarships have been awarded in the first two years of the program serving adult degree seekers from 132 Maine communities. 34 degrees have been completed to date and 167 Mainers are actively in classes in the Fall of 2016.

QUESTIONS / FOLLOWUP

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