



Senators Hamper and Langley, Representatives Rotundo and Kornfield, and Members of the Joint Standing Committees on Appropriations & Financial Affairs and Education & Cultural Affairs. I am James Page, Chancellor of the University of Maine System. My colleagues and I are pleased to be here today in strong support of the Governor's recommended funding for the University of Maine System as represented in his current budget proposal.

As you know, our universities face daunting economic, demographic and competitive challenges. We have met those challenges with often difficult but always forward-looking choices. The Trustees have no greater priority than ensuring a quality education is affordable to Maine families. We are now in our third year of a tuition freeze for Maine students. In fact, Maine leads the nation for the past 5 years in controlling the rate of tuition increases for public 4-year institutions. To reduce expenses we have consolidated many administrative functions and have reduced our workforce 13% since the onset of the Great Recession and almost 6% in the past two years. Looking forward, we are implementing comprehensive credit transfer for the first time in our System's history, and we are evolving student services to encompass more adult and non-traditional learners. We are investing in research that ties directly to Maine industries, and we are building more partnerships with Maine businesses to ensure we are more responsive to workforce development needs and opportunities.

But much more needs to be done. Even with the additional funds recommended by the Governor, we face a continuing structural budget gap including one of approximately \$37 million in FY16. Furthermore, our overall structure and too many of our processes are outdated, hindering cooperation and stifling innovation. At next week's Board of Trustees meeting, we will be presenting the high level changes we see as necessary for the University System to meet its educational, research and service mission in a financially responsible and sustainable way. We will be presenting these changes to the Education and Cultural Affairs Committee on January 28. While I apologize that I cannot go into details today, you will see a continued emphasis on affordability and cost control through administrative downsizing, as well as changes made to enhance student access and ensure we are more responsive to local and statewide needs and opportunities.

Turning to budgetary specifics, the Governor's budget represents the largest dollar increase in ongoing, general fund appropriation in Maine's public universities since FY08. The University System receives general fund support in 5 categories:

Education & General

Education and General is the largest portion of the System's budget. It is supported by state appropriations and tuition dollars and supports undergraduate, graduate and professional education programs as well as University sponsored research, cooperative extension services, and other services and activities. The Governor's budget provides Education & General Activities funding of \$179,159,600 in FY16 and \$182,620,534 in FY17. This represents an increase over FY15 funding of almost \$3 million in FY16 and almost \$6.5 million in FY17, restoring State support to within \$600,000 of the FY08 level.

Debt Service

The Governor's budget provides debt service funding of \$3,267,950 in FY16 and FY17. An ongoing payment of \$767,950 represents the current debt service on the Memorial Union and Field House project at the University of Maine. New debt service funding of \$2.5 million in FY16 and FY17 will leverage a \$21 million revenue bond over 10 years to address critical infrastructure needs associated with a \$433 million deferred maintenance backlog.

Maine Economic Improvement Fund (MEIF)

Established in 1997, the MEIF represents a successful partnership between the State and its University to advance Maine's economy through the creation of new products, new technologies, new industries, and new jobs. Under Maine law, the MEIF focuses on 7 key economic sectors: aquaculture and marine sciences; biotechnology; composites and advanced materials technologies; environmental technologies; information technologies; advanced technologies for forestry and agriculture; and precision manufacturing. The Governor's budget provides MEIF funding of \$17,350,000 in FY16 and FY17. This represents an increase of \$2,650,000 for each year of the FY16/17 biennium.

Casco Bay Estuary

The Governor's budget provides \$35,000 in FY16 and FY17 to support cooperative efforts to protect and restore the water quality and fish and wildlife habitats of Casco Bay and its watershed. This watershed impacts 41 municipalities, housing more than 25% of Maine's population.

Women Work & Community

Finally, the Governor's budget provides \$864,475 in FY16 and FY17 for the Women, Work & Community program which in FY14 served more than 1200 Maine residents with workforce and small business development assistance. FY16 and FY17 reflect a \$22,500 increase in funding over the current fiscal year.

I look forward to discussing with you how Maine's public universities can best serve our students and the State and I would be happy to take any questions you may have.