

**FOR IMMEDIATE RELEASE**  
November 6, 2006

Contact: John Diamond 949-4904  
Peggy Markson 973-3245



**UMS CHANCELLOR CUTS SYSTEM'S CENTRAL BUDGET;  
WILL REALLOCATE FUNDS TO PROTECT UNIVERSITY QUALITY AND AFFORDABILITY**

MACHIAS—University of Maine System Chancellor Terrence J. MacTaggart said Monday he is cutting the System's central budget in order to reallocate funds directly to Maine's public universities.

MacTaggart made the announcement in Machias at the Nov. 4-5 meeting of the System's Board of Trustees. He said the cuts and reallocation to the universities are necessary to protect academic quality and maintain affordability.

"Like virtually all State-supported entities, the University of Maine System has been struggling to maintain affordable, high quality programs and services in a time of growing demands and declining resources," MacTaggart explained. "This has been an ongoing challenge."

Saying the University System faces "difficult choices and few options," MacTaggart said he undertook an operational audit of administrative and support services performed at the System level. The process involved three objectives:

- the value, importance, and priority of functions, programs, and services provided through the System's central office;
- the efficiency and effectiveness of those functions, programs, and services; and
- ways to reduce operating costs through elimination, reallocation, and/or consolidation of positions, duties, and operations.

"Through this process, we identified \$2.7 million in cuts and spending reductions during the FY07 and FY08 budget years," MacTaggart announced. "Most of the actual cuts occurred within the System's senior administrative function areas, including five part-time and full-time positions. Those administrative areas were cut by 11 percent (\$313,000). Those savings will be reallocated to the universities themselves."

MacTaggart said that modest cuts were made in other centrally managed function areas such as human resources, information technologies, and procurement services.

"The operational audit helped determine that major cuts in those areas would be too disruptive to academic and student support services and could result in higher costs to the individual universities," he added. "We didn't want that to happen."

MacTaggart stressed that the administrative cost-cutting and reallocations will further reduce System-level support services.

"We continue to seek ways to reduce administrative costs and to direct those savings to high-priority programs and services at the university level," MacTaggart explained. "These cuts and

-- MORE --

reallocations are in addition to \$500,000 in FY07 savings identified prior to the start of the operational audit. As a consequence of these cuts, aspects of centralized support services definitely will be affected.”

In other business covered during the Board’s two-day meeting:

- The University System announced that Fall 2006 enrollment exceeds 34,000 students for the fifth consecutive year. Currently, 74 percent of all students enrolled in public higher education in Maine attend a University of Maine System institution.
- Trustees endorsed the efforts of “Opportunity Maine,” a student-led initiative to promote tax incentives to aid and encourage more residents to attend a Maine university or college and to stay in Maine following graduation.
- Trustees extended the contract of University of Maine at Machias President Cynthia Huggins and approved the appointment of James S. Ward as the University of Maine’s assistant vice president of research, economic development, and governmental relations; Eric Rolfson as UMaine’s associate vice president for development; and James D. Stepp as the University of Maine at Presque Isle’s interim dean of students.
- MacTaggart updated trustees on the search process for his successor as chancellor. MacTaggart, who served a five-year term as chancellor from 1996-2001, was asked earlier this year to accept a short-term reappointment to his old position, and to help the Board complete a search for a longer-term appointment.
- Trustees approved the negotiated agreement of the final of six employee collective bargaining agreements.

Established in 1968, the University of Maine System is the state’s largest educational entity. It features seven universities—some with multiple campuses—located across the state, as well as 11 University College outreach centers and more than 100 interactive distance education sites.