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TRUSTEES DISCUSS IMPACT OF GLOBAL FINANCIAL CRISIS ON MAINE'S PUBLIC UNIVERSITIES

FARMINGTON—The University of Maine System Board of Trustees spent much of Sunday and Monday discussing the effect of the current global financial crisis on matters related to the quality, affordability, and accessibility of Maine's public universities.

Meeting at the University of Maine at Farmington, trustees heard reports on how students, programs, and operations could be affected by the current economic uncertainty and the possibility of a mid-year cut in the University System's share of State funding.

"Like most households, businesses, and the State itself, the University of Maine System is experiencing the damaging consequences of the global financial crisis," Chancellor Richard L. Pattenaude reported. "The crisis has negatively affected the University System in significant ways.

"Our enrollment has dropped slightly, and that has created a corresponding loss in tuition revenues at several of our universities," he continued. "In addition, because of the decline in financial markets, we've experienced an estimated \$6.7 million net loss of investment revenue related to operating funds, which we use to support system-wide services.

"In light of those conditions, we recently implemented spending control measures throughout the universities and the central office," Pattenaude noted. "Those actions follow \$19.1 million in self-imposed permanent cuts that we adopted earlier this year."

Pattenaude acknowledged that financial matters will be exacerbated as a result of the financial strains facing State government. Recently, the Governor issued a proposed spending curtailment target, driven by projections of a sizable shortfall in State revenues during the current fiscal year. The order directed all State-affiliated departments, agencies, and institutions—including Maine's public universities—to describe how a reduction in their current year State appropriation could be achieved, and the effect it would have on programs, services, and functions.

"It's very likely that we will experience some level of a mid-year curtailment of State appropriation," he said. "Overall, it is clear the global economic crisis has created far greater financial stress on public higher education than could have been predicted."

Vice Chancellor of Finance and Administration Rebecca M. Wyke presented the University System's response to the curtailment order.

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“Any curtailment of our FY09 appropriation should be viewed in the context of the financial strains and actions Chancellor Pattenaude just reported,” she said. “We believe we need to reduce overall spending by at least an additional \$8 million this year just to address those issues. When you add that amount to the \$19.1 million in budget cuts we self-imposed a few months ago, our total reductions for the current fiscal year total \$27.1 million. This does not include any curtailment of State appropriation.”

“University leadership will work to minimize the effect of any reductions in appropriation on students and academic programs,” Pattenaude said. “We know that both short-term and transformative changes are needed to ensure that high quality, affordable, and accessible academic programs and services remain available in Maine.

“We intend to work with the Governor and newly elected Legislature as partners and resources to strengthen Maine’s economy. We have a stewardship responsibility to provide high quality, affordable, and accessible higher education options in ways that serve the educational and economic needs of our state, its employers, and its citizens. We also have to balance the budget.”

In a related matter, trustees approved a multi-year capital improvements plan to address high-priority improvements to facilities throughout the university system. The \$60 million plan, to cover years 2010-2012, has been submitted to the Baldacci administration for consideration as part of its 2009 bond package. If approved by the Governor and two-thirds of the Legislature, voters would be asked to approve the package.

Wyke noted that funds would be used to replace outdated and inefficient energy systems and improve the functionality and accessibility of classrooms, laboratories, and libraries. She also added that many of the State’s oldest public buildings are located at Maine’s public universities, and that two of those buildings—both constructed in 1888—are included in the bond package proposal.

In other business, trustees received a presentation on the University System’s initiative to address Maine’s shortage of working-age residents with strong academic background in three areas viewed as essential to Maine’s economic development. The initiative—part of Pattenaude’s “Agenda for Action” planning document—focuses on:

- Increasing the number of university graduates with strong academic preparation and experience in science, technology, engineering, and math. According to the Maine Department of Labor, 40 percent of the industries in Maine projected to gain jobs over the next several years are dependent on employees and leadership with strong skills in those areas.
- Increasing Maine’s K-12 schools to satisfy the aspect of Maine’s Learning Results competency requirements pertaining to student competency in world languages. Maine faces a severe shortage of K-12 teachers qualified to teach those subjects, and Pattenaude established a world language initiative to develop a plan to increase those numbers.
- Increasing the reading, writing, and learning skills of Maine’s preK-12 students. The initiative, called the Maine Content Literacy Project (MCLP), is a multi-faceted collaborative effort between Maine’s public universities, state school districts, and others. The project is funded through a \$2 million State grant.

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Trustees received a presentation on the University System's audited financial report for fiscal year 2008, which ended in June. The independent auditors, KPMG, LLP, of Boston, gave the University System a formal, favorable assessment of the financial statements.

Established in 1968, the University of Maine System is the state's largest educational enterprise. It has an annual enrollment of more than 45,000 students. It features seven universities – some with multiple campuses – located across the state, as well as 10 University College outreach centers, a law school, and an additional 75 interactive distance learning sites. For more information, visit www.maine.edu.