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**UMS CHANCELLOR SAYS “DIFFICULT CHOICES” NECESSARY
TO PROTECT QUALITY AND ACHIEVE FINANCIAL SUSTAINABILITY**

BANGOR – University of Maine System Chancellor Richard L. Pattenaude said Tuesday that the university system must make “difficult choices” in the weeks ahead to achieve the financial sustainability, quality, and affordability of Maine’s public universities.

Pattenaude’s statement was part of biennial “State of the University” address delivered by the UMS chancellor to a joint session of the Maine State Senate and House of Representatives.

“Our trustees, presidents, faculty and staff, and I are working with our stakeholders to craft a long-term approach to transforming our University System,” Pattenaude told lawmakers. “It involves making difficult choices, but I’m confident that the end result will make our universities more effective, affordable, financially sound, and accountable.”

The plan Pattenaude referred to, entitled “New Challenges, New Directions,” is intended to address the long-term financial consequences of a number of factors, including those caused by the global economic crisis. In addition, demographic changes and aging facilities have created additional stress on the university system’s budget, he explained.

Pattenaude said that the university system is already making major adjustments to address the most immediate fiscal issues.

“By the end of this fiscal year, we will have reduced the cost of our operation by \$34.2 million. More than 150 positions have or will be eliminated during this fiscal year through layoff notices, attrition, and position eliminations. And I regret to say that many more will occur over the next year and beyond. But that is the reality we face.

“I don’t like this trend,” he continued. “But there’s no responsible way around it: transformative change of our University System absolutely must occur in order to fulfill our mission in a financially sustainable manner.”

Pattenaude said the long-term changes he and others envision will focus the universities and the university system’s centralized operations center on those functions that are most closely tied to their respective missions.

“We must be absolutely sure to put our money on our mission,” he said. “That means we must step back from ancillary activities that are good things but not at the heart of what we are about.

"This reminds me of an observation made by Peter F. Drucker, considered the father of modern management. Drucker said that an organization must know not only what it wants to do, but also what it can no longer do. Otherwise, it will 'squander its best resources on things it should no longer do.' Those are important words of advice and caution for all of us to consider."

Pattenaude asked lawmakers to continue the "partnership" that has existed between them and public higher education to address Maine's educational, economic, and cultural needs. He quoted Kent Peterson of Fluid Imaging Technologies of Yarmouth, MaineBiz newspaper's 2008 "Small Business Leader of the Year."

"Kent was asked what Maine could do to improve its economy," Pattenaude related. "Kent's answer was short and simple: 'Invest in higher education and the rest will follow.'"

"Maine has to decide whether it's willing and able to make the commitment to higher education that Kent Peterson and many among you have been calling for," Pattenaude said. "I believe that nothing will do more to improve Maine's economy than to invest in our citizens by making sure that our public universities, our community colleges, and the maritime academy can offer affordable, high quality educational options; that they have the faculty, equipment, and support staff needed to ensure their success; and that our institutions are part of a larger state economic growth strategy."

"But, the educational and economic interests of Maine can only be advanced through partnership. Maine's universities and community colleges cannot do this without you," he continued. "We cannot take the necessary steps to greater quality, affordability, and financial sustainability without your help and support. Your universities need our continuing partnership in the difficult days ahead."

Established in 1968, the University of Maine System is the state's largest single provider of postsecondary education. With over 44,000 students enrolled annually, it educates 68 percent of all students attending Maine's public postsecondary institutions. In 2008, its universities awarded over 5,600 college degrees, a total that represented half of all college degrees awarded by public and private colleges and universities in Maine.

NOTE TO EDITORS: a link to the speech text may be found at:
<http://www.maine.edu/pdf/StateofUniversityHandout2009FINAL.pdf>