

# MAINE STATE LEGISLATURE

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**System on the Edge:  
The Failure of the Maine Community College  
System to Ensure Quality Instruction**

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## Executive Summary

Maine's Community College System is in danger. Despite record revenue increases over the past five years, the System has frozen faculty wages. With inflation accounted for, this has caused a 10% loss in buying power of faculty salaries. The result has been;

- **Experienced faculty, often in the highest demand programs, looking for employment elsewhere.**
- **Faculty job searches that cannot produce qualified candidates.**
- **A lowering of job qualifications to accommodate the less qualified employment pool.**

The freeze, coupled with the large number of faculty headed for retirement, the Community Colleges are in danger of not being able to provide the high quality of instruction they have in the past.

**The situation was created by shifting priorities at MCCS and not a lack of financial resources;**

- Since FY 2008 MCCS has had a \$56 million increase, or 47.6%, in total revenues.
- Student Tuition receipts increased \$12.6 million or nearly 41% over the period FY 2008-2012
- The State Appropriation is \$2.5 million more in FY 2012 than in FY 2008

**Meanwhile, these expanded resources have been spent on other priorities;**

- Capital expenditures have risen from \$3.6 million in FY 2008 to over \$10 million in FY 2012.
- Dollars for administration and support salaries have risen at a rate faster than that for instruction, making FY 2012 the first year more was spent on administration and support wages than on instruction.
- The dollars spent on full-time faculty has decreased \$1.2 million since FY2009.
- The actual expenditure versus budgeted amount for full-time faculty has run a surplus of more than \$2 million since FY 2008. This is money budgeted for faculty salaries but not spent. To place this and other figures into perspective, a single step increase (3%) for faculty is only \$650,000

**The faculty of MCCS has worked with the State and sacrificed to ensure quality education and protect taxpayers;**

- Faculty voted to accept a contract without any pay increases for FY's 2009 and 2010. This was done during the fiscal crisis of 2008 out of a concern for the integrity of the education offered by the System and for a desire to ease the burden on taxpayers.
- Faculty extended this 'no-raise' contract for FY 2011 with the expectation that the System would return to regular step increases to ensure the instructional integrity of the Community Colleges.

Faculty rejected an offer of a 2% increase for FY2012 because it was a one-time offer based on a windfall of money taken out of the employee retirement insurance account. This offer jeopardizes retirement savings and shows no long-term commitment by the System to quality instruction.

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## Introduction

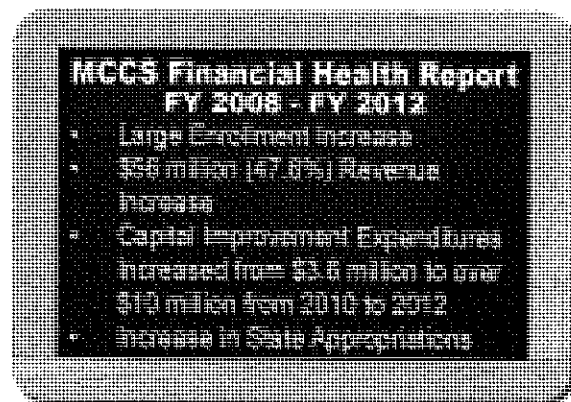
The Maine Community College System was created in 2003 to answer a need for accessible quality education. Seeing Maine as lagging behind other states in college enrollment rates, the Legislature found a need to expand the mission of the Technical Colleges and created the Community College System to answer that need. Since the creation of MCCS, the System has worked to provide not only technical job training, but to give Maine's citizens greater access to a college education and the higher wages that come with a degree.

Central to the growth of MCCS and the expansion of its mission has been a dedicated team of instructors placing the needs of students and the quality of instruction first. The faculty of the System has responded to these needs and those of the business community of Maine through the development of new programs and curricula to keep pace with the dynamic changes in the business environment. It is through the faculty that opportunities to enhance the educational mission of MCCS are identified and executed. Maine faculty has led the way in many areas, from writing the leading textbook on wind power generation to state of the art allied health education and development of precision machine tooling programs, to name a few.

*"Many faculty are finding they need to take second jobs simply to make ends meet."*

With the financial crisis of 2008, the System approached the Community College Faculty Association with a request to forgo Steps and Cost of Living Allowances to help the System weather the storm. The faculty stepped up and sacrificed contracted increases to safeguard the educational mission of the institution and out of concern for the taxpayers of Maine. Again in 2010, the faculty accepted a one-year contract that offered no increases in salaries for much the same reasons. This sacrifice has been considerable. Inflation has taken a 10% bite out of faculty wages and increased healthcare costs have also eroded buying power. Many faculty are finding they need to take second jobs simply to make ends meet.

The hard times MCCS expected never arrived. Between FY 2008 and FY 2012 the System saw an explosion in enrollment, and a \$56 million or 47.6% increase in revenues. Expenditures on Capital improvements rose from \$3.6 annually to over \$8 million in FY 2010 and 2011 and more than \$10 million in FY 2012. Even the State Appropriation, which saw a bump in FY 2010-11 due to Federal Stimulus dollars, has in FY2012 grown above pre-Recession levels. The simple fact is MCCS has never been in better financial health.



While the Great Recession of 2008 continues to present challenges for the State of Maine, MCCS does not have a single indicator of institutional health that has not risen, with the exception of dollars spent on faculty, who deliver the service the System provides. In fact, FY 2012 marked the first year administrative and support personnel payroll exceeded faculty. Enrollment, and the tuition dollars that

Additionally, significant funds are left unspoken for. When comparing the MCCS operating budget to actual expenditures we find surpluses in several areas. For instance Student Tuition receipts consistently perform better than budgeted expectations. Since 2009 the System has collected more than \$11 million in student tuition than budgeted. In fact all revenue areas have increased ahead of budget with the exception of State Appropriation. Despite the budgeted shortfall in state appropriation, \$3 million since 2009, the overall revenue picture has outpaced the budget.

Several expenditure areas have also run surpluses, especially employee salaries. Since 2009 the total surplus in Personnel has been over \$4.2 million, with Faculty accounting for nearly \$1.5 million of that surplus. The surpluses alone would fund a step for employees in the biennium.

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Unfortunately the MCCS Operating Budget or Operating Funds documents do not show what happens to surplus funds. Once budgeted funds are disbursed by the System Office, they stay on the Campuses assigned to by formula. Any surpluses seem to disappear into accounts to be used for purposes determined by the Campus Presidents. While there is certainly nothing malicious in this policy, it does create a situation where the System Office has very limited funds to address needs. An example of this occurred in FY 2012 when the Legislature included funds in a bond to start a precision machine tool program at York County Community College as well as an additional ongoing appropriation to fund the new program. The bond failed at the ballot box, so YCCC is currently scrambling to find the start-up funds for the program. Meanwhile Central Maine Community College has announced their intent to break ground on an addition to a building to house the largest precision machine tool program in the United States. The moneys come in large part from surplus funds. While the work being done at CMCC is certainly a good thing, there is no strategic overview by MCCS on where funds should be spent and how to get the most out of taxpayer appropriations.

The retention of surpluses by the campuses has also had an unanticipated consequence of encouraging the salary stagnation and threat to quality instruction the System is experiencing. The System continues to increase the budget for Personnel while the expenditure, at least for faculty, continues to drop creating an increasing surplus. For the campus Presidents this is a boon for any programming and initiatives they wish to undertake. While this money is kept at the campuses, the System can at the negotiating table say they have no money because it has been disbursed to the campuses under a policy in which funds flow in only one direction.

## The Game Played: Catch 22

MCCS cannot deny the obvious, they have plenty of funds to fill any needs they choose to prioritize, yet they do realize they need a rationalization to deny requests for increases at collective bargaining negotiations. The System achieves this goal by creating their own Catch 22. They rely on Title 26 Chapter 12 section 1026 paragraph 1a which reads;

***Cost items in any collective bargaining agreement of the community college employees must be submitted for inclusion in the Governor's next operating budget within 10 days after the date on which the agreement is ratified by the parties. If the Legislature rejects any of the cost items submitted to it, all cost items must be returned to the parties for further bargaining. "Cost items" includes salaries, pensions and insurance.***

When the CCFA sits down with MCCS management at collective bargaining sessions, management takes the line that all collective bargaining moneys come from the Legislature in an appropriation separate from the general appropriation. They argue they cannot talk about salaries until the Legislature has adjourned and they have certainty on how much new collective bargaining money has been appropriated. When pressed by the CCFA on the question of how does the Legislature know to appropriate more collective bargaining funds, management will, after much back and forth, recognize what the law says; once a contract is agreed to it goes to the Legislature for the proper appropriation. With that admission, one would think MCCS would then agree to negotiate, but instead they go back to their original position that they cannot negotiate salaries until after the Legislature has adjourned. When the Legislature does adjourn without appropriating any collective bargaining dollars, MCCS then claims it cannot give any increases because the Legislature failed to do its job. Catch 22.

## The Threat to Maine

The legislature has taken significant action to find ways to ensure Mainers are trained for the right jobs. The often cited USM report which calculates the level of job loss in Maine due to a lack of trained workers is real and has implications for the welfare of the citizens of the State and State tax receipts. The Maine Community College System has always been at the forefront of job training and leading this has been the dedicated faculty innovating programs to enhance the value of the System to the State. The Legislature, recognizing the Community College's key role in the economic success of Maine, has generously kept the System's appropriation high while other agencies have struggled with shrinking budgets.

***By every indicator, MCCS has placed new buildings, new equipment and even administrative staff above the need to attract and retain quality instructors.***

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Yet the State's investment in the Community College System is in jeopardy. The threat comes from a policy that places the quality of instruction last. By every indicator, MCCS has placed new buildings, new equipment and even administrative staff above the need to attract and retain quality instructors. The System is already experiencing significant difficulty in filling vacant faculty positions. Even part-time Adjunct Faculty are becoming increasingly more difficult to recruit, with shortfalls being made up by an already over-stretched full-time faculty contingent. As many faculty begin to retire, this problem will become a crisis. Unless this short-sighted policy of incorrect priorities is changed, MCCS may fail at its core mission, educating the citizens of Maine for the jobs of today and tomorrow.

Maine Community College System Operating Budget vs. Operating Funds Comparison															
	FY 2008			FY 2009			FY 2010			FY 2011			FY 2012		
	OP. Budget	OP. Funds	Variance	OP. Budget	OP. Funds	Variance	OP. Budget	OP. Funds	Variance	OP. Budget	OP. Funds	Variance	OP. Budget	OP. Funds	Variance
<b>Revenues and Receipts</b>															
Students	30,915,323	31,015,516	100,193	32,643,457	34,487,701	1,844,244	35,733,318	39,673,632	3,940,314	38,650,237	42,225,154	3,574,917	41,873,917	43,702,786	1,828,869
Appropriations	51,267,065	51,941,634	674,569	56,129,590	53,247,948	(2,881,642)	53,524,144	52,228,351	(1,295,793)	52,782,955	53,905,224	1,122,269	54,440,828	54,440,828	0
Govern. Grants & Contracts	18,045,092	23,963,459	5,918,367	23,627,170	27,839,539	4,212,369	29,290,395	42,797,196	13,506,801	49,071,579	51,828,293	2,756,714	48,617,114	51,143,421	2,526,307
Priv. Gifts, Grants & Contracts	2,404,415	3,236,347	831,932	1,960,204	3,295,914	1,335,710	2,285,113	2,958,843	673,730	3,199,401	3,729,816	530,415	3,473,455	14,437,061	10,963,606
Investments	1,043,298	973,296	(70,002)	1,115,567	281,681	(833,886)	854,882	2,026,308	1,171,426	1,191,409	2,248,301	1,056,892	1,352,917	1,775,097	422,180
Sales and Services	11,119,269	12,436,027	1,316,758	13,422,160	15,053,936	1,631,776	15,214,679	16,375,366	1,160,687	15,694,715	17,397,641	1,702,926	15,058,326	16,535,640	1,477,314
Other Revenue	770,675	941,461	170,786	617,590	1,066,439	448,849	821,270	1,233,157	411,887	938,818	992,052	(6,266)	938,356	873,618	(64,738)
Nonrevenue Receipts	(1,089,210)	(5,933,852)	(4,844,642)	(2,172,349)	6,431,580	8,603,929	(1,901,664)	(9,827,078)	(7,925,414)	(1,957,073)	(6,861,236)	(4,904,161)	(2,035,972)	(7,928,102)	(5,892,130)
<b>Total Revenue &amp; Receipts</b>	<b>114,475,927</b>	<b>118,573,878</b>	<b>4,097,951</b>	<b>127,343,389</b>	<b>141,704,738</b>	<b>14,361,349</b>	<b>135,822,137</b>	<b>147,465,775</b>	<b>11,643,638</b>	<b>159,572,089</b>	<b>165,405,245</b>	<b>5,833,206</b>	<b>163,718,941</b>	<b>174,980,349</b>	<b>11,261,408</b>
<b>Personnel Services</b>															
MSEA Support	9,899,134	9,680,285	(218,849)	10,887,100	10,727,669	(159,431)	10,631,571	10,490,180	(141,391)	10,790,885	10,831,411	(40,526)	10,979,282	10,663,071	(316,211)
MSEA Supervisory	1,538,535	1,504,521	(34,014)	1,585,681	1,562,362	(23,319)	1,819,729	1,795,529	(24,200)	1,850,488	1,857,438	(6,950)	2,025,418	1,967,085	(58,333)
AFSCME	276,464	270,352	(6,112)	263,704	259,843	(3,861)	296,137	292,198	(3,939)	300,763	301,391	(618)	313,060	304,044	(9,016)
MEA Administrators	11,179,732	10,932,571	(247,161)	11,562,084	11,392,769	(169,315)	11,219,974	11,070,757	(149,217)	11,384,894	11,427,652	(42,758)	12,171,488	11,820,941	(350,547)
MEA Faculty	25,930,614	25,357,341	(573,273)	28,457,226	28,040,499	(416,727)	27,433,120	27,068,282	(364,838)	27,301,193	27,403,776	(102,583)	27,611,218	26,815,996	(795,222)
Confidentials	7,585,927	7,419,097	(166,830)	7,940,603	7,824,321	(116,282)	7,192,583	7,096,928	(95,655)	7,768,064	7,797,238	(29,174)	7,735,334	7,512,551	(222,783)
Student Project & Other	15,825,795	15,475,919	(349,876)	16,823,063	16,576,707	(246,356)	18,487,760	18,241,888	(245,872)	20,886,656	20,965,099	(78,443)	22,034,993	21,400,370	(634,623)
<b>Total Personnel Services</b>	<b>72,237,101</b>	<b>70,640,086</b>	<b>(1,597,015)</b>	<b>77,519,361</b>	<b>76,384,170</b>	<b>(1,135,191)</b>	<b>77,080,874</b>	<b>76,055,762</b>	<b>(1,025,112)</b>	<b>80,282,443</b>	<b>80,583,955</b>	<b>(301,512)</b>	<b>82,870,793</b>	<b>80,484,058</b>	<b>(2,386,735)</b>
<b>All Other</b>															
Professional Services	3,860,108	4,516,275	(656,167)	4,370,020	5,473,340	(1,103,320)	6,128,399	6,211,772	(83,373)	6,619,486	6,254,974	364,512	6,745,954	6,996,088	(190,134)
Travel Expenses	806,025	838,114	(32,089)	909,637	785,568	124,069	1,033,098	731,659	301,439	1,009,770	922,572	87,198	1,154,253	1,029,431	124,822
Vehicle Operations	123,594	185,256	(61,662)	177,185	194,908	(17,723)	186,750	156,046	30,704	202,076	204,488	(2,412)	185,717	199,220	(13,503)
Utilities Services	2,889,879	2,813,820	76,059	2,830,424	2,714,505	115,919	2,905,096	2,709,409	195,687	2,789,097	2,690,892	98,205	2,914,909	2,649,389	265,520
Rents	774,843	1,037,753	(262,910)	999,255	1,035,957	(36,702)	1,018,478	1,036,149	(17,671)	925,419	928,206	(2,787)	891,544	977,714	(86,170)
Repairs	1,660,698	1,456,499	204,199	1,787,045	1,441,616	345,429	2,004,465	1,805,120	199,345	2,241,823	1,977,551	264,272	2,608,156	2,241,372	366,784
Insurance	656,823	597,747	59,076	688,127	652,171	35,956	727,350	702,456	24,894	744,543	715,840	28,703	794,879	715,117	79,762
General Operating	3,097,773	3,202,357	(104,584)	3,624,926	2,823,818	801,108	3,358,487	2,986,313	372,174	3,641,719	3,259,195	382,524	3,840,244	3,241,468	598,776
Food	699,907	763,623	(63,716)	776,932	854,482	(77,550)	801,450	776,281	25,169	822,010	912,219	(90,209)	851,395	894,358	(42,963)
Fuel	1,964,565	1,987,133	(22,568)	2,920,375	2,240,154	680,221	1,935,999	1,462,350	473,649	1,939,133	1,527,653	411,480	2,237,604	1,684,238	553,366
Supplies	7,505,397	8,370,886	(865,489)	7,922,461	8,319,393	(396,932)	8,531,019	9,783,189	(1,252,170)	9,727,451	10,318,844	(591,393)	9,369,544	9,681,824	(312,280)
Educ. Grants, Payments & Other	15,979,385	19,663,338	(3,683,953)	20,075,388	23,492,647	(3,416,659)	23,092,837	35,087,687	(11,994,850)	40,684,250	43,650,784	(2,966,534)	43,039,699	45,458,503	(2,418,804)
<b>Total All Other</b>	<b>40,018,997</b>	<b>45,432,801</b>	<b>(5,413,804)</b>	<b>47,082,375</b>	<b>50,028,559</b>	<b>(2,946,184)</b>	<b>51,723,428</b>	<b>63,448,491</b>	<b>(11,725,063)</b>	<b>71,946,777</b>	<b>73,363,218</b>	<b>(2,016,441)</b>	<b>74,643,898</b>	<b>75,708,722</b>	<b>(1,064,824)</b>
<b>Capital</b>															
Equipment	1,184,035	2,652,988	(1,468,953)	1,350,846	3,101,316	(1,750,470)	3,692,958	3,202,264	490,694	2,521,562	3,001,364	(479,802)	3,099,878	2,779,258	320,620
Land, Bldg & Improvements	221,821	1,026,989	(805,168)	222,000	911,379	(689,379)	2,174,813	5,151,929	(2,977,116)	4,622,857	5,482,895	(860,038)	1,847,542	7,317,425	(5,469,883)
<b>Total Capital</b>	<b>1,405,856</b>	<b>3,679,977</b>	<b>(2,274,121)</b>	<b>1,572,846</b>	<b>4,012,695</b>	<b>(2,439,849)</b>	<b>5,867,771</b>	<b>8,354,193</b>	<b>(2,486,422)</b>	<b>7,144,419</b>	<b>8,484,259</b>	<b>(1,339,840)</b>	<b>4,947,420</b>	<b>10,096,683</b>	<b>(5,149,263)</b>
<b>Total Expenditures</b>	<b>113,661,954</b>	<b>119,752,864</b>	<b>(6,090,910)</b>	<b>126,174,582</b>	<b>130,425,424</b>	<b>(4,250,842)</b>	<b>134,672,073</b>	<b>147,858,386</b>	<b>(13,186,313)</b>	<b>158,773,639</b>	<b>162,431,432</b>	<b>(3,657,793)</b>	<b>162,462,111</b>	<b>166,289,463</b>	<b>(3,827,352)</b>
<b>Total Fund Balance</b>	<b>813,973</b>	<b>(1,178,986)</b>	<b>(1,992,959)</b>	<b>1,168,807</b>	<b>11,279,314</b>	<b>10,110,507</b>	<b>1,150,064</b>	<b>(392,611)</b>	<b>(1,542,675)</b>	<b>798,400</b>	<b>2,973,813</b>	<b>2,175,413</b>	<b>1,256,830</b>	<b>8,690,866</b>	<b>7,434,056</b>





## **System on the Edge:**

### **The Failure of the Maine Community College System to Ensure Quality Instruction**

Maine's Community College System is in danger. Despite record revenue increases over the past five years, the System has frozen faculty wages. With inflation accounted for, this has caused a 10% loss in buying power of faculty salaries. The result has been;

- **Experienced faculty, often in the highest demand programs, looking for employment elsewhere.**
- **Faculty job searches that cannot produce qualified candidates.**
- **A lowering of job qualifications to accommodate the less qualified employment pool.**

The freeze, coupled with the large number of faculty headed for retirement, the Community Colleges are in danger of not being able to provide the high quality of instruction they have in the past.

### **The situation was created by shifting priorities at MCCS and not a lack of financial resources;**

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