

MAINE STATE LEGISLATURE

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JOINT STANDING COMMITTEE ON EDUCATION AND CULTURAL AFFAIRS



Response to LD 1103

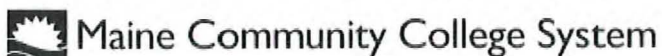
To Determine the Impact of Funding
for State Higher Education
on the Distribution of Higher Education Costs
among Families, Taxpayers and Publicly supported
Institutions of Higher Education

January 31, 2008



Submitted by:

University of Maine System
Maine Community College System
Maine Maritime Academy
Finance Authority of Maine





Office of the Vice Chancellor
for Academic & Student Affairs
16 Central Street
Bangor, ME 04401-5106

Tel: 207-973-3230
Fax: 207-973-3296
TDD/TDY: 207-973-3262
www.maine.edu

January 31, 2008

The Honorable Peter B. Bowman, Chair
The Honorable Jacqueline R. Norton, Chair
Members of the Education and Cultural Affairs Committee
100 State House Station
Augusta, ME 04333-0100

The University of Maine

Dear Members of the Education and Cultural Affairs Committee,

University of Maine
at Augusta

On behalf of the University of Maine System, the Maine Community College System, Maine Maritime Academy and the Finance Authority of Maine, I respectfully submit the attached report in response to LD1103, "To Determine the Impact of Funding for State Higher Education on the Distribution of Higher Education Costs among Families, Taxpayers and Publicly Supported Institutions of Higher Education."

University of Maine
at Farmington

University of Maine
at Fort Kent

The legislation requires the report to be compiled by a review panel, which consisted of David Daigler, Chief Financial Officer of the Maine Community College System; Richard Ericson, Vice President for Finance at Maine Maritime Academy; William Norbert, Governmental Affairs and Communications Manager at the Finance Authority of Maine and myself.

University of Maine
at Machias

University of Maine
at Presque Isle

The report shows that while Maine is taking positive steps to increase its investment in research and development, and increase the aspirations of high school graduates to go on to college, it has not adequately funded public higher education to keep pace with inflation and enrollment growth. Furthermore, state financial aid funds have also become inadequate to meet student needs.

University of
Southern Maine

Please feel free to contact me if you have any questions about this report.

Sincerely,

James H. Breece
Vice Chancellor for Academic and Student Affairs
University of Maine System

cc: Maine Community College System
Maine Maritime Academy
Finance Authority of Maine

Executive Summary

As the global economy transitions from manufacturing to knowledge-based industries, higher education will become more integral to the economic success of Maine and its people. Maine faces significant challenges in this economy, and the state's best potential strategy to compete in this environment is to increase the number of state residents who attend and graduate from post-secondary institutions of higher education.

Maine's institutions of public higher education are meeting those challenges and producing thousands of graduates a year who are educated and ready for the jobs of the future. In addition to fulfilling their educational missions, the students and faculty of Maine's public higher education institutions are also performing cutting-edge research and serving the people of Maine through public service, clinical work and volunteerism in communities throughout the state.

Although these institutions are serving the people of Maine in many ways, they are doing so under serious limitations. Maine's system of public higher education is severely under-funded by the state of Maine. As the data in this report shows, Maine ranks 38th nationally in state appropriations to public higher education per capita, and the relative level of state support has been steadily declining over the past few years. Funding for state higher education once equaled 17% of the state General Fund revenue. It now comprises only 9% of the General Fund revenue.

This trend holds true for each institution. State appropriations once comprised 58% of the Maine Community College System's total revenue. That number has fallen to 42%. 46% of the Maine Maritime Academy's budget was once state-funded, and it is now 29%. Almost half of the University of Maine System budget (45%) was provided by the state, and it is now 28%

Lower proportions of state support put considerable pressure on the budgets of each school. Although Maine's institutions of higher education continually seek ways to make operations more efficient, that is not enough to cover the rising costs. In the face of those costs, higher education institutions must make up the shortfall and have been forced to raise tuition across the board. Tuition management can best be achieved by receiving legislative appropriations that reduce the need for tuition increases. In addition to lower proportions of state support, Maine has not adequately increased dollars for student aid. Because the support for student aid has not kept pace with inflation and rising costs of higher education, many students are forced to borrow increasingly large amounts of money to earn their degree. This means students are beginning their careers with debt that lowers their discretionary income and standard of living.

Each institution has made providing student aid a priority, so as levels of state support for student aid become inadequate, colleges and universities are filling the gap with General Fund dollars and other resources. Maine's public higher education leaders believe no qualified Maine student should be denied a college or university education due to inadequate finances.

Maine is taking steps in the right direction. In recent years, the state has started to increase its investment in research and development, and an increasing number of high school graduates have aspirations to attend an institution of higher education. To fully capitalize on these trends, the state should begin to reverse the trend of declining support for higher education. Academic quality is tied directly to adequate funding. More funding means better teachers, newer classrooms and more funds to assist students who cannot afford a college education on their own.

Maine's economic stability depends largely on graduating and retaining residents who have completed a course of study at an institution of higher education. Maine's public higher education system is working together to achieve that goal, and together, believe that the state needs to make funding its institutions of higher education a greater priority.

Introduction

The role of higher education is expanding. Traditionally, higher education was considered a place for personal enrichment, where students attended to achieve individual growth and ensure a well-paying career upon graduation. As the manufacturing-based economy has given way to more knowledge-based industries, colleges and universities are taking on a more important role as drivers of state and regional economies.

There are numerous private and public benefits of higher education. Residents who obtain college degrees earn, on average, approximately a million dollars more over the course of their lifetime than high school graduates. They have higher rates of home ownership, increased personal and professional mobility, and an improved quality of life for their children.

Maine benefits from having a more highly-educated work force, which attracts more knowledge-based businesses to the state. The state also gains in tax revenue, greater workplace productivity and civic involvement among those who have earned college degrees. According to The College Board, higher levels of education correspond to lower levels of unemployment and poverty, so in addition to contributing more to tax revenues than others, adults with higher levels of education are less likely to depend on social safety-net programs, generating decreased demand on public budgets.

The State of Maine invests taxpayer resources in its institutions of public higher education, and these institutions are providing numerous benefits to the State of Maine, its employers and its taxpayers.

Maine's institutions of higher education serve over 64,324 students per year, and offer hundreds of academic programs in fields important to the economic future of Maine. These institutions serve as catalysts for innovation and advanced technology, and each is committed to their communities. Collectively, they serve as integral components of Maine's economy and quality of life.

FAME's education finance programs provide Maine students and families with the tools to build financial resources and achieve their higher education goals. FAME serves as the guarantor of federal student loans made available by lenders to ensure that money borrowed will be repaid. FAME also offers student grant and state-created loan programs, a college savings program, and valuable information to students and their families on how to borrow wisely and avoid unnecessary debt.

Although these institutions of public higher education in Maine each have distinctive missions and ways of learning, they share a common vision of providing Maine's citizens with the education and skills to improve their lives and earning potential, while at the same time driving Maine's economy and providing workers to meet the needs of the 21st century economy.



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Resolve, To Determine the Impact of Funding for State Higher Education on the Distribution of Higher Education Costs among Families, Taxpayers and Publicly Supported Institutions of Higher Education

Sec. 1 Review of funding for state higher education. Resolved: That the University of Maine System, the Maine Community College System, Maine Maritime Academy and the Finance Authority of Maine, referred to in this resolve as "the review panel," shall collaboratively conduct a review of the impact of funding for publicly supported higher education in the State during the period from fiscal year 2002-03 to fiscal year 2006-07 on the following policy questions.

1. How have Maine finance policies related to the distribution of public subsidies influenced the distribution of student-related higher education costs among parents and students, state taxpayers, federal taxpayers and publicly supported institutions of higher education in the State?

2. As perceived by the review panel, what conclusions and implications can be drawn from the data concerning the degree to which state finance policies related to the distribution of public subsidies have sustained access, advanced equity of higher education opportunity and promoted equitable cost-sharing for all Mainers?

The review panel shall determine the methodology for this review in accordance with section 2; and be it further

Sec. 2 Scope of review; methodology. Resolved: That the review panel shall determine the methodology for this review after consideration of the research literature on higher education finance pertaining to the implications of state appropriations for the operating costs of publicly supported institutions of higher education and pertaining to the distribution of the costs and benefits of higher education for students and their families, state taxpayers, federal taxpayers and the publicly supported institutions of higher education. The data compiled and analyzed must include, but is not limited to, the following:

1. The amounts and levels of state general funds appropriated during each year from fiscal year 2002-03 to fiscal year 2006-07 to support the so-called "educational and general" operational expenditures of the University of Maine System, the Maine Community College System and Maine Maritime Academy;

2. The amounts and levels of state general funds appropriated during each year from fiscal year 2002-03 to fiscal year 2006-07 to the Finance Authority of Maine for awarding need-based grants through the Maine State Grant Program in order to subsidize tuition prices and provide need-based tuition assistance for eligible students to attend publicly supported institutions of higher education in the State;

3. The amounts and levels of state tax support for higher education, including state General Fund appropriations for universities, colleges, community colleges and state higher education agencies compiled by the Grapevine project at the Center for the Study of Education Policy at Illinois State University. The review team shall consider the Grapevine project data reported for the level of state

RESOLVE Chapter 119, 123rd Maine State Legislature
Resolve, To Determine the Impact of Funding for State Higher Education on the Distribution of Higher
Education Costs among Families, Taxpayers and Publicly Supported Institutions of Higher Education

appropriations for higher education as a percentage of the total state appropriations, on a per capita basis, and as a percentage of income. The review team shall also compare these state appropriation trends for Maine, for the New England states and for an appropriate set of comparison states whose demographic profile and higher education systems are reasonably comparable to the system of higher education in Maine;

4. The proportion of state General Fund appropriations as a source of revenue as compared to the total revenues of the University of Maine System, the Maine Community College System and Maine Maritime Academy;

5. The proportion of revenues received from sources other than state General Fund appropriations, including revenues from tuition, mandatory fees and room and board, revenues from the Federal Government and from other philanthropic organizations or individuals, as compared to the total revenues of the University of Maine System, Maine Community College System and Maine Maritime Academy;

6. The amounts and levels of education subsidies, including state and federal student financial assistance, provided to resident students attending the University of Maine System, the Maine Community College System and Maine Maritime Academy as compiled from institutional expenditure data and reported annually to the Integrated Postsecondary Education Data System and from financial aid packaging reports provided to the Finance Authority of Maine;

7. Data compiled by the Finance Authority of Maine on the Maine State Grant Program recipients at publicly supported institutions of higher education in the State reported as full-time equivalent students, including the average amounts of grants awarded and the average levels of unmet need for the prototypical grant recipients at each institution disaggregated by family income quartiles; and

8. State-level and higher education institution data regarding family income, state tax appropriations, institutional finances, enrollments, attendance costs, student aid, and any other relevant data reported to the Integrated Postsecondary Education Data System, the National Center for Education Statistics and the United States Department of Commerce, Bureau of Economic Analysis; and be it further

Sec. 3 Report. Resolved: That the review panel shall present its report, including findings, recommendations and any necessary legislation, to the Joint Standing Committee on Education and Cultural Affairs no later than January 31, 2008. The Joint Standing Committee on Education and Cultural Affairs may submit a bill based on the report presented pursuant to this resolve to the Second Regular Session of the 123rd Legislature.

1. The amounts and levels of state general funds appropriated during each year from fiscal year 2002-03 to fiscal year 2006-07 to support the so-called “educational and general” operational expenditures of the University of Maine System, the Maine Community College System and the Maine Maritime Academy.

As Tables 1.1 and 1.2 show, the state of Maine has appropriated on average 9% of the total State General Fund revenue to higher education from fiscal years 2002-03 to 2006-07. However, overall state funding has fallen significantly since 1967-68, when funding for public higher education made up 18% of the state’s General Fund revenue. Table 1.3 shows Maine Higher Education Institutions appropriations per headcount student, adjusted for inflation, which have fallen from approximately \$6,500 in 1996 to slightly over \$5,000 in 2006.

E&G revenues and expenditures are those that are intended for operating the educational, research, and public service missions of the institutions. The source of these revenues is state appropriation, tuition and fees. The data given in this section of the report is specifically the state appropriation for public higher education in Maine.

Table 1.4 shows that the Maine Maritime Academy E&G appropriation was an average of 0.3% between 2002-03 to 2006-07. The appropriation of the MMA was \$7.5 million in 2002-03, \$7.7 million in 2003-04, \$7.4 million in 2004-05, \$7.5 million in 2005-06 and \$7.7 million 2006-07, an overall increase of 3%. Table 1.5 shows state appropriations adjusted for inflation per headcount student.

Table 1.6 shows that the Maine Community College System’s E&G appropriation was an average of 1.5% between 2002-03 to 2006-07. State support for the Maine Community College System was \$40 million in 2002-03, \$40 million in 2003-04, \$41 million in 2004-05, \$42 million in 2005-06 and \$46 million 2006-07, an overall increase of 14%. Table 1.7 shows state appropriations adjusted for inflation per headcount student.

Table 1.8 shows that the University of Maine System’s E&G appropriation was an average of 6.3% between 2002-03 to 2006-07. The state appropriation given to the UMS was \$173 million in 2002-03, \$171 million in 2003-04, \$179 million in 2004-05, \$183 million in 2005-06 and \$189 million 2006-07, an overall increase of 10%. Table 1.9 shows state appropriations adjusted for inflation per headcount student.

Although the dollar amount of state support for each institution has increased, the impact of those dollars has decreased as enrollments have increased and inflation has continued to grow.

1.1 STATE GENERAL FUND SUPPORT OF MAINE EDUCATION

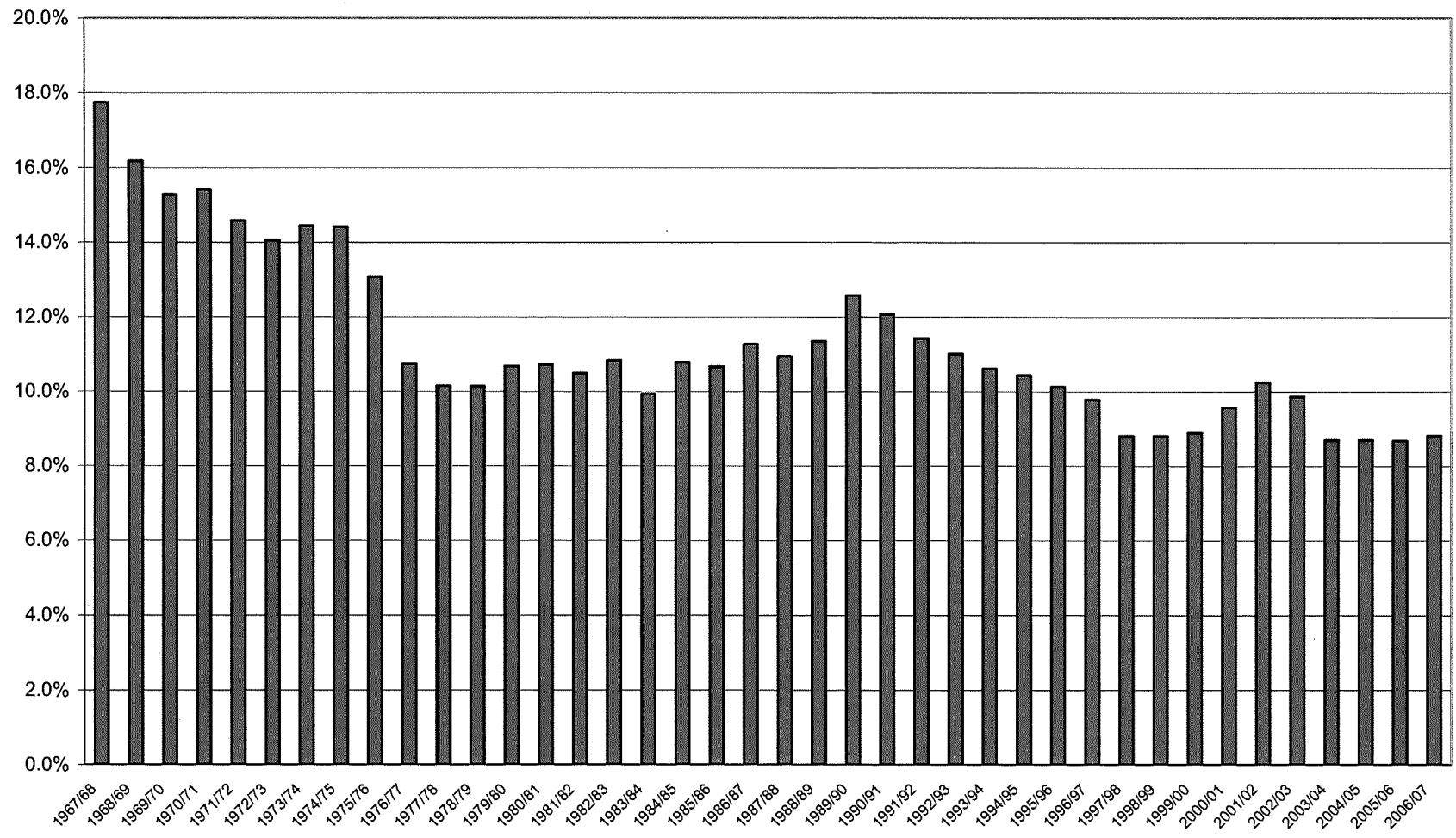
EDUCATION APPROPRIATIONS AS A PERCENTAGE OF UNDEDICATED STATE GENERAL FUND REVENUE

	Undedicated State General Fund Revenues	Community College System		Maine Maritime Academy		University of Maine System Base Appropriation		Total Higher Education	
1967/68	\$112,432,481	\$1,857,796	1.7%	\$526,500	0.5%	\$17,058,403	15.2%	\$19,954,650	17.7%
1968/69	123,455,001	1,889,892	1.5%	471,500	0.4%	17,074,425	13.8	19,972,059	16.2
1969/70	167,298,889	2,606,724	1.6%	697,300	0.4%	21,597,639	12.9	25,566,687	15.3
1970/71	184,886,973	2,721,232	1.5%	706,800	0.4%	24,251,105	13.1	28,495,505	15.4
1971/72	209,913,425	3,129,529	1.5%	900,000	0.4%	25,645,704	12.2	30,636,973	14.6
1972/73	233,349,319	3,149,096	1.3%	1,005,000	0.4%	27,528,392	11.8	32,827,507	14.1
1973/74	279,394,623	4,557,826	1.6%	1,211,238	0.4%	32,843,102	11.8	40,380,122	14.5
1974/75	308,357,910	4,685,519	1.5%	1,449,962	0.5%	36,368,544	11.8	44,480,336	14.4
1975/76	346,187,656	5,431,910	1.6%	1,477,049	0.4%	36,468,544	10.5	45,275,873	13.1
1976/77	395,701,007	5,517,289	1.4%	1,613,063	0.4%	33,681,690	8.5	42,566,937	10.8
1977/78	451,934,603	5,789,074	1.3%	1,813,137	0.4%	35,990,408	8.0	45,910,657	10.2
1978/79	483,350,913	5,857,347	1.2%	2,173,793	0.4%	37,754,928	7.8	49,046,850	10.1
1979/80	536,314,822	8,617,800	1.6%	2,351,436	0.4%	42,925,000	8.0	57,336,113	10.7
1980/81	583,474,200	8,071,820	1.4%	2,398,550	0.4%	48,296,000	8.3	62,622,341	10.7
1981/82	637,499,912	9,974,900	1.6%	2,916,550	0.5%	51,391,000	8.1	66,940,452	10.5
1982/83	675,024,649	10,696,579	1.6%	2,834,550	0.4%	56,704,400	8.4	73,196,388	10.8
1983/84	772,402,631	11,902,509	1.5%	2,987,932	0.4%	58,972,576	7.6	76,743,061	9.9
1984/85	845,739,399	12,659,047	1.5%	3,378,124	0.4%	71,564,188	8.5	91,310,982	10.8
1985/86	945,891,458	15,143,805	1.6%	3,645,870	0.4%	77,975,556	8.2	100,989,279	10.7
1986/87	1,114,868,905	16,693,676	1.5%	4,133,505	0.4%	99,423,713	8.9	125,700,741	11.3
1987/88	1,291,702,852	19,398,113	1.5%	4,591,224	0.4%	111,459,124	8.6	141,411,836	10.9
1988/89	1,430,615,011	21,419,654	1.5%	5,307,814	0.4%	129,250,492	9.0	162,482,081	11.4
1989/90	1,379,458,165	24,061,695	1.7%	6,343,794	0.5%	137,589,402	10.0	173,534,176	12.6
1990/91	1,424,084,700	22,933,378	1.6%	6,452,665	0.5%	132,046,363	9.3	172,054,233	12.1
1991/92	1,512,463,098	23,111,053	1.5%	6,497,320	0.4%	133,507,172	8.8	173,002,715	11.4
1992/93	1,561,402,638	22,992,497	1.5%	6,372,200	0.4%	132,375,585	8.5	172,151,421	11.0
1993/94	1,623,888,486	24,492,497	1.5%	6,472,200	0.4%	132,725,585	8.2	172,429,496	10.6
1994/95	1,671,736,430	26,142,497	1.6%	6,472,200	0.4%	132,725,585	7.9	174,523,228	10.4
1995/96	1,766,400,760	28,770,504	1.6%	6,504,561	0.4%	132,642,841	7.5	178,952,440	10.1
1996/97	1,863,086,300	29,674,910	1.6%	6,569,930	0.4%	135,103,698	7.3	182,383,072	9.8
1997/98	2,111,860,005	30,125,533	1.4%	6,635,629	0.3%	138,565,672	6.6	186,111,368	8.8
1998/99	2,259,718,302	31,130,860	1.4%	6,768,342	0.3%	146,452,445	6.5	199,148,681	8.8
1999/00	2,395,216,806	33,564,786	1.4%	7,174,443	0.3%	157,156,828	6.6	213,023,884	8.9
2000/01	2,390,628,351	36,750,629	1.5%	7,389,677	0.3%	169,310,510	7.1	228,916,713	9.6
2001/02	2,331,660,562	39,808,081	1.7%	7,626,385	0.3%	176,343,272	7.6	239,002,169	10.3
2002/03	2,394,690,190	40,429,622	1.7%	7,506,379	0.3%	173,336,418	7.2	236,389,879	9.9
2003/04	2,683,539,557	40,139,117	1.5%	7,719,938	0.3%	171,121,418	6.4	233,694,636	8.7
2004/05	2,790,845,053	41,472,054	1.5%	7,457,281	0.3%	179,971,418	6.4	242,971,471	8.7
2005/06	2,931,825,687	42,496,033	1.4%	7,548,820	0.3%	183,121,418	6.2	248,223,000	8.5
2006/07	3,019,595,389	46,068,617	1.5%	7,737,547	0.3%	189,971,418	6.3	259,089,399	8.6

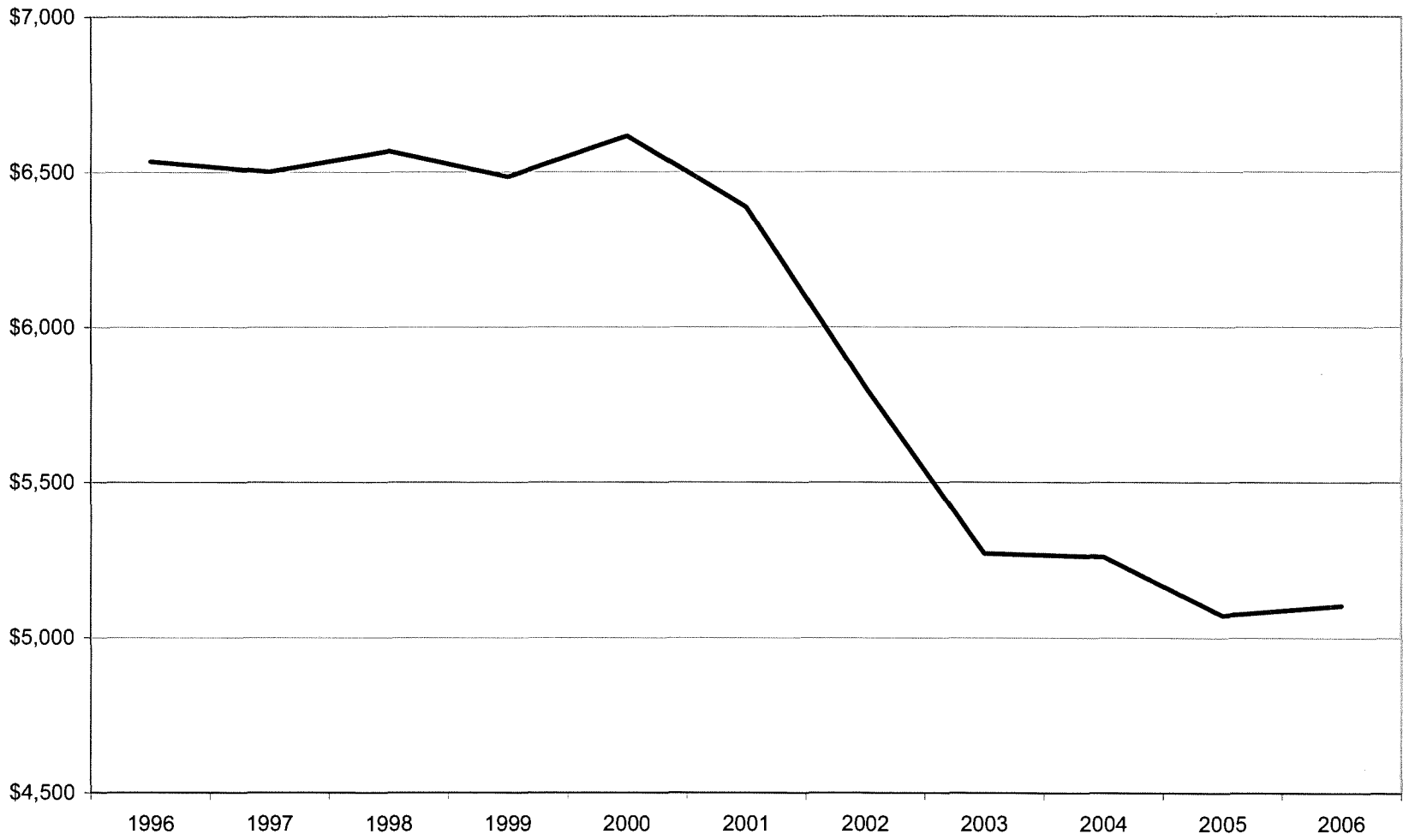
NOTE: Percentages may not add to total due to rounding.

1.2 Total Higher Education E&G Appropriation As a % of State General Fund Revenue

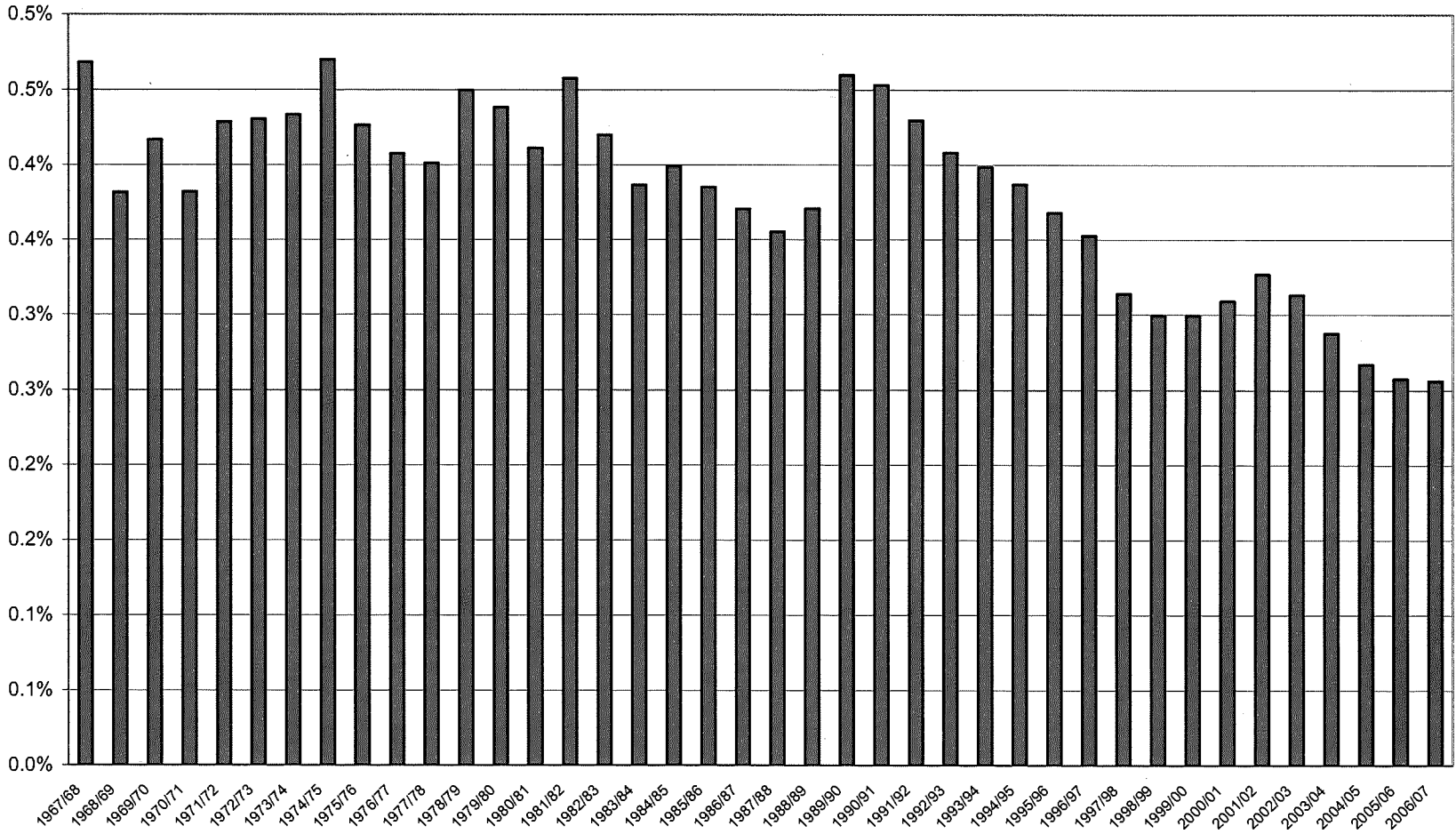
TAB 1 - STATE GENERAL FUND SUPPORT



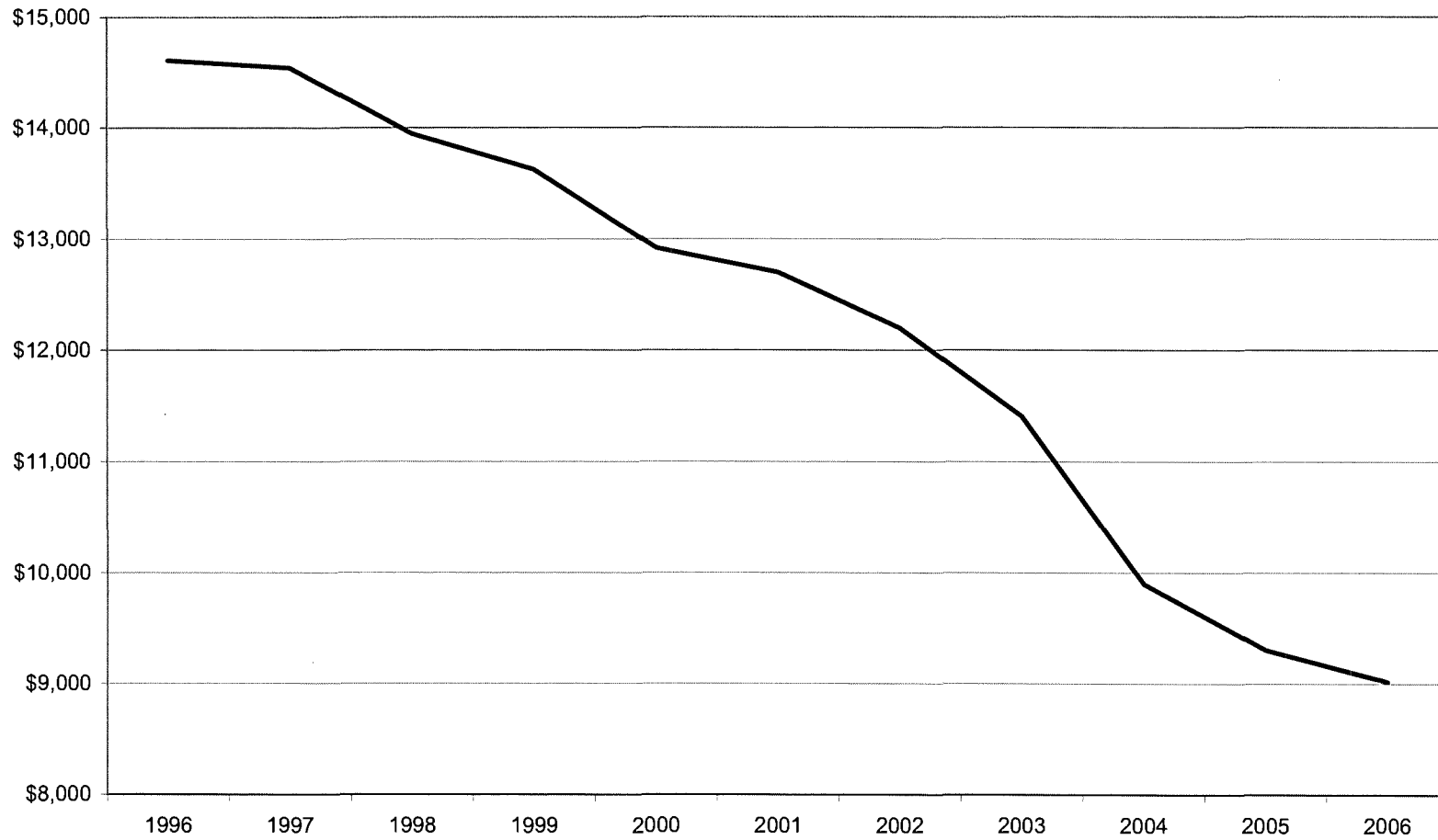
**1.3 Maine Public Higher Education Institutions State Appropriations per Headcount Student
(2006 HEPI dollars)**



1.4 Maine Maritime Academy E&G Appropriation As a % of State General Fund Revenue

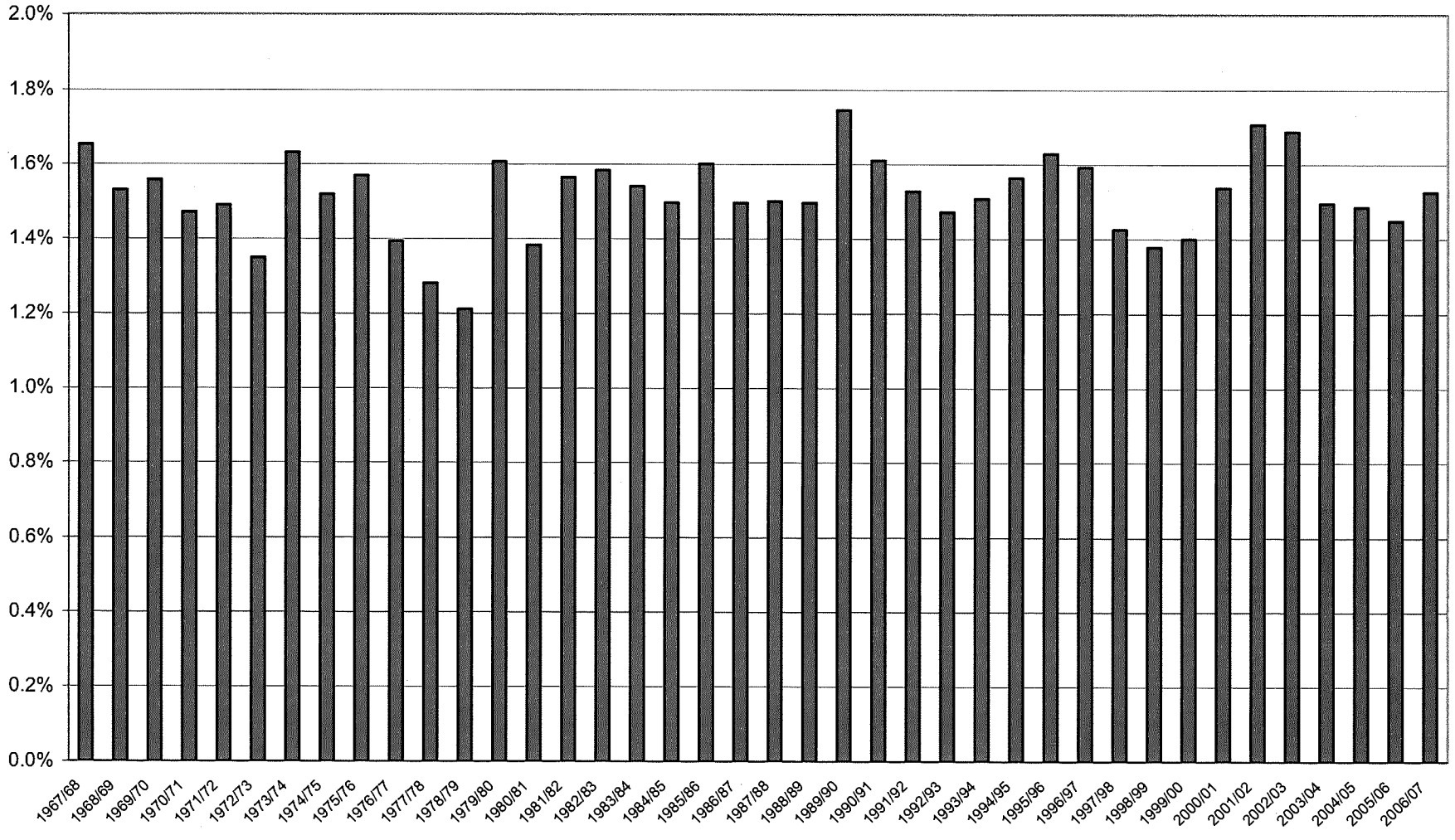


**1.5 Maine Maritime Academy State Appropriations per Headcount Student
(2006 HEPI dollars)**



**1.6 Maine Community College System
E&G Appropriation As a % of State General Fund Revenue**

TAB 1 - STATE GENERAL FUND SUPPORT

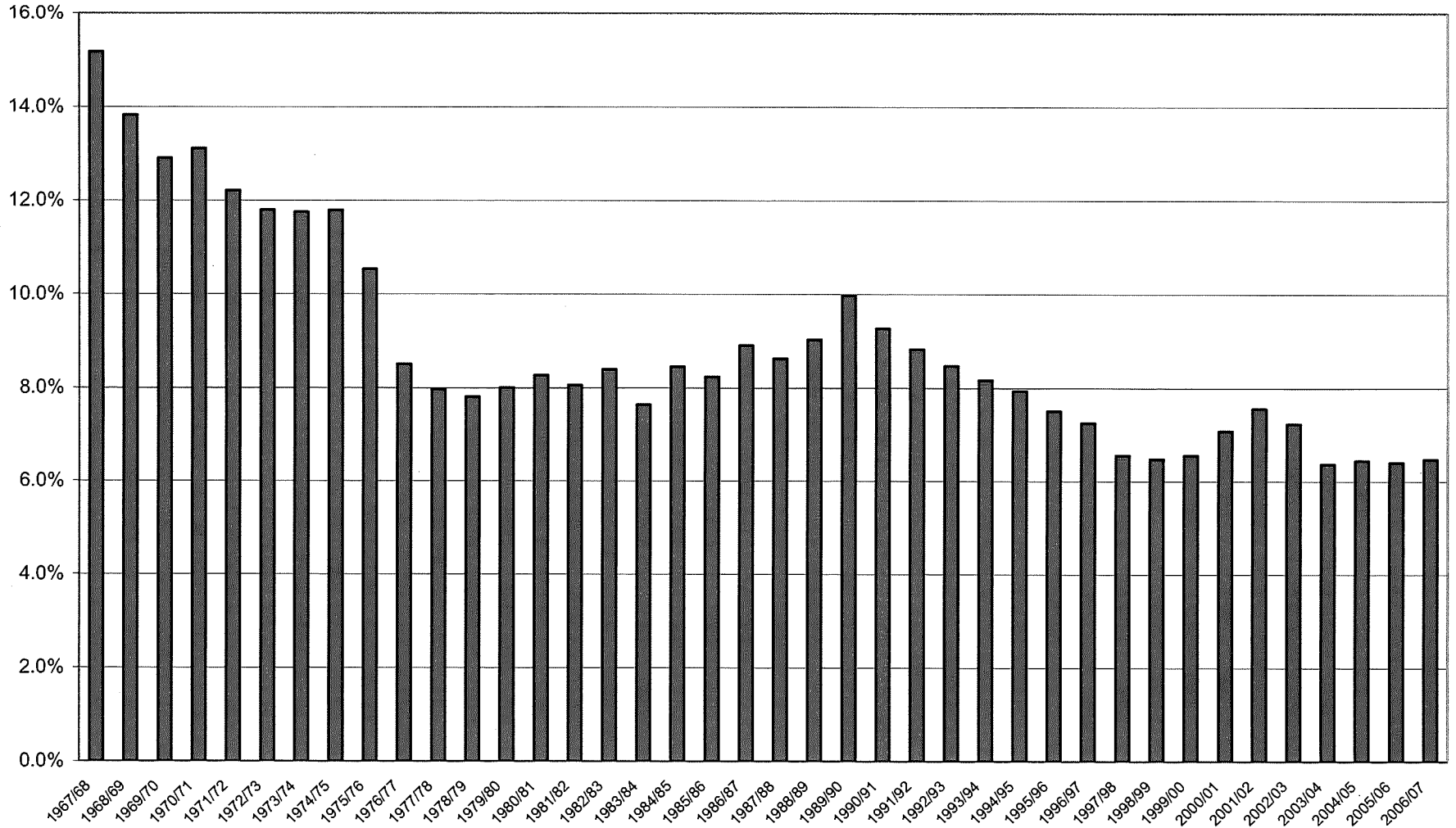


**1.7 Maine Community College System State Appropriations per Headcount Student
(2006 HEPI dollars)**



1.8 University of Maine System E&G Appropriation As a % of State General Fund Revenue

TAB 1 - STATE GENERAL FUND SUPPORT



1.9 University of Maine System State Appropriations per Headcount Student (2006 HEPI dollars)



2. The amounts and levels of state general funds appropriated during each year from fiscal year 2002-03 to fiscal year 2006-07 to the Finance Authority of Maine for awarding need-based grants through the Maine State Grant Program in order to subsidize tuition prices and provide need-based tuition assistance for eligible students to attend publicly supported institutions of higher education in the State;

The Maine State Grant Program is the state's basic need-based undergraduate grant program awarded to over 10,000 Maine residents annually. Students apply using the Free Application for Federal Student Aid (FAFSA). The need award levels currently are:

- \$1,200 for full-time study at an in-state public institution;
- \$1,450 for full-time study at an in-state private institution;
- \$600 for full-time study at an out-of-state public;
- \$1,150 for full-time study at an out-of-state private; and
- No more than 5% of appropriations may be used for part-time study.

The Maine State Grant Program is effective and efficient. To be eligible, a student must: be a Maine resident; have a certain Expected Family Contribution (EFC) as determined by FASFA data; meet campus admission requirements; be enrolled in a Maine school or schools in reciprocal states; attend school on a full time basis; and file the FAFSA by May 1.

Access to higher education in Maine is a significant and continuing challenge. The combination of spiraling costs and higher enrollments, especially of lower income students, has left federal and state grant resources covering only a fraction of the costs.

- The cost of attending the University of Maine System campuses has increased 35% over the last 4 years, while the scholarship assistance available to needy Maine students through the Maine State Grant program has increased only 20% in the same period – from \$1,000 to \$1,200 per year.
- More students want to go to college, and this increases the demand placed on the current scholarship program. For example, enrollment at the Maine Community College System has increased 50% in the last 4 years.
- Maine students are graduating with a heavy debt load – Maine ranks 7th nationally in the average size of the debt of its graduates - \$22,877.

As Table 2.1 demonstrates, the number of dollars allocated by FAME to the Maine State Grant Program has decreased from a high of \$12,059,531 in FY 02-03 to \$10,711,386 in FY 06-07. The amount of funds actually disbursed to help students also has decreased, from a high of \$12,269,003 in FY 02-03 to \$11,101,059 in FY06-07. In FY 03 state funds provided funding for full and part-time students in the Maine State Grant Program. In FY 07, state funds provided funding for full-time students only, the NextGen Program provided funding to all part-time students. This policy change allowed FAME to fund more part-time students because the law prohibits FAME from using more than five percent of state funding in the Maine State Grant Program for part-time students. Also, FAME needed to re-allocate more funds to the other education programs it administers because of the funding needs in those programs.

The amount of financial aid dollars available to Maine students has not kept pace with the rising costs of attending college and inflation. In FY 02-03, Maine State Grant dollars were awarded to 12,914 students. In FY 06-07, that number was 10,643. FAME increased the award amount for full-time students in FY 06-07 by \$200, and as a result, fewer students were awarded a grant. Only full-time students received funding from the state's Maine State Grant Program appropriation; part-time students' grants were funded by FAME using NextGen scholarship monies. FAME also increased eligibility requirements for receipt of the grant (increased the EFC levels), which resulted in an increased number of awards.

The numbers demonstrate, however, that historically the average amount of the Maine State Grant award per Maine student has remained flat or decreased since FY 02-03, despite increases in tuition costs and inflation, and despite increased efforts on the part of FAME to enhance the grant dollars and eligibility. FAME has awarded more total dollars over the years to Maine students, but has had to do so through means other than state appropriations. To meet the increasing needs of students in the face of flat funding, FAME has looked to other resources. It should be noted, however, that the continued availability of these other funding sources is not guaranteed, and, if such availability should decline or be eliminated, it is possible that less of the General Fund appropriation would be available for grants.

The average amount of the Maine State Grant award received per Maine student in FY 02-03 was \$950.05. In FY 06-07, it was \$1,043.04, a 9.8% increase, due to FAME increasing the award for full-time students by \$200 in FY 06-07 (which reduced the actual number of awards). The average financial aid award is sufficient to cover approximately 16.2% of the cost of tuition and fees at the University of Maine System per year. The award is sufficient to cover approximately 37.3% of tuition and fees at the Maine Community College System, and 12.7% of tuition and fees at Maine Maritime Academy.

2.1
FINANCE AUTHORITY OF MAINE
HISTORY OF STUDENT FINANCIAL ASSISTANCE APPROPRIATION
PORTION OF APPROPRIATION USED FOR MAINE STATE GRANT PROGRAM

	Student Financial Assistance Appropriation (SFA) (1)	Amount of the SFA Allocated to the Maine State Grant Program	Maine State Grant Dollars Awarded	No. of Students Assisted with Grants	Average Grant Award (2)	Average Cost of Tuition and Fees at the UMaine System and MCCS	Percent of Avg Tuition and Fees Covered by Avg Grant
FY91	\$ 8,094,939	\$ 4,836,875	\$ 4,732,675	8,240	\$ 574.34	\$ 1,879.50	30.56%
FY92	\$ 7,519,345	\$ 4,481,913	\$ 4,764,762	7,500	\$ 635.30	\$ 2,176.00	29.20%
FY93	\$ 7,928,654	\$ 4,960,161	\$ 4,950,981	9,088	\$ 544.78	\$ 2,261.50	24.09%
FY94	\$ 6,241,788	\$ 4,911,315	\$ 4,832,100	8,900	\$ 542.93	\$ 2,501.00	21.71%
FY95	\$ 6,657,788	\$ 5,791,956	\$ 5,539,456	9,000	\$ 615.50	\$ 2,660.00	23.14%
FY96	\$ 8,804,377	\$ 6,573,666	\$ 6,752,277	11,500	\$ 587.15	\$ 2,811.87	20.88%
FY97	\$ 8,804,377	\$ 7,047,059	\$ 6,530,985	12,699	\$ 514.29	\$ 2,924.00	17.59%
FY98	\$ 8,554,377	\$ 6,586,932	\$ 7,412,971	12,377	\$ 598.93	\$ 3,061.00	19.57%
FY99	\$ 12,566,877	\$ 10,686,293	\$ 11,482,306	12,499	\$ 918.66	\$ 3,161.00	29.06%
FY00	\$ 12,848,607	\$ 11,320,000	\$ 10,268,608	11,222	\$ 915.04	\$ 3,205.50	28.55%
FY01	\$ 13,136,534	\$ 10,764,081	\$ 11,850,376	12,631	\$ 938.20	\$ 3,318.50	28.27%
FY02	\$ 12,833,988	\$ 11,926,533	\$ 11,823,541	12,445	\$ 950.06	\$ 3,436.00	27.65%
FY03	\$ 12,816,241	\$ 12,059,531	\$ 12,269,003	12,914	\$ 950.05	\$ 3,573.00	26.59%
FY04	\$ 12,531,454	\$ 11,481,721	\$ 11,482,062	12,086	\$ 950.03	\$ 3,758.50	25.28%
FY05	\$ 12,354,867	\$ 11,105,136	\$ 11,231,752	11,822	\$ 950.07	\$ 3,943.00	24.10%
FY06	\$ 12,816,101	\$ 11,158,073	\$ 10,834,069	12,261	\$ 883.62	\$ 4,306.50	20.52%
FY07	\$ 13,061,117	\$ 10,711,386	\$ 11,101,059	10,643	\$ 1,043.04	\$ 4,614.50	22.60%

(1) FY 1991 was the first full fiscal year that FAME administered the higher education programs supported by the Student Financial Assistance appropriation. Prior to FY 1991 the programs were administered by the Maine Department of Education.

The Student Financial Assistance appropriation is funded by the General Fund to support the Maine State Grant Program, the Educators for Maine Forgivable Loan Program, and the Health Professions Forgivable Loan Program, as well as to provide operating funds to FAME for administering the programs and for outreach services. FAME has been able to access other funding sources to pay for the majority of operating costs for these programs and for outreach services; only approximately three percent of the appropriation is used by FAME to provide operational funding. The continued availability of these other funding sources is not guaranteed, and, if they should decline, or be eliminated, it is possible that less of the appropriation would be available for grants. The Student Financial Assistance Appropriation received a one-time increase of \$300,000 for the Educators for Maine Program in FY 07, which accounts for most of the increase from 2006. In 2007, FAME made the policy change to increase the grant award by \$200 and also to fund in-state students using state funds only.

(2) This figure reflects average awards, regardless of full-time or part-time status. The amount of the grant awards has changed over time, but grant awards for part-time students have always been lower than grant awards for full-time students.



3. The amounts and levels of state tax support for higher education, including state General Fund appropriations for universities, colleges, community colleges and state higher education agencies compiled by the Grapevine project at the Center for the Study of Education Policy at Illinois State University. The review team shall consider the Grapevine project data reported for the level of state appropriations for higher education as a percentage of the total state appropriations, on a per capita basis, and as a percentage of income. The review team shall also compare these state appropriation trends for Maine, for the New England states and for an appropriate set of comparison states whose demographic profile and higher education systems are reasonably comparable to the system of higher education in Maine;

Table 3.1 shows that according to the Grapevine Project, Maine ranks 32nd in appropriations per \$1,000 in personal income and 38th in appropriations per capita. The state provides \$6.05 per \$1,000 in personal income and \$196.05 per capita. These numbers are lower than the national average of \$6.59 per \$1,000 and \$241.56 per capita.

Nationwide, states reported a 2.9% average annual percentage change between FY02 and FY07 for tax appropriations (appropriation of state tax funds, excludes monies derived from non-tax sources) for higher education. That increase is higher than Maine's average increase of 1.7%. (Table 3.2)

Maine ranks 39th nationwide in personal income per capita, according to the Bureau of Economic Analysis.

These numbers do not reflect the total amount of state or government money received by institutions of higher education. They do not include funds from bonds for capital renewal projects, R&D funds, federal dollars or grants and contracts.

3.1 Ranking of States on Appropriations of State Tax Funds for Operating Expenses of Higher Education per \$1,000 Personal Income and per Capita, FY07

States	Appropriations in FY07 (\$1,000s)	Appropriations per \$1,000 in Personal Income*	Rank on Appropriations per \$1,000 in Personal Income*	Appropriations per Capita**	Rank on Appropriations per Capita**
Alabama	1,670,508	11.60	5	363.23	6
Alaska	285,361	11.53	6	425.88	2
Arizona	1,106,111	5.69	37	179.38	42
Arkansas	785,273	9.93	11	279.37	14
California	10,842,321	7.62	19	297.40	12
Colorado	680,407	3.67	48	143.14	48
Connecticut	883,116	4.98	42	251.97	23
Delaware	233,226	6.92	23	273.27	16
Florida	3,525,639	5.44	40	194.90	39
Georgia	2,208,459	7.34	20	235.85	27
Hawaii	503,627	10.81	7	391.78	4
Idaho	364,173	8.36	15	248.33	24
Illinois	2,791,287	5.67	39	217.53	32
Indiana	1,457,164	7.09	21	230.80	29
Iowa	803,998	8.06	17	269.61	18
Kansas	788,720	8.22	16	285.35	13
Kentucky	1,253,076	10.11	10	297.92	11
Louisiana	1,420,236	10.72	8	331.23	8
Maine	259,089	6.05	32	196.05	38
Maryland	1,436,393	5.77	36	255.78	20
Massachusetts	996,025	3.35	49	154.73	46
Michigan	2,074,370	6.01	33	205.47	36
Minnesota	1,400,500	7.00	22	271.04	17
Mississippi	904,205	11.64	4	310.67	10
Missouri	878,337	4.55	46	150.33	47
Montana	171,641	5.96	34	181.70	41
Nebraska	571,047	9.32	13	322.93	9
Nevada	597,852	6.45	28	239.57	26
New Hampshire	123,966	2.36	50	94.28	50
New Jersey	1,973,721	4.87	43	226.23	30
New Mexico	784,751	13.61	1	401.49	3
New York	4,866,947	5.94	35	252.09	22
North Carolina	3,373,636	11.86	3	380.92	5
North Dakota	215,031	10.37	9	338.17	7
Ohio	2,175,930	5.67	38	189.57	40
Oklahoma	956,464	8.37	14	267.23	19
Oregon	650,066	5.23	41	175.66	43
Pennsylvania	2,153,998	4.71	44	173.14	44
Rhode Island	184,466	4.61	45	172.78	45
South Carolina	859,360	6.74	26	198.87	37
South Dakota	175,817	6.57	27	224.85	31
Tennessee	1,241,782	6.36	29	205.63	35
Texas	5,457,578	6.77	25	232.16	28
Utah	701,439	9.53	12	275.07	15
Vermont	85,217	3.98	47	136.59	49
Virginia	1,856,731	6.19	30	242.94	25
Washington	1,631,059	6.87	24	255.02	21
West Virginia	387,211	7.74	18	212.93	33
Wisconsin	1,177,160	6.09	31	211.85	34
Wyoming	259,119	12.59	2	503.14	1
Totals	72,183,609	6.59		241.56	

*Personal income data are for the 2nd quarter of 2006. They are revised estimates retrieved from the Bureau of Economic Analysis, U.S. Department of Commerce, on November 16, 2006, from <http://www.bea.gov/bea/regional/sqpi/drill.cfm>

**Population data are July 2006 estimates retrieved from the U.S. Census Bureau on December 26, 2006, from http://www.census.gov/Press-Release/www/2006/statepopest_table1.xls.

[Revised December 26,2006, to reflect newly published population estimates.]

3.2: Tax appropriations for higher education, by state, FY97, FY02, FY03, FY04, FY05, FY 06, and FY 07 and average annual percent changes in state tax appropriations for higher education, by state, FY02 through FY07

States	FY 97 (\$1,000s)	FY 02 (\$1,000s)	FY 03 (\$1,000s)	FY 04 (\$1,000s)	FY 05 (\$1,000s)	FY 06 (\$1,000s)	FY 07 (\$1,000s)	Average Annual % Change, FY02-FY07
Alabama	969,377	1,118,016	1,162,194	1,167,537	1,214,820	1,407,875	1,670,508	8.6%
Alaska	172,011	204,706	212,747	217,245	235,022	252,124	285,361	6.9%
Arizona	731,907	884,175	859,059	863,472	921,520	994,751	1,106,111	4.7%
Arkansas	486,794	623,806	616,911	667,357	685,113	736,924	785,273	4.8%
California	5,990,253	9,473,522	9,312,225	8,450,942	9,030,881	10,146,382	10,842,321	3.0%
Colorado	619,055	756,809	685,529	591,511	585,288	597,454	680,407	-1.6%
Connecticut	542,350	753,681	754,768	748,226	788,372	832,019	883,116	3.3%
Delaware	148,471	186,398	188,192	190,289	203,478	216,168	233,226	4.6%
Florida	2,017,348	2,590,068	2,830,366	2,808,468	3,140,120	3,297,571	3,525,639	6.4%
Georgia*	1,302,566	1,707,734	1,900,387	1,876,628	1,927,965	2,088,286	2,208,459	N/C
Hawaii	351,127	349,231	369,649	398,836	409,727	461,171	503,627	7.6%
Idaho	241,555	323,118	309,150	313,261	325,505	350,672	364,173	2.5%
Illinois	2,119,556	2,904,184	2,763,757	2,701,159	2,685,921	2,641,164	2,791,287	-0.7%
Indiana	1,032,113	1,321,191	1,326,682	1,360,318	1,417,481	1,430,424	1,457,164	2.0%
Iowa	711,502	786,640	769,854	737,752	743,170	779,847	803,998	0.5%
Kansas	535,353	712,923	679,830	685,832	715,830	754,550	788,720	2.1%
Kentucky	707,323	1,039,117	1,071,006	1,104,797	1,119,610	1,207,616	1,253,076	3.8%
Louisiana**	645,904	997,813	1,158,608	1,208,995	1,243,910	1,242,769	1,420,236	N/C
Maine	182,383	239,002	236,390	233,695	242,971	248,223	259,089	1.7%
Maryland	844,373	1,282,883	1,216,837	1,140,033	1,175,709	1,268,850	1,436,393	2.6%
Massachusetts	825,728	1,017,564	970,780	828,405	916,345	966,366	996,025	0.0%
Michigan	1,756,823	2,257,732	2,154,247	1,984,293	1,947,745	2,012,271	2,074,370	-1.6%
Minnesota	1,091,639	1,379,832	1,323,393	1,287,455	1,273,328	1,365,500	1,400,500	0.4%
Mississippi	635,397	765,014	765,185	795,963	784,871	795,882	904,205	3.5%
Missouri	724,083	974,646	875,070	838,643	861,421	855,340	878,337	-1.9%
Montana	125,735	149,838	146,034	150,576	152,582	172,767	171,641	2.9%
Nebraska	401,750	516,248	520,769	498,854	503,545	548,353	571,047	2.1%
Nevada	238,273	346,845	370,593	483,134	518,537	559,616	597,852	11.9%
New Hampshire	82,989	107,573	111,042	112,446	115,367	117,172	123,966	2.9%
New Jersey	1,352,989	1,755,016	1,718,784	1,740,829	1,880,125	2,029,443	1,973,721	2.5%
New Mexico	487,390	605,193	609,070	644,996	671,906	705,804	784,751	5.4%
New York	2,890,949	3,602,215	3,888,127	3,752,758	4,050,883	4,390,661	4,866,947	6.3%
North Carolina	1,852,013	2,442,690	2,449,659	2,474,773	2,665,876	2,962,113	3,373,636	6.8%
North Dakota	153,815	200,401	203,801	201,545	201,545	215,031	215,031	1.5%
Ohio	1,770,184	2,084,535	2,063,714	2,071,035	2,101,592	2,111,733	2,175,930	0.9%
Oklahoma	616,700	796,312	750,656	739,651	765,829	840,072	956,464	4.0%
Oregon	478,623	617,419	553,499	590,681	585,852	623,983	650,066	1.2%
Pennsylvania	1,649,324	2,011,695	1,998,020	1,946,617	2,015,637	2,047,114	2,153,998	1.4%
Rhode Island	127,371	174,473	169,440	171,225	173,442	178,931	184,466	1.1%
South Carolina***	710,065	834,907	738,794	745,594	724,351	790,144	859,360	0.9%
South Dakota	117,401	143,163	148,976	153,281	162,939	166,602	175,817	4.2%
Tennessee	936,401	1,071,512	1,106,889	1,088,681	1,122,978	1,164,332	1,241,782	3.0%
Texas	3,191,337	5,139,663	4,831,304	4,939,809	4,800,678	5,242,541	5,457,578	1.3%
Utah	457,516	628,032	602,086	603,196	635,295	677,668	701,439	2.3%
Vermont	54,868	71,354	75,653	77,153	79,014	82,043	85,217	3.6%
Virginia	1,071,375	1,631,856	1,427,177	1,346,281	1,480,522	1,594,605	1,856,731	3.2%
Washington	1,077,410	1,370,921	1,375,574	1,344,701	1,413,097	1,536,329	1,631,059	3.6%
West Virginia	342,178	392,051	379,672	353,169	355,928	346,670	387,211	-0.1%
Wisconsin	966,966	1,194,852	1,211,419	1,114,812	1,103,602	1,131,515	1,177,160	-0.2%
Wyoming	135,034	161,917	191,958	198,634	213,738	235,415	259,119	10.0%
Totals	46,673,647	62,700,486	62,155,526	60,745,542	63,090,983	67,420,857	72,183,609	2.9%

N/C = Not Comparable

*Grapevine files prior to FY03 do not include data for the technical colleges administered by the Georgia Department of Technical and Adult Education. Therefore, the FY07 total for Georgia is not comparable with the totals for FY02 or FY97

**Grapevine files prior to FY03 do not include Louisiana appropriations for the state's Tuition Opportunity Program for Students (TOPS). Therefore, the FY07 total for Louisiana is not comparable with the totals for FY02 or FY97.

***See footnote in the full report for South Carolina, http://www.grapevine.ilstu.edu/South_Carolina_07.htm

4. The proportion of state General Fund appropriations as a source of revenue as compared to the total revenues of the University of Maine System, the Maine Community College System and Maine Maritime Academy;

In 1989, General Fund appropriations made up a significant proportion of the total revenues of higher education in Maine (Table 4.1). Those funds constituted 58% of the Maine Community College System funds, 46% of the budget of the Maine Maritime Academy and 45% of the University of Maine System revenues.

Since that time, the proportion of General Fund appropriations has steadily decreased and now make up only 42% of the MCCS funds (Table 4.2), 29% of the MMA budget (Table 4.3) and 28% of UMS revenues (Table 4.4).

Although each institution continually seeks operational efficiencies, decreasing levels of state support put more of the financial burden on Maine's families.

In order to afford a college education in the state, many students depend on financial aid of one form or another. 99.1% of all full-time, first-time, degree-seeking undergraduate students in the Fall 2005 cohort in Maine receive some form of financial aid.

The lower levels of support from the federal government and from the state are forcing some institutions of higher education to use a percentage of their general funds to provide financial aid for their students. To this point, public higher educational institutions have managed to continue supporting financial aid, but that trend cannot be continued indefinitely, as such low levels of support put pressure on the universities to raise tuition and fees.

Those increasing costs put greater pressure on family incomes and lead students to seek financial aid in the form of loans, which leads to students graduating from college with ever-higher levels of debt.

4.1 Proportion of State Appropriations to Total Revenues

Maine Public Higher Education

	State Appr. (millions)	Total Rev. (millions)	State Appr. / Total Rev.
FY89	\$141.9	\$309.7	45.8%
FY90	\$154.1	\$343.5	44.9%
FY91	\$159.3	\$361.6	44.1%
FY92	\$140.4	\$365.9	38.4%
FY93	\$144.5	\$381.4	37.9%
FY94	\$144.2	\$393.3	36.7%
FY95	\$145.3	\$402.2	36.1%
FY96	\$148.4	\$410.9	36.1%
FY97	\$154.1	\$433.8	35.5%
FY98	\$155.8	\$448.8	34.7%
FY99	\$159.9	\$479.4	33.4%
FY00	\$181.6	\$520.2	34.9%
FY01	\$195.5	\$557.1	35.1%
FY02	\$203.2	\$589.8	34.4%
FY03	\$207.1	\$638.2	32.5%
FY04	\$204.4	\$683.5	29.9%
FY05	\$212.0	\$700.3	30.3%
FY06	\$216.0	\$715.8	30.2%

4.2 Proportion of State Appropriations to Total Revenues

Maine Community College System

	State Appr. (millions)	Total Rev. (millions)	State Appr. / Total Rev.
FY89	\$17.0	\$3.0	57.9%
FY90	\$21.3	\$38.9	54.7%
FY91	\$23.1	\$41.2	56.1%
FY92	\$21.4	\$42.3	50.5%
FY93	\$21.2	\$44.1	48.1%
FY94	\$21.5	\$45.4	47.5%
FY95	\$21.7	\$47.8	45.4%
FY96	\$24.0	\$49.8	48.2%
FY97	\$26.0	\$53.4	48.7%
FY98	\$24.3	\$57.2	42.5%
FY99	\$24.8	\$61.3	40.5%
FY00	\$31.1	\$64.9	47.9%
FY01	\$35.4	\$70.5	50.2%
FY02	\$36.3	\$89.5	40.5%
FY03	\$38.0	\$83.0	45.7%
FY04	\$37.1	\$90.4	41.0%
FY05	\$39.7	\$93.4	42.5%
FY06	\$39.7	\$95.2	41.7%

4.3 Proportion of State Appropriations to Total Revenues

Maine Maritime Academy

	State Appr. (millions)	Total Rev. (millions)	State Appr. / Total Rev.
FY89	\$5.1	\$10.9	46.3%
FY90	\$5.3	\$11.5	46.3%
FY91	\$5.6	\$12.1	46.3%
FY92	\$0.0	\$8.5	0.0%
FY93	\$6.4	\$15.5	41.0%
FY94	\$6.5	\$15.8	41.0%
FY95	\$6.5	\$16.4	39.6%
FY96	\$6.5	\$15.8	41.3%
FY97	\$6.6	\$17.2	38.2%
FY98	\$6.6	\$16.8	39.5%
FY99	\$6.8	\$17.5	38.7%
FY00	\$7.2	\$17.9	40.1%
FY01	\$7.4	\$18.4	40.1%
FY02	\$7.6	\$21.2	35.9%
FY03	\$7.5	\$25.2	29.7%
FY04	\$7.7	\$24.6	31.2%
FY05	\$7.5	\$24.3	30.7%
FY06	\$7.5	\$26.4	28.6%

4.4 Proportion of State Appropriations to Total Revenues

University of Maine System

	State Appr. (millions)	Total Rev. (millions)	State Appr. / Total Rev.
FY89	\$119.8	\$269.3	44.5%
FY90	\$127.5	\$293.1	43.5%
FY91	\$130.6	\$308.3	42.4%
FY92	\$119.0	\$315.0	37.8%
FY93	\$116.9	\$321.8	36.3%
FY94	\$116.2	\$332.2	35.0%
FY95	\$117.1	\$338.0	34.7%
FY96	\$117.9	\$345.4	34.1%
FY97	\$121.6	\$363.1	33.5%
FY98	\$124.8	\$374.8	33.3%
FY99	\$128.4	\$400.6	32.0%
FY00	\$143.4	\$437.4	32.8%
FY01	\$152.7	\$468.2	32.6%
FY02	\$159.3	\$479.1	33.2%
FY03	\$161.7	\$529.9	30.5%
FY04	\$159.6	\$568.5	28.1%
FY05	\$164.9	\$582.6	28.3%
FY06	\$168.8	\$594.2	28.4%



5. The proportion of revenues received from sources other than state General Fund appropriations, including revenues from tuition, mandatory fees and room and board, revenues from the Federal Government and from other philanthropic organizations or individuals, as compared to the total revenues of the University of Maine System, Maine Community College System and Maine Maritime Academy;

State appropriations are revenues received by an institution through acts of a state legislative body, and are used for the general and educational purposes of operating an institution. They do not include grants and contracts and capital appropriations. As levels of state appropriations fall, Maine's institutions of higher learning become more dependent upon sources other than state appropriations for revenue:

- **Tuition and fees** - revenues from all tuition and fees assessed against students (net of refunds and discounts & allowances) for educational purposes.
- **Federal operating grants and contracts** - revenues from federal government agencies that are for specific research projects or other types of programs and that are classified as operating revenues.
- **State operating grants and contracts** - revenues from state government agencies that are for specific research projects or other types of programs and that are classified as operating revenues.
- **Sales and services of auxiliary enterprises** - revenues (net of discounts and allowances such as scholarships) generated by auxiliary enterprises that exist to furnish a service to students, faculty, or staff, and that charge a fee that is directly related to the cost of the service. Examples are residence halls, food services, student health services, intercollegiate athletics, college unions, college stores, and movie theaters.
- **Federal appropriations** - revenues received by the institution through acts of a federal legislative body, except grants and contracts.
- **Capital grants and gifts** - amounts received from gifts or grants primarily intended for the acquisition or construction of capital assets for the institution.

Overall, the data shows that tuition and fees are making up a higher percentage of each institution's revenue stream as state appropriations decline. (Table 5.1)

Table 5.2 shows that 42% of the Maine Community College System revenue for FY06 is made up of state appropriation, with tuition and fees comprising 18.4%

Table 5.3 shows 33% of Maine Maritime Academy revenue is from tuition and fees, with the state providing 29%.

Table 5.4 shows 28% of University of Maine System revenue is made up of state appropriations, with tuition and fees at 22%

**5.1 Public Higher Education revenue received from sources other than State Appropriations
(\$millions)**

		Tuition & fees, after deducting discounts & allowances	Federal operating grants and contracts	State operating grants and contracts	Sales and services of auxiliary enterprises	Other operating revenues	Total operating revenues	Fed. appr.	State appr.	Other Non-operating Revenues	Total non-operating revenues	Capital grants and gifts	Other Revenues	Total all revenues and other additions
FY02	Revenue	\$115.1	\$56.5	\$34.1	\$67.7	\$61.8	\$335.2	\$0.2	\$220.3	\$36.8	\$257.3	\$11.1	\$12.8	\$616.3
	% of Total Revenue	18.7%	9.2%	5.5%	11.0%	10.0%	54.4%	0.0%	35.7%	6.0%	41.7%	1.8%	2.1%	100.0%
FY03	Revenue	\$125.8	\$63.7	\$36.4	\$73.2	\$70.0	\$369.2	\$0.2	\$215.9	\$52.7	\$268.8	\$18.2	\$5.1	\$661.2
	% of Total Revenue	19.0%	9.6%	5.5%	11.1%	10.6%	55.8%	0.0%	32.6%	8.0%	40.6%	2.7%	0.8%	100.0%
FY04	Revenue	\$137.4	\$71.0	\$38.7	\$78.3	\$74.5	\$400.0	\$0.2	\$216.9	\$57.9	\$275.0	\$28.3	\$7.0	\$710.3
	% of Total Revenue	19.3%	10.0%	5.4%	11.0%	10.5%	56.3%	0.0%	30.5%	8.2%	38.7%	4.0%	1.0%	100.0%
FY05	Revenue	\$144.3	\$70.7	\$40.7	\$80.5	\$75.5	\$411.8	\$0.2	\$227.0	\$56.7	\$283.9	\$29.0	\$5.4	\$730.1
	% of Total Revenue	19.8%	9.7%	5.6%	11.0%	10.3%	56.4%	0.0%	31.1%	7.8%	38.9%	4.0%	0.7%	100.0%
FY06	Revenue	\$158.9	\$71.9	\$41.1	\$89.2	\$68.3	\$429.5	\$0.3	\$231.9	\$57.3	\$289.5	\$19.6	\$10.1	\$748.6
	% of Total Revenue	21.2%	9.6%	5.5%	11.9%	9.1%	57.4%	0.0%	31.0%	7.7%	38.7%	2.6%	1.3%	100.0%

Data: NCES-IPEDS

**5.2 Maine Community College System revenue received from sources other than State Appropriations
(\$millions)**

		Tuition & fees, after deducting discounts & allowances	Federal operating grants and contracts	State operating grants and contracts	Sales and services of auxiliary enterprises	Other operating revenues	Total operating revenues	Fed. appr.	State appr.	Other Non-operating Revenues	Total non-operating revenues	Capital grants and gifts	Other Revenues	Total all revenues and other additions
FY02	Revenue	\$13.8	\$10.5	\$2.9	\$5.0	\$4.2	\$36.5	\$0.0	\$36.3	\$3.0	\$39.2	\$3.3	\$10.5	\$89.5
	% of Total Revenue	15.5%	11.7%	3.2%	5.5%	4.7%	40.7%	0.0%	40.5%	3.3%	43.8%	3.7%	11.8%	100.0%
FY03	Revenue	\$12.7	\$12.9	\$3.2	\$6.0	\$4.3	\$39.0	\$0.0	\$35.3	\$1.0	\$36.3	\$0.9	\$2.3	\$78.5
	% of Total Revenue	16.1%	16.4%	4.1%	7.6%	5.5%	49.7%	0.0%	45.0%	1.2%	46.2%	1.1%	3.0%	100.0%
FY04	Revenue	\$15.9	\$15.4	\$4.0	\$6.9	\$5.0	\$47.3	\$0.0	\$37.1	\$0.5	\$37.6	\$0.5	\$5.0	\$90.4
	% of Total Revenue	17.6%	17.1%	4.5%	7.6%	5.5%	52.3%	0.0%	41.0%	0.6%	41.6%	0.6%	5.6%	100.0%
FY05	Revenue	\$15.1	\$15.8	\$3.9	\$6.2	\$4.8	\$45.8	\$0.0	\$39.7	\$2.0	\$41.7	\$1.3	\$4.6	\$93.4
	% of Total Revenue	16.2%	17.0%	4.1%	6.7%	5.1%	49.1%	0.0%	42.5%	2.2%	44.6%	1.4%	4.9%	100.0%
FY06	Revenue	\$17.5	\$15.5	\$3.8	\$6.7	\$4.2	\$47.7	\$0.0	\$39.7	\$0.7	\$40.3	\$0.9	\$6.3	\$95.2
	% of Total Revenue	18.4%	16.3%	4.0%	7.0%	4.4%	50.1%	0.0%	41.7%	0.7%	42.4%	0.9%	6.6%	100.0%

Data: NCES-IPEDS

**5.3 Maine Maritime Academy revenue received from sources other than State Appropriations
(\$millions)**

		Tuition & fees, after deducting discounts & allowances	Federal operating grants and contracts	State operating grants and contracts	Sales and services of auxiliary enterprises	Other operating revenues	Total operating revenues	Fed. appr.	State appr.	Other Non-operating Revenues	Total non operating revenues	Capital grants and gifts	Other Revenues	Total all revenues and other additions
FY02	Revenue	\$5.7	\$0.4	\$0.0	\$3.3	\$0.1	\$9.4	\$0.2	\$7.6	\$1.6	\$9.4	\$1.5	\$0.9	\$21.2
	% of Total Revenue	26.8%	1.7%	0.2%	15.6%	0.2%	44.5%	0.9%	35.9%	7.5%	44.4%	7.0%	4.1%	100.0%
FY03	Revenue	\$6.1	\$0.5	\$0.0	\$3.5	\$0.2	\$10.3	\$0.2	\$7.5	\$2.8	\$10.5	\$3.8	\$0.7	\$25.2
	% of Total Revenue	24.2%	2.0%	0.0%	13.8%	0.7%	40.7%	0.8%	29.7%	11.1%	41.6%	14.9%	2.8%	100.0%
FY04	Revenue	\$6.8	\$0.3	\$0.0	\$3.8	\$0.0	\$10.8	\$0.2	\$7.7	\$3.3	\$11.2	\$2.1	\$0.5	\$24.6
	% of Total Revenue	27.5%	1.1%	0.0%	15.5%	0.0%	44.1%	0.8%	31.2%	13.5%	45.6%	8.4%	2.0%	100.0%
FY05	Revenue	\$7.8	\$0.4	\$0.0	\$4.3	\$0.0	\$12.5	\$0.2	\$7.5	\$2.7	\$10.3	\$1.4	\$0.1	\$24.3
	% of Total Revenue	31.9%	1.8%	0.0%	17.6%	0.0%	51.4%	0.8%	30.7%	11.0%	42.5%	5.9%	0.3%	100.0%
FY06	Revenue	\$8.8	\$0.6	\$0.0	\$4.2	\$0.0	\$13.6	\$0.3	\$7.5	\$3.1	\$10.9	\$1.4	\$0.5	\$26.4
	% of Total Revenue	33.2%	2.3%	0.0%	16.1%	0.0%	51.5%	1.1%	28.6%	11.6%	41.3%	5.4%	1.8%	100.0%

Data: NCES-IPEDS

5.4 University of Maine System revenue received from sources other than State Appropriations
(\$millions)

		Tuition & fees, after deducting discounts & allowances	Federal operating grants and contracts	State operating grants and contracts	Sales and services of auxiliary enterprises	Other operating revenues	Total operating revenues	Fed. appr.	State appr.	Other Non-operating Revenues	Total non-operating revenues	Capital grants and gifts	Other Revenues	Total all revenues and other additions
FY02	Revenue	\$95.5	\$45.7	\$31.2	\$59.5	\$57.5	\$289.3	\$0.0	\$176.4	\$32.2	\$208.6	\$6.3	\$1.4	\$505.6
	% of Total Revenue	18.9%	9.0%	6.2%	11.8%	11.4%	57.2%	0.0%	34.9%	6.4%	41.3%	1.3%	0.3%	100.0%
FY03	Revenue	\$107.1	\$50.3	\$33.2	\$63.8	\$65.6	\$319.9	\$0.0	\$173.1	\$48.9	\$222.0	\$13.5	\$2.0	\$557.4
	% of Total Revenue	19.2%	9.0%	6.0%	11.4%	11.8%	57.4%	0.0%	31.0%	8.8%	39.8%	2.4%	0.4%	100.0%
FY04	Revenue	\$114.8	\$55.3	\$34.7	\$67.6	\$69.5	\$341.9	\$0.0	\$172.1	\$54.1	\$226.2	\$25.8	\$1.5	\$595.3
	% of Total Revenue	19.3%	9.3%	5.8%	11.4%	11.7%	57.4%	0.0%	28.9%	9.1%	38.0%	4.3%	0.3%	100.0%
FY05	Revenue	\$121.5	\$54.4	\$36.9	\$70.0	\$70.8	\$353.5	\$0.0	\$179.9	\$52.0	\$231.9	\$26.3	\$0.8	\$612.5
	% of Total Revenue	19.8%	8.9%	6.0%	11.4%	11.6%	57.7%	0.0%	29.4%	8.5%	37.9%	4.3%	0.1%	100.0%
FY06	Revenue	\$132.7	\$55.8	\$37.4	\$78.3	\$64.1	\$368.2	\$0.0	\$184.7	\$53.6	\$238.2	\$17.2	\$3.3	\$627.0
	% of Total Revenue	21.2%	8.9%	6.0%	12.5%	10.2%	58.7%	0.0%	29.5%	8.5%	38.0%	2.8%	0.5%	100.0%

Data: NCES-IPEDS

TAB 5 - REVENUE OTHER THAN GENERAL FUND

6. The amounts and levels of education subsidies, including state and federal student financial assistance, provided to resident students attending the University of Maine System, the Maine Community College System and Maine Maritime Academy as compiled from institutional expenditure data and reported annually to the Integrated Postsecondary Education Data System and from financial aid packaging reports provided to the Finance Authority of Maine;

Some of the information sought is premised on the erroneous assumption that FAME receives financial aid packaging reports annually. FAME receives no such information, and, thus, regrettably is unable to assist with this aspect of the study.

Public student financial aid falls into a number of specific categories: federal, state/local, institutional, student loan and 'any financial aid.' Table 6.1 shows the amount and level of educational subsidies students in Maine received between 2000-01 and 2005-06.

Federal grant aid is grants provided by federal agencies such as the U.S. Department of Education, including Title IV Pell Grants and Supplemental Educational Opportunity Grants (SEOG). Also includes need-based and merit-based educational assistance funds and training vouchers provided from other federal agencies and/or federally-sponsored educational benefits programs, including the Veteran's Administration, Department of Labor, and other federal agencies. In 2005-06, the average aid amount per student for UMS was \$3,002, \$3,241 for MMA and \$2,953 for the MCCS. The average federal grant aid per student has increased 31.4% since 2000-01.

Institutional grant aid includes scholarships and fellowships granted and funded by the institution and/or individual departments within the institution, (i.e., instruction, research, public service) that may contribute indirectly to the enhancement of these programs. Funds include scholarships targeted to certain individuals (e.g., based on state of residence, major field of study, athletic team participation) for which the institution designates the recipient. In 2005-2006, the average state/local grant aid per student was \$1,092 for Maine Maritime Academy (Table 6.2); \$1,284 for the Maine Community College System (Table 6.3); and \$1,130 for the UMS (Table 6.4). Since 2000-01, the average state and local grant aid has increased 8.1%

State/local grant aid includes state and local monies awarded to the institution under state and local student aid programs, including the state portion of the State of Maine Grant Program, which includes the Maine State Grant; Educators for Maine; and the Quality Child Care Scholarship programs. Additionally, FAME currently funds the NextGen Scholarship Programs through administrative fees received as part of NextGen. (Table 6.5)

Loans to students are any monies that must be repaid to the lending institution for which the student is the designated borrower. This includes all Title IV subsidized and unsubsidized loans and all institutionally- and privately-sponsored loans. They do not include PLUS and other loans made directly to parents. In 2005-06, the average student loan amount was \$3,426 for the UMS, \$4,356 for MMA and \$2,996 for the MCCS.

Since 2000-01, the amount of money students have borrowed to pay for higher education has increased 17.1%

Any financial aid includes grants, loans, assistantships, scholarships, fellowships, tuition waivers, tuition discounts, veteran's benefits, employer aid (tuition reimbursement) and other monies (other than from relatives/friends) provided to students to meet expenses. This includes Title IV subsidized and unsubsidized loans made directly to students. In 2005-06, the average aid per student was \$1,112 for the UMS, \$217 for MMA and \$452 for the MCCS. Since 2000-01, the amount of money students received in any financial aid has increased 10.2%

This data shows that the federal government and educational institutions are financing the majority of financial aid to students, with state levels providing very little of what students need to pay for higher education. Students are also taking out more loans, which means they are beginning their careers with increasing amounts of debt.

6.1 Maine Public Higher Education Financial Aid

	2000-01		2002-03		2003-04		2004-05		2005-06		% Change FY01 to FY06
	#	Ave. Aid	#	Ave. Aid	#	Ave. Aid	#	Ave. Aid	#	Ave. Aid	
Federal Grant Aid	2,595	\$2,274	2,801	\$2,767	3,058	\$2,758	3,252	\$3,281	2,734	\$2,989	31.4%
Institutional Grant Aid	2,383	\$2,856	2,490	\$2,975	2,313	\$2,448	2,579	\$2,634	2,451	\$3,748	31.2%
State/Local Grant Aid	2,247	\$1,100	2,385	\$1,206	2,181	\$1,011	2,586	\$1,235	2,287	\$1,189	8.1%
Student Loan Aid	3,345	\$2,859	3,570	\$3,035	3,711	\$3,115	4,169	\$3,329	3,775	\$3,349	17.1%
Any Financial Aid	4,474	\$807	5,011	\$836	5,093	\$812	5,482	\$850	5,387	\$889	10.2%

Data: National Center for Education Statistics

6.2 Maine Maritime Academy Financial Aid

	2000-01		2002-03		2003-04		2004-05		2005-06	
	#	Ave. Aid	#	Ave. Aid	#	Ave. Aid	#	Ave. Aid	#	Ave. Aid
Federal Grant Aid	50	\$1,778	61	\$3,118	118	\$1,580	53	\$2,905	43	\$3,241
Institutional Grant Aid	110	\$1,864	114	\$2,194	119	\$1,950	87	\$1,884	98	\$2,348
State/Local Grant Aid	49	\$1,086	66	\$1,133	54	\$937	52	\$1,360	60	\$1,092
Student Loan Aid	118	\$2,451	144	\$5,384	158	\$3,446	158	\$6,474	137	\$4,356
Any Financial Aid	118	\$123	157	\$188	162	\$210	169	\$220	156	\$217

Data: National Center for Education Statistics

6.3 Maine Community College System Financial Aid

	2000-01		2002-03		2003-04		2004-05		2005-06	
	#	Ave. Aid	#	Ave. Aid	#	Ave. Aid	#	Ave. Aid	#	Ave. Aid
Federal Grant Aid	711	\$2,158	856	\$2,788	973	\$2,626	1,342	\$3,524	938	\$2,953
Institutional Grant Aid	354	\$690	363	\$714	459	\$799	628	\$612	271	\$1,018
State/Local Grant Aid	572	\$1,122	686	\$1,272	731	\$1,167	1,144	\$1,500	890	\$1,284
Student Loan Aid	846	\$2,442	925	\$2,549	1,024	\$2,607	1,466	\$2,454	976	\$2,996
Any Financial Aid	1,157	\$302	1,401	\$319	1,562	\$393	1,921	\$607	1,606	\$452

Data: National Center for Education Statistics

6.4 University of Maine System Financial Aid

	2000-01		2002-03		2003-04		2004-05		2005-06	
	#	Ave. Aid	#	Ave. Aid	#	Ave. Aid	#	Ave. Aid	#	Ave. Aid
Federal Grant Aid	1,834	\$2,332	1,884	\$2,746	1,967	\$2,895	1,857	\$3,117	1,753	\$3,002
Institutional Grant Aid	1,919	\$3,312	2,013	\$3,427	1,735	\$2,918	1,864	\$3,350	2,082	\$4,169
State/Local Grant Aid	1,626	\$1,092	1,633	\$1,181	1,396	\$933	1,390	\$1,012	1,337	\$1,130
Student Loan Aid	2,381	\$3,027	2,501	\$3,079	2,529	\$3,299	2,545	\$3,638	2,662	\$3,426
Any Financial Aid	3,199	\$1,015	3,453	\$1,075	3,369	\$1,034	3,392	\$1,019	3,625	\$1,112

Data: National Center for Education Statistics

**6.5
FINANCE AUTHORITY OF MAINE
NEXTGEN GRANT FUNDING**

NextGen Access Scholarships

	Scholarship Dollars Disbursed	Students Assisted with Scholarships	Average Scholarship Award
FY04	\$ 453,942	539	\$ 842.19
FY05	\$ 1,094,964	1,060	\$ 1,032.98
FY06	\$ 742,908	741	\$ 1,002.57
FY07	\$ 1,788,667	2,236	\$ 799.94

NextGen Student Grant Awards

	Grant Dollars Disbursed	Students Assisted with Grants	Average Grant Award
FY04	\$ -	\$ -	\$ -
FY05	\$ -	\$ -	\$ -
FY06	\$ 1,521,912	2,143	\$ 710.18
FY07	\$ 2,433,024	3,696	\$ 658.29

In FY 2004, the NextGen College Investing Plan ® began providing grant funding to assist students with the costs of higher education. Administrative fees earned in NextGen are used to cover operational costs for administering the program, and for "program benefits" as approved by the FAME Board of Directors.

7. Data compiled by the Finance Authority of Maine on the Maine State Grant Program recipients at publicly supported institutions of higher education in the State reported as full-time equivalent students, including the average amounts of grants awarded and the average levels of unmet need for the prototypical grant recipients at each institution disaggregated by family income quartiles; and

Students apply for the Maine State Grant Program by completing the FAFSA (Free Application for Federal Student Aid). FAME receives copies of all FAFSA applications filed by Maine residents. The expected family contribution (EFC) is calculated from the information provided on the application. The funding level allocated each year determines the eligible EFC cut-off that determines which students will receive the grant award. Currently the Maine State Grant Program funds full-time students only; part-time students are funded through other resources. The average award is \$1,200. The grant money is sent directly to the educational institution on behalf of the student. FAME does not use unmet need as a determining factor for eligibility and, therefore, does not receive that information from the financial aid officers. See prior tables.

8. State-level and higher education institution data regarding family income, state tax appropriations, institutional finances, enrollments, attendance costs, student aid, and any other relevant data reported to the Integrated Postsecondary Education Data System, the National Center for Education Statistics and the United States Department of Commerce, Bureau of Economic Analysis; and be it further

The data presented in this report have covered a variety of subjects, but there are a number of themes that have emerged:

- Maine's public institutions of higher education are growing and serving students and the people of Maine. Enrollment at each institution has increased, tuition remains affordable and each of them is serving its community and contributing to the economic growth of the state.
- Overall, state appropriations have not kept pace with inflation. Funding for state higher education once made up 17% of the state general fund revenue. It now makes up only 9%, and despite the ongoing work of state institutions to find operational efficiencies, they have been forced to turn to tuition and fees to make up the shortfall. Although the amount of state support has increased, the impact of those dollars has decreased as enrollments and inflation increase, and since the increases in appropriation have not kept pace with inflation.
- State appropriations once comprised 58% of the Maine Community College System's total revenue. That number has fallen to 42%. 46% of the Maine Maritime Academy's budget was once state-funded; now it is 29%. Almost half of the University of Maine System budget (45%) was provided by the state; now it is 28%
- Students are increasingly using forms of financial aid other than state support. Federal aid in the form of grants and loans, and institutional aid have grown faster than monies provided by the state.
- According to the Grapevine Project, Maine ranks 32nd in appropriations per \$1,000 in personal income and 38th in appropriations per capita. Nationwide, states reported a 2.9% average annual percentage change between FY02 and FY07 for tax appropriations for higher education. That increase is higher than Maine's average increase of 1.7%.