

MAINE MARITIME ACADEMY

Statement of

Dr. William J. Brennan

President

Committee on Appropriations and Financial Affairs

June 30, 2020

Senators Breen, Representatives Gattine, and Members of the Committee, Maine Maritime Academy is a small coeducational college located in Downeast Maine. The school was established by act of the Maine Legislature in 1941 and I'm proud to tell you that my Dad graduated in its first class in 1943, followed by two of my uncles.

In the history of MMA, the past few months have been the most disruptive and the threats to the institution are existential. On March 18, 2020, we held an impromptu, socially-distanced celebration of the Class of 2020 on the main campus lawn and that same day we brought a halt to on-campus instruction and sent all students home. On March 23, we sent home all non-essential employees, and on March 30th we commenced on-line instruction for all of our students.

In my past appearances before you, I have told you we are a focused STEM institution offering a very specialized program of study in engineering, management, science and transportation, prescribed by the U.S. Maritime Administration and the U.S. Coast Guard. And Maine Maritime Academy is unique because we are one of only six such state-supported colleges in the country that offer this specialized program of study. We have an enrollment of about 1000 students, more than 70 percent of whom are residents of the state of Maine and approximately 60 percent of whom are in a regimental program of study.

The very nature of our federally-required program of study for the majority of our students is referred to as competency-based demonstration of knowledge, which means that our students must demonstrate their ability in-person to perform elements of their training in order to receive the US Coast Guard licenses they pursue – this cannot be done on-line and, for this reason, MMA is at a significant disadvantage in meeting the challenges presented by COVID-19.

As testament to the rigors of the program requirements and of the Academy's commitment to our students, you may have seen recent press accounts that the Academy has partnered with Puritan Medical Products and Jackson Labs to perform COVID-19 tests of our cadets and of the crew of the 500-foot training ship STATE OF MAINE who, once cleared through medical testing, will move aboard the ship next week for a six-week intensive training evolution. The cost of that alone is more than three quarters of a million dollars.

To date, the impacts of COVID-19 upon our FY20/21 budget is 16 percent. This includes revenue losses of \$4.9 million and expenses of \$1.7 million for a total financial impact to the Academy to date of \$6.6 million. The only CARES Act monies the institution has received is

\$166 thousand dollars via the Maritime Administration. The Academy has administered \$438 thousand in CARES Act pass through grant monies that went directly to students. The Academy has also received \$3.8 million in Paycheck Protection Program monies that the Academy carries on our books as a loan. Thus, the financial impacts of COVID-19 to the Academy thus far is \$2.6 million assuming the PPP Loan is ultimately forgiven by the federal government. Overall, the net effect of COVID-19 to the Academy's FY20/21 budget is a 6 percent loss. I have included a chart that lays this out in greater detail.

While we are still developing plans for the upcoming semester that will begin in late August, we anticipate that the cost of operation will be greater as we will have new expenses for acquisition of sufficient Personal Protective Equipment for all students, faculty and staff, and this will likely include COVID-19 testing of personnel and students. We also anticipate fall enrollment declines resulting in revenue losses and, given the elimination of license preparatory instruction this summer, we likely will require additional faculty instructional service through the 2020/2022 academic year.

To some, the impacts of the COVID-19 pandemic to Maine Maritime Academy pale in comparison to the dollar amounts impacting our much larger colleagues in the public higher education partnership in Maine. But we operate on a much narrower margin and the impacts upon us are profound and threaten aspects of our existence. We at the Academy – the faculty, staff and certainly our students – are appreciative of your efforts to help us address some of the obstacles we've confronted in the past, but we now face a much different landscape. I'm a realist and I know that there are serious needs that will press upon you and I simply ask that you give this very unique and iconic institution fair and equitable consideration as you address spending priorities.

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A College of Engineering, Management, Science, and Transportation

COVID-19 Related Impact

Note: Dollars in (000's)

6/29/2020

	FY19 Budget	FY20 Budget	FY21 Budget
Percentage of Operating Budget vs Revenue			
Tuition & Fees	54%	54%	54%
State of Maine Appropriation	23%	23%	23%
Auxillary Enterprise	17%	17%	17%
All Other	6%	6%	6%
Total Percentage	100%	100%	100%

COVID-19 Budget Impact

Revenue Losses	FY20	FY21	Total
Spring Room & Board Refunds/Credits	1,200		1,200
Summer Conferences, Classes, Clinics, Co-ops, CPMD	225	1,050	1,275
Fall Enrollment and Housing Projection		2,461	2,461
Total Revenue Losses	1,425	3,511	4,936

Expenses

Paid Administrative Leave (Workforce)	486		486
Room & Board for Make Up Sessions	96		96
Pier-Side Fast Cruise - TS State of Maine		760	760
COVID-19 Screening for Fast Cruise		16	16
COVID-19 Expenses	54		54
Employer Liability for FFCR (Medical Leave)		368	368
Total Expenses	636	1,144	1,780

Total Revenue Losses + Expenses	2,061	4,655	6,716
Percentage of Revenue Losses + Expenses with Budget	5%	11%	16%

CARES Act for Related Expenses MARAD			167
PPP (Paycheck Protection Program) 8 Weeks			3,857
Total CARES Act / PPP			4,024

Projected Net Total Loss			(2,692)
Projected Net Total Percentage			-6%