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LD 700

Senator Rafferty, Representative Murphy and other members of the Education and Cultural Affairs Committee,

My name is Mike Cauvel, and I am an Associate Professor of Economics at the University of Southern Maine (writing as a private citizen and not a representative of the university). As both an economist and an instructor, I believe I can offer a few different perspectives on this proposal.

When the legislature considered a similar proposal 2 years ago (LD 512), 12 Maine economists (at both public and private institutions) signed an open letter discussing the potential economic benefits of making education at our public universities more affordable for students. That letter is available here:

https://docs.google.com/document/d/1zDdG7FruJHZ7I5s_1X_eZs5Pj7i-Xyv44kgEa5OFd8M/edit?usp=sharing

These economists throughout the state are in strong agreement that this policy would be beneficial – not just for our students, but for the economy and the state as a whole. There is ample evidence that investment in public higher education is beneficial for students, the economy, and offers a positive return on investment to taxpayers.

4-year college degrees are increasingly essential for individual economic success. For example, those with a bachelor's degree earn considerably more and are substantially less likely to be unemployed than those with an associate's degree.

But the benefits of higher education extend beyond individuals to entire communities. Those with better-educated workers experience faster economic growth, lower rates of crime, and enjoy better health.

An essential role for the government is to provide services like higher education that benefit society as a whole but will be under-consumed if the costs must be paid for by individuals alone.

Maine needs a skilled workforce to attract and retain businesses, especially those that provide high-quality jobs with decent pay. Yet fewer than 36% of Mainers above the age of 25 have a bachelor's degree. This is the lowest in New England.

Although I believe reducing the cost of community college is a step in the right direction, these efforts do not go far enough. Community college is an essential component of the higher education system, but it is not designed to be a solution for every single student. These efforts are also creating some unintended side effects. Community colleges are overburdened, while Maine's public universities are facing declining enrollment and budgetary crises.

Although it would cost slightly more on a per-student basis, we can expect that these costs will be at least partially offset by the growing tax base that will come with a more skilled workforce, and reduced need for state funds to support our public universities if enrollments continue to decline.

This bill would help restore balance to our higher education system while giving students a pathway to a better quality of life, and improving the economy – generating a positive return on investment for taxpayers.

We need the state to make this investment because students increasingly can't afford to invest in higher education themselves, even though it's essential both for them and for the state as a whole.

Thank you.