

**Testimony in support of LD 1219, An Act to Increase State Funding for the Campuses of the University of Maine System and to Raise the Minimum Hourly Wage for Employees of the System**

Arthur Phillips  
April 24, 2025

Good afternoon, Senator Rafferty, Representative Murphy, and Members of the Joint Standing Committee on Education and Cultural Affairs. My name is Arthur Phillips, and I am a Policy Analyst at the Maine Center for Economic Policy. I am here to testify in support of LD 1219 so our universities can provide an excellent education, and our state can benefit from a better-educated workforce.

Higher education is a boon to graduates and Maine's economy. A more highly educated workforce is associated with higher productivity and economic growth, lower poverty rates, and better health outcomes. Workers with four-year degrees are less likely to rely on government assistance and less likely to be unemployed. The unemployment rate for Mainers with only a high school diploma is twice as high as it is for those with a bachelor's degree, while wages for high school graduates are 27% lower than for bachelor's degree holders.<sup>i</sup>

One study published by the Federal Reserve Bank of Boston found state and local governments save nearly \$35,000 for each person who completes a college degree instead of just finishing high school and pay more than \$118,000 in state and local taxes over the course of their lifetimes.<sup>ii</sup> In other words, college graduates pay far more in taxes than non-college graduates which results in significant savings to state government. Maine, however, trails our New England neighbors in terms of higher education attainment. In Massachusetts, Vermont, New Hampshire and Connecticut, more than 40% of people over the age of 25 have a bachelor's degree, while just 37% of Mainers do.

While state lawmakers have strived to limit debt burdens for students in recent years, the state's appropriation for our universities continues to lag. According to an analysis by USM economist Michael Cauvel, state appropriation for our universities has declined by 10% in real, inflation-adjusted dollars since 2008, while the share of expenses covered by either appropriations or tuition has fallen by 6 percentage points since 2018. These trends are reflected in real wage cuts for university faculty in staff and lower university appropriations compared to peer institutions.<sup>iii</sup>

Investing in higher education pays dividends to our state for years to come, and our state needs to pursue the twin goals of supporting our universities to be outstanding research and teaching institutions without burdening students with higher levels of debt. This bill would work towards those goals by three measures: it would increase the state appropriation for the University of Maine System, which helps pay the costs of running our universities without further burdening students and families through tuition hikes; it directs funding directly to campuses to ensure it is put to the best use by those closest to students and educators; and it ensures that no hourly employee earns less than 125% of the state's minimum wage, thereby making them less likely to rely on public benefits.

Last month, the legislature passed a continuing services budget for the next biennial which froze funding for the university system. Without investing more in our university system, the status quo will almost certainly lead to job loss, tuition increases, and a decline in the quality of education. Given what we know about the long-term benefits of a highly educated workforce, we urge you to invest more, now, in

our universities. While this is a challenging budget environment, the Taxation Committee is considering several proposals to make our tax code fairer for all Mainers and would allow for greater investment in this system. We urge you to support this bill and those measures to help pay for it. Doing so will pay dividends to our state for years to come.

Thank you for your consideration and I welcome any questions you may have.

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<sup>i</sup> James Myall, MECEP, “State of Working Maine 2024: Gains and Gaps in a Strong Economy,” October 2024, available at <https://www.mecep.org/jobs-and-income/state-of-working-maine-2024/>

<sup>ii</sup> Trostel, Philip A. 2008. “High Returns: Public Investment in Higher Education.” Boston: Federal Reserve Bank of Boston, available at [https://www.bostonfed.org/-/media/Documents/cb/PDF/Trostel\\_invest\\_in\\_higher\\_ed.pdf](https://www.bostonfed.org/-/media/Documents/cb/PDF/Trostel_invest_in_higher_ed.pdf)

<sup>iii</sup> Fund Maine’s Future presentation, Dr. Michael Cauvel, March 2025, on file and available by request.