

# MAINE MARITIME ACADEMY

A College of Engineering, Management, Science, and Transportation

**Craig Johnson, Chief Operating Officer, Maine Maritime Academy**

**Testimony in Support of LD 2092**

**"An Act to Equalize Funding for the Maine Maritime Academy"**

**Joint-Standing Committee on Education & Cultural Affairs**

**Wednesday, January 31, 2024**

Good morning, Sen. Rafferty, Rep. Brennan, and distinguished members of the Legislature's Committee on Education & Cultural Affairs. My name is Craig Johnson, Maine Maritime Academy Class of 1991, proudly serving as MMA's Chief Operating Officer. Thank you for considering LD 2092, "*An Act to Equalize Funding for the Maine Maritime Academy*" and this opportunity to present testimony today.

We also thank Sen. Grohoski, Rep. Foster, and LD 2092's other cosponsors for recognizing the importance of this legislation that proposes a second step toward funding parity between Maine's public higher education systems.

As you may remember, last year we presented to the Governor and Committee a white paper describing the need for updating MMA's funding, a "Glidepath to Parity". The data demonstrated then as it does now the need to increase the Academy's base funding from 24% of its operational budget to 49%, which is the average of Maine colleges within 50% of MMA's enrollment and, incidentally, consistent with the the average funding by host states to our peer competitor State Maritime Academies. We sincerely appreciate the Governor and Legislature recognizing the content of the paper and the Governor even including in her Justification Statement last year the following:

## **"Maritime Academy – Operations**

*Initiative: Provides funding to increase the state share of operational funding toward **parity** with other Maine colleges that have enrollment within 50% of Maine Maritime Academy."*

LD 2092 is Maine Maritime Academy's signature legislative project in the upcoming session, and we are pleased to already have a bipartisan group of legislators from Hancock County and beyond involved. The bill is crucial to MMA's plans to build on the Academy's success, positioning Maine as host to the *#1 Maritime College in the World*. It is crucial to MMA retaining its role as *Maine's Leadership College*.

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We would be most appreciative for your support. As you know, Maine Maritime Academy faces a funding disparity relative to its peers in the state systems of public higher education. LD 2092 is a straightforward bill to close that disparity and equip MMA with an operational budget like its peers enjoy.

Along with President Jerry Paul, I look forward to meeting with you in the coming months to discuss how MMA might work with you to build a glidepath to funding parity in the future.

The Academy has always been an engine for Maine's workforce. As a native Mainer, I'm proud to be one of the many examples of that. We know, however, there is far greater workforce potential to be realized if MMA's state share of operational funding is updated. We are committed to building MMA into an institution that Maine can rely on throughout the 21<sup>st</sup> Century and we would like to ask you to share in that vision with us.

I am honored and pleased to recognize the following persons who are in attendance today and have submitted testimony. They are here today in support of this request and the "*MMA of the Future*":

1. **Pete Vigue**, MMA Alum and Maine Central Institute graduate, former President of Cianbro who has staffed one of Maine's most storied companies with many MMA graduates over the years.
2. **Chris Oelschlegel**, MMA Alum, Kennebunk resident, and Senior Submarine Program Analyst and Program Manager at Orbis, Inc., an important contractor at Portsmouth Naval Shipyard currently partnering with MMA.
3. **Members** of the Maine State Employees Association collective bargaining unit at MMA, here with support from MSEA Local #1989.
4. **Captain Mark Winter**, Commandant of the Regiment of Midshipmen at MMA.
5. **Midshipman Rowan Kristan**, a senior at MMA who grew up in Boothbay Harbor and is currently considering multiple job offers. Mr. Kristan demonstrates the importance of this legislation to the next generation of professionals who can continue to live and work here in Maine.

LD 2092 and the discussion it will spur is an important first step in achieving this vision of Maine Maritime Academy's future. We would be honored to host you for a visit and tour of Maine Maritime Academy in Castine. In the meantime, please let me know if I can answer any questions for you regarding the bill or the Academy. Thank you for your support.

## **Background and Summary**

### **Maine Maritime Academy**

### **2024-2025 Supplemental Budget Request**

Below is a summary of Maine Maritime Academy's two (2) 2024-2025 Supplemental Budget Requests:

#### **Request #1 Operations - 0035**

	2023-24	2024-25
Baseline Budget	\$12,216,165	\$12,675,667

Initiative: Provide funding to increase the state share of operational funding to parity with other Maine colleges that have enrollment within approximately 50% of Maine Maritime Academy.

	\$13,085,724	\$13,365,582
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#### **Request #2 Debt Service – Z304**

Baseline Budget	\$2,984,519	\$3,888,875
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Initiative: Adjust debt service funding for the Curtis Hall renovation project.

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## **Operational Funding Support**

Updating the state share of operational expenses in parity with peer Maine colleges that have enrollment within +/- 50% of MMA will allow the Academy to increase its in-state enrollment and compete with other State Maritime Academies which receive between 40.5% and 51% of their revenue from their states. The funding

will allow MMA to leverage its niche brand in the global maritime industry to bring research funds to Maine in partnership with each college in the UMaine system and MCCC system. The funding will allow MMA's continued ability to produce Maine resident graduates who receive compensation at rates that afford the rising costs of staying and living in Maine to contribute to economic development, workforce development and tax revenue. Finally, the funding will facilitate MMA's goal to compete internationally to become recognized as the #1 Maritime College in the world.

See attachment "A", Outcomes and Return on Investment (ROI) for Budget Request 2023.

Maine Maritime Academy, established in 1941, is one of six (6) State Maritime Academies (along with Massachusetts Maritime Academy, SUNY Maritime Academy, California Maritime Academy, Texas A&M Maritime Academy, and Great Lakes Maritime Academy in Michigan).

MMA serves as the basis for the State of Maine to be one of only 6 states in America to host these special-purpose Academy's.

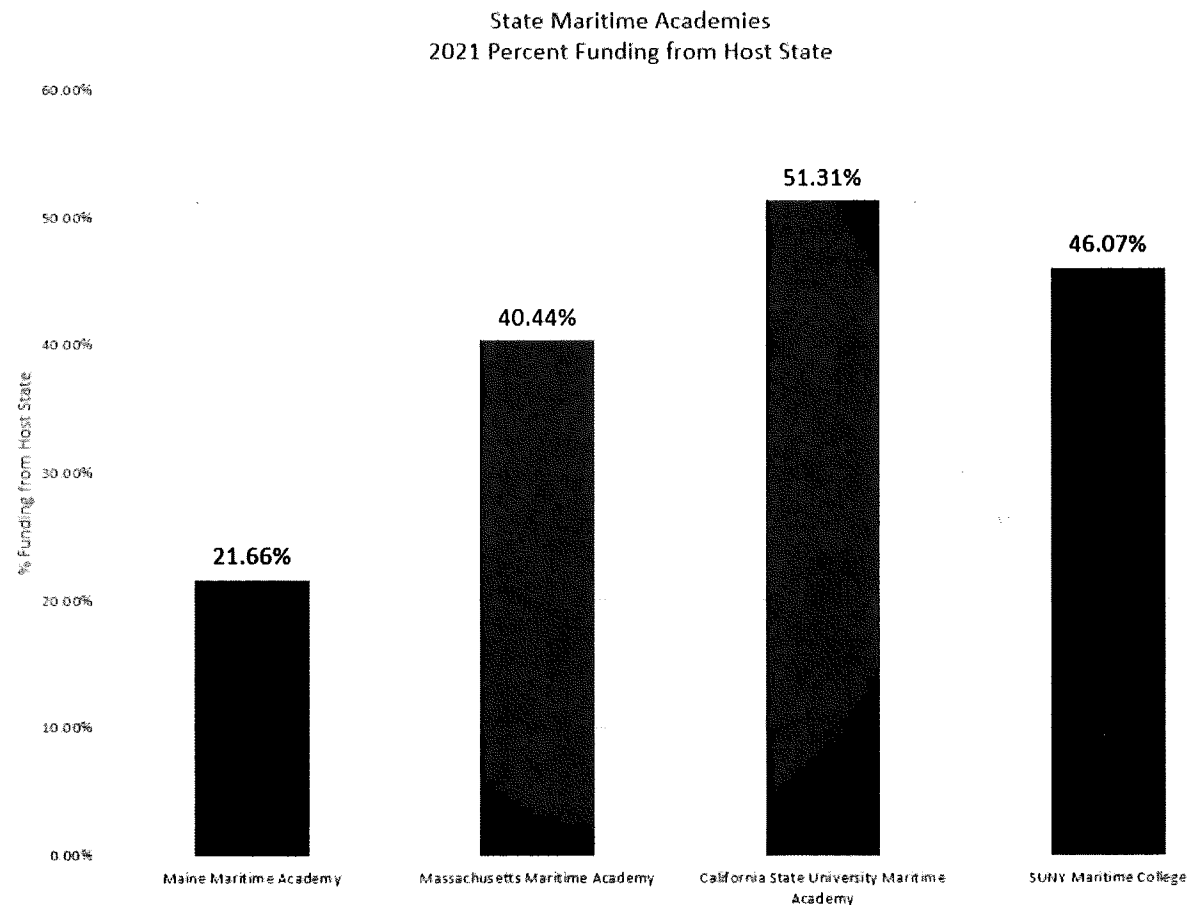
Maine Maritime Academy maintains and operates Maine's Flagship, Schooner Bowdoin, as a platform for student training, research in the Arctic, and promotion of the State of Maine.

MMA also maintains versatile and active college-based waterfront infrastructure, including vessels, which it makes available to other Maine colleges for activities necessitating waterfront activities.

These State Maritime Academies provide undergraduate and graduate degrees but also support the maritime interests of the United States. They receive some partial contributions from the U.S. Government although such funds cover only some of the costs associated with the federal programs. These are primarily partial pass-through costs of some training such as those related to the training ship (owned by the U.S. Government) on which students earn sea-time qualifying them to take examinations for a U.S. Coast Guard license. The federal government does not provide funds for costs of operating the college.

The other State Maritime Academies receive funding from their host states ranging from approximately 40.44% to 51.31%. Maine Maritime Academy, however,

receives recurring operational funding from its host state totaling 24% in Fiscal Year 2024. This results in higher tuition for MMA which impairs MMA’s ability to compete for students (including Maine residents) who may choose the other State Maritime Academies. Other State Maritime Academies are now offering a level of “in-state tuition” to out-of-state students, in part due to their comfortable levels of state funding.

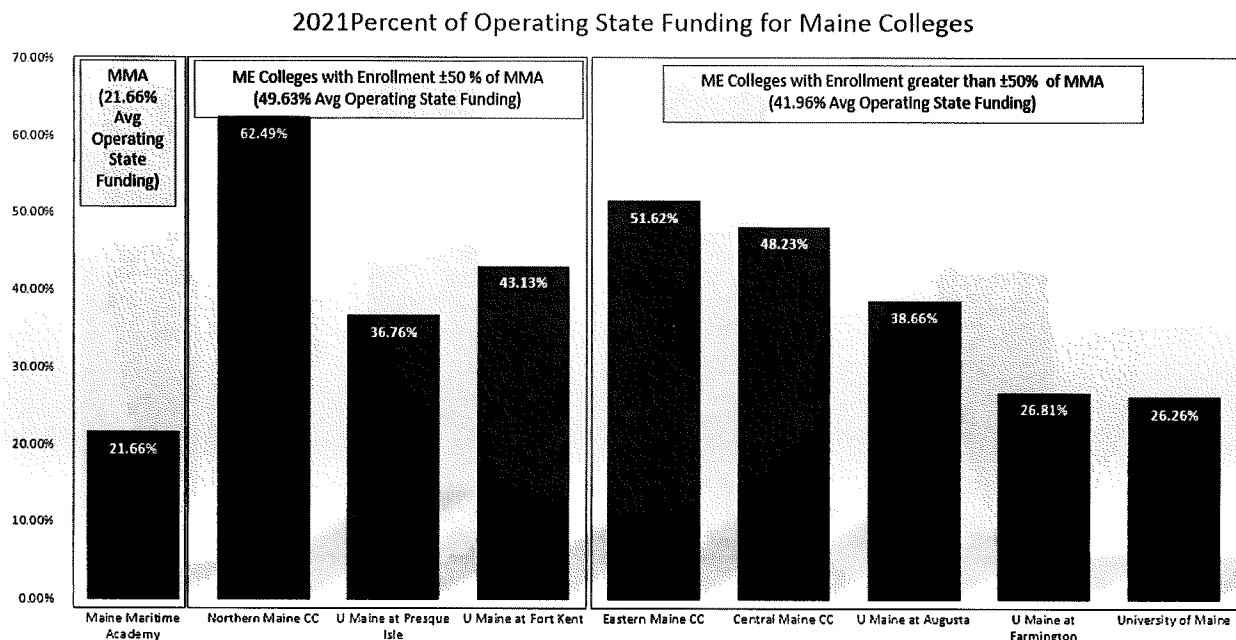


**Figure 1**

In Maine, MMA is proud to be among world class colleges of the University of Maine System and the Maine Community College System. We extend the highest possible respect and admiration to each along with appreciation for the opportunity to partner with each in ways that allow us to all maximize our collective potential. With an update to our available resources, MMA can be an even more effective partner.

MMA's peer cohort of colleges having enrollment within +/- 50% of MMA's receive, on average, 49.63% of their operational budgets from base recurring funding from the State. MMA, however, receives 24%. An analysis can be broadened to compare two categories of colleges in Maine:

- A. Maine colleges having enrollment within +/- 50% of MMA's enrollment (UMMachias, EMCC, NMCC): Based upon enrollment, this is the category that is closest to MMA as peers. The average percentage of operating budget that these colleges receive from the State is 49.63%. MMA's percentage is 25.63% (FY2024) below this rate.  
Note: If adjusted to Category 1, which is the most accurate fit by enrollment, MMA's base funding would be 49.63% of its operating budget (\$51M not including debt service) or \$ 25,301,889. This would be an increase in base budget funding to MMA of \$13,085,724.
- B. Maine colleges having enrollment that is more than 50% greater than MMA (UM So. Maine, UM Augusta, SMCC, CMCC): The average percentage of operating budget that these colleges receive from the State is 41.69%. MMA's percentage is 17.69% (FY 2024) below this rate.



**Figure 2**

The general pattern is that lower enrollment translates to a higher percentage of funding. Accordingly, MMA receives about \$12,216,165 of its \$50,981,038 operating budget from the State. The balance of MMA’s budget (approximately \$39,000,000) currently must be “made up” with additional sources, such as tuition, which promotes declining enrollment in a competitive market, reduces access to low-income Maine families, and results in additional constraints on balancing its budget.

Nonetheless, as a self-help institution with a can-do spirit, MMA has still worked hard to ensure that its students receive an education that positions them for employment at levels of compensation that allow Maine students to still afford the rising costs of Maine housing, thus allowing MMA graduates to continue raising their families in Maine and directing their income to Maine’s economy. The following are key indicators of MMA successes and challenges.

Economic Impact

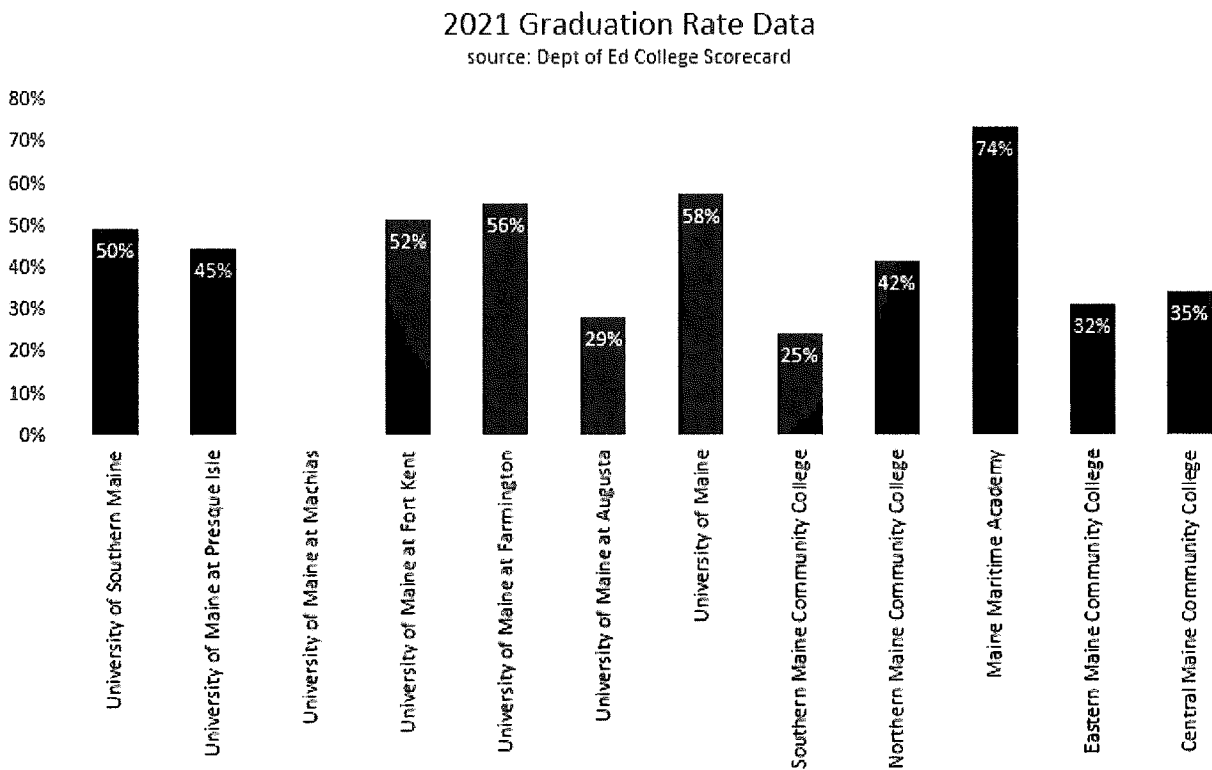


Figure 4

Tuition. The average percentage of operating budget paid by students in tuition and fees among all other Maine colleges is approximately 22%. MMA is forced to charge tuition and fees at a rate of 50%. Accordingly, MMA is driven to higher tuition (even though it

produces the highest “Return on Investment” for low-income students of any public college in America. See Georgetown University Report, below). This contributes greatly to a relatively high average annual cost to students. This contributes greatly to a higher college loan debt compared to our competing State Maritime Academies.

Hiring rate. MMA maintains exceptional hiring rates among colleges. MMA’s students are in high demand within the competitive marketplace, especially in the maritime industry.

Diversity. MMA is a special purpose college with a high percentage of STEM majors which, demographically, affects the percentage of high school students applying from varying gender and diversity sectors. Still MMA maintains one of the highest percentages of women students among other State Maritime Academies with similar special purpose STEM focus. MMA has historically been a leader in producing alumna professional women mariners including the first ever woman licensed captain of unlimited tonnage vessels. Moreover, MMA is the only State Maritime Academy that joined and maintains the NASPA (Student Affairs Administrators in Higher Education) “Culture of Respect” program focused on reducing sexual violence. Still, MMA would like to dedicate more resources toward recruiting efforts to increase the offering of MMA’s educational and training opportunities to more persons from a broader host of diverse populations, especially in Maine.

Maine Residency. MMA graduates earn compensation allowing them to afford to maintain residency, including housing costs, in Maine. For example, approximately 70% of graduates over the last 5 years remain as Maine residents, thus contributing the Maine State economy and tax base.

Graduate Earnings. Among all public colleges in Maine, MMA maintains the highest “median earnings” of its graduating students. This promotes graduates’ ability to continue affording the cost of living in Maine, continue contributing to Maine’s economy, and continue contributing to Maine’s tax base long after graduation. Many of MMA’s out-of-state students later leverage their earnings to own second homes in Maine and continue contributing to Maine’s economy and tax base.



## 2021 Median Earnings Data

source: Dept of Ed College Scorecard

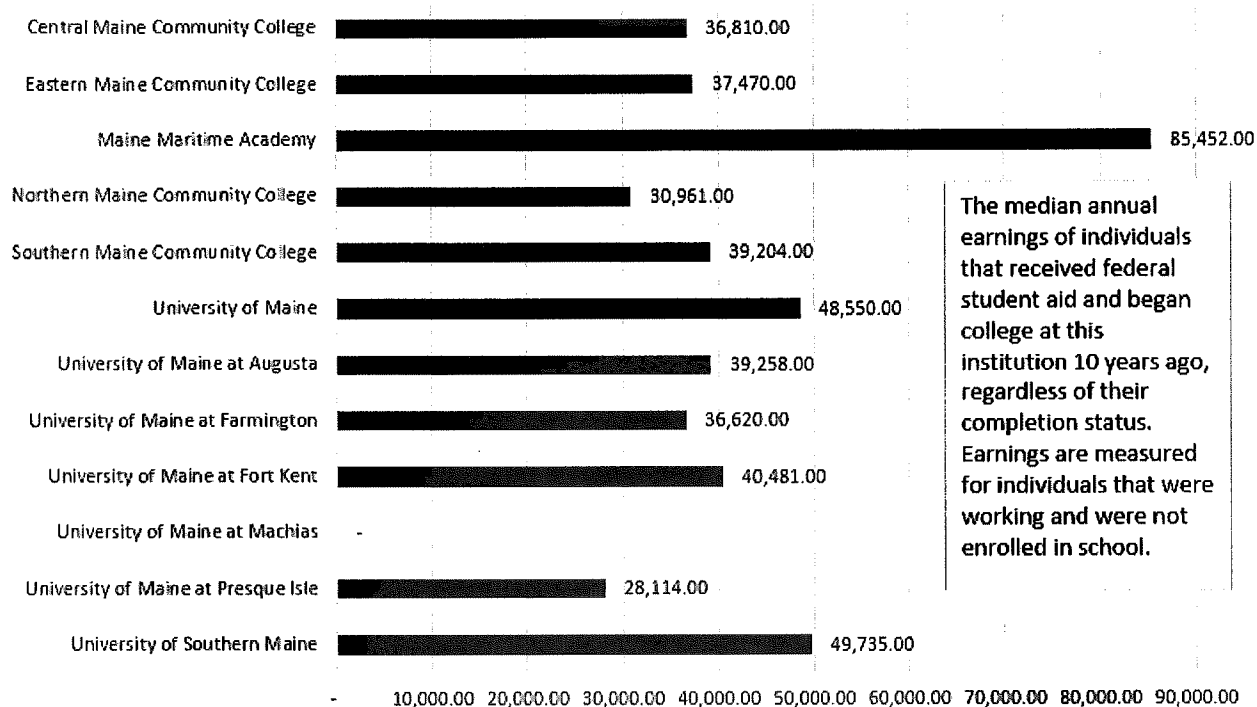


Figure 5

Return on Investment. MMA has the “highest return on investment for low-income students among all public 4-year institutions” in America. See, Georgetown University Study, *Inside Higher Education*, [https://www.insidehighered.com/news/2022/01/25/returns-investment-low-income-students?fbclid=IwAR2-NMr7s6vNgsTxKHi2I-B-EbA-z0Q\\_EpgWnQSSjab3TEkA4iG3c3xeWY4](https://www.insidehighered.com/news/2022/01/25/returns-investment-low-income-students?fbclid=IwAR2-NMr7s6vNgsTxKHi2I-B-EbA-z0Q_EpgWnQSSjab3TEkA4iG3c3xeWY4)

Faculty Support. MMA faculty are valued professionals provide world-class service within a remotely located special-purpose college that requires additional professional dedication and commitment. In addition to providing a high-caliber college education, MMA faculty perform these duties in conjunction with the logistical challenges of integrating a majority cohort of students in the Regiment of Cadets which includes many additional challenges and constraints. MMA Faculty also integrate unique hands-on training including service aboard the *Training Ship State of Maine* which provides Maine students with exposure to world travel and training across oceans. These efforts position MMA to allow Maine to be one of only 6 states in America to provide this special purpose maritime academy mission for Maine and America. Moreover, their service positions MMA to be competitive globally in the international maritime industry and

academia. These professionals are also committed to a new vision launching MMA into a multi-year effort to become recognized as the *#1 Maritime College in the World*, thus establishing the State of Maine as the world leader in maritime education.

Alumni. MMA has produced more than 10,000 graduates, the vast majority of which have been Maine residents. Currently there are 4,328 Maine Residents or property owners along with their families. MMA's alumni are some of the most successful people in Maine. Many of MMA's graduates are the most successful professionals throughout the State. MMA Alumni are generous in their giving to the Academy. However, due to the relatively small size of MMA, its alumni base is not as capable of closing the state funding gap compared with other colleges.

### Historical perspective

- MMA prides itself in being a self-help organization. For decades, MMA has operated with the lowest state percentage contribution toward its base operating budget and has not requested an increase in base recurring budgets relative to other colleges in Maine until the 2024 – 2025 biennium.

For example, in the 1980's, MMA President Ken Curtis (former Governor of Maine) pointed out in his annual report to the Maine Legislature that “[t]he Academy budget continues with difficulty to remain in balance with ... state appropriations that comprise 58% of Educational and General Expenditures.”

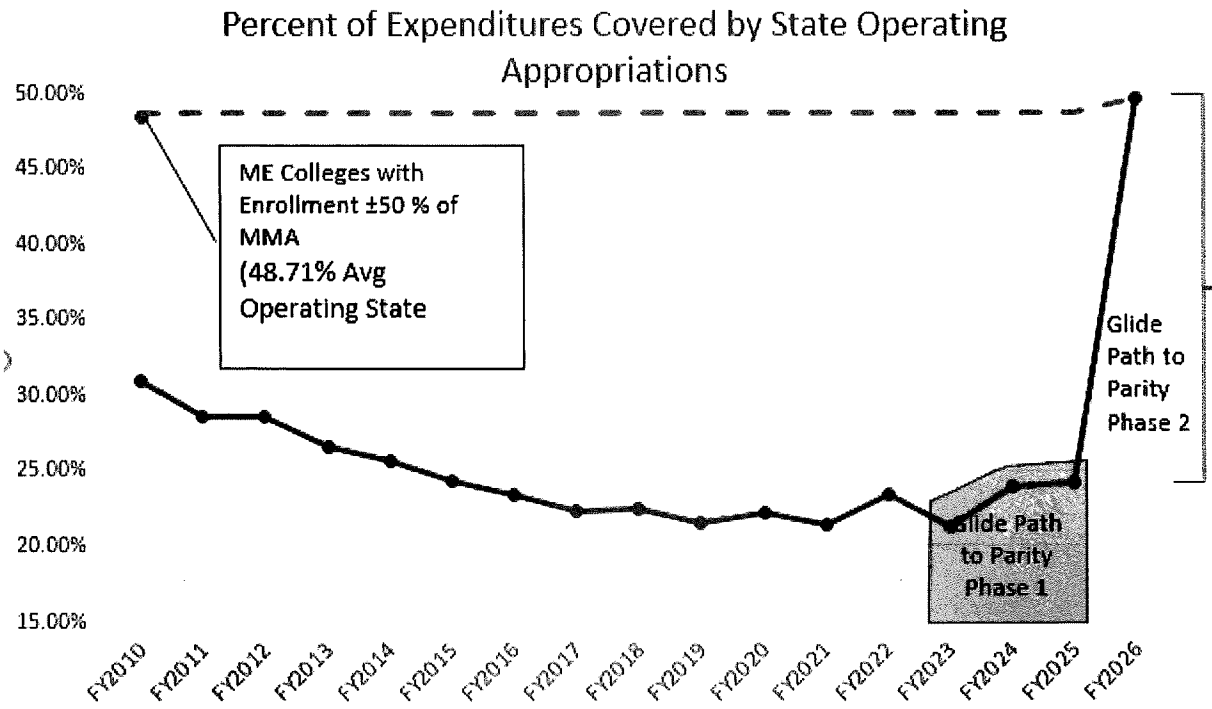
Today the percentage of state contribution toward MMA's operational budget is 24%.

Also, MARAD does not provide funds to cover the operational costs of the state maritime academies. Each state maritime academy is obligated to fund its operational costs through host state funding and other sources.

MMA's Request #1 would be a long-awaited update to place MMA's budget in relative parity with its in-state peers. The request would close much of the gap and help facilitate competitiveness within that cohort.

The funds from Request #1 would be an investment that return value to Maine through increased in-state enrollment, reduced tuition, greater contribution to Maine's economy and tax base, and generation of revenue from research funds to be shared with other colleges throughout Maine.

Maine Maritime Academy, its many Maine Alumni, and families of MMA Students would be most appreciative for the support of the Governor and the Maine Legislature in approving this budget update request.



# **FY25 Budget Highlights**

## **MMA Budget Initiatives**

- **Increase in MMA FTE Headcount from 847 to 900.**
- **Increase in MMA Associates (BIW) program from 47 to 155.**
- **Increase in MMA Graduate Program by 15%.**
- **Lead Bath Iron Works Leadership Program.**
- **Lead Portsmouth Naval Shipyard New Hire Program Pilot Program.**
- **One of the leading participants in Offshore Wind Training.**
- **CPMD in Bucksport growth of 20% from new training opportunities.**
- **Managing Overhaul of Curtis Hall.**
- **Managing New Pier Construction.**
- **Receiving New Training Vessel State of Maine in FY 25.**
- **Schooner Bowdoin sailing to the Arctic in Summer of 24.**

# FY25 Budget Highlights

## Revenue Highlights

<b>Blended Enrollment</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>
Undergraduate FTE Actual	822	839.5	847(est)
<b>Student body composition</b>			
In-State	70%	70%	65%
Out of State	20%	20%	25%
Regional	10%	10%	10%
<b>Students in Campus Housing</b>	65%	65%	65%
<b>Academic Year Credit Hours*</b>	29,938	29,749	32,695(est)
<b>UG Tuition and Fee Increase</b>			
In State	2%	2%	0%
Out of State	3%	3%	0%
Fee Increase	2%	0%	6.4%
Room increase	2%	3%	6.4%
Board (meals) increase	2%	3%	6.4%

Total income is projected to decrease by \$1.55M the FY24 budget. There is a 3% tuition rate increase from FY24. Fees, room and board increased up to 3% from the FY24 rates.

FY25 budgeted Undergraduate full-time equivalent (FTE) blended enrollment of 848 includes 260 new incoming students. Tuition revenue estimates are calculated based on the percent of the student body in each group. Room and Board (meals) revenue estimates assume 65% of the student population will live in campus housing, consistent with previous years.

FY25 is an estimated number of credit hours based on historical averages.

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\* Some courses at the Academy carry zero credits; these are not represented in the credit hours above.

# FY25 Budget Highlights

## Expense Highlights

	Filled AY 21-22	Filled AY22-23	Budgeted AY23-24	Budgeted AY24-25
<b>Staff &amp; Faculty Positions</b>				
Full-time Faculty	75	74	78	78
Part-time Instructional	54	20 <sup>†</sup>	25	25
Full-time Staff	145	151	172	172
Part-time Staff	15	15	28	28
Salary Increases	2% plus step increase per contract matrix	2% plus step increase per contract matrix	4% plus step increase per contract matrix	3.5% plus step increase per contract matrix
Health Insurance Increase	4%	5%	5%	6%

AY21-22 and AY22-23 are the number of filled staff and faculty as reported to the Integrated Postsecondary Education Data System (IPEDS) as of 11/1.

The part-time budgeted positions are an estimate as these are primarily temporary positions.

FY24 Salary & Benefits are \$28,407,406 which represents a 7% increase over FY23. This figure assumes a 6% increase in medical insurance premiums.

The Academy's labor contracts with the members of the Faculty unit, the Supervisory unit, and the Staff, Support, and Professional bargaining units expired June 30, 2023.

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<sup>†</sup> The difference between AY21-22 and AY22-23 in part-time instructional reflects a change in classification of the firefighting safety officers and instructors.