

**Testimony of Daniel W. Walker, Preti Flaherty on behalf of
the Maine Independent Colleges Association**

In Opposition to

Part CCCC of

**LD 210, An Act Making Unified Appropriations and Allocations from the General Fund
and Other Funds for the Expenditures of State Government and Changing Certain
Provisions of the Law Necessary to the Proper Operations of State Government for the
Fiscal Years Ending June 30, 2025, June 30, 2026 and June 30, 2027**

Joint Standing Committee on Appropriations and Financial Affairs

Joint Standing Committee on Education and Cultural Affairs

February 7, 2025

Senator Rotundo, Representative Gattine, and Members of the Joint Standing Committee on Appropriations and Financial Affairs, and Senator Rafferty, Representative Murphy, and Members of the Joint Standing Committee on Education and Cultural Affairs,

My name is Daniel Walker, with Preti Flaherty, and I represent the Maine Independent Colleges Association (MICA). I testify today in strong opposition to Part CCCC of LD 210 (the Biennial Budget).

MICA represents 11 independent, nonprofit colleges and universities¹ throughout Maine that serve over 32,630 students, over 7,000 of whom are from Maine. These institutions are located in municipalities of all sizes across the State, from Maine's largest city to small tourist towns and farming communities. While they share the attributes of being independent and nonprofit, these institutions are highly diverse and serve very different aspects of the needs of Maine people. Collectively, the 11 institutions are an economic engine and an integral part of Maine's Higher Educational eco-system, as well as an important part of the Maine economy. Together they:

- Directly employ over 7,180 Maine workers.
- Support 14,300 jobs for Maine workers (both direct and indirect) with earnings in excess of \$632 million.
- Operating expenditures of over \$979 million.
- Capital expenditures of over \$200 million
- Have an estimated economic impact on Maine's economy of over \$2 billion each year.
- Generated \$51,839,000 in total taxes for state and local governments.
- Contribute over \$24 million in local community service.

¹ Bates College, Bowdoin College, Colby College, College of the Atlantic, Husson University, Maine College of Art, Roux Institute at Northeastern University, St. Joseph's College of Maine, Thomas College, Unity College, and University of New England.

- Provide over \$72 million in financial aid to Maine students.
- Provide access to facilities in all of their communities
- Draw nearly 300,000 visitors to our state each year

The Maine State Grant Program was designed decades ago as a student centered program to follow the student to whatever higher education institution best served their needs. However, Part CCCC of the budget excludes students attending Maine independent higher education institutions from the Maine State Grant Program.

This part will hurt our children, our communities, our economy, and our State.

The Governor's higher education degree goal of 60% of Maine citizens will take a hit, as we drive students out of State in search of education and experiences they can't receive through Maine's public higher education institutions.

Although Maine's independent colleges received only 18% of the total Maine State Grant Program funding, which amounts to \$5 million out of a total of \$22.8 million, the loss of financial aid for these students will affect those independent schools that need these funds the most. For example,

- Husson University (\$1.8 million),
- Thomas College (\$628,000),
- University of New England (\$449,000), and
- St. Joseph's College (\$431,000)

Nearly all of Maine's independent colleges have small endowments. And even with these modest endowments, they are able to make college more affordable and offer generous financial aid, giving over \$72 million in 2023 to 4230 Maine students. Think of the Maine State Grant Program as seed money.

In this time of less and less students participating in higher education, this provision of the budget would have the detrimental effect of continuing this trend.

The Maine State Grant Program has been a very popular program for a very long time. Please consider investing more funds into it, to invest in our youth, rather than knocking out large numbers of our citizens out of this program.

Thank you. Please vote to remove Part CCCC from the Biennial Budget.

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Economic Contribution of Maine's Independent Colleges to the Maine Economy

2023

Maine's private colleges play a significant and multidimensional role in Maine's economy. Collectively in 2023, Maine's private colleges:

- Spent \$979,029,000 on operations and invested \$201,787,000 on capital expenses on their campuses
- Directly employed 7,180 people enrolled 32,630 students
- Provided 4,230 Maine students with \$72,580,000 in scholarships

Table 1: MICA Direct Spending and Employment

Operating Expenses	Capital Expenses	Direct Employment ¹	Students Served ²
\$979,029,000	\$201,787,000	7,180	32,630

As this economic activity rippled through the Maine economy, it created additional demand for goods and services. In total, Maine's private colleges supported:

- \$2,057,764,000 in total economic output in the Maine economy
- \$632,193,000 in total earnings to Maine workers
- 14,300 jobs for Maine residents
- \$1,336,115,000 in regional Gross Domestic Product, or value-add
- \$51,839,000 in state and local taxes

Table 2: MICA Total Economic Contribution to the Maine Economy

Output	Earnings	Employment	GDP	State Taxes
\$2,057,764,000	\$632,193,000	14,300	\$1,336,115,000	\$51,839,000

In addition, Maine's private colleges supported local communities by awarding 4,230 scholarships to Maine students, volunteering 142,270 hours in their local communities, and by offering community members access to meeting space, facilities, and more.

Table 3: Institution Additional Economic Benefits to the Local Community

# Scholarships to Maine Students	\$ Scholarships to Maine Students	Volunteer Hours	% Offering Access to Facilities
4,230	\$72,580,000	142,270	100%

¹ Does not include student employees.

² Includes all students, including students not currently residing in Maine; however, only students living in Maine were included in the economic analysis.

More Details

This analysis conservatively quantifies the economic contribution of Maine's private colleges, collectively and individually, from three places:

1. Spending on operations and employees: Colleges and universities are often one of the largest employers in their regions. **In 2023, Maine's private colleges spent \$979,029,000 on operations and employed 7,180 people.**
2. Spending on property and infrastructure investments: The expansion and maintenance of college facilities also supports the local economy. Construction projects, in particular, create jobs for local contractors and demand for local materials and services. **In 2023, Maine's private colleges invested \$201,787,000 in capital expenses on their campuses, including \$173,436,000 on construction projects.**
3. Student and Visitor Spending: College students also contribute significantly to the local economy through spending on housing, transportation, entertainment, and daily living expenses. The influx of students, especially in smaller towns or cities, can be a substantial source of revenue for local businesses. Likewise, visitors from outside of the region who visit the college spend money on food, hotels, recreation, and other services. These visitors may be parents of college students, alumni, or be motivated to visit the region for the sporting, cultural, and community events that colleges host. These activities enhance the cultural vitality of the community as well as boost spending in the local economy. **In 2023, students, parents, and alumni spent \$105,277,000 in the Maine economy.** (Note that this is a conservative estimate of student and visitor spending; in fact, significantly more money was spent by students and visitors but because of difficulty in collecting this data accurately, this analysis only includes a small portion of student and visitor spending.)

As this economic activity rippled through the regional economy, it created additional demand for goods and services. The total economic contribution of Maine's private colleges can be seen through four indicators: economic output, earnings, employment, and value-added (regional gross domestic product).

1. Economic Output represents the value of all goods and services produced in the region in support of the colleges' activities: **In 2023, Maine's private colleges supported \$2,057,764,000 in total economic output in the Maine economy.**
2. Earnings represents the wages and salaries paid to workers in the region who are employed directly or indirectly by the colleges or by the industries that benefit from the colleges' activities: **In 2023, Maine's private colleges supported \$632,193,000 in total earnings to Maine workers.**
3. Employment, which is defined as the number of full- and part-time jobs supported by the colleges' activities in the region. **In 2023, Maine's private colleges supported 14,300 in total jobs.** (Note that this does not include student employees.)

4. Gross Domestic Output (also called value-added), which is defined as the additional value that is created at each stage of production in the economy; that is, the difference between the total output of an industry and the intermediate inputs used by that industry. **In 2023, Maine's private colleges supported \$1,336,115,000 in regional gross domestic product, or value-add.**

Table 4: Institution Total Economic Contribution to the Maine Economy

	Output	Earnings	Employment	GDP
Operations	\$1,567,203,000	\$491,925,000	11,495	\$1,059,912,000
Capital Expenditures	\$342,292,000	\$107,427,000	1,985	\$181,309,000
Student & Visitor Spending	\$148,269,000	\$32,841,000	820	\$94,894,000
Total Economic Contribution	\$2,057,764,000	\$632,193,000	14,300	\$1,336,115,000

In addition, the wages and salaries related to the economic activities of Maine's private colleges – including earnings to their employees and the employees of the businesses who support the colleges – generate tax revenue for local and state governments. **In 2023, the earnings supported by Maine's private colleges generated \$51,839,000 in total taxes for state and local governments.**

Table 5: Taxes

Total Earnings	Income Taxes	Sales Taxes	Property Taxes	Total Taxes
\$632,193,000	\$21,492,000	\$15,806,000	\$14,541,000	\$51,839,000


Additional Economic Contributions

The economic contribution estimated in this analysis – while significant – is nonetheless conservative in that it is focused solely on spending. It does not include other important aspects of Maine's private colleges' economic contributions related to research and innovation, business incubation, workforce development, or visitors to cultural and sporting events. These contributions are an essential part of the economic value that private colleges provide but, because they are difficult to quantify, are not included in this analysis. These additional economic contributions include:

Research and Innovation: Higher education institutions serve as hubs for research and innovation, often leading to the development of new products, services, and technologies which can attract businesses and industries to the area, particularly in fields like biotechnology, engineering, and information technology.

Business Incubation and Support: Many colleges offer support to local businesses through business incubation centers, which provide resources, mentorship, and office space to startups and entrepreneurs. This helps new businesses grow and succeed, contributes to job creation, and helps diversify and regional economies.

Workforce Development: Perhaps most importantly, colleges equip students with the skills that local businesses need. This helps create a skilled workforce that is essential for local businesses. By aligning their curriculum with industry demands, colleges ensure that their graduates are ready to meet the needs of local employers, reducing training costs and increasing productivity.



Visitors to Conferences and Cultural or Sporting Events: Many colleges convene conferences, house culturally significant museums, and/or host cultural and sporting events. These activities attract overnight visitors who spend money in the local economy on accommodation, food, shopping, and other goods and services. These visitors are not included in the economic analysis above because of the difficulty in collecting accurate visitation and spending information.