

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. I am here today as a private citizen to testify in support of LD 1219.

Economists have long recognized that education is an essential public good. Although it has tremendous benefits for the individuals who receive it, one person's education also positively affects everyone else in our society. More educated societies have stronger democracies, better environmental outcomes, lower levels of crime, and stronger economies. For this reason, it's important for governments to play a large role in paying for education. If individuals are left to pay for it on their own, they will pursue less education than is socially optimal.

Unfortunately, that's what is currently happening in Maine. We're underinvesting in public higher education, and as a result we are falling behind. This is startlingly clear in the data. Relative to inflation, the state appropriation to UMS has fallen 10% since 2008, and 2022 was the lowest amount appropriated to the system. In the late 1980s, the state spent about 11% of its budget on higher education. In recent years that has fallen to about 7%.

Relative to peer institutions – universities throughout the country with similar profiles, used for the purpose of comparison in higher education – Maine's public universities receive far less in state appropriations per student than their peers. For example, University of Maine at Presque Isle's peers receive about twice as much on average from their respective states, and the University of Southern Maine would need about \$16 million more per year from the state to get a comparable amount of per student state funding.

On average, our peer institutions' states spend about \$1,400 more per student per year on public higher education. Comparing our public universities to others in New England, the gap is even larger – with the other state governments spending about \$2,000 more per student per year at similar public universities.

It's no wonder then that Maine has the lowest level of educational attainment in the region. Only 36% of Mainers have a bachelor's degree – 5 percentage points lower than in New Hampshire and 15 lower than in Massachusetts.

We need to reverse this trend. Otherwise, we are putting the state's economy at a competitive disadvantage and doing a disservice to our students and future generators of Mainers. We need to take advantage of education as an engine of economic growth. Research shows that this type of investment will more than pay for itself, as the students we educate will pay more in taxes and rely less heavily on government services – improving the budget outlook for the future.

I also support the provision of this bill that would require UMS to pay staff 125% of the minimum wage. These skilled and essential workers allow our universities to function, and they can't afford to pay for basic necessities. This is not only immoral, but inefficient. As a matter of policy, it does not save the state money if they pay public employees so little that they need to rely on public assistance programs.

Thank you.