

9-27-1978

Board of Trustees Finance Committee September 27, 1978

University Of Maine System

Follow this and additional works at: <https://digitalcommons.library.umaine.edu/bot-corp-records>



Part of the [Educational Administration and Supervision Commons](#)

Repository Citation

University Of Maine System. (date).Board of Trustees [Meeting minutes]. Raymond H. Fogler Library Special Collections Department, University of Maine, Orono, Maine.

This Minutes is brought to you for free and open access by DigitalCommons@UMaine. It has been accepted for inclusion in Corporate Records by an authorized administrator of DigitalCommons@UMaine. For more information, please contact um.library.technical.services@maine.edu.

UNIVERSITY OF MAINE
BOARD OF TRUSTEESDATE: 11/29/78

011

September 27, 1978
Fort Kent, MaineCLERK: James A. MageeFINANCE COMMITTEE

PRESENT: Chairman Artemus Weatherbee, Patricia DiMatteo, Joseph Hakanson, Susan Kominsky, James Page and Lance Wieland. Other Trustees: Francis Brown, Bernard Carpenter, John Donovan, Alan Elkins, Sawin Millett, Thomas Monaghan, Ellen Platz, John Robinson, Elizabeth Russell. Staff: Chancellor McCarthy, William Sullivan, Russell Smith, Robert Binswanger, Edward Winchester, Donald Beattie, Einar Olsen, Howard Neville. Press and Public.

Chairman Weatherbee convened the meeting. On motion made and seconded, the minutes of the committee meeting of July 19, 1978 were APPROVED as circulated.

Gifts, Grants and Awards. On motion made and seconded, the Committee voted to recommend Board acceptance of the gifts and grants.

Report of Putnam Capital Companies. Mr. Weatherbee requested that discussion of the report be deferred until the next meeting when it should be presented with additional information.

Budget Status. Mr. Sullivan reported that a year-end surplus of approximately \$400,000 is anticipated and that the audited report will be available at the November meeting.

Auditor Search. Mr. Weatherbee reported that the Audit Committee had interviewed eight firms which were interested in bidding on the audit position. Three firms had been selected as finalists and would be presenting written proposals with cost estimates for further consideration. The final selection will be made by January 30th.

Report on Faculty and Administrative Salary Study. Mr. Sullivan presented the highlights of the final report of the Study which was undertaken at the request of the Board and executed by Hay Associates, a professional consulting firm. Mr. Sullivan summarized the three major sections in the report which dealt with 1) increases in the cost of living over the past five years, 2) comparison of University faculty salaries with those paid at institutions of similar size and mission and 3) comparison of administrative salaries with those paid elsewhere. In a separate report, classified salaries have also been examined. Mr. Sullivan reported that the findings of these studies indicate that University salaries are approximately 14% lower than those paid to comparable employees elsewhere at all levels, faculty, administrative and classified.

Following Mr. Sullivan's presentation, Mr. Weatherbee opened the floor for discussion indicating that after Committee members had an opportunity to raise any questions they wished, all others would be welcome to participate to the extent time permitted. In response to a question from Mr. Page about the availability of a staff recommendation, Mr. Weatherbee replied that no salary plan would be considered at this meeting and the report of the Study was for

information only. During discussion, Mr. Weatherbee expressed reservations about the comparability of data used in the analyses and he felt it would be important to keep in mind that, with respect to other states, Maine ranks about 46th in terms of per capita income. He questioned whether some of the Hay comparisons could be considered reasonable since they were based on urban campus budgets and regional col indices. Mr. Sullivan reported that Hay had used the col index for the Boston region because no index is available for Maine alone and while there are differences between Maine and Boston in absolute levels of prices, the year-to-year changes are probably similar. Concerning the other educational systems reviewed, in addition to comparisons with other states for which data were readily available, Hay Associates conducted a detailed analysis of University positions on the basis of position content. The findings from these analyses were consistent with analysis of other data. Mr. Weatherbee thought that comparison of University positions with like positions elsewhere was a good approach and although he questioned the comparability of some of the bases, he thought it was clear that University salaries are on the low end of the scale. Mr. Page observed that by whatever standard used, the discrepancy is higher at the graduate campuses than others.

Biennial Appropriation Request. Mr. Weatherbee introduced Mr. Sullivan's presentation of the Appropriation Request noting the three major areas for consideration: employee compensation, maintenance of the physical plant and the academic reorganization of the University of Southern Maine. In his introductory remarks, Mr. Sullivan touched briefly on the perspective of University funding as a percentage of State general fund revenues, which in 1968 was 15.2% and which has declined to its present position of 8.4%. He summarized the funding needs which included:

Part I Continuation of present operations

a - Salaries, wages and fringe benefits.
any adjustment in compensation has an impact on the Appropriations Request since 84% of the E & G unrestricted budget is absorbed by employee costs.

b - Maintenance. There is a demonstrated need of \$4 million for maintenance projects over \$10,000 which cannot be met by budgeted funds or maintenance reserves.

c - Inflation in cost of goods purchased.

d - Academic reorganization at USM

Part II Program expansion and quality improvement.

Principal activities recommended for any Part II funding include improvement of access to resources for Maine citizens, health education, libraries, business education.

Mr. Sullivan reported that the staff had prepared three alternative Plans, at different funding levels, for discussion. As a point of reference, he displayed figures indicating total requirements for so called full funding for the biennium, e.g. full implementation of the Hay recommendations, completing all of the overdue maintenance projects, \$1 million for the USM Plan in each of the two years, projected inflation, and implementation of campus recommendations for new programs totaling some \$9 million over the two year period. He then described each of the alternative Plans: A, B, and C. In each of the alternative plans, funding for USM academic reorganization was listed at \$1 million in each year of the biennium and allowance for inflation of goods was incorporated as prescribed by state guidelines. In other respects the Plans were varied in the approach to compensation, maintenance and Part II programs:

Plan A approach: increase of 7% in total compensation pool;

retirement of maintenance backlog
over 8-year period

\$.5 million for Part II

Plan B approach: increasing compensation pool by 10%;

reducing the maintenance projects
over a 4 year period;

\$1 million for Part II

Plan C approach: 13% increase in compensation pool;

retiring maintenance projects in
3-year period;

\$1.5 million for Part II

Mr. Sullivan reported that the administration recommends Plan B. He completed the presentation with a review of the sources of revenue, primarily tuition and state appropriation, and the implications of the various alternatives for the Appropriation Request. He took note as well of the requirements for funding the student aid program which is a separate appropriation from the State, and which is used to match federal grant funds.

During discussion, the staff responded to questions from the Committee on the specifics of the several alternatives. In response to a question from Mr. Hakanson, Mr. Sullivan indicated that Plan B would not address all the compensation inequities identified in the Hay Study. Mr. Page inquired whether it would be possible for campuses to develop other funds to address such inequities, with Trustee permission. The Chancellor pointed out that the faculty are covered by collective bargaining and Trustee policy would be bound by state law, all faculty compensation being subject to the negotiated decision. In response

to other questions, the Chancellor indicated that existing programs were examined in the process of developing recommendations for the biennium, and about five had been eliminated. Mr. Robinson was concerned about the statistical data which portrayed the University's declining share of state revenue and he felt the charts may have been distorted. He suggested that the Board has a responsibility to consider the state's ability to pay, and that it may be necessary to limit the growth of the University. Mr. Brown explained that the data portrayed the portion of State support for public education and that the Board was endeavoring to reach an equitable balance between the cost to the students and the cost to the taxpayers. Mr. Monaghan recommended as much emphasis as possible for the maintenance problems and suggested that the final recommendation incorporate funding for maintenance at the level proposed in Plan C. After further discussion, and on motion of Mr. Page which was seconded, the Committee voted to recommend Board approval of Plan B.

Mr. Weatherbee pointed out that the Chancellor had recommended that there be no capital request for the biennium, the University to focus instead on reducing the backlog of urgent maintenance projects. Mr. Weatherbee asked the Committee to indicate its concurrence with this recommendation. Mr. Wieland asked the Chancellor why he hadn't recommended full funding for maintenance and capital needs. The Chancellor responded that the University has a responsibility to frame its Request within the level of resources available. On motion made and seconded, and with Mr. Wieland dissenting, the Committee concurred with the Chancellor's recommendation that there be no capital request for the biennium.

MPBN Appropriation Request. Mrs. Platz, Chairman of the Subcommittee on Public Broadcasting, reported that the Subcommittee had reviewed the Appropriation Request for the Maine Public Broadcasting Network, which is submitted to the Legislature as a separate item. Mrs. Platz and Station Manager Edward Winchester briefed the Committee on the major items in the Request and responded to questions on the specific details. Mrs. Platz pointed out that the state appropriation accounts for about 63% of the Network's operating funds and the balance is obtained by the Network through its fundraising efforts. There was discussion of the Part II alternatives which propose funding for transmitter replacement as a top priority and, as additional funds permit, support for WMEM, Presque Isle; establishment of a Development Department; expansion of radio coverage, production capability and program acquisition. In response to questions, Mrs. Platz and Mr. Hakanson elaborated on the proposal to establish a Development Department to improve fundraising efforts and develop the potential for support from business, industry, corporations and foundations. After further discussion and on motion of Mrs. Kominsky which was seconded, it was voted to recommend Board approval of the MPBN Appropriation Request.

Adjournment.

JoAnne R. Magill
Clerk of the Board