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Board of Trustees Finance Committee September 14, 1977

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UNIVERSITY OF MAINE
BOARD OF TRUSTEES

001

September 14, 1977
Bangor, Maine

APPROVED BY THE BOARD OF TRUSTEES

DATE: 11/29/77

FINANCE COMMITTEE

CLERK: _____

PRESENT: Chairman Robert Masterton, Francis Brown, Bernard Carpenter, Becky Fisher and James Horan. Other Trustees: Patricia DiMatteo, Stanley Evans, Susan Kominsky, and Thomas Monaghan. Staff: Chancellor McCarthy, William Sullivan, Robert Binswanger, Russell Smith and Campus Presidents, in turn, for individual budget presentations.

Mr. Masterton convened the meeting which had been called to receive reports on the individual campus budgets by the Presidents, as requested by the Finance Committee at the July meeting.

Mr. Sullivan outlined the presentation format and briefed the Committee on overall revenue and expenditure budget figures for FY 1978. He indicated that the principal increase in the revenue budget is due to higher state appropriations and the tuition increase, as well as new procedures for budgeting indirect cost recovery funds. On the expenditure side, employee compensation is the major item of increase. Mr. Sullivan recapitulated the budget review process used this year, which involved campus preparation of preliminary budgets under CO/SWS guidelines, and a detailed review of those budgets in separate meetings with officials from each campus. Mr. Russell Smith, Director of Budget and Financial Planning, briefed the Committee on several changes in budgetary practices which are effective with the FY78 budget:

1. indirect cost recovery (the University's overhead charge on contracts and grants) will be budgeted for the first time in FY 1978 in both revenue and expenditure operating accounts, as recommended by the auditors and the Audit Committee;
2. employee benefits will be distributed to campus accounts to reflect costs where they are incurred;
3. the 20% share of incentive budgeting funds which formerly went to the current fund surplus account will remain on each campus, and will be transferred at year end to the campus maintenance reserve account.

Mr. Masterton and Mr. Monaghan requested more detail on central administration budgets and Mr. Sullivan said the information would be presented at the end of the day's agenda.

University of Maine at Fort Kent. President Spath distributed a summary of campus accounts which compared figures in major budget categories for FY 1977 and FY 1978. He reviewed the major budget items taking note of the relatively minor variations from last year, which included changes in personnel/positions, an increase in the instruction budget (primary salaries), and a reduction in the motor pool budget due to fewer vehicles. He said the campus anticipates an enrollment decrease of about

8%, mostly in the freshman class, based on estimates which are still very tentative. He thought the higher tuition was one factor contributing to decrease. In response to an inquiry from Mr. Masterton concerning unfunded priorities, the President identified a need for more personnel in the basic skills center and for expanded library hours. In addition, he expressed concern for the arrested development of the campus where dorms which were planned for earlier have not been forthcoming. There are sufficient faculty, classrooms and dining facilities to accommodate a larger student body but the President said that even if there were more beds the campus could not attract additional residents without new programs and a broader mission.

University of Maine at Presque Isle. President Salwak distributed copies of the campus 1977/78 financial plan which included an enrollment profile, revenue and expenditure budget summaries and detail on reallocations. He briefed the Committee on the increases for 1978 which included funding for one-time priority items such as library acquisitions and equipment, merit promotions, inflation and student aid. President Salwak reported that the reallocations had been developed in concert with a budget study group which included faculty, students and staff which was organized to review budget priorities and make recommendations. He responded to the Committee's interest in the campus teaching schedule which incorporates regular-day programs and continuing education courses into a single day-long classroom schedule operating from 8:00a.m. to 10:00p.m., and he elaborated on the CB radio activity on campus which is utilized to communicate with the local community and prospective students about educational opportunities at UMPI. The President identified the South Hall facility as the most pressing need for more maintenance funds. In response to a question from Mr. Masterton, Dr. Salwak said that if money were available for other unfunded campus priorities, it would be desirable to establish an institute for community services which could promote grantsmanship, provide an adult educational guidance center, and identify programs of value to the community in the management/business area. Another area where more funds would be well spent, is the campus library.

University of Maine at Farmington. President Olsen distributed materials which outlined 1) increases for 1977/78; 2) the Farmington dining and residence operations and 3) external funding. He reported that employee compensation accounted for most of the budget increase. A significant share of the remaining additional dollars was used for restoration of last year's 10% budget cut, and some funds were allocated to new programs. President Olsen indicated that the first such program would be a major in health education where the first enrollment is expected in January 1978, and in response to questions from the Committee, he elaborated on program objectives and its place in the campus mission. Mr. Masterton inquired about the likelihood of reduced enrollment in teacher education. Dr. Olsen reported that reductions have already occurred and that the campus has been shifting its emphases to other program areas within its mission. Overall, enrollments are expected to remain at about the same level but for the future, UMF will focus more on special education and health related programs. There was discussion of student services, specifically financial aid and health care; athletic programs, and grant support. Mr. Brown inquired about the physical plant. The President indicated that the increased budget for this area was due primarily to increased salaries and higher energy costs and that there are serious maintenance projects which have been deferred. In response to Mr. Masterton's question about priorities for new money, if it were available, Dr. Olsen identified needs for faculty development and for funds to enable UMF to be linked with the area's cable television systems and provide educational programs for regional dissemination.

University of Maine at Portland-Gorham. President Miller distributed comparative figures for FY 1977 and FY 1978 budget accounts. He noted that Portland-Gorham had ended FY 1977 in the black and that increases for 1978 are primarily due to increases in employee compensation. He discussed changes which have been executed in response to special academic needs. There are fewer positions, overall, in the College of Arts and Sciences and the College of Education although these reductions constitute no major program change. Two positions have been added in the School of Business and Economics due to large class size. Nursing, the Law School and York County Community College services remain essentially the same and there has been some reduction in the Continuing Education Division. Minimum numbers for CE classes have been established for the first time. President Miller reported that full time enrollment for this year is almost precisely as projected; CE enrollment may have dropped off slightly but final figures are not available as yet. He pointed out that funds allocated to the physical plant are insufficient and the deferred maintenance of buildings and grounds, especially at Gorham, is a matter of grave concern. In response to Mr. Masterton's question about priorities for new money, if it were available, he indicated that repair of campus roadways, faculty development and research programs and new positions for faculty and counsellors are high priorities.

University of Maine at Augusta. President Beattie briefed the Committee on the process for budget development at UMA, noting that as a newly appointed executive he had not had time to become deeply involved in the process for FY 1978. He called attention to the budget summary and comparison data which had been distributed and took note of the several areas which will receive special attention apart from the regular operation of the campus which included 1) developmental studies, new program planning, and growth and maintenance of community college service centers, among others. He responded to specific questions concerning the comparative data, noting especially that the decrease in the Mid-Coast budget represents a consolidation of administrative costs; there has been no reduction of emphasis on outreach.

University of Maine at Machias. President Buswell distributed and discussed comparative figures for FY 1977 and FY 1978. He reported that the Lab School remains on campus but it is now operated by the Town of Machias and no funds are budgeted for the School. The transition to Town operation has been smooth and the campus still has the benefit of the School as a laboratory for teacher education. He indicated that full time enrollment has increased by six students so far, compared to a year ago; no final figures are available for Continuing Education as yet. Two areas which received additional funds this year are student counselling services and the psychology and social science area. With respect to the decrease in NDSL matching funds, Dr. Buswell explained that there is less money available to be matched which accounts for the decrease at UMM (as it does for all the other campuses in the system). In response to questions, he indicated that the apparent reduction in physical plant expenditures reflects the allocation of funds where the costs occur and that there would be an actual increase in physical plant funding for the coming year. Campus priorities for new money, if available, include clerical support for the faculty, more physical plant staff, addition of foreign languages to the social studies program and increased funding for Biological Technology. First priority for capital funding is expanded library facilities.

University of Maine at Orono. President Neville distributed the UMO Facts booklet and an outline comparing budgets for FY 1977 and 1978. He reported that enrollment will probably be up slightly over last year, with out-of-state enrollment about the same. He thought that the tuition increase had adversely affected individuals but had little or no effect on total numbers of non-residents. There was discussion of the housing situation and Dr. Neville pointed out that the demand for dorm space is greater partly because more students want to live on campus. The tripling of students in dorm rooms is no heavier than it was last year and the President indicated that there would be less than full occupancy before the school year is over. He reviewed the campus budget process and the basic changes in budget allocations for FY 1978, noting that the increase for 1978 is accounted for primarily by salary and wage adjustments. Other areas which received increased funding are athletics, which will have more money for women's programs, business administration and the libraries. Mr. Masterton inquired whether the smaller increase for the College of Education indicated that teacher education is less vital. Dr. Neville indicated that the three largest programs in the College are guidance, physical education and special education and he explained that a large number of students interested in elementary education prefer to enroll in Arts and Sciences and add on the courses needed for certification from the College of Education. The President responded to questions about the number of prospective students who apply and are accepted to Orono and he briefly discussed the distribution of merit increases for professionals for FY 1978. Mr. Masterton inquired about campus priorities for new money, if it were available, and Dr. Neville indicated that these include increased funding for the honors program to attract more merit scholars, and increased funding for cultural arts, forestry, wildlife and maintenance, particularly for energy conservation.

Chancellor's Office and System Wide Services. As requested earlier in the session, Mr. Sullivan distributed a detailed breakdown of CO/SWS expenditure budgets for Committee review. The major change from last year, aside from increases in employee compensation, is the budgeting of indirect cost recovery funds, as recommended by the Audit Committee. He reported that the principal additional expense was the establishment of an internal audit section which was staffed with two full time professionals effective September 1.

Adjournment.

JoAnne R. Magill
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Clerk of the Board