

1980

## Board of Trustees April 22, 1980

University Of Maine System

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UNIVERSITY OF MAINE  
BOARD OF TRUSTEES

Special Meeting  
April 22, 1980  
Bangor, Maine

PRESENT: Chairman Francis Brown, Bernard Carpenter, Alan Elkins, Stanley Evans, Susan Kominsky, Ellen Platz, Richard Morin, Thaxter Trafton and Artemus Weatherbee. Absent: Patricia DiMatteo, Joseph Hakanson, Thomas Monaghan, John Robinson, Elizabeth Russell. Staff: Chancellor McCarthy, William Sullivan, Russell Smith, Robert Binswanger, Mary Ann Haas.

Chairman Brown convened the meeting which was another in a series of special seminars scheduled by the Trustees over the past several months for in-depth discussion of selected topics. The subject for this meeting was the University of Maine Budget and the presentation focused on the development of the budget for the upcoming fiscal year. Mr. Brown said the subject was included in the seminar series in response to the interest of the Trustees in having more time for consideration of the budget. He reported that some of the Trustees had been able to attend an administrative meeting earlier in the month at which the Presidents presented budget recommendations based on the programmatic needs of the individual Campuses. He noted that the purpose of this meeting was to provide an opportunity for further review and discussion of the budget process in preparation for final decisions which would be made at the May meeting. Vice Chancellor William Sullivan and Russell Smith, Controller, gave the presentation which is summarized below.

University of Maine Budget.

A. Major University Activities. Mr. Sullivan outlined the major budget activities which include:

- 1). Unrestricted E & G - operating funds for instruction, research and public service, funded from tuition and fees, state appropriation and other unrestricted monies
- 2). Auxiliary Enterprises - dining hall, dormitory and bookstore services, among others, provided to faculty and staff on self supporting basis
- 3). Grants and Contracts - special purpose funds from external sources
- 4). Designated - internal research, non-credit courses and certain unrestricted gifts, etc., for which Board stipulates a specific use.

- B. Budget Cycle. Mr. Smith elaborated on the budget cycle which he identified as a continuous process with four major and somewhat overlapping phases. These include:
1. development of the State appropriations request for the biennium
  2. development of the operating budget for first year of the biennium
  3. legislative approval of biennial budget, staff planning for any supplemental requests for state appropriation in second year of biennium
  4. development of operating budget for second year of biennium
- C. Building the Budget. Mr. Sullivan described the various elements of which the budget is comprised and discussed the nature of the changes which would be recommended for FY81. He indicated that the FY81 revenue budget would be derived from the FY80 base revenue budget plus adjustments to reflect subsequent increases in state appropriations and proposed changes in tuition rates, recovery of indirect costs, temporary investment income, and workload. He said the FY81 expenditure budget would be derived from the FY80 base expenditure budget plus proposed adjustments for employee compensation, effect of inflation, new programs, student aid and maintenance. As supplemental information, Mr. Smith provided a statistical analysis of the student body and a profile of the characteristics of University employees.

During discussion Mr. Weatherbee took note of the increase in enrollment at UMO this year and inquired about the impact of the additional students on Campus housing facilities where overcrowding has been a problem. The Chancellor reported on cooperative efforts which he said were underway to relieve the situation, wherein some students, who otherwise could not be accommodated, could be placed on other Campuses which have housing available, and move to UMO after the first year or two to complete their course of study. He said the advantages to this kind of cooperative arrangement would permit full use of the smaller campuses and enrich the total experience of the participants.

Mr. Sullivan indicated that difference between available revenue and projected expenditures for FY81 is about \$2.5 million and that the budget which will be presented for action in May will include recommendations for an increase in tuition to generate the additional revenue. He recalled that at the last meeting there was discussion of tuition increases ranging from \$150 - \$190, depending on the acceptance of a proposal to shorten the academic calendar, which proposal has now been withdrawn. Therefore, the amount of the tuition increase is still to be resolved and it will depend on the campus calendars which are finally adopted and on what further adjustments can be made to the budget. He reported that the level of federal support for student financial aid will probably be reduced, placing more of a financial burden on some students. He added that since the University's costs are increasing, there is no alternative to increasing tuition although the objective will be to keep the increase as low as possible.

Mr. Sullivan reported that questions raised at the last meeting concerning the relative increases for full- and part-time students had led to an

examination of tuition assessments. He said that ultimate equity between full- and part-time tuitions could be achieved by conversion to a credit-hour based tuition method. Although a full conversion would not be possible for next year since there are still many unanswered questions, the staff will develop a more equitable resolution for the coming year, and would work on a proposal for full conversion for the future. The Chancellor said that full implementation of a per-credit-hour tuition would have to be taken on a transitional basis since there are other issues which need to be dealt with comprehensively in order to achieve full equity for part-time students. These include not only the equitable access to quality programs, faculty and library facilities which has been mandated by the "Green Book" recommendations, but also the extension of the other support services such as counselling, housing, social services, which are currently available only to full-time students. He indicated that the staff would return with a proposal for an equitable cost/services resolution for future consideration.

Mr. Sullivan reported that the budget for FY81 will also include a recommendation for increases in room and board charges and he noted that the high cost of energy has its greatest impact on the residence and dining operations. The amount of these increases will be determined at the campus level and he said it probably will be necessary to increase these charges substantially to cover the projected increase in costs.

D. Monitoring the Budget. To conclude the presentation, Mr. Sullivan briefed the Trustees on the system of monthly management reports through which budget performance is monitored at all levels, ranging from the information which is available to the managers of a single account, to the reports provided to chief financial officers, the Chancellor and Presidents, and to the Board of Trustees.

E. Tuition Discussion with Students. Following a brief recess for lunch, Mr. Brown took note of an award which had recently been conferred on President Olsen. Dr. Olsen has received a citation for leadership from the Association for the Advancement of Health Education.

Mr. Sullivan indicated that receiving student response is an important element in the budget building process, and reported on the visits he was making to all campuses for the purpose of obtaining student reaction to the budget issues. Acknowledging that there is no single set of student reactions which could be regarded as "typical," the students he talked with are concerned about the probable reduction in financial aid and the pending increases in room and board as well as in tuition although there is a general recognition that University expenses are going up and that increases are to be expected. He noted that the increases for both full-time and part-time students were lower than the increase in the cost of living since the last tuition adjustments.

The remainder of the session had been reserved for students to comment on the pending tuition increases. The first speaker was Dana Murch, President of the Student Government Association at UMA. His comments focused on the difference between full- and part-time tuition rates, a subject which he had also addressed prior to the meeting in a memo to the Trustees and the Administration. His recommendation was for a flat credit hour rate beginning Fall, 1980. He did not concur with the recommendation for a transition period, which he said

attempts to justify assessing tuition inequitably first, in order to afford the services needed for equal treatment of both full- and part-time students. He maintained that the flat credit hour rate would not result in a loss of tuition revenue at all Campuses, and he indicated that UMA's tuition revenue would be higher if tuition were charged on a credit hour basis. Mr. Murch also discussed the impact of the current method of tuition assessment which he said was inequitable for the students taking exactly 12 hours since at this break point these students are also being overcharged in relation to others. Mr. Sullivan acknowledged that the full-time students taking exactly 12 hours do pay more per credit hour taken but these students are free to take more courses without additional charge. He agreed that the single rate would be desirable but reiterated that a change to the credit hour basis will require some lead time in order to reduce the effect of the dislocations that will result.

Student Representative Eric Scharf said that students realize that the University has increased costs and that an increase is inevitable. In the interests of keeping this as low as possible, he suggested that programs and services be reviewed to determine where economies could be effected without reducing academic quality. He indicated that students are concerned about a reduction in financial aid and recommended that support for maintaining the federal program be requested from appropriate sources in Washington. Student representative Sandra Bovard suggested that across-the-board increases may not be fair at all campuses and that some Campuses may be able to effect savings which could be reflected in the rates assessed on that Campus. She spoke to the need for assigning priorities for maintaining or increasing services and for determining where cuts could be made without hurting students.

During discussion of how and where such cuts might be made, the students suggested that ways to combine services and to utilize the system for some services should be explored. With respect to athletic programs, Student Representative Jeffrey Rudom suggested that rather than cutting the program it would be possible to develop opportunities for competitions nearer the home campus which would produce savings in the costs of offering the program.

Following the presentations there was some general discussion of the issues raised, and the meeting was adjourned.

JoAnne R. Magill  
Clerk, Board of Trustees