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Board of Trustees Finance Committee March 27, 1988

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UNIVERSITY OF MAINE SYSTEM
Board of Trustees

University of Maine at Augusta
March 27, 1988

Finance Committee

PRESENT: Chairman David Flanagan, Robert Dunfey, Robert Foster, James Storer, Douglas Dunlap, Jefferson White and Robert Tracy. Other Trustees: Eve Bither, Richard Marshall, Richard Morin, Harrison Richardson. Staff: William Sullivan, Russell Smith, Richard Eustis, George Connick, Patricia Plante, James Roach, Barbara Leondar, Dale Lick, Frederic Reynolds, Michael Orenduff, Richard Hayden and Kent Price. Press and public.

Chairman David Flanagan convened the meeting.

1. Retirement Benefits for Certain Emeriti Faculty. Mr. Flanagan introduced Dr. Edgar McKay, retired faculty from the University of Maine, who had been granted permission to discuss his proposal for further adjustment to retirement benefits for faculty who retired prior to 1975. Dr. McKay was accompanied by UM Professor Melvin McClure. Dr. McKay's proposal had been provided to Committee members prior to the meeting, and he briefly outlined the major provisions which called for annual review of the benefits which, for this group, would then be tied to a cost of living index. In addition to those who retired before 1975, eligibility for the adjusted benefit would also be extended to seven additional faculty who retired after 1975, but who were not in the TIAA program. Mr. Sullivan reported in some detail on the features of the University's retirement program, past and present, and on the steps the Board has taken in recent years to improve retirement income for these particular retirees. These efforts included establishment of a supplemental pension for each, equivalent to the amount that would have been paid if the faculty had had TIAA during the individual's entire period of University employment. The University guarantees each individual in this group a minimum of \$5,000 per year in University pension income. Mr. Sullivan noted that University retirees also remain in the institution's medical plan without payment of premium for the retiree, and with one-half of the spouse's premium waived. In response to a request from Mr. Flanagan for comments on the proposal, Chancellor Woodbury suggested that

- . Adjustments for the seven faculty who retired after 1975 without TIAA could be considered;
- . Although compensation for other retirees is not indexed to the CPI, classified retirees last year were given a 15% increase in their pensions and it would be appropriate to increase the supplemental pension for these faculty by 15% to recognize the effects of inflation;

- . The Board's supplemental pension was a major step which was undertaken with the assistance of a consultant and after months of study. It might be appropriate to appoint a Trustee sub-committee to review the issues and determine whether other action is needed.

After discussion, the Committee VOTED to recommend to the Board that the 15% adjustment be authorized for the original group of pre-1975 faculty retirees. The case for the other seven faculty would be folded into a more detailed review of retirement benefits which the committee would recommend be undertaken by an ad hoc committee to be appointed by the Chairman of the Board.

2. Completion of Maine Center for the Arts. Mr. Sullivan presented the recommendation for an increase in the construction cost ceiling. Several Trustees indicated they had questions about the disposition of several claims by the contractor and further discussion and action was deferred with the understanding that these questions could be addressed in an executive session scheduled for the following day.
3. FY89 Room and Board Rates and Auxiliary Enterprise Budgets. During discussion Student Representative David Levesque reported that Representative Brian Lajoie had been involved in the development of the recommendation and that it had his support. The Committee voted to refer the item with a recommendation for approval to the full Board for action.
4. Student Fees. Mr. Levesque reported that the University of Maine Organization of Student Governments had VOTED to support the recommendation. Professor Zaner said he thought that the student referendum, mandated by the Board as a prerequisite for increased fees, had not been duly observed at USM. Mr. Tracy and Mr. Levesque attested that the requirement had been fully met at Farmington and Machias. Mr. Flanagan indicated that the recommendation would be forwarded to the Board for action but he indicated to Professor Zaner that the Committee would consider any reform of the fee approval process that he would care to propose.

Adjournment.

JoAnne R. Magill
Clerk