UNIVERSITY OF MAINE SYSTEM
Board of Trustees Meeting
at the University of Maine at Presque Isle
May 18, 2008

Finance/Facilities Committee


Absent: James Dowe, Susan Gendron, Krisandra Horn, William Johnson, Victoria Murphy, and Wayne Newell.

Trustee Wishcamper, Chair pro tem, called the meeting to order and welcomed everyone.

FY2009 Budget and Recommended Student Charges. Chancellor Pattenaude commented that the budgets of USM & UMM are being brought into balance faster than anticipated and both campuses have made great progress. The FY2009 budget reflects implementation of a strong oversight reporting structure and process that the Board has put into place. There are investments that critically impact the areas of retiree health, depreciation, and maintenance. The State Appropriation has been reduced by $3.5 million to a flat funding level and this has a direct impact on tuition increases; therefore, there is a tuition increase that is higher than we would like.

Ms. Joanne Yestramski, Chief Financial Officer and Treasurer, provided an overview of the FY2009 Budget and Recommended Student Charges. Ms. Yestramski reviewed the FY09 Financial Planning Timetable and the budget drivers. A comparison of the operating budgets for FY07 Actual, FY08 Forecast, and FY09 Proposed were discussed. The FY07 resulted in an operating increase of $15.7, FY08 had a operating decrease of $10.5, and a proposed balanced budget for FY09. The enrollment for the UMS for FY09 is projected at 25,366, a .8% decline. The weighted average for in-state tuition will increase by 10% and 9.8% for out-of-state. The weighted average total comprehensive student cost of education for FY09 is $15,598, an 8.3% increase. Financial Aid increases include 12.6% for unrestricted waivers and scholarships, 9.4% in endowed scholarships, 9.8% for PELL grants, and 16.7% for racino scholarships.

The two major budget drivers for expenses are the workforce and benefits. An estimated 139 positions will be eliminated System-wide through vacancies and lay offs. The UMS eliminated salary increases for senior administrators across the System totaling $300,000. The FY09 budgeted unrestricted FTE employees total 4,543 with an increase of 6.1% in employee benefits.

The overall debt totals $206 million with a bond ceiling of $220 million. The major capital projects in progress total $123.4 million. The UMS will continue to be a financially stable enterprise over the long run, addressing the key issues and challenges of the future through a multi-year planning process that embraces prudent financial controls, transparency, cost containment, revenue enhancement, and optimal sizing of the institutions, functions, and activities.

On a motion by Trustee Weston, which was seconded by Trustee Mitchell, the Finance/Facilities Committee agreed to forward the recommendation to the consent agenda.

Adjournment

Ellen Doughty for
J. Kelley Wiltbank, Clerk