Finance/Facilities/Technology Committee


Committee Members Absent: Tyler Hadyniak.

Trustee Fournier, Chair, called the meeting to order and welcomed everyone.

TECHNOLOGY ISSUES

Review of Projects with a Value of $250,000 or Greater. Mr. Richard Thompson, Chief Information Officer, reviewed the projects that are on schedule, behind schedule and new initiatives. He provided an update on the USDA Rural Utilities Services Grant: Distance Learning Technology Project and the Integrated Workplace Management System (IWMS) Facilities Project. The USDA project is not complete, on schedule and on budget; the IWMS continues to be on schedule and within budget.

Information Security Review. Mr. John Forker, Chief Information Security Officer, presented an information security overview including a review performed by Presidio which described the current state and a plan of action.

In 2013, the Information Security Office and the Information Technology (IT) leadership began discussions about the information security technology and processes in the data center. Collaboratively, these stakeholders through a competitive bid process commissioned Presidio, Inc. to perform a data center security review to provide a strategy to improve the security posture. This request was predicated on the concept of an IT network “architectural” review that was recommended in 2011 as part of a plan to develop the Information Security function in conjunction with the upgrade of the physical infrastructure of the data centers in Orono and Portland. Upon completion of the data center project and the establishment of a core Information Security foundation, the next step was to examine the data center information security.

Presidio completed its data center review in December 2013. Their report included 27 findings and recommendations which they grouped in five areas of risk: Configuration Management, Account Management, Data Center On-Boarding, Secure Network Engineering and Boundary Controls, and
Centralized Log Management. Some of these recommendations are primarily process oriented while others require investment in technology solutions such as firewalls.

To address the findings and recommendations, a team of IT and Information Security staff have developed a three-year plan of action for the issues presented. This UMS response includes nine separate initiatives. These initiatives are lined up over three years based on potential funding availability, ability to execute, and dependencies that the initiatives have on one another. Some of the initiatives require a substantial time investment to evaluate alternative solutions, to conduct a competitive procurement process, or to implement. The cost of the recommendations includes initial, one-time costs for equipment, $670 thousand, and recurring maintenance, $162 thousand. Because these new functions require configuring, managing and maintaining new equipment it is estimated three full-time equivalent positions in infrastructure and operations would be required. The Chief Information Officer is working with the Security Office and Vice Chancellor Wyke on funding strategy going forward.

The hazards related to information security continue to evolve as do compliance requirements, so the UMS will need to conduct periodic reviews and make future investments to remain secure.

**FACILITIES ISSUES**

**Capital Projects Status Report.** Mr. Chip Gavin, System Director of Facilities Management and General Services, explained that the Capital Projects Status Report reflects a net total of 17 projects. There is an addition of two projects, including one at UMF and one project at UMPI. The two new projects approved by the Trustees in March are UMF Dearborn Gymnasium Renovation and UMPI Folsom/Pullen Science Classroom & Laboratory Upgrades. The Trustees also approved an increase of $1.6 million to the UM Advanced Structures and Composites Center Expansion. The Finance/Facilities/Technology Committee approved an increase of $665 thousand to UM Field House/Memorial Gym Complex.

**Cutler Health Center University Volunteer Ambulance Corps (UVAC) Bay Expansion, UM.** Mr. Gavin, Ms. Janet Waldron, former UM Senior Vice President for Finance and Administration and Mr. Dan Sturrup, UM Director of Auxiliary Operations explained that the University of Maine requested approval to expand the footprint of the ambulance bay at Cutler Health Center by approximately 670 square feet to provide additional space for the two ambulances used by the University Volunteer Ambulance Corps (UVAC). The expansion will be completed through a construction project expected to cost approximately $180,000. It will be funded with UVAC E&G carry forward and reserves set aside for capital purchases. The project will increase operating costs by approximately $450 per year for heat and electricity. The increased utility costs will be paid for by increased UVAC revenue associated with the second ambulance.

This item is before the Committee because the ongoing Administrative Review in Facilities Management suggested and the Board of Trustees agreed in March 2014 that all increases in facility space should be presented to the Committee for consideration. As such, it represents a change in management practice in keeping with the Administrative Review. No Board policy requires this consideration. The scale, cost and other particulars of this project would not have resulted in consideration by the Committee but for the change in management practice under the Administrative Review. Changing practice but not policy on this point is intended to give management the operational flexibility that may be necessary in this area during this period of the Administrative Review.
An enclosed garage in close proximity to the Cutler Health Center, where UVAC is located, is essential for the new ambulance in order for it to provide the most efficient and effective service. No other similar space exists elsewhere on the campus and the existing bay is too small to service both ambulances. The proposed addition will fill in on either side of the existing bay to allow a double bay for both of these ambulances. The expanded bay will allow for supplies to be located in one central location, and by being in a climate controlled space the on board medical supplies and medicines will be able to remain in the vehicles allowing for a quick response.

On a motion by Trustee Turner, which was seconded by Trustee Collins, the Finance, Facilities and Technology Committee approved the project to expand facility space by approximately 670 square feet at the Cutler Health Center for storing ambulances and operating the University Volunteer Ambulance Corps at the University of Maine, as amended to include the square footage offset.

**University of Maine Museum of Art (UMMA) Lease Extension, UM.** Ms. Waldron, Mr. Peter Ventre from Corporate Finance Associates, and Mr. George Kinghorn, Director of the UMMA, explained that the University of Maine requested approval of an extension and expansion of the lease agreement with Eastern Maine Development Corporation, current owner of Norumbega Hall in Bangor, Maine, home of the University of Maine Museum of Art.

This matter is before the Committee pursuant to Board of Trustee Policy 801 which requires Board or Committee approval of any lease valued at more than $100,000 or with a term of more than 5 years. The cost of this lease for base rent (exclusive of operating costs) is estimated at $1,460,739 for the initial 15 year term or an average of approximately $97,000 annually, which is an increase from the current below market annual base rent cost of $20,000.

Additionally, increases in facility space now are presented to the Committee for consideration per the ongoing Administrative Review in Facilities Management. The interim report, approved in concept by the Board of Trustees in March, 2014, asked the University to adopt processes such that any project which would result in any net increase in the University of Maine System’s footprint, including new leases or renewals, would be considered by the Finance, Facilities and Technology Committee of the Board of Trustees or the full Board of Trustees before being authorized. The current request involves an increase of about 2,000 square feet or 16 percent in the amount of space leased at this location. Utility costs would be expected to increase by approximately $3,200 annually.

Regarding the request, the museum in November of 2002 moved into newly renovated space in the ground floor level of Norumbega Hall in Bangor Maine. Combined, the University and the City of Bangor invested $955,000 in the renovations. The University has leased this space since July 1, 2001. The current lease expires on June 30, 2016.

UMMA has three objectives with regard to this request and its space requirements:

1. Secure long term control over UMMA’s space. UMMA is vulnerable to losing its current location, which it only controls through June 30, 2016;
2. Minimize UMMA’s occupancy costs;
3. Relocate the fine arts storage from the stream level to the top floor to ensure appropriate climate and stewardship.

UMMA is seeking to renew the lease for its current space for an additional 15 years with two additional five year options. Further UMMA wishes to secure additional fine arts storage space. This additional space will alleviate current overcrowding of the art work and allow UMMA to utilize best practices in
storing the most valuable works of art by increasing art storage capacity to meet the current and future growth of the collection.

UMMA’s fine arts collection has grown significantly over recent years and will continue to grow as items are donated and acquired. Accommodating dedicated fine arts storage space and the associated common and staff space is reflected by an increase in space in this lease of 1,955 square feet. UMMA currently enjoys a below market lease rate paying approximately $20,000 annually for its space of approximately 12,212 gross square feet. This is approximately $1.65 per square foot in base rent. After careful consideration of local lease market rates and an assessment provided by Corporate Finance Associates (CFA) of Portland, Maine, a proposed term sheet was drawn up for review and approval by EMDC.

The University wishes to complete the lease agreement by July, 2014 in order to secure UMMA’s future in downtown Bangor. The Art Museum has become an important educational hub stimulating economic development, visibility, and access to the University and University faculty.

The additional cost to the University for the lease and utilities will be covered by one time funds in FY2015 and annually adjusted into the Art Museum’s base budget in subsequent years as required. The square footage rates as negotiated remain below market value for Class A and B space in the Bangor area.

It is expected that the University will incur a one-time cost to improve the space. The capital improvement will provide a contained environment with proper climate controls and is expected to cost approximately $210,000. This will be funded with one time funds from the University. In addition, the art museum will contribute up to $200,000 from its restricted funds to add in a rolling rack storage system. These funds have been set aside by the museum for this purpose in order to ensure proper preservation of the art work. Combined, these upgrades are intended to meet the long-term storage and stewardship needs for the growing collection.

On a motion by Trustee Mitchell, which was seconded by Trustee Turner, the Finance/Facilities/Technology Committee authorized the University of Maine System to enter a lease for 15 years beyond its current term plus optional extensions and to expand by approximately 2,000 square feet the amount of space in its lease at Norumbega Hall in Bangor to house the University of Maine Museum of Art subject to review and approval of final terms and conditions by the Treasurer and General Counsel, as amended to include the square footage offset.

**Housing Initiative, UMA.** UMA President Allyson Handley and Mr. Tim Brokaw, UMA Vice President of Finance and Administration, explained the housing initiative for the University of Maine at Augusta. UMA offers some unique academic programs that are attractive to students from outside the Augusta region and, in some cases, outside of the state of Maine. UMA believes, and information from prospective students suggests, the lack of housing on campus and limited options in the local market have and are adversely impacting enrollments, particularly for certain programs such as the Bachelor in Architecture program and the recently approved Aviation program.

UMA has researched various remedies, such as building and operating a facility on campus, having a private party own and operate a facility off-site, and potentially partnering with other University campuses where housing already is available. In 2011 the University of Maine at Augusta received a Strategic Investment Fund grant to study housing options in the Augusta area. The University used the funds to engage consultant Frank O’Hara to research public/private housing options in and around the
Augusta campus. In doing his research, Mr. O’Hara sought out developers and contractors who might be interested in renovating or constructing housing for up to 70 students (70 beds), that would be owned and managed by the developer, and available to UMA students. The results of the study indicated that there may be a limited number of developers and property owners in the Augusta area that might have interest in this type of arrangement. UMA has also been contacted by another property owner with an interest in helping to provide an acceptable housing option to UMA students.

UMA is aware of the financial and facility challenges facing the University of Maine System and, based on its research to this point, strongly prefers a model in which the housing is off-campus, owned and managed by an external entity and in which the relationship is primarily between the student tenants and the property owner, with lesser involvement by the University. The University’s involvement might be limited simply to sharing information with students about housing availability.

To date, no actionable solution has emerged. To gauge the level of interest and in accordance with University practices, UMA as a next step is going to conduct a publicly-advertised process to solicit interest and ideas from potential developers. UMA has been working with the University procurement staff and plans to release a public solicitation as soon as May 2014. All submissions would be reviewed for compliance and evaluated by the University to determine if the proposal meets the needs of UMA students. This information is being presented to the Committee to alert trustees to UMA’s initiative, which does not fit the traditional facility project approval process.

**Forestry Geographic Information System Technologies Lab, Nursing Lab Renovations and Teleconference Center Upgrade, UMFK.** UMFK President Wilson Hess and Mr. John Murphy, UMFK Vice President for Administration, explained that the University of Maine at Fort Kent requested approval to spend up to $1.2 million in General Obligation Bond Funds approved by voters in November 2013 to renovate science laboratories, make technology upgrades and other improvements in Nadeau Hall, Cyr Hall and the former Armory Building on the Fort Kent campus to benefit primarily the Nursing and Forestry programs. This project does not increase the amount of facility space at UMFK.

This project includes $350,000 for the relocation of the Forestry Geographic Information System Technologies (GIS lab) to the former Armory. It will provide a design-built laboratory to meet the needs of the Forestry Industry, as well as provide an updated classroom. This move will place the Forestry Program in the building containing our new Biomass Plant and make better use of the space.

This project also includes $700,000 for equipment and renovations to expand the Nursing Laboratory to a 10-bed unit suite complete with mock oxygen and suction setup, IV pumps, and cardiac monitors. Simulation equipment will also be purchased to provide a more lifelike hands on experience. Additionally $100,000 will be used to upgrade the Nadeau Teleconference Center that is heavily used by the Nursing Students. The project also includes $12,000 for the percent for art program and a $38,000 set aside for contingencies.

On a motion by Trustee Turner, which was seconded by Trustee Medd, the Finance/Facilities/Technology Committee agreed to forward the expenditure of up to $1,200,000 for the purchase of equipment and renovation to Nadeau Hall and Cyr Hall for the enhancement of the Nursing Program, as well as, equipment purchase and renovation of the former Armory Building to relocate and enhance the Forestry Program to the Consent Agenda at the May 18-19, 2014 Board of Trustees meeting for approval.

**Powers Hall Exterior and Masonry Increase, UMM.** Mr. Gavin and UMM President Cynthia Huggins explained that the University of Maine at Machias anticipates increases in the cost of the...
recently approved Powers Hall Exterior and Masonry renovation project. The cost of the roof portion of this project and previously unknown hazardous material abatement will increase the cost of this project. The project already is approved for up to $680,000 for the repair of the masonry and exterior of Powers Hall.

**Bailey Hall Science Laboratories, USM.** Mr. Dick Campbell, USM Chief Financial Officer, explained that the University of Southern Maine requested approval to spend up to $1.25 million of General Obligation Bond Funds approved by voters in November 2013 to renovate general purpose science laboratory space at Bailey Hall on the Gorham campus.

Bailey Hall rooms 109, 110 and 111 are general purpose science labs used by multiple disciplines. Primarily, these rooms are used to provide 100 level introductory science courses for Science Exploration, Astronomy, Geology and Environmental Science. The building and labs were constructed in 1958. These 56-year-old labs have never been renovated. The University of Southern Maine requests approval to spend $1,250,000 of the State Bond Funds approved in November 2013 to renovate and modernize these facilities. During this renovation, the three existing small labs will be converted to two larger labs with an adjacent lab materials storage area and a prep room. The scope of work includes the necessary abatement of hazardous materials.

This project does not increase facility space or the use of the space. Any change in operating costs is expected to be negligible. The project construction is expected to be complete by September 2015. Final project close-out is expected by September 2016.

On a motion by Trustee Turner, which was seconded by Trustee Mitchell, the Finance/Facilities/Technology Committee agreed to forward the expenditure of up to $1,250,000 from the proceeds of General Obligation Bond funds approved by voters in November 2013 to renovate laboratories at Bailey Hall in Gorham to the Consent Agenda at the May 18-19, 2014 Board of Trustees meeting for approval.

**Lewiston Auburn College Laboratory Renovations, USM.** Mr. Campbell explained that the University of Southern Maine requests approval to spend up to $600,000 of General Obligation Bond Funds approved by voters in November 2013 to renovate laboratory space at Lewiston Auburn College. This request is within the purview of the Committee to approve without further consideration by the Board of Trustees.

Lewiston Auburn College requires additional lab space for its Occupational Therapy program and its Anatomy and Physiology coursework. This would be accomplished by renovating existing ITV classroom space. Additionally, this will also accomplish modest renovations to provide necessary infrastructure for new headboard equipment for one existing Nursing lab. This project repurposes currently occupied space but does not increase facility space. Any change in operating costs is expected to be negligible. The project construction is expected to be complete by September 2015. Final project close-out is expected by September 2016.

On a motion by Trustee Collins, which was seconded by Trustee Medd, the Finance/Facilities/Technology Committee approved the expenditure of up to $600,000 from the proceeds of General Obligation Bond funds approved by voters in November 2013 to renovate laboratories at Lewiston Auburn College.

**Payson Smith Hall Chemistry Lab Renovation, USM.** Mr. Campbell explained that the University of Southern Maine requested approval to spend up to $1.25 million of General Obligation Bond Funds
approved by voters in November 2013 to renovate the chemistry laboratory in Payson Smith Hall on the
Portland campus. The Payson Smith Chemistry lab was built with the construction of the building in
1959. The 55 year old lab has never been renovated. The University of Southern Maine requests
approval to spend up to $1,250,000 of the State Bond Funds approved in November 2013 to renovate
and modernize this lab, an adjacent lab materials storage area and a prep room. The scope of work
includes the necessary abatement of hazardous materials.

This project does not increase facility space or change its use. Any change in operating costs is
expected to be nominal. The project construction is expected to be complete by September 2015. Final
project close-out is expected by September 2016.

On a motion by Trustee Collins, which was seconded by Trustee Turner, the Finance/Facilities/
Technology Committee agreed to forward the expenditure of up to $1,250,000 from the proceeds of
General Obligation Bond funds approved by voters in November 2013 to renovate the chemistry lab and
other improvements at Payson Smith Hall in Portland to the Consent Agenda at the May 18-19, 2014
Board of Trustees meeting for approval.

**Science Building Laboratory Renovations, USM.** Mr. Campbell explained that the University of
Southern Maine requested approval to spend up to $700,000 of General Obligation Bond Funds
approved by voters in November 2013 to renovate science laboratories in the Science Building on the
Portland campus. This request is within the purview of the Committee to approve without further
consideration by the Board. The Portland Campus Science Building contains eight labs in need of
upgrading. These labs are used for biology, chemistry and physics. The University of Southern Maine
requests approval to spend $700,000 of the State Bond Funds approved in November 2013 to renovate
and modernize these facilities. The renovations would include paint, flooring, ceilings, lighting and
some equipment and furnishings.

This project does not increase facility space or the purpose of the space. Any change in operating costs
is expected to be nominal. The project construction is expected to be complete by September 2015. Final
project close-out is expected by September 2016.

On a motion by Trustee Collins, which was seconded by Trustee Turner, the
Finance/Facilities/Technology Committee approved the expenditure of up to $700,000 from the
proceeds of General Obligation Bond funds approved by voters in November 2013 to renovate
laboratories at the Science Building on the Portland Campus.

**FINANCE ISSUES**

**Presentation and Overview of Information Technology Administrative Review Savings FY2014 &
FY2015.** Mr. Dick Thompson, Chief Information Officer, provided a presentation on the Information
Technology service delivery strategy and provided an overview of Administrative Review Savings for
Fiscal Year 2014 and Fiscal Year 2015. The IT Vision is to deliver seamless, high quality and effective
information technology infrastructure and services that matter to students, faculty and administrative
users. The Service Delivery Strategy will focus on commitment to response and problem resolution,
expanded and shared expertise, and simple points of entry through the Virtual Support Center. The four
basic components of IT include standardization, commitment, shared capacity and prioritization. The
staff will be managed with groups by discipline and then are assigned to teams for direct campus service
delivery or project work. Most of the staff are located on campuses. The IT Leaders will reshape the
organization over time with few disruptions by using attrition and internal hiring where capable and
qualified candidates exist. The overall structural savings estimates are $3,258,000 by fiscal year 2016. Sixteen vacant positions are to be eliminated and 8 staff have received notice that their positions have been identified for layoff in 60 to 90 days. These staff are being encouraged to apply for the 10 new positions to properly align work force to the new service delivery strategy. Planning for 2016 will include Cloud Services, review and actions related to non-central IT staff, device consolidation, and mobility.

**Strategic Procurement – Overview of Administrative Review Savings FY2014 & FY2015.**

Mr. Gavin and Mr. Rudy Gabrielson, Chief Procurement Officer, provided an overview of Administrative Review Savings for Fiscal Year 2014 and Fiscal Year 2015 for Strategic Procurement. The success will lead to a single, System-wide procurement function that acts strategically to support and not hinder the mission of the University System. As part of phase four Measure and Audit activities, Strategic Procurement will measure the following three areas: cost savings, non-fiscal performance and customer service. 21 of the 27 positions have been successfully recruited in the new Strategic Procurement Office and the remainder will be completed this fiscal year. The multi-campus transition teams supporting continuity and change are in place. A web-based video conference tool (Google Hangout) is being used to facilitate scheduled and ad hoc meetings and collaborations.

The three areas of focus for the Administrative Review include: structural changes, procurement of specific goods and services and procurement card administration. As recommended in the administrative review, the implementation is currently on target to save more than $3.5 million through FY2016.

**FY2015 Unified Operating Budget, Recommended Student Charges, and Proposed Transfers from the Budget Stabilization Fund.** Dr. Rebecca Wyke, Vice Chancellor for Finance and Administration and Treasurer, presented the FY2015 Unified Operating Budget for the University of Maine System, including the recommended student charges and the proposed transfers from the Budget Stabilization Fund to offset net unrestricted operating losses at the University of Maine, the University of Maine at Fort Kent, the University of Maine at Machias, and the University of Southern Maine.

The FY2015 Unified Operating Budget for the University of Maine System is not balanced and requires the use of $11.4 million from reserves. The budget is based on flat state E&G appropriation and enrollment based on campus management plans. Any negative shift in one or both of these factors will result in an increased deficit. If E&G depreciation were funded at the FY2015 target of 90%, the deficit would increase to $14.6 million. This level of deficit spending is not sustainable and is stark evidence that the current operating model is broken. It is incumbent upon the Board of Trustees and the senior leadership of the seven university system to address this situation and ensure that Maine’s public universities are available for generations to come.

The FY2015 State E&G appropriation is $6.2 million below the FY2008 level. The UMS receives $14.7 million in restricted State Appropriation for the Maine Economic Improvement Fund to advance research and economic development for the benefit of all Maine people.

The UMS’ ability to raise revenue will continue to be restrained by what Maine people can afford. Maine’s three-year moving average of median household income for 2010-2012 is $50,121. Absent the application of financial aid, the weighted average of tuition and fees as a percentage of median household income is 18%. The UMS is committed to continuing its commitment to freeze in-state undergraduate tuition & the mandatory unified fee during the FY2014-FY2015 biennium if the state appropriation is not reduced. In-state tuition & the mandatory unified fee for both undergraduate and
graduate students continue to be frozen at FY2012 levels. In-state law tuition remains at the FY2013 level. For the first time since 1984-1987, there has been no in-state undergraduate or graduate tuition increase for 3 consecutive years. For in-state, undergraduate students, the UMS weighted FY2015 average increase is:

- 0.2% tuition increase
- 0.0% mandatory fee increase
- 0.4% room & board increase
- 0.6% comprehensive student charges increase (tuition, mandatory fees, room, and board)

Weighted average is based on a combination of tuition rates, mandatory fees and the projected credit hours at each rate. Therefore, the weighted average can change even though the tuition rates do not change.

Maine’s 15 to 24 year old population will decline 19.5% between 2010 and 2020. The capacity is declining as buildings are taken off-line for renovations or to realize savings from declining demand. Occupancy is budgeted to increase in FY2015.

Compensation & Benefits continues to be the single largest cost driver representing 75% of the E&G budget or 68% of the overall unrestricted operating budget. Compensation budgets reflect the estimated impact of bargaining unit contracts that have been ratified for FY2014 and FY2015 and estimates for those that are still pending, an increase of approximately 3% of the salary base for each year. The FY2015 internal benefit rate is 51.5% as compared to 52.4% for FY2014. Reflecting agreements in the bargaining contract, medical costs are based on the Employee Health Plan Task Force Goal of 4% as compared to a 7% health plan trend rate that was used to calculate the FY2014 benefit rate. The Employee Benefit Reserve had $20.5 million as of 6/30/13. It is recommended that reserve levels for self-insured health benefit programs equal 3 to 6 months of benefit costs. For the UMS, this would be between $17 - $33 million. An estimated $1.3 million of the reserve will be used to fund the Special Retirement Incentive.

However, E&G funding for depreciation that supports classrooms and laboratories is underfunded by 21%, or $5.3 million. And total depreciation is underfunded by 9% with great disparity between campus funding levels. The UMS owns more than 550 buildings providing more than 9 million square feet of space located across the State with an estimated replacement value of $2.3 billion. Forty percent of System space is more than 50 years old in terms of renovation age, which has increased from 29% in 2006. Critical building needs and investments can be expected in facilities with an estimated renovation age of more than 25 years-- and even more so in the older 50+ category. The age of facilities, limited capital renewal funding, code changes, and functional obsolescence have resulted in a critical deferred maintenance estimate of $433 million and total asset reinvestment backlog of $942 million.

The Budget Stabilization Fund was created to enable the UMS to smooth the financial impact of adverse markets, economic conditions, and address other financial challenges. The Budget Stabilization Fund was established in 2010 and has been built from net investment income that exceeded budget pursuant to the Board of Trustees investment policy. The proposed transfers from the Budget Stabilization Fund represent the first time these funds have been accessed. The Treasurer will only authorize all or a portion of the transfer needed to offset a net unrestricted operating loss for each institution at the close of FY15. The Fund’s current balance is $15 million and fund would be dispersed as follows:

- UMaine - $900,000
- UMFK - $1,300,000
As of June 30, 2013, the UMS had approximately 5 months’ worth of operating expense held in reserve. This is also the benchmark for public institutions of higher education indicating resources are sufficient and flexible enough to support the mission. However, this ratio varies by institution leaving some extremely vulnerable when state appropriation is reduced or enrollment declines occur. Additionally, the FY15 budgeted deficit will reduce the Budget Stabilization Fund by $10 million and uncommitted campus reserves by $1.6 million. The payout of the retirement incentives will also reduce the Benefit Pool by at least $1.3 million. An impact of $12.9 million on unrestricted net position in addition to funding other campus activities such as auxiliary services, capital projects, deferred maintenance, and scholarships, as well as providing reserve balances for the employee self-insured health plan, collateral for internal loans to campuses, and a reserve to cover deductibles for risk management.

All campuses except UMA have an operating deficit for FY2015. The FY2015 budget includes the net reduction of 157 positions, which is double the reduction of positions in the development of the FY2014 budget.

Public Law 2011, Chapter 616 mandates:
Board of Trustees is required to approve of the annual budget for travel, meals, and entertainment costs. Board of Trustees approval of the annual budget for contribution expenses - defined by this Public Law as membership dues & fees, gifts, donations, and sponsorships. Periodic reporting of the actual travel and contribution costs by the UMS to the Board of Trustees. Annual reporting to the Legislature by the UMS of contributions made to persons in the preceding year that were greater than $1,000, and the total amount contributed to each. E&G/Auxiliary are included in the proposed operating budgets on pgs. 14 - 16; Restricted/Other includes grants & contracts, MEIF, Coop. Ext, etc. and is not included in the operating budgets. UMS “Use of University Funds” policy generally prohibits charitable contributions; Sponsorships which advance the University’s mission are allowed. UMS “Travel & Expense” policy defines what constitutes allowable travel, meals, and entertainment expenses.

The Presidents and Chief Finance Officers of the seven Universities briefly provided highlights of their FY2015 budgets.

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<tr>
<th>Campus</th>
<th>FY2015 Enrollment Budget above/below FY2015 Budget</th>
<th>Above/Below FY2014 Actual</th>
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<tr>
<td>UM</td>
<td>6.4% above</td>
<td>3.6% above</td>
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<tr>
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Before approving the distribution from the Budget Stabilization Fund, the Treasurer will confer with the Trustees regarding condition on the transfers including whether they are loans or grants. On a motion by Trustee Collins, which was seconded by Trustee Johnson, the Finance/Facilities/Technology Committee agreed to forward the FY2015 Unified Operating Budget (including the total
annual budget for travel, meals, entertainment, and for contribution expenses), the Maine Economic Improvement Fund budget, transfers and parameter from the Budget Stabilization Fund subject to the approval of the Treasurer, and the recommended student charges as presented to the Consent Agenda at the May 18-19, 2014 Board of Trustees meeting for approval.

Adjournment.

Ellen Doughty for
Tracy B. Bigney, Clerk of the Board