

University of Maine System  
**FY18 UNIFIED BUDGET**  
Finance Task Team Charter on Capital Budgeting & Planning

**PURPOSE**

To establish the roles and responsibilities of the task team of Finance on: *Capital Budgeting & Planning*.

**CHARGE**

The task team of Finance: Capital Budgeting & Planning has responsibility for successful completion of the analysis of options and a set of recommendations by **April 1, 2016**. Task teams are to use the first two steps of the four-step process of: **analysis, design**, implementation and audit.

This finance sub-team is to study the finance topic, narrow the set of options, and recommend one for adoption. Updates and recommendations are to be delivered to the CBO/finance group that established this charter. Ryan Low (CFO) is the final decision-maker of questions about this charter and what recommendations get taken to the chancellor and BOT.

The task team's draft report is due **April 1, 2016**.

**SCOPE OF EFFORT**

- Includes recommending processes and timeframes for capital budgeting that keeps the core mission of the university and student success as guiding principles to the overall recommendation.
- **Does not include the determination of which individual projects should or should not be budgeted or funded.**
- Recommended processes should interface short-term with the BOT capital investment committee and longer-term replace the need for this committee as it currently stands.
- Recommended process should reflect the March 2015 recommendations of the Trustees regarding capital planning and budgeting.
- Applies to capital assets only (current definition).
- Charter excludes looking at limitations of financing (i.e.: considering incremental debt)

**KEY DELIVERABLES**

Deliverables include:

1. A set of actionable recommendations that would establish capital budgeting as a specific component of the annual budgeting and budget approval process as well as a formal specific component of the multi-year financial analysis.
  - a) Incorporate components for top-down guidance and final sign-off, as well as bottom-up planning and local prioritization. Ensure that processes tie capital outcomes to the Enterprise strategic direction. If there are gaps in the known strategic direction that would better inform these processes, then point these out in the report.
  - b) Include levels of capital spending which balance efficiency of process with the need to prioritize at the system level.

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- c) Consider and recommend whether there be an enterprise capital or capital facility budget and, if yes, whether that budget is funded in whole, in part or not at all by enterprise level capital investment resources.
  - d) Differentiate between what the campuses have authority over and what needs to go through a more unified process.
    - How to prioritize capital expenditures across campuses. What criteria to use? What system-level strategies provide general guidance to these processes?
  - e) Clear definition of how justifiable projects may be proposed during a fiscal year if they are not part of the capital budget approved by Trustees for that budget period.
2. Recommendations for communicating as part of the budgeting process the key performance indicators and other guidance which Trustees have established for facility-related capital investment prioritization.
  3. Review APLs, Board Policy, and other policies to determine if we are making the correct decisions between lease and own. Recommend policies to ensure optimal financing decisions.

**ASSUMPTIONS FOR THE TEAM TO INCORPORATE AND/OR TEST AS PART OF ITS WORK**

1. Narrower in scope initially (large capital items) and leave opportunity to loop in total aggregate spend on items such as start-up packages, IT laptops and desktops, vehicles, etc.
2. Processes should work with those designed for non-capital investments of significant dollar amounts.

**TEAM COMPOSITION**

The Task Team will be led by Ben Shaw (CBO, UMPI), and consist of the following members:

- Carolyn McDonough - UM
- MF Chip Gavin – UMS (General Services)
- Gregg Bouchard - UMPI
- Miriam White – UMS (Finance)
- Kathy Falco - UMF
- Mark Hatt – UMM
- Richard Thompson – UMS (IT)

**OPTIONS/ALTERNATIVES THAT SHOULD BE PART OF THE TEAM'S ANALYSIS (CONSIDERATION)**

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**KEY DESIGN CONCEPTS TO CONSIDER (ALL TASK TEAMS)**

- How does the recommended solution motivate/incent the behaviors we want?
- How does it positively impact multi-campus students?
- How does it positively impact collaborative-degree programs?
- How does it positively influence customer service to students/faculty/staff?
- How is the assessment/reflection/review/audit piece built in?
- A preliminary check against accreditation standards.

**STAKEHOLDERS TO CONSIDER IN RINGS 2 OR 3:**

- Presidents
- CBOs
- Facilities directors / master planners
- Functional leads with capital requests (IT, Facilities, etc.)
- CAOs
- CSAOs
- Capital campaign leaders/organizers (Development)
- Campus communities