



DATE: May 5, 2021
TO: Committee on State and Local Government
FROM: Samantha Warren, UMS Director of Government & Community Relations
RE: **LD 1411, *An Act To Establish the Maine Buy American and Build Maine Act***

Senator Baldacci, Representative Matlack and distinguished members of the Joint Standing Committee on State and Local Government: I am writing today on behalf of the University of Maine System (UMS) to inform the Committee's consideration of LD 1411, *An Act To Establish the Maine Buy American and Build Maine Act*.

Your public university system is committed to purchasing goods made in America and using local vendors when available and competitively priced. In the most recent fiscal year for which we have complete data (FY19), **the UMS invested a record \$68.5 million in Maine-based businesses or with companies that employ hundreds of Maine workers.**

UMS solicitations associated with campus construction, renovations and maintenance have always been conducted in accordance with relevant federal and State laws and policies and generally award work to the lowest qualified bidder, which allows us to stretch precious public dollars for the maximum public benefit. An informal review shows that even in the absence of any statutory requirement, **nearly all of our System's design-bid-build construction contracts in recent years have been awarded to Maine-based contractors** who are already competing and succeeding in the marketplace.

As I have shared with this Committee when it has taken up previous versions of this bill, **the federal government expressly "prohibits the use of statutorily or administratively imposed state, local, or tribal geographical preferences in the evaluation of bids or proposals" that involve any federal funds.**

More than \$160 million of federal financial aid is received by our universities annually. In FY20 alone, our public research university, the University of Maine, also received \$91.2 million in federal grants and contracts to support research, development and commercialization that matters to Maine and the world. It is often not practicable for us to segregate these federal funds from those derived from other sources. Given this, we believe the provisions of LD 1411 that exempt its application when doing so would violate federal requirements mean **this bill cannot apply to our System and thus would necessitate no changes in our procurement process.** So there is no uncertainty that could jeopardize future federal funding, we urge the Committee to extend to UMS the exemptions from LD 1411 that appear to have been provided to other public entities who receive large amounts of federal funding.

Finally, Maine's public universities consistently raise concern about legislation that could increase our costs and are not accompanied by additive State appropriation, including for capital projects. We want to remind you that our System has one of the oldest facility infrastructures in the country, **burdened by imminent need and a deferred maintenance backlog that has now reached \$1.3 billion. More than half of our facilities and nearly three-quarters of our residence halls have not been meaningfully renovated in more than 50 years.** Nationally, just 18% of public higher education buildings are as outdated. We are confronting the problem, thanks to public investment through the \$49 million general obligation bond passed by the Legislature and voters in 2018, and strategic focus on capital needs. We are directing more of our operating budgets to renovations and repairs to existing mission-critical facilities. Our

universities have collectively taken hundreds of thousands of square feet of underutilized space offline, with plans to remove 300,000 square feet more. We are increasingly pursuing public-private partnerships, doing more of our own revenue bonding thanks to the System's AA- rating and stable outlook, and securing unprecedented philanthropic investment. Yet State support for UMS capital needs is central to our ability to address our backlog and position our institutions to best serve Maine into the future, as is legislative sensitivity to imposing process requirements that could increase project costs and timelines, further delaying needed mission-critical infrastructure improvements.

Thank you for your consideration and I welcome providing any additional information that would be helpful before the work session.