



BOARD OF REGENTS
COMMITTEE ON FINANCE
 Minutes of the Public Session
 November 15, 2012
 University of Maryland University College

Senator Kelly called the meeting of the Finance Committee of the University System of Maryland Board of Regents to order in public session at 10:08 a.m. Senator Kelly moved and Regent Gossett seconded to convene in closed session. At 10:08 a.m., the Committee voted unanimously to go into closed session under State Government Article Section 10-508(a) to discuss institutional real property transactions, a contract(s) that has not been awarded, and strategic administrative matters. The session adjourned at 11:30 a.m.

The Committee reconvened in public session at 11:34 a.m. Those Regents participating included: Senator Kelly, Mr. Attman, Mr. Gossett, Ms. Gooden, Mr. Kinkopf, Mr. McMillen, and Mr. Hershkowitz. Also present were: Dr. Kirwan, Mr. Vivona, Ms. Doyle, Mr. Faulk, Dr. Boughman, Ms. Moultrie, Mr. Behm, Ms. Crockett, Ms. Fink, Ms. Kropp, Mr. Shoenberger, Ms. Schaefer, Ms. Aughenbaugh, Mr. Short, Mr. Gallo, Mr. Beck, Mr. Page, Dr. Muntz, Mr. Salt, Mr. Lurie, Ms. McMann, and other members of the USM community and the public.

1. Revision to Board of Regents Policy VIII-5.30 - Policy on Endowment Fund Spending Rule (action)

Mr. Page explained that proposed revisions to the policy reflect the reconsideration of the annual spending rate from the endowment fund. The resulting reduction to overall spending would be more in line with the expectations of future investment returns. The reduction of the targeted spending rate from 4.75% to 4.25% will be phased-in over a four-five year period. At the same time, the administrative cost reimbursement rate will be taken down from 0.95% to 0.5%. Regent Gossett added that the reality of life is that the returns are what they are—obviously the arithmetic doesn't work and one must look at this over the very long term.

The Committee on Finance recommended that the Board of Regents approve the revision to the Board of Regents Policy VIII-5.30 - Policy on Endowment Fund Spending Rule as proposed.

(Moved by Senator Kelly, seconded by Regent Attman; unanimously approved)

2. University of Maryland Center for Environmental Science: Facilities Master Plan Update (action)

Senator Kelly reminded everyone that at the committee's September meeting, President Boesch gave an overview presentation on the update to the facilities master plan. This is the second step in the process for approval of the plan. The plan calls for a unified vision for multiple locations—Appalachian Laboratory, Chesapeake Biological Laboratory, and Horn Point Laboratory. Sustainability is central to the plan. Senator Kelly asked for any further questions regarding the plan.

The Committee on Finance recommended that the Board of Regents approve the UMCES Facilities Master Plan and materials as presented in September, in accordance with the Board’s two-step approval process.

Approval of the Plan does not imply approval of capital projects or funding. These items will be reviewed through the normal procedures of the capital and operating budget processes.

(Senator Kelly moved recommendation, Regent Hershkowitz seconded, unanimously approved)

3. University of Maryland, Baltimore: Renewal of System-wide Scientific Supplies Contract
(action)

Vice Chancellor Vivona summarized the item. UMB is seeking to exercise the second of five one-year renewal options of a University System-wide scientific supplies contract that has been co-awarded to VWR International and Fisher Scientific.

The contract requires a minimum of 25% certified MBE. The annual expenditure for the contract is estimated at \$7 million. This item is before the committee because the contract value exceeds \$5 million.

The Finance Committee recommended that the Board of Regents approve for the University of Maryland, Baltimore, that it may execute the second renewal option of the aforementioned contract consistent with the University System of Maryland Procurement Policies and Procedures; Section VII.C.2.

(Senator Kelly moved recommendation, Regent Attman seconded, unanimously approved)

4. University of Maryland, Baltimore County: Increase in Authorization for the Residence Hall Renovations/Addition Project (action)

Mr. Beck summarized the item. UMBC is seeking a \$5 million increase in project authorization. He indicated that this is one piece of a long-term renovation of the residence halls that is related to UMBC’s facilities master plan. In the process of this project, there were some unforeseen conditions including the abatement of hazardous materials. In addition, \$2.5 million in site improvements that were originally included in the project scope, but subsequently cut, were added back in to the project scope.

The Committee on Finance recommended that the Board of Regents authorize for UMBC an increase of \$5.5 million to the previously authorized \$9.85 million for the Residence Hall Renovations/Addition project.

(Moved by Senator Kelly, seconded by Regent Attman; unanimously approved)

5. Opening Fall 2012 Enrollment and FY 2013 Estimated FTE Report (information)

Vice Chancellor Vivona gave a presentation on the opening fall enrollment. The USM has a preliminary headcount of 155,609 students, a drop of about 162 students from last year. While the desire to go to college still appears to be high, as evidenced by the number of SAT-test takers in Maryland, student demand is sending mix signals—with 13% unemployment in the 20-24 age bracket many may be apprehensive about the value of a degree as well as students and their families have debt concerns. Meanwhile, the USM has budget constraints and the absence of enrollment funding is compromising its degree attainment goals. Vice Chancellor Vivona emphasized that preserving quality is a concern. During the EFI years, the USM realized first-time full-time freshman class gains of 2,340 students—about the size of one Towson freshman class. During the ensuing non-EFI years, the first-time full-time freshman classes were down by over 2,900 students, approximately the size of Towson and Coppin freshman classes combined. In closing, Vice Chancellor Vivona stated that non-UMUC growth has almost completely stopped; UMUC growth has decreased; and enrollment at the regional centers will slightly decrease at USG and slightly increase at USMH.

(A copy of the slide presentation is on file with the official copy of the meeting minutes in the Office of the Chancellor.)

6. Financial Aid Report FY 2007 – FY 2011 (information)

Dr. Muntz briefly presented the Report on Financial Aid which provides an overview of the USM's financial aid picture. The report also details the System's progress on a number of recommendations contained in the December 2004 report of the USM Financial Aid Taskforce. Dr. Muntz reported that progress has been made on decreasing the student debt burden and the USM should continue to monitor total debt burden. Institutional aid has increased and this growth has been disproportionately shifted to need-based aid. However, most institutions fell below the 75th percentile of peers in percent of need met for undergraduates, and graduate students are increasingly taking out more loans. Dr. Muntz concluded with possible next steps including the investigating of financial aid award strategies of peers and the exploration of alternative strategies to lower graduate student debt.

The item was accepted for information purposes. (A copy of the presentation is on file with the official copy of the minutes.)

7. University System of Maryland: Report on FY 2011-12 Procurement Contracts (information)

The report was accepted for information without comment.

With no further business, the meeting was adjourned at noon.

Respectfully submitted,

Senator Frank X. Kelly
Chairman, Committee on Finance