



**BOARD OF REGENTS
COMMITTEE ON FINANCE**

Minutes from Public Session
March 28, 2013
Towson University

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. Regent Attman moved and Regent Gooden 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 and a contract(s) that has not been awarded. The session adjourned at 11:12 a.m.

The Committee reconvened in public session at 11:17 a.m. Those Regents participating included: Senator Kelly, Mr. Attman, Mr. Gossett, Ms. Gooden, Mr. Kinkopf, Mr. Hershkowitz, and Mr. McMillen (via telephone). Regent Gonzales was also present at the meeting. Also present were: Dr. Kirwan, Mr. Vivona (via telephone), Ms. Doyle, Ms. Ryan, Mr. Faulk, Ms. Moultrie, Mr. Behm, Mr. Brockenbrough, Ms. Crockett, Dr. Holden, Mr. Farley, Ms. Kropp, Mr. Rose, Mr. Siemer, Ms. Schaefer, Ms. Aughenbaugh, Mr. Oster, Ms. Motsko, Mr. Beck, Mr. Page, Dr. Muntz, Dr. Passmore, Ms. West, Mr. Engel, Mr. Lurie, Ms. McMann, and other members of the USM community and the public.

Senator Kelly announced that the agenda items would be taken slightly out of order.

1. Towson University: Increase Authorization for Campus Safety and Circulation Improvements Phase II (action)

Mr. Beck summarized the item. Towson is requesting to increase the project total by \$1.35 million for the purpose of fulfilling the approved program requirements; this is not an expansion of scope. The costs are associated with the culvert structure, foundation, and earthwork. In addition, market conditions and limited bidder participation in specific trade areas have resulted in higher than expected bids. Mr. Beck added that he has spoken with DBM regarding this matter and they are supportive. He concluded by saying that an approval by the Board will help to move the project along.

The committee unanimously recommended an increase of \$1.35 million for the Towson campus safety project. (moved by Regent Kinkopf; seconded by Regent Attman)

2. USM: Review of Capital Improvement Projects (information)

Mr. Beck reported that everything was on track. Regent Gossett inquired about the St. John Learning Center. Mr. Beck responded that was the case as well. The report was submitted for information without further discussion.

3. University System of Maryland: Self-Support Charges and Fees for FY 2014 (action)

Ms. West explained that the process for approving tuition and student fees occurs in two separate stages. This schedule is not about tuition or mandatory fees, but rather includes only those non-mandatory charges which are not part of the state budget. The fees do not involve any state dollars as the fee is the revenue source.

Ms. West noted that UMES had a 10% rate increase due in large part to the conversion of efficiency units from two-bed to one-bed units. Also, the campus had personnel costs associated with the revisions to the non-exempt pay structure. She indicated that the vice presidents of the institutions were present in the audience if anyone had campus-specific questions, in particular, Dr. Holden was present if anyone wanted to ask about UMES' rate increase. Regent McMillen (on the phone) asked if the fee schedule included athletic fees. Ms. West responded that the athletic fees are not included as part of this action, as those fees are mandatory charges, and this schedule includes only those fees that are considered optional, such as room and board selections. Commenting on the attachments, Regent Hershkowitz asked about UMB and its apparent lack of student involvement in the fee setting process. Ms. Byington, vice president of UMB, indicated that UMB did in fact meet with student bodies, and that perhaps that was not reported fully. She added that student names and/or further information was available if anyone was interested.

The committee unanimously recommended the proposed self-support charges and fees for FY 2014 as set forth in the item's schedule. (moved by Regent Gooden; seconded by Regent Gossett)

4. University of Maryland, Baltimore County: Food Service Contract Renewal (action)

Ms. Schaefer, vice president of UMBC, stated that UMBC is seeking the Board's approval to renew the food service contract with its current provider, Chartwells. The renewal contains a 2.5% increase over the current year in line with the CPI and the contract. She added that UMBC has seen a lot of voluntary food sign-ups and that their surveys show that 88% of the student diners rate the food service as very good – excellent. Overall, the campus is happy with the provider.

The committee unanimously recommended the renewal of the contract with Compass Group USA by and through its Chartwells Division for a term of one year as described in the item. (moved by Regent Gossett; seconded by Regent Gooden)

5. University System of Maryland: Transfer Students – Patterns of Enrollment and Success FY 2012 (information)

The committee heard a presentation by Dr. Muntz. He indicated that Maryland community colleges will become the primary feeders of students to the USM institutions, surpassing first-time full-time freshmen. Transfer student enrollments have grown 10% since FY 2011 and 19% since FY 2008. While these students enroll in generally available programs, such as business, social sciences, and computer science, the STEM enrollment tends to be the first-time full-time freshmen. The data show that graduation rates vary depending on a number of factors. Those students who attend full-time and enter at the sophomore level or above, have a greater level of success. Also, at >70% and 65%, the graduation rates at the Shady Grove and Hagerstown centers are evidence that those 2+2 programs are a great investment and play a critical role in the education of Marylanders. Dr. Muntz concluded his presentation with several transfer policy implications for consideration, including strategic program expansion, a push toward increasing the number of completed credit hours before transferring, and expanding financial support to help more students attend full-time. In response to a

question about graduation rates at other regional centers, Dr. Muntz stated that he hoped to capture this data over the next several years and would provide it to the Board at such time.

6. University System of Maryland: Enrollment Projections: 2013-2022 (action)

Dr. Passmore presented the enrollment projections for the 10-year period beginning with fall 2013. He explained that the USM projections inform the MHEC statewide enrollment projection process.

Projected overall enrollment growth is 16.5% over 10 years, but the trendline is for slower growth and reaches a desired level later than in either the Strategic Plan or last year's approved projections. Growth strategies vary at different institutions—some plan to grow mostly through improving retention rates and thus increasing productivity while others are growing by adding transfer and freshmen students. Current institutional projections show approximately 7,000 fewer undergraduates in 2020 than in the Optimal Plan. At a 52% degree attainment, this translates into 3,000 fewer degrees annually than at a 55% attainment. If nothing changes, Dr. Passmore estimates that the USM will achieve 24,000-25,000 degrees, but not the desired 27,000.

In the short-term, planned growth is extremely limited. UMUC for instance, is planning no headcount growth at all for Fall 2012 to Fall 2013. Their longer term growth projection is not as aggressive. According to Dr. Passmore, this can be traced to several factors—an improvement in the economy which hurts UMUC's overall enrollments; sequestration and the impact on the Tuition Assistance program; and the fact that during much of UMUC's recent success, they were "first to market," in what is now a very crowded online field.

Challenges for the institutions include closing the achievement gap, improving retention, serving more transfer students, developing programs at Regional Centers, and strategic degree production—many of the needed degrees are costly to produce.

Regent Attman asked how many students the USM was losing each year. Dr. Passmore responded that 12,000-13,000 first-time freshmen entered each year. Approximately 80% are retained. He pointed out that spring admit freshmen usually don't have the same amount of financial aid which could impact ability to continue. In looking at the 10-year projections, Senator Kelly asked if it was more likely for the USM to over-perform or come in under. Dr. Passmore replied that the projections were relatively pessimistic and thus he would project an over-achievement. Regent Gooden inquired if the transfer students help out regarding the degree production. Dr. Muntz responded yes, and that success rate increases for those who transfer with more credits and are able to attend full-time. Dr. Passmore pointed to the success of the Montgomery College program with Shady Grove.

The committee unanimously recommended the proposed 10-year enrollment projections as submitted. (moved by Regent Attman; seconded by Regent Gossett)

The session was adjourned at noon.

Respectfully submitted,

Senator Frank X. Kelly
Chairman, Committee on Finance