



**BOARD OF REGENTS
COMMITTEE ON FINANCE**

Minutes from Public Session
June 18, 2013
University of Maryland, Baltimore

Senator Kelly called the meeting of the Finance Committee of the University System of Maryland Board of Regents to order in public session at 10:10 a.m. Senator Kelly moved and Regent Attman seconded to convene in closed session. At 10:10 a.m., the Committee voted unanimously to go into closed session under State Government Article Section 10-508(a) to discuss institutional real property transaction(s). The session adjourned at 10:20 a.m.

The Committee reconvened in public session at 10:23 a.m. Those Regents participating included: Senator Kelly, Mr. Attman, Mr. Gossett, Ms. Gooden, Mr. Kinkopf, Mr. Hershkowitz, Ms. Turner, Mr. McMillen, Dr. Florestano and Mr. Slater. Also present were: Dr. Kirwan, Mr. Vivona, Ms. Doyle, Mr. Faulk, Ms. Moultrie, Ms. Crockett, Dr. Holden, Ms. Kropp, Mr. Boyce, Mr. Beck, Ms. Aughenbaugh, Mr. Oster, Ms. Byington, Mr. Colella, Mr. Gilbert, Mr. Shoenberger, Mr. Lockett, Mr. Young, Ms. Rolandelli, Ms. Cook, Ms. Simpson, Ms. Motsko, Mr. Page, Ms. Goedert, Mr. Salt, Mr. Engel, Mr. Lurie, Ms. McMann, and other members of the USM community and the public.

1. FY2015 Capital Budget Request; and FY2015-2019 Capital Improvement Program (action)

Mr. Vivona summarized the item. The Capital Improvement Program is the USM request for academic buildings. It is primarily funded by the State. This item comes on the heels of the Finance Committee's May capital workshop that many Board members attended. He remarked that there was a very good and thorough discussion of the capital program.

Mr. Vivona explained that the request for approval contains two parts. First, is the FY 2015 capital budget of \$352.6 million; and the proposed FY 2015-2019 Capital Improvement Program of \$1.7 billion.

Regent Slater addressed the matter of advancing Frostburg's Education Professions & Health Sciences Center by two years (FY 2017). He reminded those present that he had made this request at the capital workshop and was surprised to find the project in the CIP Request in the same location. (Regent Slater had left the workshop early to attend UB's graduation ceremony.) He explained that the project had been before the Finance Committee six times previously and is in the facilities master plan. Furthermore, it meets critical STEM needs on the campus and can be accelerated without impacting other projects. He asked that the Committee reconsider its position to have the project remain in FY 2019. Senator Kelly responded that the request had been given serious discussion and consideration at the workshop. He pointed out that there remain concerns about Frostburg's student enrollment; the institution has had several years of enrollment decline. While the campus has a plan for aggressive enrollment growth, and we remain supportive, it was the sense of the group that it was important to wait a year to see the impact of the plan on increasing the enrollment. Mr. Vivona stated that there

would be a better justified project with an enrollment turnaround, explaining that it is important to have a program that can be submitted to the State that demonstrates campus demand. He added that most of the projects advanced or changed in the budget request were paid for by de-funded projects. In Towson's case, there has been strong, demonstrated enrollment growth.

The committee unanimously recommended that the Board of Regents approve the FY 2015 Capital Request and CIP as presented. (moved by Regent Gossett; seconded by Regent Gooden)

2. FY 2014 System Funded Construction Program Request (action)

Mr. Vivona explained that the request for approval of the FY 2014 System Funded Construction Program is in the amount of \$111.4 million that is the first year of the proposed FY 2014-2018 System Funded Construction Program of \$625 million. The robust request includes projects proposed for planning, construction and/or equipment funding in FY 2014—so, once we vote on it, it's "activated." He added that the System Funded Construction Program request is funded by USM resources. Many of these projects will be funded via the 35th bond resolution. He pointed out that that given the continuing state of the economy and the difficulty in securing developer interest and financing, there are no requests recommended for private financing this cycle. However, this decision will be revisited if the circumstances change.

Mr. Vivona then turned to the UMBC request for an arena/events center. He described it as an ambitious request that involves a loan for the initial years of debt service. Fortunately, the institution's payments for the Commons will be coming off of the debt list soon. Also helping matters is a \$4 million fundraising component built into the budget. As such, student fee increases are not anticipated to exceed inflation by more than a minimal amount. Regent Florestano asked about the student housing projects listed as "under further review." Mr. Vivona responded that a top-down review of enrollment and enrollment projections needs to be undertaken prior to the recommendation and approval of any additional USM-funded housing. He added, "we don't want to end up over-bedded with no way to pay...before going forward with 20-year bonds."

The committee unanimously recommended that the Board of Regents approve the FY 2014 System Funded Construction Program Request as presented. (moved by Regent Florestano; seconded by Regent Gooden)

3. University System of Maryland: Thirty-Fifth Bond Resolution—Auxiliary Facility and Tuition Revenue Bonds (action)

Mr. Vivona noted that the resolution follows what was just approved in the System Funded Construction Program. The academic facilities projects included have been previously approved by both the Board and the General Assembly. The bonds are backed by USM tuition and auxiliary fees.

The committee unanimously recommended that the Board of Regents approve the Thirty-Fifth Bond Resolution. (moved by Regent Florestano; seconded by Regent Gossett)

4. Biennial Nonexempt Market Salary Survey Report—Nonexempt Salary Structure Adjustment for FY 2014-2015 (action)

Ms. Goedert summarized the item. She noted that every two years the USM surveys the market to determine whether the salaries are competitive or not. In the alternating years, the exempt market is surveyed. Last year, the Board voted to increase the exempt salary structure. The system is designed to be a lead/lag system. As such, the USM often finds itself with a recommendation to adjust up to the market. She pointed out that the nonexempt structure has essentially been frozen for six years. In this round, the estimated implementation cost for the salary structure adjustment will be just under \$1.6 million. The salaries of those staff that fall below the new minimums of the salary scale will be increased up to the new minimums of each range. This action will take the USM a long way toward market competitiveness and a January implementation date will reduce costs substantially.

The committee unanimously recommended that the Board of Regents approve the recommendation to adjust the USM Nonexempt Staff Salary Structure, effective the first full pay period of January, 2014. (moved by Regent Attman; seconded by Regent Kinkopf)

5. Technical Amendment to BOR Policy VIII-2.70—Policy on Student Classification for Admission and Tuition Purposes (action)

Mr. Vivona explained that current policy permits veterans of the United States Armed Forces with an honorable discharge to qualify for in-state status for admission and tuition purposes. These veterans must present appropriate documentation, as cited in the policy, and register within a year of their discharge. With the passage of HB 935 during the recent legislative session, the requirement for honorably discharged veterans to have attended and graduated from a Maryland high school and to register at a USM institution within a specified time after discharge has been removed. As a result, it is necessary to alter the policy accordingly. A veteran who provides documentation that he/she was honorably discharged from the United States Armed Forces and currently resides/is domiciled in Maryland will be able to qualify for in-state status for admission and tuition purposes.

The committee unanimously recommended that the Board of Regents approve the amended language to the policy as proposed, in conformance with Education Article §15-106.4. (moved by Regent Gossett; seconded by Regent Attman)

6. University of Maryland, College Park: Procurement of Subscriptions to Serials for the Acquisitions Department of McKeldin Library (action)

Mr. Vivona summarized the item. McKeldin Library's Department of Acquisitions coordinates the procurement of serials. This contract impacts all institutions; we do this to get the best pricing for all. Serials are procured as needed through a contract with EBSCO Information Services, who then coordinates all acquisitions on behalf of the University. The University is requesting Board approval for the award of the third and final two-year renewal option, in the amount of \$13 million. Regent Attman asked about any related impact to joining the CIC? Mr. Colella responded that he would look into the matter. Regent Gossett said that he was on the Big Ten transition committee and indicated that library staff were involved in the process and discussions.

The committee unanimously recommended that the Board of Regents approve for the University of Maryland, College Park the award of the third and final two-year renewal option to EBSCO

Information Services in the approximate amount of \$13 million for the purpose of procuring serials as described. (moved by Regent Florestano; seconded by Regent Gooden)

7. University of Maryland University College: Tuition Rate for New Program (action)

Mr. Vivona stated that UMUC is requesting approval to include the Master of Science in Data Analytics at \$694 per credit hour in its approved schedule of tuition and fees for Academic Year 2013/14. He noted that this is a new program since the time that the tuition and fee schedule was approved. This program is critical to workforce development and will begin in Fall 2013. This rate is the same rate that is charged for similar programs on the schedule. Regent Gooden inquired about the status of the DoD contracts. Mr. Shoenberger responded that if they are not approved, it would be a big impact, but the institution feels good about it at this point. He added that an issue of great concern is the potential changes to the tuition assistance program, which UMUC is watching closely.

The committee unanimously recommended that the Board of Regents approve the addition to the tuition and fee rate schedule. (moved by Regent Gooden; seconded by Regent Kinkopf)

8. University of Maryland University College: Professional Staffing Services Contracts (action)

Mr. Vivona summarized UMUC's request to modify the contract amount for its professional staffing services contracts. In December 2011, UMUC entered into indefinite delivery/indefinite quantity contracts with twelve firms through a competitive process. These contracts are for professional staffing needs during the University's information technology refresh initiative. During the initial contract term, the expenditure for the services was anticipated to be \$4.5 million. The University now finds that this contract amount will be exhausted by the end of this month and seeks Board approval to increase the contract amount by \$12 million to \$16.5 million. While the University has a set of strategies to meet its IT needs, this one in particular has been highly successful and they are depending on it. The cost increases will be offset by the lesser use of other avenues.

The committee unanimously recommended that the Board of Regents approve for the University of Maryland University College to increase the total spend for the IDIQ contracts as described by \$12 million from an original estimated amount of \$4.5 million to a not to exceed amount of \$16.5 million. The University will return to the Board of Regents for approval prior to the exercise of renewal options as might be required by Board of Regents procurement policies. (moved by Regent Florestano; seconded by Regent Attman; Regent Kinkopf recused himself from the vote)

9. Proposed FY 2014 Contract between the University of Maryland, Baltimore and the University of Maryland Medical System Corporation (action)

Senator Kelly stated that the agreement between UMB and the Medical System provides the agreed upon terms for the use of space, faculty services, and other administrative services and comes to the Board annually. Ms. McMann pointed out that the numbers in the contract have been agreed to by the UMMS Board and will be voted on later this month, on June 27, prior to the start of the fiscal year. The proposed contract will result in a net transfer of \$117 million to UMB.

The committee unanimously recommended that the Board of Regents approve the FY 2014 UMB-UMMS Annual Contract as submitted. (moved by Regent McMillen; seconded by Regent Gooden)

10. University of Maryland, Baltimore: Student Dental Clinics Management Contract (action)

Mr. Vivona stated that UMB seeks to award the second renewal option of a contract to U.M. FDSP Associates for the day-to-day operations of the student dental clinics. This group was established by the Board of Regents for this purpose. The payment is on a cost basis and not to turn a profit. The University will undertake a review and analysis to determine if the objectives of management by the group are being met and that the cost of the clinic management is reasonable with standards for dental practice management.

The committee unanimously recommended that the Board of Regents approve for UMB the request for contract renewal with U.M. FDSP Associates, P.A. as described in the item. UMB shall report back to the Board on its findings of a study to evaluate the contract as to its effectiveness and efficiency no later than December, 2013. (moved by Regent Attman; seconded by Regent Kinkopf)

11. Report to the Board titled: "Climate Actions and Progress Toward the Reduction of Greenhouse Gas Emissions at Institutions of the USM" (information)

Student Regent Hershkowitz provided opening remarks. He noted that it is beneficial for the committee to see the environmental stewardship of the System, not just the financial stewardship. Mr. Beck offered a brief history of the ACUPCC effort. The committee accepted the subject report which details individual campus goals and progress toward greenhouse gas reductions as reported to the American College and University Presidents Climate Commitment.

The public session was adjourned at 11:29 a.m.

At the conclusion of the public session, Senator Kelly moved and Regent Florestano seconded to reconvene in closed session. The Committee voted unanimously, at 11:30 a.m., to go into closed session under State Government Article Section 10-508(a) to discuss institutional real property transaction(s).

Respectfully submitted,

Senator Frank X. Kelly
Chairman, Committee on Finance