



**BOARD OF REGENTS
COMMITTEE ON FINANCE**

Minutes from Public Session
January 30, 2014
Towson

Senator Kelly called the meeting of the Finance Committee of the University System of Maryland Board of Regents to order in public session at 10:02 a.m. Regent Gooden moved and Regent Slater seconded to convene in closed session. At 10:02 a.m., the Committee voted unanimously to go into closed session under State Government Article Section 10-508(a) to consider and make a recommendation on a contract that has not yet been awarded. The session adjourned at 10:25 a.m.

The Committee reconvened in public session at 10:35 a.m. Those Regents participating in the session included: Senator Kelly, Mr. Attman, Mr. Gossett, Ms. Gooden, Mr. Manizade (via telephone), Mr. Kinkopf, Mr. McMillen, Mr. Rauch, and Mr. Slater. Also present were: Chancellor Kirwan, President Bogomolny, Mr. Vivona, Dr. Boughman, Ms. Moultrie, Assistant Attorney General Bainbridge, Ms. Doyle, Ms. Byington, Ms. Schaefer, Mr. Schuckel, Mr. Cassard, Mr. Spinard, Mr. Oster, Mr. Shoenberger, Mr. Lockett, Ms. Kropp, Ms. Goedert, Mr. Page, Mr. Salt, Ms. Denson, Mr. Beck, Dr. Foster, Mr. Muntz, Assistant Attorney General Motsko, Assistant Attorney General Oyenusi, Mr. Lurie, Ms. McMann, and other members of the USM community and the public.

1. Proposed Amendments to USM Sick and Annual Leave Policies (action)

Mr. Vivona indicated that this item involved bringing up policies for those not covered by one of the unions representing USM employees. He went on to say that as part of an effort to make USM policies and practices more family friendly, certain enhancements were negotiated to the sick and annual leave policies as part of the USM collective bargaining Coalition agreement last year. At this point, the USM is prepared to extend these enhancements across the System, as appropriate, to staff and faculty beyond the Coalition bargaining units. The changes in these three policies include the elimination of the current 15-day per year limit on use of sick leave to care for ill family members; permitting staff on probation to use any sick leave they've earned during the first six months; and during the first five years of employment, nonexempt staff will accrue an additional day of leave for each year of service during the first five years. Mr. Vivona noted that the policy amendments have been reviewed and approved by the faculty and staff councils. He added that amendments were also shared with the union, who raised some concerns. The revised version of the annual leave amendments are in response to questions raised by the union.

Regent Gooden inquired about the minimal cost increase as listed in the fiscal impact. Mr. Vivona responded that most of the employees have greater than five years of service, so the impact of the addition of annual leave days for the nonexempt staff should not result in a large cost. Regent McMillen inquired about the availability of a leave bank. Ms. Goedert responded that the USM has a leave bank, made up of unused personal leave, but due to a generous leave program the leave bank is not greatly

utilized. Regent Slater asked about faculty and collegial leave. Mr. Vivona explained that it is a practice in higher education found all over the country. He summed it up as, "you give as much as you put in." He also explained that for those faculty members in an Optional Retirement Program, such as TIAA-CREF, the amount of sick leave accrued by the time of retirement does not provide or enhance service at retirement. In response to a question about unionization of colleges and universities, Mr. Vivona stated that the police are unionized at USM campuses, most nonexempt staff are unionized, and most exempt staff are not unionized. He went on to say that the USM generally tends to reach agreement and contracts are in place with the unions representing USM bargaining groups.

The Finance Committee recommended that the Board of Regents approve the amendments to the policies as submitted.

(Regent Gooden moved recommendation, Regent Slater seconded, unanimously approved)

2. Proposed USM Policy on Termination with Prejudice (action)

Moving to the next item, Mr. Vivona declared that this policy is required to comply with a state statute passed by the General Assembly, establishing a termination with prejudice program managed by the Department of Budget and Management (DBM). The statute requires that any employee terminated with prejudice cannot be rehired by any state agency or institution. DBM will maintain a secure database of those terminated with prejudice. While not explicitly defined, conduct by the employee must be egregious. Mr. Vivona stated that he expects few entries by our institutions into the database as key employee safeguards were built into the policy since it is a complete permanent bar of employment. For instance, no employee can be designated to the list without the approval of the institutional president and the Office of the Attorney General. Also, there is also appeal process. In response to a question, Mr. Vivona estimated that likely no more than 100-200 employees were terminated Systemwide in a given year. In closing, he pointed out that the USM institutions would also be required to check the DBM list for new hires of all non-temporary employees.

The Finance Committee recommended that the Board of Regents approve the proposed USM Policy on Termination with Prejudice.

(Regent Gossett moved recommendation, Regent Gooden seconded, unanimously approved)

3. University of Maryland, Baltimore County: Increase in Authorization for the Campus Traffic Safety & Circulation Improvements Project (action)

Mr. Vivona explained that this was a request to augment the capital funds that have already been provided by the General Assembly. UMBC is seeking to increase the project cost by \$1.5 million in order to improve the safe movement of vehicles and pedestrians on the campus. There were several unforeseen matters such as utility duct failures and storm water issues that impacted the bottom line and the campus, understandably, did not want to prune out any safety aspects of the project. He noted that the campus had self-support fund balances to make up the increase in cost. Prior to the vote, Senator Kelly offered, "this is desperately needed!"

The Finance Committee recommended that the Board of Regents approve for UMBC an increase to the total project cost authorization for the Campus Traffic Safety & Circulation Improvements project from \$12,962,000 to \$14,462,000 as described in the agenda item.

(Regent Slater moved recommendation, Regent Gooden seconded, unanimously approved; Regent Kinkopf recused himself from the discussion/vote)

4. University of Maryland, Baltimore: Increase in Project Authorization for General Research Building and Research Equipment (action)

Mr. Vivona stated that this item dates back to the renegotiation of the contract with Dr. Gallo. The agreement provided that the Institute for Human Virology would occupy the entire facility, which required the relocation of the BioMET program. An additional \$1.8 million is necessary to correct unexpected leaking of heating and chilled water risers in the General Research Building, as well to purchase equipment that will remain in the IHV facility. Mr. Vivona remarked that it was another example of using fund balance for unforeseen items.

The Finance Committee recommended that the Board of Regents approve for the University of Maryland, Baltimore the use of plant funds in the amount of \$1.8 million to complete the renovation of the General Research Building and to purchase research equipment for the purpose of relocating the BioMET Program from the IHV facility.

(Regent Gossett moved recommendation, Regent Gooden seconded, unanimously approved)

5. University of Baltimore: 4100 Ashland Avenue and 60 W. Oliver Streets Real Property and Development Transactions (action)

Mr. Vivona introduced the item, noting that the Board had been briefed on the potential of this project for quite some time. Thanks to the help of the Maryland delegation and the president's persistence, a deal is finally within reach. He acknowledged that while the cost is not insignificant, the USPS parcel is strategic to the campus and to the future of UB. To cover the outlay of \$9.1 million, the campus will be advanced some fund balance which it will repay over a period of time. President Bogomolny, addressing the Committee, added his praise for the Maryland "friends," noting that without their help, discussions would have continued for the next 20 years. He also recognized Mr. Cassard as the one who had the unenviable role of dogging the project along. He reported that the site could handle up to 1 million square feet of development, due to its zoning, and did not anticipate any showstopper issues at this point. He added that the UB Foundation will be fully reimbursed. Regent Attman reiterated the importance of this parcel to the University and its master plan, and applauded the efforts of the president and his staff in this endeavor.

The Finance Committee recommended that the Board of Regents authorize the University of Baltimore to acquire the Ashland Avenue property, design and construct the replacement VMF building and enter into the exchange agreement with the United States Postal Service to exchange its property located at 60 W. Oliver Street in Baltimore City for property located at 4100 Ashland Avenue in Baltimore City as described above. The University shall conduct necessary due diligence including environmental, site surveys and title searches, and appraisal of any easement areas. The University shall continue to work with the Office of the Attorney General and the USM Office of the Chief Operating Officer/Vice Chancellor for Administration and Finance during the due diligence phase and will report any substantive issues to the Board during the contingency period.

(Regent Slater moved recommendation, Regent Gooden seconded, unanimously approved)

6. Towson University: Establishment of an Affiliated Foundation for the University Radio Station WTMD (action)

Mr. Vivona summarized the item. Towson is seeking approval to set up an affiliated foundation to improve the management, accountability, and fundraising capabilities for the university radio station, WTMD. The target audiences for fundraising differ between the station and the University. The outside FCC counsel is on board with this action. As required by the FCC, the station's executive director and one other employee will be Towson employees; the rest of the staff will be employees of the new foundation. Mr. Oster acknowledged that the University will not control a majority of the new board, but stated they will have powerful members on the group. Regent Attman confirmed that it's a great station to listen to and added that he recommends it to all of his friends. He also took the opportunity to recognize Stephen Yasko, the station's general manager, in the audience.

The Finance Committee recommended that the Board of Regents approve for Towson University the establishment of an affiliated 501(c)(3) foundation in support of the campus radio station WTMD consistent with the USM Policy on Affiliated Foundations.

(Regent Attman moved recommendation, Regent Gossett seconded, unanimously approved)

7. Opening Fall 2013 Enrollment and FY 2014 Estimated FTE Report (information)

Mr. Vivona reminded everyone that the enrollment item had been deferred from the November meeting. While some institutions are turning away enrollment, others have unused capacity. He added that funding is always a consideration. Mr. Vivona pointed out that Maryland is a net exporter of "most selective" students.

Enrollment dropping is a concern; FTE have declined for two straight years now. UMUC accounts for much of the decline. As Chancellor Kirwan explained, they are facing more competition for the online, nontraditional student and even nationally, the for-profits are down as well. This population is counter-cyclical to the economy, meaning that students abandon studies and return to work when jobs are available as the economy recovers. As second area of enrollment concern is the HBI's. The combined undergraduate enrollment is decreasing yearly and demand appears to be in decline. Looking at Maryland, the school-age demographics suggest a shift. The number of African-Americans does not appear to be growing, while Hispanics will triple. In response to a question, Ms. Moultrie stated that a number of the admissions offices have Spanish-speaking counselors and there has been a special outreach effort to Spanish-speaking families as part of the Way-2-Go-Maryland initiative.

Mr. Vivona reported that the number of students transferring in to the USM is still up and continues to grow. The number of new freshmen in the System also grew. Towson and UMBC reported increases in students.

The enrollment report was accepted for information purposes.

8. Capital Budget: Brief Presentation and Discussion (information)

As one outcome of the annual Capital Workshop held in May, the Committee heard a brief presentation regarding the capital budget from Mr. Vivona and Mr. Beck. This was the first of a two-part series and it focused on the Capital Improvement Plan, which is state-funded. A second discussion will take place in March regarding the System-Funded Construction Program. These presentations are intended to help set up the more detailed discussion in May. Mr. Vivona described the role of the CIP in establishing the starting point for the Board. He outlined a number of issues for consideration like demographics and enrollment, technology and trends in education, and the future of research funding.

During the presentation, Mr. Beck announced that the Governor's CIP for the upcoming five year period is the highest ever, at \$1.4 billion. He said there were a handful of deferred projects and some legitimate concerns to be raised in terms of keeping two or three critical projects on track. However, the overall size of the budget represents a positive trend. Mr. Vivona pointed out that the Governor's CIP focused heavily on STEM and research facilities.

The capital budget presentation was for information and discussion purposes only.

9. University System of Maryland: Report on FY 2013 Procurement Contracts (information)

The report was accepted without comment.

The public session was adjourned at 11:59 a.m.

Respectfully submitted,

Senator Frank X. Kelly
Chairman, Committee on Finance