



**BOARD OF REGENTS  
COMMITTEE ON FINANCE**

Minutes from Public Session  
March 12, 2015  
UMB

Senator Kelly called the meeting of the Finance Committee of the University System of Maryland Board of Regents to order in public session at 10:01 a.m. Senator Kelly read the *Convening in Closed Session statement* citing State Government Article Section 3-305 of the Open Meetings Act to discuss issues specifically exempted in the Act from the requirement for public consideration. Senator Kelly moved and Regent Attman seconded to convene in closed session. In response to the motion, the Committee members voted unanimously to convene in closed session at 10:01 a.m. for the reasons stated on the *Convening in Closed Session statement*. The session adjourned at 10:12 a.m.

The Committee reconvened in public session at 10:15 a.m. Those Regents participating in the session included: Senator Kelly, Mr. Attman, Ms. Ahmed, Mr. Gossett (via telephone), Mr. Kinkopf, Mr. McMillen, Ms. Motz, Mr. Rauch, and Mr. Slater. Also present were: Dr. Kirwan, Mr. Vivona, Ms. Doyle, Ms. Moultrie, Assistant Attorney General Slaff, Assistant Attorney General Combe, Dr. Perman, Dr. Reece, Mr. Gilbert, Ms. Gillette, Mr. Colella, Ms. Byington, Ms. Kropp, Ms. Cook, Mr. Lockett, Mr. Oster, Ms. Phelps, Ms. Crockett, Mr. Rose, Mr. Page, Mr. Salt, Mr. Beck, Ms. West, Dr. Passmore, Dr. Muntz, Ms. Hollander, Mr. Lurie, Ms. McMann, and other members of the USM community and the public.

Prior to the start of the agenda there was a brief discussion regarding the recent situation with the Board of Public Works (BPW). It was noted that the issues raised were not related to the work of the Finance Committee. Construction projects and related contracts occur over a period time. Over the course of several years, contracts will go to the BPW for approval. During this stretch, it is possible that costs may change for many reasons. It was explained that these cost changes are submitted to the State for approval, and subsequently funds are appropriated. Chancellor Kirwan indicated that USM staff will be working together with the BPW staff and others to revise the format and presentation of the materials that are to be submitted to the BPW in an effort to provide greater clarity to the process.

1. USM Enrollment Projections: 2015 – 2024 (action)

Dr. Passmore, along with Dr. Muntz, presented the enrollment projections. Enrollment is anticipated to grow moderately but steadily. Overall enrollment is expected to increase in fall 2015 by around 1,000 (less than 1%), from 162,000 to just over 163,000. Overall projected headcount growth for the ten-year period will be 16%, an increase from 162,000 to nearly 188,000, or around 26,000 students.

Following up on the Board's fall retreat and the Board's concern over the long-term health of institutional business models, staff reviewed the projections in light of key system-wide challenges and institutional circumstances. Key challenges included structural changes to education market—for instance new competition and new ways of getting an education—ongoing cost constraints/budget pressures, and a low point in the number of high school students graduating in the State of Maryland.

Institutional plans fell into three categories: steady and strategic growth (Towson, UMBC, UMUC), no growth with “in the box” change (Salisbury, UMCP, UMB), or growth to achieve economies of scale (BSU, CSU, FSU, UB, UMES). Enrollment plans are institution-specific, focused on business and demographic environment, and were generally well-conceived. The committee explored the issues at length and approved the projections.

**The Finance Committee recommended that the Board of Regents approve the enrollment projections.**

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

2. University System of Maryland: Self-Support Charges and Fees for FY 2016 (action)

Mr. Vivona explained that the process for approving tuition and student fees occurs in two separate stages. This schedule pertains to only those non-mandatory charges which are not part of the state budget. He pointed out that Frostburg’s request of a 6% room increase was related to the installation and operation of new Wi-Fi in the residence halls. This initiative was undertaken at the request of the students, is a factor in the retention of students in residence halls and has also been a topic of discussion in various forums on campus. Approximately 2% of the increase in room rates will generate revenue to increase Wi-Fi capabilities. Mr. Vivona indicated that the institutional vice presidents were present in the audience if anyone had campus-specific questions. Regent Ahmed noted that she had met with the USMSC over the weekend and indicated that there were no issues with the proposed rate schedule.

**The Finance Committee recommended that the Board of Regents approve the proposed self-support charges and fees for FY 2016 as set forth in the item’s schedule.**

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

3. Salisbury University: Facilities Master Plan Update (action)

Senator Kelly reminded everyone that Dr. Dudley-Eshbach gave an overview presentation on the facilities master plan at the January meeting of the committee. He stated that it was well received, and that he had not heard of any issues with the master plan.

**The Finance Committee recommended that the Board of Regents approve the Salisbury Facilities Master Plan and materials as presented to the Committee in January. 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.**

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

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

Mr. Vivona stated that UMBC is seeking the Board’s approval to renew its on-going food service contract with its current provider, Chartwells. The campus continues to be pleased with the provider. The renewal contains a 3% increase over the current year in line with the CPI and the contract.

**The Finance Committee recommended that the Board of Regents approve for UMBC 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.**

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

5. Biennial Nonexempt Market Salary Survey Report for FY 2016 – 2017 (information)

Mr. Vivona summarized the item. He noted that every two years the USM surveys the market to determine whether the salaries are competitive or not with the employment market. This structure covers all nonexempt employees—those who are covered by the FLSA—contingent or regular status. Mr. Vivona explained that until the operating budget is settled, particularly the disposition of the COLA, a decision on any changes to the salary structure would be delayed.

The item was accepted for information purposes.

6. Amendments to USM Policy VIII-2.70—Policy on Student Classification for Admission and Tuition Purposes (action)

Mr. Vivona explained that the Board previously approved technical amendments to the policy as required to be in compliance with the federal law. Specifically, with the passage of the Veterans Access, Choice, and Accountability Act by Congress, institutions must charge veterans a tuition rate that is the same as the in-state rate for residents. He noted that additional amendments had been suggested by the Office of the Attorney General as required by the legislation. Mr. Vivona acknowledged AAG Combe and Ms. Hollander in the audience, as contributors of the proposed amendments.

**The Finance Committee recommended that the Board of Regents adopt the proposed amendments to the USM’s Student Classification policy as presented.**

(Regent Kinkopf moved recommendation, seconded by Regent Attman, unanimously approved)

7. 2014 USM Dashboard Indicators (information)

The Committee received the Dashboard Indicators as an information item. Among the highlights were overall institutional performance against peers was at the highest level since 2007, overall improvement was solid and comparable to the past several years. A couple of areas were of specific interest—no USM institution met the Board’s benchmark goal for facilities renewal as two percent of replacement value in FY 2014 and only two institutions were able to maintain or improve their performance at all. Economic and workforce development indicators were improving and indicate generally positive performance in these areas.

The item was accepted for information purposes.

8. University System of Maryland: Review of Capital Improvement Projects (information)

Mr. Beck reviewed the status report. The attachments include all ongoing capital projects over a one million dollar threshold. The report highlights new projects starting design. Also, several major projects were completed during this reporting cycle, including campuswide safety and circulation improvements at Towson and phase-two of the performing arts and humanities facility at UMBC. In response to a previous request of the committee, Mr. Beck noted that contract and architectural firm names have been included where possible.

The report was accepted for information purposes.

9. University System of Maryland: Report on FY 2014 Procurement Contracts (information)

Mr. Salt indicated that the report comes annually to the committee detailing procurement contracts that fall in the range of \$1 million to \$5 million.

The report was accepted for information purposes.

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

Mr. Vivona stated that UMB seeks to exercise the final option of a contract to U.M. FDSP Associates for the day-to-day operations of the student dental clinics. This group is not-for-profit and has been running the clinics for many years. The estimated dollar amount for the upcoming contract year is \$10.2 million.

**The Finance Committee 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.**

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

11. University of Maryland, Baltimore: Amendment of Medical Service Plan (action)

Mr. Vivona introduced the item, briefly noting that it was the University's intent to keep the agreement modern and relevant, and then turned to Dr. Perman. He explained that a robust medical service plan must have university faculty engaged with other groups, and non-physicians as well. He pointed out that the language of the original medical service plan does not reflect the practice of medicine today. Dr. Reece then gave a presentation on the evolving clinical practice as the health care environment changes. The presentation covered the creation, organization, and structure of the service plan; clinical revenue; and the adaptive clinical strategy. He concluded with UMB's request to add a new clause to the plan which reads, *"To encourage the School, with UMB's approval, to work through the organizations created pursuant to this Plan to develop and maintain relationships with other tax-exempt health care organizations, as well as establishing and coordinating networks of community physicians and/or other clinicians, in order to support Maryland health care policy and School missions."* The full UMB presentation is attached.

**The Finance Committee recommended that the Board of Regents approve for UMB the above-stated amendment to the Medical Service Plan.**

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

The public session was adjourned at 12:09 p.m.

Respectfully submitted,

Senator Frank X. Kelly  
Chairman, Committee on Finance