



UNIVERSITY SYSTEM
of MARYLAND

**BOARD OF REGENTS
COMMITTEE ON FINANCE**

March 30, 2023

Meeting via Video and Conference Call

Minutes of the Public Session

Regent Attman welcomed those on the video and teleconference and called the meeting of the Finance Committee of the University System of Maryland Board of Regents to order in public session at 10:32 a.m.

Regents participating in the session included: Mr. Attman, Ms. Fish, Mr. Gonella, Mr. Peters, Mr. Rauch, and Mr. Wood. Also participating were: Chancellor Perman, Ms. Herbst, Ms. Wilkerson, Dr. Masucci, Mr. McDonough, Assistant Attorney General Bainbridge, Dr. Nowaczyk, Ms. Aughenbaugh, Mr. Bitner, Mr. Colella, Ms. Dettloff, Mr. Donoway, Mr. Kruckow, Mr. Lowenthal, Ms. Moore, Mr. Oler, Dr. Rhodes, Ms. Auburger, Mr. Beck, Ms. Denson, Mr. Eismeier, Mr. Hickey, Mr. Li, Mr. Muntz, Ms. Norris, Mr. Acton, Ms. Bucko, Ms. Walker, Mr. Dahl, Mr. Brown, Mr. Lurie, Mr. Mowbray, Mr. Maginnis, Mr. Gagnon, Ms. Michel, Mr. Brewer, Dr. Hurte, Ms. Johnson, Mr. Ullmann, Ms. Watson, Ms. Wright-Riva, Dr. Marinopoulos, Mr. Hollingsworth, Ms. McMann, and other members of the USM community and the public.

At the start of the meeting, Regent Attman took a few moments to review a chart displaying the annual financial cycle. He noted that the Committee would be considering the room, board, and other self-support charges proposed by the institutions, and make a recommendation on the institutions' enrollment projections during today's meeting.

1. Frostburg State University: Facilities Master Plan 5-year Update (presentation and information)

Regent Attman welcomed President Nowaczyk, who then recognized and introduced Mr. Donoway and Mr. Brewer. Among his opening remarks, Regent Attman shared that he was pleased to see that the campus was able to complete the update using only internal staff and resources—recognizing their effort as both effective and efficient. Before turning President Nowaczyk for the presentation, Regent Attman reminded the members of the Committee of the two-part approval process for master plans. The plan is presented for information, and then the item will return at the following meeting for recommendation to the full Board for approval. He also added that approval of the plan does not imply approval of capital projects or funding, as these items are reviewed through the normal procedures of the capital and operating budget processes.

Dr. Nowaczyk briefly presented the highlights of the University's Update to its 2018-2028 Campus Facilities Master Plan. The intent of the work was to update the Board on the progress of a number of key projects in FSU's prior plan and discuss potential future needs of the 125-year-old campus. The president noted that the physical growth of the campus mirrors the academic progress of the University.

He stated that FSU’s facilities now support academic programs that have expanded from the single path in 1902 to more than 100, and student support services that meet student club, health, recreational, residential, and food needs. Dr. Nowaczyk highlighted recent projects, including the new Education and Health Sciences Center, now nearing completion. He cited the new Brownsville Residence Hall—the first new residence hall on the campus in over 40 years. He also spoke of the need to repurpose existing space (e.g., library and academic classrooms) into collaborative learning spaces to support the needs and expectations of this generation of students.

Dr. Nowaczyk also focused on the critical need to target future funding on infrastructure work, including HVAC and utilities upgrades, new roofs, and walkway replacements. He then highlighted a new Regional Science Education Center (The Challenger Center) that is being developed in a donated City building with funding from private donors, the Governor of Maryland and state legislature, and federal funds. Finally, the president addressed opportunities to improve the residence life experience of FSU’s students through the early acquisition of Edgewood Commons, a P3 building supported through MEDCO, as a way to improve student housing options at a lower cost than would be possible through renovations to existing buildings.

Following the presentation, Regent Attman thanked President Nowaczyk and his colleagues for their thoughtful presentation. Regent Attman invited members of the Committee to provide him with any further questions, comments, or feedback following the meeting, that he would relay to the institution and the USM Office.

The Finance Committee received the item for information purposes.

2. University System of Maryland: Self-Support Charges and Fees for FY 2024 (action)

Regent Attman reviewed the item. He explained that the self-support fees provide the funding for self-support expenses related to housing, dining, and parking operations. He pointed out that these fees fund operations such as room, board and dining services that are not covered by state funding or tuition. In general, the justification for increases in the self-support fees are due to increases in employee salaries, the rising costs of food, energy, and higher operating expenses related to inflation. He then turned to Ms. Auburger, associate vice chancellor for budget analysis, who briefly covered the highlights. The proposed rate increases for the typical dormitory room range from 2% at Salisbury and Frostburg to 5% and Bowie, Towson, and UMBC. The typical board rate increases range from 5.0% at Frostburg to 8.8% at the University of Maryland, College Park. She added that the typical parking rate increase ranges from being unchanged, for multiple campuses, to 6.7% at Salisbury. Ms. Auburger stated that as required by Board Policy, a brief summary of the student involvement process by each institution is included in the item. Ms. Auburger mentioned that the vice presidents and/or other representatives from each campus were participating in the meeting and available for any institution-specific questions.

The Finance Committee recommended that the Board of Regents approve the proposed self-support charges and fees for FY 2024 as set forth in the attachment.

(Regent Attman moved recommendation, seconded by Regent Wood; approved)

Vote Count = YEAs: 6 NAYs: 0 Abstentions: 0

3. USM Enrollment Projections: FY 2024-2033 (action)

Regent Attman introduced the item. The enrollment projections are presented annually to the Finance Committee and help to determine the basis for MHEC’s statewide projections. The Chancellor, in consultation with the presidents, recommends the enrollment projections which account for the current higher education environment as well as the longer-term enrollment plan for each University. Per policy, institutions submitted plans that provided the targets and strategies required to achieve the enrollment plan for the next 10 years. The enrollment plans are used for requesting operating budget funds. Before turning to Regent Fish, Regent Attman offered a few comments on the positive enrollment gains at Bowie, Coppin, and UMES. This year was the first year in some time that the combined HBCU enrollment increased, with the number of new Freshmen increasing at all three institutions totaling nearly 500 students. Each institution increased its 2nd year new Freshmen retention rate compared to the previous year—led by UMES who was up 10%. And finally, the new Transfer numbers at Coppin and UMES increased.

Regent Attman explained that overall, process advancements have been occurring at the campuses to improve recruitment—including more timely acceptance notification and financial aid packages—as well as retention by registering sooner and meeting financial need prior to the next semester. He offered praise to all involved in this continuous improvement, and turned to Regent Fish, who chairs the Board’s Enrollment Workgroup. Regent Fish reviewed the current efforts of the BOR Enrollment Workgroup, which is now focusing on the “how and what are they [institutions] doing” to affect positive enrollment changes on the campus. She pointed out that the group is seeing institution plans incorporate retention estimates and expectations from campus initiatives into the future enrollment plans.

Following Regent Fish’s remarks, Regent Attman introduced Mr. Muntz, head of the System’s Decision Support and Institutional Research Office, who presented the enrollment projections. Mr. Muntz covered the highlights. In fall 2022, USM enrollment exceeded last year’s projections. This year, the enrollment projections follow the same trajectory and include sustaining the recent gains for the short-term. The projected enrollment is 163,390 next Fall 2023. In the long term, the USM enrollment projects more than 16,000 students by Fall 2032 for a total projected enrollment of 178,791. While some campuses are balancing the undergraduate and graduate student mix, the majority of the enrollment growth will be at the undergraduate level from both new student increases and retention increases. The projections reflect campus plans which include incorporating more sources of feedback for retention and recruitment efforts and achieving the USM enrollment goals in the strategic plan. Mr. Muntz reviewed several graphs and charts that are available online.

The presentation is available online <http://www.usmd.edu/regents/agendas/>

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

(Regent Attman moved recommendation, seconded by Regent Fish; approved)

Vote Count = YEAs: 6 NAYs: 0 Abstentions: 0

4. University of Maryland, Baltimore: Facilities Master Plan Update (action)

At the previous meeting, President Jarrell, and his colleagues from UMB presented the institution’s Facilities Master Plan. Regent Attman stated that the University has focused the bulk of its recent capital requests on renewing and replacing older buildings. The UMB Plan underscores the need for

significant investment in the existing physical plant to ensure that it continues to support the University's record of excellence.

The Finance Committee recommended that the Board of Regents approve the University of Maryland, Baltimore Facilities Master Plan Update 2022, as presented at the Committee's previous meeting, for approval to the Board of Regents, 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.

(Regent Attman moved recommendation, seconded by Regent Wood; approved)

Vote Count = YEAs: 6 NAYs: 0 Abstentions: 0

5. University of Maryland, Baltimore: Health Sciences Facility III Fifth and Sixth Floor Fit-Out (action)

Regent Attman recognized Dr. Rhodes and Mr. Mowbray of UMB and proceeded to summarize what he described as a good news item. The University is seeking approval for a project to fit-out shelled space on the fifth and sixth floor of the Health Sciences Facility (HSF) III. The 5th and 6th floors of the building have remained unfinished as shelled space since the building opened in 2018. The idea, in keeping with the Board's E&E initiative, was that they would be fitted by out by UMB to support future research growth when there was need and available funding. The cost of \$34.121 million will be supported wholly by institutional funding. Regent Attman described the need for this fit-out as a result of the School of Medicine's success in identifying and recruiting new principal investigators in neuroscience and addiction medicine. The SOM will combine the efforts of these researchers to create two new centers: the University of Maryland – Medicine Institute for Neuroscience Discovery and the Center for Translational Addiction Medicine. Dr. Rhodes commended Dean Gladwin for finding resources to fund the fit-out of the floors, adding that the space is critically needed now. Regent Attman echoed the praise of Dean Gladwin.

The Finance Committee recommended that the Board of Regents approve for the University of Maryland, Baltimore the Health Sciences Facility III 5th and 6th Floor Fit-Out project, with a budget of \$34.121 million, as described in the agenda item.

(Regent Attman moved recommendation, seconded by Regent Wood; approved)

Vote Count YEAs: 6 NAYs: 0 Abstentions: 0

6. University of Maryland, Baltimore: Modifications to the Oracle Financial Systems Contract for Additional Software and an Additional Renewal Term (action)

Regent Attman summarized the item. The University is requesting to modify an existing contract with Oracle to add Human Capital Management Software. The amount for the initial three-year term for this software is \$4.1 million. In addition, in another nod to the Board's E&E effort, UMB is seeking authorization for a second renewal for this software at the same price along with a third renewal term to the overall Oracle contract. Dr. Rhodes commented that UMB will save almost \$1 million with this approach by locking in the price. She added that UMB is also working with Towson to leverage their position. Although UMB replaced its former Peoplesoft Financial System in 2017, they continued to use PeopleSoft for its HR functions. Support for this old system will end in October of next year. This new Human Capital Management software will meet UMB's need to have a singular and unified system.

The Finance Committee recommended that the Board of Regents approve for the University of Maryland, Baltimore the contract modification to purchase Oracle HCM and the additional optional renewal term for both Oracle HCM and Oracle Financials, as described in the agenda item. Furthermore, the Finance Committee recommended authorizing UMB to exercise all renewal options at its discretion.

(Regent Attman moved recommendation, seconded by Regent Wood; approved)

Vote Count YEAs: 6 NAYs: 0 Abstentions: 0

7. University of Maryland, College Park: Contract Extension for Pouring Rights Agreement (action)

Regent Attman stated that the University is seeking to extend the pouring rights agreement with Pepsi for an additional ten years. The original agreement is set to expire this June. The new agreement will produce additional revenue in the amount of \$3 million over the ten-year term. The Board approved the original agreement in 2014. Regent Attman pointed out that the University determined that the extension of the existing agreement with the enhanced revenue was more beneficial than engaging in a competitive procurement given current market conditions. Regent Attman recognized Mr. Colella, vice president and chief administrative officer, asking if he or any of his colleagues would like to provide comment. Mr. Ullmann, vice president for marketing and communications, explained that the campus worked very closely with Pepsi. He added that through the use of the WINAD database service, the campus was able to view nearly 100 major revenue contracts in place and hired a contract to assess those contracts. In response to Regent Wood's inquiry about a recent agreement with a premier vodka, Mr. Ullmann explained that is a straight sponsorship that does not involve any expenditures on the part of the campus and is not a pouring rights agreement.

The Finance Committee recommended that the Board of Regents approve for the University of Maryland, College Park a contract extension of ten years with Pepsi for pouring rights, as described in the agenda item.

(Regent Attman moved recommendation, seconded by Regent Gonella; approved)

Vote Count = YEAs: 5 NAYs: 0 Abstentions: 0

8. University of Maryland, College Park: Voluntary Separation Program for Tenured Faculty in Select Academic Areas (action)

Regent Attman stated that the University is seeking Board approval to offer a Voluntary Separation Program for a limited group of faculty in the Institute for Bioscience & Biotechnology Research and the School of Public Policy. The plan was designed to provide the University with the opportunity to adjust the distribution of faculty and support in emerging disciplines and in new areas of research. Regent Attman stressed that this is a voluntary program. Faculty who elect to participate and whose application is approved, will receive incentive payments as calculated under the plan and must separate from the University effective June 30th of this year. The anticipated cost will vary depending on participation; if all eligible faculty members participate the estimated cost will be \$2 million. The actual cost will depend on the number of participants and their respective salaries. Regent Attman noted that the Attorney General's Office had approved the plan documents for legal sufficiency. He recognized Mr. Oler, vice president of finance and chief financial officer, as available for any questions.

The Finance Committee recommended that the Board of Regents approve for the University of Maryland, College Park the Voluntary Separation Program for tenured faculty members in select academic areas, as presented.

(Regent Attman moved recommendation, seconded by Regent Gonella; approved)

Vote Count = YEAs: 5 NAYs: 0 Abstentions: 0

9. University of Maryland, College Park: Modification to Student Health Insurance Program Contract (action)

Regent Attman welcomed Dr. Marinopoulos, University Health Center director and chief medical officer, and Ms. Watson, AVP for procurement & business services, who joined Mr. Colella. Regent Attman summarized the item. The request from the University is to modify the contract for student health insurance to switch providers from Aetna to United Health Care. He reminded the regents that last year they approved a contract with an insurance broker, Academic Health Plans, with Aetna as the provider of the plans. The University evaluated plans and rates for the upcoming year from both providers and found UHC's rates to be substantially less. Regent Attman commended the campus personnel for looking out for the students and seeking the best rates available, particularly since the cost for the health insurance is borne by the students. He added that there is no change in the level of coverage and the new provider offers an improved mental health network.

The Finance Committee recommended that the Board of Regents approve the University of Maryland, College Park to modify the Student Health Insurance Program contract changing the insurance carrier to United Healthcare.

(Regent Attman moved recommendation, seconded by Regent Gonella; approved)

Vote Count = YEAs: 5 NAYs: 0 Abstentions: 0

10. Financial Condition and Financial Results of Intercollegiate Athletic Programs

Regent Attman introduced the report, an annual financial report of each of the institution's athletic departments, presented for information. He noted that it was the second time the report is coming to the Finance Committee from the Board's Committee on Intercollegiate Athletics and Student-Athlete Health and Welfare, which was established July 2021. He asked Regent Gonella, chair of the committee, to make a few remarks. Regent Gonella noted that the transition has gone very well. He shared that over the past year, the committee has been working hard on lines of communication with each of the athletic directors and that he has participated in briefings with Sr. Vice Chancellor Herbst and her team. Regent Gonella stated the work of the Committee focuses on a set of issues that are both routine and recurring, yet also on emerging issues like name, image and likeness, or the changes in the NCAA constitution, which arise from time to time. He turned to Sr. Vice Chancellor Herbst, joined by Ms. Denson, who presented the report.

Sr. Vice Chancellor Herbst stated that the ICA program financial report is a summary of a considerable amount of information and discussion held with each athletic department. The financial report is made up of two summary presentations. The first is the operating results and the corresponding fund balance or accumulated deficit position. The second is a summary of key asset and liability amounts, showing what each program has in terms of cash and endowment investments dedicated to athletics, and the amounts owed to bondholders, or the campus for facilities needs as of June 30, 2022. The total amount due to the institution includes amounts for any facilities. The information is intended to provide a sense

of the operating results and financial status or strength for each program, in a single display. Sr. Vice Chancellor Herbst assured the regents that she and her team are spending a lot of time and effort in order to get a sense of the financial and operational differences, and their challenges, for each of the athletic departments. She pointed out that the athletic departments are in Divisions I, II, and III and as such face very different issues. The USMO team works closely with the athletics departments to ensure that each institution is keeping track of athletics operations in line with current Board policy. This year, not surprisingly, all of the programs are facing common challenges—inflation, increased travel and meal costs, and employee salary increases. Sr. Vice Chancellor Herbst noted that the State granted state employees 9.5% raises for COLA and merit between 2020-2022, with another 10% granted in FY 23, and while very grateful, self-support units like athletics must fund these increases. She reminded the regents that in September 2020, the Board recognized that the pandemic was going to have a significant impact on athletic department revenues, as it did for many of the System’s auxiliary operations. In doing so, the Board suspended the requirement that athletics be self-supporting for fiscal years 2020 and 2021. She explained that this means that institutions could elect to subsidize athletics from funds raised for other activities to offset the reduction in revenues. Sr. Vice Chancellor Herbst stated that several System institutions chose to do this, while others reported an increase in the accumulated deficit as a result of the revenue shortfalls. She added that her team is working closely with the institutions on this matter and that a complete report will be compiled.

The Finance Committee received the item for information purposes.

11. Convening Closed Session

Regent Attman read the Convene to Close Statement.

“The Open Meetings Act permits public bodies to close their meetings to the public in circumstances outlined in §3-305 of the Act and to carry out administrative functions exempted by §3-103 of the Act. The Committee on Finance will now vote to reconvene in closed session. The agenda for the public meeting today includes a written statement with a citation of the legal authority and reasons for closing the meeting and a listing of the topics to be discussed. The statement has been provided to the regents and it is posted on the USM’s website.”

The Chancellor recommended that the Committee on Finance vote to reconvene in closed session.

(Regent Attman moved recommendation, seconded by Regent Fish; approved)

Vote Count = YEAs: 5 NAYs: 0 Abstentions: 0

Regent Attman thanked everyone for joining. The public meeting was adjourned at 11:52 a.m.

Respectfully submitted,

Gary L. Attman
Chair, Committee on Finance



UNIVERSITY SYSTEM
of MARYLAND

**BOARD OF REGENTS
COMMITTEE ON FINANCE**

March 30, 2023

Meeting via Video Conference

Minutes of the Closed Session

Regent Attman called the meeting of the Finance Committee of the University System of Maryland Board of Regents to order in closed session at 11:55 a.m. via video conference.

Regents participating in the session included: Mr. Attman, Ms. Fish, Mr. Gonella, Mr. Peters, and Mr. Wood. Also participating were: Chancellor Perman, Ms. Herbst, Ms. Wilkerson, Dr. Masucci, Mr. McDonough, Assistant Attorney General Bainbridge, Mr. Eismeier, Mr. Hickey, Ms. Norris, and Ms. McMann. Mr. Lowenthal, Dr. Hurte, Ms. Johnson, Mr. Colella, Mr. Oler, Mr. Maginnis, Mr. Hollingsworth, and Ms. Watson also participated in part of the session.

1. The committee discussed the awarding of a contract for dining services (§3-305(b)(14)). (Regent Attman moved recommendation, seconded by Regent Fish; approved)
Vote Count = YEAs: 5 NAYs: 0 Abstentions: 0
2. The committee discussed a real property acquisition in College Park (§3-305(b)(3)). (Regent Attman moved recommendation, seconded by Regent Peters; unanimously approved)
Vote Count = YEAs: 5 NAYs: 0 Abstentions: 0
3. The committee discussed the awarding of a contract for a network refresh (§3-305(b)(14)). (Regent Attman moved recommendation, seconded by Regent Fish; approved)
Vote Count = YEAs: 5 NAYs: 0 Abstentions: 0

The session was adjourned at 12:06 p.m.

Respectfully submitted,

Gary L. Attman
Chair, Committee on Finance