

**Department of Legislative Services**  
Maryland General Assembly  
2004 Session

**FISCAL AND POLICY NOTE**  
**Revised**

Senate Bill 849

(Senator Conway)

Education, Health, and Environmental Affairs

Appropriations

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**Higher Education - University System of Maryland - Procurement**

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This bill exempts the University System of Maryland (USM) from some of the existing procurement laws and policies when it procures investment management services and investments for its gift and endowment assets. Procurements must be made in accordance with the management and investment policies adopted by the Board of Regents of USM, and the board must report to the Comptroller and the Treasurer by September 1, 2004 on the adopted policies. The bill also requires the board to submit an annual report comparing USM's gift and endowment investment portfolio to appropriate benchmarks.

The bill takes effect July 1, 2004.

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**Fiscal Summary**

**State Effect:** Higher education revenues for USM would increase if the exemption from procurement laws results in better investment returns.

**Local Effect:** None.

**Small Business Effect:** Minimal.

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**Analysis**

**Current Law:** USM is only subject to some of the procurement laws with which other State agencies must comply. USM procurements that are not subject to State law must comply with the policies and procedures developed by USM and approved by the Board

of Public Works and the Administrative, Executive, and Legislative Review Committee. In addition, USM's policies must make use of State Use Industries and Blind Industries Services of Maryland to the maximum extent practicable. USM policies must promote the purposes of the regulations adopted by the Department of General Services governing the procurement of architectural and engineering services. These rules do not apply to procurements from government agencies or procurement in support of enterprise activities.

The Board of Regents of USM is authorized to maintain and manage gift and endowment funds.

**State Revenues:** The legislation would provide greater flexibility in choosing investment managers and investments for USM gift and endowment funds. USM estimates that the flexibility could increase investment earnings by up to 2%. USM's endowment fund is \$200 million.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 1473 (Delegate Hammen) – Appropriations.

**Information Source(s):** University System of Maryland, Department of Legislative Services

**Fiscal Note History:** First Reader - March 3, 2004  
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