

Chapter 393

(Senate Bill 502)

AN ACT concerning

~~Higher Education~~ – University System of Maryland – Board of Regents and Quasi-Endowment Funds

FOR the purpose of providing that the unexpired or partial term of a member of the Board of Regents of the University System of Maryland appointed to fill a vacancy does not qualify as a full term for the purposes of the prohibition against a member serving a certain number of consecutive full terms; authorizing the Board of Regents ~~of the University System of Maryland~~ to transfer up to a certain amount of funds from the non-State supported fund balance to a quasi-endowment fund; limiting the use of certain proceeds to certain purposes; stating the intent of the General Assembly for the source of a certain transfer; providing for the application of a certain provision of this Act; and generally relating to ~~quasi-endowment funds of the University System of Maryland~~.

BY repealing and reenacting, without amendments,Article – EducationSection 12-102(a) and (b)Annotated Code of Maryland(2018 Replacement Volume)

BY repealing and reenacting, with amendments,

Article – Education

Section 12-102(g) and 12-104(e)(2)

Annotated Code of Maryland

(2014 Replacement Volume and 2017 Supplement)

Preamble

WHEREAS, In Chapter 266 of the Acts of 2013, the General Assembly authorized the University System of Maryland to create a quasi-endowment fund to help fund-raising and other related activities at the constituent institutions of the University System of Maryland; and

WHEREAS, The General Assembly has encouraged its institutions of higher education to raise supplemental funds from the private sector through innovative fund-raising to support Maryland citizens; and

WHEREAS, In 2017 the A. James & Alice B. Clark Foundation made an unprecedented investment of ~~\$219,000,000~~ \$219,500,000 to the State's flagship institution, the University of Maryland, College Park Campus, for the purpose of, among other

initiatives, increasing college access and affordability through need-based scholarships; and

WHEREAS, This private donation was one of the largest ever given to a public university in the nation's history; and

WHEREAS, The Clark Challenge for Maryland Promise offers the opportunity to create a scholarship fund of ~~at least~~ up to \$100,000,000 with supplemental matching funds to support Maryland students at the University of Maryland, College Park Campus and students transferring from community college with financial need-based scholarships; now, therefore,

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article – Education

12-102.

(a) (1) *There is a body corporate and politic known as the University System of Maryland.*

(2) *The University is an instrumentality of the State and a public corporation.*

(3) *The University is an independent unit of State government.*

(4) *The exercise by the University of the powers conferred by this subtitle is the performance of an essential public function.*

(b) *The government of the University System of Maryland is vested in the Board of Regents of the University System of Maryland.*

(g) (1) *Except for the Secretary of Agriculture AND SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, a member may not serve more than 2 consecutive full terms.*

(2) **THE UNEXPIRED OR PARTIAL TERM OF A MEMBER APPOINTED TO FILL A VACANCY OCCURRING DURING A 5-YEAR TERM DOES NOT QUALIFY AS A FULL TERM FOR THE NEWLY APPOINTED MEMBER.**

12-104.

(e) (2) (i) Subject to subparagraphs (ii) [and], (iii), AND (IV) of this paragraph, the Board may maintain and manage quasi-endowment funds.

(ii) The Board may only make a one-time transfer of no more than \$50,000,000 from the non-State supported fund balance held and invested by the State Treasurer to the quasi-endowment fund.

(iii) 1. Subject to the limitation under subparagraph 2 of this subparagraph, the Board may make only a one-time transfer of no more than \$50,000,000 from the State-supported fund balance held and invested by the State Treasurer to the quasi-endowment fund.

2. The Board may use the investment proceeds for facility renewal projects relating only to capital facilities used for State-supported activities.

(IV) 1. SUBJECT TO THE LIMITATION UNDER SUBSUBPARAGRAPH 2 OF THIS SUBPARAGRAPH, THE BOARD MAY MAKE ONLY A ONE-TIME TRANSFER OF NO MORE THAN \$25,000,000 FROM THE NON-STATE SUPPORTED FUND BALANCE HELD AND INVESTED BY THE STATE TREASURER TO THE QUASI-ENDOWMENT FUND.

2. THE BOARD MAY USE THE INVESTMENT PROCEEDS ONLY TO MATCH A PRIVATELY FUNDED SCHOLARSHIP PROGRAM AT THE UNIVERSITY OF MARYLAND, COLLEGE PARK CAMPUS.

SECTION 2. AND BE IT FURTHER ENACTED, That § 12-102(g) of the Education Article, as enacted by Section 1 of this Act, applies to a member of the Board of Regents of the University System of Maryland serving on or after July 1, ~~2018~~ 2008.

SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That it is the intent of the General Assembly that, in transferring the funds authorized to be transferred under this Act, the Board of Regents of the University System of Maryland make a transfer from the fund balance held on account of and attributable to the University of Maryland, College Park Campus.

SECTION ~~3~~ 4. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2018.

Approved by the Governor, May 8, 2018.