

SENATE BILL 502

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8lr2837
CF HB 871

By: **Senators Smith and Miller**

Introduced and read first time: January 29, 2018

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 27, 2018

CHAPTER _____

1 AN ACT concerning

2 **Higher Education – University System of Maryland – Quasi-Endowment Funds**

3 FOR the purpose of authorizing the Board of Regents of the University System of Maryland
4 to transfer up to a certain amount of funds from the non-State supported fund
5 balance to a quasi-endowment fund; limiting the use of certain proceeds to certain
6 purposes; stating the intent of the General Assembly for the source of a certain
7 transfer; and generally relating to quasi-endowment funds of the University System
8 of Maryland.

9 BY repealing and reenacting, with amendments,
10 Article – Education
11 Section 12-104(e)(2)
12 Annotated Code of Maryland
13 (2014 Replacement Volume and 2017 Supplement)

14 Preamble

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

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 WHEREAS, In 2017 the A. James & Alice B. Clark Foundation made an
 2 unprecedented investment of ~~\$219,000,000~~ \$219,500,000 to the State's flagship institution,
 3 the University of Maryland, College Park Campus, for the purpose of, among other
 4 initiatives, increasing college access and affordability through need-based scholarships;
 5 and

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

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

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

15 **Article – Education**

16 12–104.

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

19 (ii) The Board may only make a one-time transfer of no more than
 20 \$50,000,000 from the non-State supported fund balance held and invested by the State
 21 Treasurer to the quasi-endowment fund.

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

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

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

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

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

9 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July
10 1, 2018.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.