

HOUSE BILL 419

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1999 Regular Session  
9r2119  
CF SB 296

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By: **Delegates Shriver and Taylor**

Introduced and read first time: February 8, 1999

Assigned to: Appropriations

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A BILL ENTITLED

1 AN ACT concerning

2 **Public Institutions of Higher Education - Affiliated Foundations**

3 FOR the purpose of repealing a requirement that certain affiliated foundations  
4 operate subject to policies adopted by the governing boards of public institutions  
5 of higher education; authorizing the presidents of the University System of  
6 Maryland constituent institutions to establish certain foundations under certain  
7 circumstances; requiring a certain report by a certain date; and generally  
8 relating to public institutions of higher education.

9 BY repealing and reenacting, with amendments,  
10 Article - Education  
11 Section 15-104  
12 Annotated Code of Maryland  
13 (1997 Replacement Volume and 1998 Supplement)

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

16 **Article - Education**

17 15-104.

18 (a) It is the public policy of the State that endowment funds of public  
19 institutions of higher education and gifts, donations, bequests, private endowments,  
20 and private grants received by public institutions of higher education or their  
21 governing boards, including any income therefrom:

22 (1) Shall be used in accordance with the wishes of the donors; and

23 (2) May not be used as a substitute for State General Fund  
24 appropriations.

25 (b) (1) The public institutions of higher education are encouraged to  
26 promote private fundraising by strengthening institutional development activities  
27 and by maintaining relationships with affiliated foundations.

1           (2)     Affiliated foundations that are independently established for this  
2 purpose shall operate subject to policies adopted by the governing boards and  
3 approved for form and legal sufficiency by the Attorney General.

4           (3)     THE PRESIDENTS OF THE UNIVERSITY SYSTEM OF MARYLAND  
5 CONSTITUENT INSTITUTIONS MAY ESTABLISH CAMPUS-BASED FOUNDATIONS. EACH  
6 FOUNDATION NEED NOT BE APPROVED BY THE BOARD OF REGENTS OF THE  
7 UNIVERSITY SYSTEM OF MARYLAND BUT SHALL OPERATE SUBJECT TO POLICIES  
8 ADOPTED BY THE BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF MARYLAND  
9 IN CONSULTATION WITH THE PRESIDENTS OF THE UNIVERSITY SYSTEM OF  
10 MARYLAND CONSTITUENT INSTITUTIONS.

11           [(3)]   (4)     Sections 15-501 through 15-504 of the State Government  
12 Article do not bar an official or employee of a public institution of higher education  
13 from becoming a director, official, or employee of an independent foundation  
14 organized to foster fundraising and provide related services for the benefit of the  
15 institution.

16           [(4)]   (5)     No funds shall be accepted from an affiliated foundation by a  
17 public institution of postsecondary education unless the fiscal affairs of the affiliated  
18 foundation are audited annually by an independent certified public accountant.

19     SECTION 2. AND BE IT FURTHER ENACTED, That the Board of Regents of  
20 the University System of Maryland in consultation with the presidents of the  
21 University System of Maryland constituent institutions shall report to the General  
22 Assembly on or before September 1, 1999, in accordance with Section 2-1246 of the  
23 State Government Article, on a plan to transfer to any foundation established under  
24 this Act the assets held on behalf of any University System of Maryland constituent  
25 institution.

26     SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take  
27 effect July 1, 1999.