

SENATE BILL 502

F2

(8lr2837)

ENROLLED BILL

— Budget and Taxation / Appropriations —

Introduced by **Senators Smith and Miller**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

_____ day of _____ at _____ o'clock, _____ M.

President.

CHAPTER _____

1 AN ACT concerning

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

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

14 *BY repealing and reenacting, without amendments,*

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.

Italics indicate opposite chamber / conference committee amendments.



1 *Article – Education*
 2 *Section 12–102(a) and (b)*
 3 *Annotated Code of Maryland*
 4 *(2018 Replacement Volume)*

5 BY repealing and reenacting, with amendments,
 6 Article – Education
 7 Section *12–102(g) and* 12–104(e)(2)
 8 Annotated Code of Maryland
 9 (2014 Replacement Volume and 2017 Supplement)

10 Preamble

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

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

18 WHEREAS, In 2017 the A. James & Alice B. Clark Foundation made an
 19 unprecedented investment of ~~\$219,000,000~~ \$219,500,000 to the State’s flagship institution,
 20 the University of Maryland, College Park Campus, for the purpose of, among other
 21 initiatives, increasing college access and affordability through need–based scholarships;
 22 and

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

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

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

32 **Article – Education**

33 12–102.

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

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

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

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

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

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

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

13 12-104.

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

16 (ii) The Board may only make a one-time transfer of no more than
17 \$50,000,000 from the non-State supported fund balance held and invested by the State
18 Treasurer to the quasi-endowment fund.

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

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

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

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

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

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

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

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.