

SENATE BILL 426

F2

(3lr2348)

ENROLLED BILL

— *Budget and Taxation/Appropriations* —

Introduced by **Senator King** **Senators King, Benson, Corderman, Elfreth, Jackson, McCray, Salling, and Zucker**

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 **University System of Maryland – Board of Regents – Quasi-Endowment Funds**
- 3 FOR the purpose of authorizing the Board of Regents of the University System of Maryland
- 4 to make transfers of a certain amount subject to certain conditions to establish
- 5 certain quasi-endowment funds; authorizing the Board to use investment income
- 6 produced by certain quasi-endowment funds in accordance with certain rules to
- 7 provide need-based student financial aid; and generally relating to the Board of
- 8 Regents of the University System of Maryland.
- 9 BY repealing and reenacting, without amendments,
- 10 Article – Education
- 11 Section 12–104(a) through (b–1), (c), and (d)
- 12 Annotated Code of Maryland
- 13 (2022 Replacement Volume)

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 BY repealing and reenacting, with amendments,
2 Article – Education
3 Section 12–104(e)
4 Annotated Code of Maryland
5 (2022 Replacement Volume)

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

Article – Education

9 12-104.

10 (a) In addition to any other powers granted and duties imposed by this title, and
11 subject to the provisions of Title 11 of this article and any other restriction imposed by law
12 by specific reference to the University System of Maryland, or by any trust agreement
13 involving a pledge of property or money, the Board of Regents has the powers and duties
14 set forth in this section.

15 (b) In addition to the powers set forth elsewhere in this title, the University may:

18 (2) Adopt and alter an official seal;

20 (4) Maintain offices at the places the Board of Regents may designate;

21 (5) Enter into contracts of any kind, and execute all instruments necessary
22 or convenient with respect to its carrying out the powers in this subtitle to accomplish the
23 purposes of the University;

(7) Borrow money from any source to acquire personal property as provided in § 12–105(c) of this subtitle; and

29 (8) In addition to the powers set forth in Title 19 of this article and subject
30 to the approval of the Board of Public Works, borrow money from any source for any
31 corporate purpose, including working capital for its operations, reserve funds or interest,
32 and mortgage, pledge, or otherwise encumber the property or funds of the University, and

1 contract with or engage the services of any person in connection with any financing,
2 including financial institutions, issuers of credit, or insurers.

3 (b-1) The University System of Maryland shall establish its corporate headquarters
4 in Baltimore City at a place designated by the Board.

5 (c) The Board of Regents:

6 (1) Is responsible for the management of the University System of
7 Maryland and has all the powers, rights, and privileges that go with that responsibility,
8 including the power to conduct or maintain any institutions, schools, or departments in the
9 University at the locations the Board determines;

10 (2) Shall consult with the presidents in developing policies, guidelines, and
11 plans for the University System of Maryland; and

12 (3) May not be superseded in its authority by any other State agency or
13 office in managing the affairs of the University System of Maryland or of any constituent
14 institutions and centers under the Board's jurisdiction.

15 (d) In addition to the powers conferred on it by this title, the Board has all the
16 powers conferred on it by:

17 (1) The act of incorporation of the Maryland College of Agriculture;

18 (2) The Charter of the University of Maryland; and

19 (3) The charter of any constituent institution.

20 (e) (1) The Board may:

21 (i) Apply for, accept, and spend any gift or grant from the federal
22 government, any foundation, or any other person; and

23 (ii) Maintain and manage gift and endowment funds.

24 (2) (i) Subject to subparagraphs (ii), (iii), ~~and~~ (iv), **AND (V) OF THIS**
25 **PARAGRAPH, THE** Board may maintain and manage quasi-endowment funds.

26 (ii) The Board may only make a one-time transfer of no more than
27 \$50,000,000 from the non-State supported fund balance held and invested by the State
28 Treasurer to the quasi-endowment fund.

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

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

3 (iv) 1. Subject to the limitation under subsubparagraph 2 of this
4 subparagraph, the Board may make only a one-time transfer of no more than \$25,000,000
5 from the non-State supported fund balance held and invested by the State Treasurer to the
6 quasi-endowment fund.

7 2. The Board may use the investment proceeds only to match
8 a privately funded scholarship program at the University of Maryland, College Park
9 Campus.

10 ~~3. (V) 1. SUBJECT TO THE LIMITATION UNDER
11 SUBSUBPARAGRAPH 2 OF THIS SUBPARAGRAPH SUBPARAGRAPH (IV)2
12 SUBSUBPARAGRAPH 2 OF THIS PARAGRAPH SUBPARAGRAPH, THE BOARD MAY MAKE
13 TRANSFERS OF NO MORE THAN \$150,000,000 FROM FUND BALANCES HELD AND
14 INVESTED BY THE STATE TREASURER TO ESTABLISH A QUASI-ENDOWMENT FUND.~~

15 **4. 2. THE BOARD MAY USE THE INVESTMENT INCOME
16 PRODUCED BY THE QUASI-ENDOWMENT FUND IN ACCORDANCE WITH THE
17 UNIVERSITY SYSTEM OF MARYLAND POLICY ON ENDOWMENT FUND SPENDING
18 RULE TO PROVIDE FUNDING FOR NEED-BASED STUDENT FINANCIAL AID.**

19 (3) On or before November 1 each year, the Board shall submit to the
20 Governor, the Comptroller, the State Treasurer, and, in accordance with § 2-1257 of the
21 State Government Article, the General Assembly, an annual investment performance
22 report comparing the various components of the University's gift, endowment, and
23 quasi-endowment investment portfolio to appropriate benchmarks.

24 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
25 1, 2023.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.