

**BOARD OF TRUSTEES
FINANCE, INVESTMENT, AND AUDIT COMMITTEE**

REPORT SUMMARY
(See appendix for supporting materials)

Date of Meeting: May 1, 2017

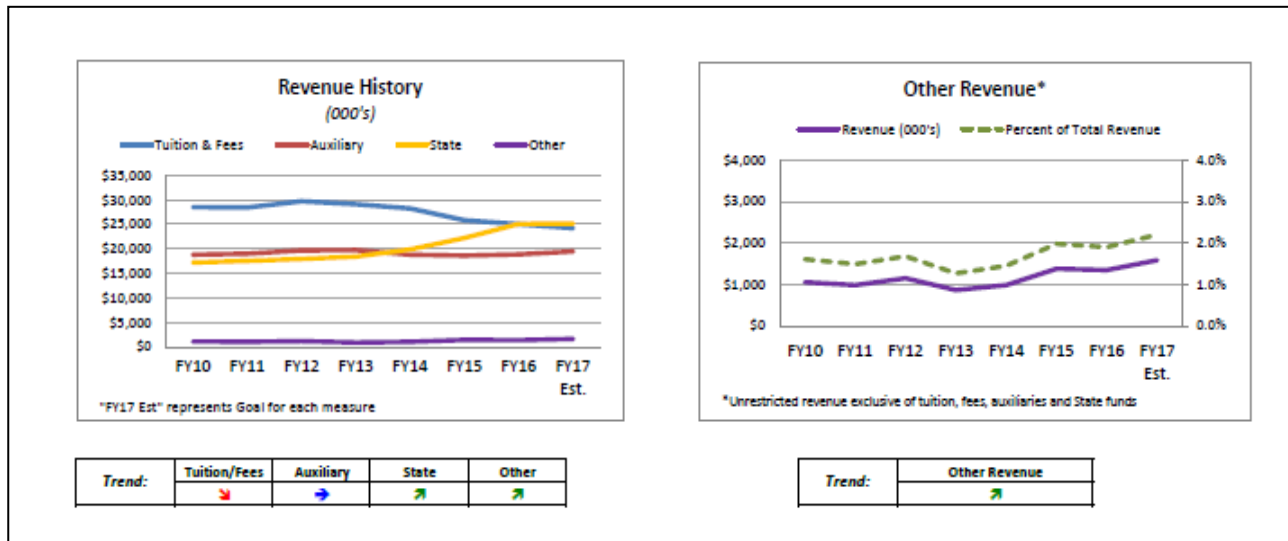
Date of Next Meeting: TBD

Committee Chair: John Wobensmith '93

Committee Members: Lex Birney, Donny Bryan '73, Asif Dowla, Sven Holmes, Tuajuanda Jordan, Mike O'Brien '68, Katharine Russell

Staff Member: Chip Jackson

Dashboard Metrics:



Executive Summary:

Discussion Items

Results of Legislative Session: The 2017 Legislative Session ended on April 10th, 2017. The College's FY18 operating and capital budget requests were fully funded, and new legislation passed that restructures the College funding formula to increase State funding beginning in FY19.

Overview of Foundation Support: The College and the St. Mary's College of Maryland Foundation have continued discussions focused on how to best leverage the Foundation's resources to support the needs of the College. The College's FY18 Operating Budget includes \$75,000 as unrestricted revenue, an increase from \$35,000 in the current FY17 budget. In

addition, the Foundation has made available new one-time funds to support strategic initiatives such as internships, faculty support, and academic equipment.

Information Items

FY 2017 Financial Results to Date: Revenues are 96% compared to budget. Expenditures are equal to the same period as last year, and are 70.7% of budget.

College Endowment Investment Policy Update: The College is preparing revisions to its investment policy, planning to transfer certain funds from cash to equities, and coordinating with the Joint Investment Advisory Committee (JIAC) to prepare an RFP for a joint fund manager to be issued in fall 2018.

Reportable procurement items, and a joint investment activities updates will be provided. Reports from the Foundation President and the Staff Senate President are included in the materials.

Action Item(s) related to specific strategic plan goals as appropriate:

III.A. Approval of FY18 Tuition, Fees, Room and Board Rates and the FY18 Preliminary Budget

Approval of the student rates for FY18 (academic year 2017-2018) as per the attached Tuition and Fee Schedule. The recommended tuition rates for Maryland resident undergraduate students increase 2% from FY17. Tuition rates for both non-resident undergraduate students and Masters of Arts in Teaching graduate students each increases 2%.

III.B. Approval of the FY19-FY23 State Capital Budget Proposal

Approval of the FY19 State Capital Budget Proposal, contingent on favorable endorsement by the Buildings and Grounds Committee at its meeting on May 12, 2017. The proposed FY19 State funded capital budget is a continuation of the current capital budget and includes the New Academic Building and Auditorium (inclusive of the Jamie L. Roberts Stadium) and various Campus Infrastructure Improvements.

III.C. Approval of Employment Handbook Revisions

Approval of revisions to the St. Mary's College of Maryland Employee Handbook to add an Employment of Foreign Nationals Policy, an Affirmative Action Policy and a Non-Discrimination Policy, and to update the Criminal Background Check Policy to clarify requirements for the re-hiring of retired employees.

Committee Action Taken/Action in Progress:

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Recommendation to the Board:

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FINANCE, INVESTMENT, AND AUDIT COMMITTEE

MEETING OF MAY 1, 2017

AGENDA

I. CALL TO ORDER

II. DISCUSSION ITEMS

- A. Results of Legislative Session
- B. Overview of Foundation Support

III. ACTION ITEMS

- A. FY18 Tuition, Fees, Room and Board Rates, and the FY18 Preliminary Budget
- B. FY19-FY23 State Capital Budget Proposal
- C. Employment Handbook Revisions
 - 1. Employment of Foreign Nationals Policy
 - 2. Affirmative Action Policy
 - 3. Non-Discrimination Policy
 - 4. Criminal Background Check Policy Revision

IV. INFORMATION ITEMS

- A. Minutes from Meeting of December 2, 2016 and January 26, 2017
- B. FY 2017 Financial Results to Date
- C. College Endowment Investment Policy Update
- D. Reportable Procurement Items
- E. Joint Investment Advisory Activities
- F. Foundation President Report
- G. Staff Senate President Report

The Committee does not expect to close any portion of this meeting.

**BOARD OF TRUSTEES
ST. MARY'S COLLEGE OF MARYLAND
FINANCE, INVESTMENT, AND AUDIT COMMITTEE
MEETING OF MAY 1, 2017
DISCUSSION ITEM II.A.
RESULTS OF LEGISLATIVE SESSION**

The 2017 Legislative Session ended on April 10th, 2017. The College's FY18 budget requests were fully funded, and new legislation passed that restructures the College funding formula to increase State funding beginning in FY19. College leadership was very active throughout the 2017 legislative session - attending 56 meetings since last fall with members of the Governor's staff and legislators as well as various events. A summary of budget related legislative action is provided below.

Fiscal Year 2018 Operating Budget

The Governor's FY18 Operating Budget provides the College with \$0.94 million (3.91%) including \$0.55 million representing the Block Grant inflator and \$0.39 million in tuition buy-down funding. Tuition funding represents a buy-down from 4% to 2% for in-state students.

Fiscal Year 2018 Capital Budget

The State appropriated \$9.8 million in FY18 to continue the design of the new academic building and auditorium and for construction of the Jamie L. Roberts Stadium.

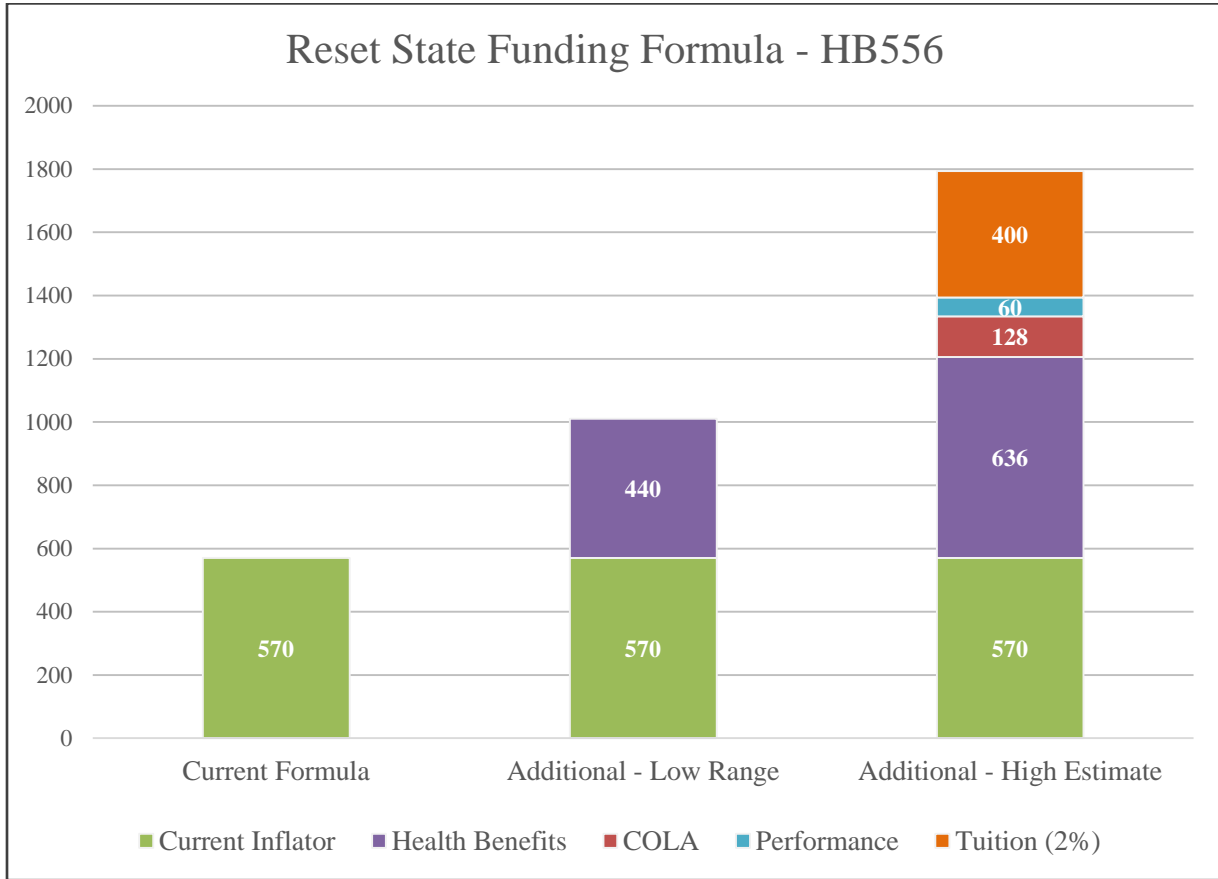
HB556 Higher Education - St. Mary's College of Maryland – Funding

This Bill increases funding for St. Mary's College beginning in FY19 by augmenting the existing Block Grant formula-based inflator with funding for health insurance costs and 50% of cost-of-living wage adjustments for State-supported employees. Additionally, the Bill includes performance based additional funding: if the College's six-year graduation rate is 82% or higher, the inflator will increase by 0.25% for the next fiscal year. Last, the Bill will provide tuition relief funds to moderate undergraduate resident tuition increases if funding is provided to other public four-year institutions.

The attached chart illustrates the increased funding potential required by HB556.

HB561/SB435 Higher Education - St. Mary's College of Maryland - Governing Authority

This legislation clarifies that the authority of the Board of Trustees of St. Mary's College of Maryland may not be superseded by any State agency or office in specified management affairs, except by a provision of law that specifically references the College by name. This puts the College's Board of Trustees in the same statutory position as the University System of Maryland and Morgan State University governing boards.



- Current Inflator – Unchanged: Annual rate increase range approx. 2.3%
- Health Care – 100% of increased costs: Annual rate increase range from 5.5% to 11.3%
- COLA – 50% of State-wide increase: Annual rate increase range from 0% to 2%
- Performance Funding: Adds 0.25% to Base Inflator
- Tuition Relief: 0% to 2% tuition, if provided to other public institutions

**BOARD OF TRUSTEES
ST. MARY'S COLLEGE OF MARYLAND
FINANCE, INVESTMENT, AND AUDIT COMMITTEE
MEETING OF MAY 1, 2017
DISCUSSION ITEM II.B.
OVERVIEW OF FOUNDATION SUPPORT**

FY18 Budget Planning

The College and the St. Mary's College of Maryland Foundation have continued discussions focused on how to best leverage the Foundation's resources to support the needs of the College. At its meeting on March 21, 2017, the Foundation Board approved increasing its endowment spend rate from 4.25% to 4.75% which will increase funding for the College. This action will provide \$75,000 as revenue to the College's proposed FY18 Operating Budget, an increase from \$35,000 in the current FY17 budget.

In addition to increasing unrestricted support, the Foundation has made available new one-time funds to support strategic initiatives such as internships, faculty development, and academic equipment, totaling \$58,000. Also, the College will use \$72,698 of one-time waterfront Foundation funds to support on-going waterfront programming.

Future

Consistent with the College's goal to enhance revenue streams, the College president and the Foundation Board will continue to explore opportunities for increasing support. At its March 21st meeting, the Foundation Board expressed its desire to evaluate its funds and operations towards this goal. Fundraising activities to increase the endowment and the St. Mary's Funds will continue to be a high priority.

The College and the Foundation have agreed to issue a joint RFP for a new fund manager so that both the Foundation endowment and College endowment are managed by a single firm, but as separate accounts. The Foundation and College have separate investment policies, both coordinated through the Joint Investment Advisory Committee (JIAC).

**BOARD OF TRUSTEES
ST. MARY'S COLLEGE OF MARYLAND
FINANCE, INVESTMENT, AND AUDIT COMMITTEE
MEETING OF MAY 1, 2017
ACTION ITEM III.A.
FY18 TUITION, FEES, ROOM AND BOARD RATES
AND THE FY18 PRELIMINARY BUDGET**

RECOMMENDED ACTION

The Finance, Investment, and Audit Committee recommends that the Board of Trustees authorize student rates for FY18 (academic year 2017-2018) as per the attached Tuition and Fee Schedule. The recommended tuition rates for Maryland resident undergraduate students increase 2.00% from FY17. Tuition rates for both non-resident undergraduate students and Masters of Arts in Teaching graduate students each increases 2.00% as well.

RATIONALE

The Board of Trustees is the authorizing body for setting student tuition and fee rates. The tuition and fees planning process began with a review of a variety of factors affecting the College's ability to fulfill its mission to provide an outstanding educational program that is affordable and accessible. These include current and future budget projections, enrollment trends, and market conditions. The objective of the proposed pricing rates is to provide revenues that balance fiscal constraints and the need to support on-going operations and strategic initiatives.

The proposed full-time, in-state undergraduate tuition rate increase also reflects additional funding provided by Governor Hogan and the Maryland Legislature to moderate in-state tuition pricing. Specifically, FY18 State funding to the College includes \$394 thousand in additional general fund grant support, which is equivalent to a 2% increase in tuition. This added support effectively reduces the College's tuition increase from 4% to 2%. The additional State funds are provided with the requirement that tuition rates for Maryland resident students be capped at a 2% increase.

Rate increases for other Maryland public institutions are shown in the attached supporting materials. All institutions are expected to increase in-state tuition 2% following the State's buy-down funding.

Mandatory fees including charges for technology, athletics and recreation, health center services, lectures, fine arts, and facilities are proposed to increase 2.74% (\$76). Residence hall fees increase an average of 3.0% over FY17 rates. Board charges also increase an average of 3.00%.

The total charges for in-state tuition, fees, room, and board for first year students is \$27,312, a 2.55% increase over the prior year. Charges for first year out-of-state students will be \$42,764, an increase of 2.35% over the prior year. Graduate MAT program costs will be \$20,370, a 2.17% increase.

Academic Year 2017-2018 Student Rates
Annual, Unless Noted

Description	Academic Year 16-17 FY17	2%	Dollar Change FY17 vs. FY18	2%
		Academic Year 17-18 FY18		Percentage Change FY17 vs. FY18
Tuition: Full-time, In-State	11,418	11,646	228	2.00%
Tuition: Full-time, Out-of-State	26,566	27,098	532	2.00%
Tuition Overload, Undergrad > 19 Credits	200	200	-	0.00%
Tuition: Graduate MAT (includes summer credits)	15,576	15,888	312	2.00%
Room: Residence Hall, Double Occupancy	7,184	7,400	216	3.01%
Room: Residence Hall, Triple Occupancy	7,184	7,400	216	3.01%
Room: Suite	7,694	7,924	230	2.99%
Room: Suite - Single	8,126	8,370	244	3.00%
Room: Residence Hall, Single Occupancy	8,126	8,370	244	3.00%
Room: Apartment Style Single	8,622	8,880	258	2.99%
Room: Apartment Style Double	8,492	8,746	254	2.99%
Room: Townhouse	8,802	9,066	264	3.00%
Platinum: Anytime Dining, 64 guest passes, \$800 dining dollars	5,690	5,860	170	2.99%
Gold: Anytime Dining, 40 guest passes, \$600 dining dollars	5,474	5,638	164	3.00%
Silver: Anytime Dining, 24 guest passes, \$400 dining dollars	5,258	5,416	158	3.00%
250 Meal Credits, \$600 Dining Dollars	3,620	3,728	108	2.98%
150 Meal Credits, \$600 Dining Dollars	2,678	2,758	80	2.99%
Flex Plan: 20 Meal Credits, \$800 Dining Dollars	1,134	1,168	34	3.00%
Mandatory Fee: Full-time Resident and Non-Resident	2,774	2,850	76	2.74%
Program Fee: Graduate MAT	1,588	1,632	44	2.77%
Annual Full-time Student Charges				
In-State, Commuter (Tuition/Fees)	14,192	14,496	304	2.14%
In-State, Residence Hall (Tuition/Fees/Room/Board) 1	26,634	27,312	678	2.55%
In-State, First-Year Residence Hall (Tuition/Fees/Room/Board) 2	26,634	27,312	678	2.55%
Out-of-State, Commuter (Tuition/Fees)	29,340	29,948	608	2.07%
Out-of-State, Residence Hall (Tuition/Fees/Room/Board) 1	41,782	42,764	982	2.35%
Out-of-State, First-Year Residence Hall (Tuition/Fees/Room/Board) 2	41,782	42,764	982	2.35%
Tuition & Fees - In State Residence Hall	14,192	14,496	304	2.14%
Tuition & Fees - Out of State Residence Hall	29,340	29,948	608	2.07%
MAT Graduate Student Program Cost - Tuition + Mandatory Fee + Program Fee	19,938	20,370	432	2.17%

Note 1: Using Silver board plans

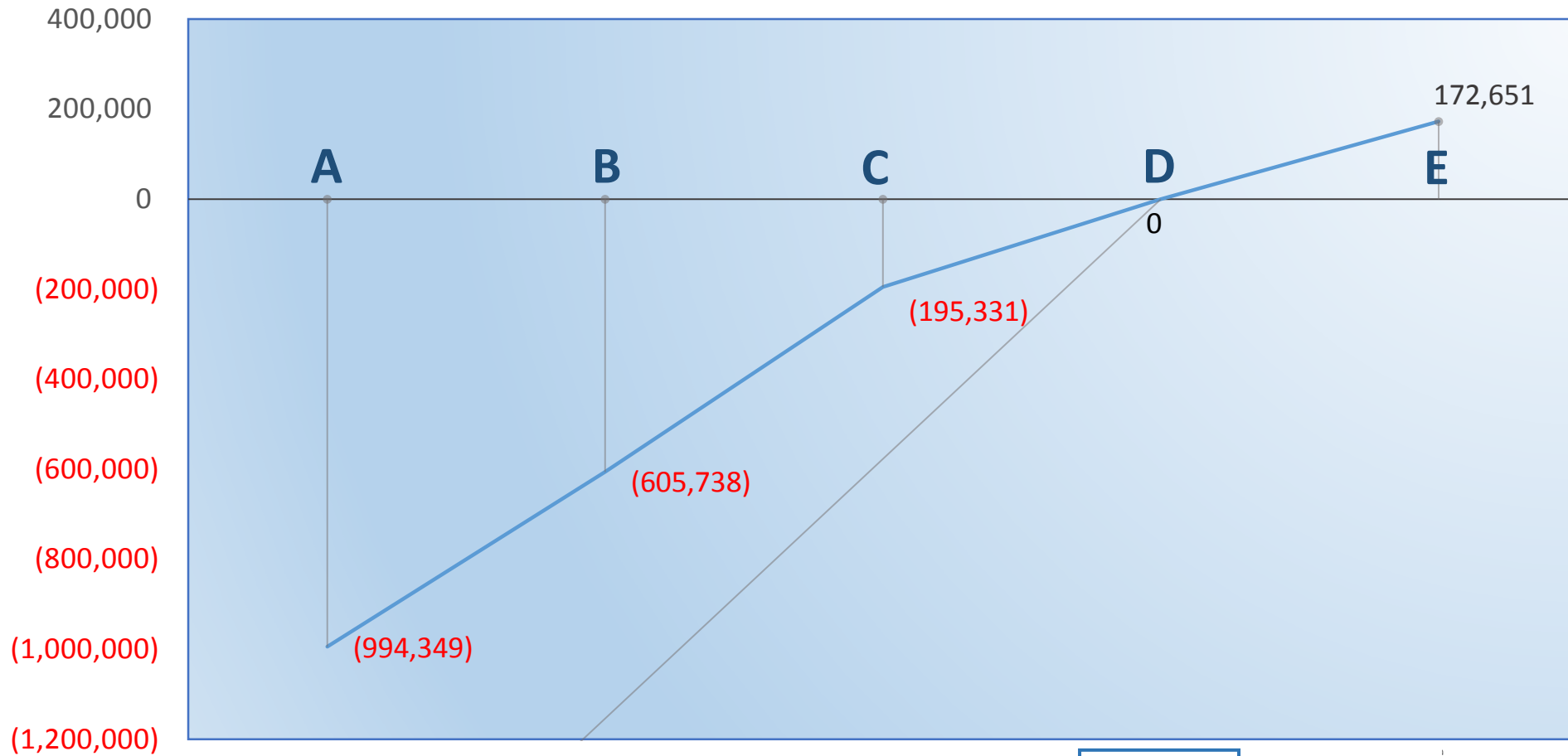
Note 2: Using Silver board plan, students must choose a Platinum / Gold / Silver plan

Rate Recommendations 2017 - 2018

	Increase %	Increase \$	2017 – 2018 Rate
Tuition: In-State	2.0%	228	11,646
Tuition: Out-of-State	2.0%	532	27,098
Fees	3.0%	76	2,850
Room; traditional	3.0%	216	7,400
Board; silver plan	3.0%	158	5,416
Total: In-State	2.6%	678	27,312
Total: Out-of-State	2.4%	982	42,764

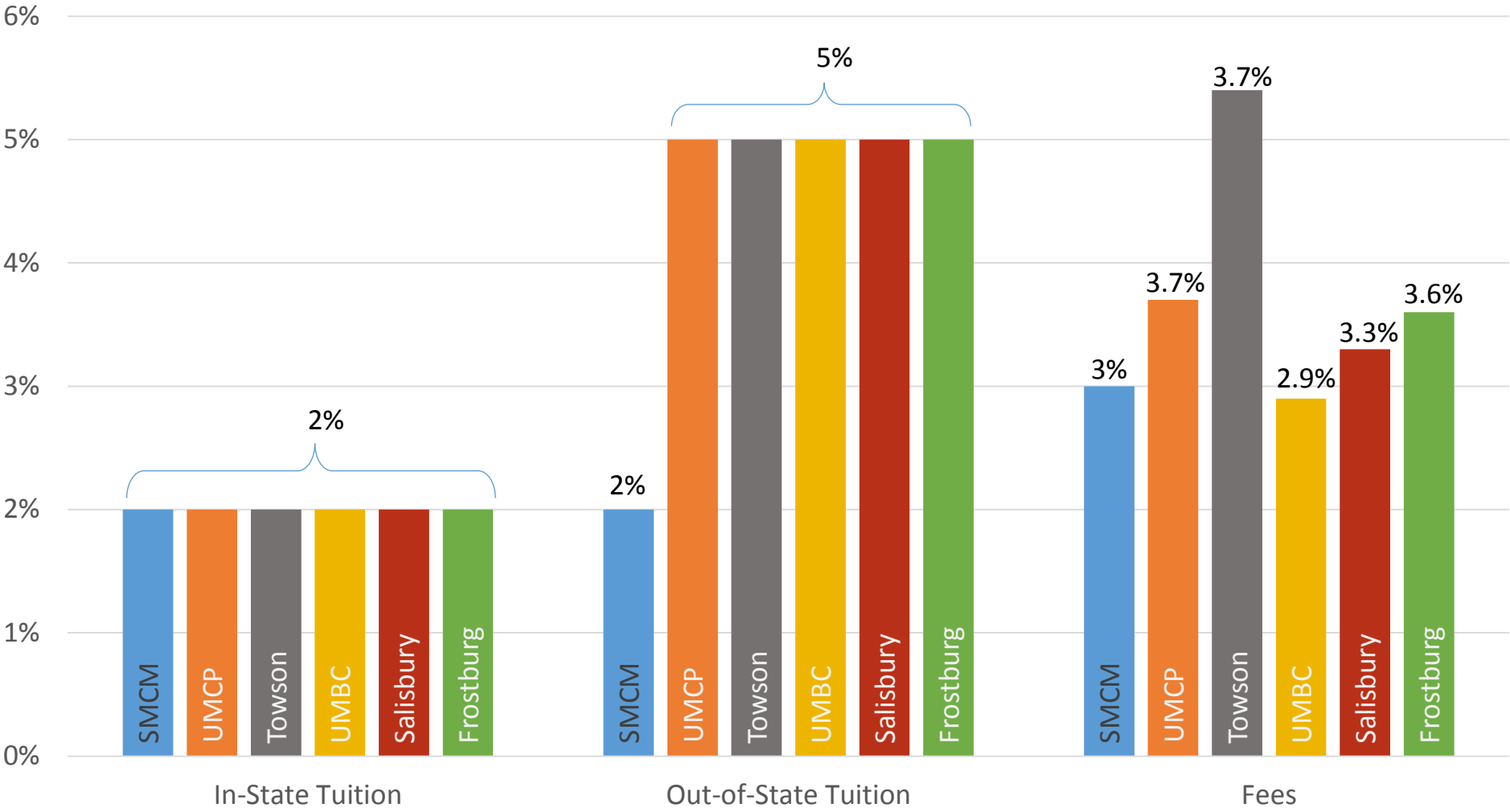
FY18 Tuition & Fees Rate Scenarios

Total Surplus / (Deficit)

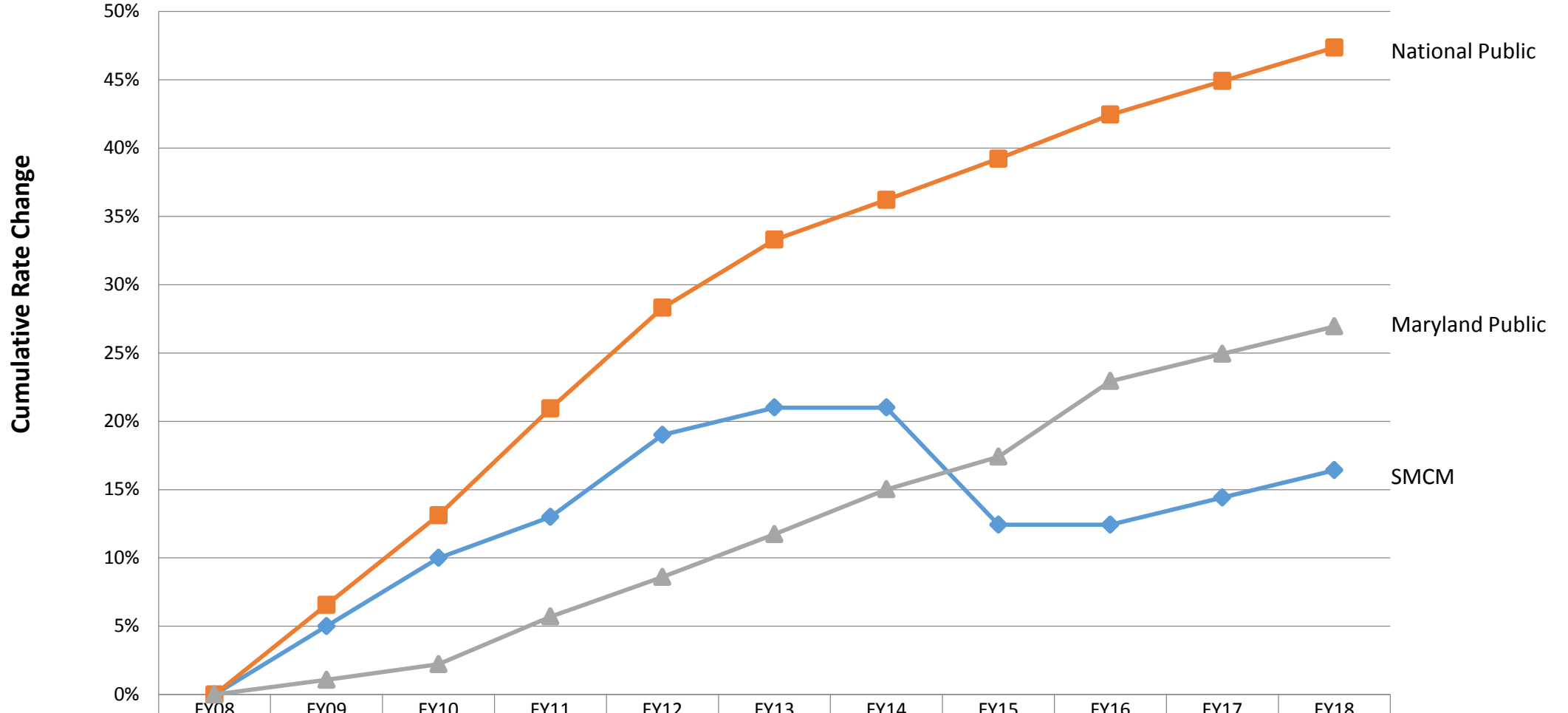


	Scenario A	Scenario B	Scenario C	Scenario D	Scenario E
Tuition	0%	1%	2%	2%	3%
Fees	0%	1%	2%	3%	3%
Room/Board	0%	1%	2%	3%	3%

Tuition and Fee Increases - Comparison to Maryland Publics 2017-2018

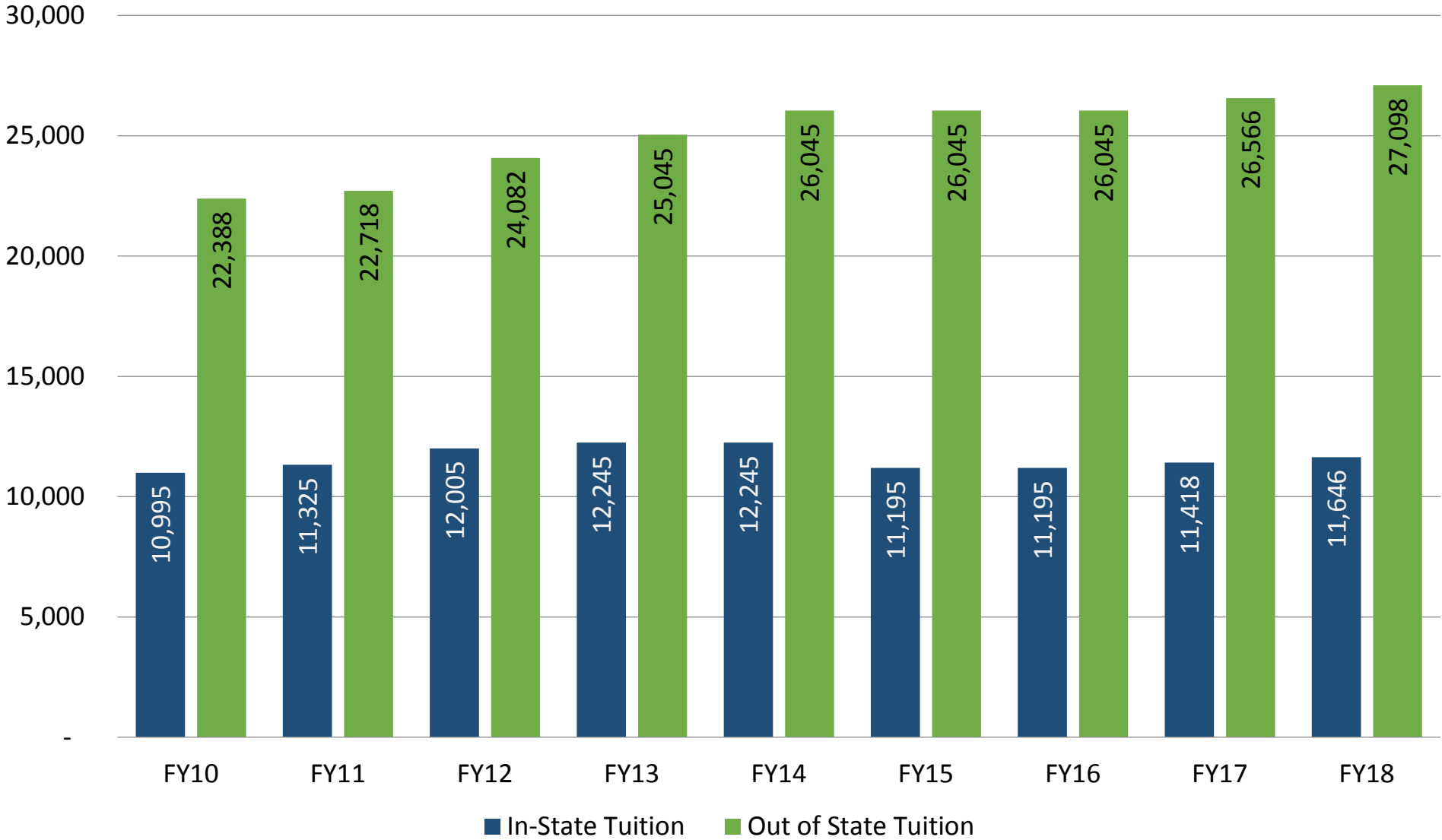


SMCM Tuition vs. 4 Year Public National Average Cumulative Rate Change



◆ SMCM	0.0%	5.0%	10.0%	13.0%	19.0%	21.0%	21.0%	12.4%	12.4%	14.4%	16.4%
■ 4 Yr. Pub. National	0.0%	6.6%	13.1%	20.9%	28.3%	33.3%	36.2%	39.2%	42.5%	44.9%	47.4%
▲ MD Public	0.0%	1.1%	2.2%	5.7%	8.6%	11.7%	15.0%	17.4%	22.9%	24.9%	26.9%

Tuition Rates: FY10 - FY18



FY17 Budget Priorities

- Maintain Quality of Academic Programs
- Address Inflationary pressure
 - Compensation
 - Health Care Costs
 - Continuing Operations
- Maintain Scholarship Funding for Students
- Provide Capacity for Strategic Priorities, which includes salary adjustments

**BOARD OF TRUSTEES
ST. MARY'S COLLEGE OF MARYLAND
FINANCE, INVESTMENT, AND AUDIT COMMITTEE
MEETING OF MAY 1, 2017
ACTION ITEM III.B.
FY19-FY23 STATE CAPITAL BUDGET PROPOSAL**

RECOMMENDED ACTION

The Finance, Investment and Audit Committee recommends approval by the Board of Trustees of the attached FY19 State Capital Budget Proposal, contingent on favorable endorsement by the Buildings and Grounds Committee at its meeting on May 12, 2017. The proposed FY19 State funded capital budget is a continuation of the current capital budget and includes the New Academic Building and Auditorium (inclusive of the Jamie L. Roberts Stadium) and various Campus Infrastructure Improvements.

RATIONALE

The attached chart summarizes our FY19–FY23 State Capital Budget proposal and compares it to the Governor’s 5-year Capital Improvement Plan dated January 2017.

New Academic Building and Auditorium

The project constructs a new academic building to house music, educational studies, study space, and a 700-seat auditorium. Relocating Music and Educational Studies departments will enable the College to reallocate vacated space to the arts (Montgomery) and the sciences (Goodpaster). The new study space will provide a contemporary “Learning Commons” for student collaboration and research. The auditorium will provide an appropriately sized facility for concerts, lectures, and other uses which cannot now occur for lack of a suitable facility.

This project requires the relocation of athletic fields to clear the site for the new building. The new athletic field’s component of the project includes a new grass playing field and a new artificial turf field with a running track. Support facilities include seating for 1,600 spectators (800 per field), team rooms, concessions, press box, parking for 75 cars.

The total estimated cost for this project is \$76 million with the College providing \$2.5 million in FY19. The State has appropriated \$ 11.6 million to date for design and construction of Jamie L. Roberts Stadium and preliminary design of the New Academic Building. The College has completed its fund raising requirements. The FY19 proposal includes \$ 3.0 million for continued design of the New Academic Building.

Campus Infrastructure Improvements

This project will provide infrastructure improvements in multiple phases to include improvements to pedestrian safety (funded in FY17), building HVAC systems, building envelopes, and campus roadways. The Governor’s Capital Improvement Plan includes \$13.1 million from FY18 through FY22. The FY19 proposal includes \$2.4 million to replace the windows in Calvert Hall, Storm Water and Living Shoreline improvements, replacement of the controls in the Library, and repair roads on campus.

STATE CAPITAL INFRASTRUCTURE PROJECT

Calvert Hall Window Replacement		
Library HVAC Control Replacement		
Repair Campus Roads Phase I		
Storm Water and Living Shoreline Improvements	FY19	\$ 2.4M
Replacement Calvert Hall HVAC		
Montgomery Hall HVAC Control Upgrade		
Montgomery Hall Window & Door Replacement		
Schaefer Hall Membrane Roof Replacement	FY20	\$ 3.0M
Replacement of O'Brien ARC Roof		
Replacement of Montgomery Hall Air Handler		
Replacement of Schaefer Hall Chiller		
North Campus Nodal Loop Expansion		
Montgomery Hall Elevator Replacement		
Repair Campus Roads Phase II		
Automated Door Security Upgrades	FY21	\$ 4.3M
O'Brien ARC HVAC		
Montgomery Hall HVAC and Underground Storage Tank	FY22	\$ 3.4M
TOTAL FUNDING		\$13.1M

FY19 – FY23 College Capital Budget Request

New Academic Building and Auditorium

- Design
- Construction
- Equipment
- College match - completed FY17

FY19-FY21 \$ 3.8 million
 FY19- FY22 \$54.6 million
 FY19- FY21 \$ 2.1 million

Governor’s 5-Year Budget Plan FY19 – FY22

FY19-FY21 \$ 4.7 million
 FY19- FY22 \$54.6 million
 FY19- FY21 \$ 2.1 million

Campus Infrastructure Improvements

- Design (phased)
- Construction (phased)

FY19-FY22 \$ 1.4 million
 FY19- FY22 \$ 11.7 million

FY18-FY22 \$ 1.4 million
 FY18-FY22 \$11.7 million

**BOARD OF TRUSTEES
ST. MARY'S COLLEGE OF MARYLAND
FINANCE, INVESTMENT, AND AUDIT COMMITTEE
MEETING OF MAY 1, 2017
ACTION ITEM III.C.
HANDBOOK POLICY REVISIONS**

RECOMMENDED ACTION

The Finance, Investment, and Audit Committee recommends that the Board of Trustees approve the following revisions to the St. Mary's College of Maryland Employee Handbook ("Handbook"):

To add to the Handbook an Employment of Foreign Nationals Policy, an Affirmative Action Policy and a Non-Discrimination Policy.

To update the Criminal Background Check Policy to clarify requirements for the re-hiring of retired employees.

RATIONALE

The addition of an Employment of Foreign Nationals Policy is needed to establish guidelines for consistent decisions and practices when hiring and employing foreign nationals.

The addition of an Affirmative Action Policy is needed as a requirement of the Office of Federal Contract Compliance in accordance with Executive Order 11246, which prohibits discrimination in employment on the basis of race, color, religion, sex and national origin.

The addition of a Non-Discrimination Policy is necessary to recognize the College's commitment to equal employment and educational opportunities for its employees and students. The policy covers all protected classes and explains harassment, discrimination and retaliation.

The proposed revision to the Criminal Background Check Policy is the addition of the phrase "or retired faculty and staff that return to work at the College." This will allow for a more streamlined process for retirees (faculty or staff) who return to the College.

St. Mary's College of Maryland Employment of Foreign Nationals Policy Effective May 1, 2017

Purpose

This administrative policy establishes guidelines for consistent decisions and practices to ensure compliance with federal regulations governing the employment of foreign nationals. It serves to protect the College and individual employees from substantial penalties that may be incurred in the employment of unauthorized aliens. This policy applies to the employment of foreign nationals regardless of their employment status at St. Mary's College of Maryland.

Policy

It is the policy of the College that it may employ, or make employment offers to, foreign nationals only when U.S. citizens or permanent residents of equal training, experience and competence for the position are unavailable. Such a determination can only be made following a completely documented search and evaluation process. Employment of foreign nationals will be authorized only under the provisions of this policy and only when conditions and visa requirements established by federal law are ensured and documented. Under no circumstances may any employee of the College knowingly employ, or contract employment with, an unauthorized alien. Any offer of employment to a foreign national under a nonimmigrant program is considered temporary and is subject to the terms and conditions of the specific program's work authorization. Petitions from the College supporting H-1B visa classification will be reserved for individuals who have been offered positions requiring similar credentials. Holders of H-1B visas may be appointed only for the time period permitted under the individual's visa.

The Director of Human Resources (HR) is permitted to authorize an attorney to represent the College in any nonimmigrant or immigrant petition or application proceedings. A foreign national may choose to retain an attorney to represent his or her interests; however, the College will not pay for this private representation. Nothing in this policy should be used as the basis for discrimination against any individual or group because of race, sex, age, color, religion, gender identity, sexual orientation, national origin, ethnicity, disability or veteran status; nor will it be construed to be a basis for circumventing equal employment opportunity laws, policies and standard employment procedures.

Responsibility

The VP of Business and Finance will assign the authority and responsibility to an appropriate department or departments to ensure that the provisions of this policy are properly administered. Each individual hiring authority within the company is responsible for ensuring that employment offers to foreign national applicants or candidates for positions are contingent on receipt of necessary work authorization documents as directed through the HR department.

Definitions

Foreign national: An individual who is not a U.S. citizen, permanent resident or resident alien of the United States.

Employee: An employee of the College is an individual who performs services that are subject to the will and control of the organization in terms of what must be done and how it will be done. An employee is paid through the payroll system, with accompanying tax withholding as provided by law.

Volunteer: An individual who performs activities to benefit the organization and who does not receive, nor expect to receive, payment or remuneration of any kind for such labor or service at any time.

Permanent resident or resident alien: An individual who has been lawfully admitted to the United States to live, an immigrant or holder of a green card.

Nonimmigrant: A citizen of another country who has been admitted to the United States for a temporary period and for a specific purpose.

H-1B visa: A temporary, nonimmigrant visa issued to a foreign national who has specialized education credentials and who has been offered a position requiring the application of a theoretical and specialized body of knowledge acquired in his or her degree program.

Firm employment offer: An oral or written communication in which a hiring authority makes an offer to employ a specific person in a specific position at a specified rate of pay to start within a certain time frame.

St. Mary's College of Maryland Affirmative Action Policy
Effective May 1, 2017

Responsible Executive: Vice President for Business & Finance
Responsible Office: Office of Human Resources

St. Mary's College of Maryland is fully committed to the principles of equal employment opportunity and affirmative action. St. Mary's College of Maryland does not discriminate or condone discrimination or harassment in the workplace on the basis of sex, gender identity, sexual orientation, race, color, religious creed, national origin, ethnicity, physical or mental disability, protected veteran status, or any other characteristic protected by law. All policies, programs and activities of the College are and shall be in conformity with all pertinent federal and State laws on non-discrimination including, but not limited to: Title VI of the Civil Rights Act of 1964 as amended, Title IX of 1972 Education Amendments, Section 503 of the Rehabilitation Act of 1973, the Vietnam Era Veterans' Readjustment Assistance Act of 1974, and Executive Order 11246.

The College's Affirmative Action policy (AAP) applies to any employment practices, including recruitment, advertising, job application procedures, hiring, upgrading, training, promotion, transfer, compensation, job assignments, benefits, and/or other terms, conditions, or privileges of employment, provided the individual is qualified, with or without reasonable accommodations, to perform the essential functions of the job. The College will continue to ensure that individuals are employed, and that employees are treated during employment, without regard to their sex, gender identity, sexual orientation, race, color, religious creed, national origin, ethnicity, physical or mental disability, protected veteran status, or any other characteristic protected by law in all employment practices as follows:

Employment decisions at the College are based on legitimate job-related criteria. All personnel actions or programs that affect qualified individuals, such as employment, upgrading, demotion, transfer, recruitment, advertising, termination, rate of pay or other forms of compensation, and selection for training, are made without discrimination because of any basis protected by law. Employees may choose to voluntarily disclose their sex, race, national origin, ethnicity, disability and protected veteran status at any time by contacting Human Resources. Such information will be maintained in a confidential manner and will not be used against an individual when making any employment decisions. Employees and applicants with disabilities and disabled veterans are encouraged to inform Human Resources if they need a reasonable accommodation to perform a job for which they are otherwise qualified. The College makes, and will continue to make, reasonable accommodations to the known physical or mental limitations of an otherwise qualified applicant or employee to promote the employment of qualified individuals with disabilities and disabled veterans, unless such accommodations would impose an undue hardship on the operations of the College's business.

The Assistant HR Director serves as Affirmative Action and Equal Opportunity Employment Officer for the College, with responsibility for implementation of the College's affirmative

action activities. The Affirmative Action and Equal Opportunity Employment Officer has the full support of top management and the staff necessary to fully implement this Program. All managers and supervisors will take an active part in the College's AAP to ensure all qualified employees and prospective employees are considered and treated in a nondiscriminatory manner with respect to all employment decisions. Furthermore, St. Mary's College of Maryland will solicit the cooperation and support of all employees for the College's Affirmative Action Policy.

The College's Affirmative Action programs include an audit and reporting system, which, among other things, uses metrics and other information to measure the effectiveness of our Programs. The Affirmative Action Officer has been assigned responsibility for periodically reviewing progress in the compliance and implementation of the policy of affirmative action. In accordance with public law, the College's program of affirmative action for qualified individuals with disabilities and the program of affirmative action for protected veterans are available for inspection in the Human Resources Department, Monday through Friday, from 8:00 a.m. to 5:00 p.m. upon request.

Employees and applicants shall not be subjected to harassment, intimidation or any type of retaliation because they have (1) filed a complaint; (2) assisted or participated in an investigation, compliance review, hearing or any other activity related to the administration of any federal, state or local law requiring equal employment opportunity; (3) opposed any act or practice made unlawful by any federal, state or local law requiring equal opportunity; or (4) exercised any other legal right protected by federal, state or local law requiring equal opportunity.

Members of the College community are encouraged to contact the Assistant Director of Human Resources/AA and EEO Officer, in person at: Office of Human Resources, Glendening Hall; by phone at: (240) 895-4309 with any questions or concerns about these matters.

St. Mary's College of Maryland Non-Discrimination Policy Effective May 1, 2017

St. Mary's College of Maryland is fully committed to equal employment and educational opportunities for its employees and students. The College does not discriminate or condone discrimination or harassment in the workplace or academic setting, on the basis of sex, gender identity, sexual orientation, race, color, ethnicity, religious creed, national origin, ethnicity, physical or mental disability, protected veteran status, or any other characteristic protected by law.

For purposes of this policy, harassment is defined as: (a) unwelcome conduct based on a legally protected class, including: sex, gender identity, sexual orientation, race, ethnicity, color, religious creed, national origin, physical or mental disability, veteran status, or any other characteristic protected by law; and (b) that is so severe or pervasive that it interferes with an individuals' work or academic performance or creates an intimidating, hostile or offensive working environment.

All workplace and academic policies, programs and activities of the College are and shall be in conformity with applicable federal and State laws on non-discrimination including, but not limited to: Title VI of the Civil Rights Act of 1964 as amended, Title IX of 1972 Education Amendments, Section 504 of the Rehabilitation Act of 1973, and the Vietnam Era Veterans' Readjustment Assistance Act of 1974. The College's equal opportunity policy applies to the College's educational policies, admission policies, scholarship and loan programs and athletic programs. The policy applies to all employment decisions, including those affecting recruitment, advertising, job application procedures, hiring, upgrading, training, promotion, transfer, compensation, job assignments, benefits, and/or other terms, conditions, or privileges of employment, provided the individual is qualified, with or without reasonable accommodations, to perform the essential functions of the job.

The College's students, employees and applicants shall not be subjected to harassment, intimidation or any type of retaliation because they have (1) filed a complaint; (2) assisted or participated in an investigation, compliance review, hearing or any other activity related to the administration of any federal, state or local law requiring equal employment opportunity; (3) opposed any act or practice made unlawful by any federal, state or local law requiring equal opportunity; or (4) exercised any other legal right protected by federal, state or local law requiring equal opportunity.

For questions or concerns about these matters, college employees are encouraged to contact the Assistant Director of Human Resources/AA and EEO Officer in Glendening Hall, phone: (240) 895-4309. Students are encouraged to contact the Vice President for Student Affairs, Dean of Students, Campus Center 143, phone: (240) 895-4208; and the Title IX Coordinator, Lucille Clifton House, phone: (240) 895-4105, regarding concerns about sex-based discrimination.

St. Mary's College of Maryland
Criminal Background Check
Revised Effective May1, 2017

Responsible Executive: Vice President for Business & Finance
Responsible Office: Office of Human Resources

Policy Summary

Criminal background checks will be conducted on any new applicants extended contingent offers of employment with the College. Within this policy, all employees hold sensitive positions to include: all faculty and staff hired into permanent positions, all faculty and staff hired into contractual positions, and certain student employees hired into programs with criminal background check requirements. Criminal background checks are not required for current College employees **or retired College faculty and staff that return to work at the College**, unless: a) the College is required by law to conduct a background investigation, b) an existing faculty or staff member changes job responsibilities or is promoted to the extent that the sensitivity of the new position is significantly different than the sensitivity of the existing position. (Faculty promotions to associate professor and professor are not considered significantly different and not subject to criminal background checks). The hiring department is responsible for working with the Criminal Background Check Review Committee to determine the specific areas of sensitivity for the position in accordance with this policy. If the background check reveals a conviction relevant to the position, the individual extended an offer of employment may, after consideration by the Criminal Background Check Review Committee, be disqualified from holding that position.

Purpose of This Policy

In order to protect the campus community, students, staff, and guests, as well as to secure the integrity of the institution, the College needs to ensure that all job applicants offered employment have no history of criminal behavior in the past seven years that could in any way jeopardize the safety, health, welfare, or fiscal security of the College community. Criminal background checks are intended to reduce the likelihood of certain types of crimes occurring on the College's campus as well as to protect the College from legal exposure should such an action occur. The College recognizes that its need to investigate employees' criminal history must be balanced with the need to protect those employees' privacy. College policy and state and federal laws recognize the individual's right to privacy and prohibit campus employees and others from seeking, using, or disclosing personal information except within the scope of their assigned duties.

Responsibilities

Hiring Departments:

- Indicate on the *Criminal Background Check Worksheet* form the areas of sensitivity that are of primary concern for the position.
- Make sure all recruitment information and announcements indicate the criminal background check requirements.
- Notify the individual under consideration for a position that an offer of employment is conditional on successful completion of the criminal background check and that falsification of information submitted on College application materials may be cause for corrective action up to and including dismissal.
- Notify the Office of Human Resources to initiate the criminal background check.
- Maintain confidentiality of any applicant data and materials.

Notes for Hiring Departments:

1. *Performing a criminal background check does not relieve the hiring department of its obligation to perform reference checks, verify prior employment, obtain copies of licenses or certificates required for the specific position, and perform other checks.*
2. *If an existing employee is promoted or changes positions within the College the hiring manager must indicate on the Criminal Background Check Worksheet areas of primary concern for the new position.*
3. *The hiring manager must submit this information to Human Resources to commence the background check process. A background check for an existing employee will be initiated by Human Resources if the sensitivity of the new position is significantly different from the sensitivity of the previous position.*
4. *The existing employee may not assume the new position until the background check results are received.*

Office of Human Resources:

- Consults with departments about policy interpretation.
- Facilitates the criminal background check process.
- Requests from individuals who have criminal convictions identified through the background check process a statement concerning the conviction and any information that the Review Committee may find useful in determining suitability for hire. The individual has five days to provide such a statement, has the right to provide such statement or not, and failure to provide information may not in itself be cause to deny employment.
- Works with the Criminal Background Check Review Committee to determine whether an individual is suited for employment based on the results of the criminal background check.
- Provides all individuals who have undergone criminal background checks with a summary of their background check results and informs them when a conviction disqualifies them from employment.
- Maintains confidentiality of criminal background check results.
- Serves as the Office of Record for files concerning criminal background checks.

Office of Public Safety:

- Upon request from the department, obtains a Pull Notice Review from the Department of Motor Vehicles (DMV) for employees who routinely drive campus vehicles on College business.
- Maintains confidentiality of DMV Pull Notice Review results.

Criminal Background Check Review Committee:

- Reviews only criminal background checks that reveal convictions that have occurred within the past seven years.
- Reviews applicant's written statement if one is provided.
- Determines whether such convictions disqualify individuals from the position for which they are applying.
- The Review Committee will not convene before the five day time period allotted for the applicant to submit a written statement.
- The Review Committee will provide their hiring determination within fourteen days of convening.

INITIATING A CRIMINAL BACKGROUND CHECK

The Office of Human Resources initiates a combined Maryland Department of Justice (DOJ) and Federal Bureau of Investigation (FBI) Background Check after the employment offer, but before the first day of employment. The selected candidate may not start employment prior to the conclusion of a criminal background check unless this requirement is waived by the Vice President for Business and Finance. If the selected candidate is permitted to begin employment prior to the conclusion of a criminal background check, however, the criminal background check must be initiated no later than five days after a new employee's start date. It is vital the applicant be informed that continued employment in the current position is contingent upon successful completion of both the DOJ and FBI background checks. The hiring department must notify the individual under consideration in writing that the offer for employment is conditional upon successful completion of the DOJ/FBI background checks. This notification must include a warning that falsification of information submitted on College application materials is cause for corrective action up to and including dismissal.

CONDUCTING A CRIMINAL BACKGROUND CHECK

The hiring department completes the appropriate forms to initiate the background checks and obtains the completed Applicant Release and Disclosure Form. The hiring department makes arrangements through the Office of Human Resources for the individual under consideration to complete the fingerprinting process. Maryland State Police or the St. Mary's College of Maryland Office of Public Safety fingerprints the individual and completes the appropriate form(s). Out of State candidates may obtain fingerprints from other sources and should coordinate this process with the Office of Human Resources. The Office of Human Resources should receive the DOJ criminal background check information in three to seven days and the FBI information in approximately 30 days. The Office of Human Resources notifies the hiring department if the results show no convictions so that the personnel action can be completed. If the results show that convictions exist, the Office of Human Resources notifies the applicant and provides the applicant an opportunity to submit a written statement concerning the conviction. The written statement, if submitted, along with the criminal background check results are

forwarded to the Criminal Background Check Review Committee for further action. The subject of a background check is provided a summary of their background check results whether or not convictions are revealed.

IF THE CRIMINAL BACKGROUND CHECK REVEALS CONVICTIONS

The applicant will receive a summary of the report that indicates what convictions have been identified in the background check. The applicant will be given a period of five days to respond in writing to the report. A Criminal Background Check Review Committee (Review Committee) consisting of the Director of Human Resources, the Vice President for Business and Finance or designee, and the Dean of Faculty or designee will be notified of all criminal background checks in which convictions are found. The Review Committee will not convene before the five day response period provided to the applicant. The Review Committee will review the criminal background check reports and the candidate's response and make final determinations regarding the suitability of individuals for specific positions. The Review Committee may recommend implementation of additional controls before a department can employ an individual with a conviction. The Committee will complete its review within fourteen days of convening. Only criminal convictions that have occurred within the past seven years will be considered by the Review Committee. The Review Committee shall consult the *Criminal Background Check Worksheet* form for the list of convictions of primary concern related to sensitive functions of the position and will use this list to guide their deliberations. Results without conviction do not constitute valid grounds for employment decisions and cannot play a part in the decision-making process. However, if an individual has a criminal case pending, his or her suitability for continued employment may be reviewed upon disposition of the case. Certain types of convictions within the past seven years may automatically preclude hiring for certain positions. For example, individuals with convictions for felony thefts, embezzlement, identity theft, or fraud cannot be hired into positions with fiduciary responsibilities. Convictions for child molestation and other sex offenses will automatically preclude an individual from employment that involves direct unsupervised contact with students, outreach programs, or access to residence facilities. Workplace or domestic violence, or other convictions for behaviors that would be inappropriate for specific jobs, may also be grounds for denial of employment. The above list is not all inclusive, but is intended to illustrate the decision-making criteria. In determining an individual's suitability for employment where the individual under consideration has convictions, the Review Committee will consider the specific duties of the position, the number of offenses and circumstances of each, and whether the offenses were disclosed on the application. The Review Committee may seek clarifying information from law enforcement agencies to assist in their deliberation. The Office of Human Resources will notify all applicants of the results of their criminal background check. If the results of the criminal background check preclude an individual from employment, the Office of Human Resources will disclose to the individual subject the date(s) and the types of conviction(s) found in the criminal background check. Subjects of background checks are always entitled to receive a summary of the background check from the Office of Human Resources. The Office of Human Resources will provide subjects of criminal background checks with information regarding how they can obtain the same information directly from the DOJ. The Office of Human Resources will give written notice and the name of the agency that conducted the background check to the individual when employment is denied based on information received from the reporting agency, as required by

the Fair Credit Reporting Act (FCRA), which also covers criminal background checks. The Office of Human Resources will serve as the Office of Record for background check results. Candidates who have results returned that negatively impact the final hiring decision will have an opportunity to submit a written appeal for consideration by the College. Such information must be submitted in writing to the President of the College within ten business days of receiving a denial of employment based on the criminal background check results. The President will consider any explanatory information submitted for reconsideration. All decisions made at this level are final and are not eligible for appeal/grievance. Appeal decisions will be provided to the candidate in writing within ten business days after the written submission of appeal is received.

CRIMINAL BACKGROUND CHECK WORKSHEET
FOR DOCUMENTING THE SENSITIVE DESIGNATION OF A POSITION

St. Mary's College of Maryland requires a criminal background check whenever an individual is a) newly hired or b) when an existing employee is transferred or promoted to the extent that the sensitivity of the new position is significantly different than the sensitivity of the existing position. All staff and faculty positions are understood to involve, at some level, the care, safety and security of people and property and as such, all positions are considered sensitive.

This form is to be completed to identify the characteristics of specific positions to be used as the criteria for evaluating suitability to hire in the event that an individual offered employment, or an existing employee changing positions, have a criminal conviction(s). Please check all boxes that apply and provide justifying comments. You can use the last bullet to incorporate a justification or criterion that is not included in the list. When the form is complete, please sign and date the form and submit the original copy to the Vice President for Business and Finance or to the Dean of Faculty for their signature. Please retain a copy in the departmental file on recruitment. The policy is located at <http://www.smcm.edu/hr/policies.html>

St. Mary's College of Maryland
Addendum to Criminal Background Check
to include a Credit History Requirement for
Positions with Fiduciary Responsibility
Policy Effective March 1, 2015

Responsible Executive: Vice President for Business & Finance
Responsible Office: Office of Human Resources

Policy Summary

A credit history report will be conducted on new applicants who have been extended a contingent offer of employment for a position with fiduciary responsibility at the College. Within this Policy, a position with fiduciary responsibility includes:

The President of the College, the Provost and Dean of Faculty, the Vice President for Business and Finance, the Vice President for Development, the Vice President for Enrollment Management and Dean of Admissions, the Dean of Students, the Associate Vice President of Business and Finance, the Director of Accounting/Comptroller, the Procurement and Director of Auxiliary Operations, the Director of Accounts Management and Bursar, the Disbursement Accounting Supervisor, the Director of Foundation Finance and Administration, and the Director of the Campus Store.

Each of these positions is (1) a managerial position that sets the direction and control of a business, department, division, unit or agency of a business, (2) a position that has access to personal information of a customer, employee or employer, (3) a position that involves a fiduciary responsibility to the employer such as the authority to issue payments, collect debts, transfer money or enter into contracts, (4) a position with an expense account or a corporate debit or credit card, is a position that has access to information such as formulas, programs, methods, techniques or processes that derive independent economic value, whether actual or potential that the employer maintains confidentiality on and/or (5) a position that has access to confidential business information. Accordingly, the College has a bona fide substantially job-related purpose for using the employee or job applicant's credit report or history, pursuant to the Maryland Job Applicant Fairness Act. *See* Md. Labor & Empl. Code Ann. § 3-711.

Credit history reports are not required for current employees unless: a) the College is required by law to conduct a credit investigation, b) an existing faculty or staff member changes job responsibilities or is promoted to a position as listed within this policy that has fiduciary responsibility. If the credit history reveals negative information relevant to the position, the individual extended an offer of employment or a change in position may, after consideration by the Credit History Check Review Committee, be disqualified from holding that position. Job applicants and employees seeking employment in one of the positions set forth above must submit written consent for the College to conduct a credit check in order to be placed into the position.

Purpose of This Policy

In order to protect financial assets, the College needs to ensure that specific applicants have no credit history in the past seven years that could jeopardize the fiscal security of the College community. Credit history checks are intended to reduce the likelihood of certain types of crimes occurring on the College's campus as well as to protect the College from legal exposure should improper actions occur. The College recognizes that its need to investigate employees' credit history must be balanced with the need to protect those employees' privacy. College policy and state and federal laws recognize the individual's right to privacy and prohibit campus employees and others from seeking, using, or disclosing personal information except within the scope of their assigned duties.

If the credit history report reveals negative information regarding the subject of the credit report, the individual will be notified and given a summary of the report by the Office of Human Resources. The Office of Human Resources will give written notice and the name of the agency that conducted the credit history check to the individual when employment or a change in position is denied based on information received from the reporting agency, as required by the Fair Credit Reporting Act ("FCRA") and will provide the individual with a copy of the report. The Office of Human Resources will serve as the Office of Record for background check results. The individual will be given a period of five days to respond in writing to the report. The Credit History Check Review Committee will consider the credit history report and the individual's response to make a determination regarding whether the individual will be disqualified from being placed into the position. The Credit History Check Review Committee's decision will be communicated to the Office of Human Resources, which will issue a decision in writing to the individual.

Application of This Policy

This policy is an amendment to the existing criminal background check policy and the procedures as described in the criminal background check policy will be followed in the implementation of the credit history requirement.

The President is delegated the authority to update the specific positions that are covered by this policy to reflect administrative changes and title changes provided the positions meet the criteria for having a fiduciary responsibility under Maryland and/or federal law.



**BOARD OF TRUSTEES
FINANCE, INVESTMENT, AND AUDIT COMMITTEE
MINUTES**

Date of Meeting: December 2, 2016

Status of Minutes: DRAFT

Committee Members Present: Chair John Wobensmith '93, Lex Birney, Donny Bryan '73, Mike O'Brien '68, Katharine Russell, Asif Dowla

Committee Members Absent: Board Chair Sven Holmes

Others Present: President Tuajuanda Jordan, Chip Jackson, Carolyn Curry, Leonard Brown, Michael Wick, David Boisvert, Chris True, Chris Burch, Mary Grube, Kathy Grimes, Anna Yates, Tommy Cable, Allison Boyle, Monique Booker

Executive Summary:

The meeting was called to order at 4:04 p.m.

DISCUSSION ITEMS

FY16 Auditors' Report and Audited Financial Statements

Monique Booker, engagement partner at SB & Company, LLC, provided a detailed overview of the FY16 audited financial statements. Ms. Booker stated that there were no instances of fraud and that no material weaknesses in internal controls were discovered. Additionally, no findings were found with regard to the agreed-upon procedures and no significant journal entries were noted. SB & Company plans to issue an unmodified opinion on the financial statements.

At 4:29 p.m. the Committee Chair Wobensmith asked for a motion to close the session in accordance with Title 10, Subtitle 3 of the General Provisions Article (the Open Meetings Act) to discuss an administrative function. Specifically, Trustees discussed the audit report and financial statements with representatives from SB and Company.

The closed session was adjourned at 4:43 p.m. and the open session of the Finance, Investment, and Audit Committee meeting resumed.

ACTION ITEMS

FY16 Auditors' Report and Audited Financial Statements

Acceptance of the FY16 Auditors' Report and Audited Financial Statements. Statements reflecting the financial transactions and position of the College for the period July 1, 2015 through June 30, 2016 were prepared in accordance with generally accepted accounting principles, reflecting the GASB 34 & 35 reporting requirements. The independent firm of SB and Company, whose report and opinion are included in the document, has audited these statements.



Committee Action Taken/Action in Progress: The proposed action items were approved by the Finance, Investment, and Audit Committee at its meeting on December 2, 2016.

Recommendation to the Board: The Finance, Investment, and Audit Committee approved the action items as presented and recommend approval by the Board of Trustees at its December 12, 2016 special meeting.

The meeting adjourned at 4:48 p.m.



**BOARD OF TRUSTEES
FINANCE, INVESTMENT, AND AUDIT COMMITTEE
MINUTES**

Date of Meeting: January 26, 2017

Status of Minutes: DRAFT

Committee Members Present: Chair John Wobensmith '93, Lex Birney, Donny Bryan '73, Sven Holmes, Mike O'Brien '68, Tuajuanda Jordan, Asif Dowla

Committee Members Absent: Katharine Russell

Others Present: Annie Angueira, Allison Boyle, Leonard Brown, Tommy Cable, Carolyn Curry, Peg Duchesne '77, Vera Damanka '17, Kathy Grimes, Cynthia Gross, Mary Grube, Chip Jackson, Shannon Jarboe, Chris True, Michael Wick, Anna Yates

Executive Summary:

The meeting was called to order at 5:04 p.m.

DISCUSSION ITEMS

FY18 Operating Budget Development The College is in the early stages of developing its FY18 operating budget. Preliminary projections indicate a deficit of approximately \$800,000. Revenues incorporate anticipated student counts and State support based on the Governor's proposed budget. Tuition is expected to increase by 2%, State funds are anticipated to increase by the annual inflator plus additional funds equivalent to a 2% tuition buy-down as by the Governor. Revenue and expense assumptions will be refined over the coming months with a balanced budget presented to the Trustees at its May meeting.

Five-Year Operating Budget Projections The five-year budget model was reviewed with the Committee. Three scenarios were presented representing pessimistic, modest, and optimistic outlooks.

College Investment Policy The College's endowment funds (separate from the Foundation's endowment) totals \$3.74 million. College endowment funds are primarily used for College operations, and in FY17, contributed \$95,000 in earnings to support unrestricted revenues. The current investment policy, which was approved in 1998 by the Board of Trustees, may be outdated, and allocations may need reviewing. The combining of the College's and the Foundation's endowments to be managed by a single manager was discussed. The Committee concurred that this issue should be discussed with the Joint Investment Advisory Group (JIAC) and the Foundation Board.

Compensation Plan Update The Committee reviewed the compensation plan used to implement FY17 wage increases. Consistent with Strategic Plan Goal 3, to attract and retain faculty, the

plan includes merit and market considerations, as requested by the Board. Employee evaluations were completed in December 2016 and wage increases were effective January 1, 2017.

Enterprise Risk Management The Board of Trustees has expressed the need to develop a comprehensive risk management program for the College. The College is creating an ad hoc group to develop a risk management plan. The College's current practice addresses strategic, operational, financial and reputational aspects of the institution. The plan will be revised to include enrollment, state funding, reputation, the DeSousa Brent Scholars Program, compliance, competition, Title IX compliance, Middle States accreditation, and other areas as needed.

Update on Legislative Session College leadership has been very active this legislative session, having attended more than 35 meetings and events with legislators and members of the Governor's staff. The FY 18 operating and capital budget hearings have been scheduled. The operating budget request includes \$24 million in state funds and our block grant inflator of \$.55 million. Additionally, the governor has proposed a 2% tuition buy-down, which would provide an additional \$.40 million in tuition relief funding. The Governor's capital budget includes our request for continued funding of the academic building, auditorium, and athletic stadium, along with funding for infrastructure improvements. The College has submitted legislation that seeks to reset the current State funding formula. If passed, the funds will be used to enhance wages and benefits for employees, help support the operating costs of new academic facilities, and provide access to tuition buy-down funds when provided to other institutions. If this legislation passes, it will be effective for FY19.

INFORMATION ITEMS

An overview of the FY17 Financial Results to Date was provided.

Foundation President Harry Weitzel reported on the Foundation Board and Joint Investment Advisory Committee (JIAC) activities. The Foundation recently revised its Investment Policy in the interest of industry best practices. Four new members have been added to the Foundation Board.

Staff Senate President Mary Grube reported on the progress made by the Compensation Committee in developing the current compensation plan. The Staff Senate has been engaged in providing various professional development opportunities for staff and in hosting social events for the campus community.

ACTION ITEMS

Staff Salary Plan The College maintains a staff salary plan for non-exempt positions. In order to be consistent with the Strategic Plan's goal of attracting and retaining faculty and staff, the salary plan was reviewed and revised. The new staff salary plan will be implemented on April 1, 2017.



Committee Action Taken/Action in Progress:

The proposed action item, Staff Salary Plan, was approved by the Finance, Investment, and Audit Committee at its January 26, 2017 meeting.

Recommendation to the Board:

The Finance, Investment, and Audit Committee recommends approval the Staff Salary Plan by the Board of Trustees at its meeting on January 28, 2017.

The meeting adjourned at 5:56 p.m.

**BOARD OF TRUSTEES
ST. MARY'S COLLEGE OF MARYLAND
FINANCE, INVESTMENT, AND AUDIT COMMITTEE
MEETING OF MAY 1, 2017
INFORMATION ITEM IV.B.
FY17 FINANCIAL RESULTS TO DATE**

REVENUES

Year to Year Comparison: Total revenue is 12.4% lower year-to-year. State Appropriations are 24.8% lower due to a timing difference, the Q4 payment has not yet been received. Tuition and fee revenues are 6.1% lower reflecting lower counts (less 17 students). Auxiliary Enterprise revenues have decreased 5.7% overall reflecting somewhat lower student counts.

FY17 Actual to Budget Comparison: Overall revenue collections currently equal 86.7% of the budgeted level. Correcting for the timing difference on the Q4 State general fund grant, revenue collections would be 96% of budget.

EXPENDITURES

Year to Year Comparison: Overall, expenditures in fiscal year 2017 are running 0.2% higher than the equivalent period last year. (Expenses are 70.7% of the approved FY17 Budget). Academic support is 8.5% higher than last year due to the filling of a vacant payroll position and faster expenditures in the Library. Institutional Support is 13.2% higher than the prior year due primarily to the state supported IT ERP project, executive search expenses and somewhat higher wage costs with staff wage increases effective 1/1/2017. Scholarship expenditures are 5% higher than the prior period although still under budget by \$185 thousand. All other programs of expenditure are lower and fall within the band of -3.7% to -68.0%.

St. Mary's College of Maryland
Board of Trustees
Finance, Investment and Audit Committee
Meeting of May 1, 2017
Information Item IV.B.
FY17 Current Fund Unrestricted Results

	FY17 Budget	FY17 ACTUAL	FY16 ACTUAL	FY17 Actual to Budget	FY17 to FY16 % Change	FY17 to FY16 \$ Change
REVENUES:						
Tuition & Fees	24,209,581	23,201,794	24,716,986	95.8%	-6.1%	(1,515,192)
State Appropriations	25,126,549	18,869,662	25,107,174	75.1%	-24.8%	(6,237,512)
Federal Grants & Contracts	0	354	636	0.0%		0
State Grants & Contracts		0	0			0
Private Gifts, Grants		1,621	0			1,621
Endowment Income		0	0			0
Sales/Serv Educ Dept	611,820	533,652	672,911	87.2%	-20.7%	(139,259)
Sales/Serv Auxiliary Enter	19,492,675	17,629,730	18,702,545	90.4%	-5.7%	(1,072,815)
Interest Income Other	615,000	578,303	228,882	94.0%	152.7%	349,421
Additions to Fund Balance - End. Incon	95,000	96,075	94,826			1,249
						0
Other Sources	255,600	135,092	154,552	52.9%	-12.6%	(19,460)
TOTAL CURRENT REVENUES	70,406,225	61,046,283	69,678,512	86.7%	-12.4%	(8,632,229)
EXPENDITURES						
Instruction	20,925,594	13,432,787	14,142,991	64.2%	-5.0%	(710,204)
Research	0	0	0			0
Public Service	98,404	42,940	135,774	43.6%	-68.4%	(92,834)
Academic Support	2,389,283	2,043,170	1,883,045	85.5%	8.5%	160,125
Student Services	6,424,221	4,984,750	5,037,215	77.6%	-1.0%	(52,465)
Institutional Support	17,391,834	10,403,014	9,193,678	59.8%	13.2%	1,209,336
Operation & Maintenance	5,109,490	3,616,277	3,755,261	70.8%	-3.7%	(138,984)
Scholarships & Fellowships	6,035,280	5,847,832	5,568,957	96.9%	5.0%	278,875
Auxiliary Enterprises	12,407,131	8,729,178	9,286,821	70.4%	-6.0%	(557,643)
TOTAL CURRENT EXPENDITURES	70,781,237	49,099,948	49,003,742	69.4%	0.2%	96,206
Transfers In (Out)						
P & I Debt Requirements	3,214,789	3,214,789	3,207,938	100.0%	0.2%	6,851
Non Mandatory Transfers						0
Transfer to Plant	0	0	0			0
Renewal/Replacement/Other						0
Support to Other Departments	0	(3,911)	0			(3,911)
	3,214,789	3,210,878	3,207,938	99.9%	0.1%	2,940
	73,996,026	52,310,826	52,211,680	70.7%		
Total Increase (Decrease) Fund Balance	(3,589,801)	8,735,457	17,466,832			
Carry Forward from Prior Year	3,589,801					
Change over 2 years	0					

**BOARD OF TRUSTEES
ST. MARY'S COLLEGE OF MARYLAND
FINANCE, INVESTMENT, AND AUDIT COMMITTEE
MEETING OF MAY 1, 2017
DISCUSSION ITEM IV.C.
COLLEGE ENDOWMENT INVESTMENT POLICY UPDATE**

Overview

The College holds investments totaling \$3.74 million consisting of Endowment and Quasi-Endowment; \$2.73 million are funds functioning as endowment (Quasi) and \$1.02 million represents the Blackstone Endowment. Over the past few years, the fund has grown as new funds have been added in each of the previous 3 years at year end; totaling \$750 thousand (FY14 + 300, FY15 + 100, FY16 +350).

The College endowment funds, which are separate from the Foundation endowment, are primarily used to provide income to the College to be used in operations. In FY17, the College endowments are budgeted to contribute \$95 thousand in earnings to support current unrestricted revenues.

The invested Endowment funds are currently managed by 19/19 Investment Council of Baltimore (\$2.45 million as of 12/31/16). Currently, nearly all invested funds are held in fixed income (96%) with some funds held as cash (4%). Endowment funds not with 19/19 are currently held in the State Treasurers cash investment pool (\$1.22 million).

Status

Since the January 2017 FIA meeting, the College has been moving towards updating the investment policy and preparing to move funds from the State Treasurer to investments. The College and the Foundation have agreed to issue a joint RFP in 2018 for a new fund manager so that both the Foundation endowment and College endowment are managed by a single firm, but as separate accounts. The Foundation and College have separate investment policies, both coordinated through the Joint Investment Advisory Committee (JIAC).

The College's current investment policy, last updated in 2003, is under review – proposed revisions to the policy will be presented to FIA and JIAC in the near future. The College has solicited recommendations from its current advisor, 19/19, for changes to the policy statement on investment objectives and risk, as well as asset allocations. Once the revision to the investment policy is approved, a transition plan will be implemented to a) move funds from the State Treasurer into investments, and b) move funds incrementally into equities to meet the allocation distribution goals.

**BOARD OF TRUSTEES
ST. MARY'S COLLEGE OF MARYLAND
FINANCE, INVESTMENT, AND AUDIT COMMITTEE
MEETING OF MAY 1, 2017
INFORMATION ITEM IV.D.
REPORTABLE PROCUREMENT ITEMS**

\$263,930	Jeol USA for a Spectrometer
\$204,934	Rainbow Construction Corp of Waldorf, Cobb House Renovation Project
\$348,121	James River Solution for Heating Oil

**BOARD OF TRUSTEES
ST. MARY'S COLLEGE OF MARYLAND
FINANCE, INVESTMENT, AND AUDIT COMMITTEE
MEETING OF MAY 1, 2017
INFORMATION ITEM IV.E.
JOINT INVESTMENT ACTIVITIES**

The Foundation continues to work with JP Morgan to manage the majority of the endowed funds. The Joint Investment Advisory Committee met on March 21, 2017 to review financial information on the endowment.

FY17 Information

As of February 28, 2017 the endowed funds held within JP Morgan totaled \$30.4m as compared to \$28.4m on July 1, 2016. The net year to date increase in market value of \$2m includes \$444k in contributions, \$327k in income, \$2.2m increase in investment value and \$969k of withdrawals.

As of February 28, 2017 the value of the Morgan Stanley investment was \$254k, compared to \$231k on July 1, 2016. The increase of \$26k is due to \$20k increase in investment value and \$3k in investment income.

As of February 28, 2017, the Old Line Bank shares were worth \$283k compared to \$181k on July 1, 2016, based on the NASDAQ share price.

St Mary's College of Maryland Foundation, Inc
Consolidated Investment Statement
for the period July 1, 2016 to February 28, 2017

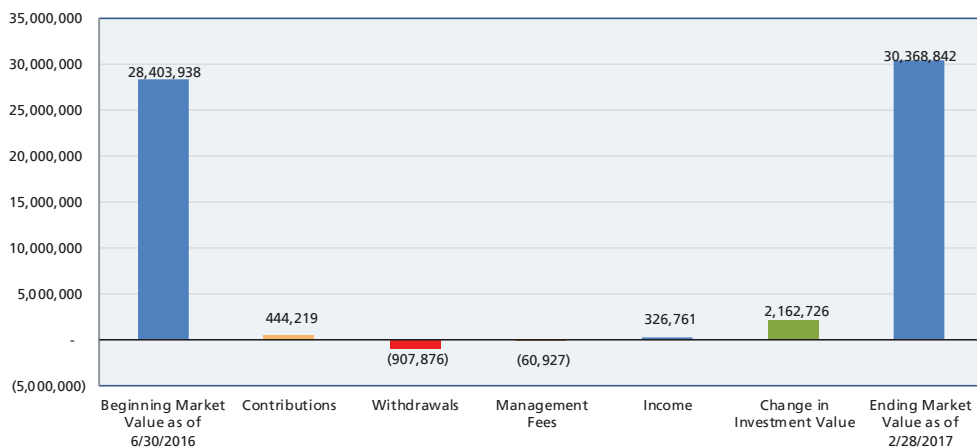
	<u>Beginning Market Value</u> <u>7/1/2016</u>	<u>Ending Market Value</u> <u>2/28/2017</u>
<u>JP Morgan Portfolio</u>		
Endowed Accounts		
A82968008	22,820,794	24,082,805
A85469004	924,712	1,663,391
S57678005	1,199,800	1,010,566
S57698003	1,790,804	1,445,236
W72363000	364	369
W72408003	1,342,494	1,770,990
N95987009	310,934	377,881
Donations awaiting transfer to pool	-	22
Total Endowed Accounts held within JP Morgan***	28,389,901.45	30,351,259
Gift Annuity		
V91738001	995,429	982,043
Current Funds	1,840,503	2,062,016
Accrued Interest		15,827
Total Investment Accounts Market Value	31,225,833	33,411,144
Endowed Funds Allocated Spending Account	1,027	1,286
Gift Annuity Cash Account		
JP Morgan 424629884	21,988	39,397
Total JP Morgan Portfolio	31,248,849	33,451,828
<u>Other Assets</u>		
Perpetual Trust, PNC (Landers Chair)	1,373,929	1,480,776
Old Line Bank Shares, Common Stock ***	181,350	282,604
Morgan Stanley - SGA Investment ***	230,693	253,733
<u>Cash</u>		
Old Line Bank Checking Account	2,363,316	2,456,981
Old Line Bank Endowment Spending Account	690,796	878,955
Total	36,088,932	38,804,877

*** In addition to the JP Morgan Portfolio, the Foundation Endowment includes the Old Line Bank Shares, and the Morgan Stanley Investment

*** The College holds a quasi-endowment in addition to the above funds

Analysis of change in market value as of February 28th, 2017

St. Mary's College of Maryland Foundation – Endowment Accounts (AXXXX8008, AXXXX9004, NXXXX7009, SXXXX8003, SXXXX8005, WXXXX3000, WXXXX8003, WXXXX0000 - closed, WXXXX3008 - closed)



Beginning Market Value as of 6/30/2016	28,403,938
Contributions	444,219
Withdrawals	(907,876)
Management Fees	(60,927)
Net Contributions/Withdrawals & Management Fees	(524,584)
Market Value Including Net Contributions/Withdrawals & Management Fees	27,879,354
Income	326,761
Change in Investment Value	2,162,726
Ending Market Value as of 2/28/2017	30,368,842

Results shown represent 8 months as of 2/28/2017.

Return on Investment	Market Value	Current Allocation	YTD	FYTD	1YR	3YR	Annualized Since 12/31/12
Total Portfolio (Net of Fees)	30,368,842	100.0%	3.4	8.7	15.0	3.8	6.0
<i>Composite Benchmark *</i>			<i>3.6</i>	<i>6.1</i>	<i>11.7</i>	<i>2.3</i>	<i>4.2</i>
Equity	14,774,274	48.6%	5.3	15.5	24.8	6.1	10.3
<i>MSCI AC World Net Index</i>			<i>5.6</i>	<i>12.5</i>	<i>22.1</i>	<i>4.8</i>	<i>8.8</i>
Hedge Funds**	3,611,989	11.9%	1.5	5.3	5.0	0.3	3.8
<i>HFRI FOF: Diversified Index CM ARR</i>			<i>0.7</i>	<i>3.7</i>	<i>4.4</i>	<i>1.1</i>	<i>3.2</i>
Private Equity	1,770,990	5.8%	-	-	-	-	-
Real Estate & Infrastructure	1,992,126	6.6%	2.3	0.1	17.1	10.8	10.1
<i>NAREIT Equity Index</i>			<i>4.2</i>	<i>-0.4</i>	<i>17.8</i>	<i>11.3</i>	<i>10.8</i>
Hard Assets	532,362	1.8%	8.8	-6.3	-0.1	-7.0	-7.9
<i>Bloomberg Commodity Total Ret. Index</i>			<i>0.3</i>	<i>-1.0</i>	<i>16.0</i>	<i>-13.0</i>	<i>-10.3</i>
Fixed Income & Cash	7,687,101	25.3%	1.3	2.5	5.2	1.9	1.8
<i>Barclays Capital Aggregate Total Index</i>			<i>0.9</i>	<i>-1.7</i>	<i>1.4</i>	<i>2.6</i>	<i>1.9</i>

Date	Transaction	Market Value (\$)
11/30/2016	Transfer from SMCM Donation Account	2,119.64
12/1/2016	Transfer from SMCM Donation Account	52,779.67
12/22/2016	Transfer from SMCM Donation Account	4,940.01
1/18/2017	Transfer from SMCM Donation Account	348,010.02
2/21/2017	Transfer from SMCM Donation Account	36,369.85
Contributions		444,219.19
10/24/2016	Transfer to SMCM Current Funds Account	(168,878.87)
10/24/2016	Transfer to Endowment Savings Account	(738,752.17)
1/17/2017	Transfer to Endowment Savings Account	(245.33)
Withdrawals		(907,876.37)
Management Fees		(60,926.92)

*Composite Benchmark = From 12/31/2012 to 9/30/2014: 30.0% Barclays Global Aggregate, 5.0% Barclays T-Bill 1-3 month TR, 5.0% Bloomberg Commodity Total Return, 20.0% HFRI FOF: Diversified Index, 40.0% MSCI AC World USD Net Index. From 10/1/2014 to 12/31/2016: 30.0% Barclays Capital Aggregate, 5.0% Barclays T-Bill 1-3 month TR, 5.0% Bloomberg Commodity Total Return, 20.0% HFRI FOF: Diversified Index, 40.0% MSCI AC World USD Net Index. From 1/1/2017 to Present: 44% MSCI ACWI, 10% HFRI FOF Diversified, 3% Bloomberg Commodity, 27% Barclays US Aggregate, 6% S&P Global REITs, 10% MSCI World.

**Hedge fund performance is included on a 1 month lag for all funds besides AQR Equity Market Neutral Fund.

Source: J.P. Morgan Workstation

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**ST. MARY'S COLLEGE OF MARYLAND FOUNDATION AND JOINT INVESTMENT
ADVISORY COMMITTEE (JIAC)**

Date of Meeting: May 1, 2017

Reporter: Harry Weitzel, President, SMCM Foundation Board and Chair of the Joint Investment Advisory Committee

Executive Summary:

SMCM Foundation

The St. Mary's College Foundation Board of Directors and the Foundation's Joint Advisory Committee (JIAC) met on March 21, 2017.

J.P. Morgan, the Foundation's investment manager, reported the portfolio stands at \$30.4M (as of February 28, 2017) as compared to \$28.4M on July 1, 2016.

Both the JIAC Committee and the Foundation Board heard from Foundation President Harry Weitzel about the Finance and Investment Committee's January discussion on the College's quasi-endowment. Both groups agreed that in the RFP process commencing in 2018 for a portfolio manager, the Foundation would work with the College to include the quasi-endowment as part of the bid---to be managed separately but by the same firm.

The Foundation heard a presentation from its legal counsel on proposed IRS guidelines impacting 501(c)3 entities. The Foundation, with the continued help of counsel, will be reviewing ways it can ensure future compliance by being more "actively engaged" in the ways it is supporting the College's mission and strategic needs.

The Foundation approved a spending rate of 4.75% for FY18 spending. It also agreed to approve its spending rate in the fall—rather than in the spring—in order for scholarships to be calculated and awarded for greater impact.

For its upcoming May 2 meeting, the JIAC and Foundation will be having a mini-workshop with J.P. Morgan on trends in charitable giving, including the rise of donor advised funds.

Staff Senate Report

Date of Meeting: May 1, 2017

Reporter: Mary Grube, President

Executive Summary:

The Staff Senate is having a very successful spring semester. Our Professional Development Committee in partnership with Dr. Kortet Mensah, AVP of Diversity and Inclusion, have been working on modifying the existing staff mentoring program to align with the goals of the Strategic Plan. The senate executive committee implemented a very successful Random Acts of Kindness Week which took place the week of February 13th. We created “Kindness Matters” buttons and baked cookies to hand out to individual staff members during this week. We encouraged all staff to participate in at least one random act of kindness to someone on campus on each day of that week. The results were great and have continued well past the initial kickoff week. The Staff Senate held elections for the new executive committee at our March 29th meeting, the new executive committee will take over on July 1, 2017. The results were as follows:

- President – Kelley Hernandez
- Vice President – Rob Maddox
- Secretary – Lisa Youngborg
- Treasurer – Jim Cranmer

The Bylaws Committee continues to review the current bylaws, as there is always room for improvement and clarification.

The Social Connections Committee organized a staff appreciation night in conjunction with cheering on our student Seahawks at the men and women’s basketball games on February 15th. There was a great turnout, with over 85 staff and faculty attendees and 20 raffle prizes given. Social Connections also hosted their annual spring staff appreciation luncheon for the staff and faculty. It took place on March 16th and had 160 employees in attendance.

The Elections Committee have begun organizing and preparing for the upcoming elections for 13 new senators, 11 representing specific areas of the College and 2 at-large seats.

The Awards and Recognition Committee continues to celebrate the accomplishments of our staff with the monthly staff recognition award. Nominations were solicited for the annual Joe Carroll Award, a \$500 cash award, and it was ultimately given to Frances Titus, a fiscal associate II from Schaefer Hall. Frances received her award and was recognized at Awards Convocation on April 28th.

Finally, the Communications Committee issued a special addition of their newsletter highlighting staff hobbies, interests, and side businesses in March. The final newsletter for this year will be ready by mid-June.

In addition to the various programs we implement for the staff, we strive to ensure open communication between the staff in various departments and the transparency of the senate.

Please visit our website to stay updated on senate developments and view newsletter archives. www.smcm.edu/staff