

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

**Date of Meeting:** January 31, 2020

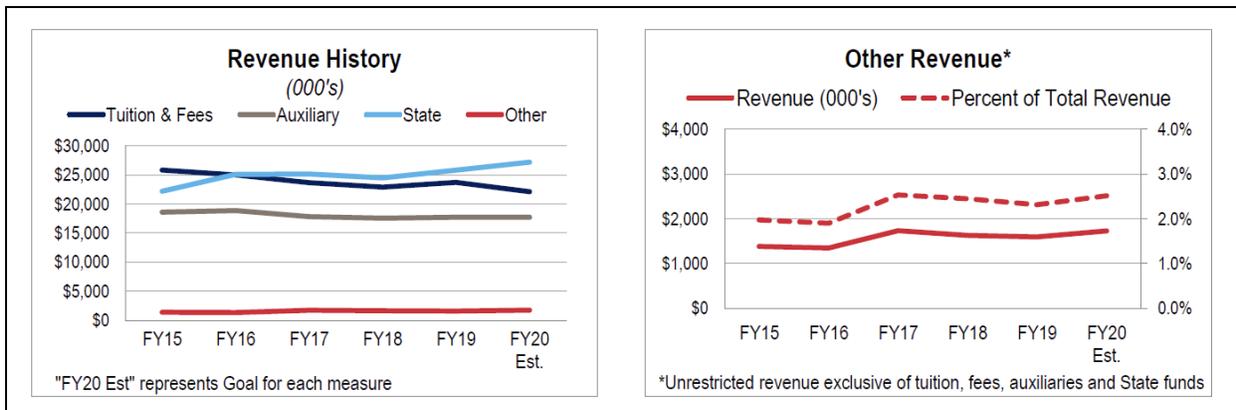
**Date of Next Meeting:** TBD

**Committee Chair:** John Wobensmith '93

**Committee Members:** Anirban Basu, Board Chair Lex Birney, Donny Bryan '73, Susan Dyer, Liza Gijanto, Sven Holmes, President Tuajuanda Jordan, William Seale

**Staff Member:** Paul Pusecker

**Dashboard Metrics**



**Executive Summary**

**Information Items**

FY20 Financial Results to Date

Revenues are overall 86.2% actual to budget. Tuition is 98.6% actual to budget. State Appropriations are 72.0% actual to budget, as expected. Quarterly payments have not included the DeSousa Brent allocation, currently held by the Maryland Higher Education Commission. We anticipate receiving those funds soon. Expenditures overall are 52.0% actual to budget. Scholarship is 95.1% actual to budget, and wages/benefits is 45.1% actual to budget.

Reconciliation of the FY20 Plant Fund (Capital) Budget

St. Mary's College of Maryland has made revisions to the Board approved plant fund (capital) budget for FY20. \$250K previously provided in FY19 for the utility line burial was moved to FY20 operating accounts. \$285K was reallocated from various approved plant projects in order to complete the emergency chiller replacement at the Campus Center.

Joint Investment Activities

The Joint Investment and Advisory Committee met on November 21, 2019 to review financial information on the Foundation and College endowments. As of December 31, 2019, the total market value of the St. Mary's College of Maryland Foundation's endowment is \$34.7M. Of the endowment managed by JP Morgan, the fiscal year-to-date increase in market value of \$1.2M includes \$201K in contributions, \$369K in income, \$1.2M increase in investment value and \$590K of withdrawals. The overall rate of return current fiscal year-to-date is 4.6 %.

The St. Mary's College of Maryland Endowment and Quasi Endowment holds investments totaling \$4.22M consisting of Endowment and Quasi-Endowment. \$3.2M are funds functioning as endowment (Quasi) and \$1.02M represents the Blackistone Endowment. Invested endowment funds, managed by 19/19 Investment Council, have a market value of \$3.84M as of October 31, 2019. Funds are currently invested in a mix of fixed income instruments and equities. The overall rate of return is 6.41% on an annualized basis. The remaining \$0.4M of College endowment is currently held in a cash investment pool by the State Treasurer.

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

**II.A. FY21 Tuition, Fees, Room and Board Rates**

The Finance, Investment, and Audit Committee will be asked to approve zero percent increases in the tuition, fees, room, and board rates for FY21. This action would be applicable for Maryland resident undergraduate students, non-resident undergraduate students, DC undergraduate residents, and for the MAT students.

**II.B. Adjustment of Room Rates for Students Requiring Disability Accommodations**

The Finance, Investment, and Audit Committee will be asked to approve the adjustment of room rates for students in need of disability accommodations to be in full compliance with Section 504 of the Rehabilitation Act.



**BOARD OF TRUSTEES  
ST. MARY'S COLLEGE OF MARYLAND  
FINANCE, INVESTMENT, AND AUDIT COMMITTEE  
MEETING OF JANUARY 31, 2020**

**OPEN SESSION  
AGENDA**

- I. DISCUSSION ITEMS (None)**
- II. ACTION ITEMS**
  - A. FY21 Tuition, Fees, Room and Board Rates\*
  - B. Adjustment of Room Rates for Students Requiring Disability Accommodations
- III. INFORMATION ITEMS**
  - A. FY20 Financial Results to Date\*
  - B. Reconciliation of the FY20 Plant Fund (Capital) Budget\*
  - C. Reportable Procurement Items
  - D. Joint Investment Activities\*
  - E. Dashboards
  - F. Minutes (Meetings of October 18, 2019 and December 12, 2019)

\*See appendix for supporting documents.

*A portion of this meeting will be held in closed session.*

**BOARD OF TRUSTEES  
ST. MARY'S COLLEGE OF MARYLAND  
FINANCE, INVESTMENT, AND AUDIT COMMITTEE  
MEETING OF JANUARY 31, 2020  
ACTION ITEM II.A.  
FY21 TUITION, FEES, ROOM AND BOARD RATES**

**RECOMMENDED ACTION**

The Finance, Investment, and Audit Committee recommends that the Board of Trustees authorize all student rates (tuition, fees, room, and board rates) for FY21 (academic year 2020-2021) to remain equal to FY20 rates (0% increases for each rate category). This action is applicable for Maryland resident undergraduate (UG) students, for non-resident UG students, for DC UG Residents, and for the MAT students.

**RATIONALE**

The Board of Trustees is the authorizing body for setting student tuition, fees, room, and board rates. The topic of keeping tuition, fees, room, and board flat for FY21 over FY20 is the result of considerable discussion at the Board of Trustees level, going back to last summer. The objective of these proposed price freezes for FY21 is to encourage affordable enrollment growth and start to close the tuition price gap between St. Mary's College of Maryland and the University of Maryland, College Park.

**Total Charges for FY21:**

- In-state students tuition, fees, room, and board = \$28,719
- Out-of-state students tuition, fees, room, and board = \$44,795
- DC resident students tuition, fees, room, and board = \$38,719
- Graduate MAT program costs = \$21,236

*See appendix pages 1 - 2 for supporting documents.*

**BOARD OF TRUSTEES  
ST. MARY'S COLLEGE OF MARYLAND  
FINANCE, INVESTMENT, AND AUDIT COMMITTEE  
MEETING OF JANUARY 31, 2020**

**ACTION ITEM II.B.  
ADJUSTMENT OF ROOM RATES FOR STUDENTS REQUIRING DISABILITY  
ACCOMMODATIONS**

**RECOMMENDED ACTION**

The Finance, Investment, and Audit Committee recommends that the Board of Trustees approve the adjustment of room rates for students in need of disability accommodations to be in full compliance with Section 504 of the Rehabilitation Act.

**RATIONALE**

The Board of Trustees is the authorizing body for setting student tuition, fees, room, and board rates. This room rate adjustment is solely for students with approved disability accommodations and will ensure that the College is in full compliance with Section 504 of the Rehabilitation Act ("Section 504"). Specifically, the College would: (1) adjust the manner in which it charges students receiving a single room as an accommodation and (2) expand the available locations on campus where that housing is provided.

Resulting Action: The College shall adjust the rates for affected students and charge them the fees they would have paid had they resided with a roommate in a double room, thereby meeting the requirement to provide accessible housing to handicapped students at the same cost as to others.

**BOARD OF TRUSTEES  
ST. MARY'S COLLEGE OF MARYLAND  
FINANCE, INVESTMENT, AND AUDIT COMMITTEE  
MEETING OF JANUARY 31 2020  
INFORMATION ITEM III.A.  
FY20 FINANCIAL RESULTS TO DATE**

**REVENUES**

- Overall 86.2% Actual to Budget
- Tuition 98.6% Actual to Budget
- State Appropriations 72.0% Actual to Budget (as expected, quarterly payments have not included DeSousa Brent allocation held by Maryland Higher Education Commission, which we anticipate receiving soon)

**EXPENDITURES**

- Overall 52.0% Actual to Budget
- Scholarship 95.1% Actual to Budget (\$334,235 under budget)
- Wages/Benefits 45.1% Actual to Budget

*See appendix page 3 for supporting document.*

**BOARD OF TRUSTEES  
ST. MARY'S COLLEGE OF MARYLAND  
FINANCE, INVESTMENT, AND AUDIT COMMITTEE  
MEETING OF JANUARY 31, 2020  
INFORMATION ITEM III.B.  
RECONCILIATION OF THE FY20 PLANT FUND (CAPITAL) BUDGET**

St. Mary's College of Maryland has made revisions to the Board approved plant fund (capital) budget for FY20.

The changes include:

1. Deducted \$250K previously provided in FY19 for the utility line burial and moved this amount to FY20 operating accounts.
2. \$285K was reallocated from various approved FY20 plant projects in order to complete the emergency chiller replacement (HVAC) at the Campus Center.

*See appendix pages 4 - 5 for supporting documents.*

**BOARD OF TRUSTEES  
ST. MARY'S COLLEGE OF MARYLAND  
FINANCE, INVESTMENT, AND AUDIT COMMITTEE  
MEETING OF JANUARY 31, 2020  
INFORMATION ITEM III.C.  
REPORTABLE PROCUREMENT ITEMS**

- Culinary Ventures Maryland for snack vending services - not to exceed \$500,000
- Culinary Ventures Maryland for soft drink vending - not to exceed \$600,000
- Graybar for an audio-visual system upgrade in Anne Arundel Hall - \$240,000
- Life Fitness for purchase of gym equipment - \$104,757
- Hill International Inc. for the New Academic Building and Auditorium project management of the new auditorium \$399,044
- Witt Kieffer/Executive Search – not to exceed \$500,000

**BOARD OF TRUSTEES  
ST. MARY'S COLLEGE OF MARYLAND  
FINANCE, INVESTMENT, AND AUDIT COMMITTEE  
MEETING OF JANUARY 31, 2020  
INFORMATION ITEM III.D.  
JOINT INVESTMENT ACTIVITIES**

The Joint Investment and Advisory Committee met on November 21, 2019 to review financial information on the Foundation and College endowments. See attached for information related to the Foundation and College investments.

St. Mary's College of Maryland Foundation

As of December 31, 2019, the total market value of the Foundation's endowment is \$ 34.7M. The Foundation's endowment is comprised of three parts: a portion of the JP Morgan portfolio (\$34.1M), the Student Investment Group (SIG) account (\$337K), and WesBanco (Formerly Old Line Bank) shares (\$299K).

Of the endowment managed by JP Morgan, the fiscal year-to-date increase in market value of \$1.2M includes \$201K in contributions, \$369K in income, \$1.2M increase in investment value and \$590K of withdrawals. The overall rate of return current fiscal year-to-date is 4.6 %. Attached is the consolidated investment statement.

St. Mary's College of Maryland Endowment and Quasi Endowment

The College holds investments totaling \$4.22M consisting of Endowment and Quasi-Endowment. \$3.2M are funds functioning as endowment (Quasi) and \$1.02M represents the Blackistone Endowment.

Invested endowment funds, managed by 19/19 Investment Council, have a market value of \$3.84M as of October 31, 2019. Funds are currently invested in a mix of fixed income instruments and equities. The overall rate of return is 6.41% on an annualized basis.

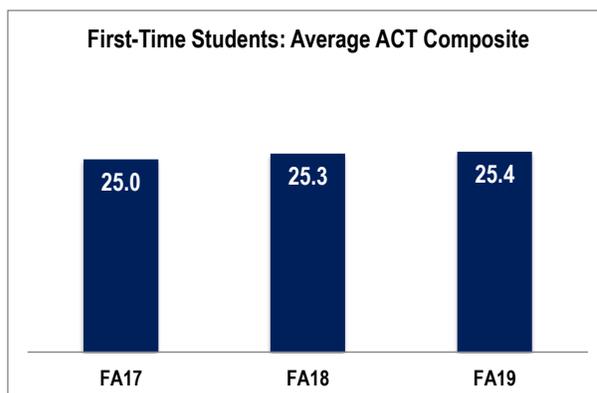
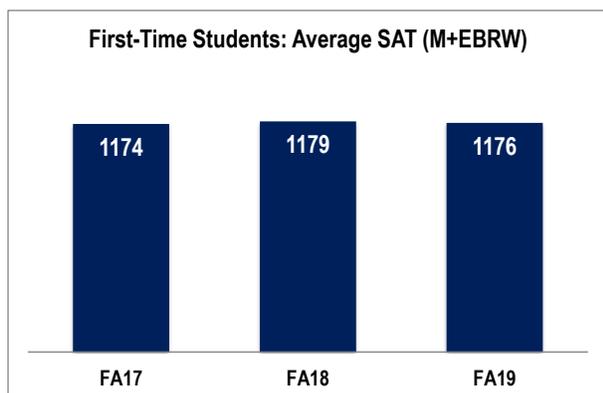
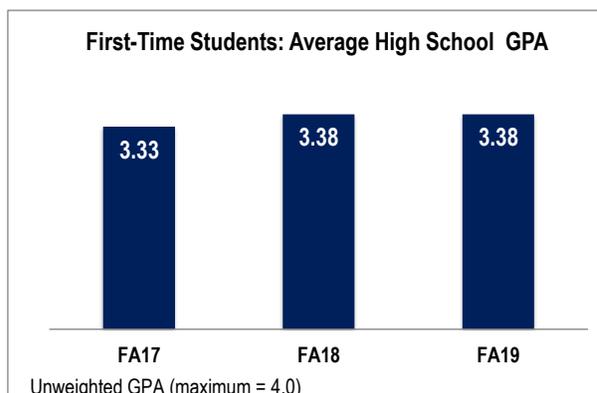
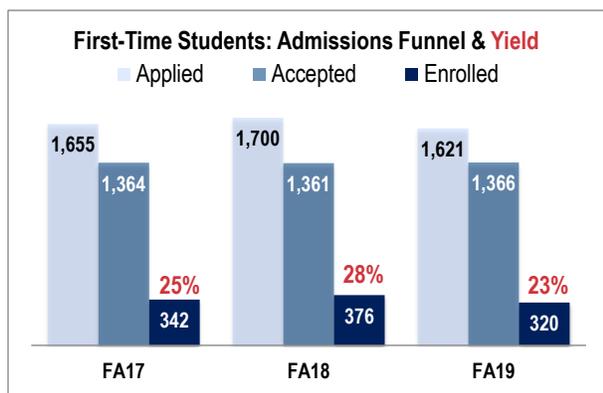
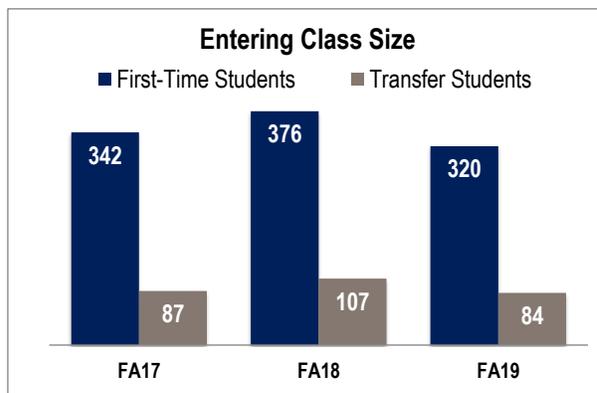
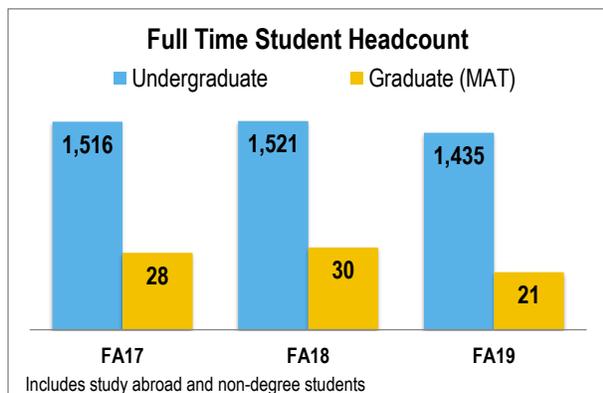
The remaining \$0.4M of College endowment is currently held in a cash investment pool by the State Treasurer.

*See appendix pages 6 – 7 for supporting documents.*

## Board of Trustees Dashboard - January 2020

### Student Characteristics in Enrollment \*\*

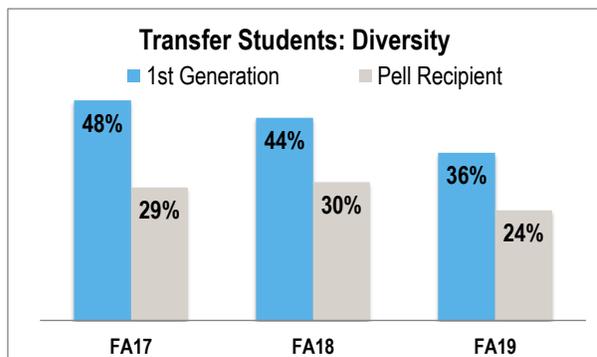
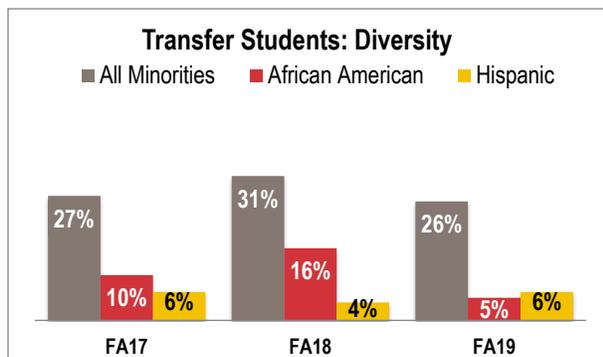
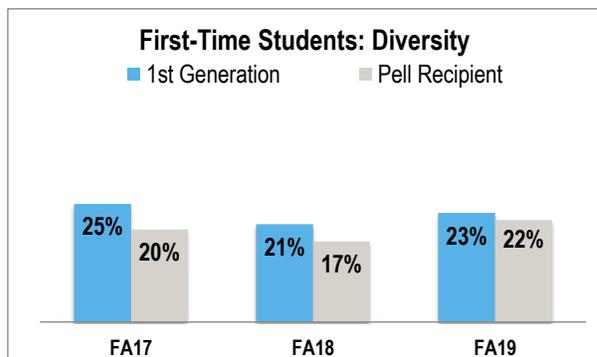
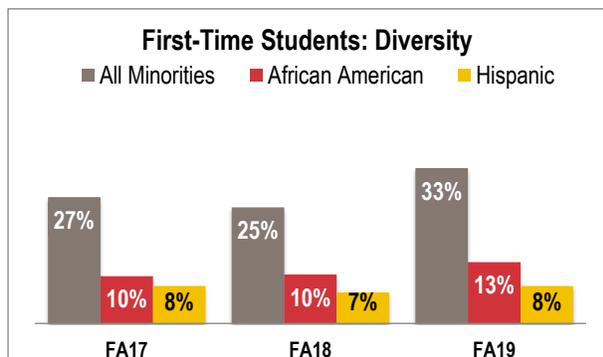
Fall 2019 figures based on final census (freeze) data, 9/30/2019



## Board of Trustees Dashboard - January 2020

### Student Characteristics in Enrollment \*\*

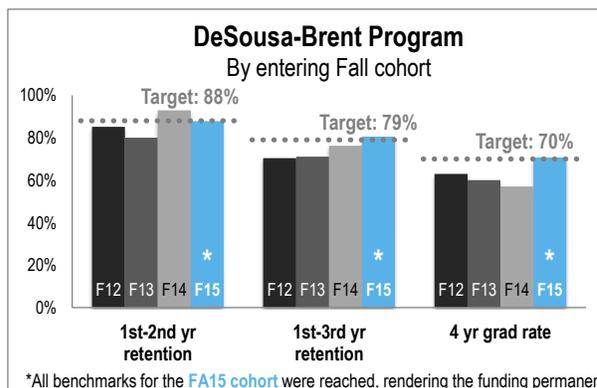
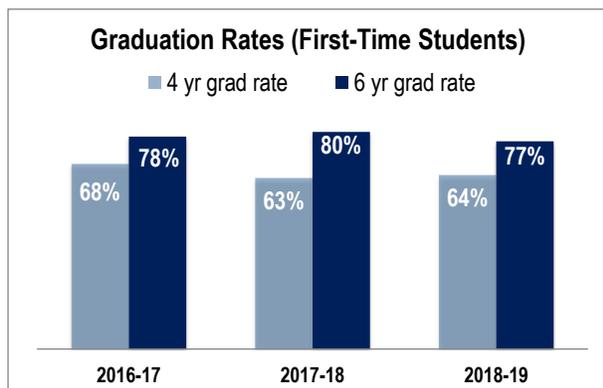
Fall 2019 figures based on final census (freeze) data, 9/30/2019



\*\* Goals were temporarily removed for all measures. Revised goals will be established during the strategic planning process.

### Student Retention and Persistence \*\*

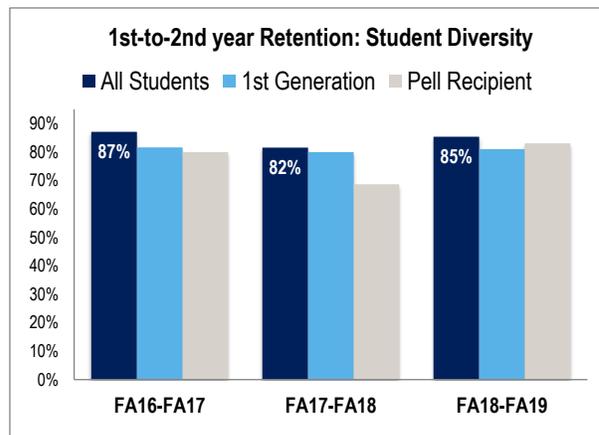
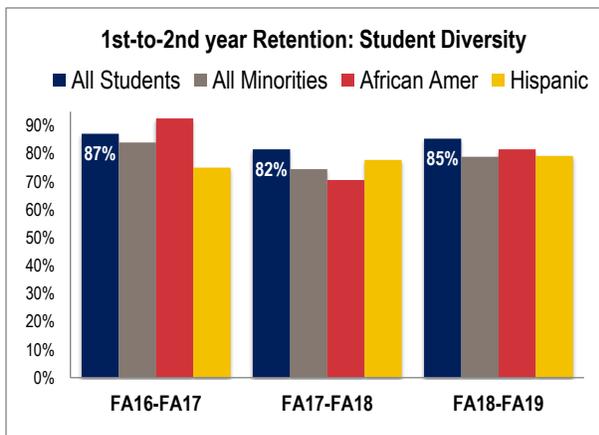
Fall 2019 figures based on final census (freeze) data, 9/30/2019



## Board of Trustees Dashboard - January 2020

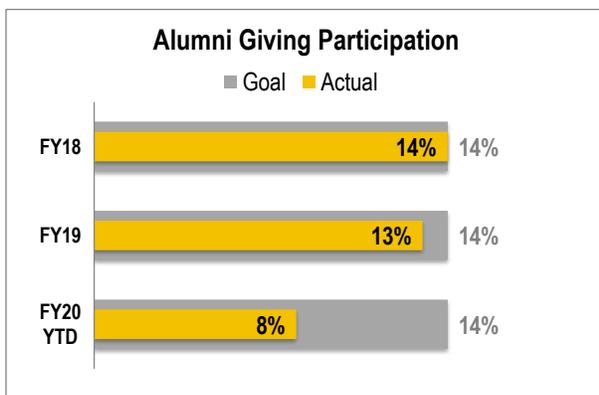
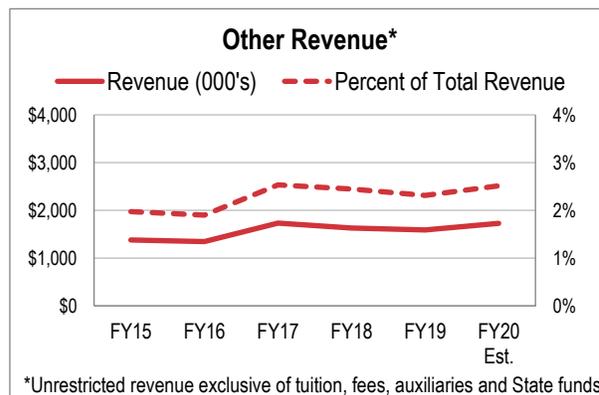
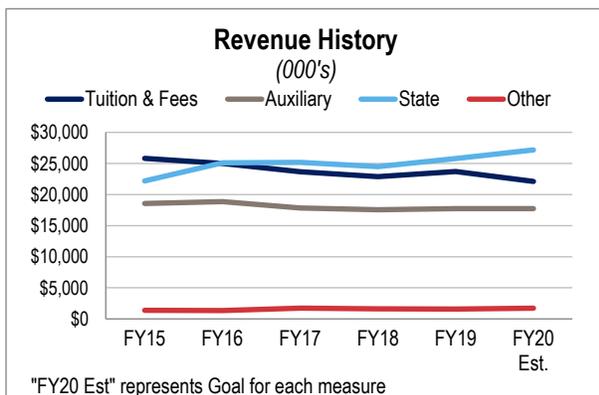
### Student Retention and Persistence \*\*

Fall 2019 figures based on final census (freeze) data, 9/30/2019



\*\* Goals were temporarily removed for all measures. Revised goals will be established during the strategic planning process.

### Revenue and Fundraising





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

**Date of Meeting:** December 12, 2019

**Status of Minutes:** Approved January 20, 2020

**Finance, Investment, and Audit Committee Members Present:** Committee Chair John Wobensmith '93, Anirban Basu, Donny Bryan '73, Board Chair Lex Birney, Sven Holmes, President Tuajuanda Jordan, Bill Seale

**Committee Members Absent:** Faculty Delegate Liza Gijanto

**Staff Member:** Paul Pusecker

**Others Present:** Monique Booker (SB & Company, LLC), John Bell '95, Peter Bruns, Paula Collins, Carolyn Curry, Mike Dougherty, Peg Duchesne '77, Shannon Jarboe, Gabriel Mbomeh, Dan Pindell '10, Jenell Sargent, Jenny Sivak, Chris True, Anna Yates

**Executive Summary**

Finance, Investment, and Audit Committee Chair John Wobensmith '93 called the meeting to order at 1:03 p.m.

Vice President for Business and CFO Paul Pusecker stated that the Committee would receive a detailed presentation from Monique Booker, engagement partner for the firm SB & Company, LLC, during the meeting. The presentation would include information about the audit process, the audit results, and the College's financial statements.

Ms. Booker reported that the audit produced no findings, no instances of fraud, and no material weakness in internal controls. The audit firm will issue an unmodified opinion letter indicating that the financial statements fairly represent, in all material respects, the financial position of the College. Ms. Booker also stated that she received full cooperation from the management and that no significant changes to journal entries were noted. The audit included an assessment of the control environment and an evaluation of key processes, all of which were found to be effective in both design and operation.

*At 1:32 p.m., 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 the audit report and financial statements with a representative from SB and Company.*

*The closed session adjourned at 1:47 p.m. and the open session of the Finance, Investment, and Audit Committee meeting resumed at 1:48 p.m.*

## **Action Items**

### **I.A. Acceptance of the FY19 Auditors' Report and Audited Financial Statements**

Statements reflecting the financial transactions and position of the College for the period July 1, 2018 through June 30, 2019 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. A motion to approve the action item was made by John Wobensmith '93. The motion was seconded and approved unanimously.

The meeting adjourned at 1:50 p.m.

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

**OPEN SESSION  
MINUTES**

**Date of Meeting:** October 18, 2019

**Status of Minutes:** Approved December 3, 2019

**Finance, Investment, and Audit Committee Members Present:** Committee Chair John Wobensmith '93, Board Chair Lex Birney, Donny Bryan '73, Sven Holmes, President Tuajuanda Jordan, William Seale

**Committee Members Absent:** Anirban Basu, Faculty Delegate Liza Gijanto

**Staff Member:** Paul Pusecker

**Others Present:** Betsy Barreto, John Bell '95, Allison Boyle, Peter Bruns, Leonard Brown, Paula Collins, Tayo Clyburn, Carolyn Curry, Peg Duchesne '77, Susan Dyer, Judy Fillius '79, Elizabeth Graves '95, Mary Grube, Gail Harmon, David Hautanen, Shannon Jarboe, Jasmine Long '21, Dan Pindell '10, Jenell Sargent, Jennifer Sivak, Danielle Troyan '92, Chris True, Allan Wagaman '06, Ray Wernecke, Anna Yates

**Executive Summary**

Finance, Investment, and Audit Committee Chair John Wobensmith '93 called the meeting to order at 2:05 p.m.

FY19 Operating Budget Closing and Status of Financial Statement Audit

Fiscal year 2019 closed on June 30, 2019. The review and adjustments for year-end activity are complete. Actual operating fund results are a deficit of \$3.42M as the College spends down \$5.4M in rollovers from the previous three fiscal years. The year-end operating result is approximately \$2.0M better than the expected \$5.4M loss. Fiscal year 2019 preliminary and un-audited results are final at this time. The auditing firm SB and Company has completed their fieldwork and draft financial statements were received by the College on October 4, 2019. The audited financial statements will be presented to the Finance, Investment, and Audit Committee for review and approval in December.

FY20 Financial Results to Date

Overall revenue collections for FY20 are as expected at 39.6% of the budgeted level. Year-to-year overall expenditures in FY20 are running 19.0% lower than the equivalent period last year. All programs of expenditure fall within expected changes year-to-year, with the exception of dining (Bon Appetit) due to delayed invoicing activity. Debt service payments for September are approximately \$400K lower this year versus last year. Scholarship expense is roughly aligned with

the allocation for FY20. Actual scholarship expense is 2.7% lower than the prior year due to lower student counts.

#### Enterprise Resource Planning (ERP) Update

Campus Management Corporation (CMC) will provide the CampusNexus Student, Finance, and the HR and Payroll modules for the College. In late Spring 2019, the ERP project started with the CampusNexus Student system. During this FY20 academic year we will be migrating financial aid, student accounts, enrollment and registration, and academic records over to CampusNexus Student with an anticipated go live launch in June 2020. It is anticipated that we will start the data discovery process for the CampusNexus Finance and the HR and Payroll modules in early 2020.

#### Joint Investment Activities

The Joint Investment and Advisory Committee met on September 26, 2019 to review financial information on the Foundation and College endowments. As of August 31, 2019, the total market value of the Foundation's endowment is \$ 33.5M. The Foundation's endowment is comprised of three parts: a portion of the JP Morgan portfolio (\$33M), the Student Investment Group (SIG) account (\$293K), and Old Line Bank shares (\$266K). The St. Mary's College of Maryland Endowment and Quasi Endowment holds investments totaling \$4.197M combined.

#### Update on Legislative Audit

The Department of Legislative Services has initiated the four-year audit cycle. The auditors arrived on August 26, 2019 and fieldwork remains ongoing with an expected completion date of January 2020. The Finance, Investment, and Audit Committee Chair will receive updates on the legislative audit as it progresses. The legislative auditors have begun to review processes and procedures in the areas of collections and non-cash credits, including financial aid. A separate team will review information technology operations.

#### Action Items

##### **Action Item II.A. Approval of Revision of the FY20 Current Fund (Operating) Unrestricted Budget**

The Committee reviewed the proposed revision to the current fund (operating) budget for FY20. The revision incorporated carry-forward authorization for \$2,983,242, encumbered but not expended, as of June 30, 2019. Programs of expenditure included in the revision were for instruction, institutional support, scholarships, student services, academic support, auxiliary enterprises, and encumbered items and additional rollovers in the physical plant area. A motion to approve the action item was made by Committee Chair John Wobensmith '93. The motion was seconded and the action was approved unanimously.

##### **Action Item II.B. Approval of the Reconciliation of the FY20 Plant (Capital) Budget**

The Committee reviewed the revisions to the plant fund (capital) budget FY20. The FY19 plant fund activity was reconciled to the end of the fiscal year and new projects approved in May 2019 were added. The FY20 active project budget totals \$3.8M. The projected unencumbered plant fund balance is \$1.4M, pending the final receipt of future Foundation funds. A motion to approve the action item was made by Committee Chair John Wobensmith '93. The motion was seconded and the action was approved unanimously.

**Action Item II.C. Approval of the 2019 Performance Accountability Report**

The Performance Accountability Report (PAR) is required by the State of Maryland. The report assesses the College's progress on a variety of goals and objectives including academics, enrollment, retention and graduation, financial aid, and student outcomes. The report provides data on specific metrics as well as a narrative describing strengths and challenges. Maryland law requires institutions to submit their PAR to the Maryland Higher Education Commission for review, and final submission to the Governor and General Assembly. The 2019 PAR was reviewed by the Academic Affairs Committee and the Campus Life and Facilities Committee, both of which provided their endorsement to the Finance, Investment, and Audit Committee for approval. A motion to approve the action item was made by Committee Chair John Wobensmith '93. The motion was seconded and the action was approved unanimously.

**Action Item II.D. Approval of Revisions to the Employee Handbook: Update the Workplace Bullying Policy and Inclusion of the Organ Donation Leave Policy**

The Finance, Investment, and Audit Committee was presented with two revisions to the St. Mary's College of Maryland Employee Handbook for review and approval. The first revision was to include an Organ Donation Leave Policy. This policy would provide employees up to three days of paid leave to serve as a bone marrow donor and 10 days of paid leave to serve as an organ donor. The addition of an Organ Donation Leave Policy is in accordance with Senate Bill 705, which also mandates that State employees will be eligible for 12 weeks of unpaid organ donation leave and 30 business days of unpaid bone marrow donor leave effective January 1, 2020. The second revision was to update the Workplace Bullying Policy to include an updated definition, updated examples, a training component, complaint processes for employees in and employees not in protected classes, a notice prohibiting retaliation, extended reporting pathways and a data collection requirement. This revised policy is necessary to provide education and guidance to employees regarding workplace bullying, to ensure that bullying will not be tolerated and to deal with it in a progressive manner if it occurs. A motion to approve the action item was made by Committee Chair John Wobensmith '93. The motion was seconded and the action was approved unanimously.

The meeting adjourned at 2:26 p.m.