

**College Savings Plans of Maryland Board  
FINAL MEETING MINUTES**

**December 23, 2015  
11:00 AM - 12:00 PM**

**Held via Conference Call**

**Board Members/Designees Present**

Nancy K. Kopp, State Treasurer and Board  
Chair  
Helene Grady, Board Vice Chair  
Emily Hollis, Comptroller's Designee  
Pamela Purcell, Chancellor, University  
System of Maryland's Designee  
Geoffrey Newman, Secretary of Higher  
Education's Designee  
Steven Serra, Department of Education's  
Designee  
Russell Kelley  
John Kenney

**Staff, Representatives and Guests**

Lauren Shipley, Acting Executive Director  
Bernadette Benik, Chief Deputy Treasurer  
Susanne Brogan, Deputy Treasurer for  
Public Policy  
Meghan Marek, Assistant Attorney General  
Joshua Fretz  
Lance Weiss, Gabriel Roeder & Smith  
Ryan Gundersen, Gabriel Roeder & Smith  
Trent Kittleman, Maryland Delegate  
Briana January, from Maryland Delegate  
Kirill Reznik's office  
Susan Niezelski, Account Holder  
Paul Bade, Account Holder  
Brian Kelly, Account Holder

**College Savings Plans of Maryland ("CSPM")**

Treasurer Kopp reviewed the progression of the Board's review of differential tuition – a surcharge assessed to students majoring in business, engineering or computer science during their junior and senior years – to date. She explained that since the University of Maryland, College Park implemented differential tuition beginning with the Fall, 2015 semester, the Board had reviewed plan documents and consulted with counsel on the treatment of differential tuition under the definition as found in § 18-1901(o) of the Education Article of the Maryland Code. The Board had also heard from Account Holders and members of the Maryland General Assembly concerning the impact of differential tuition on students and their families.

Recognizing its duty as fiduciaries of the Trust to act prudently, the Board sought additional review of from the Attorney General's Office by way of an Advice of Counsel letter wherein the Board was advised that the statute allows for two permissible interpretations of the definition of "tuition," one which would find differential tuition covered by the Plan and one under which the increase would not be covered. The Board was advised that as the agency responsible for implementing the Trust, it has the discretion to adopt either interpretation.

In addition to seeking the advice from the Attorney General's Office, the Board had also requested that the Trust's actuary, Gabriel Roeder & Smith ("GRS"), conduct an actuarial study of the impact of paying differential tuition under the Prepaid College Trust.

The Treasurer explained that the actuarial study had now been completed and introduced GRS to discuss their findings.

- Discussion of GRS Actuarial Study

Lance Weiss presented its methodology and the findings of the actuarial study. The summary concluded that covering differential tuition instituted at the University of Maryland College Park would result in a reduction of the funded ratio of between 2.1% and 3.2%. The Board reviewed and discussed the summary provided by GRS of the Financial Impact to the Maryland Prepaid College Trust of Paying Differential Tuition Benefits.

The Trustees discussed the funding status of the Plan, 136% funded as of June 30, 2015 and the modest impact to the funded status if differential tuition is covered as shown in the GRS study, while recognizing that the impact may ultimately be unknown as other schools may seek to implement similar pricing schemes.

The Board found persuasive the impact on current account holders. The Trustees discussed how covering differential tuition would be consistent with the Board's fiduciary duty to act "[s]olely in the interest of the participants" and "[f]or the exclusive purposes of providing benefits to the participants . . ." Educ. § 18-1907(b)(1), (2), as well as the intent of the Prepaid Trust to "enhance the accessibility and affordability of higher education for all citizens..." Educ. § 18-1902.

Upon motion duly made and seconded, it was unanimously

**RESOLVED**, to approve payment of differential tuition for all account holders based on it being covered under the current definition of tuition found in the Maryland Annotated Code, Education Article § 18-1901(o).

Treasurer Kopp asked if there were any further items to be addressed. There being no further business, and upon motion duly made and seconded, it was unanimously,

**RESOLVED**, that the meeting is hereby adjourned.



Approved: \_\_\_\_\_

Lauren Shipley  
Acting Executive Director – for Board Secretary

03/25/2016

Date: \_\_\_\_\_

### **EXHIBIT LIST**

1. GRS Actuarial Study on Differential Tuition