SB 858

Department of Legislative Services

Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 858 (Senator Hayes)
Budget and Taxation

Higher Education – Coppin State University – Funding

This bill requires the Governor to include an appropriation of at least $3.0 million annually in the operating or capital budget for fiscal 2023 through 2026 to Coppin State University (CSU) to establish a new student union facility and two student dormitories. The University System of Maryland (USM) must prioritize using public-private partnership (P3) agreements to build these facilities. **The bill takes effect July 1, 2021.**

Fiscal Summary

State Effect: General fund expenditures increase by at least $3.0 million from FY 2023 through 2026. To the extent that there are P3 agreements, CSU higher education revenues may be impacted. However, any such impact cannot be reliably estimated. **This bill establishes a mandated appropriation for FY 2023 through 2026.**

($ in millions)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Revenues	$0	$0	$0	$0	$0
GF Expenditure	0	3.0	3.0	3.0	3.0
Net Effect	$0.0	($3.0)	($3.0)	($3.0)	($3.0)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: None.

Small Business Effect: Minimal, although use of P3 agreements to build the facilities could include a small business.

Analysis

State Fiscal Effect: The Governor's proposed fiscal 2022 *Capital Improvement Program* (CIP), which covers the proposed CIP for fiscal 2023 through 2026, does not include funding for CSU to establish a new student union facility and two student dormitories. The Department of Budget and Management advises that the State does not typically fund revenue-producing buildings such as dormitories, student unions, or book stores with general obligation bonds. These projects are usually funded with USM auxiliary revenue bonds, auxiliary accounts, grants, and private funds. Thus, since the bill specifies the mandate can be satisfied using either operating or capital funds, it is assumed that general fund expenditures increase by $3.0 million annually for fiscal 2023 through 2026.

There are many different models of P3 agreements, but the models generally involve a government agency and private partner sharing revenue. Therefore, to the extent that a P3 agreement includes revenue sharing, CSU higher education revenues are likely affected. Any such impact cannot be reliably estimated and will depend on any particular agreement.

In addition, to the extent these mandated funds result in the completion of a new student union facility and student dormitories, CSU revenues (from room and board fees) and expenditures (for operating costs) increase. These impacts are not part of this fiscal analysis, but they are likely significant.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Department of Budget and Management; Board of Public Works; University System of Maryland; Department of Legislative Services

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