

RB27
Coppin State University
University System of Maryland

Capital Budget Summary

State-owned *Capital Improvement Program*
(\$ in Millions)

Projects	Prior Auth.	2018 Request	2019 Est.	2020 Est.	2021 Est.	2022 Est.	Beyond CIP
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Percy Julian Renovations	\$0.000	\$1.336	\$1.634	\$0.000	\$20.903	\$18.750	\$0.000
Total	\$0.000	\$1.336	\$1.634	\$0.000	\$20.903	\$18.750	\$0.000

Fund Source	Prior Auth.	2018 Request	2019 Est.	2020 Est.	2021 Est.	2022 Est.	Beyond CIP
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GO Bonds	\$0.000	\$1.336	\$1.634	\$0.000	\$20.903	\$18.750	\$0.000
Total	\$0.000	\$1.336	\$1.634	\$0.000	\$20.903	\$18.750	\$0.000

CIP: *Capital Improvement Program*
GO: general obligation

Summary of Issues

Demand Is Lacking for Business School Renovations: Coppin State University's (CSU) College of Business has experienced declining enrollment and has also launched alternative pathways for students to earn business degrees. Both of these factors reduce the need for a fully renovated building for the College of Business.

Summary of Recommended Bond Actions

1. Percy Julian School of Business and Graduate Studies
Restrict funds pending a report.
2. SECTION 2 – Coppin State University – New Science and Technology Center
Approve the de-authorization.

Budget Overview

Authorization Uses (\$ in Millions)

Description	Prior Authorization	2018 Request	2019 Estimate	2020 Estimate	2021 Estimate	2022 Estimate
Planning	\$0.000	\$1.336	\$1.634	\$0.000	\$0.665	\$0.000
Construction	0.000	0.000	0.000	0.000	15.238	15.250
Equipment	0.000	0.000	0.000	0.000	5.000	3.500
Total	\$0.000	\$1.336	\$1.634	\$0.000	\$20.903	\$18.750

Authorization Sources (\$ in Millions)

Description	Prior Authorization	2018 Request	2019 Estimate	2020 Estimate	2021 Estimate	2022 Estimate
GO Bond	\$0.000	\$1.336	\$1.634	\$0.000	\$20.903	\$18.750
Total	\$0.000	\$1.336	\$1.634	\$0.000	\$20.903	\$18.750

GO: general obligation

Percy Julian Renovation Project Funding Status

Funding in the 2017 *Capital Improvement Program* (CIP) for CSU renovates 30,410 net assignable square feet (NASF) and constructs an addition of 4,690 NASF to the Percy Julian Science and Art Building (PJSAB). About two-thirds of the renovated facility will be for CSU's College of Business and one-third for its School of Graduate Studies.

This project has been deferred several times. The 2016 CIP had programmed this project to begin in fiscal 2019, but the General Assembly pre-authorized funding for fiscal 2018. The total project cost in the 2017 CIP is \$42.6 million. This estimate is not yet informed by any design work, which receives \$1.3 million to begin in fiscal 2018. Construction is scheduled for fiscal 2020 through 2021.

Renovations Benefit Reorganized College of Business

PJSAB, constructed in 1967, is CSU's former science building. When the State-funded Science and Technology Center (STC) opened in fall 2015 with new, state-of-the-art science facilities, academic programs in PJSAB relocated to STC. PJSAB has effectively been vacant since August 2015. The primary justification for supporting the inclusion of this capital project in the five-year CIP is to bring a vacant building back online.

PJSAB renovations would primarily benefit the College of Business and the School of Graduate Studies, which both currently operate from the Grace Jacobs Building (GJB). CSU reports that GJB, built in 1977, is not conducive to student learning because of small lecture halls and outdated classrooms. Furthermore, the School of Graduate Studies is dispersed across different wings of GJB, whereas a centralized graduate studies office would deliver more efficient student services.

In fall 2012, CSU reorganized several academic units and placed six undergraduate programs within its new College of Business to create a traditional undergraduate business program. Current facilities in GJB do not offer the specialized class laboratory space that CSU would like for its College of Business, and GJB has faculty offices smaller than the size recommended by current State guidelines.

The renovated PJSAB would provide new classroom and class laboratory space, which will offer specialized rooms that can simulate real world scenarios, like casino operations. Renovations also include updating or replacing PJSAB's heating, ventilation, and air conditioning systems. This would improve CSU's ability to attract and retain both business students and faculty. Finally, the renovated space in PJSAB would also assist the School of Graduate Studies by including a conference room, file storage space, and an interdisciplinary research center. **The President of CSU should comment on why the file storage space and research center cannot use new space in STC, the new Health and Human Services Building (HHSB), or vacated science classroom space in PJSAB instead.**

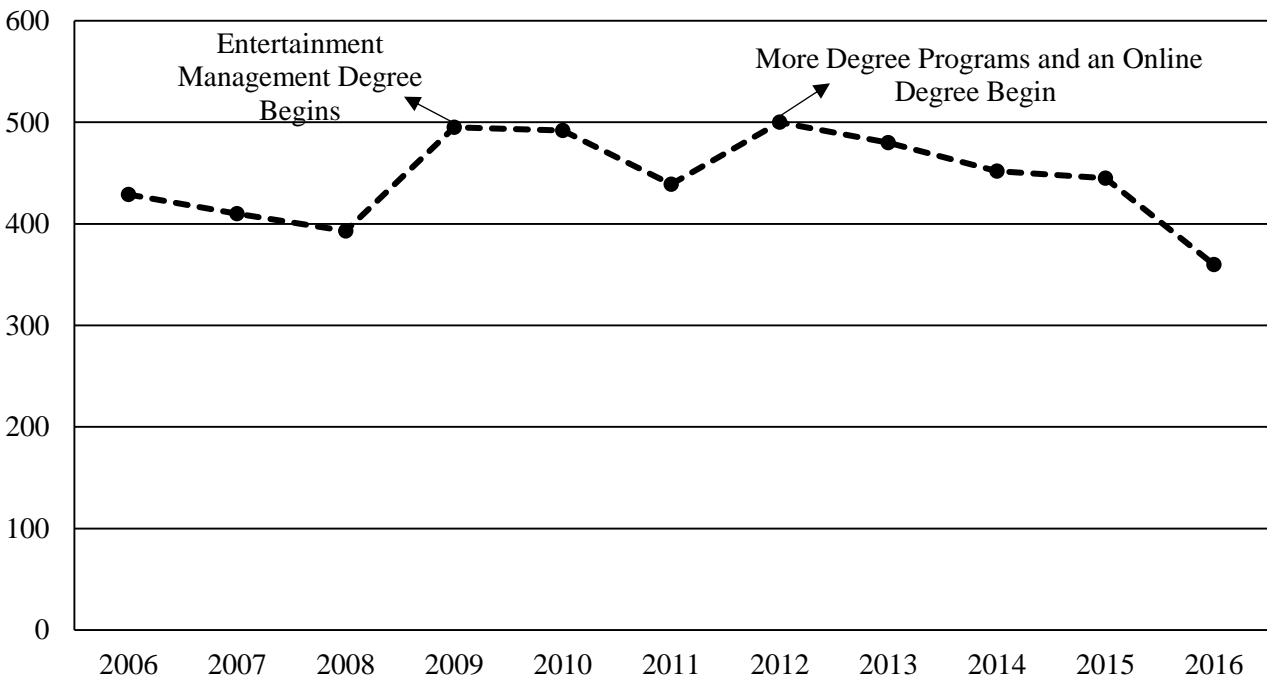
Issues

1. Demand Is Lacking for Business School Renovations

Enrollment information and programmatic changes raise concerns about actual student demand for space in CSU's College of Business, and therefore the need for this capital project at this time.

- First, CSU has created alternative pathways for students to pursue business degrees. For example, in fall 2012, alongside the reorganization of the business programs, CSU launched the only completely online accredited business management degree offered by a Historically Black College or University. CSU reports that about 24 students pursue online degree coursework each semester. CSU also expanded one of its business degrees, Sport Management, to the Hagerstown Regional Higher Education Center. Both of these actions decrease the need for classroom space on CSU's Baltimore campus.
- Second, as shown in **Exhibit 1**, enrollment in the academic programs that currently constitute the College of Business has been unsteady from year to year and has ultimately declined over time. In fall 2016, the business school was actually 60 students, or 14%, below where it had been in fall 2006.
- Third, given ongoing general enrollment declines at CSU, CSU's most recent State-funded capital projects are not being fully utilized. Beyond STC, HHSB opened in fall 2008, and the Physical Education (PE) Complex opened in spring 2010. CSU has been unable to confirm whether those facilities are being used to capacity, which is likely due to the fact that campus enrollment peaked at 3,302 full-time equivalent students in fiscal 2006. By fiscal 2016, CSU enrolled 853 fewer students, a decline of 25.8% over 10 years.

Exhibit 1
Enrollment in Coppin State University's College of Business
Fall 2006-Fall 2016



Note: This is a headcount of students enrolled in the academic programs that currently constitute the College of Business at Coppin State University.

Source: *Trends in Enrollment by Program*, Maryland Higher Education Commission; Coppin State University

While CSU reports a new facility would increase enrollment in its business programs, given the limitations on State general obligation bonds in fiscal 2018, CSU should focus on fully utilizing the academic capacities of STC, HHSB, and the PE Complex before pursuing additional capital projects on campus. These facilities have modern classrooms and various multipurpose academic spaces. Furthermore, to date, the last three capital projects have not reversed the ongoing enrollment decline. CSU should continue to explore alternative pathways for students. For example, CSU is currently involved with implementing B-Power, an initiative with the University of Baltimore and Baltimore City Community College, to develop new and innovative academic pathways for students to pursue their higher education goals. This presents an opportunity to explore collaborating with nearby business schools.

The Department of Legislative Services recommends gathering more information regarding the space utilization of CSU's facilities before proceeding with the PJSAB renovations.

Operating Budget Impact Statement

Executive's Operating Budget Impact Statement – State-owned Projects (\$ in Millions)

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
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Project Name					
Estimated Operating Cost	\$0.000	\$0.000	\$0.000	\$0.000	\$0.513
Estimated Staffing	0	0	0	0	0
Total Operating Impact					
Estimated Operating Cost	\$0.000	\$0.000	\$0.000	\$0.000	\$0.513
Estimated Staffing	0	0	0	0	0

According to the 2017 CIP, the renovated PJSAB will impact the fiscal 2022 operating budget by about \$0.5 million due to general costs for fuel and utilities, supplies and materials, and amortized equipment. There are no new positions projected for the facility.

De-authorizations

There is one de-authorization for \$0.6 million related to the completion of construction of STC, as shown in **Exhibit 2**. The remaining funds are no longer needed as the project is complete.

Exhibit 2 De-authorizations

<u>Project</u>	<u>De-authorized Amount</u>	<u>Reason</u>
Science and Technology Center	\$0.6 million	Project complete.

Source: Department of Budget and Management, 2017 *Capital Improvement Program*

GO Bond Recommended Actions

1. Restrict funds pending a report.

RB27A	Percy Julian School of Business and Graduate Studies	\$ 1,336,000
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Add the following language:

RB27

COPPIN STATE UNIVERSITY
(Baltimore City)

- (A) Percy Julian School of Business and Graduate Studies. Provide funds to begin design of renovations and an addition to the Percy Julian Building to house the School of Business and School of Graduate Studies programs, provided that \$1,336,000 of this authorization may not be expended until Coppin State University (CSU) submits a space utilization report to the budget committees that provides the following information:

- (1) Daily student contact hours for the CSU Health and Human Services Building and Science and Technology Center since fiscal 2014;
- (2) Daily student contact hours since fiscal 2014 and enrollment projections for the College of Business and School of Graduate Studies; and
- (3) An assessment of the alternatives considered for providing adequate space for the College of Business and School of Graduate Studies including the utilization of existing campus facilities.

The report shall be submitted to the budget committees on or before November 1, 2017. The budget committees shall have 45 days to review and comment

1,336,000

Explanation: CSU would like to renovate the Percy Julian Building, but more information on how CSU is using its current facilities is needed in order to make an informed decision about the space needs of the institution. CSU should submit a report including information on daily student contact hours for the Health and Human Services Building and the Science and Technology Center since fiscal 2014. It should also include daily student contact hours since fiscal 2014 and enrollment projections for the College of

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Business and School of Graduate Studies and an assessment of alternatives considered for providing adequate space for these two academic units within existing campus facilities.

Information Request	Author	Due Date
Report on Facility Space Utilization and Space Needs at Coppin State University	CSU	November 1, 2017

2. Approve the de-authorization of \$0.6 million in general obligation bonds for the construction of the new Science and Technology Center at Coppin State University due to the funds not being needed.