
Capital Budget Fiscal Briefing

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Annapolis, Maryland**

February 2009

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Analysis of the FY 2010 Maryland Executive Budget, 2009

Capital Fiscal Briefing

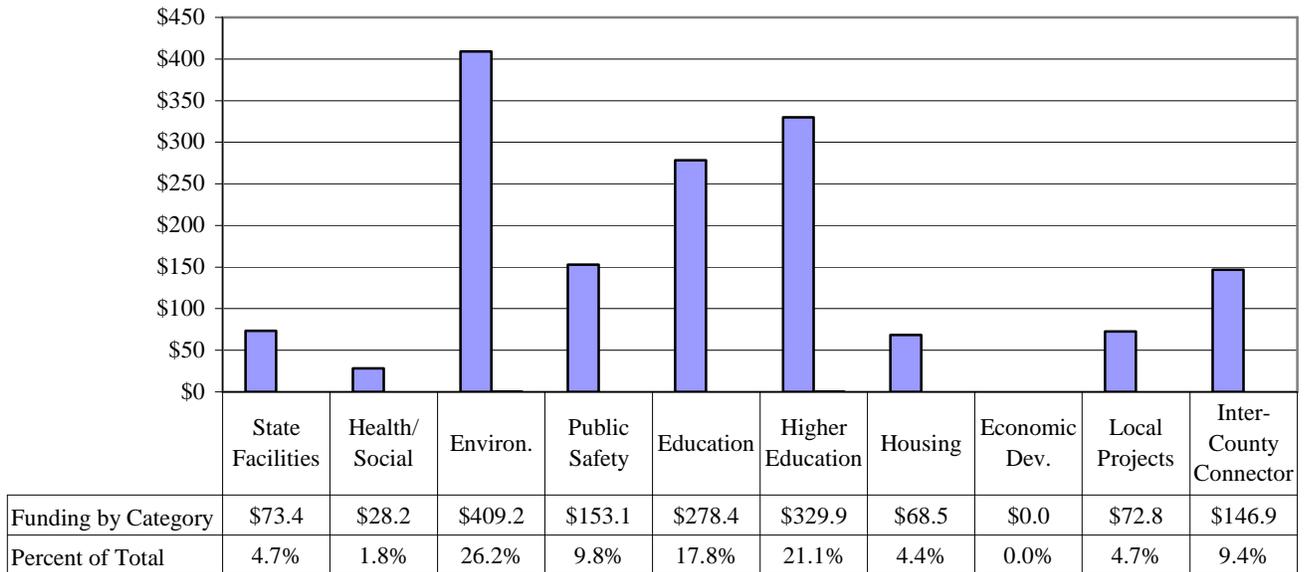
Capital Budget Fiscal Briefing

The Fiscal 2010 *Capital Improvement Program* Totals Approximately \$1.56 Billion

- The program is funded by debt (\$1.2 billion, 78.8%) and current funds (\$332 million, 21.2%).
- The Capital Debt Affordability Committee (CDAC) recommended a general obligation (GO) debt limit of \$1.11 billion, including \$5 million in Tobacco Transition Program bonds authorized by Chapter 103 of 2001, known as the Southern Maryland Regional Strategy Action Plan for Agriculture. CDAC also recommended a \$27 million limit for academic revenue bonds.
- The Spending Affordability Committee concurred with the recommended \$1.11 billion limit for GO debt and \$27 million Academic Revenue Bond (ARB) limit.
- The capital program as introduced includes \$1.11 billion in GO debt for State-owned facilities and grant and loan programs. An additional \$11.2 million in GO bonds from prior years will be deauthorized thus increasing the amount of GO debt included in the capital program to \$1.12 billion. Of the \$1.11 billion of new GO debt, \$5.0 million funds the Tobacco Transition Program, \$15.0 million has been reserved for legislative community initiatives, and \$33.0 million represents debt pre-authorized in the 2008 Maryland Consolidated Capital Bond Loan.
- **Exhibit 1** shows the distribution of funds by function that comprises the fiscal 2010 capital program as introduced. This includes \$1.12 billion in GO debt, \$27.0 million in ARB debt, \$107.0 million in revenue debt to be issued by the Maryland Department of the Environment (MDE) and the Water Quality Financing Administration (WQFA) to fund upgrades to wastewater treatment plants (WWTP), \$0.1 million in pay-as-you-go (PAYGO) general funds, \$256.5 million in PAYGO special funds, and \$75.6 million in PAYGO federal funds.

Fiscal 2010 Proposed Capital Program

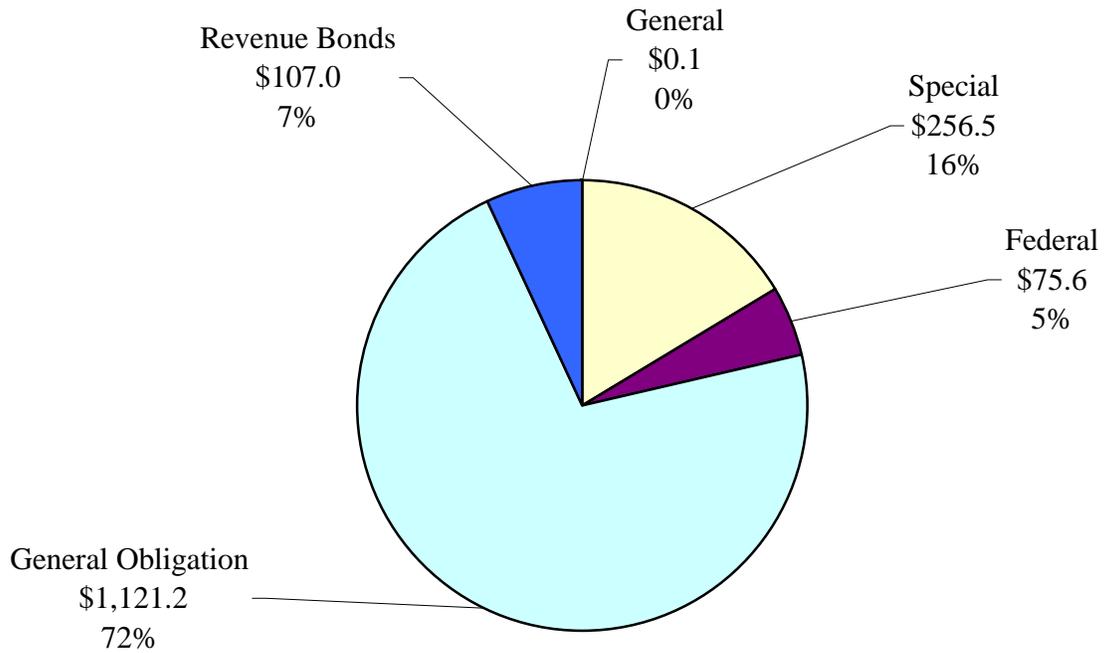
Exhibit 1
Fiscal 2010 Capital Funding Uses
 (\$ in Millions)



Source: Department of Budget and Management

Exhibit 2 shows the major programs and projects by fund source. **Exhibit 3** shows the top funded capital projects and programs for fiscal 2010 by major fund source. **Exhibit 4** provides a summary of the capital programs by function. **Exhibit 5** illustrates the difference between the fiscal 2009 and 2010 capital program. **Exhibit 6** provides a comparison of the fiscal 2010 capital program with the 2008 *Capital Improvement Program* (CIP) for fiscal 2010. **Exhibit 7** describes the use of the general obligation bond program to relieve pressure on the operating budget. **Appendix 1** provides a list of all the fiscal 2009 capital program and projects. **Appendix 2** provides a list of the deauthorizations proposed in the budget, adjustment to preauthorizations included in the 2008 capital budget bill, and a summary of the more important projects planned for fiscal 2010 which have been deferred or taken out of the capital program. **Appendix 3** lists all of the changes to prior authorizations proposed in the 2009 Maryland Consolidated Capital Bond Loan (MCCBL) as introduced.

Exhibit 2
Fiscal 2010 Capital Funding Sources
(\$ in Millions)



Source: Department of Budget and Management

Exhibit 3
Top Funded Programs and Projects – All Funds
Fiscal 2010
(\$ in Millions)

<u>Agency</u>	<u>Program/Project</u>	<u>GO</u>	<u>Revenue</u>	<u>General</u>	<u>Special</u>	<u>Federal</u>	<u>Total</u>
School Construction	Public School Construction	\$260.0					\$260.0
Transportation	InterCounty Connector	146.9					146.9
Environment	Chesapeake Bay Restoration – ENR		\$80.0		\$50.0		130.0
Environment	MD Water Quality Loan Program	3.3			86.2	\$16.5	106.0
MD Higher Education Comm.	Community College Const. Grant	84.3					84.3
Salisbury University	New Perdue School of Business	42.3					42.3
State Police	State Police Helicopter Replacement	40.0					40.0
Towson University	New College of Liberal Arts Complex	34.7	1.0				35.7
Bowie State University	New Fine & Performing Arts Building	25.0	9.0				34.0
Morgan State University	New Center for Built Environment	27.4					27.4
Agriculture	Agricultural Land Preservation				23.6	2.0	25.6
Public Safety	Jessup Community Correctional Facility	13.2				10.0	23.2
Natural Resources	Program Open Space				20.1	2.0	22.1
Environment	MDE: CBWQ Nutrient Removal – BNR	22.0					22.0
Housing	Rental Housing Programs	2.9			12.6	4.8	20.3
Judiciary	Rockville District Court	18.0				0.0	18.0
University System	Facility Renewal		17.0				17.0
Natural Resources	Rural Legacy Program	5.0			11.8		16.8
Univ. of MD, Baltimore	Pharmacy Hall Addition	16.4					16.4
State Police	Hagerstown Barrack & Garage	15.1					15.1
Legislature	Legislative Initiative Grants	15.0					15.0
Univ. of MD Medical System	R Adams Cowley Shock Trauma Center	13.5					13.5
Public Safety	DPSCS: Patuxent Inst. Fire Safety Improvements	11.9					11.9
Public Safety	DPSCS: BCDC Youth Detention Facility	11.8					11.8
Public Safety	DPSCS: WCI Vocational Education Building	11.2					11.2
Housing	DHCD: Community Development Block Grants					11.0	11.0
General Services	Facilities Renewal Fund	10.4					10.4

BCDC: Baltimore City Detention Center
 BNR: Biological Nutrient Removal
 CBWQ: Chesapeake Bay Water Quality

DHCD: Department of Housing and Community Dev.
 DPSCS: Department of Public Safety and Correctional Services
 ENR: Enhanced Nutrient Removal

MDE: Maryland Department of the Environment
 WCI: Western Correctional Institution

Source: Department of Budget and Management

Exhibit 4
Summary of the Capital Program Request for the 2009 Session
(\$ in Millions)

Function	Bonds		Current Funds (PAYGO)			Total
	General Obligation	Revenue	General	Special	Federal	
State Facilities						\$73.5
Facilities Renewal	\$26.0	\$0.0	\$0.0	\$0.0	\$0.0	
Other	36.9	0.0	0.1	0.0	10.5	
Health/Social						28.2
State Facilities	12.5	0.0	0.0	0.0	0.0	
Private Hospitals	5.0	0.0	0.0	0.0	0.0	
Other	10.7	0.0	0.0	0.0	0.0	
Environment						409.1
Energy	0.0	0.0	0.0	10.0	0.0	
Natural Resources	13.0	0.0	0.0	43.0	12.0	
Agriculture	12.0	0.0	0.0	28.9	2.0	
Environment	36.5	80.0	0.0	141.6	22.9	
Maryland Environmental Service	7.2	0.0	0.0	0.0	0.0	
Public Safety						153.1
State Corrections	63.4	0.0	0.0	0.0	10.0	
State Police	56.7	0.0	0.0	0.0	0.0	
Local Jails	23.0	0.0	0.0	0.0	0.0	
Education						278.4
School Construction	260.3	0.0	0.0	6.1	0.0	
Other	12.0	0.0	0.0	0.0	0.0	
Higher Education						329.9
University System	145.2	27.0	0.0	0.0	0.0	
Morgan State University	47.0	0.0	0.0	0.0	0.0	
St. Mary's College	1.7	0.0	0.0	0.0	0.0	
Community Colleges	87.5	0.0	0.0	0.0	0.0	
Private Colleges/Universities	8.0	0.0	0.0	0.0	0.0	
Medical System	13.5	0.0	0.0	0.0	0.0	
Housing/Community Development						68.7
Housing	21.6	0.0	0.0	23.6	18.3	
Other	1.9	0.0	0.0	3.3	0.0	
Economic Development						0.0
Economic Development	0.0	0.0	0.0	0.0	0.0	
Other	0.0	0.0	0.0	0.0	0.0	
Local Projects/Miscellaneous						219.7
Administration	57.8	0.0	0.0	0.0	0.0	
Legislative	15.0	0.0	0.0	0.0	0.0	
Highways – InterCounty Connector	146.9	0.0	0.0	0.0	0.0	
Deauthorizations						-11.2
Deauthorization	-11.2	0.0	0.0	0.0	0.0	
Total Fiscal 2010	\$1,110.1	\$107.0	\$0.1	\$256.5	\$75.7	\$1,549.4
Total Fiscal 2009	\$937.6	\$151.0	\$23.7	\$286.1	\$99.1	\$1,497.5

Source: Department of Budget and Management

Exhibit 5
Comparison of Fiscal 2009 and 2010 Capital Program
(\$ in Millions)

<u>Uses</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>Variance</u>
State Facilities	\$70.7	\$73.4	\$2.7
Health/Social	73.6	28.2	-45.4
Environment	483.6	409.2	-74.4
Public Safety	42.5	153.1	110.6
Education	331.5	278.4	-53.1
Higher Education	323.0	329.9	6.9
Housing	89.0	68.5	-20.5
Economic Development	17.2	0.0	-17.2
Bond Bill Projects	26.3	15.0	-11.3
Local Projects	40.1	57.8	17.7
InterCounty Connector	0.0	146.9	146.9
Total	\$1,497.5	\$1,560.4	\$62.9
 <u>Funds</u>			
General Obligation Bonds	\$937.6	\$1,121.2	\$183.6
Revenue Bonds	151.0	107.0	-44.0
General	23.7	0.1	-23.6
Special	286.1	256.5	-29.6
Federal	99.1	75.6	-23.5
Total	\$1,497.5	\$1,560.4	\$62.9

Note: Fiscal 2009 figures reflect the following adjustments: \$4.7 million general fund reduction for the Heritage Tax Credit contingent upon legislation; \$33.6 million special fund reduction to reflect the transfer of State Police Helicopter Replacement Fund; \$6.5 million federal fund deficiency for Program Open Space; \$24.0 million federal fund deficiency for housing programs from the federal Community Development Block Grant funds. Fiscal 2010 figures reflect the following adjustments: \$14.7 million general fund reduction for the Heritage Tax Credit contingent upon legislation.

Source: Department of Budget and Management

Exhibit 6
Comparison of Fiscal 2010 Capital Program with 2008 CIP Plan for Fiscal 2010
(\$ in Millions)

	<u>2008 CIP</u>	<u>2009 CIP</u>	<u>Variance</u>
<u>Uses</u>			
State Facilities	\$58.6	\$73.4	\$14.9
Health/Social	79.3	28.2	-51.1
Environment	555.5	409.2	-146.3
Public Safety	121.7	153.1	31.4
Education	259.3	278.4	19.1
Higher Education	398.2	329.9	-68.3
Housing	68.5	68.5	0.0
Economic Development	0.0	0.0	0.0
Bond Bill Projects	15.0	15.0	0.0
Local Projects	30.6	57.8	27.3
InterCounty Connector	0.0	146.9	146.9
Total	\$1,586.5	\$1,560.4	-\$26.1
<u>Funds</u>			
General Obligation Bonds	\$958.7	\$1,121.2	\$162.6
Revenue Bonds	227.0	107.0	-120.0
General	38.7	0.1	-38.6
Special	298.2	256.5	-41.7
Federal	63.9	75.6	11.7
Total	\$1,586.5	\$1,560.4	-\$26.0

CIP: *Capital Improvement Program*

Source: Department of Budget and Management

Exhibit 7
**Use of General Obligation Bond Program to
Relieve Pressure on the Operating Budget**

	<u>\$ in Millions</u>
<ul style="list-style-type: none">● InterCounty Connector Funding: This is comprised of \$63.0 million for fiscal 2009, \$75.0 million for fiscal 2010, and \$8.9 million for a portion of the future fiscal 2011 payment. The required statutory changes are included in the 2009 Budget Reconciliation and Financing Act (BRFA) as introduced.	\$146.9
<ul style="list-style-type: none">● Medevac Helicopter Replacement: The BRFA includes the transfer of the \$51.5 million fund balance from the State Police Helicopter Replacement Fund. This eliminates the \$33.6 million appropriated from the fund in fiscal 2009 to fund the purchase of three helicopters. The \$40 million of general obligation (GO) bond funds are intended to fund the purchase of two helicopters.	40.0
<ul style="list-style-type: none">● Use of GO Bond Funds to Fund Capital Programs Traditionally Funded with General Funds: This principally includes \$10.0 million for the Public Safety Communication System; \$15.0 million for the Department of Housing and Community Development revolving loan program; and \$5.5 million for Maryland Department of the Environment water quality and drinking water loan programs.	30.6
Total	\$217.5

Source: Department of Budget and Management

GO Bond Funds

The capital program includes \$1.121 billion of new GO bond authorizations. This is \$183.6 million more than the amount of authorizations provided in the 2009 capital budget bill. The increase reflects the CDAC recommendation to provide a one-time \$150 million increase in new bond authorizations for fiscal 2010. The Spending Affordability Committee concurred with the one-time increase with the expectation that the additional authorizations would be used to relieve the operating budget of capital-related expenditures such as the Medevac helicopter replacement and InterCounty Connector. The remainder of the increase reflects the annual 3% inflation factor to account for program growth and additional spending resulting from the \$11.2 million proposed deauthorization of prior authorizations.

Revenue Bonds

The capital program includes \$107 million in revenue bonds, down from the \$151 million included in the fiscal 2009 budget and the \$227 million anticipated for fiscal 2010 in the 2008 *Capital Improvement Program*. Anticipated fiscal 2010 authorizations include \$80 million to be issued by MDE for Bay Restoration Fund wastewater treatment plant projects – the 2008 CIP anticipated \$170 million but revised cash-flow needs for the projects these funds support dictate a different issuance stream; and \$27 million for Academic Revenue Bonds for various University System of Maryland (USM) projects – this is down from the \$33 million authorized for fiscal 2009 but is consistent with the CDAC recommendation. The 2008 CIP programmed \$30 million to be issued by the Water Quality Financing Administration to assist local governments with wastewater treatment plant upgrades and \$18 million to assist local governments with drinking water supply project upgrades; however, the availability of special funds in these revolving loan fund accounts eliminated the need for these issuances, and they are not part of the fiscal 2010 spending plan.

General Funds

The use of general funds is virtually eliminated in the fiscal 2010 capital program. Typically, at a minimum, the capital program is supported with general funds for grant and loan programs that would otherwise require the issuance of taxable debt, such as the Department of Housing and Community Development (DHCD) housing programs, or in cases where the State is required to match federal fund authorizations, as is the case with the grant and loan programs administered by MDE. The 2008 CIP also anticipated \$10 million of general funds for fiscal 2010 to support the Public Safety Communication System, but this has been moved to the bond program to relieve pressure on the operating budget. To the extent that a portion of the GO bonds to be issued for DHCD and Public Safety Communication System support private activity under federal tax-exempt financing limitations, the State may have to consider issuing taxable bonds to fund these activities. The Governor's budget plan includes a \$14.7 million fiscal 2010 reduction to the Heritage Tax Credit program contingent on legislation reauthorizing the program. The Administration's proposal would reauthorize the program as a write-down to revenues, thus removing it from the budgeted appropriations process.

Special Funds

The availability of special funds to support the capital program is also reduced in the fiscal 2010 plan as compared to fiscal 2009. The fiscal 2010 budgeted transfer tax revenue that supports various Department of Natural Resources (DNR) programs and the Department of Agriculture's (MDA) Agricultural Land Preservation Program is reduced by \$57 million from fiscal 2009 levels. Special fund revenues generated from the excise tax on the sale of motorized vehicles and from a portion of the eligible proceeds from the motor fuel tax used to support DNR Waterway Improvement Fund projects is budgeted at just \$5 million for fiscal 2010 compared to \$20 million in fiscal 2009. These reductions are somewhat offset by increased special fund availability in MDE Water Quality and Drinking Water loan programs, which increase by \$30 million over fiscal 2009 levels. In addition, Maryland Energy Administration capital loan programs are supplemented with Regional Greenhouse Gas Initiative (RGGI) funds in the fiscal 2010 budget which adds \$7.8 million of special fund spending authority. The Administration's fiscal 2010 capital plan also includes the use of \$6.1 million of estimated bond premium revenues to fund the Aging Schools Program. The Governor's budget includes a contingent reduction to this statutory formulaic-based program that would eliminate the \$11.6 million of general funds required to fund the program in fiscal 2010 and instead use the bond premiums to partially replace the loss of general funds. The Budget Reconciliation and Financing Act (BRFA) would also rebase the funding for this program at the proposed \$6.1 million fiscal 2010 level for fiscal 2011 as well. Finally, the BRFA includes a provision that would eliminate the statutorily required \$2.4 million transfer from the Maryland Stadium Authority to the Public School Construction program.

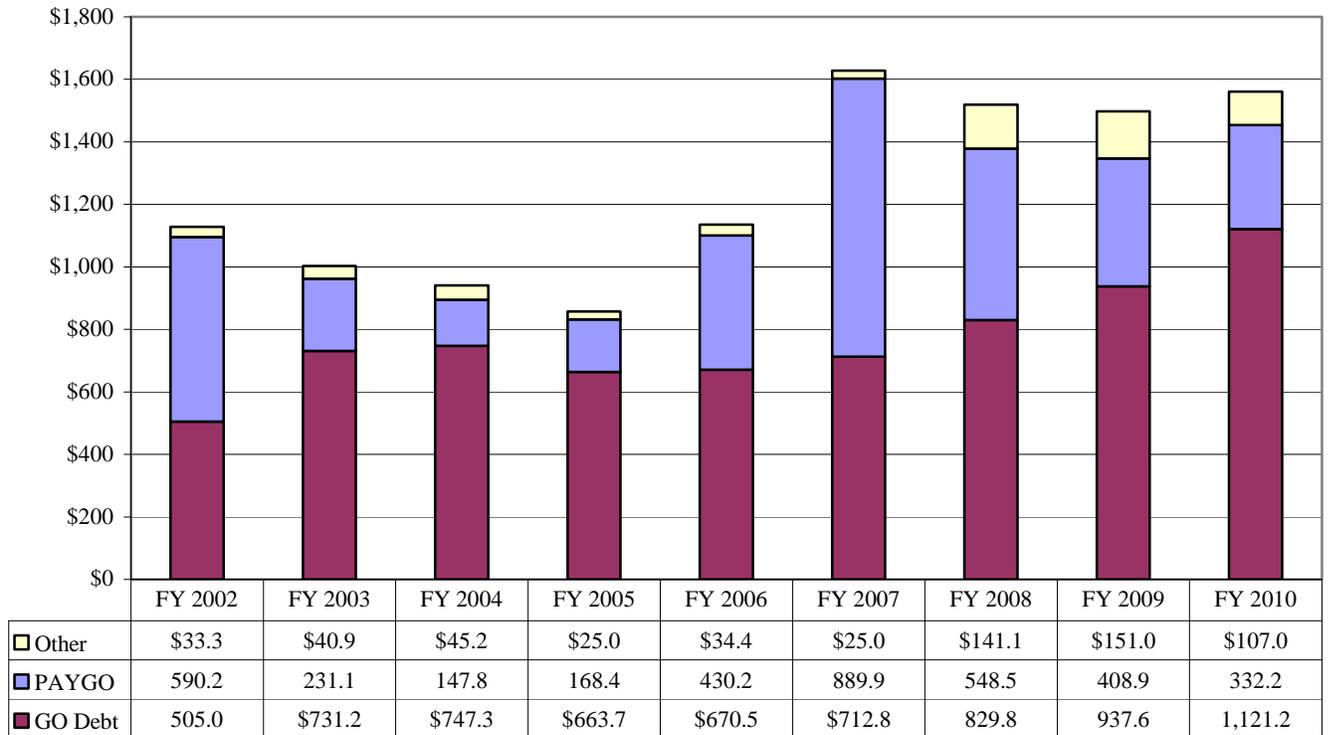
Federal Funds

Federal funds typically support several MDE, MDA, and DHCD programs. For fiscal 2010, MDE's Drinking Water and Water Quality loan programs are scheduled to receive federal authorizations totaling \$22.4 million, down from the \$33.7 million budgeted in fiscal 2009. MDA's Agricultural Land Preservation Program (MALPP) is funded with \$2.0 million of federal funds in fiscal 2010, down from the \$10.0 million provided in fiscal 2009. However, in as much as the fiscal 2009 funding level represented several years of prior MALPP federal authorizations that had been withheld pending negotiations with the U.S. Department of Agriculture concerning easement restrictions, the proposed fiscal 2010 funding level is consistent with annual federal authorizations for this program. Other significant adjustments include \$9.8 million to help fund the renovation of the Military Department's Salisbury Armory which will also require State bond funding of \$5.7 million and \$9.0 million for the design and construction of the Harriet Tubman Underground Railroad State Park Visitor Center in concert with the Federal Park Service. The Administration proposes dedicating \$4.4 million of transfer tax revenues made available through the transfer tax distribution formula for DNR's capital development projects to support the State and federal partnership to establish the new State park and visitor center. The budget also includes \$10.0 million of federal authorizations to support the Administration's proposal to build two new minimum security housing units at the Jessup Community Correctional Facility to support the Department of Public Safety's Community Corrections Program. This project is expected to leverage \$20.0 million of federal funds through fiscal 2012 while committing \$26.5 million of State GO bond funds, \$13.4 million of which are included in the fiscal 2010 capital program.

Recent Capital Program Funding

Exhibits 8 and 9 illustrate the capital program funding sources and uses and sources.

Exhibit 8
Capital Program Funding Sources
Fiscal 2002-2010
(\$ in Millions)



PAYGO: pay-as-you-go

GO: general obligation

Other: Includes Academic Revenue Bonds; revenue bonds issued by the Maryland Department of the Environment for Chesapeake Bay-related water quality projects; and Qualified Zone Academy Bonds.

Source: Department of Budget and Management

Exhibit 9
Capital Program Funding Uses and Sources
Fiscal 2006-2010
(\$ in Millions)

	FY 2006		FY 2007		FY 2008		FY 2009		FY 2010		Change FY 09/10	
	Legis. <u>Approp.</u>	% of <u>Total</u>	<u>\$ Diff</u>	<u>% Diff</u>								
Uses												
State Facilities	\$27.5	2.4%	\$50.4	3.1%	\$37.4	2.5%	70.7	4.7%	\$73.4	4.7%	\$2.7	3.8%
Health/Social Environment	25.9	2.3%	28.9	1.8%	37.3	2.5%	73.6	4.9%	28.2	1.8%	-\$45.4	-61.7%
Public Safety	367.7	32.4%	650.4	40.0%	575.3	37.9%	483.6	32.3%	409.2	26.2%	-\$74.4	-15.4%
Education	60.4	5.3%	52.3	3.2%	50.0	3.3%	42.5	2.8%	153.1	9.8%	\$110.6	260.2%
Higher Education	247.4	21.8%	327.7	20.1%	404.0	26.6%	331.5	22.1%	278.4	17.8%	-\$53.1	-16.0%
Housing/Comm.	246.6	21.7%	283.5	17.4%	256.6	16.9%	323.0	21.6%	329.9	21.1%	\$6.9	2.1%
Economic Devel.	66.4	5.8%	92.3	5.7%	70.4	4.6%	89.0	5.9%	68.5	4.4%	-\$20.5	-23.0%
Local Projects	21.3	1.9%	36.5	2.2%	18.7	1.2%	17.2	1.1%	0.0	0.0%	-\$17.2	-100.0%
Total	71.9	6.3%	105.7	6.5%	69.7	4.6%	66.4	4.4%	219.7	14.1%	\$153.3	230.9%
Total	\$1,135.1	100.0%	\$1,627.7	100.0%	\$1,519.4	100.0%	\$1,497.5	100.0%	\$1,560.4	100.0%	\$62.9	4.2%
Sources												
General	\$25.5	2.2%	\$161.9	9.9%	\$41.9	2.8%	23.7	1.6%	\$0.1	0.0%	-\$23.6	-99.6%
Special	332.6	29.3%	647.3	39.8%	441.2	29.0%	286.1	19.1%	256.5	16.4%	-\$29.6	-10.3%
Federal	72.1	6.4%	80.7	5.0%	65.4	4.3%	99.1	6.6%	75.6	4.8%	-\$23.5	-23.7%
General Obligation	670.5	59.1%	712.8	43.8%	829.8	54.6%	937.6	62.6%	1,121.2	71.9%	\$183.6	19.6%
QZABs	9.4	0.8%	0.0	0.0%	11.1	0.7%	0.0	0.0%	0.0	0.0%	\$0.0	0.0%
Revenue	25.0	2.2%	25.0	1.5%	130.0	8.6%	151.0	10.1%	107.0	6.9%	-\$44.0	-29.1%
Total	\$1,135.1	100.0%	\$1,627.7	100.0%	\$1,519.4	100.0%	\$1,497.5	100.0%	\$1,560.4	100.0%	\$62.9	4.2%

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QZABs: Qualified Zone Academy Bonds

Source: Department of Budget and Management

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Exhibit 10 compares proposed GO bond funding levels for various State agency capital programs and projects as reflected in the 2007 and 2008 *Capital Improvement Programs* for the four fiscal years in which the plans overlap – fiscal 2010 through 2013. This provides some measure of identifying how the additional annual authorizations are programmed.

Exhibit 10
General Obligation Bond Capital Program Comparison
2008 vs. 2009 Capital Improvement Program Major Differences
(\$ in Millions)

<u>Department</u>	<u>2008 CIP</u>	<u>2009 CIP</u>	<u>FY 2010-2013 Four-year Change</u>
Miscellaneous/Local	\$11	\$40	\$234.6
State Police	2	17	151.9
Department of Information Technology		8	80.0
Department of Housing and Community Development	2	10	72.4
Maryland Department of the Environment	10	16	55.1
Board of Public Works	9	10	10.2
Public School Construction	1,00	1,01	9.9
Juvenile Services	19	14	-51.8
University System of Maryland	8	78	-88.4
Department of Public Safety	4	3	-96.8
Department of Health and Mental Hygiene	20	4	-209.0

CIP: *Capital Improvement Program*

Source: Department of Budget and Management

- **Miscellaneous:** The large increase reflected in the 2009 CIP for miscellaneous and local projects includes the \$146.9 million budgeted for the InterCounty Connector which prior to the fiscal 2010 budget was expected to be funded with general funds.
 - The 2009 CIP also reflects a \$12.5 million increase in the State's commitment to Johns Hopkins Medicine in its construction of a pediatric trauma center and cardiovascular and critical care tower – the multi-year commitment from the State was increased from \$87.5 to \$100 million.
 - The capital program includes \$24 million to Prince George's Hospital System, scheduled for fiscal 2012 through 2014.
 - The National Children's Museum would receive \$16 million in installments beginning in fiscal 2010 and ending in fiscal 2012.

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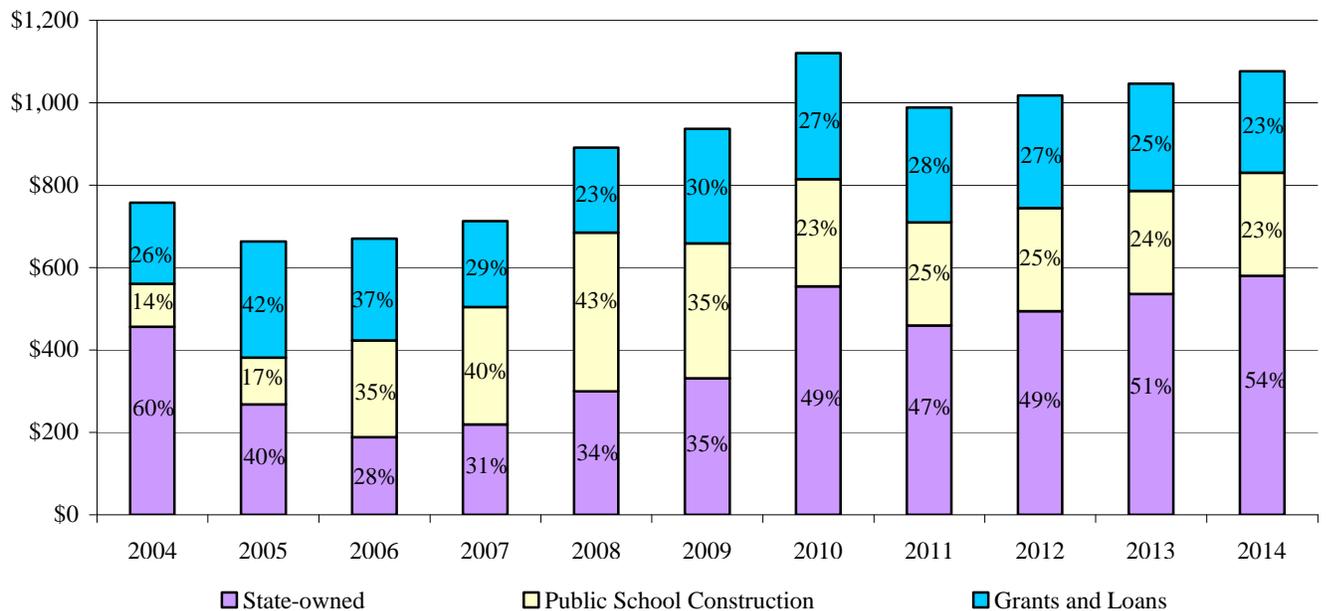
- The Maryland Zoo in Baltimore would receive an additional \$20 million for infrastructure improvements over the amount scheduled in the 2008 CIP.
- The State's multi-year commitment to the East Baltimore Biotechnology Park increases by \$5 million for a total of \$53 million in the plan.
- The Baltimore Museum of Art is scheduled to receive \$10 million from the State beginning in fiscal 2011 through 2013, which is also new to the capital program.
- The 2009 CIP also includes several projects new to the program that are expected to be one-year commitments from the State, including \$5.0 million for Sinai Hospital of Baltimore, \$4.5 million to the Govans Ecumenical Development Corporation to construct a long-term care facility, and \$3.0 million for improvements to the Lyric Opera House.
- **State Police:** The large increase reflects the use of GO bond funds for the purchase of new Medevac helicopters. The 2008 CIP reflected these expenditures as special funds from the State Police Helicopter Fund. However, the 2010 budget as introduced includes a provision in the BRFA that would transfer the balance from this fund to the State general funds. The Administration's current plan is to fund the purchase of new Medevac helicopters using GO bond funds.
- **Department of Information Technology:** The 2009 CIP includes continued funding for the Public Safety Communications System. The previous capital program included continued funding for this statewide communication system under the Board of Public Works.
- **Department of Housing and Community Development:** The planned use of GO bond funds in place of general funds reflected in each of the five years of the 2009 CIP to support the department's various grant and loan programs accounts for the programmed increased use of GO bond funds.
- **Juvenile Services:** The 2009 CIP reflects the shift of programmed funding for the Charles H. Hickey, Jr. School detention center and the regional secure treatment center from fiscal 2013 to 2014. The 2008 CIP included out-year funding for a new regional secure treatment facility at an unspecified location. The 2009 CIP includes acquisition funds to locate this new facility in Baltimore City at an as yet to be determined site.
- **Department of Public Safety and Correctional Services:** The 2009 CIP adds \$26.6 million of GO bond funds for the construction of community corrections facility in partnership with the federal government. The new CIP also shifts \$80.0 million of programmed funding for the construction of a new women's detention center at the Baltimore City Detention Center and \$13.4 million programmed funding for heating systems and window replacement at the Maryland Correctional Training Center from fiscal 2013 to 2014. Finally, the 2009 CIP reflects a \$20 million reduction of programmed GO bond funds for local jail projects, which accounts for the difference reflected in Exhibit 9.

- Department of Health and Mental Hygiene:** Funding for the New Public Health Lab has been removed from the capital improvement program because the Administration will pursue a public-private partnership financing mechanism for the project.

State-owned, Grant and Loan, and School Construction Budget Share

Exhibit 11 shows recent annual GO bond capital program funding by major funding category. Public school construction funding increased in both absolute dollars and as a share of the total capital program beginning in fiscal 2006 and through fiscal 2009. This shift in focus reduced the level of funding and share of the GO fund expenditures for State-owned projects. The proposed fiscal 2010 capital budget would reverse this trend and instead direct a greater share of the GO program to State-owned projects while reducing the level and share of bond funds dedicated to the public school construction program.

Exhibit 11
State-owned, Grant and Loan, and School Construction Budget Share
Fiscal 2004-2014



Source: Department of Budget and Management

Capital Program Supported by Increased State General Obligation Bond Authorization Levels

As shown in **Exhibit 12**, the long-range plan adopted by the Capital Debt Affordability Committee provides for a one-time \$150 million increase over the level of new GO bond authorizations recommended by the committee in its 2007 report for fiscal 2010. This amount will not remain in the base permanently as the committee recommends the level of GO bond authorizations beginning with the 2010 session return to the level recommended in the committee's 2007 report. The new level of recommended GO debt totals over \$5.1 billion in authorizations from 2009 to 2013.

Exhibit 12
Proposed General Obligation Bond Authorizations
2009-2013 Legislative Sessions
(\$ in Millions)

<u>Session</u>	<u>2007 Report Recommended Authorizations</u>	<u>2008 Report Recommended Authorizations</u>	<u>Increased Authorization</u>
2009	\$960	\$1,110	\$150
2010	990	990	0
2011	1,020	1,020	0
2012	1,050	1,050	0
2013	1,080	1,080	0
Total	\$5,100	\$5,250	\$150

Source: *Report of the Capital Debt Affordability Committee on Recommended Debt Authorizations*, November 2008

Capital Fiscal Briefing

Exhibit 13 compares the 2000 CDAC proposed authorizations with the 2008 CDAC authorizations. In total, the numerous increases will provide an additional \$2.1 billion of new GO authorizations over what was planned for just eight years ago.

Exhibit 13 Capital Debt Affordability Committee's Recommended Levels of General Obligation Bond Authorizations (\$ in Millions)

<u>Session</u>	<u>2000 CDAC Proposed GO Bond Authorizations</u>	<u>2008 CDAC Proposed GO Bond Authorizations</u>	<u>Variance</u>
2009	\$595	\$1,110	\$515
2010	610	990	380
2011	625	1,020	395
2012	640	1,050	410
2013	655	1,080	425
Total	\$3,125	\$5,250	\$2,125

CDAC: Capital Debt Affordability Committee
GO: general obligation

Source: *Report of the Capital Debt Affordability Committee on Recommended Debt Authorizations*, September 2000 and October 2008

Revised Affordability Criteria

During the 2008 meetings, CDAC continued its focus on the State's debt affordability criteria, as requested by the General Assembly. After consulting with the rating agencies and the State's financial advisor, the committee voted to change the affordability limit of debt outstanding to personal income from 3.2 to 4.0%, and retain the 8.0% debt service to revenue limit.

By maintaining debt service at 8.0% of revenues, the new affordability policy does not increase the limit relating to the tax resources that will be supporting debt service. However, the policy does increase the amount of total debt that the State may issue, which as illustrated in Exhibit 12 has been increased in recent years, as the State expanded GO bond authorizations and issued new kinds of debt that was not supported by the State's general fund (such as bay restoration bonds and Grant Anticipation Revenue Vehicles (GARVEEs)). The new policy accommodates these new bonds without expanding the annual resources committed to pay debt service.

Projected State Property Tax Receipts Are Insufficient to Meet Projected Debt Service Costs

GO bond debt service costs are supported by the Annuity Bond Fund (ABF). The fund's largest revenue sources include State property tax revenues and proceeds from bond sale premiums. Other revenue sources include interest generated by fund balances and repayments for local bonds.

Capital Fiscal Briefing

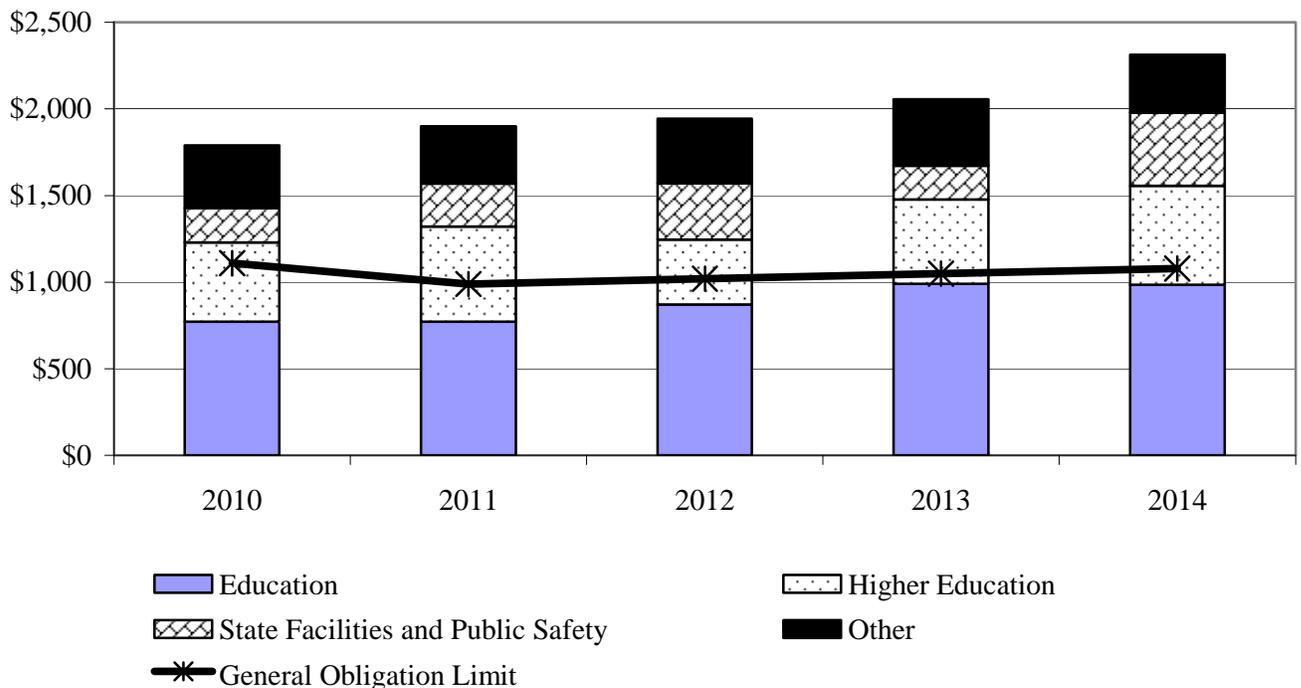
When the ABF has not generated sufficient revenues to fully support debt service, general funds have subsidized debt service payments. Because State property tax revenues are expected to increase at a slower rate than debt service, a gap between debt service costs and ABF revenues is projected between fiscal 2010 and 2014. The State has managed shortfalls in the ABF by either appropriating general funds or increasing State property tax rates. The projected shortfall for fiscal 2011 is estimated at \$50 million, according to the Department of Budget and Management.

Capital Demand

Capital GO bond requests for fiscal 2010 total \$1.5 billion or \$365 million more than the amount available under the recommended GO bond debt limit of \$1.1 billion. Capital requests for the next five years total nearly \$8.5 billion, while the projected debt authorizations for the same period total about \$5.3 billion.

As shown in **Exhibit 14**, at the current levels of projected GO debt for the five-year capital improvement forecast period, the program would provide enough to fund higher education and public school construction requests but little else. Prioritizing the State's most acute capital needs is required.

Exhibit 14
Demand Exceeds Resources
Fiscal 2010-2014
(\$ in Thousands)



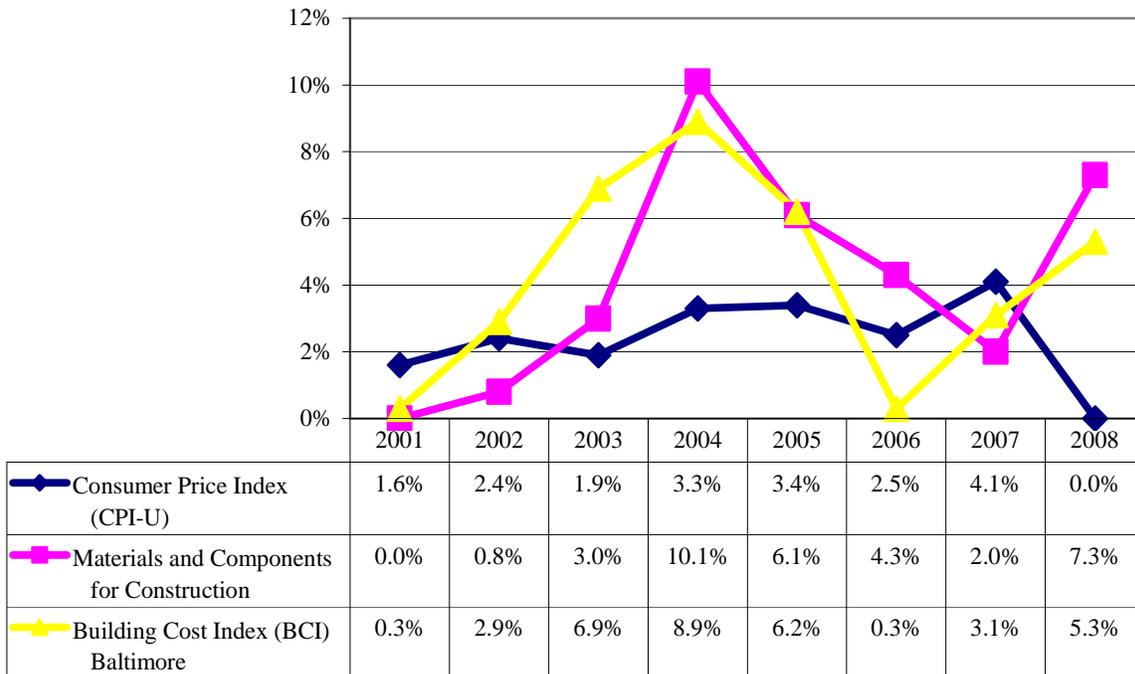
Source: Department of Budget and Management

Construction Costs Escalation

Exhibit 15 provides the year-over-year measure for inflation in the building and construction market as measured nationally through the materials and components for construction component of the Producer Price Index (PPI) and locally through the Engineering News-Record Building Cost Index (BCI) for Baltimore exceeded the general measure of inflation reflected in the consumer price index (CPI).

Beginning in 2003, the prices used in construction materials that go into projects plus items consumed by contractors have risen faster than the CPI. From December 2003 through December 2008, the PPI rose a cumulative 33.4%, compared to 14.0% for the CPI.

Exhibit 15
Materials and Components of Construction Compared to the
Consumer Price Index and Baltimore City Building Cost Index
Calendar 2001-2008



Source: Bureau of Labor Statistics; Engineering New-Record

While there was a leveling off of the growth in construction costs both nationally and regionally during the latter part of 2006 and through the first quarter of 2008, all three inflationary measures spiked in the second quarter of 2008 with construction escalation once again exceeding CPI measures. While the growth leveled off during the remainder of calendar 2008, both the national and regional markets experienced cost escalation in excess of the general inflation measured by the CPI. Overall since 2002, the PPI measure increased at an average annual rate of 6.1% and the BCI at a rate of 5.5%.

Department of Budget and Management Lowers Escalation Rate

Recognizing that the preliminary estimates for construction escalation were higher than what both the national and regional measures were indicating, the Department of Budget and Management (DBM) has reduced the cost escalation factor used for estimating project costs from 8 to 6% for calendar 2008 and from 5 to 4% for calendar 2009. DBM anticipates a continued softening of the market as reflected in recent construction bids for several large State-owned projects, which have come in under estimate.

Transfer Tax Revenues Below Budgeted Estimate

- **Exhibit 16** shows estimated and actual transfer tax revenues for fiscal 2003 through 2010. The fiscal 2008 budget included \$188.6 million of estimated transfer tax revenues. Actual attainment was \$153.3 million or \$35.3 million less than what was included in the fiscal 2008 budget.

Exhibit 16
Estimated and Actual Transfer Tax Revenues
Fiscal 2003-2010
(\$ in Millions)

<u>Fiscal Year</u>	<u>Original Revenue Estimate</u>	<u>Actual Collections</u>	<u>Variance</u>
2003	\$97.5	\$140.9	\$43.4
2004	107.9	173.1	65.2
2005	132.8	237.3	104.5
2006	194.5	270.0	75.5
2007	264.5	212.5	-52.0
2008	188.6	153.3	-35.3
2009	166.3	-	-
2010	114.7	-	-

Note: Fiscal 2010 estimate is based on the Office of the Comptroller estimate made on September 21, 2007. **The Office of the Comptroller has revised the fiscal 2009 estimate to \$132.7 million, which represents a \$33.6 million decrease from the original estimate upon which the fiscal 2009 budget was based.** Section 13-209, Tax Property Article, stipulates that any over or underattainment is reconciled in the second fiscal year following the original budget year or through the deauthorization of prior authorized projects.

Source: Office of the Comptroller

Capital Fiscal Briefing

Despite the recent decline in annual transfer tax revenue, balances from prior years' appropriated Program Open Space (POS) funds remain available due to the significant transfer of tax attainments in fiscal 2007 and 2008. The stateside POS balance is currently \$60.0 million, and local balances total \$86.0 million after accounting for actions of the Board of Public Works through January 28, 2009. The Governor's budget does not rely on the redirection of transfer tax revenue to the general fund to help balance the budget for fiscal 2010. The BRFA does, however, include a provision that uses \$1.2 million of the State POS land acquisition allocation to support the Department of Natural Resources' operating expenditures in fiscal 2010 and 2011.

Exhibit 17 shows the impact that over and underattainments have on the transfer taxes available to support capital programs. Exhibit 16 also shows the amount of transfer tax diverted to the general fund and amount of GO bond replacement that occurred in fiscal 2003 through 2006. **Exhibit 18** shows the fiscal 2008 through 2010 distribution of the transfer taxes.

Exhibit 17
Transfer Tax Revenues
Fiscal 2003-2010
(\$ in Millions)

<u>Fiscal Year</u>	<u>Revenue Estimate</u>	<u>Attainment Adjustment*</u>	<u>Amount to Programs</u>	<u>Amount to General Fund</u>	<u>GO Replacement</u>
2003	\$97.5	\$11.2	\$47.3	\$58.5	\$0.0
2004	116.2	20.6	19.9	123.4	53.3
2005	132.8	43.4	6.8	165.4	23.6
2006	194.5	65.2	120.4	131.9	0.0
2007	264.5	104.5	361.1	0.0	0.0
2008	188.6	75.5	258.4	0.0	0.0
2009	166.3	-52.0	109.4	0.0	0.0
2010 Est.	114.7	-35.3	76.2	-	-

GO: general obligation

*Attainment adjustment reflects over or underattainment of revenues from the second prior year.

Note: Amount to programs does not include 3% for administrative costs. Amount to general fund does not include unencumbered balances transferred by budget reconciliation legislation (\$39.8 million). *The Office of the Comptroller has revised the fiscal 2009 estimate to \$132.7 million which represents a \$33.6 million decrease from the original estimate upon which the fiscal 2009 budget was based.*

Source: Department of Legislative Services

Exhibit 18
Fiscal 2008-2010 Budgeted Transfer Taxes Allocation
(\$ in Millions)

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>Variance</u> <u>FY 09-10</u>
Revenues				
Budgeted Revenue Estimate	\$188.58	\$166.30	114.74	-\$51.56
Less Administrative Expenses	-5.66	-4.99	-3.44	\$1.55
Attainment Adjustment	75.50	-51.96	-35.05	\$16.91
Net Available for Allocation	\$258.43	\$109.35	\$76.25	-\$33.11
Allocations				
Program Open Space				
POS Local	\$95.60	\$18.59	\$6.15	-\$12.44
Forest and Park Service	0.00	21.00	21.00	\$0.00
Heritage Areas Authority	3.00	3.00	3.00	\$0.00
POS State Land Acquisition	61.76	20.87	11.79	-\$9.08
POS State Rural Legacy	8.00	8.00	8.00	\$0.00
POS State Capital Development	24.64	9.52	6.16	-\$3.36
POS State Park Operating	1.20	1.20	1.20	\$0.00
POS Subtotal	\$194.21	\$82.18	\$57.30	-\$24.88
Other Allocations				
Additional State Land Acquisition	\$2.58	\$1.09	\$0.76	-\$0.33
Agricultural Land Preservation	44.06	18.64	13.00	-\$5.64
Rural Legacy Additional	12.92	5.47	3.81	-\$1.66
Heritage Conservation Fund	4.65	1.97	1.37	-\$0.60
Other Subtotal	\$64.22	\$27.17	\$18.95	-\$8.23
Total Allocations	\$258.43	\$109.35	\$76.25	-\$33.11

POS: Program Open Space

¹ The adjustment in fiscal 2009 is the underattainment from fiscal 2007. The adjustment in fiscal 2010 is the underattainment from fiscal 2008.

Note: In accordance with applicable State law (Section 13-209, Tax Property Article), any underattainment would be reconciled in the second year following the deficiency (fiscal 2009 in this instance as it relates to fiscal 2007), or through the deauthorization of prior year authorized projects.

Source: Comptroller of the Treasury

Bay Restoration Bonds

The Bay Restoration Fund was created in 2004 primarily to provide grants for Enhanced Nutrient Removal (ENR) pollution reduction upgrades at the State’s 66 major WWTPs. The fund is administered by MDE’s WQFA. The fund is financed by a bay restoration fee on users of wastewater facilities (WWTP Fund) and septic systems and sewage holding tanks (Septic Fund). The fees on WWTP users (and users receiving public drinking water) took effect January 1, 2005, and are being collected through water and sewer bills. The fees on septic system and sewage holding tank owners took effect October 1, 2005, and are being collected by the counties. The fund has several revenue sources and expends funds for both operating and capital purposes.

To expedite the ENR upgrades at the 66 major WWTPs, MDE began issuing bonds in fiscal 2008 with an initial sale of \$50.0 million backed by revenue generated by the fees. The timing and amount of bonds issued will depend on the actual fee revenue attained, annual funding needs, and the bond maturities and interest rates. Net special WWTP Fund revenues range from the \$57.7 million collected in fiscal 2006 (the first full year of revenue collections) to \$60.8 million in fiscal 2018, based on a projected revenue growth rate. Based on the current priority list and estimated cash flow needs for capital cost of ENR upgrades, MDE plans to issue a total of \$530.0 million in revenue bonds (the maximum allowed by statute is \$545.0 million) as follows: \$50.0 million in fiscal 2008, \$70.0 million in fiscal 2009, \$80.0 million in fiscal 2010, \$150.0 million in fiscal 2011, and \$180.0 million in fiscal 2012. MDE estimates that the cost to upgrade the 66 major WWTPs is \$1.113 billion. The bond revenue, in addition to revenues expended from the fund as PAYGO special funds, would fund approximately \$868.0 million of the \$1.113 billion upgrade cost. Therefore, the current estimate is that \$245.0 million of the cost to upgrade the 66 major WWTPs is currently unfunded.

Exhibit 19 shows fiscal 2009 through 2015 estimated project costs and estimated funding shortfalls beginning in fiscal 2012. As the project costs get refined, it is possible that costs will rise which could increase the projected shortfall above the estimated \$245 million and possibly move the shortfall up a year or two.

Exhibit 19
Bay Restoration Fund
Fiscal 2009-2015
(\$ in Millions)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Project Costs	\$13	\$13	\$19	\$27	\$8	\$8	\$2
Bay Restoration Funds	13	13	19	20			3
Projected Annual Deficit			(-6	-8	-8	-19

Source: Maryland Department of the Environment

Federal Stimulus Includes Proposed Infrastructure Funding

Proposed fiscal relief for Maryland under the federal American Recovery and Reinvestment bill includes funding for “ready-to-go” infrastructure projects including transportation, energy, environment, and schools. **Exhibit 20** lists the general categories of assistance.

Exhibit 20
Proposed Fiscal Infrastructure Relief for Maryland Under
American Recovery and Reinvestment Bill
Federal Fiscal 2009-2010
(\$ in Millions)

<u>Program</u>	<u>2009</u>	<u>2010</u>	<u>Total</u>
Infrastructure			
Highways	\$239.4	\$239.4	\$478.7
Transit Capital	57.8	57.8	115.6
Fixed Guideway Modernization ¹	23.7	23.7	47.4
School Construction ²	146.9	146.9	293.8
Clean Water	73.5	73.5	147.0
Drinking Water	13.8	13.8	27.5
Total	\$555.0	\$555.0	\$1,110.0

¹ Excludes \$40 million for Maryland’s Share of the Washington Metropolitan Area Transit Authority.

² Includes higher education.

Source: Department of Legislative Services

Capital Program Request for the 2009 Session

Bonds	Current Funds (PAYGO)
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Budget Code	Project Title	General Obligation	Revenue	General	Special	Federal	Total Funds
State Facilities							
D06E02.01	Military Department: Salisbury Armory	\$5,701,000	\$0	\$0	\$0	\$9,800,000	\$15,501,000
D55P00.04A	Veterans Affairs: Eastern Shore Cemetery	0	0	35,000	0	431,000	466,000
D55P00.04B	Veterans Affairs: Rocky Gap Cemetery	0	0	25,000	0	245,000	270,000
DA02.01A	DOD: Accessibility Modifications	1,600,000	0	0	0	0	1,600,000
DE02.01A	BPW: Low House Building Alterations	7,462,000	0	0	0	0	7,462,000
DE02.01B	BPW: State House Old House Chamber	3,136,000	0	0	0	0	3,136,000
DE02.01C	BPW: DGS Facility Renewal Fund	10,403,000	0	0	0	0	10,403,000
DE02.01D	BPW: DGS Asbestos Abatement Program	2,000,000	0	0	0	0	2,000,000
DE02.01E	BPW: DGS Underground Storage Tank	1,368,000	0	0	0	0	1,368,000
DE02.01F	BPW: Catonsville District Court	350,000	0	0	0	0	350,000
DE02.01G	BPW: Rockville District Court	17,990,000	0	0	0	0	17,990,000
DW01.08A	Planning: Jefferson Patterson – Renovations	1,876,000	0	0	0	0	1,876,000
FB04A	DoIT: High Speed Data Network	950,000	0	0	0	0	950,000
FB04B	DoIT: Public Safety Communications System	1000000	0	0	0	0	10,000,000
Subtotal		\$62,836,000	\$0	\$60,000	\$0	\$10,476,000	\$73,372,000
Health/Social							
DA07A	Aging: Senior Centers Grant Program	\$1,880,000	\$0	\$0	\$0	\$0	\$1,880,000
MA01A	DHMH: Community Health Facilities	8,414,000	0	0	0	0	8,414,000
MF03A	DHMH: Deer's Head Center – Kidney Dialysis	608,000	0	0	0	0	608,000
MF05A	DHMH: New Forensic Medical Center	2,846,000	0	0	0	0	2,846,000
ML01A	DHMH: Patient Safety Improvements	2,500,000	0	0	0	0	2,500,000
VD01A	DJS: Juvenile Services Facilities Grants	430,000	0	0	0	0	430,000
VD01B	DJS: Baltimore City Juvenile Treatment Center	4,000,000	0	0	0	0	4,000,000
VE01A	DJS: Cheltenham – New Detention Center	2,547,000	0	0	0	0	2,547,000
ZA01A	MHA: Kenney Krieger – Pediatric Inpatient	600,000	0	0	0	0	600,000
ZA01B	MHA: Sinai Hospital – Post Anesthesia	260,000	0	0	0	0	260,000
ZA01C	MHA: Calvert Memorial – Infusion Therapy	800,000	0	0	0	0	800,000
ZA01D	MHA: Civista Medical – Dialysis Center	90,000	0	0	0	0	90,000

Analysis of the FY 2010 Maryland Executive Budget, 2009

Budget Code	Project Title	Bonds		Current Funds (PAYGO)			Total Funds
		General Obligation	Revenue	General	Special	Federal	
ZA01E	MHA: Upper Chesapeake – Residential Hospice	600,000	0	0	0	0	600,000
ZA01F	MHA: Howard County General – Progressive Care	250,000	0	0	0	0	250,000
ZA01G	MHA: Chester River Hospital – Pharmacy	330,000	0	0	0	0	330,000
ZA01H	MHA: St. Mary’s Hospital – Medical Surgical Unit	1,800,000	0	0	0	0	1,800,000
ZA01I	MHA: Atlantic General – Pharmacy	270,000	0	0	0	0	270,000
	Subtotal	\$28,225,000	\$0	\$0	\$0	\$0	\$28,225,000
	Environment						
D13A13.02	MEA: Jane E. Lawton Conservation Program	\$0	\$0	\$0	\$6,750,000	\$0	\$6,750,000
D13A13.03	MEA: State Agency Loan Program	0	0	0	3,250,000	0	3,250,000
K00A05.10A	DNR: Rural Legacy Program	5,000,000	0	0	11,812,000	0	16,812,000
K00A05.10B	DNR: Program Open Space	0	0	0	20,074,000	2,000,000	22,074,000
K00A05.10C	DNR: Natural Resources Development	0	0	0	4,409,000	898,400	13,393,000
K00A05.10D	DNR: Critical Maintenance Projects	0	0	0	1,250,000	0	1,250,000
K00A05.10E	DNR: Dam Rehabilitation Program	0	0	0	500,000	0	500,000
K00A11.02	DNR: Waterway Improvement Fund	0	0	0	5,000,000	1,000,000	6,000,000
KA05A	DNR: Community Parks and Playgrounds	5,000,000	0	0	0	0	5,000,000
KA17A	DNR: Blue Crab Program	3,000,000	0	0	0	0	3,000,000
L00A11.11	MDA: Agricultural Land Preservation	0	0	0	23,585,000	2,000,000	25,585,000
L00A12.13	MDA: Tobacco Transition Program	5,000,000	0	0	5,335,000	0	10,335,000
LA15A	MDA: Agricultural Cost-Share Program	7,000,000	0	0	0	0	7,000,000
U00A01.05	MDE: Drinking Water Loan Program	2,242,000	0	0	4,383,000	6,375,000	13,000,000
U00A01.11A	MDE: Chesapeake Bay Restoration – ENR	0	80,000,000	0	50,000,000	0	130,000,000
U00A01.12	MDE: Chesapeake Bay Restoration – Septic	0	0	0	1,000,000	0	1,000,000
U00A1.03	MDE: Water Quality Loan Program	3,292,000	0	0	86,208,000	16,500,000	106,000,000
UA04A(1)	MDE: CBWQ Nutrient Removal – BNR	22,000,000	0	0	0	0	22,000,000
UA04A(2)	MDE: Supplemental Assistance Program	5,000,000	0	0	0	0	5,000,000
UA04A(3)	MDE: Small Creek and Estuary Restoration	969,000	0	0	0	0	969,000
UA04A(4)	MDE: CBWQ Stormwater Pollution	531,000	0	0	0	0	531,000
UA04B	MDE: Water Supply Assistance Program	2,500,000	0	0	0	0	2,500,000
UB00A1	MES: Water/Sewer Infrastructure – Charlotte Hall	210,000	0	0	0	0	210,000
UB00A2	MES: Water/Sewer Infrastructure – Cheltenham	337,000	0	0	0	0	337,000

Bonds	Current Funds (PAYGO)
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Budget Code	Project Title	Bonds		Current Funds (PAYGO)			Total Funds
		General Obligation	Revenue	General	Special	Federal	
UB00A3	MES: Water/Sewer Infrastructure – Eastern Pre-Release	440,000	0	0	0	0	440,000
UB00A4	MES: Water/Sewer Infrastructure – Elk Neck	1,151,000	0	0	0	0	1,151,000
UB00A5	MES: Water/Sewer Infrastructure – Jessup Corr.	4,459,000	0	0	0	0	4,459,000
UB00A6	MES: Water/Sewer Infrastructure – MCI-H	438,000	0	0	0	0	438,000
UB00A3	MES: Water/Sewer Infrastructure – Southern Pre-Release	198,000	0	0	0	0	198,000
	Subtotal	\$68,767,000	\$80,000,000	\$0	\$223,556,000	\$36,859,000	\$409,182,000
	Public Safety						
Q00A01.05	DPSCS: Jessup Community Corrections Facility	\$13,224,000	\$0	\$0	\$0	\$10,000,000	\$23,224,000
QB08.01A	DPSCS: WCI Vocational Education Building	11,166,000	0	0	0	0	11,166,000
QB08.01B	DPSCS: WCI – Rubbke Landfill Closure Cap	1,815,000	0	0	0	0	1,815,000
QB08.02A	DPSCS: NBCI – MCE Upholstery Plant	7,561,000	0	0	0	0	7,561,000
QD00A	DPSCS: Patuxent Inst. Fire Safety Improvements	11,881,000	0	0	0	0	11,881,000
QP00A	DPSCS: Baltimore Correctional – Women’s Ctr.	5,959,000	0	0	0	0	5,959,000
QP00B	DPSCS: Baltimore Correctional – Youth Ctr.	11,800,000	0	0	0	0	11,800,000
WA00A	DSP: Headquarters Building K	1,665,000	0	0	0	0	1,665,000
WA00B	DSP: State Police Helicopter Replacement	40,000,000	0	0	0	0	40,000,000
WA01C	DSP: New Hagerstown Barrack and Garage	15,050,000	0	0	0	0	15,050,000
ZB02A	Local Jails: Cecil County – Additions/ Alterations	9,857,000	0	0	0	0	9,857,000
ZB02B	Local Jails: Prince George’s – 96 Bed Housing	7,635,000	0	0	0	0	7,635,000
ZB02C	Local Jails: St. Mary’s – Minimum Security	5,514,000	0	0	0	0	5,514,000
	Subtotal	\$143,127,000	\$0	\$0	\$0	\$10,000,000	\$153,127,000
	Education						
D25E03.02	Aging Schools Program	\$0	\$0	\$0	\$6,108,986	\$0	\$6,108,986
DE02.02A	Public School Construction	260,000,000	0	0	0	0	260,000,000
DE02.02B	Relocatable Classrooms	250,000	0	0	0	0	250,000
RA01A	MSDE: County Library Capital Grants	5,000,000	0	0	0	0	5,000,000
RE01A	MD School for Deaf – Bus Loop and Parking	205,000	0	0	0	0	205,000
RE01B	MD School for Deaf – Cafeteria/Student Ctr.	5,284,000	0	0	0	0	5,284,000
RE01C	MD School for Deaf – Parking/Athletic Field	1,487,000	0	0	0	0	1,487,000
	Subtotal	\$272,226,000	\$0	\$0	\$6,108,986	\$0	\$278,334,986

Bonds	Current Funds (PAYGO)
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Budget Code	Project Title	General Obligation	Revenue	General	Special	Federal	Total Funds
Higher Education							
RB21A	UMB: Pharmacy Hall Addition and Renovation	16,362,000	0	0	0	0	16,362,000
RB22A	UMCP: Physical Sciences Complex – Phase I	5,818,000	0	0	0	0	5,818,000
RB23A	BSU: Campuswide Site Improvements	3,237,000	0	0	0	0	3,237,000
RB23B	BSU: New Fine and Performing Arts Complex	25,028,000	9,000,000	0	0	0	34,028,000
RB24A	TU: New College of Liberal Arts Complex	34,725,000	1,000,000	0	0	0	35,725,000
RB27A	CSU: New Physical Education Complex	231,000	0	0	0	0	231,000
RB27B	CSU: Science and Technology Center	9,745,000	0	0	0	0	9,745,000
RB27C	CSU: Data Centers Expansion	2,371,000	0	0	0	0	2,371,000
RB28A	UB: New Law School	5,416,000	0	0	0	0	5,416,000
RB29A	SU: New Purdue School of Business	42,298,000	0	0	0	0	42,298,000
RB36rb	USM: Facility Renewal	0	17,000,000	0	0	0	17,000,000
RC00A	BCCC: Main Building Renovation – Liberty	3,214,000	0	0	0	0	3,214,000
RD00A	SMC: Anne Arundel Hall Reconstruction	1,685,000	0	0	0	0	1,685,000
RI00A	MHEC: Community College Const. Grant	84,332,000	0	0	0	0	84,332,000
RM00A	MSU: Campuswide Utilities Upgrade	5,264,000	0	0	0	0	5,264,000
RM00B	MSU: Campuswide Site Improvements	6,321,000	0	0	0	0	6,321,000
RM00C	MSU: Montebello and Northwood Demolition	2,185,000	0	0	0	0	2,185,000
RM00D	MSU: Lillie Carroll Jackson Museum	2,763,000	0	0	0	0	2,763,000
RM00E	MSU: New Center for Built Environment	27,370,000	0	0	0	0	27,370,000
RM00F	MSU: New School of Business Complex	3,052,000	0	0	0	0	3,052,000
RQ00A	UMMS: R Adams Cowley Shock Trauma Center	13,500,000	0	0	0	0	13,500,000
ZA01N	MICUA: Baltimore International College	2,750,000	0	0	0	0	2,750,000
ZA01O	MICUA: College of Notre Dame of MD	3,000,000	0	0	0	0	3,000,000
ZA01P	MICUA: Capital College	2,250,000	0	0	0	0	2,250,000
Subtotal		\$302,917,000	\$27,000,000	\$0	\$0	\$0	\$329,917,000
Housing/Community Development							
DB01A	Historic St. Mary's: Interpretive Center	\$816,000	\$0	\$0	\$0	\$0	\$816,000
D40W01.10A	Planning: Maryland Historical Trust Loan	150,000	0	0	150,000	0	300,000
S00A24.02A	DHCD: Community Development Block Grants	0	0	0	0	11,000,000	11,000,000
S00A24.02B	DHCD: Neighborhood Business Development	900,000	0	0	3,100,000	0	4,000,000

Budget Code	Project Title	Bonds		Current Funds (PAYGO)			Total Funds
		General Obligation	Revenue	General	Special	Federal	
S00A25.07	DHCD: Rental Housing Programs	2,900,000	0	0	12600000	4,750,000	20,250,000
S00A25.08	DHCD: Homeownership Programs	2,800,000	0	0	5,700,000	0	8,500,000
S00A25.09	DHCD: Special Loan Programs	1,850,000	0	0	5,300,000	2,500,000	9,650,000
SA24A	DHCD: Community Legacy Program	6,500,000	0	0	0	0	6,500,000
SA25A	DHCD: Partnership Rental Housing Program	6,000,000	0	0	0	0	6,000,000
SA25B	DHCD: Shelter and Transitional Housing Facility	1,500,000	0	0	0	0	1,500,000
	Subtotal	\$23,416,000	\$0	\$0	\$26,850,000	\$18,250,000	\$68,516,000
	Local Projects						
ZA00A	Misc: Charles E. Smith Life Communities	\$650,000	\$0	\$0	\$0	\$0	\$650,000
ZA00B	Misc: East Baltimore Biotechnology Park	5,000,000	0	0	0	0	5,000,000
ZA00C	Misc: Forbush School	2,500,000	0	0	0	0	2,500,000
ZA00D	Misc: GREEN HOUSE at Stadium Place	4,500,000	0	0	0	0	4,500,000
ZA00E	Misc: Housing and Resource Center	2,000,000	0	0	0	0	2,000,000
ZA00F	Misc: MTA InterCounty Connector	146,900,000	0	0	0	0	146,900,000
ZA00G	Misc: Jewish Council for the Aging	275,000	0	0	0	0	275,000
ZA00H	Misc: Jewish Foundation for Group Homes	75,000	0	0	0	0	75,000
ZA00I	Misc: Johns Hopkins Medicine/Critical Care	7,000,000	0	0	0	0	7,000,000
ZA00J	Misc: Johns Hopkins Medicine/Pediatric Center	10,000,000	0	0	0	0	10,000,000
ZA00K	Misc: Kennedy Krieger/Inpatient Clinical Building	2,000,000	0	0	0	0	2,000,000
ZA00L	Misc: Lyric Opera House – Stage House	1,500,000	0	0	0	0	1,500,000
ZA00M	Misc: Maryland Hall for the Creative Arts	500,000	0	0	0	0	500,000
ZA00Q	Misc: National Children's Museum	5,000,000	0	0	0	0	5,000,000
ZA00R	Misc: Park Heights Redevelopment	3,000,000	0	0	0	0	3,000,000
Z00S	Misc: Robert E. Lee Park	3,000,000	0	0	0	0	3,000,000
Z00T	Misc: Sinai Hospital – Pediatric Wing	5,000,000	0	0	0	0	5,000,000
ZA00U	Misc: St. Ann's Infant & Maternity Home	750,000	0	0	0	0	750,000
ZA00R	Misc: WestSide Revitalization	5,000,000	0	0	0	0	5,000,000
ZA01	Legislative Initiative Grants	15,000,000	0	0	0	0	15,000,000
	Subtotal	\$219,650,000	\$0	\$0	\$0	\$0	\$219,650,000

Bonds

Current Funds (PAYGO)

Budget Code	Project Title	General Obligation	Revenue	General	Special	Federal	Total Funds
	Deauthorizations						
ZF00	Deauthorizations as Introduced	-\$11,164,000	\$0	\$0	\$0	\$0	-\$11,164,000
	Total	\$1,110,000,000	\$107,000,000	\$60,000	\$256,514,986	\$75,585,000	\$1,549,159,986

BCCC: Baltimore City Community College
 BNR: Biological Nutrient Removal
 BPW: Board of Public Works
 BSU: Bowie State University
 CBWQ: Chesapeake Bay Water Quality
 CSU: Coppin State University
 DGS: Department of General Services
 DHCD: Department of Housing and Community Development
 DHMH: Department of Health and Mental Hygiene
 DoIT: Department of Information Technology
 DJS: Department of Juvenile Services
 DNR: Department of Natural Resources
 DOD: Department of Disabilities
 DPSCS: Department of Public Safety and Correctional Services
 DSP: Department of State Police
 ENR: Enhanced Nutrient Removal
 MCE: Maryland Correctional Enterprises
 MCI-H: Maryland Correctional Institution – Hagerstown
 MDA: Maryland Department of Agriculture

MDE: Maryland Department of the Environment
 MEA: Maryland Energy Administration
 MES: Maryland Environmental Service
 MHA: Maryland Health Administration
 MHEC: Maryland Higher Education Commission
 MICUA: Maryland Independent College and University Association
 MSDE: Maryland State Department of Education
 MSU: Morgan State University
 MTA: Maryland Transit Administration
 NBCI: North Branch Correctional Institution
 SMC: St. Mary's College
 SU: Salisbury University
 TU: Towson University
 UB: University of Baltimore
 UMB: University of Maryland, Baltimore
 UMCP: University of Maryland, College Park
 UMMS: University of Maryland Medical System
 USM: University System of Maryland
 WCI: Western Correctional Institution

Deauthorizations Included in the Maryland Consolidated Capital Bond Loan of 2009

<u>Year</u>	<u>Project</u>	<u>Reduction</u>	<u>Reason</u>
2002	African American Museum	\$127,000	Project complete
2002	Allegheny Highlands Trail	312,000	Project complete
2002	Eastern Shore Higher Education Center	231,000	Project complete
2002	Morgan State – Science Research Facility and Greenhouse	776,000	Project complete
2004	Charles County Detention Center	336,000	Project deferred by county
2004	Dept. of Natural Resources – Roads and Parking at Calvert Cliffs State Park	142,000	Project complete
2006	Maryland School for the Deaf – Elementary School/Family Center	3,600,000	Funds not needed to complete project
2007	Dept. of Public Safety – Baltimore City Correctional Complex – Utilities Upgrades	840,000	Project deferred
2007	Garrett County Detention Center	4,800,000	Project deferred by county
Subtotal Deauthorizations		\$11,164,000	

Amendments to 2008 MCCBL Pre-authorizations

2008	Board of Public Works – Rockville District Court	-\$5,838,000	Construction contract negotiated under authorized amount
2008	Dept. of State Police – New Hagerstown Barrack and Garage	230,000	Additional funds over preauthorized amount needed to fund construction contract

MCCBL: Maryland Consolidated Capital Bond Loan

Source: 2009 Maryland Consolidated Bond Loan

Notable Omissions for Fiscal 2010
(\$ in Millions)

<u>Projects Planned for Fiscal 2010 in 2008 CIP</u>	<u>FY 2010 Planned</u>	<u>Comments</u>
Department of Health and Mental Hygiene – New Public Health Lab	8.4	Administration intends for project funding and delivery to be pursued as a public private partnership operating lease.
Juvenile Service – Cheltenham New Treatment Center	42.4	Project deferred – 2009 CIP programs the construction funding split between fiscal 2011 and 2012
Department of Public Safety and Correctional Services – Maryland Correctional Training Center	11.8	Window and heating system replacement project deferred to fiscal 2012
University of Maryland Medical System (UMMS) – New Ambulatory Care Center	10.0	Project on hold – language included in 2009 MCCBL redirect prior authorizations to a new UMMS project

CIP: *Capital Improvement Program*

MCCBL: *Maryland Consolidated Capital Bond Loan*

Source: Department of Budget and Management

HB 102 Back of Bill Sections

<u>Section</u>	<u>Item</u>	<u>Description</u>
Chapter 103 of 2001, as amended by Chapter 46 of 2006	Section 9	Tobacco Bonds – amends requirement that bonds can not be sold if total outstanding State tax-supported debt exceed 3.2% to increase to 4.0% consistent with new State debt outstanding policy
Chapter 290 of 2002	RM00(C)	Partial deauthorization of “completed” project – Morgan State Science Research Facility and Greenhouse
Chapter 290 of 2002	ZA00(A)	Partial deauthorization of completed project – Allegheny Highlands Trail
Chapter 290 of 2002	ZA00(J)	Partial deauthorization of completed project – Eastern Shore Higher Education Center
Chapter 290 of 2002	ZA00(R)	Partial deauthorization of completed project – Maryland Museum of African American History and Culture
Chapter 290 of 2002, as amended by Chapter 204 of 2003 and Chapter 36 of 2008	RD00(A)	Extends termination date to June 1, 2011 – St. Mary’s College New Academic Building
Chapter 204 of 2003, as amended by Chapter 176 of the 2005 and Chapter 219 of 2008	ZA00(B)	Eliminates match requirement – Baltimore Zoo Redevelopment Projects
Chapter 432 of 2004	KA05(C)	Partial deauthorization of completed project – Calvert Cliffs State Park (Department of Natural Resources State Capital Improvements)
Chapter 432 of 2004	ZB02(B)	Full deauthorization of project – Charles County Detention Center

<u>Section</u>	<u>Item</u>	<u>Description</u>
Chapter 445 of 2005	RC00(A) & (B)	Baltimore City Community College – Main Building Renovation – partial deauthorization and reallocation of funds to different project phase
Chapter 445 of 2005	MR00(D)	Morgan State University – amends prior authorization to add to eligible authorized use of funds to include the Demolition of Northwood Shopping Center
Chapter 46 of 2006	RE01(A)	Maryland School for the Deaf – New Elementary, Family Education, Student Support Services Complex – partial deauthorization of funds
Chapter 46 of 2006	RM00(A)	Morgan State University – Campuswide Utilities Upgrade – amends prior authorization to add to eligible authorized use of funds to include the Morgan Commons Utility Upgrade
Chapter 46 of 2006	ZA00(L)	National Aquarium in Baltimore – amends prior authorization to repurpose eligible use of funds – Center for Aquatic Life and Conservation removed and general Infrastructure Improvements now the authorized use of funds.
Chapter 488 of 2007	QB02(A)	Baltimore City Correctional Complex – Site Utilities Upgrade – deauthorizes funds for cancelled project
Chapter 488 of 2007	RM00(B)	Morgan State University – Campuswide Site Improvements – amends prior authorization to add eligible use of funds to include the Academic Quad; Upgrade of the Athletic Field – jointly used by the Northwood Baseball League and Morgan State University
Chapter 488 of 2007	RQ00(A)	University of Maryland Medical System – amends prior authorization to repurpose the authorization for a new project – R Adams Cowley Shock Trauma Center Addition

<u>Section</u>	<u>Item</u>	<u>Description</u>
Chapter 488 of 2007	ZB02(A)	Garrett County Detention Center – deauthorizes funds for cancelled project
Chapter 336 of 2008	KA05(B)	Department of Natural Resources – corrects program name
Chapter 336 of 2008	RQ00(A)	University of Maryland Medical System – amends prior authorization to repurpose the authorization for a new project – R Adams Cowley Shock Trauma Center Addition.
Chapter 336 of 2008	Section 12	Amends 2008 Maryland Consolidated Capital Bond Loan (MCCBL) Pre-authorization – Judiciary DE02.01(I) Rockville District Court – amends to reduce authorization to reflect lower construction contract
Chapter 336 of 2008	Section 12	Amends 2008 MCCBL Pre-authorization – State Police WA01(A) – amends to increase authorization to increased construction/design costs
Section 12 – House Bill 102	RM00(E)	Preauthorizes remaining portion of funds needed to construct Morgan State University New Center for the Built Environment
Section 12 – House Bill 102	RB23(B)	Preauthorizes remaining portion of funds needed to construct Bowie State University New Fine and Performing Arts Building
Section 12 – House Bill 102	RB24(A)	Preauthorizes remaining portion of funds needed to construct the Towson University New College of Liberal Arts Complex