
Higher Education Capital Budget Overview

**Department of Legislative Services
Office of Policy Analysis
Annapolis, Maryland**

March 2010

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Analysis of the FY 2011 Maryland Executive Budget, 2010

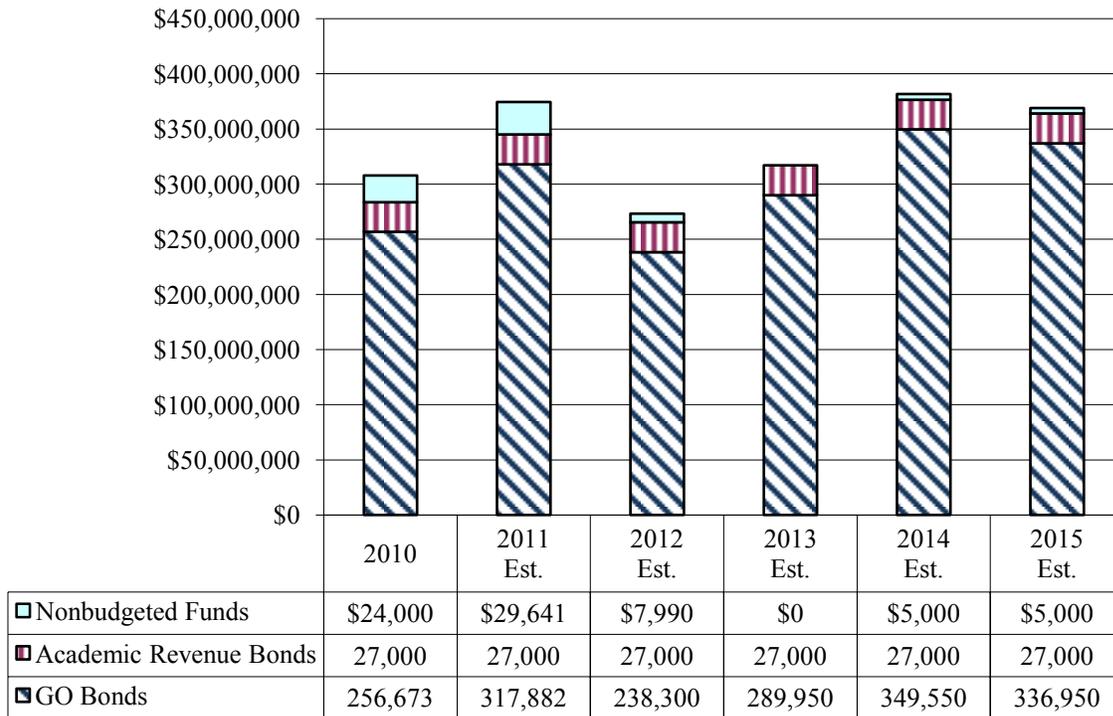
Higher Education – Capital Budget Overview

Fiscal 2011 Allowance Totals \$374.5 Million for Higher Education

The *Capital Improvement Program* (CIP) for all segments of higher education totals \$374.5 million in fiscal 2011, as shown in **Exhibit 1**. Of that, \$317.9 million is comprised of general obligation (GO) bonds and \$27.0 million is academic revenue bonds (ARB) from the University System of Maryland (USM).

ARBs are issued directly by the institutions and authorized separately by annual legislation (Senate Bill 897/House Bill 843 – Academic Facilities Bonding Authority) for USM. In fiscal 2011, proceeds will be distributed as follows: \$10.0 million for Towson University (TU); and \$17.0 million for USM capital facilities renewal. Nonbudgeted funds add an additional \$29.6 million. The exhibit also shows funding in the CIP planned over the next four years.

Exhibit 1
Capital Funding Authorized and Proposed
Fiscal 2010-2015



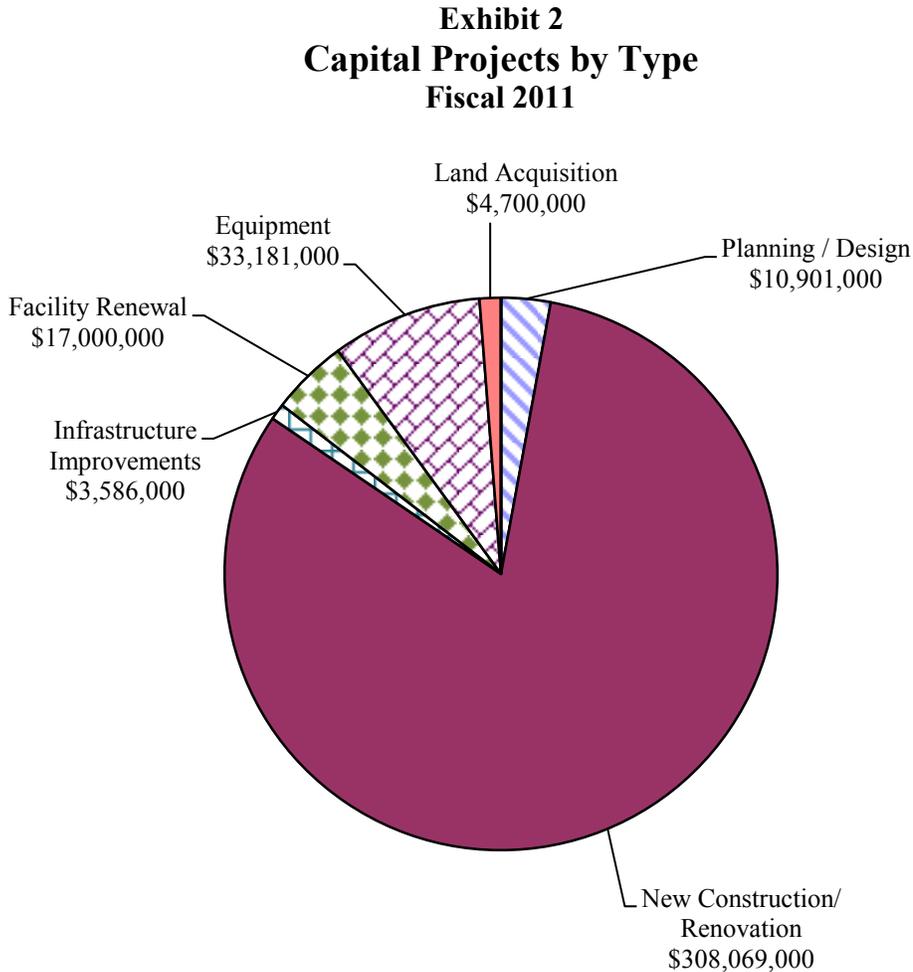
GO: general obligation

Note: Figures include \$2.9 million fund balance in the Community College Capital Grant Program.

Source: 2010 *Capital Improvement Program*; 2009 *90 Day Report*

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The types of projects planned for fiscal 2011 include planning, new construction, renovation, facility renewal, equipment, infrastructure improvements, and land acquisition. **Exhibit 2** shows the distribution of funding by project type. Of all expenditures, construction and renovation makes up the majority at \$308.1 million, or 81.6%. Capital equipment makes up the next largest share at \$33.2 million, or 8.8%. The majority of these projects is in the final year and will not appear in future capital budgets.

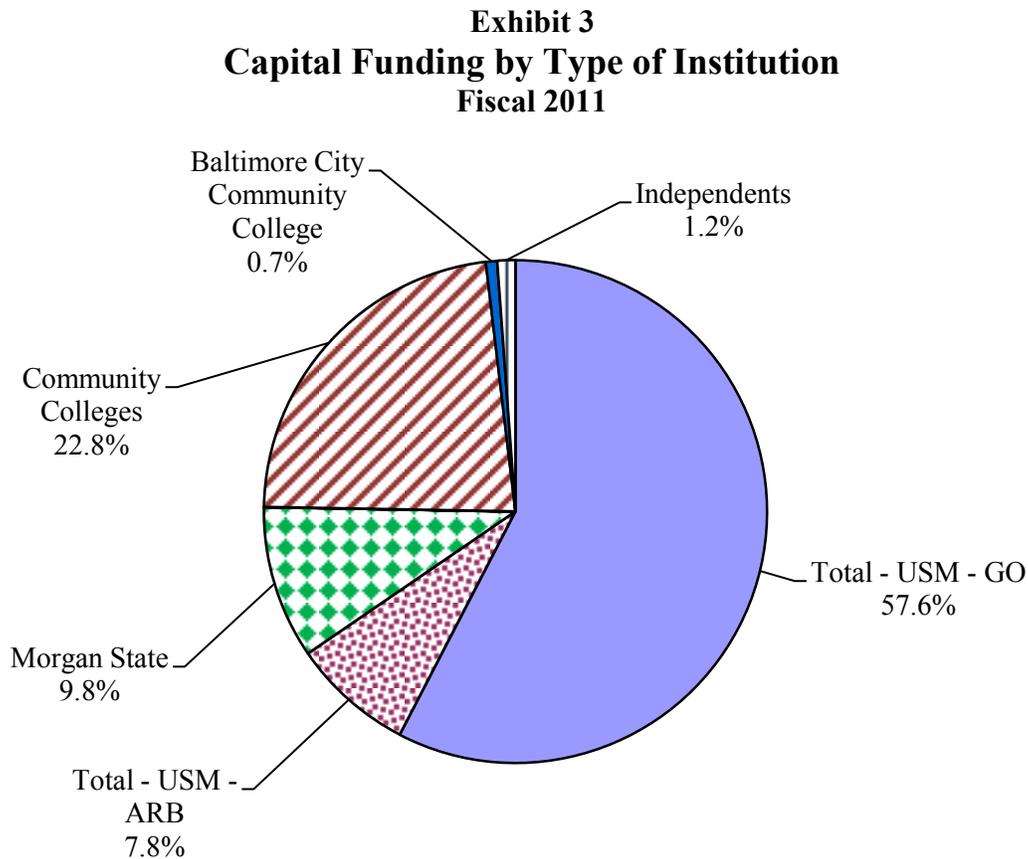


Note: Figures exclude \$2.9 million fund balance in the Community College Capital Grant Program.

Source: Governor’s Budget Books, Fiscal 2011

Four-year Institutions Receive 76% of Allowance

Funding by type of institution is shown in **Exhibit 3**. Four-year institutions account for 76.4% of the capital budget, including both GO bonds and ARBs. USM receives \$225.7 million, or 65.4%, in fiscal 2011. The most expensive project is the University of Maryland, College Park (UMCP) Physical Sciences Complex at \$41.1 million, although the New Performing Arts and Humanities Facility at the University of Maryland Baltimore County and the New Law School at the University of Baltimore total \$37.4 million and \$37.3 million, respectively. These three projects split construction between fiscal 2011 and 2012 and will receive significant capital funding next year as well. Community colleges (including Baltimore City Community College) receive \$81.2 million, or 23.6%, of the fiscal 2011 capital budget.



ARB: academic revenue bond
GO: general obligation
USM: University System of Maryland

Source: Governor’s Budget Books, Fiscal 2011

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The distribution of GO bonds by institution and segment and ARBs for USM is shown in **Exhibit 4**. Every institution is programmed to receive GO bond funds at some point over the next five years, fiscal 2011 through 2015, except the University of Maryland University College (UMUC). No funding is programmed for regional higher education centers as well.

**Exhibit 4
Capital Funding by Institution
Fiscal 2010-2015**

	<u>2010</u>	<u>Proposed 2011</u>	<u>Estimate 2012</u>	<u>Estimate 2013</u>	<u>Estimate 2014</u>	<u>Estimate 2015</u>
UM, Baltimore	\$13,756	\$2,606	\$0	\$1,400	\$18,700	\$2,600
UM, College Park	17,318	41,431	49,700	29,500	24,750	42,300
Bowie State University	28,265	32,253	3,100	3,200	2,950	31,000
Towson University	34,725	38,650	5,200	16,000	23,650	29,600
UM Eastern Shore	0	0	3,000	3,700	41,250	43,950
Frostburg State University	0	2,681	0	28,700	32,100	0
Coppin State University	12,116	6,497	0	44,050	54,600	25,550
University of Baltimore	5,416	37,300	41,500	4,250	0	0
Salisbury University	28,000	9,869	0	0	0	0
UM University College	0	0	0	0	0	0
UM Baltimore County	0	37,400	42,050	4,050	900	46,250
UM Center for Environmental Science	0	0	950	11,300	1,500	850
USM Office (Facilities Renewal)	0	17,000	17,000	17,000	17,000	17,000
Total – USM – GO	\$112,596	\$198,687	\$135,500	\$136,150	\$190,400	\$212,100
Total – USM – ARB	\$27,000	\$27,000	\$27,000	\$27,000	\$27,000	\$27,000
Morgan State	\$44,846	\$33,950	\$4,100	\$41,900	\$36,500	\$19,350
St. Mary’s College of Maryland	1,685	0	0	6,200	14,400	15,750
Regional Centers	0	0	0	0	0	0
Community Colleges	88,332	78,745	80,550	80,000	80,000	80,000
Baltimore City Community College	3,214	2,500	10,150	17,700	20,250	1,750
Independents	9,000	4,000	8,000	8,000	8,000	8,000
Total	\$286,673	\$344,882	\$265,300	\$316,950	\$376,550	\$363,950

ARB: academic revenue bond
 GO: general obligation
 UM: University of Maryland
 USM: University System of Maryland

Note: Community colleges include projects funded outside of the Community College Capital Grant Program: \$1.0 million for the Anne Arundel Community College Turf Field in fiscal 2010 and \$3.0 million for Garrett College Athletic and Community Recreation Center in fiscal 2010 and \$0.6 million in fiscal 2012. Figures include \$2.9 million fund balance in fiscal 2011 in the Community College Capital Grant Program.

Source: Governor’s *Capital Improvement Program*, Fiscal 2011; 2009 *90 Day Report*

Split Funding and Pre-authorization

Begun in earnest a year ago, the practice of splitting construction over two years for particularly large construction projects continues in the fiscal 2011 capital budget. A total of \$101.0 million for four university projects and \$35.4 million for community college projects that were pre-authorized in 2009 is included in the fiscal 2011 capital budget. Three new projects at public four-year institutions have construction split between fiscal 2011 and 2012, one of which extends into fiscal 2013 (UMCP Physical Sciences Complex). For the community colleges, eight have a pre-authorization for fiscal 2012. **Exhibit 5** shows the pre-authorized capital projects. The 2010 CIP commits \$150.6 million for fiscal 2012 and \$10.6 million for fiscal 2013.

Exhibit 5 New Pre-authorized Capital Projects Fiscal 2011-2013

<u>Institution</u>	<u>Project</u>	<u>2011 Capital Budget</u>	<u>2012 Pre- authorization</u>	<u>2013 Pre- authorization</u>
UM, College Park	Physical Sciences Complex	\$41,100,000	\$44,100,000	\$10,600,000
University of Baltimore	New Law School	37,300,000	38,500,000	
UM Baltimore County	New Performing Arts and Humanities Facility	37,400,000	27,400,000	
Baltimore City Community College	Main Building Renovation	2,500,000	7,000,000	
Howard Community College	Allied Health Building	9,465,000	9,466,000	
Hagerstown Community College	Arts and Sciences Complex	5,849,000	6,064,000	
Prince George's Community College	Center for Health Studies	6,511,000	868,000	
	Circulation/Roadway Modifications	2,586,000	2,586,000	
Anne Arundel Community College	Library Renovation and Addition	4,935,000	3,500,000	
College of Southern Maryland	Phase II Campus Development	4,766,000	3,245,000	
Harford Community College	Susquehanna Center Renovation/Expansion	7,904,000	7,904,000	
Total		\$160,316,000	\$150,633,000	\$10,600,000

UM: University of Maryland

Source: Governor's Budget Books, Fiscal 2011; Senate Bill 142 – Maryland Consolidated Capital Bond Loan of 2010

Space Needs at Public Four-year Institutions

The majority of Maryland’s public colleges and universities are operating with space deficiencies. As shown in **Exhibit 6**, only two campuses are operating with an overall academic space surplus when research space is included – the University of Maryland Eastern Shore and Coppin State University (CSU). The exhibit also shows campus needs by type of space. Frostburg State University (FSU), for example, has a surplus of classroom and class laboratory space, but an overall deficit driven by office and study/stack space.

Exhibit 6
Space Needs at Maryland’s Public Four-year Institutions
(By Net Assignable Square Feet)
Fall 2008

<u>Institution</u>	<u>Total</u>	<u>Classroom</u>	<u>Class Laboratory</u>	<u>Research Laboratory</u>	<u>Office</u>	<u>Study/Stack</u>
UM, Baltimore	-1,444,310	23,072	-49,052	-1,042,087	-301,701	-74,542
UM, College Park	-1,143,971	-87,097	-30,401	-739,818	33,601	-320,256
Towson University	-312,793	-77,621	-58,270	-67,167	-30,837	-78,898
Salisbury University	-169,026	-11,617	-73,927	5,503	-15,700	-73,285
UM Baltimore County	-167,024	-32,126	-22,092	-44,313	-7,974	-60,519
Frostburg State University	-59,537	4,702	3,733	-2,654	-24,705	-40,613
University of Baltimore	-51,523	-19,037	-11,472	1,528	17,372	-39,914
St. Mary’s College of Maryland	-35,037	-2,984	-6,775	-119	-14,117	-11,042
Morgan State University	-18,392	7,990	-1,544	-33,219	-15,511	23,892
Bowie State University	-2,004	-198	-1,106	-8,502	20,737	-12,935
UM Eastern Shore	2,992	124	14,977	-6,486	-4,454	-1,169
Coppin State University	54,355	9,801	33,190	-4,228	10,128	5,464
Total	-3,346,270	-184,991	-202,739	-1,941,562	-333,161	-683,817

UM: University of Maryland

Source: Maryland Higher Education Commission

The University of Maryland, Baltimore (UMB) and UMCP have the greatest space deficiencies. These two campuses are the State’s academic health center and flagship research university, respectively, and having significant research space deficiencies presents challenges toward winning contracts and research grants. To address its deficit, UMB has requested inclusion of the Health Sciences Facility III (HSF III) in the State’s CIP at several USM Board of Regents meetings.

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The original cost estimate for the project was \$400 million, which represents roughly 40% of the entire fiscal 2011 capital budget. In an attempt to move forward with the project, UMB has scaled down the proposed building in both scope and cost to \$265 million, an amount that still presents significant challenges to the State. The scaled down facility would be 170,000 net assignable square feet (NASF) and would house research laboratories, nano-medicine facilities, and allow interdisciplinary research for the Schools of Medicine, Dentistry, and Pharmacy.

In addition to the jobs created during construction of a facility like HSF III, this kind of research space increases UMB's competitiveness in faculty recruitment and for grants and contracts. UMB estimates that over 3,650 construction jobs would be created, with a \$460 million economic impact. After construction, HSF III could increase the amount of research funding the university receives by an additional \$160 million annually. UMB also estimates \$25 million in State and local tax revenues during construction and \$7 million annually thereafter.

Despite these benefits, projects of this scale are currently cost prohibitive. Finding methods to fund buildings such as HSF III was cited as a priority by the Commission to Develop the Maryland Model for Funding Higher Education. **The Secretary and Chancellor should comment on the need for facilities such as HSF III and ways buildings of this scale can be funded by the State.**

Capital Projects by Type of Space for Fiscal 2011

Exhibit 7 shows construction and renovation projects receiving planning funds in fiscal 2011 that will add new academic space. Also shown are each campus's space surpluses and deficiencies which are based on the current space inventory, enrollment, and faculty levels. The projects are at Morgan State University (MSU), CSU, and FSU. The exhibit compares the projects' space with current campus needs and shows the proportion of the projects' space that is academic.

All three projects will add to existing classroom space surpluses, and two will add to existing teaching laboratory surpluses. For CSU, the New Science and Technology Center at CSU will add 63,175 NASF to an existing 54,355 NASF surplus. The New School of Business Complex at MSU will turn office space and teaching lab deficits into a surplus, and the Center for Communications and Information Technology at FSU will cut its deficit by 75%.

Exhibit 7
Capital Projects Receiving Planning Funds by Type of Space
Net Assignable Square Feet
Fiscal 2011

	<u>Net New Classroom</u>	<u>Net New Teaching Lab</u>	<u>Net New Office</u>	<u>Net New Total Academic Space</u>	<u>Total Square Footage of Project</u>	<u>Academic Space % of Total</u>
Morgan State University						
New School of Business Complex	12,520	13,720	20,800	49,930	72,000	69.3%
Fall 2008 Space Surplus/(Deficiency)	7,990	-1,544	-15,511	-18,392		
Coppin State University						
New Science and Technology Center	3,970	33,200	19,425	63,175	74,185	85.2%
Fall 2008 Space Surplus/(Deficiency)	9,801	33,190	10,128	54,355		
Frostburg State University						
Center for Communications and Information Technology	8,106	20,865	10,285	44,811	68,101	65.8%
Fall 2008 Space Surplus/(Deficiency)	4,702	3,733	-24,705	-59,537		

Note: Includes projects receiving planning funds in fiscal 2011 for academic space. The net new total academic space column includes research lab space and study/stack space, as well as the shown classroom, teaching lab, and office space.

Source: 2010 *Capital Improvement Program*; Maryland Higher Education Commission

Estimated Operating Budget Impact: \$17.2 Million by Fiscal 2015

Exhibit 8 shows the operating budget impact of the fiscal 2011 capital budget. By fiscal 2015, annual operating budget impacts are estimated to be \$17.2 million. Two projects will have an impact in fiscal 2011. The CSU New Science and Technology Center, which is in the planning stage, will require \$0.3 million to maintain property acquired for the building. The TU New College of Liberal Arts Center is scheduled for completion in August 2011 (fiscal 2012) but will need \$0.2 million in fiscal 2011 to prepare for its opening.

Exhibit 8
Operating Impacts of Projects in the 2010 Capital Improvement Program
Fiscal 2011-2015
(\$ in Thousands)

<u>Institution</u>	<u>Project</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
BSU	Campuswide Site Improvements			\$54	\$54	\$54
	New Fine and Performing Arts Center		\$1,060	1,540	1,547	1,547
CSU	New Science and Technology Center	\$261	523		876	1,380
	New Center for Communications and Information Technology					510
FSU						
SU	New Perdue School of Business Building		1,721	1,821	1,903	1,903
TU	New College of Liberal Arts Center	189	2,153	2,137	2,137	2,026
UB	New Law School			496	496	496
UMBC	New Performing Arts and Humanities Facility		634	2,106	2,137	2,136
UMCP	Physical Sciences Complex Phase I			2,499	4,127	4,125
USM Total		\$450	\$6,091	\$10,653	\$13,277	\$14,177
MSU	New Center for Built Environment			636	1,804	1,853
	New School of Business Complex					1,133
MSU Total		\$0	\$0	\$636	\$1,804	\$2,986
Grand Total for Public Four-year Institutions		\$450	\$6,091	\$11,289	\$15,081	\$17,163

BSU: Bowie State University
 CSU: Coppin State University
 FSU: Frostburg State University
 MSU: Morgan State University
 SU: Salisbury University

TU: Towson University
 UB: University of Baltimore
 UMBC: University of Maryland, Baltimore County
 UMCP: University of Maryland, College Park
 USM: University System of Maryland

Source: Governor's Budget Books, Fiscal 2011

Major Changes in the Fiscal 2010 Capital Improvement Program

Exhibit 9 shows major changes in the CIP between fiscal 2010 and 2011. Two new projects appear on the list, although one is for a renovation whose final year of funding was supposed to be in fiscal 2008. MSU's Banneker Hall Renovation and Telecommunications Hub appears in the fiscal 2011 capital budget for \$3.3 million as a reimbursement in construction costs. The other new project is a new Performing Arts Center at Baltimore City Community College. Three projects' schedules were altered by the General Assembly during the 2009 session. A portion of planning funds were deferred for MSU's New School of Business Complex, a portion of equipment funding for UMB's School of Pharmacy Addition and Renovation was deferred, and construction funding for UMCP's Maryland Fire and Rescue Institute Training Center was accelerated a year. These three projects receive funding in fiscal 2011 and for UMB and UMCP it is their final year in the capital budget.

Exhibit 9
Major Changes in the 2010 Capital Improvement Program
Fiscal 2010-2011

	Next Expected Year of Funding
Schedule Altered by General Assembly in 2009 Session	
MSU: New School of Business Complex	2011
UMB: Pharmacy Hall Renovation	2011
UMCP: Maryland Fire and Rescue Institute Training Center	2011
Next Year of Funding Deferred	
Expected Fiscal 2011 Funding	
MSU: Campuswide Utilities Upgrade	2013
UMCP: Chemistry Building Renovation	2013
UMCP: Remote Library Storage Facility	2012
UMES: New Engineering and Aviation Sciences	2012
UMCES: RV Truitt Lab Replacement	2012
Garrett College Athletic and Community Recreation Center	2012
Out-year Deferrals	
SMCM: Music and Auditorium Building	2014
MSU: Soper Library Renovation	2013
UMB: Howard Hall Renovation	2013
BSU: Natural Sciences Center	2013
CSU: Grace Jacobs Office/Class/Lab Building	2013
UMBC: Campus Entrance Road Redesign	2014
UMCES: New Information and Communications Services	2015
BCCC: Bard Library Expansion and Renovation (Liberty Campus)	2015
Construction Phase Delayed	
BSU: Campus Wide Site Improvements ¹	2011
FSU: Center for Communications and Information Technology ²	2011
UMBC: New Performing Arts and Humanities Facility ³	2011
New Projects	
MSU: Banneker Hall Renovation and Telecommunications Hub	2011
BCCC: New Performing Arts Center (Liberty Campus)	2012
Scope Scaled Back	
BCCC: Main Building Renovation (Liberty Campus) ⁴	2011
Deleted Projects	
UMCP: Campus Creek Restoration	

BCCC: Baltimore City Community College
 BSU: Bowie State University
 CSU: Coppin State University
 FSU: Frostburg State University
 MSU: Morgan State University
 SMCM: St. Mary's College of Maryland

UMB: University of Maryland, Baltimore
 UMBC: University of Maryland Baltimore County
 UMCES: University of Maryland Center for Environmental Science
 UMCP: University of Maryland, College Park
 UMES: University of Maryland Eastern Shore

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¹ The second phase of construction for this project was scheduled for fiscal 2011 but is now programmed for fiscal 2012.

² The initial year of funding for construction has been delayed from fiscal 2012 to 2013.

³ Construction for this project is scheduled for two phases. The second phase of construction has been delayed from 2014 to 2015.

⁴ The 2009 CIP scheduled renovation of the Administration and Fine Arts wings of the Main Building in fiscal 2011. The 2010 CIP funds construction for the Administration Wing only. Renovation of the Fine Arts Wing does not appear in the 2010 CIP.

Source: *Capital Improvement Program*, Fiscal 2010-2011; *2009 Joint Chairmen's Report*

The most common change was deferrals. For 17 projects, either the initial year of funding or the construction phase was delayed from where it was programmed in the 2009 CIP. Only one project was deleted, the Campus Creek Restoration at UMCP.

USM Funded Capital Projects

A significant number of projects are funded independently of the State's capital budget. **Exhibit 10** shows capital projects at USM funded using auxiliary revenue bonds, cash, or external sources. USM projects that will be funded outside the State's capital budget in fiscal 2011 total \$84.7 million. Most are auxiliary expenses and are not eligible for GO bonds, such as dormitory renovations. Occasionally, a project will appear on the list that qualifies for State support. The Central Maryland Research and Education Center/Office Building is an example of one such project. The building is for UMCP's agricultural programs in Harford County and is eligible for GO bond support. The reason USM funds planning, construction, renovation, and equipment eligible for State support outside of the State's capital budget is because of the delay it can take for a project to first appear in the CIP and then receive funding. For projects deemed most important, using auxiliary revenue bonds, cash, and external sources of revenue allow it to proceed at an accelerated rate.

While this method is beneficial for the university, it can create budgeting problems for the State. Funding State-eligible buildings outside of the capital budget avoids oversight from the Department of Budget and Management (DBM) and the General Assembly. If new buildings are constructed that have an operating budget impact, the State may be asked to support positions and programs for a facility it did not approve. **The Chancellor should comment on the practice of funding State-eligible projects apart from the capital budget and the impact they can have on an institution's operating budget.**

Exhibit 10
University System of Maryland Capital Projects
Funded Independently of the State’s Capital Budget
Fiscal 2011
(\$ in Thousands)

<u>Campus</u>	<u>Project</u>	<u>Cost</u>	<u>Source</u>
BSU	New Student Center*	\$20,835	ARB
SU	Campuswide Dormitory Renovations	6,700	ARB
TU	Residence Halls Renovation	14,000	ARB
UMBC	Parking System Improvements	1,000	ARB
	Residence Hall Renovations/Additions	11,700	ARB
UMCP	Fraternity and Sorority Houses Renovation	11,670	ARB
	High Rise Residence Hall Air Conditioning	8,870	ARB
	CSS and Residence Halls SCUB Expansion	6,250	ARB
FSU	Lane Center Renovation/Addition	2,000	Institutional
UMCP	Central Maryland Research and Education Center/Office Building	1,650	Institutional
Total		\$84,675	

ARB: auxiliary revenue bonds

BSU: Bowie State University

CSS: Computer and Space Sciences Building

FSU: Frostburg State University

SCUB: Satellite Central Utility Building

SU: Salisbury University

TU: Towson University

UMBC: University of Maryland Baltimore County

UMCP: University of Maryland, College Park

*Pending a fee increase.

Source: Governor’s Budget Books, Fiscal 2011; University System of Maryland

Another method of funding auxiliary projects is public-private partnerships. One example of this is UMCP’s East Campus Redevelopment. It will be located on 38 acres of university property along the east side of Route 1. The project will attract mixed-use development (retail, office space, parking, private and student housing) to the Route 1 corridor, promoting connections and partnerships with the city of College Park as mandated in the Campus Master Plan, and provide an enhanced campus setting to attract students and faculty to the university. It will also include a hotel and a live music venue, The Birchmere. Earlier this year, UMCP purchased the former *Washington Post* facility in College Park, which will allow the East Campus to expand further north.

USM Facility Renewal Needs Estimated at \$1.6 Billion

In 1992, the USM Board of Regents adopted a policy that 2.0% of each institution’s value of capital assets be spent on facilities renewal within five years or as funding allows. Eighteen years after the policy’s adoption, the average is 1.1%, and the system maintains a

backlog valued at \$1.6 billion, \$496.0 million of which is at UMCP. USM has more recently adopted a policy that each year the institutions move 0.2% closer to the 2.0% goal than the year prior. Facility renewal spending and the backlog by campus are shown in **Exhibit 11**. USM institutions spent a total of \$345.1 million from fiscal 2006 to 2010 between the capital and operating budgets.

Exhibit 11
University System of Maryland Facility Renewal Backlog and Spending
Fiscal 2006-2010

<u>Institution</u>	<u>Facility Renewal Backlog</u>	<u>2006-2010 Total</u>
University of Maryland, Baltimore	\$129,760,404	\$34,939,891
University of Maryland, College Park	495,732,331	141,808,217
Bowie State University	16,215,768	7,882,692
Towson University	213,570,000	52,232,507
University of Maryland Eastern Shore	60,008,912	9,109,965
Frostburg State University	30,684,822	9,806,499
Coppin State University	170,944,080	4,999,252
University of Baltimore	55,446,976	12,349,977
Salisbury University	90,814,085	9,011,597
University of Maryland University College		44,716,669
University of Maryland Baltimore County	289,250,892	10,962,382
University of Maryland Center for Environmental Science	38,229,577	3,044,622
University of Maryland Biotechnology Institute		4,220,093
Total University System of Maryland	\$1,590,657,847	\$345,084,363

Source: University System of Maryland

It is important for institutions to stay ahead of facility renewal costs. Although they generally do not directly impact the operations of a university, if the institution falls far enough behind, significant resources must be diverted from instruction or other budget programs to pay for otherwise routine repairs to the campus infrastructure. With numerous rounds of cost containment over the past few years, some colleges have reduced facility renewal spending to meet reductions. USM has also reported that there will be no progress toward the 2% goal in fiscal 2011. **The Chancellor should comment on balancing the facility renewal needs of campuses against other priorities as budgets are reduced in cost containment actions.**

Capital Projects – Expedited Review

Exhibit 12 presents a brief summary of four projects for which the Department of Legislative Services (DLS) has determined that a full analysis is not warranted. Each project has already been reviewed by the General Assembly in prior sessions when initial design and construction funds were authorized, and DLS finds no issues that require further committee consideration. Three of the projects were pre-authorized in the fiscal 2010 budget (Bowie State University, Salisbury University, and TU). UMB’s School of Pharmacy Addition was not pre-authorized but receives final equipment funding in fiscal 2011. For each project DLS recommends approval of the Governor’s proposed authorization.

Exhibit 12 Expedited Review

<u>Institution</u>	<u>Budget Code</u>	<u>Project</u>	<u>DLS Recommendation</u>
UMB	RB21A	Pharmacy Hall Addition and Renovation – The fiscal 2011 capital budget includes \$2.6 million in GO bonds to equip the Pharmacy Hall after the renovation and addition is complete. The renovated and expanded facility will accommodate enrollment growth and is expected to be complete September 2010. Fiscal 2011 is the final year of funding for this project.	Approve
BSU	RB23A	New Fine and Performing Arts Center – In fiscal 2010, \$34.1 million was pre-authorized for fiscal 2011. Due to a favorable bidding climate, however, construction bids came in significantly under budget, resulting in a total construction cost of \$59.6 million, and an \$8.5 million savings. The fiscal 2011 budget adds equipment as an eligible use of the pre-authorized funds, and reduces the project’s fiscal 2011 authorization to \$32.1 million. Final equipment funding is expected in fiscal 2012.	Approve
TU	RB24A	New College of Liberal Arts Complex – The fiscal 2011 capital budget provides \$28.7 million in GO bonds and \$10.0 million in academic revenue bonds to complete construction and equip Phase II. In fiscal 2010 the capital budget split funds for construction authorization between fiscal 2010 and 2011 which was consistent with the two year construction schedule. A pre-authorization was included in the 2009 Maryland Consolidated Capital Bond Loan, and fiscal 2011 is the final year of funding for this project.	Approve

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<u>Institution</u>	<u>Budget Code</u>	<u>Project</u>	<u>DLS Recommendation</u>
SU	RB29A	New Perdue School of Business – In fiscal 2010, \$14.3 million in construction funding was pre-authorized for fiscal 2011. In addition, the university will contribute \$12.0 million in nonbudgeted funds from private fundraising towards construction costs. While total planned construction costs for this facility were \$54.3 million, construction bids came in significantly under budget. As a result, the revised total construction cost is \$45.9 million, saving the State \$8.4 million. The fiscal 2011 budget adds equipment as an eligible use of the preauthorized funds, and reduces the project’s fiscal 2011 GO authorization to \$9.9 million. Fiscal 2011 is the final year of funding for the New Perdue School of Business.	Approve

BSU: Bowie State University
DLS: Department of Legislative Services
GO: general obligation
SU: Salisbury University
TU: Towson University
UMB: University of Maryland, Baltimore

Source: Department of Legislative Services

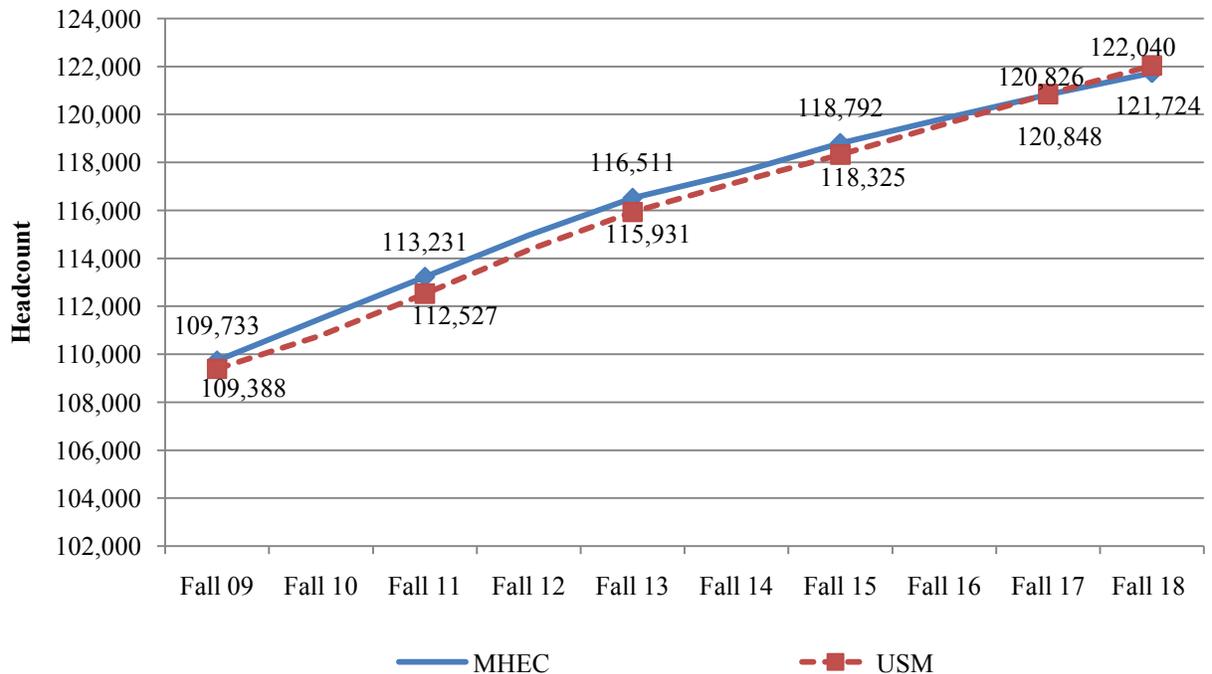
Issue

1. Enrollment Projections

Each year, the Maryland Higher Education Commission (MHEC) projects out-year enrollments for public institutions in Maryland using a regression model that accounts for population growth, demographic shifts, and per capita income among other factors. These projections are used by DBM and DLS to analyze future space deficits and capital requirements for capital planning.

The enrollment projections MHEC provides are independent of those provided by the institutions and their governing boards. MHEC expects enrollment at public four-year institutions to grow slowly over the next 10 years to 121,724 by fall 2018. USM has a competing demand model, which shows similar growth over this period, reaching 122,040 students. These projections, shown in **Exhibit 13**, include undergraduate and graduate data and exclude UMUC enrollments.

Exhibit 13
MHEC and USM Headcount Enrollment Projections
Fall 2009-2018



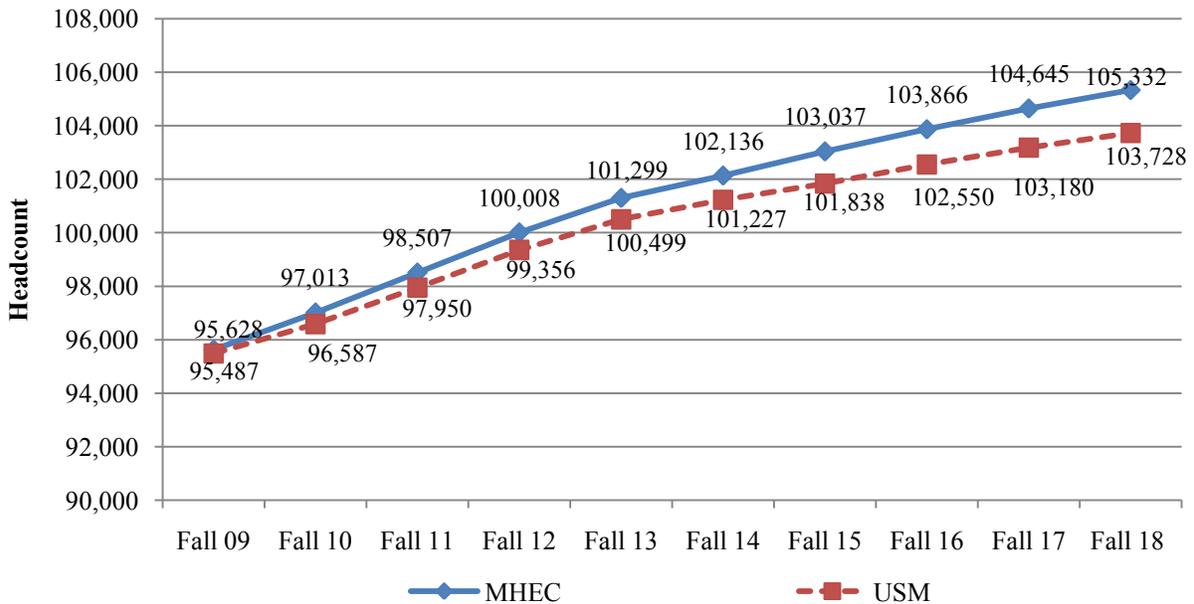
MHEC: Maryland Higher Education Commission
USM: University System of Maryland

Source: Maryland Higher Education Commission, University System of Maryland

The greatest difference between USM and MHEC’s 2009-2018 projections concerns which institutions are expected to experience the greatest growth. **Exhibits 14 and 15** show MHEC and USM’s projections for the State’s traditionally white institutions (TWIs) and historically black institutions (HBIs). These projections exclude St. Mary’s College of Maryland and MSU which are not USM institutions and are not included in USM’s enrollment projections. At TWIs, as shown in Exhibit 14, MHEC projects larger enrollments in fall 2009 and greater year-over-year percentage growth than the USM model does. By fall 2018, MHEC projects that 1,604 more students will be enrolled at TWIs than USM anticipates. In contrast, as Exhibit 15 shows, the USM model projects greater year-over-year growth for HBIs than does the MHEC model. By fall 2018, USM expects HBIs to enroll 18,312 students, 1,920 more than MHEC anticipates. MHEC’s fall 2018 HBI projection of 16,392 is significantly lower than its previous 10-year projection, which showed enrollments reaching 18,989 by fall 2017. MHEC’s projections for MSU demonstrate a similar trend, with the fall 2018 projection 238 fewer than last year’s 2017 projection.

Because MHEC’s projections are used by DBM for capital planning, the change could have a significant impact on the size, scope, and prioritization of out-year capital projects at HBIs. **The Secretary and Chancellor should comment on the change in out-year enrollment projections for the State’s HBIs, and on the potential impact the 2009-2018 enrollment projections could have on capital planning for these institutions.**

**Exhibit 14
MHEC and USM TWI Headcount Enrollment Projections
Fall 2009-2018**

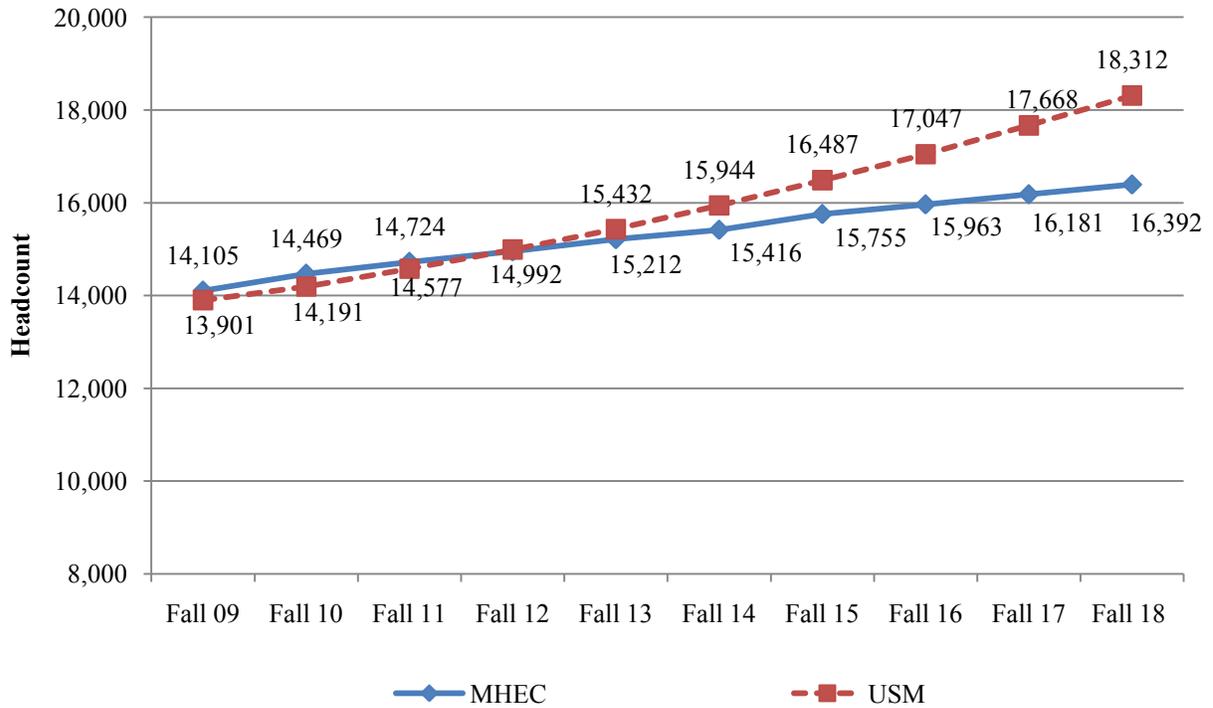


MHEC: Maryland Higher Education Commission
TWI: traditionally white institution

USM: University System of Maryland

Source: Maryland Higher Education Commission; University System of Maryland

Exhibit 15
MHEC and USM HBI Headcount Enrollment Projections
Fall 2009-2018



HBI: historically black institution
MHEC: Maryland Higher Education Commission
USM: University System of Maryland

Source: Maryland Higher Education Commission, University System of Maryland

**Status of Previously Authorized Projects
University System of Maryland**

<u>Institution</u>	<u>Project</u>	<u>Estimated Total Cost</u>	<u>Fund Source</u>	<u>Design Start</u>	<u>Construction Start</u>	<u>Construction Completion</u>
CSU	New Physical Education Complex (managed by the Stadium Authority)	\$128,515,000	State	1/06	10/07	2/10
UMCP	New Physical Sciences Complex, Phase 1	126,381,000	State	8/07	6/10	1/13
CSU	New Science and Technology Center	117,341,000	State	3/10	9/12	12/14
UB	New Law Center	107,588,000	State/NBF	3/09	7/10	11/12
UMBC	Performing Arts and Humanities Facility, Phase 1	88,046,000	State	2/07	7/10	7/12
UMCP	650-bed Residence Hall w/SCUB (Oakland Hall)	88,000,000	USM	12/08	8/09	4/11
TU	New College of Liberal Arts, Phase 2	81,825,000	State/NBF	12/04	7/09 – ph2	7/11 – ph2
BSU	New Fine Arts and Performing Arts Building	78,803,000	State	12/05	6/09	9/11
UMB	Pharmacy Hall Addition/Renovation	78,027,000	State	4/07	6/08	8/10
SU	New Perdue School of Business	66,560,000	State/Other	5/07	7/09	6/11
FSU	Communication and Information Technology	58,950,000	State	1/10	11/11	11/13
TU	Towson Center Arena Addition/Renovation	50,000,000	USM	8/07	6/10	11/12
BSU	New Student Center	41,720,000	USM	1/10	11/11	8/13
TU	West Village Dining Commons	41,000,000	USM	2/08	7/09	7/11
TU	West Village Parking Structure	30,000,000	USM	11/09	5/10	3/12
TU	Campuswide Safety and Circulation Improvements, Phase 1	18,550,000	State	8/07 – ph1	8/08 – ph1	12/10 – ph1
FSU	Lane Center Renovation/Addition	18,470,000	USM	7/08	9/09	12/10
UMCP	Denton Dining Hall Renovation	17,800,000	USM	9/07	7/09	8/10
CSU	Garage	15,600,000	State/Other	9/07	1/10	2/11
TU	Residence Facilities Renovation (Newell, Newell Dining, Richmond)	15,400,000	USM	3/10	6/11	8/12
UMCP	Renovation of the School of Public Health Building	15,000,000	USM	1/08	3/09	1/10
UMBC	Patapsco Addition/Renovation	13,300,000	USM	1/10	6/10	8/11
UMCP	Fraternity/Sorority Houses Renovation, Phase 8	11,530,000	USM	7/08	6/09	6/10
UMCES	Oyster Production Facility (managed by DGS)	11,158,000	State	7/06	4/09	7/10

<u>Institution</u>	<u>Project</u>	<u>Estimated Total Cost</u>	<u>Fund Source</u>	<u>Design Start</u>	<u>Construction Start</u>	<u>Construction Completion</u>
UMCP	MFRI Aberdeen Training Center	9,450,000	State	5/09	5/10	5/11
UMCP	Shoemaker Bldg. Renovation	9,230,000	USM	11/07	6/09	6/10
UMCP	Van Munching So. Addition for Career Services	9,000,000	Other	3/10	9/10	6/11
UMCP	SCUB 5 Piping	8,900,000	USM	6/07	5/09	8/10
UMCP	Easton Residence Hall (Air Conditioning Installation, Phase 1)	8,370,000	USM	6/09	5/10	8/11
SU	Pocomoke Residence Hall Renovation	7,517,000	USM	9/08	6/09	1/10
SU	Manokin Hall Renovation	7,500,000	USM	6/09	1/10	8/10
SU	Nanticoke Hall Renovation	7,500,000	USM	11/09	12/10	7/11
SU	Wicomico Hall Renovation	7,500,000	USM	9/09	5/10	1/11
UMCP	Denton Hall Renovation (Windows/Mechanical Systems)	7,350,000	USM	1/09	5/09	8/10
UMES	Somerset Hall/New School of Pharmacy	7,191,000	USM	3/09	11/09	6/10
UMCP	Journalism Bldg. Renovation	7,100,000	UMCP/USM	4/09	7/10	7/11
CSU	Campuswide Utilities/Security, Phase 3 (aka Library Heating)	6,960,000	State	4/08	4/09	6/10
UMCP	HJ Patterson 3rd Floor, Wing 2 Renovation	4,708,000		7/09	6/10	3/11
UMCP	Engineering Lab Building Renovation	4,300,000	USM/Other	3/09	9/10	7/11
TU	Ward Hall Renovation, Health Center	3,300,000	USM	3/10	5/11	8/12
TU	West Hall Renovation, Counseling Center	3,300,000	USM	3/10	5/11	8/12
BSU	Electrical Upgrades (formerly Campuswide Site Improvements, Phase 2)	3,237,000	State	1/10	8/10	7/11
UMCP	Lab for Physical Science Low Vibration Addition	3,024,261	Other/UMCP	9/06	1/10	12/10
UMCP	Biology/Psychology Bldg. Renovation/Research Animal Space	3,000,000	USM	10/08	4/10	11/10
CSU	Data Center Expansion	2,371,000	State	4/10	6/10	6/11
UMCP	North Gate Park	2,094,595	USM	3/05	4/10	12/10
SU	Noland Bldg. Renovation	1,800,000	USM	9/09	3/10	7/10
UMCP	CSPAC SCUB Line Replacement	1,700,000	UMCP	9/09	5/10	8/10
UMB	Fire Alarm Monitoring and Control System	1,469,000	UMB		11/08	2/10
UMCP	Terrapin Dr. Garage Renovation	1,400,000	Other	1/10	5/10	8/10
UMCES	Research Vessel Facility – CBL	1,331,000	Other/UMCES	1/09	9/09	2/10

<u>Institution</u>	<u>Project</u>	<u>Estimated Total Cost</u>	<u>Fund Source</u>	<u>Design Start</u>	<u>Construction Start</u>	<u>Construction Completion</u>
UMBC	Parking System Improvements	1,300,000	USM	7/09	5/10	8/10
UMCP	Mowatt Lane Improvement, Phase 2	1,000,000		1/09	6/10	9/10

BSU: Bowie State University
 CBL: Chesapeake Biological Laboratory
 CSU: Coppin State University
 DGS: Department of General Services
 FSU: Frostburg State University
 HVAC: heating, ventilation, and air conditioning
 MFRI: Maryland Fire and Rescue Institute
 SCUB: Satellite Central Utility Building
 SU: Salisbury University
 TU: Towson University

UB: University of Baltimore
 UMB: University of Maryland, Baltimore
 UMBC: University of Maryland, Baltimore County
 UMCES: University of Maryland Center for Environmental Science
 UMCP: University of Maryland, College Park
 UMES: University of Maryland Eastern Shore
 USM: University System of Maryland
 USMO: University System of Maryland Office