

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE
Revised

House Bill 419 (Delegates Shriver and Taylor)

Appropriations

Public Institutions of Higher Education - Affiliated Foundations

This bill provides that the presidents of the University System of Maryland (USM) constituent institutions may establish campus-based foundations. Each foundation need not be approved by the USM Board of Regents but shall operate subject to policies adopted by the board in consultation with the presidents of the institutions.

A campus-based foundation established pursuant to the bill may not be considered an agency or instrumentality of the State or a unit of the executive branch for any purpose. A financial obligation or liability of a campus-based foundation may not be considered a debt or obligation of the State or USM.

The bill takes effect July 1, 1999.

Fiscal Summary

State Effect: Indeterminate effect on expenditures and revenues for USM constituent institutions that do not currently have campus-based foundations.

Local Effect: None.

Small Business Effect: Potential negative effect on the operations of the University of Maryland Foundation, Inc.

Fiscal Analysis

State Effect: Some of the USM constituent institutions currently have campus-based fundraising foundations, and some are not permitted to do so under current law and policy. Coppin State College, Frostburg State University, Salisbury State University, Towson University, and University of Baltimore currently have campus-based foundations and would be unaffected by the bill. The foundations of the other eight USM constituent institutions (Bowie State University; University of Maryland, Baltimore; University of Maryland Baltimore County; University of Maryland Biotechnology Institute; University of Maryland Center for Environmental Science; University of Maryland, College Park; University of Maryland Eastern Shore; and University of Maryland University College) are subsumed under the umbrella of the University of Maryland Foundation, Inc. (UMF). Although the institutions retain full responsibility for fundraising, UMF manages foundation assets and provides philanthropic support. UMF is an independent corporation that supports its own staff and operating expenses at a cost of about one cent for every dollar of income. Currently, UMF manages assets of \$325 million for its foundations.

The bill allows all USM constituent institutions to establish campus-based foundations. Annual operating expenses for a typical campus-based foundation have been estimated at \$166,700, which includes salaries for a business manager and two support staff, and expenses for accounting, computer maintenance, supplies, insurance, registration, and legal services. However, the University of Maryland, College Park advises that in establishing a campus-based foundation, it would use existing staff members of the university. Any additional operating expenses would be paid with funds currently being collected by UMF as operating fees. It is not known to what extent any other institutions would establish campus based foundations pursuant to the bill, and if so, what, if any, expenses would be incurred above and beyond existing resources.

The effect that the bill would have on the amount of funds raised by institutions is indeterminate.

Small Business Effect: The precise effect that this legislation would have on UMF is uncertain. If some or all USM institutions were to establish campus-based foundations, UMF could be required to downsize or cease to exist.

Information Source(s): University System of Maryland; University of Maryland, College Park; Department of Legislative Services

Fiscal Note History: First Reader - March 5, 1999
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