

Department of Legislative Services
Maryland General Assembly
2001 Session

FISCAL NOTE

Senate Bill 874

(Senator Hafer)

Budget and Taxation

Appropriations

**Disposition of Settlement Proceeds - Frostburg State University and the
Washington Redskins**

This bill requires Frostburg State University to deposit proceeds from its \$750,000 settlement with the Washington Redskins directly into the endowment funds managed and maintained by the University System of Maryland (USM). USM must maintain, manage, invest, and expend the settlement proceeds and any interest earnings from the proceeds exclusively for the benefit of Frostburg State University.

This is an emergency bill and is effective the date it is enacted.

Fiscal Summary

State Effect: No direct effect on Frostburg State University or State finances. Placement of the settlement proceeds in the University System of Maryland endowment fund could result in a greater rate of return.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Frostburg State University needs legislative authorization to place revenues in the USM common trust endowment. Without it, these funds would be deposited with university revenues and would be spent in the fiscal year in which they are received.

Background: In 1995 Frostburg State University entered into a contract with the Washington Redskins under which the university would provide summer training facilities for the Redskins for a period of ten years. In May 2000 the Redskins broke the contract and moved their summer training activities to Northern Virginia. The university and the Redskins subsequently entered into a settlement agreement in which the Redskins will pay Frostburg \$750,000 by April 15, 2001.

State Fiscal Effect: The University System of Maryland advises that a significant portion of the settlement proceeds represents the loss of donations to Frostburg State University's endowment fund that its association with the Redskins would have generated over the remainder of the contract. By allowing the proceeds to be deposited into the endowment maintained by USM, a higher rate of return would be expected. The settlement proceeds and any interest earned would allow Frostburg to fund priorities such as scholarships.

Additional Information

Prior Introductions: None.

Cross File: HB 1399 (Delegate Edwards, *et al.*) - Appropriations.

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

Fiscal Note History: First Reader – March 19, 2001
ncs/jr

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