

**Department of Legislative Services**  
 Maryland General Assembly  
 2002 Session

**FISCAL NOTE**  
**Revised**

House Bill 828

(Chairman, Appropriations Committee)  
 (Departmental – University System of Maryland)

Appropriations

Budget and Taxation

**Academic Facilities Bonding Authority**

This departmental bill increases the bonding authority of the University System of Maryland (USM) from \$875 million to \$975 million and the bonding authority of Morgan State University (MSU) from \$65 million to \$77 million. The bill authorizes USM to use \$36.9 million of the bond proceeds to finance specified academic capital improvement projects. MSU is authorized to use \$4.5 million for projects specified in the bill. The bill requires several projects to have an approved plan and cost estimate before funds may be expended on the projects.

The bill is effective June 1, 2002.

**Fiscal Summary**

**State Effect:** Academic bond revenues would increase by \$100 million for USM and by \$12 million for MSU in FY 2003. Annual debt service expenditures would increase by an estimated \$8.2 million for USM and by \$1 million for MSU beginning in FY 2003.

(\$ in millions)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Higher Ed Rev.	\$112.0	\$0	\$0	\$0	\$0
Higher Ed Exp.	9.2	9.2	9.2	9.2	9.2
Net Effect	\$102.8	(\$9.2)	(\$9.2)	(\$9.2)	(\$9.2)

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect*

**Local Effect:** None.

**Small Business Effect:** A small business impact statement was not provided by USM in time for inclusion in this fiscal note. A revised fiscal note will be submitted when USM's assessment becomes available.

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## Analysis

**Current Law:** The aggregate principal amount of bonds issued by USM may not exceed \$875 million. The aggregate principal amount of bonds issued by MSU may not exceed \$65 million.

**Background:** Academic projects for which legislative approval is required are enumerated in the bill, and a total of \$41.4 million in bonds would be issued to finance these projects. The projects are summarized below:

- *Bowie State University:* minor renovations and campus security upgrades.
- *Coppin State College:* roofing systems replacement and repair; building and grounds repairs and upgrades; HVAC system improvements; and health and human services building acquisition.
- *Frostburg State University:* science center equipment; elevator upgrades; and HVAC upgrades.
- *Morgan State University:* replacement of steam boilers and renovations.
- *Salisbury State University:* minor renovations.
- *Towson University:* replacement of chillers, electrical distribution system, roof systems, and masonry; and campus roadways resurfacing.
- *University of Maryland Baltimore County:* information technology building equipment; HVAC improvements; roof replacement; and University Center conversion.
- *University of Baltimore:* minor renovations.
- *University of Maryland, Baltimore:* façade and window upgrades; medical school teaching facility; HVAC upgrades and replacements; elevator upgrades; floor renovations; and new dental school building construction.
- *University of Maryland Center for Environmental Sciences:* construction of aquaculture building; pier upgrades; and cooling towers replacement.
- *University of Maryland, College Park:* building renovations and various infrastructure improvements.
- *University of Maryland Eastern Shore:* building system upgrades and planning for campus utilities upgrades.
- *University System of Maryland office:* emergency projects.

**State Fiscal Effect:** Higher education bond revenues for USM would increase by up to \$100 million in fiscal 2003. USM currently has an AA credit rating. Assuming a 5.3% interest rate, USM debt service expenditures would increase by \$8.2 million annually beginning in fiscal 2003.

Bond revenues for MSU would increase by up to \$12 million in fiscal 2003. MSU currently has an A1/A+ credit rating. Assuming a 5.5% interest rate, MSU debt service expenditures would increase by \$1 million annually beginning in fiscal 2003.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - March 7, 2002  
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