

Department of Legislative Services
 Maryland General Assembly
 2004 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 430 (Senator Conway, *et al.*)

Education, Health, and Environmental Affairs

Appropriations

Higher Education - Morgan State University - Coordination and Governance

This bill expands the procurement autonomy of Morgan State University (MSU) and grants MSU the authority to acquire property, borrow money, and sue or be sued. The bill also provides that the powers and duties of the Board of Regents of MSU may only be limited by specific reference to MSU. The bill repeals a provision of law that requires the Board of Regents to stay within the limits established in the annual State budget when creating new positions at MSU.

The bill takes effect July 1, 2004.

Fiscal Summary

State Effect: Higher education expenditures would increase by an estimated \$55,700 in FY 2005 to provide for an additional position at MSU to oversee additional contracts. Future year expenditures reflect annualization, regular salary increases, and inflation. Revenues would not be materially affected.

(in dollars)	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Revenues	\$0	\$0	\$0	\$0	\$0
Higher Ed Exp.	55,700	69,600	73,400	77,400	81,800
Net Effect	(\$55,700)	(\$69,600)	(\$73,400)	(\$77,400)	(\$81,800)

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

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Bill Summary: The bill generally exempts MSU from State law governing procurement, information technology, and telecommunications. However, the bill requires Board of Public Works' approval of contracts for services or capital improvements exceeding \$500,000. Subject to review and approval by the Board of Public Works and the General Assembly's Administrative, Executive, and Legislative Review Committee, the Board of Regents of MSU is required to establish procurement policies and procedures that promote the purposes of State procurement law. MSU is also required to purchase supplies and services, to the maximum extent practicable, from State Use Industries, Blind Industries and Services, and sheltered workshops. The Board of Regents of MSU is required to develop an information technology plan for MSU that is functionally compatible with the State information technology plan.

Current Law: MSU is subject to the majority of the State's procurement laws. The Department of General Services (DGS) must make a recommendation for MSU architectural and engineering services that cost more than \$100,000 and must make the procurement for MSU architectural and engineering services that cost less than \$100,000. For design projects that exceed \$100,000 in contract value and all improvement projects that exceed \$500,000 in contract value, MSU must submit periodic status reports to DGS. Additional procedures apply when a public improvement project is financed in whole or in part with State general funds or through the State's annual capital budget.

The positions authorized for MSU are limited to the number specified in the annual State budget.

Background: The bill aligns MSU autonomy and procurement laws with those of St. Mary's College of Maryland. St. Mary's and MSU are the only public four-year institutions of higher education in Maryland that are not members of the University System of Maryland. St. Mary's was granted many of the powers that this bill grants to MSU in 1992.

State Fiscal Effect: Higher education expenditures could increase by an estimated \$55,704 in fiscal 2005, which accounts for the bill's July 1, 2004 effective date and a 90-day start-up delay. The estimate reflects the cost of hiring one assistant general councilor to review additional procurement bids and contracts that would be processed by MSU. The estimate includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salary and Fringe Benefits	\$49,142
Operating Expenses	<u>6,562</u>
Total FY 2005 State Expenditures	\$55,704

Future year expenditures reflect: (1) a full salary with 4.6% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

Although the bill removes MSU from the Board of Public Works' traditional authority over procurements, board involvement with MSU procurement transactions would still be required in two ways. First, the board would be required to review and approve the procurement policies and procedures to be developed by MSU. Second, the board would continue to approve all contracts that exceed \$500,000 for services or capital improvements. The bill, therefore, is not expected to have a significant impact on MSU procurement expenditures.

The bill repeals an existing provision that requires the Board of Regents of MSU to comply with position limits that are set in the State budget. Although this could constrain the General Assembly's ability to restrict personnel growth at MSU, it would not preclude specific references to MSU in position limitations imposed in the annual State budget.

Additional Information

Prior Introductions: None.

Cross File: HB 1066 (Delegate McIntosh, *et al.*) – Appropriations.

Information Source(s): Morgan State University, Maryland Higher Education Commission, Department of Legislative Services

Fiscal Note History: First Reader - March 1, 2004
 mll/hlb Revised - Senate Third Reader - April 6, 2004
 Revised - Enrolled Bill - May 7, 2004

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