

Department of Legislative Services  
Maryland General Assembly  
2014 Session

**FISCAL AND POLICY NOTE**

Senate Bill 869 (Senator Benson)  
Budget and Taxation

---

**Public Institutions of Higher Education - Restrictions on Altering Building Names**

---

This bill prohibits the Board of Regents of the University System of Maryland (USM), the Board of Regents of Morgan State University (MSU), and the Board of Trustees of St. Mary's College of Maryland (SMCM) from changing the name of any campus building without approval from the Governor and the General Assembly. If a campus building is demolished in order to construct a new campus building and the new campus building will be used for the same purpose as the existing campus building, the name of the existing campus building must be transferred to the new campus building, unless a private donor financed at least 50% of the total cost of the new campus building.

---

**Fiscal Summary**

**State Effect:** Private donations to public four-year institutions for capital projects may decrease due to the high threshold set by the bill and donors being unwilling to go through the approval process under the bill.

**Local Effect:** None.

**Small Business Effect:** None.

---

**Analysis**

**Current Law/Background:**

*University System of Maryland Building Naming Policy*

According to policy, for constituent institutions of USM, the building naming authority and the authority and responsibility to remove a name lies with the Board of Regents of USM. The policy states that it wishes to encourage opportunities for significant

philanthropy to its member institutions through the naming of major facilities and academic programs, but any such naming must undergo a high level of consideration and due diligence to ensure that the name comports with the purpose and mission of USM and its institutions.

Requests made to the Board of Regents of USM to name a new facility or renovated existing facility must comply with the guidelines. The proposed gift should contribute significantly to the realization or completion of a facility or the enhancement of a facility's usefulness to the university.

All requests should demonstrate that the institution has maximized the potential of fundraising in association with facility naming. To receive best consideration, the board recommends the following: for institutions considered research-intensive institutions in the Carnegie classification (University of Maryland, Baltimore; University of Maryland, Baltimore County; and University of Maryland, College Park), the present value of the gift should be an amount equal to or greater than 15% of the cost to construct or substantially renovate the building proposed for naming; and for all other institutions, the present value of the gift should be an amount equal to or greater than 7.5% of the cost to construct or substantially renovate the building proposed for naming.

The naming of an existing building not targeted for substantial renovation is considered on a case-by-case basis. The underlying principle of such naming should be to honor a significant gift or history of significant giving to the institution.

Gifts made to fund the direct costs of construction or renovation are encouraged and receive more favorable consideration. Buildings should be approved for construction or renovation in the *Capital Improvement Plan*. If a naming opportunity is being considered for a set period of time (naming rights to an athletic field, for example), the cost of installing and removing the name should be a consideration, and plans accounting for those costs should be included in the request to the board.

The gift may be in cash or in the form of a legally binding pledge, provided however, that if in the form of a pledge, it should be paid in full within five years. A portion of the gift may be in the form of an irrevocable trust or bequest, provided that the donor is age 75 or older. If a bequest, there must be a legally binding pledge backing up the bequest. The board may consider exceptions to these gift provisions as listed in the item if a strong rationale is provided.

If an institution wishes to leverage donor funds to help move a building project forward in the capital projects queue, the gift must meet different criteria than those required for naming a building.

In those cases where facilities are named for nondonors, they should be named for scholars and other distinguished individuals who are both preeminent in their field of endeavor and/or have contributed meaningfully to USM or to any of its constituent institutions.

As naming authority lies with the board, so does the authority and responsibility to remove a name. In the case of a gift-related naming, the board reserves the right to remove names from facilities when the gift remains unpaid beyond the five-year limit. Should this occur, the regents may name an area of the facilities or seek another appropriate naming opportunity that would be proportionate to the value of the gift received. The naming of a facility follows the facility for its useful life unless otherwise determined by the board. Other situations may occur that would warrant the removal of a name from a facility.

### *Morgan State University*

It is the policy of MSU to name certain of its buildings, parts of buildings, roads, and plazas in honor of friends, benefactors, and persons who have made substantial contributions to MSU, to higher education, and/or to society in general.

The authority for naming MSU buildings, facilities, and grounds is vested in the Board of Regents of MSU. All decisions concerning the naming of MSU facilities are subject to the review and approval of the Board of Public Works. The Finance and Facilities Committee of the Board of Regents of MSU has responsibility for evaluating proposed names for buildings, facilities, and grounds. This policy neither constrains the authority of the board, nor supplants the responsibility of the board or its Finance and Facilities Committee.

The President of MSU has the responsibility for evaluating proposed names for parts of buildings and facilities and must apprise the Board of Regents of his or her action. For the purposes of this policy, examples of parts of buildings and facilities are conference rooms, laboratories, auditoriums, etc.

There is a University Advisory Committee on the Naming of University Buildings, Facilities, and Grounds to advise the President on the appropriateness of proposed names for buildings, facilities, and grounds at MSU. The University Facilities Naming Advisory Committee is composed of the following nine individuals:

- vice president for academic affairs;
- three faculty representatives;
- vice president for finance and management;

- vice president for institutional advancement;
- chair of the university council;
- one student representative; and
- one alumni representative.

When the President and the University Facilities Naming Advisory Committee determine that it is appropriate and feasible, constituencies of the campus community may be given an opportunity to react to a naming proposal.

In considering naming proposals for facilities, the University Facilities Naming Advisory Committee must adhere to the following guidelines: (1) academic facilities may be named on the basis of primary academic use, location, or for a person; (2) nonacademic facilities may be named on the basis of primary use, location, a person, or in the case of athletic facilities, in recognition of the primary sport conducted therein; and (3) facilities must only be named after persons whose lives, work, or activities exemplify values for which MSU stands.

The following criteria are suggested:

- staff, faculty, or alumni so recognized should be prestigious and have made major contributions of a scholarly, professional, and/or public service nature;
- MSU may name facilities after persons who have made distinguished achievements and/or have made significant contributions to society;
- facilities may be named for persons or organizations responsible for the donation of a “substantial gift” to MSU;
- the provision of a gift to MSU does not give the donor automatic eligibility to have facilities named after the donating entity; and
- buildings, facilities, and grounds are not named after *currently* serving State or university employees.

“Substantial gift” in this context is deliberately not defined by arbitrary standards or a specific dollar amount. Its interpretation is intended to be flexible so that each donation may be judged on its own merits and by giving consideration to contributions of personal services, monetary gifts, and in-kind gifts.

*St. Mary’s College of Maryland Building Naming Policy*

SMCM did not provide the Department of Legislative Services with its building naming policy, nor could it be found online.

**State Revenues:** Private donations to public four-year institutions for capital projects may decrease due to donors being unwilling to go through the approval process under the bill. USM advises that the dialogue with potential donors could be jeopardized under the bill due to the increased time it would take to approve a donation, thereby potentially jeopardizing donations. In addition, it is unlikely that a single donor would be willing and/or able to donate 50% of the cost of a new building, as in the fiscal 2015 capital improvement budget the total cost for new campus buildings for USM ranged between \$66.6 million and \$305.4 million.

---

### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - March 10, 2014  
ncs/rhh

---

Analysis by: Caroline L. Boice

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510