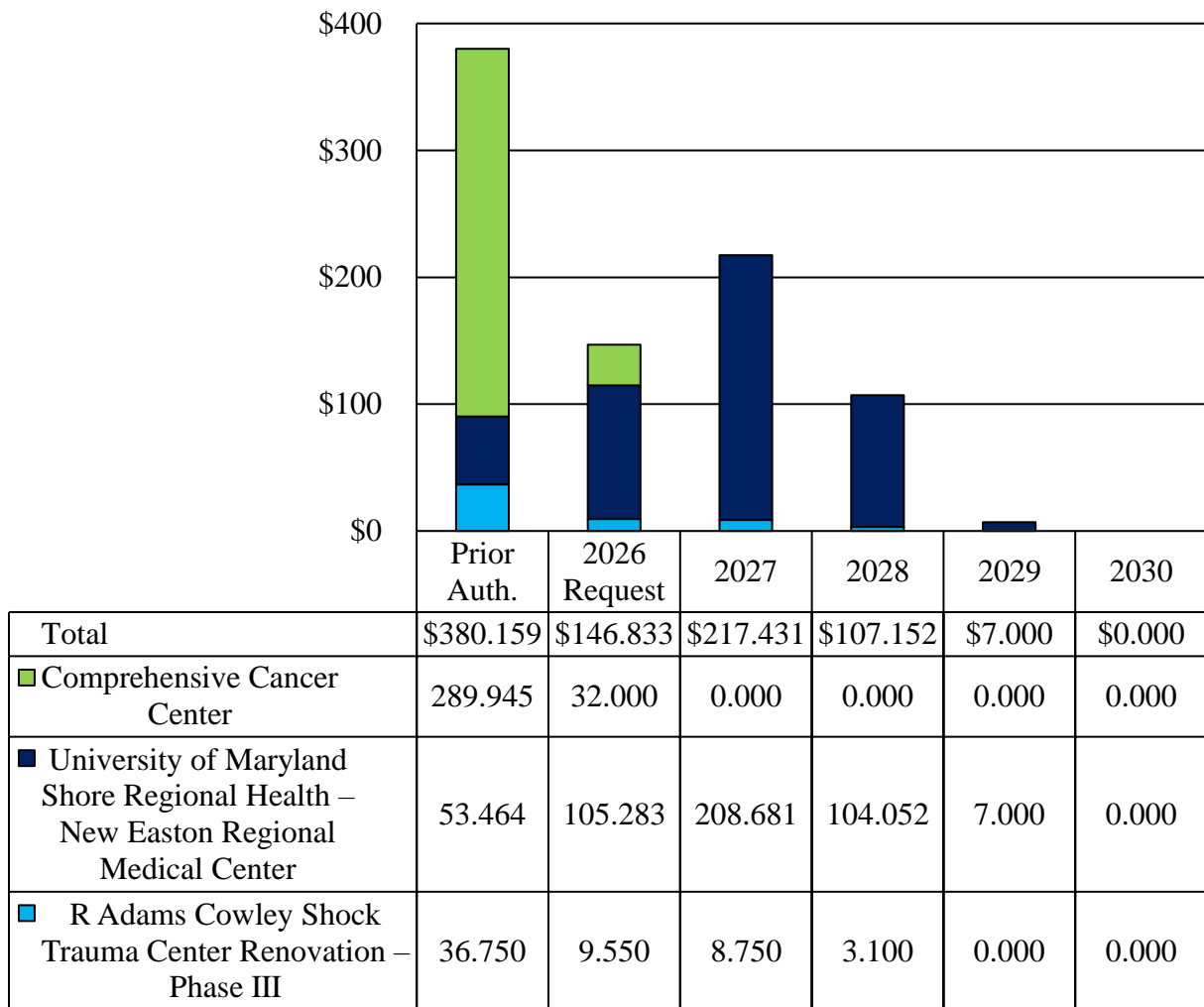


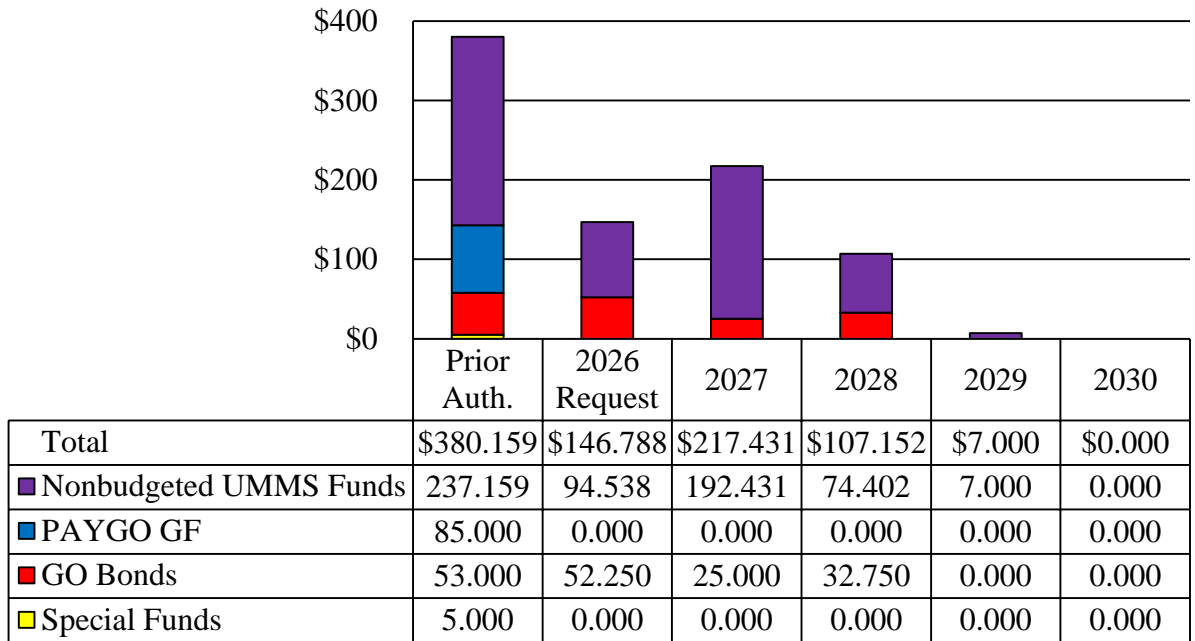
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***Capital Budget Summary***

**State-owned Capital Improvement Program**  
(\$ in Millions)



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GF: general fund  
GO: general obligation

PAYGO: pay-as-you-go  
UMMS: University of Maryland Medical System

## ***Key Observations***

- Fiscal 2026 Request Includes Final Year of Funding to Complete New Construction and Renovation of Comprehensive Cancer Center:*** The Greenebaum Comprehensive Cancer Center lacks sufficient bed capacity to meet the growing need for cancer care. This project began in fiscal 2019 and received funding through fiscal 2022. The fiscal 2026 allowance includes \$32 million of general obligation (GO) bond funds and \$5 million of special funds from bond premiums to replace \$25 million of general funds from the Dedicated Purpose Account (DPA) that are to be transferred to the General Fund through a provision in the Budget Reconciliation and Financing Act (BRFA) of 2025 (HB 352) and \$12 million of general funds appropriated for the project in fiscal 2022 that were inadvertently reverted to the General Fund at the close of fiscal 2024.
- University of Maryland Medical System (UMMS) Carries Unencumbered Balance of \$76.0 million Due to Challenges with Department of General Services (DGS) Grant Management System:*** In September 2024, UMMS indicated that DGS’s new grant portal system has prevented encumbering State funds that it is ready to draw down for its three capital projects. As of December 2024, UMMS was still awaiting resolution. UMMS indicated that as of February 27, 2025, DGS clarified the status of grant projects and the process to encumber funds.

## ***GO Bond Recommended Actions***

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1. Approve.

## ***Summary of Fiscal 2026 Funded State-owned Projects***

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### **Comprehensive Cancer Center**

**Project Summary:** This project constructs a nine-story addition to the existing north hospital tower and renovates existing space to expand capacity and centralize cancer care at the Marlene and Stewart Greenbaum Comprehensive Cancer Center. Phase I of the project creates additional space on 6 of the new floors and renovates additional floors to increase capacity from 52 to 62 cancer care beds. Phase II of the project will redevelop space currently dedicated to cancer treatment to build appropriate facilities to care for patients with complex clinical needs.

<b>New/Ongoing:</b> Ongoing								
<b>Start Date:</b> June 2019					<b>Est. Completion Date:</b> December 2026			
<b>Fund Sources:</b>								
(\$ in Millions)	Prior Auth.	2026	2027	2028	2029	2030	Beyond CIP	Total
<b>GO Bonds</b>	\$13.000	\$32.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$45.000
<b>GF</b>	75.000	0.000	0.000	0.000	0.000	0.000	0.000	75.000
<b>SF</b>	5.000	0.000	0.000	0.000	0.000	0.000	0.000	5.000
<b>UMMS Funds</b>	71.550	64.805	47.605	11.000	1.985	0.000	0.000	196.945
<b>Total</b>	<b>\$164.550</b>	<b>\$96.805</b>	<b>\$47.60</b>	<b>\$11.00</b>	<b>\$1.985</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$321.945</b>
<b>Fund Uses:</b>								
(\$ in Millions)	Prior Auth.	2026	2027	2028	2029	2030	Beyond CIP	Total
<b>Planning</b>	\$22.941	\$1.376	\$0.799	\$0.000	\$0.000	\$0.000	\$0.000	\$25.115
<b>Construction</b>	139.816	84.529	34.666	6.500	0.887	0.000	0.000	266.398
<b>Equipment</b>	1.794	10.900	12.140	4.500	1.097	0.000	0.000	30.432
<b>Total</b>	<b>\$164.551</b>	<b>\$96.805</b>	<b>\$47.605</b>	<b>\$11.000</b>	<b>\$1.984</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$321.945</b>

- **Need:** UMMS indicates that between calendar 2010 and 2021, the patient population at the Greenebaum Comprehensive Cancer Center tripled, resulting in lengthy wait times for outpatient services, reduced access to oncology beds, increased patient length of stay, and low patient satisfaction. Additional capacity would improve efficiency and allow the center to increase the number of patients served at one time.

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- Other Comments:** The fiscal 2026 allowance includes \$32 million of GO bond funds and \$5 million of special funds from bond premiums to replace \$25 million of general funds from the DPA that are to be transferred to the General Fund through a provision in the BRFA of 2025 (HB 352) and \$12 million of general funds appropriated for the project in fiscal 2022 that were inadvertently reverted to the General Fund at the close of fiscal 2024. The proposed special fund deficiency is budgeted in DGS (H00H0102).

**UM Shore Regional Health – New Easton Regional Medical Center**

**Project Summary:** This project constructs a new 326,300 net square foot, six-floor hospital facility in Easton, including 122 inpatient beds and 25 observation beds, an emergency department with 27 treatment rooms, 3 behavioral health rooms, and 7 operating rooms. The facility will replace the existing UM Shore Medical Center Easton and expand acute hospital services and access to rural mid-shore counties (Caroline, Dorchester, Kent, Queen Anne’s, and Talbot counties).

<b>New/Ongoing: Ongoing</b>								
<b>Start Date:</b> January 2022					<b>Est. Completion Date:</b> June 2028			
<b>Fund Sources:</b>								
(\$ in Millions)	Prior Auth.	2026	2027	2028	2029	2030	Beyond CIP	Total
<b>GO Bonds</b>	\$20.000	\$20.000	\$20.000	\$30.000	\$0.000	\$0.000	\$0.000	\$90.000
<b>GF</b>	10.000	0.000	0.000	0.000	0.000	0.000	0.000	10.000
<b>UMMS Funds</b>	23.464	85.283	188.681	74.052	7.000	0.000	0.000	378.480
<b>Total</b>	<b>\$53.464</b>	<b>\$105.283</b>	<b>\$208.681</b>	<b>\$104.052</b>	<b>\$7.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$478.480</b>
<b>Fund Uses:</b>								
(\$ in Millions)	Prior Auth.	2026	2027	2028	2029	2030	Beyond CIP	Total
<b>Acquisition</b>	\$2.456	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$2.456
<b>Planning</b>	22.008	3.500	1.000	0.705	0.000	0.000	0.000	27.213
<b>Construction</b>	29.000	101.783	172.681	54.347	4.939	0.000	0.000	362.750
<b>Equipment</b>	0.000	0.000	35.000	49.000	2.061	0.000	0.000	86.061
<b>Total</b>	<b>\$53.464</b>	<b>\$105.283</b>	<b>\$208.681</b>	<b>\$104.052</b>	<b>\$7.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$478.480</b>

- Need:** Units of the hospital facility at the current UM Shore Medical Center Easton are more than 100 years old and have become obsolete, with mechanical, electrical, and plumbing infrastructure that needs to be upgraded. The new facility will improve service delivery by relocating to a more accessible location to serve more than 170,000 Maryland

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residents of mid-shore counties, rather than the current downtown area that is not as easily accessible and does not allow for facility expansion. Additionally, the existing hospital facility lacks necessary space, such as elevator capacity to move medical equipment and a helipad large enough for Department of State Police transports. UMMS reported that a new regional medical center in Easton is also a central component of the UM Shore Regional Health’s integrated facility and clinical service delivery plan.

- ***Project Status and Schedule:*** Construction was originally slated to begin in March 2024 but was delayed slightly to begin in July 2024. Building construction will begin in June 2025. The fiscal 2026 request includes 28% (\$101.8 million) of total construction costs. The design completion date was extended from January to May 2024 due to a change in scope to make the energy source of the new facility electricity only and include a geothermal well field. The construction start date was deferred due to the time required to complete the regulatory approval process before construction could commence. The total cost of the project is \$478.5 million with the State’s total programed commitment at \$100 million, or roughly 21%. The non-State component includes just under \$300 million of bond proceeds from UMMS debt issuance, \$29.7 million from UMMS operations, and \$50 million of philanthropy.
- ***Other Notes:*** UMMS continues to express concern related to healthcare workforce shortages, especially in rural areas. To mitigate this challenge, UMMS partners with higher education institutions to provide programs to increase the pipeline of clinicians and other facility staff with rural residency, tuition reimbursement, and scholarships to recruit and retain employees. UMMS also indicates that the upgraded facility will help attract and retain new providers and team members.

### **Shock Trauma Center Renovation – Phase III**

***Project Summary:*** This project renovates and updates several components of the R Adams Cowley Shock Trauma Center. Upgrades include new facilities for the Acute Care Transfusion Service; relocation of the Human Leukocyte Antigen (HLA) and Flow Lab; colocation and expansion of the Trauma Resuscitation Unit (TRU), the Critical Care Resuscitation Unit (CCRU), and Trauma Radiology; renovation of the Trauma Acute Care unit; and upgrades to the Hyperbaric Medicine Chamber and related equipment. The total project renovates 63,200 square feet.

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<b>New/Ongoing: New</b>								
<b>Start Date:</b> June 2019					<b>Est. Completion Date:</b> November 2027			
<b>Fund Sources:</b>								
<b>(\$ in Millions)</b>	<b>Prior Auth.</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>Beyond CIP</b>	<b>Total</b>
<b>GO Bonds</b>	\$20.000	\$0.250	\$5.000	\$2.750	\$0.000	\$0.000	\$0.000	\$28.000
<b>UMMS Funds</b>	16.750	9.300	3.750	0.350	0.000	0.000	0.000	30.150
<b>Total</b>	<b>\$36.750</b>	<b>\$9.550</b>	<b>\$8.750</b>	<b>\$3.100</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$58.150</b>
<b>Fund Uses:</b>								
<b>(\$ in Millions)</b>	<b>Prior Auth.</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>Beyond CIP</b>	<b>Total</b>
<b>Planning</b>	4.400	0.300	0.000	0.000	0.000	0.000	0.000	4.700
<b>Construction</b>	28.600	8.000	5.000	3.100	0.000	0.000	0.000	44.700
<b>Equipment</b>	3.750	1.250	3.750	0.000	0.000	0.000	0.000	8.750
<b>Total</b>	<b>\$36.750</b>	<b>\$9.550</b>	<b>\$8.750</b>	<b>\$3.100</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$58.150</b>

- Need:** The current Acute Care Transfusion Service is located two city blocks from the TRU, where patients receiving blood transfusions are treated. Relocation of new blood bank facilities closer to TRU will increase efficiency and reduce safety risks that come with transporting blood. TRU is a 13-bed unit that receives all trauma patients before being directed to other areas of the hospital. TRU has not been updated since 1987, and three of the bays cannot support critical patients. Colocating TRU and CCRU into one coordinated unit will also increase efficiency in processing trauma patients. Expanding TRU will require HLA and Flow laboratories relocation, as they currently sit next to TRU. The Trauma Acute Care unit is a 10-bed unit of stable patients under observation and does not currently meet the capacity needs of the trauma facility. The unit will be relocated to a space on the fourth floor that will be renovated with 16 private rooms. The Hyperbaric Medicine Chamber was built in 1991 and requires upgrades to the chamber and equipment.
- Project Status and Schedule:** Project design began in June 2019 and construction began September 2021. The State is contributing 48% of the total project costs. The fiscal 2026 request consists mostly of construction costs (\$8 million). In fiscal 2026, 98% of the costs are from UMMS, while 2% (\$250,000) are in GO Bonds.
- Concerns:** UMMS has indicated that costs to operate TRU will increase but, as of September 2024, did not have an accurate estimate as it continued to analyze expenditures since operations returned to somewhat normal following the COVID-19 pandemic. **UMMS should provide an estimate of the cost increase associated with the TRU upgrades.**

## Issues

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### 1. Challenges with Grant Management System Led to Large Unencumbered Balance

As of August 2024, UMMS carried an unencumbered balance of \$76.0 million in State GO bonds for its capital projects, as shown in **Exhibit 1**. In a meeting with the Department of Budget and Management and the Department of Legislative Services on September 24, 2024, UMMS reported that it planned to encumber \$66.5 million by October 31, 2024. UMMS indicates that it plans to encumber the remaining \$9.5 million for Phase III of the Shock Trauma project in calendar 2025 for the TRU construction contract.

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**Exhibit 1**  
**University of Maryland Medical System Unencumbered Balance of State Funding**  
**As of August 2024**

<u>Authorization</u>	<u>Project</u>	<u>Unencumbered Balance</u>
2020 (FY 2021)	Comprehensive Cancer and Organ Transplant Treatment Center	\$7,500,000
2020 (FY 2021)	R Adams Cowley Shock Trauma Center Renovation – Phase III	3,000,000
2021 (FY 2021)	R Adams Cowley Shock Trauma Center Renovation – Phase III	2,500,000
2022 (FY 2023)	Comprehensive Cancer and Organ Transplant Treatment Center	12,000,000
2022 (FY 2023)	R Adams Cowley Shock Trauma Center Renovation – Phase III	1,000,000
2022 (FY 2023)	Capital Region Medical Center – Oncology Center	13,500,000
2023 (FY 2024)	Capital Region Medical Center – Oncology Center	27,000,000
2023 (FY 2024)	R Adams Cowley Shock Trauma Center Renovation – Phase III	9,500,000
<b>Total</b>		<b>\$76,000,000</b>

Note: This list does not include unencumbered fiscal 2024 or 2025 pay-as-you-go funds, or fiscal 2025 general obligation bonds. At the close of fiscal 2024, \$12 million appropriated in fiscal 2023 for the Comprehensive Cancer and Organ Transplant Treatment Center were inadvertently reverted and are being replaced with a fiscal 2025 deficiency in the fiscal 2026 capital budget.

Source: Department of Budget and Management

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As of December 10, 2024, UMMS had not encumbered these or any unencumbered funds due to complications with the DGS new grant management portal. According to UMMS, during the launch of the new system, agencies were unable to encumber funds, and when the system went live in October 2024, it did not show record of the UMMS unencumbered fund balance from the State. UMMS indicated in December 2024 that while it was prepared to encumber and draw down funding for its projects, it was awaiting DGS instruction and assistance. UMMS reported that in effort to resolve the issue, it had submitted multiple inquiries into the grant system per DGS instruction but had not received additional assistance or follow up from DGS. During the final review of this analysis, UMMS indicated that as of February 27, 2025, DGS had clarified the status of all grant projects and confirmed the submission process for all supporting documentation required to encumber these funds, and UMMS will promptly move forward to encumber these funds.

**UMMS should provide an update on its progress to encumber the funds.**