
Capital Budget Fiscal Briefing

**Department of Legislative Services
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Annapolis, Maryland**

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Analysis of the FY 2011 Maryland Executive Budget, 2010

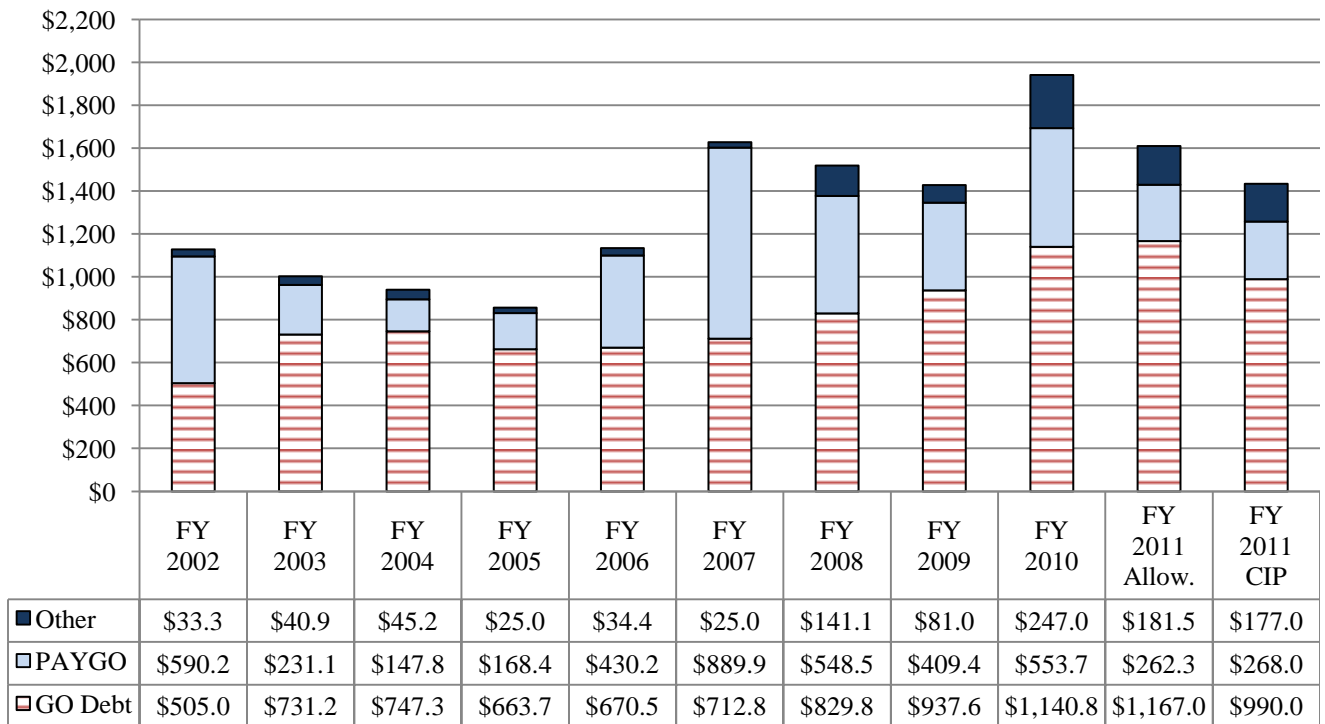
Capital Budget Fiscal Briefing

Capital Program

Capital Program Funding Levels

The fiscal 2011 capital program totals \$1.61 billion, all funds included. Overall, this is down from the \$1.94 billion fiscal 2010 capital program which reflects primarily the elimination of one-time federal funds provided through the American Recovery and Reinvestment Act of 2009 (ARRA). Proposed funding exceeds the \$1.43 billion estimated for fiscal 2011 in the 2009 session *Capital Improvement Program* (CIP) due to an additional \$177 million of general obligation (GO) bonds over what was programmed. **Exhibit 1** shows the distribution of capital funding.

Exhibit 1
Capital Funding by Major Source
Fiscal 2002-2011
(\$ in Millions)



CIP: Capital Improvement Program

GO: general obligation

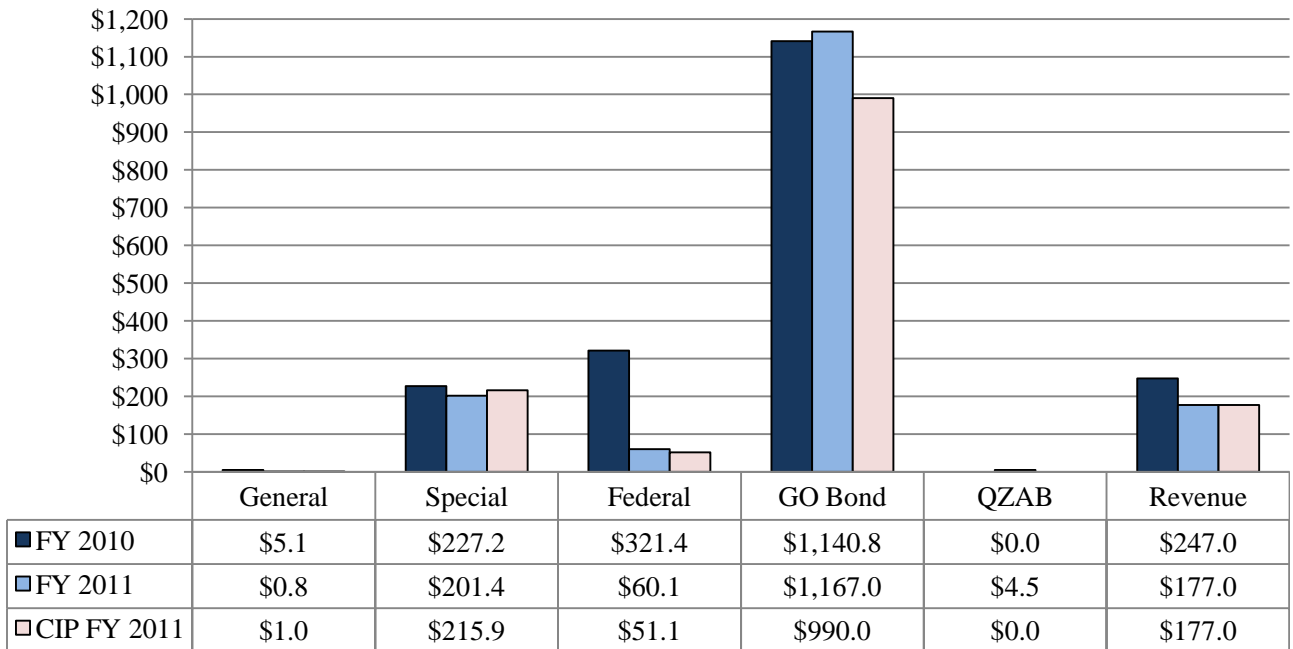
PAYGO: pay-as-you-go

Source: Department of Budget and Management

Fiscal 2011 Proposed Capital Program

The Capital Debt Affordability Committee (CDAC) recommended a GO bond debt limit of \$1.14 billion. The Spending Affordability Committee concurred with the recommended level of new debt authorizations, which is \$150.0 million more than what was programmed for fiscal 2011 in the 2009 session’s CIP. Additional debt authorizations include \$27.0 million of Academic Revenue Bonds (ARB) for University System of Maryland projects, \$150.0 million in revenue bonds to be issued by the Maryland Department of the Environment (MDE) to fund upgrades to wastewater treatment plants, and \$4.5 million of Qualified Zone Academy Bonds (QZAB) to supplement the Aging Schools Program. The pay-as-you-go (PAYGO) component of the capital program totals \$262.3 million. **Exhibit 2** provides the fiscal 2011 capital program estimates compared to the fiscal 2010 program and CIP estimate for fiscal 2011 by major funding source. **Exhibit 3** illustrates the fiscal 2011 proposed capital program compared to the fiscal 2010 program and CIP estimate for fiscal 2011 by major funding category

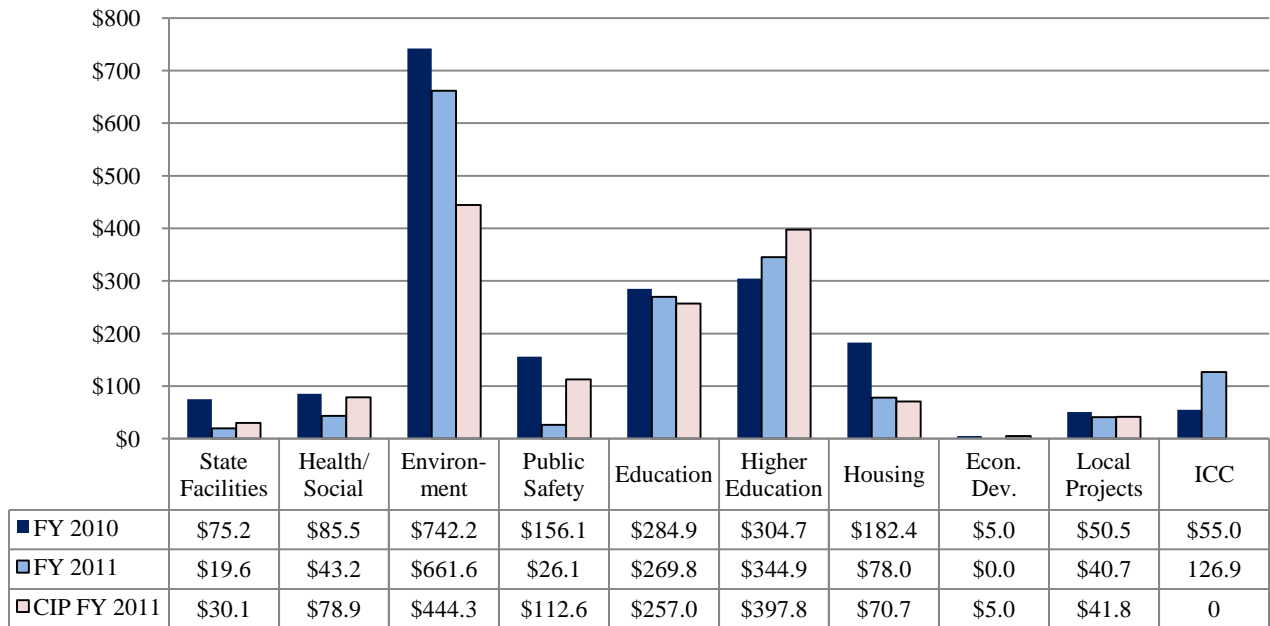
Exhibit 2
Fiscal 2011 Capital Program Compared to Fiscal 2010 Program and CIP Estimate for Fiscal 2011 by Major Funding Source
 (\$ in Millions)



CIP: *Capital Improvement Program*
 GO: general obligation
 QZAB: Qualified Zone Academy Bonds

Source: Department of Budget and Management

Exhibit 3
Fiscal 2011 Proposed Capital Program Compared to Fiscal 2010 Program and CIP Estimate for Fiscal 2011 by Major Funding Category
 (\$ in Millions)



CIP: Capital Improvement Program
 ICC: InterCounty Connector

Source: Department of Budget and Management

Funding for environmental programs comprises the largest portion of the budget – all funds included. Fiscal 2010 funding for environmental programs included \$141 million to replace fund transfers from Program Open Space fund balances to the general fund. Fiscal 2011 funding for environmental programs is also increased to replace \$170 million of fund balance transfers to the general fund from various special funds administered by MDE, the Department of Natural Resources (DNR), and the Department of Agriculture (MDA). Funding for higher education projects and the Public School Construction Program are the next highest funded categories, as is typically the case.

Exhibit 4 shows the top funded capital projects and programs for fiscal 2011 by major fund source. **Exhibit 5** summarizes the capital programs by function. **Exhibit 6** describes programs that provide operating budget relief. **Appendix 1** provides a list of the projects included in the proposed fiscal 2011 capital budget.

Exhibit 4
Top Funded Capital Programs and Projects – All Funds
(\$ in Millions)

<u>Agency</u>	<u>Project Title</u>	<u>GO Bond</u>	<u>Revenue</u>	<u>General</u>	<u>Special</u>	<u>Federal</u>	<u>Total Funds</u>
Environment	Enhanced Nutrient Removal	\$125.0	\$150.0	\$0.0	\$0.0	\$0.0	\$275.0
Public Works	Public School Construction Program	196.7	0.0	0.0	53.3	0.0	250.0
Transportation	InterCounty Connector	126.9	0.0	0.0	0.0	0.0	126.9
Environment	Maryland Water Quality Revolving Loan Fund	3.3	0.0	0.0	90.2	16.5	110.0
Natural Resources	Program Open Space	70.2	0.0	0.0	1.5	11.1	82.8
MD Higher Education Comm.	Community College Facilities Grant Program	78.7	0.0	0.0	0.0	0.0	78.7
Univ. of MD College Park	Physical Sciences Complex	41.1	0.0	0.0	0.0	0.0	41.1
Towson Univ.	Towson University: New College of Liberal Arts Complex Phase II	28.7	10.0	0.0	0.0	0.0	38.7
Univ. of MD Baltimore County	New Performing Arts and Humanities Facility	37.4	0.0	0.0	0.0	0.0	37.4
University of Baltimore	New Law School Building	37.3	0.0	0.0	0.0	0.0	37.3
Agriculture	Maryland Agricultural Land Preservation Program	21.8	0.0	0.0	12.1	2.0	35.9
Environment	Biological Nutrient Removal Program	33.3	0.0	0.0	0.0	0.0	33.3
Bowie State University	Bowie State University: New Fine and Performing Arts Building	32.1	0.0	0.0	0.0	0.0	32.1
Morgan State University	Morgan State University: New Center for the Built Environment	30.4	0.0	0.0	0.0	0.0	30.4

<u>Agency</u>	<u>Project Title</u>	<u>GO Bond</u>	<u>Revenue</u>	<u>General</u>	<u>Special</u>	<u>Federal</u>	<u>Total Funds</u>
Natural Resources	Rural Legacy Program	28.3	0.0	0.0	0.0	0.0	28.3
Housing	Rental Housing Programs	0.0	0.0	0.0	21.5	5.2	26.7
Public Safety	New Youth Detention Facility	17.5	0.0	0.0	0.0	0.0	17.5
University System of MD	Facility Renewal	0.0	17.0	0.0	0.0	0.0	17.0
Environment	Maryland Drinking Water Revolving Loan Fund	2.2	0.0	0.0	6.1	8.2	16.5
Natural Resources	Waterway Improvement Fund	10.2	0.0	0.0	1.1	0.5	11.8
Local	Local House/Senate Initiatives	15.0	0.0	0.0	0.0	0.0	15.0
Information Technology	Public Safety Communication System	14.2	0.0	0.0	0.0	0.0	14.2
Agriculture	Maryland Agricultural Cost Share Program	12.5	0.0	0.0	0.0	0.0	12.5
Housing	Special Loan Programs	9.5	0.0	0.0	0.0	2.7	12.2
Natural Resources	Natural Resources Development Fund	10.1	0.0	0.0	0.0	0.0	10.1
Housing	Community Development Block Grant Program	0.0	0.0	0.0	0.0	10.0	10.0
Univ. of MD Medical System	Trauma, Critical Care, and Emergency Medicine Services Expansion	10.0	0.0	0.0	0.0	0.0	10.0

Source: Department of Budget and Management

**Exhibit 5
Capital Program Summary for the 2011 Session**

<u>Function</u>	<u>Bonds</u>		<u>Current Funds (PAYGO)</u>			<u>Total</u>
	<u>General Obligation</u>	<u>Revenue</u>	<u>General</u>	<u>Special</u>	<u>Federal</u>	
State Facilities						\$19.6
Facilities Renewal	\$3.8	\$0.0	\$0.0	\$0.0	\$0.0	
State Facilities Other	15.8	0.0	0.0	0.0	0.0	
Health/Social						43.2
Health Other	21.6	0.0	0.0	0.0	0.0	
Health State Facilities	4.7	0.0	0.0	0.0	0.0	
Private Hospitals	17.0	0.0	0.0	0.0	0.0	
Environment						661.6
Agriculture	36.3	0.0	0.0	14.3	2.0	
Energy	0.0	0.0	0.0	3.3	4.0	
Environment	171.3	150.0	0.8	105.3	24.7	
Natural Resources	134.5	0.0	0.0	3.6	11.6	
Public Safety						26.1
Local Jails	5.5	0.0	0.0	0.0	0.0	
State Corrections	18.1	0.0	0.0	0.0	0.0	
State Police	2.5	0.0	0.0	0.0	0.0	
Education						269.8
Education Other	9.1	0.0	0.0	0.0	0.0	
School Construction	207.4	0.0	0.0	53.3	0.0	
Higher Education						344.9
Community Colleges	81.2	0.0	0.0	0.0	0.0	
Morgan State University	34.0	0.0	0.0	0.0	0.0	
Private Colleges/Universities	4.0	0.0	0.0	0.0	0.0	
University System of MD	198.7	27.0	0.0	0.0	0.0	
Housing/Community Development						78.0
Housing	38.3	0.0	0.0	21.5	7.9	
Housing Other	0.2	0.0	0.0	0.1	10.0	
Local Projects						40.8
Local Project Administration	25.8	0.0	0.0	0.0	0.0	
Local Project Legislative	15.0	0.0	0.0	0.0	0.0	
Transportation						126.9
Highways	126.9	0.0	0.0	0.0	0.0	
De-authorizations						-27.0
De-authorizations	-27.0	0.0	0.0	0.0	0.0	
Total Fiscal 2011	\$1,144.5	\$177.0	\$0.8	\$201.4	\$60.1	\$1,583.9
Fiscal 2010 Deficiencies	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Transportation	\$0.0	\$205.0	\$0.0	\$484.4	\$826.2	\$1,515.6
Grand Total Fiscal 2011	\$1,144.5	\$382.0	\$0.8	\$685.8	\$886.3	\$3,099.5

Source: Department of Budget and Management

Exhibit 6
Operating Budget Relief

	<u>(\$ in Millions)</u>
● InterCounty Connector Funding: Statutory change made in the Budget Reconciliation and Financing Act (BRFA) of 2009 would require remaining \$156.9 million in fiscal 2011. The 2010 BRFA proposes a statutory change to fund \$126.9 million in fiscal 2011 with the remaining \$30.0 million in fiscal 2012.	\$126.9
● Fund Balance Replacement: Budget includes the transfer of \$330.1 million of available fund balance from multiple capital program accounts with a multi-year general obligation (GO) bond replacement plan that would provide \$176.6 million in fiscal 2011, \$116.6 million in fiscal 2012, and \$33.8 million in fiscal 2013.	176.9
● Special Fund Revenue Replacement: Budget includes the transfer of \$113.7 million of estimated fiscal 2011 revenues from multiple capital program accounts to be fully replaced with GO bond funds in fiscal 2011.	113.7
● Use of GO Bond Funds to Fund Capital Programs Traditionally Funded with General Funds: This includes \$14.2 million for the Public Safety Communication System; \$15.9 million for the Department of Housing and Community Development revolving loan program; \$5.5 million for the Department of the Environment water quality and drinking water loan programs; \$6.1 million to bond fund the Aging Schools Program; and \$2.0 million to replace cigarette restitution special funds for Tri-County Council of Southern Maryland programs.	43.7
Total	\$461.1

Source: 2010 *Capital Improvement Program*, Department of Budget and Management

Fund Transfers

The use of fund transfers, including fund balance and estimated fiscal 2011 fund revenues, from various capital program special fund accounts is a major component of the Administration's fiscal 2011 budget. In total, the budget includes transfers amounting to \$443.8 million comprised of \$330.1 million of fund balance and another \$113.7 million of fiscal 2011 revenues that would otherwise be spent as special funds in the fiscal 2011 budget. While the budget plan proposes replacing all of the fiscal 2011 transferred revenues with GO bonds in fiscal 2011, the planned replacement of fund balance transfers is spread out over three fiscal years with \$176.9 million replaced in fiscal 2011, \$116.6 million in fiscal 2012, and \$33.8 million in fiscal 2013. **Exhibit 7** illustrates the proposed fund transfers and multi-year general obligation bond replacement plan.

Exhibit 7
Proposed Fund Transfers and Multi-year General Obligation Bond Replacement Plan
(\$ in Millions)

<u>Program</u>	<u>Transfers</u>			<u>Fund Replacement</u>				<u>Total Amount of Fund Transfers to Be Replaced in the CIP</u>
	<u>Prior Special Fund Balance</u>	<u>FY 2011 Special Funds</u>	<u>Total Transfers</u>	<u>FY 2011 Special Funds – Replaced in FY 2011</u>	<u>Prior Funds – Replaced in FY 2011</u>	<u>Prior Funds – Replaced in FY 2012</u>	<u>Prior Funds – Replaced in FY 2013</u>	
Waterway Improvement Program	\$12.5	\$3.9	\$16.4	\$3.9	\$6.3	\$6.3	\$0.0	\$16.4
Program Open Space (POS) – Stateside	4.6	13.1	17.6	13.1	3.0	1.6	0.0	17.6
POS – Local	103.1	12.4	115.5	12.4	41.8	29.0	32.3	115.5
Rural Legacy	10.6	12.6	23.3	12.6	10.6	0.0	0.0	23.3
Ocean City Beach Replenishment – POS	2.1	1.0	3.1	1.0	2.1	0.0	0.0	3.1
Ocean City Beach Replenishment – Local	3.4	0.0	3.4	0.0	3.4	0.0	0.0	3.4
Natural Resources Development Fund	17.7	0.0	17.7	0.0	10.1	3.8	1.4	15.3
Critical Maintenance Program	3.2	3.2	6.3	3.2	3.2	0.0	0.0	6.3
Dam Rehabilitation Program	0.7	0.0	0.7	0.0	0.2	0.5	0.0	0.7
House Assessment Program	0.9	0.0	0.9	0.0	0.3	0.4	0.1	0.7
Hurricane Isabel Funds	0.2	0.0	0.2	0.0	0.0	0.0	0.0	0.0
Neighborhood Business Development	3.6	3.2	6.8	3.2	3.6	0.0	0.0	6.8
Community Legacy Program	0.4	0.0	0.4	0.0	0.4	0.0	0.0	0.4
Homeownership Programs	0.0	3.0	3.0	3.0	0.0	0.0	0.0	3.0
Special Loan Programs	2.1	2.5	4.6	2.5	2.1	0.0	0.0	4.6
Tobacco Transition Program	0.0	2.0	2.0	2.0	0.0	0.0	0.0	2.0
Agricultural Land Preservation Program	10.0	11.8	21.8	11.8	10.0	0.0	0.0	21.8
Bay Restoration Fund	155.0	45.0	200.0	45.0	80.0	75.0	0.0	200.0
Total	\$330.1	\$113.7	\$443.7	\$113.7	\$176.9	\$116.6	\$33.7	\$440.9

Source: Department of Budget and Management

Split Funding and Pre-authorization Allow Projects to Be Bid and Jobs Created

The budget provides \$149.4 million for project/programs pre-authorized in the 2009 session for fiscal 2011. The amount originally pre-authorized for the 2010 session was \$172.1 million. However, the Governor's capital budget bill includes adjustments to the projects pre-authorized to reflect some reprioritization of projects and to account for adjustment to the amount of funds needed. In several instances, the amount of funds needed was adjusted downward to reflect lower project cost estimates based on favorable construction contract bids received from contractors. In addition, several pre-authorizations have been amended to allow the funds to be used to fund capital equipment within the amount pre-authorized. This eliminates the need to authorize additional funding for equipment, reflects further cost savings, and covers total project costs based on favorable construction contract bids.

Expanded Use of Split Funding and Pre-authorization Proposed

The budget as introduced includes pre-authorizations in the aggregate amount of \$197.0 million for the 2011 session budget. In most instances, the pre-authorization is accompanied by a proposed fiscal 2011 authorization to allow for the projects to be bid during the fiscal year without having to dedicate the entire amount of estimated construction funds needed to complete the project. This allows authorizations dedicated to other capital priorities while also allowing the projects pre-authorized to proceed to construction which expands the number of State-funded projects that contractors can bid on during the fiscal year. Excluding the pre-authorizations of community college projects, which effectively allow more projects to be funded within the total amount authorized under the grant program but does not expand the program beyond proposed CIP funding levels, the proposed split-funded and pre-authorized projects include \$135.8 million of funding for fiscal 2011, a commitment of \$163.4 million for fiscal 2012, and another \$40.2 million for fiscal 2013. While the split funding and pre-authorization of projects has become somewhat a customary practice in recent years, this is the first instance where split funding and pre-authorization is proposed over a three fiscal year period.

Appendix 2 provides a summary of all Back of the Bill provisions proposed in the 2011 capital budget bill including a summary of all proposed pre-authorizations.

Reduced Authorization Levels – Impact on CIP

The long-range plan embodied in the 2010 session CIP reflects a reduction in the amount of planned new GO bond authorizations in the five-year program. After adjusting for the additional \$150 million of new GO authorizations allowed for in the 2010 session to address job creation and economic stimulus, the level of new GO bond authorizations is reduced by \$545 million in aggregate over the remaining four years of the capital program compared to what CDAC forecasted in its September 2008 report. This reduced level of planned funding is intended to keep the State within the debt affordability limit which limits debt service to no more than 8% of revenues.

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Despite lower planned levels, the revised limits are still \$1.65 billion higher than what the CDAC long-range forecast included in the committee's September 2000 report. Moreover, should the State's economy show signs of improvement in the form of higher State revenues, the amount of debt planned for in the out-years could be adjusted upward to meet demand for capital infrastructure funding. **Exhibit 8** provides the proposed general obligation bond authorizations.

Exhibit 8
Proposed General Obligation Bond Authorizations

<u>Session</u>	<u>2000 CDAC Proposed GO Bond Authorizations</u>	<u>2008 CDAC Proposed GO Bond Authorizations</u>	<u>2010 Session CIP Proposed GO Bond Authorizations</u>	<u>Variance 2008 CDAC to 2010 CIP</u>	<u>Variance 2000 CDAC to 2010 CIP</u>
2010	\$610	\$990	\$1,140	\$150	\$530
2011	625	1,020	938	-82	313
2012	640	1,050	920	-130	280
2013	655	1,080	924	-156	269
2014	670	1,110	932	-178	262
Totals	\$3,200	\$5,250	\$4,854	-\$396	\$1,654

CDAC: Capital Debt Affordability Committee
CIP: *Capital Improvement Program*
GO: general obligation

Source: Department of Budget and Management

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- **2001 Session:** In 2001, the debt authorization limit was increased an additional \$30 million annually. CDAC did not reduce the amount the following year, which results in permanently increasing all authorizations by \$30 million.
 - **2002 and 2003 Sessions:** In the 2001 session, over \$600 million in general funds were appropriated to support PAYGO capital projects. At the time, the Administration assumed that the general funds would be sufficient to provide significant levels of appropriations for the capital program. When the economy slowed, the general funds were no longer available for the capital program. Instead of withdrawing planned support for projects, CDAC provided \$200 million in additional bond authorizations in the 2002 and 2003 sessions. The planned authorizations were assumed to decrease by a corresponding amount in the 2004 session.
 - **2002 Session:** Chapter 103 of 2002 authorized \$30 million (\$5 million annually from fiscal 2004 to 2009) to finance tobacco buyout for farmers. Current CDAC projections do not reduce authorizations after the program is done. Instead, the increased authorizations may be used to support other capital projects.

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- **2004 Session:** In the 2004 session, CDAC provided an additional \$100 million annually for five years. At the time, it was noted that former PAYGO projects had migrated into the GO program and that either additional GO bonds would need to be authorized or capital projects would need to be reduced or deleted.
- **2006 Session:** The 2006 session brought a subtle change in methodology. Prior to 2006, the annual increase was \$15 million per year. This was about 3% when the policy was adopted. As the authorizations increased, \$15 million shrank below 3%. To ensure at least a 3% increase each year, the policy was changed from a flat \$15 million to a 3% increase. CDAC also ended the authorization drop-off proposed in the 2009 session. The justification for these changes was high demand for capital projects.
- **2007 Session:** In response to continued high capital demand, the committee proposed a permanent \$100 million increase in the base for the 2007 session. Since the annual increase is 3% (instead of the flat \$15 million prior to 2006), this also results in higher annual increases.
- **2008 Session:** In response to continued high capital demand, the committee proposed a permanent \$100 million increase in the base for the 2008 session.
- **2009 Session:** In order to continue to accommodate the use of GO bond funds in lieu of PAYGO funds and to allow for the bond program to fund what would otherwise require funding in the operating budget, an additional \$150 million was authorized on a one-time basis.
- **2010 Session:** GO bond authorization levels were set to return to the levels originally recommended for the 2010 session by eliminating the one-time \$150 million of additional authorizations provided in the 2009. However, the need to continue to accommodate some operating budget relief in the capital budget and to provide for economic stimulus an additional \$150 million has been authorized for the 2010 session.

Impact of Lower GO Bond Authorization Levels and Fund Transfer Replacement on CIP

Anticipated funding levels have changed dramatically from what was programmed in the 2009 session CIP. Much of the CIP adjustments reflect the lower levels of planned GO authorizations which are reduced by \$218 million over the four-year period, covering both the 2009 and 2010 CIPs, and by a total of \$396 million, covering the 2010 through 2014 session. In addition, the 2010 CIP adjusts for the impact of replacing \$440 million of combined fund balance and special fund revenue transfers. The total combined impact of the lower planned authorization levels and fund balance transfer replacement is approximately \$836 million less GO bonds available to fund new projects and support grant and loan programs. The proposed use of \$53 million of bond premiums mitigates this to some small extent.

Exhibit 9 compares proposed GO bond funding levels for various State agency capital programs and projects, as reflected in the 2009 and 2010 *Capital Improvement Program* for the four fiscal years in which the plans overlap – fiscal 2011 through 2014.

Exhibit 9
General Obligation Bond Capital Program Comparison
2009 vs. 2010 Capital Improvement Program Differences
(\$ in Millions)

<u>Department/Program</u>	<u>2009 CIP</u>	<u>2010 CIP</u>	<u>FY 2011-2014 Variance</u>
Environment	\$160.0	\$365.9	\$205.9
Natural Resources	40.0	234.0	194.0
InterCounty Connector	0.0	156.9	156.9
Agriculture	30.0	60.3	30.3
Baltimore City Community College	46.0	50.6	4.7
State Department of Education	21.6	25.0	3.5
Housing and Community Development	108.3	111.0	2.7
Maryland School for the Deaf	2.0	3.0	1.0
Disabilities	6.4	6.4	0.0
University of Maryland Medical System	38.5	38.5	0.0
Canal Place	2.0	0.9	-1.2
Maryland Higher Education Commission	320.0	318.7	-1.3
Miscellaneous	221.6	220.1	-1.5
Aging	8.0	6.5	-1.5
Military	6.7	4.0	-2.8
Planning	14.4	7.7	-6.8
Board of Public Works	81.8	73.6	-8.1
Health and Mental Hygiene	73.0	64.6	-8.3
Maryland Environmental Service	42.5	32.9	-9.6
Historic St. Mary's Commission	12.4	0.0	-12.4
Morgan State University	129.3	116.5	-12.9
St. Mary's College	38.5	20.6	-17.9
State Police	135.6	92.9	-42.6
Information Technology	100.0	54.6	-45.5
Juvenile Services	203.7	139.2	-64.6
Public Safety	373.2	264.9	-108.3
Public School Construction	1,000.5	823.8	-176.7
University System of Maryland	913.9	660.7	-253.1

CIP: *Capital Improvement Program*

Note: School Construction number does not include the +proposed use of \$53.3 million of bond premiums in fiscal 2011.

Source: Department of Budget and Management

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- **Environment, Natural Resources, and Agriculture:** An additional \$430.1 million provided reflecting the planned multi-year replacement of fund balance and fiscal 2011 revenue transfers to the general fund.
- **InterCounty Connector:** The 2009 CIP programmed \$146.9 million to replace planned general fund allocations for the InterCounty Connector project. The final fiscal 2010 budget deferred \$91.9 million to fiscal 2011, and the BRFA of 2009 included a provision to fund the remaining \$65.0 million in fiscal 2011 for a total of \$156.9 million. The \$156.9 million included in the 2010 CIP represents deferred and additional commitments not included in the 2009 CIP.
- **State Police:** Total programmed funding for the State Police Helicopter Replacements has been reduced from \$193.0 million to \$130.0 million. The 2009 CIP included a total of \$120.0 million spread out in fiscal 2011 through 2014. The 2010 CIP adjusts for lower anticipated procurement costs and the additional \$12.5 million authorized in fiscal 2010 and provides an adjusted programmed funding level of \$78.0 million.
- **Information Technology:** Programmed funding for the statewide public safety communication system will focus on completing the build-out of the infrastructure needed to provide mobile to mobile interoperable communications – later phases will fund infrastructure costs needed to provide hand-held interoperable communications. The 2010 CIP moves \$45.0 million of programmed funding for the hand-held communications component of the project out of the CIP to reflect the current focus on mobile to mobile infrastructure funding.
- **Juvenile Services:** The 2010 CIP adds funding for the Southern Maryland Regional Detention Center which adds \$53.7 million compared to the 2009 CIP. This is offset by a reduction of \$56.0 million reflecting the moving back of the construction of the planned New Treatment Center at the Cheltenham Youth Facility beyond the CIP. Funding for the construction phase for the New Detention Center at the Charles H. Hickey, Jr. School is moved to fiscal 2015 in the 2010 CIP, accounting for \$53.0 million of the difference.
- **Public Safety:** Major changes to programmed funding include the shifting of \$14.0 million of planned construction funding for the Maryland Correctional Enterprises Uniform Shop at the Jessup Correctional Institution and the new Maintenance Building at the Western Correction Institution to fiscal 2015, and the reprogramming of \$80.5 million of construction funding for the Women’s Detention Center at the Baltimore City Detention Center from fiscal 2014 to fiscal 2015 outside the CIP comparison – this reflects and corresponds with the delay in the construction schedule for the new housing units at the Maryland Correctional Pre-release System at the Jessup Community Correctional Facility due to the delay in the federal fund commitment to this project.
- **Public School Construction:** The 2010 CIP adjusts the programmed level of State GO bond funding for the Public School Construction Program from \$250.0 million to an average of \$206.0 million annually, accounting for \$177.0 million less in programmed funding over the four-year comparative period. This is offset by the inclusion of \$15.9 million of QZAB authorizations for the Aging Schools Program.

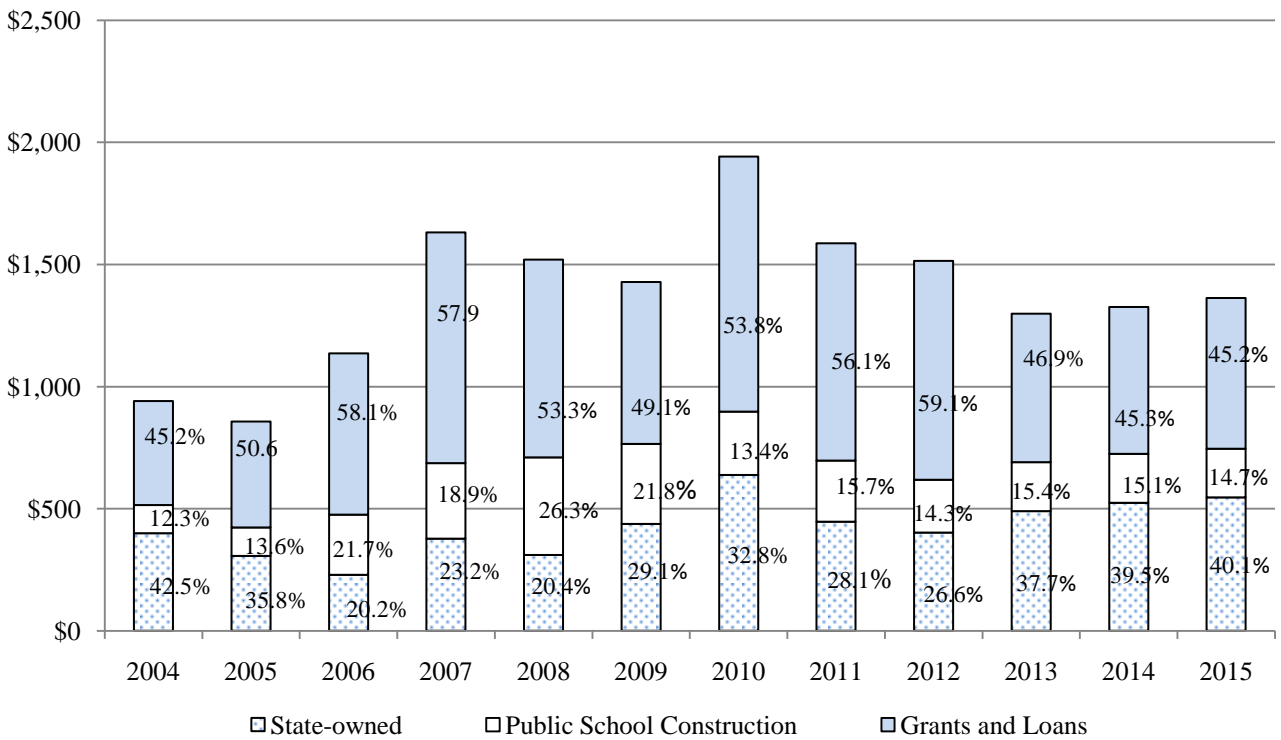
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- **University System of Maryland:** For the four-year period, total funding is down \$253.0 million. Significant adjustments include an estimated \$10.0 million reduction in total construction costs for the University of Maryland, College Park (UMCP) Physical Sciences Complex Phase I; construction funding for the UMCP Chemistry Building Renovation is shifted back in the CIP by two years, resulting in a \$40.0 million reduction in the four-year CIP comparison; \$5.2 million programmed for the UMCP Campus Creek Restoration is deferred beyond the scope of the CIP; funding is reduced for the Bowie State University (BSU) New Fine and Performing Arts Building by \$7.0 million, reflecting a savings from the current favorable bidding climate; approximately \$30.0 million programmed for the construction phase design and first year of split funding construction funding for the BSU Natural Science Center is shifted out beyond the CIP; GO bond funding for the Towson University New College of Liberal Arts Complex is reduced by \$13.5 million, reflecting savings from the favorable bidding climate and the shift of \$10.0 million of programmed GO bond funding to ARB funding; funding for the University of Maryland Eastern Shore New Engineering and Aviation Science Building is reduced in the four-year comparison by \$65.0 million, reflecting the shift of second year construction and equipment funding to fiscal 2015 and the new planned use of \$10 million in ARB funding to supplant planned GO bond funds; scope changes to the planned funding levels for the Coppin State University (CSU) New Science and Technology Center account for reductions in the amount of \$38.0 million; \$25.0 million of first year funding for the CSU Grace Jacobs Building is shifted to 2015; and \$25.0 million of construction funding for phase II of the University of Maryland Baltimore County New and Performing Arts and Humanities Building is shifted to fiscal 2015, another \$10.0 million for phase I is now proposed to be funded with ARBs instead of GO bonds, and \$6.1 million programmed for Campus Road redesign is shifted to 2015.

Greater Share of Funding for State-owned Projects Proposed

Exhibit 10 illustrates the percentages in the funding share for State-owned projects, public school construction, and the grants and loans program for all funds. The data table below the exhibit shows the dollar amount in millions. **Exhibit 11** illustrates the percentages for general obligation funds only.

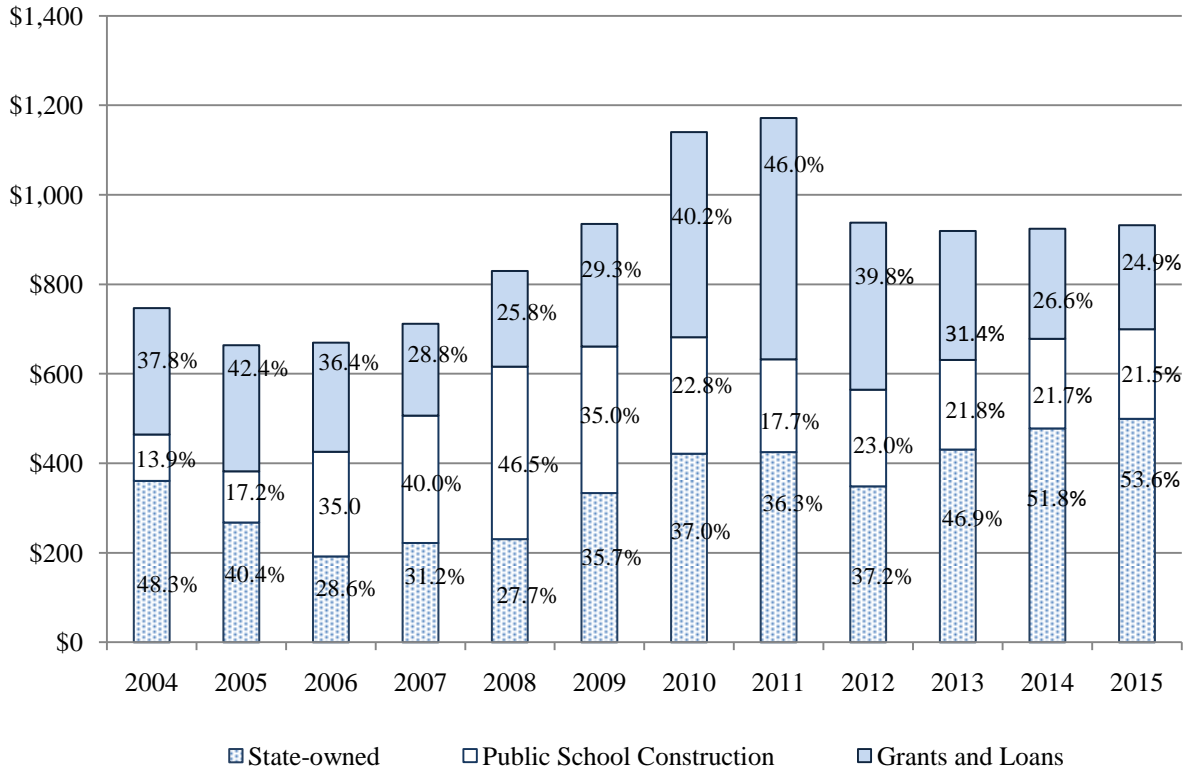
Exhibit 10
Funding Share for State-owned Projects, Public School Construction, and
Grants and Loans Program – All Funds
Fiscal 2004-2015
(\$ in Millions)



	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
State-owned	\$399.6	\$306.7	\$228.9	\$377.6	\$309.9	\$437.0	\$637.3	\$446.5	\$402.5	\$489.9	\$523.8	\$546.0
Public School Construction	115.5	116.6	246.2	308.3	399.6	327.4	260.0	250.0	215.9	200.0	200.0	200.0
Grants and Loans	425.2	433.9	660.0	944.8	809.9	663.1	1,044.1	890.3	895.9	608.7	601.6	616.1

Source: Department of Budget and Management; Department of Legislative Services

Exhibit 11
Funding Share for State-owned Projects, Public School Construction, and
Grants and Loans Program – General Obligation Funds Only
Fiscal 2004-2015
(\$ in Millions)



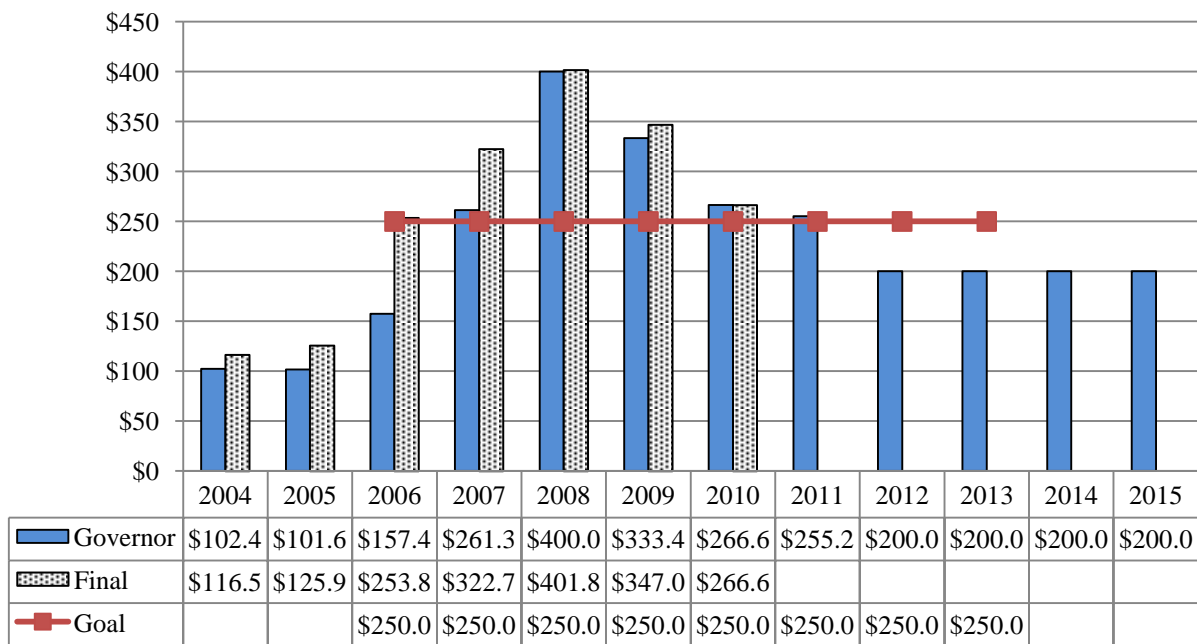
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
State-owned	\$360.7	\$267.9	\$191.9	\$222.0	\$230.4	\$333.5	\$421.8	\$425.4	\$348.8	\$431.0	\$478.4	\$499.5
Public School Construction	103.9	114.2	234.2	284.7	385.8	327.4	260.0	207.4	215.9	200.0	200.0	200.0
Grants and Loans	282.4	281.5	243.9	205.3	213.9	274.1	458.3	538.8	373.0	288.5	245.7	\$32.5

Source: Department of Budget and Management; Department of Legislative Services

School Construction Funding Goal

The funding level proposed by the Governor for fiscal 2011 would mark the sixth year in a row that funding for public school construction projects has met or exceeded the \$250 million annual funding goal set in the 2004 Public School Facilities Act, as shown in **Exhibit 12**. Including the funding proposed for fiscal 2011, since fiscal 2006 the State will have invested a total of \$1.847 billion toward the State’s nominal funding goal of \$2 billion by 2013. The programmed funding of \$200 million in each of fiscal 2012 and 2013 would exceed the State’s aggregate funding goal.

Exhibit 12
School Construction Funding Goal
Fiscal 2004-2015
(\$ in Millions)



Budget Includes Use of Bond Premiums for Public School Construction

Language in the capital budget bill authorizes the use of up to \$53.3 million of bond premiums to supplement the \$196.7 million of GO bonds for the Public School Construction Program. The bond premium revenues are currently available in the State and Local Facilities Loan Fund of the Annuity Bond Fund account and represent premiums derived from prior State bond sales. While current projections indicate that a general fund subsidy will not be required in fiscal 2011 to service the debt on the State’s outstanding bonds, in fiscal 2012, it is projected the State will need approximately \$100.0 million in general funds to subsidize the amount of State property tax revenues available for debt service.

Bay Restoration Bonds Not Projected to Be Sufficient – MDE Proposes Use of Fund to Service Debt on Local Government Bonds

The Maryland Department of the Environment currently estimates that the cost to upgrade the 67 major wastewater treatment plants is \$1.539 billion. The bond revenue, in addition to revenues expended from the fund as pay-as-you-go special funds and any GO bond funds authorized to replace special funds transfers from the Bay Restoration Fund, would fund approximately \$881 million, leaving a shortfall of approximately \$659 million potentially unfunded. Estimated project costs and total fee and bond revenues are shown in **Exhibit 13**.

Exhibit 13
Bay Restoration Fund
Fiscal 2010-2015
(\$ in Millions)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Project Costs	\$217	\$275	\$378	\$241	\$160	\$152
Bay Restoration Fees and Bond Funds	217	275	255	4	2	2
Projected Annual Deficit	0	0	-123	-237	-158	-150

Source: Maryland Department of the Environment

The Bay Restoration Fund Advisory Committee will consider the following options for addressing the shortfall: (1) increase the current \$30 annual household fee – this action would require legislative approval to implement; (2) reduce the percent of grant funding to local governments for Enhanced Nutrient Removal (ENR) projects which is currently being provided at 100% of eligible costs – this action would not require legislation to implement; (3) delay ENR upgrades at certain wastewater treatment plant facilities – this action would not require legislation to implement; and (4) use a portion of the fee for payment of local government bond debt (with terms greater than 15 years) where bond proceeds are used for MDE approved ENR upgrade costs – this action would require legislative approval to implement.

Legislation that would allow the option of using the fee revenue to support the issuance of local government debt has been presented in the House as House Bill 70. Implications of this proposal include:

- **Potential Increased Borrowing Costs:** If it is the intent to allow the bonds issued by local governments to be for a term longer than 15 years (Article III, Section 34 of the State constitution limits the Bay Bonds issued by MDE to 15-year bonds since a tax like the flush fee is pledged or dedicated to debt service), the State would need to require the source of

Capital Budget Fiscal Briefing

revenue or security on the bonds to be subject to appropriation as opposed to a direct pledge. This could potentially increase the interest rate and, therefore, the cost paid by the State on the bonds to account for the additional risk to the bond holders.

- **Longer Maturities Result in Greater Total Costs – Collection of Flush Tax for a Longer Duration:** Local governments could issue bonds backed by an appropriation of fees from the Bay Restoration Fund for a period longer than 15 years, which would increase the amount of bond revenues supported by the fee and available to meet the cash flow needs of the construction projects. This would facilitate the ability to undertake more projects in the near term than can currently be supported by the 15-year maturity MDE-issued Bay Restoration Fund bonds. This, however, will increase the total costs of completing the projects much like a 30-year mortgage costs more to service than a 15-year mortgage. This in turn will require the imposition of the flush tax for a longer period to support the longer term of annual debt service appropriations.
- **Local Debt Would Still Count as State-supported Debt:** Although making the State's debt service payments on local government issued Bay Restoration bonds subject to appropriation may avoid the constitutional 15-year limit on State bonds, the bonds would still count as State-supported debt within the debt calculation used to measure and limit the amount of State-supported debt. The five-year CIP already includes a downward revision in the amount of GO bonds projected to be issued in the planning period to account for the fact that the State is currently estimated to breach its debt limits. As a result, while the longer maturities afforded to local government issued bonds could allow for larger bond sales, the State's current debt limits may limit this capacity.

Transfer Tax Revenues

Exhibit 14 shows the distribution of transfer tax revenues to programs and GO bond replacement.

Exhibit 14
Distribution of Transfer Tax Revenues to Programs and GO Bond Replacement
Fiscal 2008-2011
(\$ in Millions)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenues				
Budgeted Revenue Estimate	\$188.58	\$166.30	\$114.74	\$149.89
Less Administrative Expenses	-5.66	-4.99	-4.66	-\$4.50
Attainment Adjustment	75.50	-51.96	-35.05	-52.64
Net Available for Allocation	\$258.43	\$109.35	\$75.03	\$92.76
Allocations				
Program Open Space				
POS Bonds Debt Service	\$0.00	\$0.00	\$0.00	\$6.80
POS Local	95.60	18.59	6.15	0.00
Forest and Park Service	0.00	21.00	21.00	21.00
Heritage Areas Authority	3.00	3.00	3.00	3.00
POS State Land Acquisition	61.76	20.87	10.57	0.00
POS State Rural Legacy	8.00	8.00	0.00	0.00
POS State Capital Development	24.64	9.52	0.00	0.00
POS State Park Operating	1.20	1.20	1.20	1.20
POS Subtotal	\$194.21	\$82.18	\$41.92	\$32.00
Other Allocations				
Additional State Land Acquisition	\$2.58	\$1.09	\$0.76	\$2.72
Agricultural Land Preservation	44.06	18.64	0.00	4.00
Rural Legacy Additional	12.92	5.47	0.00	0.00
Heritage Conservation Fund	4.65	1.97	1.37	0.00
Other Subtotal	\$64.22	\$27.17	\$2.13	\$6.72
Total Transfer Tax Allocations	\$258.43	\$109.35	\$44.06	\$38.72
GO Bond Replacement				
POS State	\$0.00	\$0.00	\$0.00	\$11.41
POS Local	0.00	0.00	0.00	12.35
POS State Rural Legacy	0.00	0.00	8.00	8.00
POS State Capital Development	0.00	0.00	6.16	4.15
Agricultural Land Preservation	0.00	0.00	13.00	11.81
Rural Legacy Additional	0.00	0.00	3.81	4.64
Heritage Conservation Fund	0.00	0.00	0.00	1.67
Total GO Bond Replacement	0.00	0.00	30.97	54.04
Total Funding	\$258.43	\$109.35	\$75.03	\$92.75

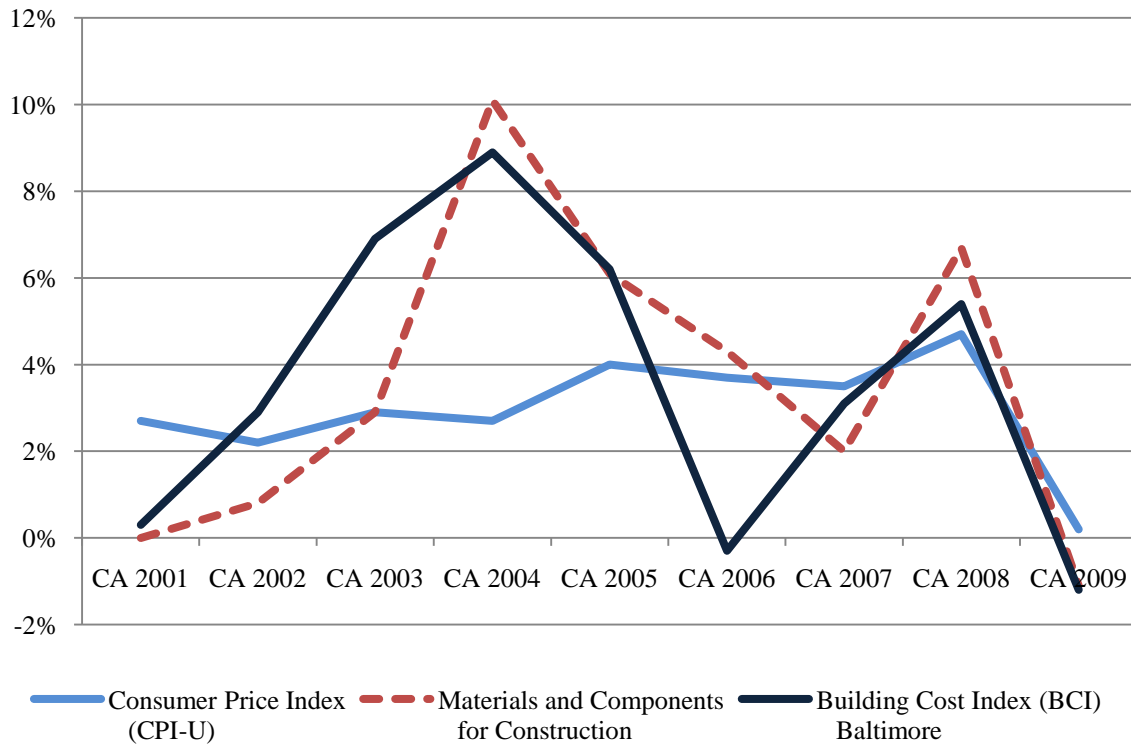
GO: general obligation
POS: Program Open Space

Source: Fiscal 2008 through 2011 Operating and Capital Budgets, Department of Budget and Management

Construction Costs Decline

- **Construction Costs Decline in 2009:** The year-over-year measure for inflation in the building and construction market, as measured nationally through the materials and components for construction component of the Producer Price Index and locally through the Engineering News-Record Building Cost Index for Baltimore City, reflects a 2% decrease in construction costs both nationally and locally during calendar 2009 as compared to 2008 (as shown in **Exhibit 15**).

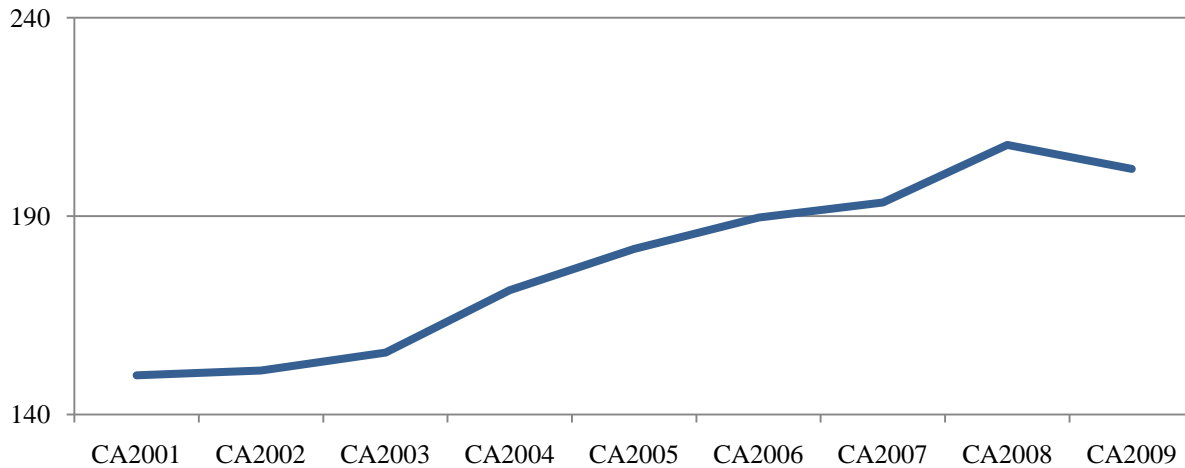
Exhibit 15
Construction Cost Inflation
Calendar 2001-2009



Source: Bureau of Labor Statistics; Engineering News-Record

- **Despite 2009 Declines, Average Annual Costs Increase:** Despite negative growth in construction cost in calendar 2009, overall costs have increased at an average annual rate of 3.9% from calendar 2001 through 2009, as shown in **Exhibit 16**.

Exhibit 16
Annual Construction Inflation
Calendar 2001-2009
(Inflation Index)



Source: Bureau of Labor Statistics

- **Recent Bids Below Authorization Levels:** The recent decline in construction costs, which began in the third quarter of calendar 2008, is now reflected in construction bids below authorization levels. This allows for some recycling of prior authorized funds to support fiscal 2011 projects and allows the CIP estimates for projects to be adjusted downward in some cases.
- **The Department of Budget and Management Revised Annual Escalation and Regional Cost Factors Used in Cost Estimating Process:** The Department of Budget and Management (DBM) revised the escalation rate for projects requested in the 2010 session to reflect escalation at 1.0% for calendar 2009, 3.5% for calendar 2010, and 4.0% for each year thereafter. This compares to rates set for the 2008 session of 8.0% for calendar 2009 and 5.0% for each year thereafter. DBM also revised the methodology for calculating the “regional cost factor” (RCF) used in the cost estimating process. This produces variance between the old and revised RCF as high as 35.0% which will lower cost estimates for projects that are included in the five-year CIP.
- **Stabilization of School Construction Costs:** The Interagency Committee on School Construction (IAC) recently reported stabilization of bid prices and increased contractor competitiveness. Individual projects are bidding at 25.0 to 30.0% below budget and well below the \$224 square foot cost used for fiscal 2010. As a result, the IAC has lowered the square foot rate applicable to fiscal 2011 by 10.7% to \$200 per square foot.

Capital Program Request for the 2010 Session

Bonds	Current Funds (PAYGO)
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Budget Code	Project Title	General Obligation	Revenue	General	Special	Federal	Total Funds
State Facilities							
DA0201A	MDOD: Accessibility Modifications	\$1,600,000	\$0	\$0	\$0	\$0	\$1,600,000
DE0201A	BPW: Saratoga State Center Garage	350,000	0	0	0	0	350,000
DE0201B	BPW: Facilities Renewal Fund	3,436,000	0	0	0	0	3,436,000
FB01A	DOIT: Public Safety Communications System	14,200,000	0	0	0	0	14,200,000
Subject Category Subtotal:		\$19,586,000	\$0	\$0	\$0	\$0	\$19,586,000
Health/Social							
DA07A	MDOA: Senior Citizens Activities Centers Grant Program	\$500,000	\$0	\$0	\$0	\$0	\$500,000
MA01A	DHMH: Community Health Facilities Grant Program	7,873,000	0	0	0	0	7,873,000
MA01B	DHMH: Federally Qualified Health Centers Grant Program	3,218,000	0	0	0	0	3,218,000
RQ00A	UMMS: Trauma, Critical Care, and Emergency Medicine Services Expansion Project	10,000,000	0	0	0	0	10,000,000
VE01A	DJS: Southern Maryland Regional Detention Center	4,650,000	0	0	0	0	4,650,000
ZA00E	MISC: Johns Hopkins Medicine – Cardiovascular and Critical Care Tower	2,500,000	0	0	0	0	2,500,000
ZA00F	MISC: Johns Hopkins Medicine – Pediatric Trauma Center	5,000,000	0	0	0	0	5,000,000
ZA00G	MISC: Kennedy Krieger Institute – Inpatient Clinical Research Center	2,000,000	0	0	0	0	2,000,000
ZA01A	MHA: Sinai Hospital of Baltimore, Inc.	425,000	0	0	0	0	425,000
ZA01B	MHA: University Specialty Hospital	455,000	0	0	0	0	455,000
ZA01C	MHA: Carroll Hospital Center	700,000	0	0	0	0	700,000
ZA01D	MHA: Union Hospital of Cecil County	2,000,000	0	0	0	0	2,000,000
ZA01E	MHA: Civista Medical Center	165,000	0	0	0	0	165,000
ZA01F	MHA: Harford Memorial Hospital	1,015,000	0	0	0	0	1,015,000
ZA01G	MHA: Peninsula Regional Medical Center	240,000	0	0	0	0	240,000
ZF4500	MISC: Sinai Hospital – Samuelson Children’s Hospital at Sinai	2,500,000	0	0	0	0	2,500,000
Subject Category Subtotal:		\$43,241,000	\$0	\$0	\$0	\$0	\$43,241,000

25 Analysis of the FY 2011 Maryland Executive Budget, 2010

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Appendix 1

Budget Code	Project Title	Bonds		Current Funds (PAYGO)			Total Funds
		General Obligation	Revenue	General	Special	Federal	
Education							
DE0202A	BPW: Public School Construction Program	\$196,703,000	\$0	\$0	\$53,297,000	\$0	\$250,000,000
DE0202B	BPW: Aging Schools Program	6,109,000	0	0	0	0	6,109,000
DE0202BQ	BPW: Aging Schools Program – Qualified Zone Academy Bonds	4,543,000	0	0	0	0	4,543,000
RA01A	MSDE: Public Library Grant Program	5,000,000	0	0	0	0	5,000,000
RE01A	MSD: Bus Loop and Parking Lot – Frederick Campus	1,606,000	0	0	0	0	1,606,000
ZF2200	MSDE: Western Regional Library	2,500,000	0	0	0	0	2,500,000
Subject Category Subtotal:		\$216,461,000	\$0	\$0	\$53,297,000	\$0	\$269,758,000
Higher Education							
RB21A	UMB: School of Pharmacy Addition and Renovation	\$2,606,000	\$0	\$0	\$0	\$0	\$2,606,000
RB22A	UMCP: Physical Sciences Complex	41,100,000	0	0	0	0	41,100,000
RB22B	UMCP: Maryland Fire and Rescue Institute – North East Regional Training Center	331,000	0	0	0	0	331,000
RB23A	BSU: Campuswide Site Improvements	200,000	0	0	0	0	200,000
RB26A	FSU: New Center for Communications and Information Technology	2,681,000	0	0	0	0	2,681,000
RB27A	CSU: New Science and Technology Center	6,497,000	0	0	0	0	6,497,000
RB28A	UB: New Law School Building	37,300,000	0	0	0	0	37,300,000
RB31A	UMBC: New Performing Arts and Humanities Facility	37,400,000	0	0	0	0	37,400,000
RB36RB	USMO: Facility Renewal	0	17,000,000	0	0	0	17,000,000
RC00A	BCCC: Main Building Renovation – Administration Wing – Liberty Campus	2,500,000	0	0	0	0	2,500,000
RI00A	MHEC: Community College Facilities Grant Program	43,359,000	0	0	0	0	43,359,000
RM00A	MSU: Bancker Hall Renovation	3,265,000	0	0	0	0	3,265,000
RM00B	MSU: New School of Business Complex	250,000	0	0	0	0	250,000
ZA00I	MICUA: Maryland Independent College and University Association – Goucher College	1,500,000	0	0	0	0	1,500,000
ZA00J	MICUA: Maryland Independent College and University Association – Hood College	1,000,000	0	0	0	0	1,000,000

Budget Code	Project Title	Bonds		Current Funds (PAYGO)			Total Funds
		General Obligation	Revenue	General	Special	Federal	
ZA00K	MICUA: Maryland Independent College and University Association – Stevenson University	1,500,000	0	0	0	0	1,500,000
ZF2300	MSU: Morgan State University: New Center for the Built Environment	30,435,000	0	0	0	0	30,435,000
ZF2400	BSU: Bowie State University: New Fine and Performing Arts Building	32,053,000	0	0	0	0	32,053,000
ZF2500	TSU: Towson University: New College of Liberal Arts Complex Phase II	28,650,000	10,000,000	0	0	0	38,650,000
ZF2600	SU: Salisbury University: New Perdue School of Business	9,869,000	0	0	0	0	9,869,000
ZF2700	MHEC: Maryland Higher Education Commission: Community College Facilities Grant Program	35,386,000	0	0	0	0	35,386,000
Subject Category Subtotal:		\$317,882,000	\$27,000,000	\$0	\$0	\$0	\$344,882,000
Housing/Community Development							
D40W1112	MDOP: Maryland Heritage Structure Rehabilitation Tax Credit Program	\$0	\$0	\$0	\$0	\$0	\$0
DW0110A	MDOP: Maryland Historical Preservation Loan Program	200,000	0	0	100,000	0	300,000
S00A2402	DHCD: Community Development Block Grant Program	0	0	0	0	10,000,000	10,000,000
S00A2507	DHCD: Rental Housing Programs	0	0	0	21,500,000	5,200,000	26,700,000
SA24A	DHCD: Community Legacy Program	4,646,000	0	0	0	0	4,646,000
SA24B	DHCD: Neighborhood Business Development Program	7,616,000	0	0	0	0	7,616,000
SA25A	DHCD: Partnership Rental Housing Program	6,000,000	0	0	0	0	6,000,000
SA25B	DHCD: Homeownership Programs	8,500,000	0	0	0	0	8,500,000
SA25C	DHCD: Shelter and Transitional Housing Facilities Grant Program	2,000,000	0	0	0	0	2,000,000
SA25D	DHCD: Special Loan Programs	9,520,000	0	0	0	2,700,000	12,220,000
Subject Category Subtotal:		\$38,482,000	\$0	\$0	\$21,600,000	\$17,900,000	\$77,982,000
Local Projects							
ZA00A	MISC: Baltimore Museum of Art	\$2,500,000	\$0	\$0	\$0	\$0	\$2,500,000
ZA00B	MISC: East Baltimore Biotechnology Park	5,000,000	0	0	0	0	5,000,000
ZA00C	MISC: Forbush School	2,500,000	0	0	0	0	2,500,000
ZA00H	MISC: Lyric Opera House – Stage House Expansion	1,500,000	0	0	0	0	1,500,000

Budget Code	Project Title	Bonds		Current Funds (PAYGO)			Total Funds
		General Obligation	Revenue	General	Special	Federal	
ZA00L	MISC: Maryland Zoo in Baltimore – Infrastructure Improvements	5,000,000	0	0	0	0	5,000,000
ZA00M	MISC: National Aquarium in Baltimore – Capital Infrastructure Projects	3,500,000	0	0	0	0	3,500,000
ZA00N	MISC: National Children’s Museum	5,000,000	0	0	0	0	5,000,000
ZA00O	MISC: St. Ann’s Infant and Maternity Home	750,000	0	0	0	0	750,000
ZA02	Local Senate Initiatives	15,000,000	0	0	0	0	15,000,000
	Subject Category Subtotal:	\$40,750,000	\$0	\$0	\$0	\$0	\$40,750,000
	Transportation						
ZA00D	MDTA: InterCounty Connector	\$126,900,000	\$0	\$0	\$0	\$0	\$126,900,000
	Subject Category Subtotal:	\$126,900,000	\$0	\$0	\$0	\$0	\$126,900,000
	De-authorizations						
ZF00	De-authorizations as Introduced	-\$27,006,000	\$0	\$0	\$0	\$0	-\$27,006,000
	Subject Category Subtotal:	-\$27,006,000	\$0	\$0	\$0	\$0	-\$27,006,000
	Non-Transportation Total	\$1,144,543,000	\$177,000,000	\$800,000	\$201,349,925	\$60,141,037	\$1,583,833,962
	Transportation Total	\$0	\$205,000,000	\$0	\$484,442,000	\$826,247,000	\$1,515,689,000
	Grand Total	\$1,144,543,000	\$382,000,000	\$800,000	\$685,791,925	\$886,388,037	\$3,099,522,962

BCCC: Baltimore City Community College
 BPW: Board of Public Works
 BSU: Bowie State University
 CSU: Coppin State University
 DHCD: Department of Housing and Community Development
 DHMH: Department of Health and Mental Hygiene
 DOIT: Department of Information Technology
 DJS: Department of Juvenile Services
 DNR: Department of Natural Resources
 DPSCS: Department of Public Safety and Correctional Services
 DSP: Department of State Police
 MDA: Maryland Department of Agriculture
 MDTA: Maryland Transportation Authority
 MDE: Maryland Department of the Environment
 MDOA: Maryland Department of Aging
 MDOD: Department of Disabilities

MEA: Maryland Energy Administration
 MHA: Maryland Hospital Association
 MHEC: Maryland Higher Education Commission
 MICUA: Maryland Independent College and University Association
 MSD: Maryland School for the Deaf
 MSDE: Maryland State Department of Education
 MSU: Morgan State University
 SU: Salisbury University
 TU: Towson University
 UB: University of Baltimore
 UMB: University of Maryland, Baltimore
 UMBC: University of Maryland Baltimore County
 UMCP: University of Maryland, College Park
 UMMS: University of Maryland Medical System
 USM: University System of Maryland Office

Back of the Bill – GO Bond De-authorizations and Other Changes

<u>Project Title</u>	<u>De-authorized Project Funding</u>	<u>2010 Session Pre-authorization Amounts</u>	<u>2011 Session Pre-authorization Amounts</u>	<u>2012 Session Pre-authorization Amounts</u>	<u>Comments Concerning Proposed Changes</u>
Department of Aging: Senior Citizens Activities Centers	-\$238,000				Available unencumbered prior authorized funds.
DHMH: Adult Day Care Facilities	-969,000				Available unencumbered prior authorized funds.
Reginald F. Lewis Museum of Maryland African American History and Culture	-581,000				Project complete.
SMCM: New Academic Building/Telecommunications Infrastructure	-213,000				Project complete.
DPSCS: Women’s Detention Center – Air System	-132,000				Project complete.
MES: Infrastructure Improvement Fund	-300,000				Available unencumbered prior authorized funds.
DPSCS: Montgomery County Detention Center	-3,048,000				Project under reevaluation by county.
DPSCS: Property Acquisition/Demolition (BCDC)	-1,099,000				Funds not needed to complete project.
MES: Infrastructure Improvement Fund	-331,000				Available unencumbered prior authorized funds.
DPSCS: Montgomery County Detention Center	-5,189,000				Project under reevaluation by county.

<u>Project Title</u>	<u>De-authorized Project Funding</u>	<u>2010 Session Pre-authorization Amounts</u>	<u>2011 Session Pre-authorization Amounts</u>	<u>2012 Session Pre-authorization Amounts</u>	<u>Comments Concerning Proposed Changes</u>
DPSCS: Property Acquisition/Demolition	-428,000				Funds not needed to complete project.
DHMH: Clifton T. Perkins Hospital Center	-800,000				Project complete.
MDOP: Jefferson Patterson Park and Museum	-404,000				Project complete.
DJS: Cheltenham Youth Facility New Treatment Center	-4,074,000				Project deferred.
DPSCS: Frederick County Detention Center	-6,700,000				County no longer funding housing portion of project.
MSD: New Cafeteria – Frederick Campus	-1,000,000				Project complete.
DJS: Baltimore Regional Treatment Center	-1,500,000				Proposes to also repurpose the authorization to be used for a Baltimore Regional Juvenile Detention Center instead of the original authorized purpose for a Baltimore City Juvenile Detention Center.
DPSCS: North Branch Correctional Institute 1024 Cell Housing Complex and Support Space and Division of Pretrial Detention and Services – Property Acquisition/Demolition (BCDC)					Reduces the authorization from bond premiums for two capital projects: (1) NBCI by \$2,000,000; and (2) BCDC by \$188,000. These funds authorized bond premiums and would go back to the Annuity Bond Fund (NBCI project is complete, and BCDC funds are not needed at this time and will be authorized when needed for Youth and Women’s Detention Center projects).

<u>Project Title</u>	<u>De-authorized Project Funding</u>	<u>2010 Session Pre-authorization Amounts</u>	<u>2011 Session Pre-authorization Amounts</u>	<u>2012 Session Pre-authorization Amounts</u>	<u>Comments Concerning Proposed Changes</u>
MHA: Kennedy Krieger Institute					Changes the location of the project.
MES: Infrastructure Improvement Fund					Extend authorization termination date.
BPW: State Government Center – Annapolis Legislative Facilities Lower House Office Building			\$4,250,000	\$4,000,000	Deletes the \$3,462,000 pre-authorized for fiscal 2011 – project is over budget – the \$4.0 million authorized in the 2009 session bill will remain combined with a pre-authorization of \$4.25 million for the 2011 session and a pre-authorization of \$4.0 million for the 2012 session.
MSDE: Western Maryland Regional Library		\$2,500,000	2,500,000		The State was committed to \$10 million for this project in the 2009 session (included \$5 million in the 2009 bill authorization plus a pre-authorization for the remaining \$5 million for the 2010 session – amended pre-authorization from the 2009 session which shows the State’s \$10 million commitment is spread over the 2010 through 2012 sessions).

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MSU: New Center for the Built Environment		30,435,000			Increases the amount pre-authorized in the 2009 session bill from \$26,935,000 to \$30,435,000 (additional \$3.5 million). This project was included as a split-funded project by the Governor in the 2009 session. This also adds equipment as an eligible use (the amount for equipment was not part of the pre-authorized amount in the 2009 session, so there was an expectation for additional funding for this purpose in the 2010 session (the amount, however, in the fiscal 2010 CIP for equipment was \$2.215 million).
BSU: New Fine and Performing Arts Building		32,053,000			Reduces the amount pre-authorized in the 2009 session bill from \$34,050,000 to \$32,053,000. This also adds equipment to the eligible uses (overall \$40.55 million was expected to be needed for construction and equipment in fiscal 2011, so the reduced pre-authorization represents a substantial savings which is based on a favorable bidding climate).

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TU: New College of Liberal Arts Complex Phase II		28,650,000			Reduces the amount pre-authorized in the 2009 bill from \$35,750,000 to 28,650,000. This also adds equipment to the eligible uses (overall, the CIP programmed \$42.15 million for fiscal 2011 to include the amount pre-authorized for construction and then another \$6.4 million for equipment). Since \$10.0 million has been switched to Academic Revenue Bonds, the total needed to fund the remaining construction and equipment authorization is \$38.65 million, which is still \$3.5 million less, based on the favorable bidding climate.
SU: New Perdue School of Business			9,869,000		Reduces the amount pre-authorized in the 2009 session bill (by the legislature) from \$14,298,000 to \$9,869,000. Also adds equipment to the eligible uses (an additional \$4.5 million programmed in the CIP for equipment in fiscal 2011, therefore, the total amount needed is effectively reduced by \$8.829 million based on the favorable bidding climate).

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MHEC: Community College Facilities Grant Program		35,386,000	33,633,000		The fiscal 2010 budget included the split-funding of State contributions for community college construction projects which allowed for more projects to be funded within the \$84.3 million authorized. The pre-authorization allowed for some assurance that the remainder of the State's funding commitment for certain split-funded projects would be provided from the amount to be authorized for the entire program in fiscal 2011. This allowed projects to be bid for construction during fiscal 2010. It should be noted that the pre-authorization amounts are part of the total program funding authorization level and not in addition to the amounts authorized.
DSP: New Hagerstown Barrack and Garage		2,525,000			Reduces the amount pre-authorized in the 2009 session bill from \$5.0 million – also adds design to the eligible uses since last year's authorization did not specifically authorize design, and there are additional design costs due to extending the contract for so many years while awaiting construction authorization.
DPSCS: St. Mary's County Detention Center		5,513,000			Reduces the amount pre-authorized in the 2009 session bill by exactly \$1,000,000.

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Section 15 pre-authorization for 2010 session: Sinai Hospital – Samuelson Children’s Hospital		2,500,000			Reflects this project’s pre-authorized amount included in the 2009 session bill.
Section 12 pre-authorization section for 2011 session: DNR Natural Resources Development Fund – Harriet Tubman Underground Railroad State Park – Visitor Center			1,650,000		This pre-authorization is supposed to be in addition to the \$2,543,000 of federal funds included in DNR’s Natural Resources Development Fund for fiscal 2011 – was left out of the budget and will have to be brought in through a supplemental budget.
Section 12 pre-authorization for 2011 session: DPSCS New Youth Detention Facility (BCDC)			38,000,000	25,600,000	This pre-authorization is in addition to the \$17.52 million included in the 2010 session bill as introduced and the \$25.6 million included in Section 13 of the bill as pre-authorization for the 2012 session.
Section 12 pre-authorization for 2011 session: UMCP Physical Sciences Complex			44,100,000	10,600,000	This pre-authorization is in addition to the \$41.0 million included in the 2010 session bill as introduced and the \$10.6 million included in Section 13 of the bill as pre-authorization for the 2012 session (the amount in the 2009 session CIP programmed for construction totaled \$99.8 million. The amount of additional construction funding now estimated to be needed – taking the 2010 through 2012 session authorizations and pre-authorizations – is \$95.7 million).

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Section 12 pre-authorization for the 2011 session: University of Baltimore New Law School Building			38,500,000		This pre-authorization is in addition to the \$37.3 million included in the 2010 session bill as introduced – total State commitment for construction is \$76.0 million, consistent with the amount programmed in the 2009 CIP.
Section 12 pre-authorization for 2011 session: UMBC New Performing Arts and Humanities Facility			27,400,000		This pre-authorization is in addition to the \$37.4 million included in the 2010 session bill as introduced for a total of \$64.8 million for construction of Phase I – the amount pre-authorized for the 2011 session is \$10.0 million less than what was programmed in the 2009 CIP so this might be part of a plan to use \$10.0 million of ARB funds to backfill.
Section 12 pre-authorization: BCCC Main Building Renovation – Administration Wing – Liberty Campus			7,000,000		This pre-authorization is in addition to \$2.5 million included in the 2010 session bill as introduced. **Funds are only for the renovation of the Administration Wing – all funding for the Fine Arts Wing Reconstruction are on hold pending a review and additional information pertaining to the proposal to build a new Fine Arts Building.

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Section 14: Bond Premiums					Authorizes the use of up to \$53,297,000 of Bond Premiums from the Annuity Bond Fund – State and Local Facilities Loan Fund for Public School Construction – this is in addition to \$197,703,000 of GO bonds to bring the total recommended in the 2010 session to \$250 million as programmed in the CIP.
Total	-\$27,006,000	\$149,431,000	\$197,033,000	\$40,200,000	

ARB: Academic Revenue Bonds
 BCCC: Baltimore City Community College
 BCDC: Baltimore City Detention Center
 BPW: Board of Public Works
 BSU: Bowie State University
 CIP: Capital Improvement Program
 DHMH: Department of Health and Mental Hygiene
 DJS: Department of Juvenile Services
 DNR: Department of Natural Resources
 DPSCS: Department of Public Safety and Correctional Services
 DSP: Department of State Police
 MES: Maryland Environmental Service
 MDOP: Maryland Department of Planning

MHA: Maryland Hospital Association
 MHEC: Maryland Higher Education Commission
 MSD: Maryland School for the Deaf
 MSDE: Maryland State Department of Education
 MSU: Morgan State University
 NBCI: North Branch Correctional Institution
 SMCM: St. Mary's College of Maryland
 SU: Salisbury University
 TU: Towson University
 UMB: University of Maryland, Baltimore
 UMBC: University of Maryland Baltimore County
 UMCP: University of Maryland, College Park

Note: The proposed pre-authorization for the Maryland Higher Education Commission's Community College Grant Program would allow for the split-funding of community college projects started last session by the legislature. The list includes \$9,466,000 for Howard Community College – Allied Health Building; \$6,064,000 for Hagerstown Community College – Arts and Sciences Complex; \$868,000 for Prince George's Community College – Center for Health Studies; \$2,586,000 for Prince George's Community College – Circulation/Roadway Modifications; \$3,500,000 for Anne Arundel Community College – Library Renovation and Addition; \$3,245,000 for College of Southern Maryland – Phase II Campus Development; and \$7,904,000 for Harford Community College – Susquehanna Center.