

**RM00**  
**Morgan State University – Capital**

***Capital Budget Summary***

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

<b>Projects</b>	<b>Prior Auth.</b>	<b>2022 Request</b>	<b>2023 Est.</b>	<b>2024 Est.</b>	<b>2025 Est.</b>	<b>2026 Est.</b>	<b>Beyond CIP</b>
New Health and Human Services Building, Phase II	\$9.785	\$33.072	\$64.500	\$50.489	\$0.000	\$0.000	\$0.000
Deferred Maintenance and Site Improvements <sup>1</sup>	20.000	10.000	4.000	5.000	10.000	10.000	0.000
Campus Expansion, Phase I – Lake Clifton High School Demolition	0.000	0.932	8.908	2.881	0.000	0.000	0.000
New Science Center, Phase I – Washington Service Center	0.000	0.784	3.913	5.882	0.000	0.000	0.000
New Science Center, Phase II	0.000	0.000	6.541	7.995	69.954	72.157	53.632
Carter-Grant-Wilson Building Renovation	0.000	0.000	0.000	0.000	2.301	3.640	25.535
Jenkins Demolition	0.000	0.000	0.000	0.000	0.000	0.944	11.698
<b>Total</b>	<b>\$29.785</b>	<b>\$44.788</b>	<b>\$87.862</b>	<b>\$72.247</b>	<b>\$82.255</b>	<b>\$86.741</b>	<b>\$90.865</b>

<b>Fund Source</b>	<b>Prior Auth.</b>	<b>2022 Request</b>	<b>2023 Est.</b>	<b>2024 Est.</b>	<b>2025 Est.</b>	<b>2026 Est.</b>	<b>Beyond CIP</b>
GO Bonds	\$29.785	\$44.788	\$87.862	\$72.247	\$82.255	\$86.741	\$90.865
<b>Total</b>	<b>\$29.785</b>	<b>\$44.788</b>	<b>\$87.862</b>	<b>\$72.247</b>	<b>\$82.255</b>	<b>\$86.741</b>	<b>\$90.865</b>

CIP: Capital Improvement Program  
GO: general obligation

<sup>1</sup> No out-year amount is included, but the project is considered to be an annual program.

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## ***Key Observations***

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- ***Future Campus Expansion:*** Morgan State University (MSU) is in the process of acquiring the former Lake Clifton High School site as a first step in the university’s future campus expansion plans. To facilitate these plans, the 2021 *Capital Improvement Program* (CIP) includes funds to demolish the former high school and clear the land for future development.
- ***Loan Relief:*** As part of the Consolidated Appropriations Act (CAA), MSU was provided loan forgiveness for two projects which is discussed in the Updates section.

## ***Summary of Recommended Bond Actions***

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1. Campus Expansion Phase I – Lake Clifton High School Demolition  
Approve \$932,000 in general obligation bonds.
2. Deferred Maintenance and Site Improvements  
Approve \$10,000,000 in general obligation bonds.
3. New Health and Human Services Building, Phase II  
Approve \$33,072,000 in general obligation bonds.
4. New Science Center, Phase I  
Approve \$784,000 in general obligation bonds.
5. SECTION 2 – Morgan State University – New School of Business Complex  
Approve deauthorization of \$108,947.
6. SECTION 13 – Morgan State University – New Health and Human Services Building  
Approve preauthorization of \$56,250,000.
7. SECTION 14 – Morgan State University – New Health and Human Services Building  
Approve preauthorization of \$42,339,000.

## ***Program Description***

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### **Deferred Maintenance and Site Improvements**

A total of \$39 million is programmed in the 2021 CIP, including \$10 million to be allocated in fiscal 2022 for deferred maintenance and site improvement projects at MSU. In addition, the budget includes a proposed fiscal 2021 deficiency appropriation of \$2 million using bond premium proceeds available in the Annuity Bond Fund from the July 2020 bond sale, increasing the total budgeted funds to \$12 million. This funding is provided to renovate, repair, replace, and upgrade building systems and infrastructure to reduce the deferred maintenance backlog of more than \$100 million at the institution.

Requirements were added to this program such that projects identified by MSU would need to be based on a rating and ranking criterion that directs funds to the most emergent and important projects and not for site development, unless they are life-safety issues that require immediate attention; a policy would be established dedicating a portion of the institutional funds be put toward deferred maintenance projects; and an annual update would be provided that (1) provides an updated facilities renewal backlog that is prioritized and separates State-funded projects from MSU-funded projects and (2) a status report of all projects funded through the program from inception. MSU has completed all three of these requirements.

The university's projects are based on a rating and ranking criterion whereby funds are directed to the most emergent and important projects and not for site development projects unless they are life-safety issues that require immediate attention. Given this ranking formula, the university regularly modifies the project listing from one CIP to the next. One such project that became a major priority for the university in fiscal 2021 that was not previously included on the deferred maintenance/site improvement list was the Stadium Way slope stabilization project, which took precedence over the previously planned West Campus Site Improvements. This project has become an urgent project that will address life-safety issues by repairing and stabilizing the foundation of a major section of the Stadium Way road and the adjacent hillside.

The State has made a long-term commitment to assist MSU with its well-documented deferred maintenance and facility renewal needs. Including the \$10 million budgeted for fiscal 2022 and the proposed \$2 million deficiency, the State will have provided \$32 million of support in just the first three years of the program. These funds support a number of individual projects which, while identified in the annual budget submission, are subject to change to allow the university to direct resources to emergent needs. **To better track the progress of projects funded through this program initiative, it is recommended that MSU annually submit a project status report. The Department of Legislative Services will work with MSU on the details of the content of the report during the interim.**

## **New Health and Human Services Building, Phase II**

The fiscal 2022 budget includes \$33.1 million in general obligation (GO) bond funding to complete design (\$4.1 million) and begin construction (\$29.0 million) of the new Health and Human Services Building. This facility will house classroom, laboratory, office, and support spaces for the School of Community Health and Policy, including the public health, health education (undergraduate public health), preprofessional physical therapy, nutritional sciences, and nursing programs. The building will also house the Prevention Sciences Research Center, the School of Social Work, the medical technology program, the Department of Family and Consumer Sciences, and the University Counseling Center. These programs are currently located in various buildings that lack sufficient space, are in poor condition, and have outdated and inadequate facilities. Construction is scheduled to commence in December 2021 following design team completion of the full construction documents. The CIP programs the total cost of the project at \$157.8 million, including \$16.4 million for moveable and audio visual equipment. However, this estimate was based on early schematic design documents prepared in June 2020 and has not been informed by later design stage construction document estimates. **MSU should be prepared to provide the committees with an updated cost estimate and discuss the need for the large movable equipment and audio visual request.**

## **Campus Expansion, Phase I – Lake Clifton High School Demolition**

Funding for this demolition project has been added, starting in fiscal 2022, in order to ensure that the transfer of the property to MSU from Baltimore City would move forward over other development proposals for the site. Located roughly two miles from the main campus and in the process of being acquired from Baltimore City, this 59-acre property includes the dilapidated Lake Clifton High School buildings that need to be demolished to allow for campus expansion. Maintaining the buildings will create a burden on the university's operating budget, and the vacant buildings could become a safety and nuisance issue for the surrounding community if not demolished. The project also includes minimal emergency preservation work to a historic valve house located on the property and removal/preservation of five large public art pieces from the main high school building.

A total of \$12.7 million is programmed in the 2021 CIP in GO bond funding, with \$1.0 million for design and other costs in fiscal 2022. Total design costs will be slightly in excess of \$1.0 million, while total construction costs are currently estimated at \$12.6 million. Demolition of the Lake Clifton High School is expected to be completed by October 2023. Once this site has been demolished, there is an expectation that the property would be utilized for future campus expansion, including the construction of a Convocation Center.

## **New Science Center, Phase I – Washington Service Center**

The fiscal 2022 budget includes \$10.6 million in GO bond funding to demolish the Washington Service Center and associated facilities, with \$0.8 million in design funding planned for fiscal 2022. The demolition of these facilities will clear space for the new science center for biology, chemistry, and

the Dean’s Office. The Washington Service Center was constructed as a warehouse in 1980 and has never been renovated. The building is inadequate and insufficient to continue to house its current occupants – the University Police Department, Procurement and Property Control and the Physical Plant Department. Likewise, space in the existing Science Complex is inefficient, outdated, and poorly configured. Due to the unique topography of the Washington Service Center site, the demolition will include a specialized retaining wall as well as the removal, replacement, and relocation of fuel tanks and fuel-line piping.

The estimated cost of this project increased by a little more than \$1.2 million from what was programmed last session. This is attributable to an expanded project scope that incorporates roadside retaining wall site work along Stadium Way found to ensure its stability once the Washington Service Center is demolished. The project is expected to take 18 months to complete, with the construction period ending June 2024.

## ***Summary of Other Projects in the Capital Improvement Program***

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- ***New Science Center, Phase II:*** State funds totaling \$6.5 million for the new science center, Phase II, have been included in fiscal 2023 to begin design for the new science center. This project will house the biology and chemistry departments and the Dean’s Office. Construction of the new science center is currently scheduled to begin in fiscal 2025. The current estimated total project cost is \$210.3 million, but this estimate has not been informed by any stage of design and should be considered very preliminary. It will be a challenge to keep the costs of such a large facility, programmed at approximately 248,000 gross square feet (GSF), within budget.
- ***Carter-Grant-Wilson Building Renovation:*** This project was added to the fiscal 2022 CIP. State funds totaling \$2.3 million for the Carter-Grant-Wilson Building renovation have been included in fiscal 2025 to begin the design for the project. Until recently, the building housed Human Resources, Information Technologies, Internal Audit, and the Counseling Center. Human Resources has permanently relocated to the Tyler Hall Student Services Support Building. The Counseling Center and Internal Audit are in surge facilities. The Counseling Center will be permanently located in the Health and Human Services Building upon completion and Internal Audit will most likely be located in Truth Hall. The renovation will provide a location for the School of Graduate Studies and the new Division of International Affairs. The estimated cost of this project totals \$31.5 million and is to be funded entirely with GO bonds.
- ***Jenkins Demolition:*** This project was deferred from fiscal 2025 to 2026 to accommodate the Carter-Grant-Wilson Building renovation. State funds totaling a little under \$1.0 million for the Jenkins Behavioral and Social Sciences Building demolition have been included in fiscal 2026. Constructed in 1974, Jenkins is in poor condition, including building systems that are unreliable

and frequently cause system failures resulting in service disruptions. The estimated cost of this project totals \$12.6 million and is to be funded entirely with GO bonds.

## *Updates*

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As part of CAA, MSU is anticipating loan forgiveness in the amount of \$29.3 million associated with loans under the Historically Black Colleges and Universities (HBCU) Capital Finance Program. MSU participated in two HBCU Capital Financing Program loans; the first in 2018 for \$25.0 million, and the second in 2020 for \$69.8 million. The 2018 HBCU loan provided financing for the Public Safety Administration (PSA) building and various deferred maintenance projects and recently closed with a total disbursement of \$8.4 million. The 2020 HBCU loan refinanced the PSA building project at \$16.5 million, provided funding for the defeasance of the 2012 bonds for a \$21.3 million (of which \$20.9 million was actually disbursed for the defeasance) and \$32.0 million in funding for the New Thurgood Marshall Dining facility.

The amount of expected loan forgiveness is derived from the fully disbursed 2018 HBCU loan of \$8.4 million and \$20.9 million disbursed for the 2012 bond defeasance under the 2020 HBCU loan. It should be noted that the HBCU Capital Finance Program is a reimbursement program and the debt is not incurred until expenditures are paid. Therefore, the CAA does not allow for loan forgiveness of debt that has not been incurred. For this reason, the expected loan forgiveness currently totals \$29.3 million. This loan forgiveness, should it be confirmed, will allow MSU some financial flexibility to address current challenges and continued growth.

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

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1. Approve the \$932,000 general obligation bond authorization for the Campus Expansion, Phase I – Lake Clifton High School Demolition.
2. Approve the \$10,000,000 general obligation bond authorization for Deferred Maintenance and Site Improvements.
3. Approve the \$33,072,000 general obligation bond authorization for the new Health and Human Services Building, Phase II.
4. Approve the \$784,000 general obligation bond authorization for the new Science Center, Phase I.
5. Approve the deauthorization of \$108,947 in general obligation bonds appropriated in 2014 for the New School of Business Complex and Connecting Bridge.
6. Approve the preauthorization of \$56,250,000 in general obligation bonds to continue construction of the new Health and Human Services Building, Phase II.
7. Approve the preauthorization of \$42,339,000 in general obligation bonds to continue construction of the new Health and Human Services Building, Phase II.

## ***Operating Budget Impact Statement***

### **Executive’s Operating Budget Impact Statement – State-owned Projects Fiscal 2022-2026 (\$ in Millions)**

	2022	2023	2024	2025	2026
<b>Campus Expansion Phase I – Lake Clifton High School Demolition</b>					
Estimated Operating Cost	\$1.416	\$1.087	\$0.485	\$0.494	\$0.504
Estimated Staffing	0.000	0.000	0.000	0.000	0.000
<b>New Health and Human Services Building, Phase II</b>					
Estimated Operating Cost	\$0.000	\$0.000	\$6.309	\$2.409	\$2.488
Estimated Staffing	0.000	0.000	7.000	7.000	7.000
<b>New Science Center Phase I – Washington Service Center Demolition</b>					
Estimated Operating Cost	\$0.000	-\$0.228	-\$0.456	-\$0.469	-\$0.483
Estimated Staffing	0.000	0.000	0.000	0.000	0.000
<b>Total Operating Impact</b>					
<b>Estimated Operating Cost</b>	<b>\$1.416</b>	<b>\$0.859</b>	<b>\$6.338</b>	<b>\$2.434</b>	<b>\$2.509</b>
<b>Estimated Staffing</b>	<b>0.000</b>	<b>0.000</b>	<b>7.000</b>	<b>7.000</b>	<b>7.000</b>

The new Health and Human Services Building, Phase II project will result in an increase in GSF of the campus infrastructure as this project will result in a new building being added to the campus. The estimated staffing increase is for 3 laboratory technicians and 4 services workers to ensure the proper operation and maintenance of the new facility.