

# **Capital Debt Affordability Committee**

**Treasurer Nancy K. Kopp, Chair  
Treasury Building Assembly Room  
80 Calvert St.  
Annapolis, MD**

## **Agenda**

**October 1, 2014**

**2:00 PM**

### **Treasurer's Opening Comments**

#### **Affordability Analysis: September Baseline**

Bernadette Benik, Chief Deputy Treasurer

Nikki Griffith, Deputy Director of Debt Management, State Treasurer's Office

### **Discussion of recommendations for FY 2016 to be submitted to the Governor and General Assembly:**

- *Academic Facilities Bonds Authorization:*  
Recommendation of the amount of new bonds for academic facilities for fiscal year 2016 by the University System of Maryland, Morgan State University, St. Mary's College of Maryland and the Baltimore City Community College.
- *General Obligation Bond Authorization:*  
Recommendation of the total amount of new State debt that prudently may be authorized for the fiscal year 2016.

### **Discussion of planning assumptions for FY 2016 – FY 2024 to be included in the 2014 annual report:**

- Recommendation of planning assumptions for the total amount of new State debt for fiscal years future years.

# Affordability Analysis: September Baseline

Capital Debt Affordability Committee  
October 1, 2014

# General Obligation Bonds New Authorization CDAC Baseline

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In its 2013 annual report the committee adopted \$1,170 million as the planning assumption for fiscal year 2016, which included an additional \$75 million. This has now become the new authorization baseline for the 2014 annual report.

<b>Fiscal Year</b>	<b>Authorization CDAC Baseline (\$ in millions)</b>
2016	1,170

# General Obligation Bonds CDAC Baseline Planning Assumptions

In its 2013 report the committee adopted the following planning assumptions for future authorizations. A \$75 million increase was included in FY 2017 – 2019. This has now become the new authorization baseline for the 2014 annual report.

<b>Fiscal Year</b>	<b>Planning Assumption CDAC Baseline (\$ in millions)</b>
2017	1,180
2018	1,275
2019	1,315
2020	1,280
2021	1,320
2022	1,360
2023	1,400
2024	1,440

# Tax-Supported Debt Issuance Assumptions – CDAC Baseline

(\$ in millions)

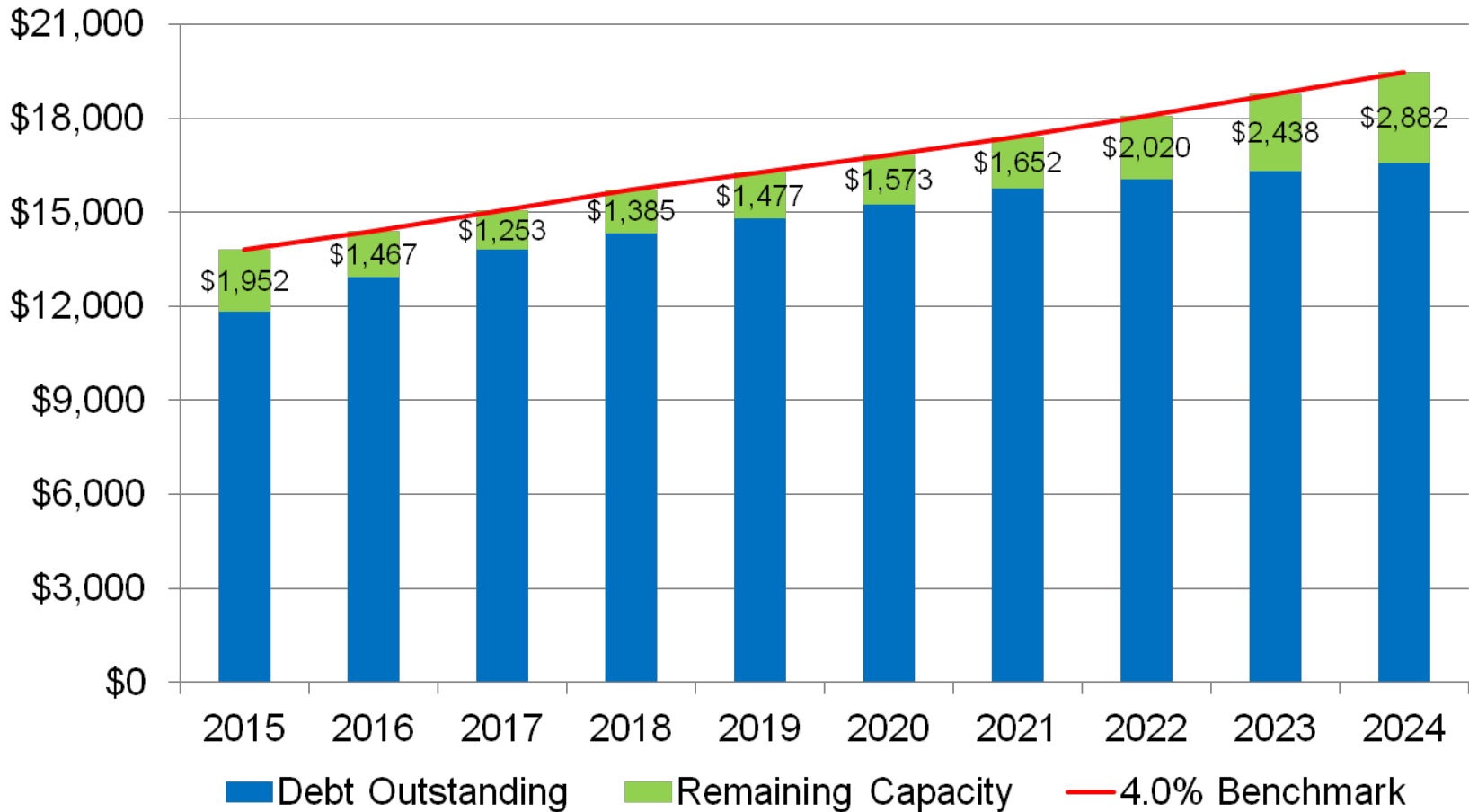
	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
GO	\$1,018	\$1,056	\$1,125	\$1,193	\$1,293
MDOT	\$635	\$815	\$790	\$515	\$415
Bay Bonds	\$0	\$100	\$180	\$0	\$0
Capital Leases	\$19	\$69	\$5	\$5	\$5
<b>Total</b>	<b>\$1,672</b>	<b>\$2,040</b>	<b>\$2,100</b>	<b>\$1,713</b>	<b>\$1,713</b>

# Debt Outstanding Benchmark CDAC Baseline

<b>Fiscal Year</b>	<b>Debt Outstanding (\$ in millions)</b>	<b>Personal Income (\$ in billions)</b>	<b>Debt Outstanding Ratio (%)</b>
2015	\$11,848	\$344,999	3.43
<u>2016</u>	<u>12,920</u>	<u>359,678</u>	<u>3.59</u>
2017	13,818	376,790	3.67
2018	14,334	392,982	3.65
2019	14,792	406,736	3.64
2020	15,246	420,484	3.63
2021	15,773	435,621	3.62
2022	16,064	452,087	3.55
2023	16,325	469,086	3.48
2024	16,587	486,724	3.41

# Debt Outstanding Capacity CDAC Baseline

(\$ in Millions)



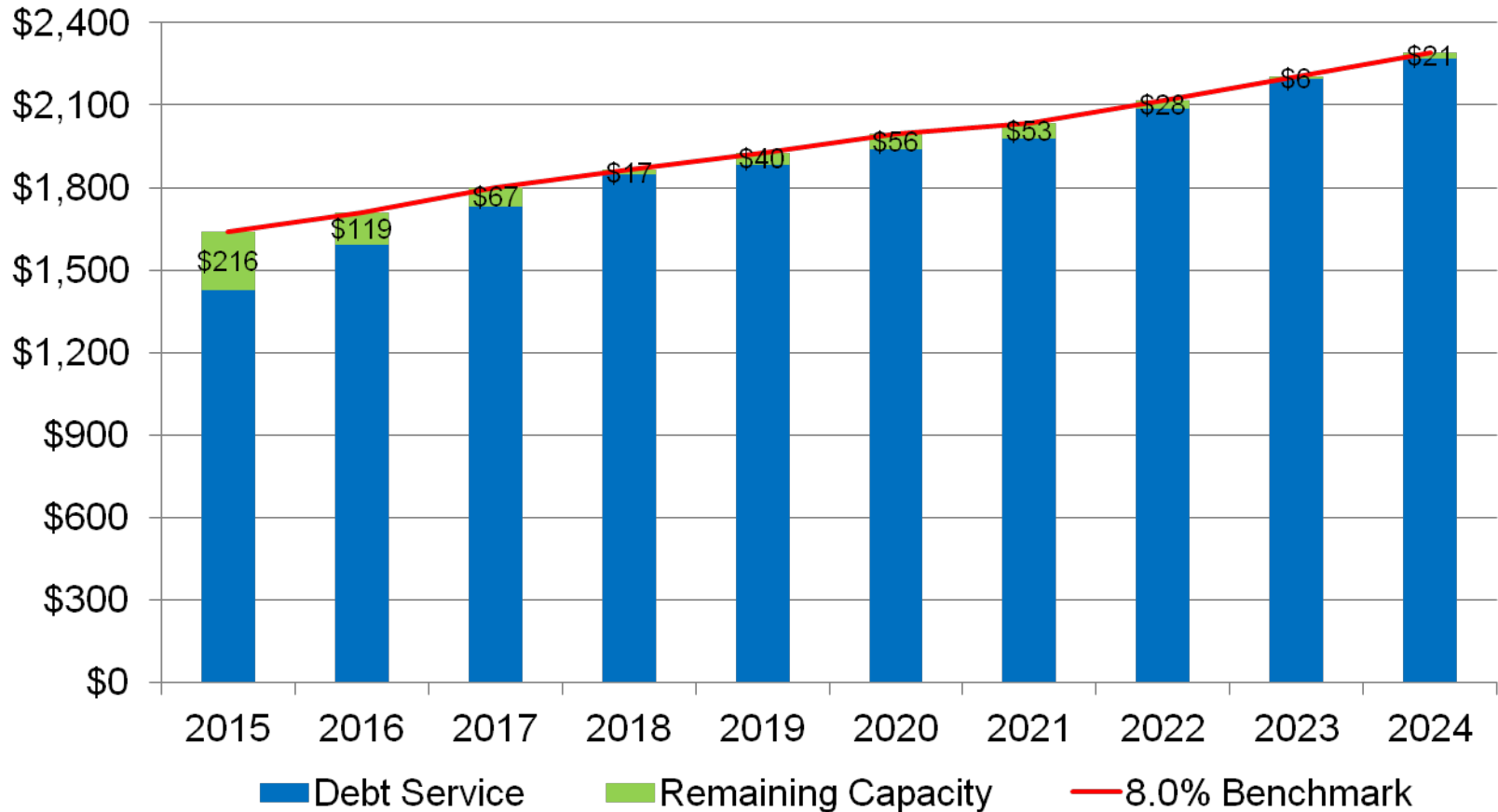
# Debt Service Benchmark CDAC Baseline

<b>Fiscal Year</b>	<b>Debt Service (\$ in millions)</b>	<b>Revenues (\$ in millions)</b>	<b>Debt Service Ratio (%)</b>
2015	\$1,425	\$20,519	6.95
<u>2016</u>	<u>1,591</u>	<u>21,387</u>	<u>7.44</u>
2017	1,732	22,484	7.70
2018	1,847	23,295	7.93
2019	1,885	24,064	7.83
2020	1,940	24,950	7.77
2021	1,980	25,421	7.79
2022	2,088	26,448	7.89
2023	2,196	27,525	7.98
2024	2,270	28,638	7.93



# Debt Service Capacity CDAC Baseline

(\$ in Millions)



# Affordability Analysis: Without a \$75 Million Increase

# Alternative Authorization Without Increase

(\$ in millions)

In its 2013 annual report the committee adopted \$1,170 million as the planning assumption for fiscal year 2016. The alternative would be to remove the additional \$75 million in the authorization baseline for the 2014 annual report.

<b>Fiscal Year</b>	<b>Alternative Authorization</b>	<b>Decrease from Planning Assumption</b>
2016	1,095	75

# General Obligation Bonds Planning Assumptions – Without Increase

In its 2012 report the committee adopted the following planning assumptions for future authorizations, which does not include an additional \$75 million in FY 2017-2019.

<b>Fiscal Year</b>	<b>Alternative Planning Assumption (\$ in millions)</b>	<b>Decrease from CDAC Baseline Planning Assumption (\$ in millions)</b>
2017	1,105	75
2018	1,200	75
2019	1,240	75
2020	1,280	0
2021	1,320	0
2022	1,360	0
2023	1,400	0
2024	1,440	0

# Tax-Supported Debt Issuance Assumptions – Without Increase

(\$ in millions)

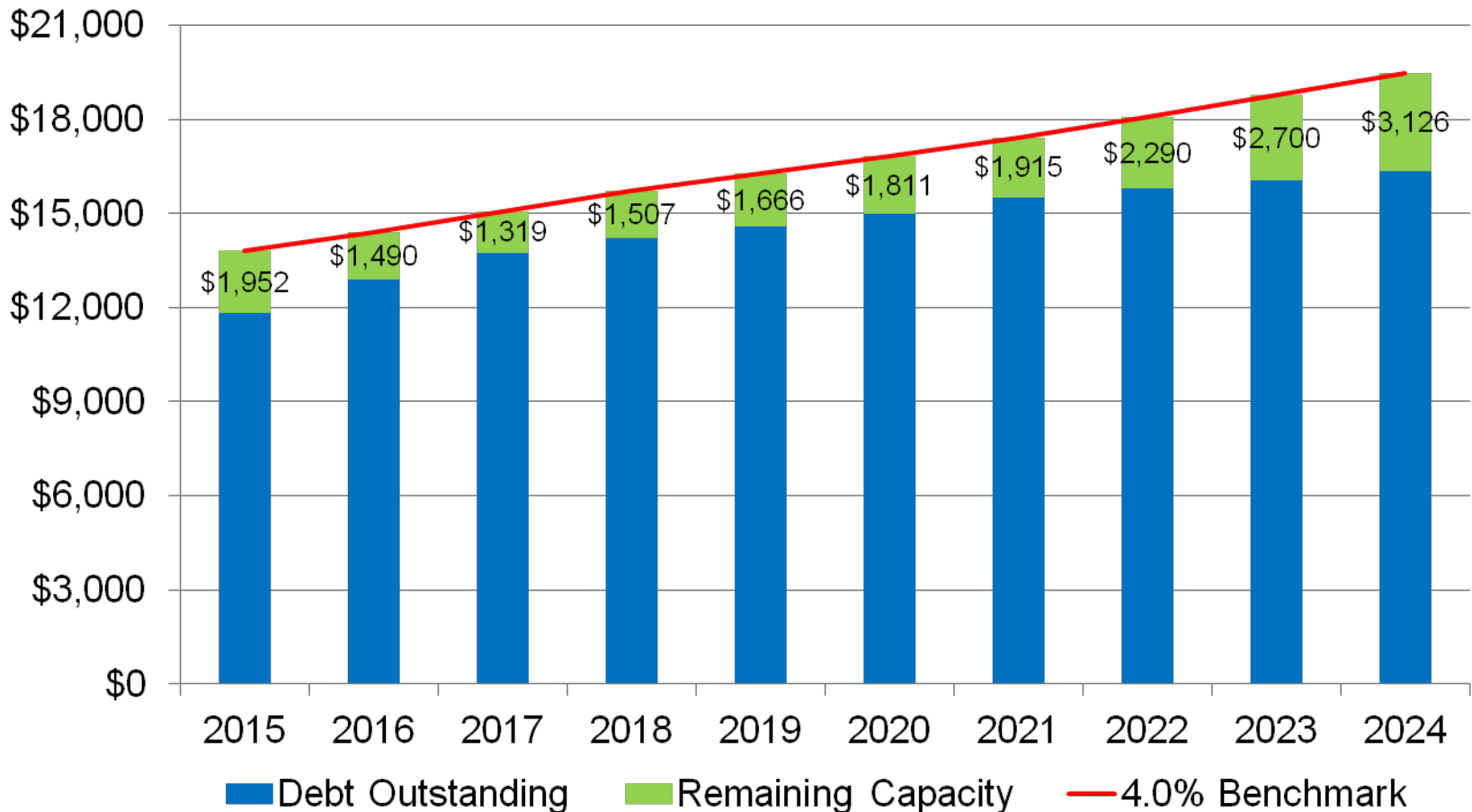
	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
GO	\$1,018	\$1,033	\$1,083	\$1,136	\$1,171
MDOT	\$635	\$815	\$790	\$515	\$415
Bay Bonds	\$0	\$100	\$180	\$0	\$0
Capital Leases	\$19	\$69	\$5	\$5	\$5
<b>Total</b>	<b>\$1,672</b>	<b>\$2,017</b>	<b>\$2,058</b>	<b>\$1,656</b>	<b>\$1,591</b>

# Debt Outstanding Benchmark Without Increase

<b>Fiscal Year</b>	<b>Debt Outstanding (\$ in millions)</b>	<b>Personal Income (\$ in billions)</b>	<b>Debt Outstanding Ratio (%)</b>
2015	\$11,848	\$344,999	3.43
<u>2016</u>	<u>12,897</u>	<u>359,678</u>	<u>3.59</u>
2017	13,753	376,790	3.65
2018	14,212	392,982	3.62
2019	14,603	406,736	3.59
2020	15,009	420,484	3.57
2021	15,510	435,621	3.56
2022	15,794	452,087	3.49
2023	16,064	469,086	3.42
2024	16,343	486,724	3.36

# Debt Outstanding Capacity Without Increase

(\$ in Millions)



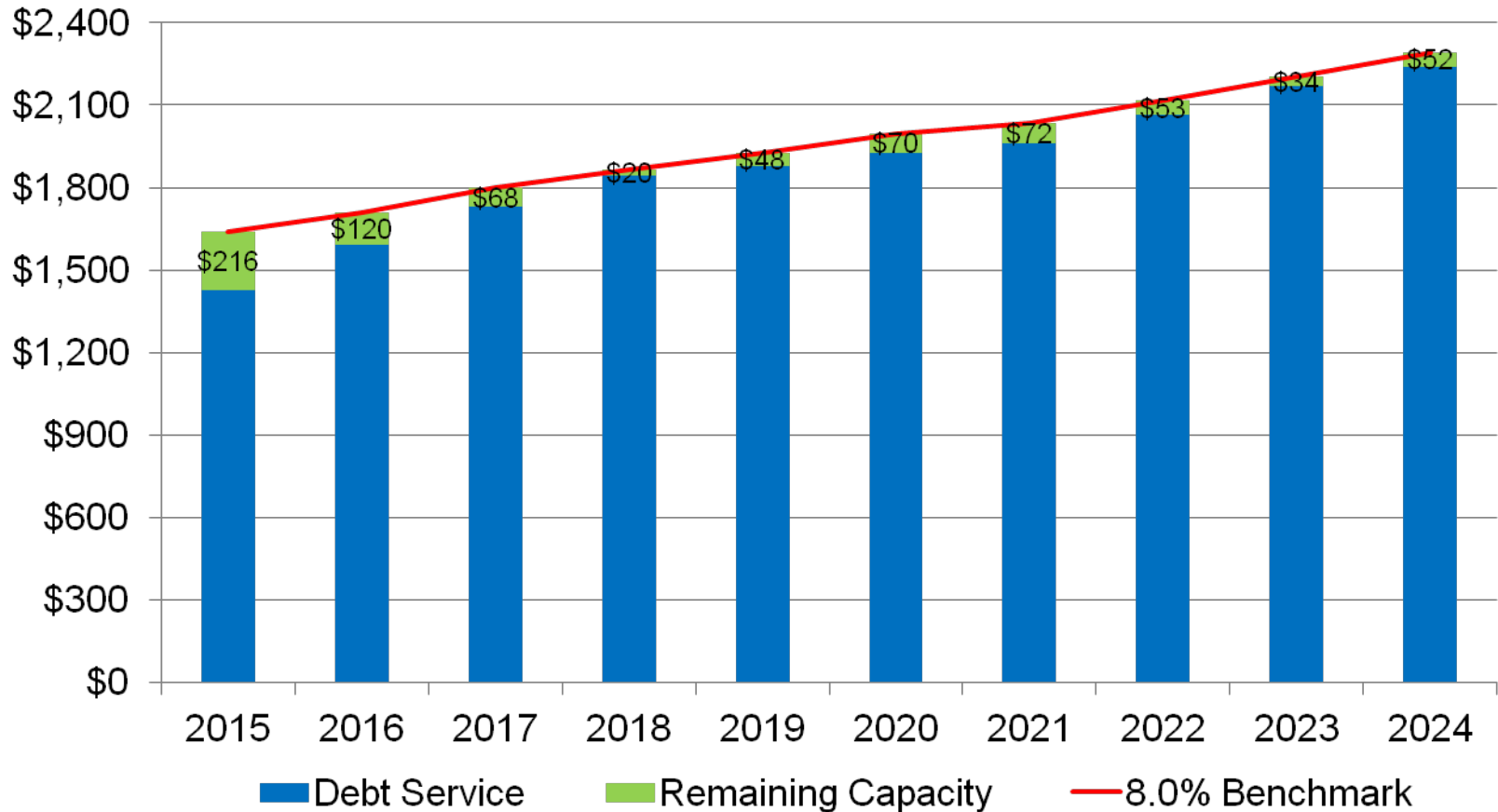
# Debt Service Benchmark Without Increase

<b>Fiscal Year</b>	<b>Debt Service (\$ in millions)</b>	<b>Revenues (\$ in millions)</b>	<b>Debt Service Ratio (%)</b>
2015	\$1,425	\$20,519	6.95
<u>2016</u>	<u>1,591</u>	<u>21,387</u>	<u>7.44</u>
2017	1,731	22,484	7.70
2018	1,843	23,295	7.91
2019	1,877	24,064	7.80
2020	1,926	24,950	7.72
2021	1,961	25,421	7.72
2022	2,063	26,448	7.80
2023	2,168	27,525	7.87
2024	2,239	28,638	7.82



# Debt Service Capacity Without Increase

(\$ in Millions)



# Analysis of Authorization With and Without Increase

<b>Fiscal Year</b>	<b>Debt Service Ratio</b>	<b>Decrease from Baseline</b>	<b>Personal Income Ratio</b>	<b>Decrease from Baseline</b>
2015	6.95	0.00	3.43	0.00
2016	7.44	0.00	3.59	0.00
2017	7.70	0.00	3.65	0.02
2018	7.91	0.02	3.62	0.03
2019	7.80	0.03	3.59	0.05
2020	7.72	0.05	3.57	0.06
2021	7.72	0.07	3.56	0.06
2022	7.80	0.09	3.49	0.06
2023	7.87	0.12	3.42	0.06
2024	7.82	0.11	3.36	0.05

# Academic Facilities Bonds Authorization



# Recommendation of Amount of New Bonds for Academic Facilities for Fiscal Year 2016

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Amount of new bonds for academic facilities for fiscal year 2016 requested by institution:

University System of Maryland: \$34.5 million

Morgan State University: \$0

St. Mary's College of Maryland: \$0

Baltimore City Community College: \$0

*Total* \$ 34.5 million