

Dear Mr. Speaker:

In accordance with Article II, Section 17 of the Maryland Constitution, I have today vetoed House Bill 148.

This bill authorizes the State public colleges and universities to maintain special funded "reserve accounts", for the repair of auxiliary facilities, dormitories, college centers, and other noninstructional facilities constructed from or required to be repaired or replaced from nongeneral funds. These reserve accounts may also be used for the repair and replacement of furniture and equipment in these facilities, and for the operation of activities whose revenues are drawn from charges for goods and services.

This bill requires each institution to report annually to the Department of Budget and Fiscal Planning the amount of these reserve funds and the expenditures from them. However, the bill places no limit on the accumulations in the reserve accounts, and does not require the approval of any one in the normal budgetary process for the creation of a reserve account, the amount and type of fee exacted to fund it, or the amount and type of expenditures made from it. In short, these reserve accounts would be virtually immune from budgetary control, both by the Executive and by the Legislature.

If the General Assembly desires to authorize the institutions to maintain special funded reserve accounts, I think it prudent to place some controls over the amounts accumulated in them, and to require that expenditures from the accounts be included in the State Budget.

We have seen in the past how unrestrained reserve accounts can be abused. At three of the public colleges, fees were established to provide for the redemption of bonds issued to finance student union centers at a time when the student enrollment was less than 60% of the current level. These fees were not reduced as enrollment increased; and, as a result, far more money was collected from the students than was needed. For several years, the students were actually being overcharged by more than fifty percent. One institution imposed and collected a special fee in anticipation of the construction of a new student union center. Yet, the construction bonds ultimately issued covered the entire construction cost, and the fees previously collected for that purpose became surplus, some of which were later attempted to be diverted to construction of a stadium.

With the cost of a college education ever