

May 19, 2010

TO: The UMBC Community

FR: Freeman Hrabowski

RE: Message from Chancellor Kirwan

As we approach the close of the academic year, Chancellor Kirwan wanted to share the following statement with you.

Also, I want to emphasize how much Provost Hirshman and I appreciate all that you have done this year to support our students' success. We will be working closely with the Chancellor and the Board of Regents to address furloughs and compensation issues as the budget process for Fiscal Year 2012 begins in the fall.

The Retriever Weekly recently published my thoughts on our campus's positive response to the difficult budget environment. If you have not had a chance to read the article, you can find it at http://www.retrieverweekly.com/?module=displaystory&story_id=5648&format=html.

Again, thank you.

A Message from Chancellor William E. Kirwan

May 18, 2010

As I talk with people from around the state and the nation, many often express their highest regard for the University System of Maryland (USM) and the work we do to advance opportunities for our students and for the citizens of our state. I know that your efforts are the driving force behind USM's reputation as a public higher education leader and key to the beneficial partnerships we have with our leaders in Annapolis.

With the 2010 legislative session concluded, I wanted to brief you on where we stand. As far as the good news goes, we avoided reductions to our base operating budget. Given that the General Assembly enacted more than \$560 million in budget reductions and transfers statewide, emerging with our base budget intact is a significant accomplishment and a reflection of your commitment and dedication.

This is especially significant when you consider the alternatives we avoided. For example, the Maryland Department of Legislative Services recommended cuts to USM's budget, including a further take down of our fund balance, a 17 percent cut to our

regional centers (Universities at Shady Grove and University System of Maryland at Hagerstown), and a potentially devastating cut in our efforts to reconfigure the University of Maryland Biotechnology Institute centers and integrate them into other USM institutions.

In addition, a group of legislators proposed a \$50 million reduction to our base budget. If approved, that would have resulted in some 1,000 positions eliminated, a 50 percent cut in tuition remission benefits for faculty and staff, and other harmful actions. Fortunately, the proposal did not gain support.

On the negative side, our approved FY 2011 budget does not include funding for merit pay increases or cost-of-living salary adjustments. On top of this, the state's budget bill requires that USM achieve \$26 million in savings from furloughs and/or salary reduction plans. Our Board of Regents in April adopted a resolution authorizing such action for FY 2011. There will be no reduction of employment benefits and each campus plan must take compensation levels into account (for example, higher-paid employees would take the highest number of furlough days).

All institutions must negotiate their furlough and/or salary reduction plans with the labor unions, as appropriate, and will have some discretion to determine the number of days within certain guidelines. We will execute these plans with minimum disruption to our institutions, particularly with respect to class schedules, essential student services, and patient care activities.

As I have expressed to the Board of Regents, to institutional presidents, and to state leaders, I am deeply concerned and troubled about the demoralizing impact of another round of furloughs and by the erosion in our ability to pay competitive salaries. I believe we are at considerable risk of losing talented faculty and staff. The Board of Regents, USM institutional leaders, and my staff and I at the system office will continue to address this issue with Governor Martin O'Malley and members of the General Assembly. In my view, we must end furloughs and salary reductions and have the authority to address compensation issues as we move into FY 2012.

I will keep you informed on this and other crucial matters. Once again, I thank you for all your efforts on behalf of the University System of Maryland and the students we serve.