

April 16, 2010

To: The UMBC Community

Fr: Freeman Hrabowski
Elliot Hirshman

Re: Budget Update

During this year's Maryland General Assembly session, the Governor and Legislature worked to close a significant budget gap caused by persistent fiscal challenges. Our elected officials demonstrated continued support for affordable and accessible public higher education by minimizing base budget reductions.

The State's FY 2011 budget reduces USM's institutional fund balances (i.e., reserves) by \$48 million. UMBC's share of the reduction is about \$4.2 million. The campus also will need to make base budget reductions in FY 2011 of just over \$4 million. (These base cuts were imposed earlier this year and were covered with reserve funds.) We also are receiving an increase in State appropriations of \$1 million, reflecting an agreement that our undergraduate resident tuition rate will increase by three percent, rather than by five percent, as originally proposed.

We are pleased that the FY 2011 capital budget includes \$37.4 million to begin construction this summer on the first phase of our new Performing Arts and Humanities Building. (The total cost of the building, when completed in 2015, is estimated to be \$170 million.) The building will provide state-of-the-art facilities for arts and humanities departments and programs; enhance UMBC's teaching, research, and public outreach; and heighten the visibility of the arts and humanities as major components of campus and community life. The first phase of construction includes classrooms, class and open laboratories, multi-media study and collaboration spaces, a 275-seat main theater, a 100-seat black box theater, and support spaces.

As mentioned above, the State budget also reflects a three-percent tuition increase in in-state undergraduate tuition (following a four-year freeze). These resulting funds will help us preserve the quality of our programs and access to classes. The increase will add \$195 to the annual bill for each full-time, in-state UMBC undergraduate. Increases in fees will add another \$104 annually. The budget also includes a five-percent increase in out-of-state and graduate student tuition.

We are now developing UMBC's FY 2011 working budget based on the direction set by the Governor and the Legislature.

As expected, the budget does not include merit or cost-of-living adjustments for State and USM employees. USM is required to achieve savings of \$26.1 million through furloughs or temporary salary reductions. We are consulting with our Senates for advice that will inform UMBC's approach.

We have been preparing for budget reductions throughout the year by focusing on cost containment and investing our limited funds carefully in initiatives that will increase revenues. Our principles of preserving the academic core and supporting people continue to guide us. We welcome suggestions from the community as we address these challenges.

Cost-management strategies already in progress or being considered for FY 2011 include the following: continuing the hiring freeze and hiring exceptions process; reductions in scholarships and facilities renewal funds; utility savings achieved through new procurement contracts; a Blue Ribbon Commission to develop recommendations regarding the future of the Library; a work group to assess strategies to increase efficiencies in IT support; an effort to identify and reduce low-enrollment classes; and encouraging saving current-year discretionary funds to apply to strategic priorities.

On the revenue side, higher than projected enrollments in FY 2010 will provide some resources to meet our most pressing needs and address budget reductions. Other new revenue opportunities include growth in out-of-state enrollment, growth in selected master's programs and summer/winter session offerings, and increased student retention. Increasing revenues from research grants, contracts, and fundraising also are important to our progress.

We recognize that the continuing budget challenges have an impact on the entire campus community. At the same time, we are encouraged by the positive approach students, faculty, and staff are taking in this process. We will keep you informed as we have more information.

To read previous budget updates from 2009-2010 and 2008-2009 academic years, please visit <http://www.umbc.edu/provost/planning/ArchiveofPriorBudgetCorrespondence.html>.