

January 22, 2009

To: The UMBC Community

From: Freeman Hrabowski
President

Elliot Hirshman
Provost

Re: Budget Update

As the spring semester approaches and we look ahead to the next fiscal year, we want to bring you up to date on UMBC's FY 2009 and proposed FY 2010 budgets.

During FY 2009, we have been managing substantial cuts by working with the Vice Presidents and Deans. The cuts total approximately \$5.7 million from our original \$190-million State-supported budget, which is a 1.65% reduction in our total budget of \$345 million. To make these reductions and prepare for next year, we are continuing our staff hiring freeze and have cancelled a number of faculty searches. We are taking a very conservative approach to spending, including reducing operating costs for utilities, facilities renewal, equipment, and supplies. We are also implementing furloughs as part of the statewide plan. Additional tuition revenue from increased enrollment this year has been helpful in this process.

Our goal is to minimize reductions in staffing and the impact on students. However, all administrative divisions and colleges are making difficult choices as they make budget cuts, and in some cases positions will be eliminated. Based on our current budget situation, the number of positions eliminated will be substantially lower than in previous recessions.

Yesterday, Governor O'Malley released his FY 2010 State budget proposal, and it is clear he has worked hard to protect higher education. (The January 16, 2009 *Chronicle of Higher Education* article, "Colleges See Slowest Growth in State Aid in Five Years," puts into perspective just how supportive the Governor has been.) The Governor's budget includes \$30 million of the \$65 million in State General Funds previously cut from the University System of Maryland's (USM) FY 2009 budget. For UMBC, the result is \$2.6 million retained in our base budget. A \$28-million increase in General Funds for the USM includes \$16 million to support a tuition freeze for in-state, full-time undergraduate students (for the fourth consecutive year), and a variety of mandatory costs, such as health, utilities, and financial aid. The proposed budget does not include COLA and merit increases.

The Governor's FY 2010 budget proposal must be approved by the legislature, and our advocacy for support for higher education will be crucial as legislators make very difficult budget decisions.

These budget reductions mean significant sacrifices for our community. We also know that the national and State economic challenges we face are long-term and will require us to continue to plan carefully as we prepare for the coming academic year. We are encouraged by the Federal Economic Stimulus Proposal, which addresses student access and affordability, construction, and infrastructure funds for higher education, and science and technology research funding.

Thank you for your understanding and support as we work together as a campus community in these difficult times. We will keep you informed as more information becomes available.

Chancellor Kirwan's budget update to the USM community follows.

**A Message from Chancellor William E. Kirwan
to the University System of Maryland (USM) Community
January 21, 2009**

This afternoon, Governor Martin O'Malley unveiled his FY 2010 budget proposal for the State of Maryland. Despite the extraordinarily difficult fiscal environment, the Governor's budget restores \$30 million of general funds cut from the University System of Maryland's FY 2009 operating budget; it also includes an additional \$27.3 million increase in general funds for FY 2010. The Governor once again has demonstrated his strong commitment to higher education, to our university system, and to high quality, affordable higher education for the students and families of Maryland.

Included in the increase is \$16 million, which-if the proposed budget survives the legislative session-will enable USM to hold tuition flat for in-state, full-time undergraduate students for the fourth consecutive year. The Governor's budget also covers the mandatory increase in costs we face next year, including funds to operate new facilities, increases in employee benefits, and other inflationary costs.

Due to the ongoing fiscal crisis, the FY 2010 proposal for USM does not include funds for salary increases for employees, significant enrollment growth, or program enhancements. Nevertheless, the Governor's budget would avoid the need for further significant cuts and enable our institutions to remain focused on our top priorities: providing students affordable access to excellent higher education opportunities; performing leading-edge research; playing a major role in economic and workforce development; and advancing the quality of life in Maryland and the nation.

Gov. O'Malley also proposed \$172 million in capital funding for USM, which includes the acceleration of several important academic facilities.

Thanks to the outstanding work of USM faculty and staff, our university system has earned a well-deserved reputation for academic and research excellence, and sound management and financial practices. Our institutions continue to earn top national rankings. Our ongoing Effectiveness and Efficiency Initiative has gained considerable national attention and resulted in more than \$100 million in cost savings. And, we are making impressive strides on our three major USM initiatives: closing the student achievement gap; advancing the state's STEM and research competitiveness; and addressing the issues of climate change.

The last several months have been stressful and challenging for everyone. During the current fiscal year, we have sustained general fund reductions totaling \$51 million, which were handled primarily through a hiring freeze and furloughs. But through it all, thanks to the dedication and professionalism of our faculty and staff, our institutions continue to move forward. While today's economic climate may slow the rate of our progress, I am so proud of the way our faculty and staff work relentlessly to build the quality of our institutions with an unwavering dedication to the students and the state we serve.

While we face the distinct possibility of further budget cuts if economic conditions in the nation and state continue to decline, our immediate focus must be on protecting the Governor's proposed budget as it is considered by the Maryland General Assembly. Reductions to this budget would be harmful to our students, our institutions, and our state. I look forward to working with our regents; presidents; system-wide faculty, staff and student councils; and other members and friends of the USM community to support full funding of the Governor's proposed FY 2010 budget.

As always, I appreciate everything that USM faculty, staff, and students do to advance our university system, all the more so during these very difficult economic times.