January 28, 2011

TO: The UMBC Community

FR: Freeman Hrabowski
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RE: Budget Update

As we begin the spring semester, the 2011 General Assembly is in session in Annapolis, and the Governor's proposed budget for Fiscal Year 2012 will soon be considered by legislators. The following statement by USM Government Relations staff provides an overview of the Governor's budget proposal. The General Assembly has the authority to cut the Governor's budget but cannot add to it. We will continue to keep the campus informed about budget developments throughout the Legislative Session.

Thank you for all that you do to support UMBC's continuing development in these challenging times.

**GOVERNOR RELEASES FY 2012 BUDGET PROPOSAL**
**(Article from the USM Government Relations Newsletter)**

On Friday, Governor O'Malley made public his Fiscal Year 2012 budget for the University System of Maryland (USM). USM worked closely with Governor O'Malley and the Legislature to ensure access to exceptional and affordable academic opportunities. Chancellor Kirwan continues to acknowledge the perseverance of the USM community in the face of profound economic challenges for the State and for our campuses.

While the Governor and General Assembly confront another sizable budget gap of $1.354 billion, the proposed budget proposes **no furloughs** for state employees. The Governor's budget strategy for the rest of state government includes many of the elements already in place as part of USM's on-going Effectiveness and Efficiency (E&E) Initiative. As in FY 2011, the FY 2012 budget for USM does not include salary increases for employees, incentives for enrollment growth, or enhancements to programs.

The Governor's FY 2012 budget, as proposed, is an affirmation of the efforts the Board of Regents and USM to make prudent business decisions in order to preserve quality, close the achievement gap, move towards the 55% degree completion goal, and advance Maryland's national and global competitiveness.

**Here are the highlights for USM:**

**The Governor's allowance for USM (including General Funds and Higher Education Investment Funds) is $1.065 billion.**

**The Governor's budget assumes a 3% tuition increase for in-state undergraduate students providing $8.7 million to "buy down" 2% of the USM requested 5% tuition increase. Tuition at USM institutions will have moved from the 6th highest tuition in the nation to an estimated 25th by FY 2012.**

**The Governor's budget assumes no furloughs for state employees in FY 2012.**

Governor O'Malley has, once again, 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.

As in the past, USM Chancellor Kirwan and the Board of Regents will not make any final recommendations and decisions on the FY 2012 tuition rates until the legislature passes the budget and we have our final numbers. In the meantime, the immediate focus is to protect the Governor's proposed budget as it is considered by the Maryland General Assembly. The USM Regents, Chancellor, Presidents, and USM government relations liaisons will make clear that further reductions to this budget would be harmful to our students, our institutions, and our state.

If there is a "silver lining," Maryland's economy is showing signs of growth. According to a December 2010 report from the Maryland Board of Revenue Estimates, "Since February, all but three major industries–manufacturing, information and other services–have resumed job growth. Over 53,000 jobs have been created, more than one-third of the net jobs lost. The most recent data, for October, show year-over-year job growth of 1.1%, a rate that has not been exceeded since June 2006. With the national economy moving forward and recent momentum in the State, Maryland employment is projected to increase by 1.3% in 2011 after a slight decline in 2010. In 2012, with BRAC moves completed, employment growth will accelerate to 1.6%. With the expanding labor market, wage income is forecast to grow 2.3% in 2010, accelerating to 3.3% in 2011 and 4.1% in 2012. "Normal," however, is not projected to return until 2013 at the earliest."