

August 27, 2009

TO: The UMBC Community

FR: Freeman Hrabowski  
Elliot Hirshman

RE: Budget Update

Following up on Chancellor Kirwan's message yesterday to the USM community, we want to share information with you about how new budget reductions approved yesterday by the Board of Public Works (BPW) will affect UMBC's FY 2010 budget, and how campus leaders are working together to manage these challenges.

In July, we communicated with you about a \$37.7M reduction in the University System of Maryland (USM) budget, of which \$17.7M will be a base budget reduction and \$20M will come from campus fund balances. As mentioned in the State of the University Address, UMBC's share of these cuts is \$1.6M of base cuts, and \$1.9M in fund balance reductions.

The BPW action means the USM will receive an additional \$10M in base budget cuts, an additional \$20M in fund balance cuts, and \$26M in cuts to be achieved through staff and faculty furloughs. Once the Board of Regents acts on the BPW decision, UMBC's share of these cuts will include approximately \$800,000 from our base, \$1.7M from our fund balance, and \$2.5M in savings from furloughs.

You have probably read news accounts about furlough plans for State employees. It is important to know that these accounts do not apply to USM employees. Although USM employees will also be required to take furloughs, the System will have flexibility to develop its own plan, and shared governance organizations and unions will be engaged in this process. We expect that the USM furlough plan will be progressive, with the greatest number of furlough days assigned to those at the highest pay levels.

We have been preparing for reductions by planning, minimizing expenditures, and building revenues. For example, we have already deferred \$1.25M in facilities renewal projects (Sondheim roof, Lecture Hall 2), identified \$600,000 in utility savings due to favorable procurements, and will pull another \$700,000 from auxiliary unit fund balances to help reach these reductions. We know that budget reductions of this size, coupled with prior reductions, are difficult both for the campus and on a personal level.

In spite of these challenges, we are encouraged by the Governor's consistent support of higher education. He has been working with Chancellor Kirwan to limit reductions as much as possible to protect higher education. In fact, our cuts have been considerably smaller relative to other State agencies.

We will continue to plan based on our two principles of preserving our academic programs and supporting the people who make up our community.

We appreciate the commitment and positive approach of our colleagues and students, and will give you more information as it becomes available.