

April 12, 2011

TO: The UMBC Community

FR: Freeman Hrabowski
Elliot Hirshman

RE: Budget Update

The 2011 General Assembly session ended Monday, and we are pleased to inform you that the Governor, Legislature, and University System of Maryland (USM) worked together successfully to minimize the impact of State budget challenges on faculty, staff, and students. For the first time in three years, the State is not mandating faculty and staff furloughs. The Fiscal Year (FY) 2012 budget also provides funds that enable the USM Board of Regents to maintain a moderate approach to tuition at a time when double-digit tuition increases are common across the nation.

Over the past three years, USM institutions have absorbed \$205M in operating and fund balance cuts and have implemented furloughs to achieve an additional \$68M in cost savings. The FY 2012 budget approved by the Legislature reduces the USM budget by \$4M and also requires campuses to cover such mandatory cost increases as health and retirement benefits and bond payments with existing resources. We estimate that these decisions will have an impact of about \$4.5M on UMBC's budget, a smaller reduction than anticipated. Unfortunately, the FY 2012 State budget does not provide merit raises or COLA adjustments and increases the contributions required of employees in the State pension system.

The capital budget includes good news regarding our Performing Arts and Humanities Building. (The State's capital and operating budgets are completely separate.) In addition to approving \$42M to complete Phase 1 of the building, the Governor and the Legislature agreed to advance funding for

Phase 2 construction from FY 2015 to FY 2013. We are particularly grateful to the Governor and our alumna, House Speaker Pro Tem Adrienne Jones '76 , for their steady support of this project and the campus.

Finally, the budget bill approved by the Legislature included an unanticipated request that the Board of Regents study “the advantages and disadvantages of merging the University of Maryland, College Park and the University of Maryland, Baltimore under a single University and make a determination if such a merger is beneficial to the institutions involved and the University System of Maryland as whole.” This matter raises many important questions for the State, the Greater Baltimore region, the campuses directly involved, and all USM campuses. All campuses are working closely with the Chancellor and USM staff as the study is conducted, and we will keep you informed throughout the process.

The support we continue to receive from the State in challenging times has everything to do with the extraordinary commitment and performance of our faculty, staff, and students. We are inspired by your dedication and positive approach through this period of sacrifice, and we thank you for all you do for UMBC.