

October 17, 2008

To: The UMBC Community

Fr: Freeman Hrabowski & Elliot Hirshman

Re: Budget Update

In response to the State's current and projected tax revenue shortfalls, Governor O'Malley and the Board of Public Works are implementing State budget reductions, and we want to share with you how these budget cuts will affect UMBC.

The Governor's plan calls for total savings in excess of \$300 million. The University System of Maryland (USM) has been asked to reduce its base budget by \$15 million, and return to the State another \$20 million from campus fund balances as a one-time current-year measure. The Governor's plan also maintains the FY 2009 tuition freeze. Given that the USM budget represents 22 percent of the State's discretionary funds, the Governor's decision reflects strong support for our students and our work. UMBC's share of the USM budget reduction will include approximately a \$1.3-million base budget reduction, which is less than one percent of our total State-supported budget, and a one-time contribution of \$1.7 million from our fund balance.

While the possibility of furlough days for State employees has been reported in the media, furloughs have not been included in the Governor's plan.

Anticipating additional budget reductions this year and next, we have worked with the Deans and Vice Presidents on approaches to cost-savings that will protect our academic core and support current faculty and staff. We will manage the FY 2009 operating budget reduction and prepare for FY 2010 by continuing the hiring freeze and taking a very conservative approach to other spending.

While the economic challenges facing the State and nation are serious, we are confident that a thoughtful and positive approach will enable us to maintain our strengths and be positioned to make even greater progress when economic conditions improve. To guide decision making during this challenging time, the President's Council recently reviewed and reaffirmed UMBC's "Principles to Govern Discussions about Cost Containment and Reallocation Measures." This document, below, outlines the core principles and strategies University leaders will use to protect the academic core, support the people who make up the UMBC community, enhance our financial strength, and manage effects of budget reductions and reallocations.

We will continue to keep you informed about budget developments.

## **Principles to Govern Discussions about Cost Containment and Reallocation Measures**

Given the current economic situation, the President's Council has reviewed and discussed UMBC's "Principles to Govern Discussions on Cost Containment and Re-allocation Measures" (originally formulated in 1991-1992 and updated in 2003). These discussions have reinforced two core principles. First, we must protect and maintain the strength of our academic programs and prepare to make even greater progress when economic conditions improve. Second, we must support the members of our community. UMBC is a community that cares about people, and we will support them in these difficult economic times. Below, we enumerate specific goals that reinforce our core principles.

In addition to enunciating these core principles, the President's Council also enumerated specific strategies designed to enhance our financial strength and mitigate the effects of re-allocations. These strategies are also listed below.

In these difficult times, we stand together to protect our academic programs and move forward as a community.

1. Primacy of the Academic Program: Specific Goals
  - a. Preserve the faculty and the quality of undergraduate and graduate education.
  - b. Maintain academic and financial support for students.
  - c. Continue to increase retention and improve graduation rates.
  - d. Continue to strengthen recently established and extant academic programs, recognizing that we may have to postpone the initiation of new programs.
  - e. Maintain growth of UMBC's research portfolio (which generates new revenues) and provide necessary support to meet associated compliance requirements related to managing conduct of research and external funds.
  - f. Maintain Carnegie classification as a Research – High university and begin the process of attaining classification as a Research-Very High university.
  - g. Increase Ph.D. completion rates and, where possible, graduate enrollments.
  
2. Support the Members of our Community: Specific Goals
  - a. Continue to make UMBC a "people place" where students, faculty, and staff know that the institution cares about them.
  - b. Ensure campus safety and security.
  - c. Continue to make progress in creating a diverse and cohesive community of students, faculty, and staff.
  - d. Recognize and celebrate the contributions of members of our community. Recognize that all members of our community are bearing substantial burdens in this economic downturn.
  - e. Recognize that the pain of cost containment may not be shared equally. Maintain a spirit of good will as we strive to achieve common goals.
  - f. Focus on support for students, faculty, and staff.
  - g. Build on UMBC's reputation for responsiveness to the needs of Greater Baltimore and the State of Maryland through strengthened partnerships.
  - h. Continue to build strong relations with alumni and other friends of the University.

3. Enhancing Financial Strength and Mitigating Effects of Re-allocation: Specific Strategies
  - a. Aggressively pursue new revenue sources.
  - b. Promote enrollment growth and programs that will enhance the University's financial position.
  - c. Consider how services might be combined – both within and across divisions.
  - d. Defer initiating activities and programs that require substantial re-allocations.
  - e. Adjust our expectations appropriately about what UMBC can achieve with fewer resources during current economic challenge.
  - f. Respond to the challenge of rising above severe constraints. Find ways to continue to distinguish ourselves from other campuses.
  - g. Communicate clearly to internal and external communities what services we choose to reduce or eliminate and, as a result, what essential services we can continue to provide.

*Revised 9/29/08*