



TOPIC: FY 2010 Board of Public Works Budget Reduction: \$18 Million from State Appropriations and a \$20 Million Fund Balance reversion to the State.

COMMITTEE: Committee of the Whole

DATE OF COMMITTEE MEETING: July 23, 2009

SUMMARY: On July 22, 2009, the Board of Public Works (BPW) endorsed budget recommendations to reduce State agency appropriations by \$283 million for FY 2010. The USM share of this reduction is \$18 million or 1.6% of state appropriations and a \$20 million transfer of fund balance to the State. Previously, the USM submitted to the State a plan for reducing the USM's base budget by \$37 million. The use of \$20 million in USM fund balance resulted from the Administration's flexible approach to managing our share of the budget reduction goal and this will help to minimize the impact of the cuts on core teaching and research activities. The USM is to submit its implementation plan to the Governor by July 31, 2009. The Chancellor plans to consult with the presidents regarding the allocation of the reduction to the institutions.

It is important to note that the July 22 BPW action is the first phase of what will be a multi-part plan to save \$700 million, the amount needed to balance the FY 2010 State budget. The State anticipates that additional reductions will be announced by September 7, 2009.

ALTERNATIVE(S): There are no alternatives recommended at this time

FISCAL IMPACT: The FY 2010 state appropriation will be reduced by \$18 million and the USM fund balance by \$20 million.

CHANCELLOR'S RECOMMENDATION: That the Board of Regents delegate to the Chancellor the authority to allocate the above budget reductions to the institutions and transfer fund balance to the State. The Chancellor shall report back to the Board the final allocation.

COMMITTEE RECOMMENDATION:

DATE:

BOARD ACTION:

DATE:

SUBMITTED BY: Joseph F. Vivona (301) 445-1923
