

Letters to the UMB Community

The Status of UMB's Budget

May 13, 2025

Dear Colleagues:

I write today to let you know that with the end of the legislative session, we now have some reliable financial data upon which to base decisions about the University of Maryland, Baltimore's (UMB) budget. The state of Maryland's fiscal situation resulted in a 7 percent budget reduction to our state appropriation, which equals \$25.9 million, and as the state reassesses its financial position this fall, it is possible that additional cuts might be forthcoming.

Separate from our state funding decrease, UMB's grant and contract funding portfolio also has declined over the past year, resulting in a \$7.9 million drop in our indirect cost recovery (facilities and administrative support for research infrastructure). This decline is unrelated to recent actions by the federal government. Although this funding decrease will primarily affect the School of Medicine since about 80 percent of our research funding sits there, it also will have a lesser effect on the budget of every UMB school and unit.

This combination of state cuts and the decrease in last year's indirect cost recovery effectively results in a \$33.8 million reduction to UMB's budget for Fiscal Year 2026. This large budget deficit will be challenging to manage because there is no singular or "one-size-fits-all" solution. Solutions will need to be tailored in a manner that best preserves the individual schools' missions and takes into consideration their unique challenges.

Thus, I have charged the deans and vice presidents with the responsibility of developing a unit-specific plan to implement their share of the cuts. These plans, which will vary from school to school and unit to unit, might include reductions in operational funds, decreases in salary, and other personnel actions. As I shared with the University System of Maryland (USM) Board of Regents yesterday at a special session, UMB will eliminate around 30 vacant positions and lay off approximately 30 full-time staff due to the state budget cuts. It is anticipated that modest salary reductions will impact approximately 1,000 employees at two of our seven schools. You should expect a communication from your dean or vice president as to the specific actions that relate to you. UMB's senior leadership also will participate in these actions: The deans, vice presidents, and I will take a pay cut, which will be used to further offset a portion of the budget deficit. We are all in this together and must stand together.

Although the state reduced the budgets at USM institutions, Gov. Wes Moore announced a 1 percent cost-of-living adjustment (COLA) for all state employees, which includes state-funded regular faculty and staff positions, including collective bargaining unit employees. As in past years, COLA payments to the clinical faculty in the School of Medicine will be determined based on the availability of funds from clinical sources as determined by the School of Medicine's leadership.

The state also has included additional unrestricted funds for “salary enhancement”— also called “merit funds” — for state employees. Salary enhancements for collective bargaining unit employees and other non-exempt employees will be provided in accordance with applicable memorandums of understanding. Given the extraordinary circumstances we are managing, UMB will not be providing merit increases to faculty and exempt staff. Instead, the merit funds will be reallocated to offset a part of the state’s budget cuts to prioritize job retention over salary enhancements.

Please keep in mind that these difficult decisions do not account for future actions that might be taken by the federal government. The actions of the past 100 days have had significant negative effects on UMB’s mission, especially our research enterprise. Many of us are deeply engaged in advocacy, in providing advice, in redirecting our research focus, in protecting our students, and in maintaining this marvelous UMB environment. As we learn more about the impact of these developments on our mission and budget in the coming months, I will get back to you with additional strategies and actions.

There are many reasons to be pessimistic, but I am not. This moment, though challenging, also provides an opportunity — for collaboration, innovation, and growth. I know that we will find our way through this, we will maintain our mission, and we will find new opportunities to excel. We will come out stronger, together. I believe in our mission, and I believe in all of you.

Thank you for your continued dedication, patience, and trust as we weather this storm.

Sincerely,

Bruce E. Jarrell, MD, FACS

President