As you know, the Maryland General Assembly’s 2012 legislative session came to an end earlier this week with no small amount of budgetary turmoil. While the House and Senate both passed the state’s operating and capital budgets, both chambers did not pass the tax legislation and the Budget Reconciliation and Financing Act (BRFA) required to fully fund the operating budget.

On the capital side, the General Assembly approved every University System of Maryland (USM) project in the Governor’s FY 2013 capital budget. We very much appreciate that the USM will receive approximately $221 million for critical projects across the state.

On the operating side, it is my hope and expectation that Governor Martin O’Malley and the legislative leadership will work out their differences and reconvene to pass the tax legislation and BRFA in a special session. However, if the BRFA and tax bills are not passed prior to the beginning of the next fiscal year, the so-called doomsday budget will go into effect on July 1.

While the situation remains very fluid, and the precise size and nature of the cuts to USM’s operating budget are not firmly established, it is important for me to inform you of just how severe the cuts would be should the doomsday budget actually become our FY 2013 operating budget. USM’s Office of Government Relations estimates that the USM could expect direct budget cuts exceeding $50 million of general funds. A cut of this magnitude would drastically undercut our efforts to meet the state-established goal of a 55 percent college completion rate by 2020 and to use the creativity of our faculty, staff, and students to advance the state’s economy and quality of life.

In addition, a $50 million cut would no doubt result in financial aid reductions, programmatic cuts, student service curtailments, and staff layoffs. It would also dictate an in-state, undergraduate tuition increase significantly higher than the 3 percent included in the governor’s proposed budget. Moreover, under this doomsday budget, the six-month, cost-of-living increase for all state employees—USM employees included—would be eliminated and employee health insurance cost sharing would increase.

Given the impact such a budget would have on our ability to serve the needs of our students and the state, it is imperative that our elected officials return to Annapolis in a spirit of cooperation and compromise and conclude the unfinished business of the 2012 legislative session in special session. I urge all of us to reach out to our leaders in Annapolis and let them know the dire consequences of their inaction.
While we press the case in Annapolis, we also have an obligation to prepare for all possible outcomes. If the legislature does not act, the doomsday budget will go into effect by default. We are in the process of developing a series of possible actions to take depending upon the level of the budget cuts USM sustains. As this effort progresses, we will work with the presidents and colleagues across the university system to protect as far as possible the education, research, and service missions of our institutions.

Hopefully we will not need to resort to these drastic actions. Over the past several years, Maryland has rejected the national trend of disinvestment in higher education. From Pennsylvania to California, university budgets have been slashed, resulting in massive tuition hikes, significant layoffs, devastating cuts to service, and erosions in quality. During this period, Maryland has chosen a different—a smarter—direction. Recognizing higher education as the engine of innovation, discovery, and knowledge that will propel our economy and quality of life forward, Maryland made funding for the USM a top priority. I pledge to marshal all the USM resources to ensure these wise investments in our state’s future continue in FY 2013.