



SUMMARY OF ITEM FOR ACTION,  
INFORMATION OR DISCUSSION

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**TOPIC:** Resolution of the Board of Regents of the University System of Maryland Authorizing Furloughs and Temporary Salary Reductions of Employees for FY 2011

**COMMITTEE:** Committee of the Whole

**DATE OF COMMITTEE MEETING:** April 16, 2010

**SUMMARY:** As a result of the continuing crisis in the economy in the State of Maryland, the USM has been informed of the State's need to achieve additional savings to the FY 2011 budget, to be accomplished once again on the State level by a furlough and temporary salary reduction plan affecting State employees. The USM has been notified that it must reduce its FY 2011 budget by an additional \$26,088,466 as part of the current State plan. The attached resolution authorizes the Chancellor, in coordination with the institution presidents and in consultation with the appropriate employee organizations, to develop and implement a USM Furlough/Temporary Salary Reduction Plan in FY 2011, consistent with the following principles:

- A. The plan allows for institutions to close for a number of days in order to partially meet its budget reduction targets; however, an institution must ensure the continuation of essential services with minimum disruption to the institution, particularly with respect to the maintenance of class schedules, essential student services and institution patient care activities;
- B. Accrued annual and personal leave may be used if an institution's number of closure days exceeds the number of target furlough days for an employee. Otherwise, no annual or other personal leave may be used in lieu of a period of furlough;
- C. No overtime or compensatory time may be granted to compensate for the loss of services of furloughed employees;
- D. Under federal law, employees may not report to work on a furlough day, except in the event of an emergency; and
- E. No reduction of employment benefits, including retirement, health or leave benefits, may be required as a result of implementation of the USM Plan.

**ALTERNATIVE(S):** The Board could elect to alter the recommended principles.

**FISCAL IMPACT:** The USM has already taken a range of actions over a two-year period to reduce costs in response to this budgetary crises, including the reductions of over \$110 million in non-personnel-related operating and bond reserve fund balance costs. The USM budget target for this action is \$26,088,466 systemwide.

**CHANCELLOR'S RECOMMENDATION:** That the Board of Regents approve the above referenced resolution authorizing furloughs and temporary salary reductions of employees. The presidents shall prepare and submit institutional reduction plans for review and approval to the Office of the Chancellor by June 30, 2010.

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COMMITTEE RECOMMENDATION:

DATE:

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BOARD ACTION:

DATE:

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

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**RESOLUTION OF THE BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF  
MARYLAND AUTHORIZING FURLOUGHS AND TEMPORARY SALARY  
REDUCTIONS OF EMPLOYEES for FY 2011**

(Approved Board of Regents, April 16, 2010)

**WHEREAS**, the continuing crisis in the national economy and the economy of the State of Maryland has required a series of budget cutbacks across State government, including the institutions of the University System of Maryland (USM) and may result in future fiscal constraints; and

**WHEREAS**, the USM already has taken a range of actions over two years to reduce costs in response to this budgetary crises, including the reductions of over \$110 million in non-personnel-related operating and bond reserve fund balance costs; and

**WHEREAS**, the Governor has informed the USM of the State's imminent need to achieve additional savings to the Fiscal Year 2011 budget, to be accomplished on the State level by a furlough and temporary salary reduction plan affecting State employees; and

**WHEREAS**, the USM has been informed that it once again must reduce its Fiscal Year 2011 budget by an additional \$26,088,466 as part of the current State plan; and

**WHEREAS**, the responsibility of the Board of Regents for the governance of the USM includes the establishment of personnel policies under Annotated Code of Maryland, Education Article, Sections 12-110 and 12-111; and

**WHEREAS**, the Board of Regents has determined that the use of furloughs or equivalent salary-related measures in its efforts to achieve the current budget reduction is in the best interest of the USM and each of its institutions; and

**WHEREAS**, the Board of Regents regrets that such measures are necessary at this time, but concludes that they are preferable to alternatives that would result in the loss of jobs of current USM employees.

**NOW, THEREFORE, BE IT RESOLVED THAT** the Board of Regents authorizes the Chancellor, in coordination with the Presidents of the USM institutions and in consultation with appropriate employee organizations, to develop and implement a USM furlough/temporary salary reduction plan in Fiscal Year 2011 (the "USM Plan"), consistent with the following principles:

- A. The plan allows for institutions to close for a number of days in order to partially meet its budget reduction targets; however, an institution must ensure the continuation of essential services with minimum disruption to the institution, particularly with respect to the maintenance of class schedules, essential student services and institution patient care activities;

- B. Accrued annual and personal leave may be used if an institution's number of closure days exceeds the number of target furlough days for an employee. Otherwise, no annual or other personal leave may be used in lieu of a period of furlough;
- C. No overtime or compensatory time may be granted to compensate for the loss of services of furloughed employees;
- D. Under federal law, employees may not report to work on a furlough day, except in the event of an emergency; and
- E. No reduction of employment benefits, including retirement, health or leave benefits, may be required as a result of implementation of the USM Plan.

**BE IT FURTHER RESOLVED THAT** each President shall develop and submit an institution furlough/temporary salary reduction plan (the "Institution Plan") to the Chancellor for approval that:

- A. Reflects the best interests of the institution;
- B. Is developed in consultation with appropriate employee organizations and consistent with shared governance principles;
- C. Will achieve savings in an amount that meets the institution's budget reduction allocation under the USM Plan;
- D. Addresses the financial impact of furloughs and temporary salary reductions on USM employees by taking employee compensation levels into account in establishing the numbers of furlough days or temporary salary reduction amounts required by the Institution Plan;
- E. Provides that any temporary salary reductions do not extend past the end of FY 2011 and are accompanied by paid administrative leave days commensurate with the amount of the salary reduction.

**BE IT FINALLY RESOLVED THAT** the USM Plan shall include the approved Institution Plans, as well as any implementation procedures deemed necessary by the Chancellor, and shall be implemented in all institutions, centers and offices of the USM within the schedule set forth in the USM Plan.