

Good morning, Bobcats!

As you know, last Monday marked the close of the 2025 Maryland legislative session and the passage of Governor Moore's \$67 billion budget. Balancing this budget, however, did come with a price. As one part of the solution to resolving the state's \$3.3 billion structural deficit, the University System of Maryland will have to absorb a 7% funding cut to their state appropriation, which was 2% more than originally anticipated. Frostburg's portion of this cut is estimated at \$4.4 million. Thanks to the hard work and difficult decisions made in the past year, we are in a much better position this year to withstand this additional cut than many of our sister institutions.

Our Educational Market Alignment Plan (EMAP) emerged from a lengthy process and helped to ensure FSU's financial stability moving forward. As a result, we have transformed a \$7.7 million structural deficit into a balanced budget in FY 2025. These cuts have also helped to offset the original 5% reduction proposed in the Governor's budget for FY 2026.

Now, however, we must look for innovative ways to decrease costs further through operational efficiencies and increase revenues through enrollment growth in the coming years to minimize the impact of the additional 2% cut to the system and to FSU. We must do this, not just to balance our budget, but also to invest in critical areas to ensure FSU's future.

Financial sustainability is one of the four strategic priorities that will be my focus during my tenure at FSU. So, we will continue to meet our contractual obligations while investing in the areas of our budget that have been underfunded, such as marketing and admissions, as part of our strategic enrollment plan. We will also continue to remain transparent on the EMAP's progress.

While we do not expect that FSU will need to revisit the difficult decisions and actions taken in the past, we do need to remain vigilant so that we can successfully navigate any additional impacts to Maryland's budget. The State of Maryland projects a budget shortfall of over \$3 billion in FY 2026, growing to over \$6 billion by FY 2030. Compounding the state's structural deficit are the shifting priorities of the Federal government and the resulting impact on Maryland's financial picture.

FSU and all our sister universities across USM are facing significant budget uncertainties over the next several years. We have been asked by USM to create a budget model with an additional 3% cut to ensure we are prepared for future financial ramifications. On top of this, for planning purposes, we have been asked to model an additional 5% reduction in state appropriations by the end of FY 2027.

Please remember that even during these challenging and uncertain times, we will keep our students and their access to FSU's "affordable excellence" as our number one priority, and we will adapt to the dynamic environment in which we live and work.

Thank you in advance for your continued partnership and understanding as we align FSU to meet today and tomorrow's budget challenges.

With FSU pride,

Darlene Brannigan Smith