

**RESOLUTION OF THE BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF MARYLAND
AUTHORIZING FURLOUGHS AND TEMPORARY SALARY REDUCTIONS OF EMPLOYEES FOR FY 2026**

(Approved by the Board of Regents, May 19, 2025)

WHEREAS, the State of Maryland is experiencing a significant budget shortfall, prompting widespread reductions in state appropriations, including a significant cut to the University System of Maryland's (USM) operating budget for Fiscal Year 2026; and

WHEREAS, USM institutions are also experiencing revenue losses due to reductions in federal funding, including the cancellation of existing contracts and grants and a pause in the initiation of new grant activity, as well as reductions in facilities and administrative reimbursement rates; and

WHEREAS, USM institutions are actively pursuing cost-saving measures and operational efficiencies to address these challenges, with a continued focus on preserving core academic programs and essential student services; and

WHEREAS, the significant decline in both state and federal funding has placed increased pressure on institutional operating budgets and requires ongoing fiscal discipline and prioritization; and

WHEREAS, USM institutions are considering a range of cost containment strategies in response to current fiscal challenges, which may include, where necessary, personnel actions such as furloughs or temporary salary reductions, along with continued efforts to identify operational savings and efficiencies; and

WHEREAS, personnel-related expenses comprise the majority of the USM's budget, and responsible budget management may require permanent and temporary actions to stabilize institutional finances while protecting the delivery of instruction and essential student services; and

WHEREAS, the Board of Regents is authorized under the Annotated Code of Maryland, Education Article, Sections 12-110 and 12-111, to establish personnel policies for the USM and its institutions; and

WHEREAS, the Board of Regents has determined that it is in the best interest of the USM institutions, the USM Office, and the USM Regional Higher Education Centers to authorize the option of personnel actions such as furloughs, temporary salary reductions, or equivalent salary-related measures to support institutional financial management; and

WHEREAS, the Board of Regents regrets that such measures may be necessary;

NOW, THEREFORE, BE IT RESOLVED THAT the Board of Regents authorizes the Presidents of the USM institutions, with the review of the Chancellor and in consultation with appropriate employee organizations, and the Chancellor on behalf of the USM Office, to develop and implement a furlough or temporary salary reduction plan for Fiscal Year 2026 (the "Plan"), consistent with the following principles:

- A. The Plan may include institutional closures for a limited number of days to achieve cost savings, provided that essential services—including class schedules, critical student services, and patient care—are maintained;
- B. If a furlough plan is implemented, accrued annual, holiday, or personal leave may be used only if the institution's closure days exceed an employee's furlough obligation. Otherwise, such leave may not be substituted for furlough days;
- C. If a salary reduction plan is implemented, accrued leave may not be used in lieu of the salary reduction;
- D. Overtime or compensatory time may not be granted to offset furlough days;
- E. Under federal law, employees may not work on a furlough day, whether on-site or remotely, except in the event of an emergency;
- F. Employment-based benefits will be reduced only to the extent required by law;
- G. The Plan may allow for exclusion of certain individuals as required by law or institutional needs; and
- H. The Plan must comport with requirements of the Fair Labor Standards Act with respect to all employee groups, recognizing that this may require different actions for nonexempt employees and exempt employees and faculty.

BE IT FURTHER RESOLVED THAT any furlough or temporary salary reduction plan developed by an institution shall be submitted to the Chancellor for advance review and shall:

- A. Reflect the best interests of the institution, considering impacts to faculty and staff;
- B. Be developed in consultation with appropriate employee organizations and consistent with shared governance principles;
- C. Achieve cost savings that contribute meaningfully to the institution's financial stability;
- D. Mitigate adverse effects on employees by considering compensation levels when determining the number of furlough days or the amount of salary reduction; and
- E. Ensure that any temporary salary reductions for Fiscal Year 2026 conclude no later than the end of Fiscal Year 2026.

BE IT FINALLY RESOLVED THAT the Plan shall include any implementation procedures deemed necessary by the Chancellor and shall be implemented within the schedule set forth in the Plan.