

From: Pat Fegan
Date: Dec 6, 2011 2:19:21 PM
Subject:

Since 2007, the US and other World economies have experienced significant downturns unlike anything since the great depression of the 1930's. Up to now, Special Olympics Maryland has enjoyed some shelter from this but that is no longer the case.

The Chronicle of Philanthropy reports that for 2010, non-profits nationwide have averaged an 11% decrease in donations. Many have closed their doors. Some of our sister US Special Olympics Programs have cancelled their Summer and/or Winter Games due to lack of funds. Similarly, for 2010 and 2011, SOMD headquarters expenditures have exceeded revenues, and 75% of SOMD Area/County Sub-Programs have had to dip into their investment reserves significantly this year in order to provide their athletes with sports training and competition.

During this same time period, SOMD has experienced unparalleled growth in the number of athletes participating. Special Olympics Maryland has been able to reach a large number of new high school athletes and their families through the Interscholastic Unified Sports programs. While we have experienced significant growth, the resources to conduct these programs have primarily come from two sources: 1) Federal and State grants as well as revenue raised by the students through Cool Schools at the MSP Polar Bear Plunge; and 2) Facilities, coaches, and resources provided through the partnering school systems. **In fact, 2011 Interscholastic Unified Sports and Cool Schools revenue exceeded expenses by \$153,750.**

In 2010, headquarters expenses exceeded revenues by \$250,000 primarily due to two failed fundraising events late in 2010 – Mic-Nic-Tables and Spirit Blooms. The 2011 MSP Polar Bear Plunge fell short of projections by \$800,000. Other 2011 special events have not met their budgeted goals as well. Telemarketing revenue was down \$25,000 in 2011 and we have been notified that it will drop another \$100,000 in 2012. Some of our sponsors are no longer in business and this downturn in the economy appears to be continuing for the next few years at least.

Even with taking drastic steps to reduce expenditures this year, it has been necessary to balance the 2010 and 2011 annual operating budgets by transfers from SOMD's headquarters' investment reserves. Reserves are normally used for purposes such as this, however, SOMD's headquarters reserves are now depleted, as are the investment reserves of a few SOMD Area/County Sub-Programs. Therefore, SOMD headquarters and those Area/County Sub-Programs must make further cuts to operating budgets in order to continue our mission and to rebuild reserves.

The SOMD headquarters budget cuts for 2012 include the following:

- 13% reduction in headquarters staff
- Elimination of all 403 (b) contributions for staff
- Across the board 5% pay cut for all senior staff
- Reduction of overnights for Summer Games
- Reduction of overnights for Winter Games

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SOMD's Board of Directors and staff understand very clearly that the reduction in overnight stays at Summer and Winter Games will be disappointing to the athletes, their parents, families, coaches and supporters of those programs. Thus these actions are made reluctantly and regretfully and with great anguish. However, we believe that these actions will enable SOMD to continue to provide ever increasing numbers of athletes with quality sports training and competition.

The reduction in SOMD headquarters staff has necessitated a renovated organizational structure no longer designed for expansion of services to the field. Staff positions that have been eliminated are the Receptionist position, the Sr. Director of Volunteer Management position, the Accounts Receivable position and one part-time Administrative Assistant position. Remaining staff will be assuming their responsibilities.

All of this is distressing and saddening to the athletes, their parents, coaches and supporters, but it is the reality of Special Olympics not only in Maryland, but around the world. Most U.S. and National Programs have already implemented such reductions or are implementing them now. Rest assured that SOMD will continue to provide quality sports training and competition through interscholastic and community Special Olympics programs.

In order to maximize our resources for efficiency of mission and purpose, the departments of Sports & Training and Field Services have been combined into one Sports Program department. The Public Relations and Communications Department has been dispersed to serve individual departments of Sports Program, Sports Marketing and Strategic Development.

Going forward, the Sports Marketing Department will focus on revitalizing our special events like the MSP Polar Bear Plunge, Deep Creek Dunk and other existing special events. With our new integrated departments approach, the Law Enforcement Torch Run, already #1 in the World, will be expanded even further. Similarly, current and past sponsors will be renewed and expanded.

The new Strategic Development Department will oversee and strengthen the existing partnerships with the 18 school systems including building new revenue sources through Cool Schools and other affiliated school-driven initiatives. The Strategic Development Department will work closely with the Marketing Department to identify and build new non-special event marketing and fund raising initiatives with community partners. And, it will work closely with the Program Department to develop integrated collaborative fund raising initiatives with Area/County Sub-programs.

An updated organizational chart will be posted on SOMD's website the beginning of January, 2012.

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It is important that given our changing world, we all work collaboratively to move into the future. A good example of working collaboratively is the fine work of the SOMD Sports Committee in evaluating each sport and recommending changes. This committee, comprised of board members, staff, Area/County Directors, Coaches, Athletes and Parents, objectively evaluated each sport using a matrix that included participation numbers, growth trends, state and Area/County costs, resources available and the degree each met the seven Special Olympics founding principles. We plan to utilize that same collaborative model to help determine SOMD's future and how best to remain relevant and viable.

Should you have any further questions, please do not hesitate to contact me.

We've Moved!

Please note our new address and telephone numbers below:

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