

January 11, 2018 Town Hall Meetings Questions and Responses

1. Will UMD be considering a new budget model that follows the 75/25 model at UMTC?

Response: This refers to the method used by the UM System to allocation/assign tuition receipts to RRCs that allocates 75% to the college/campus teaching a class and 25% to the college/campus where the student is a major. This could also be applied by academic department. However, the Twin Cities campus uses the 75/25 allocation in conjunction with the cost pool which allocates as support costs to the academic units. Currently, UMD has no plans to allocate all central Utilities, Facilities, and Technology costs to the academic unit. That said, the administration is always looking for a realistic budget allocation model that would be fair to all in allocations of both budget increases and decreases.

2. Distribution of funds within UMD has not changed in years. SCSE is growing but allocations are steady. Explain.

Response: That isn't completely true. In the last five years, UMD's non-sponsored budget has grown by almost 5% while the SCSE budget has grown by over 30%, from \$30,824,440 in 2013-14 to \$40,020,000 in 2017-18. (This is in addition to any other one-time or non-recurring funds allocated to SCSE, which included over \$1,000,000 dollars in 2016-17 to retire debts or provide specific goods and services to the college).

3. There is past practice to offer retirement incentives when there are budgetary issues. Any retirement incentives being considered? Any "buy outs" coming this year "early Retirements"?

Response: No, the UM System administration has not authorized incentive payments for early retirement or for "buy outs." Further, it has not been demonstrated that these actions have, in the recent past, significantly aided UMD's budget challenges.

4. Where does funding for safety come from? E.g. peep holes, mirrors to look around corners. I was on the safety committee after the sexual assault that happened 4 years ago and it was deemed that department offices needed peepholes/windows in the doors, plus mirrors for blind corners. When the building was renovated no such items were installed on department doors.

Response: While there is occasional funding at the system level for security camera and card access for buildings, any related to doors or mirrors on blind corners would have to be accommodated from a unit's budget or when a building is renovated as part of the project cost. For example, Cina Hall's safety concerns were addressed to the Dean's satisfaction when it was recently renovated; safety concerns in AB Anderson and Humanities will be addressed as those buildings are renovated. That said, UMD units such as ITSS and Public Safety are always looking to collaborate with UMTC and UM System Administration to leverage resources to make the campus safer.

5. Does the University have a budget reserve? How much is it? Do all Twin City Colleges have a reserve? Has it been asked to be pooled? How engaged are Mary Murphy and other legislatures?

Response: No, there is no central reserve at UMD. Each college and/or department may have created a reserve over the years by saving carryforward funds, most often from faculty and staff turnover that creates one-time personnel cost savings until the position is filled. The UM System folks would not request the carryforward balances to be pooled since that would be a disincentive to those colleges, campuses, and departments that have conservatively managed their budgets. The UM System maintains a Central Reserve but it is not allocated for recurring budget purposes. Our local legislators are engaged with UMD. Chancellor Black and Lynne Williams meet with each of them several times throughout the year and regularly stay in contact through email and phone. They also meet and hear regularly from other members of the campus community. They are aware of our budget situation, supportive of additional support coming to UMD, and advocates for UMD both with their legislative colleagues and system administration.

6. Why does the Medical School and Pharmacy School not pay for services they receive from UMD?

At the Finance Academy we heard that the Med School at UMD does not pay for use, upkeep, janitorial service by UMD but all the money they generate goes to the Twin Cities. Shouldn't TC campus help us pay for the upkeep of these buildings and other service med & Pharm use on the UMD campus?

Response: UMD did receive some recurring funds for the maintenance and operation of the Medical School and Pharmacy School space and that space is also included in UMD space inventory for the HEAPR and R&R allocations. UMD administration will be requesting budget support for some of the other services provided to those schools, like information technology, financial services, cashier, registrar, student accounts, counseling, disability services, etc.

7. What's happening with the cost pool?

Response: The UMD Deficit Reduction Model, line 10, estimates a \$200,000 increase in UMD's Cost Pool and Enterprise Assessment expenses for 2018-19 which is due primarily to compensation increases in the units funded through the Cost Pool.

8. Is there a simple way to express the magnitude of the expenditure reductions (or additional resources, or a combination) needed in each of the years in the model? To keep the total budget flat (8+10+11) but allow for lines 10 + 11, it looks like we need to cut that \$1,350,000 every year from something already in line 8. Before accounting for the effects of inflation. [Answer could just state the actual number implied by the table, if mine is wrong.]

Response: Inflation is not included in the schedule. Looking at the FY 2019-20 column, adding Line 19 and 23 is \$5,240,740 which, if the other revenue and expenditure numbers for that year are correct, would mean that either new revenues or additional expenditure budget reductions totaling that amount would clear the UMD Structural Imbalance. Line 13 on the schedule is the amount of either recurring revenue or expenditure reductions necessary to clear UMD's structural imbalance. Then for FY 2020-21, there would only be a new structural imbalance if the recurring expenditures budget grows by more than the sum of the recurring tuition receipts and state appropriated funds.

9. Comment received via email "We could have saved money by not buying new soap dispensers when we did not need them!!!"

Response: New soap dispensers are supplied by the vendor, no cost to the University. They are upgrades to the existing.