

**UMD Deficit Reduction Model to Eliminate  
the Structural Imbalance and  
Sequestered Deficit**

1/10/2018

	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>Estimated FY 2018-19</b>	<b>Estimated FY 2019-20</b>	<b>Estimated FY 2020-21</b>	<b>Estimated FY 2021-22</b>	<b>Estimated FY 2022-23</b>
<b>1 Structural Imbalance</b>							
<b>2 Recurring Revenues</b>							
3 Budgeted Tuition <sup>1</sup>	\$110,131,191	\$111,785,223	\$112,903,075	\$114,032,106	\$115,172,427	\$116,324,151	\$117,487,393
4 State Appropriated Funds <sup>2</sup>	<u>41,765,343</u>	<u>43,756,549</u>	<u>42,878,549</u>	<u>43,307,334</u>	<u>43,740,408</u>	<u>44,177,812</u>	<u>44,619,590</u>
<b>5 Recurring Revenue Budget</b>	<b>\$151,896,534</b>	<b>\$155,541,772</b>	<b>\$155,781,624</b>	<b>\$157,339,440</b>	<b>\$158,912,835</b>	<b>\$160,501,963</b>	<b>\$162,106,983</b>
<b>6</b>							
<b>7 Recurring Expenditures</b>							
8 Campus Expenditure Budgets <sup>3</sup>	\$158,051,040	\$158,786,412	\$160,087,157	\$161,150,046	\$161,080,180	\$161,421,616	\$161,774,466
9 Recurring Campus Budget Reduction <sup>4</sup>		(2,300,000)					
10 Cost Pool/Enterprise Assessment Incr <sup>5</sup>		385,013	200,000	200,000	200,000	200,000	200,000
11 Compensation Increase <sup>6</sup>		2,215,732	2,237,889	1,130,134	1,141,435	1,152,850	1,164,378
12 UM System required Fringe Pool Increase <sup>7</sup>		1,000,000	1,100,000				
13 Strategic Enrollment Management Initiative							
14 CAMS Building Debt Service (Cost Pool) <sup>8</sup>				100,000			
15 CAMS Building Operations/Maintenance <sup>9</sup>							
16 Less Required Savings <sup>10</sup>	(1,175,000)	(1,175,000)	(1,175,000)	0			
17 UM Central Reserve Allocation	(1,000,000)	(1,000,000)	0	0			
18 Debts/Leases Cost Pool Reduction <sup>11</sup>			(700,000)				
19 One-time allocation for R&R <sup>12</sup>		878,000					
20 Recurring Reduction for Revenue Shortfall	<u>0</u>	<u>0</u>	<u>(600,000)</u>	<u>(1,500,000)</u>	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(1,000,000)</u>
<b>21 Net Expenditure Budget</b>	<b>\$155,876,040</b>	<b>\$158,790,157</b>	<b>\$161,150,046</b>	<b>\$161,080,180</b>	<b>\$161,421,616</b>	<b>\$161,774,466</b>	<b>\$162,138,844</b>
<b>22</b>							
<b>23 Annual Recurring Balance/Deficit</b>	<b>(\$3,979,506)</b>	<b>(\$3,248,385)</b>	<b>(\$5,368,422)</b>	<b>(\$3,740,740)</b>	<b>(\$2,508,781)</b>	<b>(\$1,272,502)</b>	<b>(\$31,861)</b>
24 (Structural Imbalance)							
<b>25</b>							
<b>26 Sequestered Deficit</b>							
27 Beginning Balance	(\$7,216,724)	(7,674,022)	(6,922,407)	(8,290,829)	(8,031,569)	(6,540,350)	(3,812,852)
28 Annual Recurring Balance/Deficit	(3,979,506)	(3,248,385)	(5,368,422)	(3,740,740)	(2,508,781)	(1,272,502)	(31,861)
29 Transfer from UMD Fund Balances	<u>3,522,208</u>	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,000,000</u>
<b>30 Projected Sequestered Deficit</b>	<b>(\$7,674,022)</b>	<b>(\$6,922,407)</b>	<b>(\$8,290,829)</b>	<b>(\$8,031,569)</b>	<b>(\$6,540,350)</b>	<b>(\$3,812,852)</b>	<b>\$155,286</b>

- 1 - Assumes tuition receipts will increase starting in 2018-19 due to either enrollment growth or tuition rate increase of approximately: 1.0%
- 2 - Assumes one-time state appropriation of \$878,000 in 2017-18 and increases for 2019-20 and beyond at average growth rate of: 1.0%
- 3 - Includes Budget expenditure increases, except compensation increase, per UM System Budget Office and reduces Upromise by \$1 million to fund SEM initiatives
- 4 - Initial reduction of \$2.3 million will be from academic restructuring, program prioritization, and administrative system and process changes.
- 5 - UM System Cost Pool increase is calculated each year by UM System Administration to allocate certain TC Campus systemwide costs to all RRCs including UMD.
- 6 - Compensation increase for 2017-18 was 2% which is also anticipated for 2018-19. For 2019-20 forward the system budget office requested RRC's to project the amount required for a 1% increase. Any increase rate above 1% will increase the structural imbalance and recurring reduction amounts.
- 7 - UM System required increase for Fringe Pool to replace one-time UM System funds used for Fringe Pool budget in 2016-17 and 2017-18
- 8 - Debt Service Obligation for CAMS building assumes 4.25% interest and 25 year debt less estimated contributions with fund raising still in progress..
- 9 - Recurring Operations and Maintenance costs for CAMS Building assuming January 2019 occupancy
- 10 - Required Savings allocation will be converted to recurring budget reductions in 2018-19.
- 11 - UMD's debt is being refinanced to extend repayment to 2038 resulting in a recurring reduction in the budgeted Cost Pool expense.
- 12 - Allocation of one-time funds of \$878,000 in 2017-18 state appropriation