

Questions and Answers about Miami's Financial Situation as of 1/23/2009

1. What is a "core" budget and how is this different than the other budgets listed on the budget office website?
 - The term "core budget" refers to the education and general budget that funds all of the University's academic and central administration, including academic and student affairs, scholarships, information technology, accounting, purchasing, president's office, and physical facilities. This budget is funded from state appropriations, tuition, fees, and gifts. The "core budget" does not include the auxiliary units which are funded from student fees or other user fees, including residence and dining halls, bookstore, Shriver Center, Marcum Conference Center, the Inn, and the stables.
2. What specifically makes up the \$22 million deficit?
 - The \$22 million dollar figure includes the \$12 million shortfall identified last fall that included increased cost of utilities, recent debt commitments and significant reductions in investment income last year. In addition, this includes current projections for continued reductions in investment income and constrained funding from the state.
3. Why don't we use some of the \$350 million we have raised in the capital campaign to balance our budget?
 - Virtually all of the money generated through the capital campaign is designated for specific purposes by donors. We are required to honor the donor's wishes and cannot use those funds for other purposes. Also, a portion of the funds raised are in the form of pledges, which means that we do not have all the money in hand at this time.
4. Why don't we have everyone take a furlough – like Clemson University in South Carolina and others are doing – to avoid having to lay people off?
 - Furloughs – short-lasting layoffs across all areas – are used as a short-term solution to a budget problem. We face a long-term need to balance our budget, so this is not a step that will address our current budget challenges. South Carolina law gives its public universities the ability to impose involuntary furloughs. Ohio has no such law.
5. Have we considered pay cuts as a way to balance the budget?
 - Yes, we have considered pay cuts, but it would be difficult to enact these in an equitable way. Pay cuts would have to be voluntary, and could leave Miami employees vulnerable to future changes in their circumstances. So, while a university-wide pay cut might save some money, it would be a problematic solution.
6. Have we thought about offering early retirement as a way to create less need for layoffs?
 - Yes. We have announced the Miami University Retirement Incentive program which is designed to reduce the number of involuntary staff reductions. This plan offers a retirement incentive of \$10,000 for up to 100 retirement-eligible employees. For more information about this plan and to learn if you are eligible, please go to <http://www.units.muohio.edu/prs/Personnel/MU%20Retirement%20Incentive%202009.html>.
 - The Miami Retirement Incentive does not include the purchase of any service credit. The university's plan is different than the Early Retirement Incentive Plan under OPERS (ERIP). Miami has no plans to adopt an ERIP now or in the foreseeable future.

7. Why isn't Miami considering a voluntary Early Retirement Incentive Plan (ERIP) or purchase of service credit?
 - The costs associated with an ERIP and purchase of service credit does not make this a viable option for Miami. We have thoroughly explored this and estimate the costs to be in the neighborhood of \$5 million dollars, which is simply not feasible as we try to reduce our annual budget. Some of the factors that contribute to this high cost include the requirements that a voluntary Early Retirement Incentive Plan must be in effect for at least one year and the plan must be offered to at least 5% of our OPERS-covered employees.
8. How many people will Miami need to lay off to meet our long-term budget goals?
 - On the Oxford Campus approximately 200 positions will need to be eliminated to achieve the \$22 million budget cut that has been forecast for next year. It is estimated that about half of the 200 positions will come from positions that become vacant due to the hiring freeze and the retirement incentive plan and that about 100 employees will actually be notified that their position has been eliminated. The Hamilton and Middletown campuses are going through a similar review process to determine what changes need to be made to meet their budget objectives. The Deans of both campuses will communicate specific details with their faculty and staff in the near future.
9. In December, the President stated that approximately 100 employees might face involuntary lay-offs or job eliminations. If 100 people accept the Miami Retirement Incentive, will this mean that there will be no involuntary lay-offs?
 - Unfortunately, no. Our original estimates indicated that we would need to reduce our staffing levels by 200 classified and unclassified staff on the Oxford campus in order to generate the long-term savings we need. In December we reported that the number would be around 100, because we had been identifying plans to minimize this number and impact as few members of the Miami family as possible. Along with the hiring freeze and not filling some vacancies, the Miami Retirement Incentive is a way that we hope to limit the number of people who are involuntarily terminated to no more than 100.
 - While our stated goal is not more than 100, the final total may vary because we plan to apply the eliminations strategically and positions vacated by people taking the Retirement Incentive may not line up exactly with those that are being eliminated.
10. What criteria will be used to determine which positions to eliminate?
 - The University is committed to a position elimination process that is strategic, fair, and transparent. The vice presidents, deans, and selected other senior administrators will be following all applicable rules, collective bargaining agreements and guidelines as they work to determine which positions should be eliminated.
 - Civil service rules determine the layoff order for classified staff including bumping and recall rights. The University's proposed layoff rules for SATSS employees may be viewed at www.muohio.edu/personnel. The University has discussed these rules with CPAC and is holding a series of open forums for classified staff. For those classified staff in bargaining units, layoffs are controlled by the collective bargaining agreements. University guidelines govern the position elimination process for unclassified staff. The University's Guidelines for Unclassified Staff Position Elimination may be viewed at www.muohio.edu/personnel. These Guidelines have been shared with UPAC.

11. When will people learn if their position is eliminated?
 - The goal, to the best of our ability, is to notify employees whose positions will be eliminated before the end of March.
12. When will the employment for those employees end?
 - Classified employees whose positions are being eliminated will end their employment with Miami on June 27. This includes both SATSS and AFSCME employees. Classified employees will have bumping and recall rights.
 - Unclassified employees with less than five years of continuous service with Miami will end their employment at the end of their current contract. For most unclassified employees, this will be June 30, unless the employee's contract period ends earlier.
 - Unclassified employees with five or more years of continuous service are entitled to receive five months advance notice of position elimination. Thus, their active employment will end five months from the date they are given notice but no earlier than the end of their current contract. These employees are also entitled, based on years of service, to a period of professional leave (with pay and all benefits) if they have not obtained employment by the end of the notice period. Section 13.8 of the *Miami University Policy and Information Manual* contains a full description of these benefits.
13. If a position is eliminated, will it be added back once the financial situation is stable?
 - No. These position eliminations are permanent. The positions being eliminated are ones that have been identified as less critical to Miami's long-term strategy.
14. Will employees whose jobs are eliminated be called back when there are other openings?
 - Classified and police employees do have recall rights, which means they are placed on the recall list in order of seniority. Unclassified employees do not have recall rights, but they may apply for open positions for which they are qualified.
15. What will be done for employees whose positions are eliminated?
 - We are developing services to help minimize the impact on affected employees during a difficult time. For instance, the university will offer services in career counseling and job searches. We also plan to extend the education benefit, or tuition waivers, through Spring Semester, 2010, to eligible employees who are involuntarily terminated, as well as eligible family members.
16. Will these budget cuts impact students' scholarships?
 - Currently planned budget cuts will not have an impact on the scholarships of existing students.
17. What are the kinds of changes that students will see as a result of the budget cuts?
 - We are working to ensure students see as few changes as possible. There will be a small reduction in the number of sections of classes offered, and students will also see an increase in class size for some classes. We believe that these relatively small changes will not impact the quality of the academic experience our students have at Miami.

18. Will there be an impact on the funding of student organizations?

- The funding of student organizations is related to student enrollment levels. As long as enrollment levels remain constant, there will be no impact on the funds student organizations receive.

19. Will budget cuts impact employees' benefits – e.g., health care, retirement, etc?

- The budget cuts we anticipate will not impact employees' current benefits. Our move to Humana, and modifying the employee contribution system to a sliding scale were both intended to increase efficiency and retain quality. Our goal is to continue to provide our employees with quality benefits, while limiting the increases in costs to both the university and the employee.

20. What impact will this have on the City of Oxford?

- Approximately 50% of the city's budget is derived from Miami University payroll taxes, so there will be some impact to the city's budget. We have been talking with Oxford officials the past several months to alert them to our budgetary situation, and the recently adopted city budget for 2009 takes into account the budgetary cuts being implemented by Miami.

21. Why don't we stop building construction (e.g. Farmer School of Business (FSB), Bicentennial Student Center (BSC), etc.) and use that money to preserve jobs of Miami employees?

- The Farmer School is nearly completed, so we will proceed with move-in during the summer. The remodel of Kreger for physics and the start of construction on the BSC have been delayed by 18 months. We have delayed a number of other construction projects, and are not making any new commitments at this time. The BSC will be an integral part of the Oxford campus and cancelling or delaying it too long could hurt the university's effort to attract students and to provide the services they will need.
- It is important to note that both the FSB and the BSC are/will be substantially funded by private donations in order to minimize the impact on the core budget and student fees.