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TO: Presidents
FROM: William E. Kirwan
DATE: August 28, 2014
RE: FY 2016 Target Reduction

As you know, our operating budget submission to the State requires that we develop a budget reduction plan. The DBM reduction target for the USM is \$25.1 million or 2% of the state funded portion of the FY2016 Current Services Budget (CSB). Like the document concerning our enhancement request, the Target Reduction Plan will be reviewed by the incoming Governor.

Each institution will be asked to prepare two scenarios for achieving the \$25.1M target reduction:

- Scenario 1 assumes that the entire \$25.1M reduction will be achieved through expenditure cuts.
- Scenario 2 assumes that a portion of the reduction target would be met by an increase in tuition rates. Under this scenario, the additional revenue from the rate changes may not exceed 50% of an institution's reduction target. (If your institution does not plan to increase tuition to partially cover the reduction you need not submit Scenario 2.)

Table 1 (attached) displays the institutional reduction amount. For planning purposes, we have allocated the reductions on a pro-rata basis.

Spending cuts and tuition revenues must be ongoing since the reduction in State funds will be taken from the institution's base budget. Thus, one-time actions (e.g., employee furloughs, use of fund balance, the use of a tuition surcharge) should not be included. Also, an institution's reduction plan may not propose the elimination of salary increments. DBM guidance indicates that layoffs are permissible. The elements of the institution's plan should be displayed in priority order.

As we have done in the past, we must describe the impact of the budget reductions in programmatic terms. The System budget office will provide your staff with the additional information necessary to complete your submissions.

Please submit your target reduction plan by September 19th.

As always, I will keep you fully informed throughout the process and will do all I can to avoid budget reductions. I appreciate your continued support.

If you have any questions, do not hesitate to contact me or Joe Vivona (jvivona@usmd.edu or 301-445-1923).

Enclosures

- cc: Joseph Vivona, COO/VCAF**
Vice Chancellors
Janice Doyle, Chief of Staff
Vice Presidents for Administration and Finance
Provosts and Vice Presidents for Academic Affairs

**University System of Maryland
Target Reduction Allocation**

	FY 2016 <u>GF/HEIF</u>	<u>Target Reduction</u>
UMB	226,549,642	(4,335,340)
UMCP	506,436,313	(9,691,357)
BSU	43,821,896	(838,592)
TU	113,245,223	(2,167,104)
UMES	40,062,224	(766,646)
FSU	40,472,463	(774,496)
CSU	46,927,461	(898,022)
UB	36,427,567	(697,092)
SU	49,705,018	(951,174)
UMUC	41,642,289	(796,883)
UMBC	117,297,036	(2,244,641)
UMCES	23,293,623	(445,756)
USMO	24,764,245	(473,898)
USM total	1,310,645,000	(25,081,000)