MEMORANDUM

DATE: January 21, 2016

TO: Dr. Monty Sullivan, President, Louisiana Community and Technical College System
Dr. Daniel Reneu, Jr., Interim President, University of Louisiana System
Dr. F. King Alexander, President, Louisiana State University System
Dr. Ray Belton, President-Chancellor, Southern University System
Dr. Joseph C. Rallo, Commissioner of Higher Education, Board of Regents

FROM: Jay Dardenne
Commissioner of Administration

In follow up to this morning’s meeting, please advise your member institutions that, as we prepare for the budget challenges of the current fiscal year, I would like for each system to prepare a budget reduction plan that anticipates no new revenue being realized before the end of the fiscal year. We will work on the assumption that the Legislature will authorize use of the Rainy Day Fund ($128 million) and redirect the BP non-coastal dollars ($200 million), which addresses a portion of our projected shortfall. We also anticipate the universities suffering a significant reduction as part of the $160 million we expect to get by reducing stat debs. Nevertheless, there remains a presently anticipated shortfall of $262 million. If this scenario develops, we obviously will look at further reductions in all departments and agencies receiving State General Fund dollars, but, unfortunately, the brunt of this shortfall will hit Higher Education and Healthcare. Accordingly, I am requesting that Higher Education prepare for one-half of these potential cuts, i.e., $131 million.

The percentage amount of state general fund allocated to each system is based on the proportion it receives in the current FY budget. Accordingly, please direct your member institutions to submit to me a budget reduction plan as follows:

- LSU System: 49.62%
- Southern University System: 5.94%
- University of Louisiana System: 29.03%
- Louisiana Community and Technical College System: 15.42%
I will ask that the Board of Regents coordinate the gathering of this information and get it to me as quickly as possible. Thank you for your cooperation, and please know that this is not the plan we look forward to executing, but one that we feel is necessary given the uncertainty of new revenue.

JD/si