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TO: USM Presidents
FROM: William E. Kirwan 
Chancellor
DATE: February 6, 2014
SUBJECT: Capital Budget Preparation

We are at the time of year when we must begin preparation of the FY 2016 Capital Improvement Program (CIP) and FY 2015 System Funded Construction Program (SFCP).

In recent years, we have had considerable success with the Capital Budget, despite the fact that these budgets have been prepared during a period of unprecedented fiscal challenges. Our success has been built in part on our ability to demonstrate to the state that our capital requests are tied to critical state goals, such as college access and completion, research, technology transfer and workforce development.

As a result of enhancements added by the General Assembly during the 2012 session and strong support from the Governor, the FY2014-18 Five Year CIP—at just under \$1.4B—was the largest five-year capital budget we have ever received. While there were some project-specific setbacks, this year's FY2015-19 Five Year total was even higher. Although somewhat lower than we had hoped, given the projections in the last CIP, the Governor's FY15 asking year amount, which will be debated next month by the General Assembly, is still our highest General Obligation Bond appropriation ever for a single year.

In the next capital budget cycle, FY2016 and beyond, we will need to consider ways to maintain this now two-year trend in enhanced funding and build on the reputation each of you have with the current administration. This is particularly important since there will be a new Governor making the final decisions for the FY2016 CIP. Critical to maintaining this strong support will be our ability to demonstrate stewardship of resources through effective project management, maintenance and programmatic success. On the System-Funded side, we will face our own internal constraints on debt as we seek to meet increasing demand for critical self-support projects like student residential facilities.

As always, these issues will be discussed at future Presidents' and Chancellor's Council meetings, with your Administrative VPs and with the Board at our Board Capital Workshop in May. I look forward to working with you throughout this process.

Attached please find a copy of information and instructions regarding the particulars for this budget cycle. These documents, along with the requisite forms, have been provided to your Administrative Vice Presidents and Capital Budget Directors for submission by **March 25, 2013**. They will also be made available online. Further instructions from the State Dept of Budget & Management (DBM) are pending and will inform and, perhaps, supersede some of these instructions.

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As the State (DBM) has directed, all capital budgets must be prepared online with the Capital Budget Information System (CBIS). This year's training cycle for the CBIS system will begin soon, so please encourage your staff to participate.

I want to thank you in advance for your attention to this critical budget preparation. Please call Joe Vivona 301-445-1923, Mark Beck at 301-445-1984, or me with any questions you may have.

Thank you.

cc: James L. Shea
The Honorable Francis X. Kelly, Jr.
Joseph F. Vivona
USM Vice Chancellors
Administrative VPs
Janice Doyle
Mark Beck

Enclosures