

**Reduction Categories
2018–19 Legislative Appropriations Request**

Rev. 7/21/2016

These categories focus on three distinct functional areas:

- Program and service reductions impacting clients and populations (10 categories);
- Administrative reductions to internal operations (5 categories; and,
- Across the board reductions for smaller agencies that reduce both programs and internal administrative costs (1 category).

There will be reduction items that impact multiple categories. In these instances, agencies should use their best professional judgment to select the category that represents the predominant description of the reduction item.

Programs and Services

These categories are associated with direct service delivery to clients, students, regulated industries, licensees, constituents, and other populations. Also included are direct administration and support costs for agency staff, contracts and consultants that are integral to the operation of agency and institution programs. Below are the 10 categories with examples for each.

- **Service Reductions (Contracted)**
 - Consultants, contracted services
 - Adjunct faculty
 - Contracted residential facilities
- **Service Reductions (FTEs - Hiring and Salary Freeze)**
 - Reductions due to not filling current and/or future vacancies
 - Salary freeze, including suspending merit pay
- **Service Reductions (FTEs – Layoffs)**
 - Reductions that result in actual job losses
- **Service Reduction (Other)**
 - Program travel, consumables, marketing and promotion, and other operating expenses.
 - Student financial aid
 - Basic civil legal services
- **Reimbursements and Rate Reductions**
 - Hospitals, physicians
 - Long term care facilities
 - HEGI

- **Grant, Loan or Pass-through Reductions**
 - Local governmental entities including COGs, cities, and counties
 - Non-profits
 - Local park grants

- **Delayed program implementation**
 - New or expanded programs that will not be implemented or will be deferred beyond the original planned time frame.
 - New college degree plans

- **Delayed or deferred capital projects**
 - Capital items and projects such as computers and other IT-related items, real estate, facilities, vehicles, furnishings and equipment, telecommunications equipment, deferred maintenance projects, and facility renovations and rehabilitation.

- **Method of Finance Swap**
 - Use of Federal Funds in place of General Revenue for stimulus-related programs or services.
 - Use of non General Revenue-related state funds or local funds in place of General Revenue.
 - Receipt of additional stimulus Federal Funds that frees up General Revenue for other purposes/reductions.
 - Billing Medicaid for certain Medicaid-eligible services results in additional Federal Funds that frees up General Revenue for other purposes/reduction.

- **Lapse (No service reduction or reduced service demands)**
 - Savings that have already been realized
 - Savings resulting from efficiencies
 - Updated estimates of demand for certain grants or contracted programs that leave General Revenue unspent.

Administrative

These categories are associated with agency and institution internal operations such as central administration, information resources or IT, operations and support (mail, purchasing, reproduction), and regional administration (field offices, state schools, and other facilities).

Below are the 5 categories.

- FTEs / Hiring and Salary Freeze
- FTEs – Layoffs
- Travel
- Contracted Administrative Services (contracts and consultants providing the same internal services identified above in place of agency staff – payroll, human resources, data centers, Enterprise Resource Planning (ERP), etc.)
- Operating Expenses (expenses related to fuels, supplies, utilities, rental of buildings and/or machinery, and capital items and projects)

Across the Board Reductions

This category is intended for smaller agencies with plans that consist of both reductions to direct programs and services as well as its own internal operations.