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MEMORANDUM

April 27, 2016

TO: Deans and Vice Presidents

FROM: Garrey Carruthers, Chancellor 

SUBJECT: NMSU Las Cruces – FY17 I&G Budget Reduction

At the April 4th Board of Regents meeting, the administration of NMSU proposed a blended tuition and required fee increase of 4.1%, plus a budget cut of \$7.4 million for the Las Cruces campus to cover a budget deficit for the upcoming fiscal year resulting from reduced state funding, enrollment declines and priority budget investments/uses. The Board of Regents did not approve our recommendation; thus, the existing tuition and required fee rates will remain at the current level for the upcoming academic year. This means the Instruction and General (I&G) budget of the Las Cruces campus will need to be reduced by \$10.7 million or about 6.5%.

Steps in restructuring our university are well underway with the Transforming NMSU into a 21st Century University project (<http://staffingstudy.nmsu.edu/>). Team recommendations are due mid-November 2016 and will generate operational savings to help support the university's overall budget needs. Those savings will supplement the more immediate budget reduction need of \$10.7 million which will ensure a balanced budget as we begin FY17. This memorandum outlines the plan we will follow to achieve the \$10.7 million permanent reduction for our I&G budget.

The magnitude of the reduction, coupled with budget adjustments made in recent years, means that we must be more strategic than ever before in reducing our budget. Simple sanding of each unit is not an option. Instead, we must carefully evaluate all of our programs and services, preserving those that are central to our teaching, research, and service mission, and reducing or eliminating those that are less essential. In addition, we must question every administrative structure and procedure, asking whether an elimination or change would improve efficiency and reduce costs. The task ahead of us is to develop strategically sound budget reductions that will help us transform into a university that can sustain itself in good times and bad. To be as thoughtful and focused as possible while moving expeditiously in identifying the needed budget cuts, the Provost and I have agreed to lead separate budget reduction efforts for the academic and administrative units.

To initiate the process for the administrative side, I am asking Vice Presidents to work with their staffs to prepare and submit the following:

1. A schedule of your unit's primary programs and functions (use Administrative Unit – Program and Function Summary form), including a high level overview of the purpose/responsibilities, assigned employee FTEs, salary/fringe budget and operating budget. This information will be used to familiarize all of us with each unit's primary operations, responsibilities and costs.
2. Budget reduction proposals equal to at least 7% of your budgeted expenditures (use FY17 Permanent Budget Reduction Proposal form). Submitted proposals should be strategic rather than across the board reductions. Vice Presidents should consider consolidation, reinvention, or elimination of departmental structures and services. In addition, consideration should be given to utilization of technology, as well as outsourcing as a means to more efficient delivery of services.

To initiate the process for the academic side, the Provost is asking each Dean to form a faculty working group that, together with the Dean, will:

1. Evaluate all academic departments, as well as majors and service programs in each college for: relevance to our teaching, research, and service mission; financial viability; and, redundancy with other programs in the college and university.
2. Evaluate the administrative structure of the college and its departments, asking whether alternative structures might offer savings and synergies.
3. Evaluate administrative services within the college, paying special attention to those that seem to replicate services provided centrally.
4. Prepare and submit budget reduction proposals equal to at least 7% of budgeted expenditures (use FY17 Permanent Budget Reduction Proposal form). As in the case of administrative units, submitted proposals should be strategic rather than across the board reductions. In addition to considering elimination of programs that serve a small number of students or have become less relevant to our teaching and research mission, colleges should consider consolidation of departments or reinvention of the academic department structure. Consideration should also be given to changes in teaching loads, minimum course sizes, and limitations in the number of elective courses that can be taught annually by a faculty member. It will be important for academic departments to reduce their reliance on enrollment management funds to meet instructional needs. Special consideration should be given to streamlining administrative processes within each college and eliminating fiscal, administrative, and ICT services that replicate those that exist centrally.

For Vice Presidents and Deans, the Budget Office will be distributing your unit's FY16 budget and reduction process forms mentioned above. In addition, they will provide *Guidelines for FY17 I&G Budget Reduction Process* and *Human Resource Services Guidelines for FY17 I&G Budget Reduction Process*. Throughout this effort, the Budget Office and Human Resource Services stand ready to provide whatever assistance you need, so please do not hesitate to contact them with questions.

Requested information is due to the Budget Office no later than Friday, May 27, 2016. Upon receipt of proposals, the Budget Office will perform a preliminary review of each to ensure accuracy and consistency with established guidelines. Budget Office will coordinate with Human Resources for review of proposals containing personnel-related actions to ensure compliance with established policies and procedures. Consistent with our practice in similar exercises, proposed cuts will be presented to the President's Academic Council for discussion and input before the overall reduction plan is finalized.

As we plan for these changes, we will keep two principles as priorities. The first principle is fidelity to our mission. The second is that we will engage stakeholder groups such as faculty, staff,

and students. Faculty, staff, and students are what make this university great, and we need to know their thoughts as we move forward. To maintain communication about these efforts, a website is being developed to include all related communications, resources, FAQs and additional information in one easily accessible location.

I thank you for all you do to contribute to the success of our great university and for your continued cooperation and efforts as we manage through these fiscally challenging times. I know that by working together, we will emerge as a stronger university.

Attachments

C: Dan Howard, Executive Vice President and Provost
Angela Throneberry, Sr. Vice President for Administration and Finance
Paula Pierson, Budget Director