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DATE: April 4, 2016
TO: All NMSU employees, all campuses
FROM: Garrey Carruthers, Chancellor 
SUBJECT: Budget reduction measures

As we discussed at the March 9 Town Hall meeting, we are facing a challenging financial situation stemming from several factors, including a decrease in state appropriations due to the struggling state economy and a decrease in student enrollment. Taken together, state funding and tuition represent about half the operating budget of the university.

The New Mexico State University Board of Regents will meet later this afternoon to consider tuition rates and budget guidelines for the next fiscal year. The recommendation from NMSU administration includes a 4.1 percent blended tuition and fee increase plus a budget cut of \$7.4 million. If the Regents do not approve an increase in tuition and fees, the budget cut will be \$10.7 million.

As we analyze budget reduction options, we must take a thoughtful approach to meeting these financial challenges, while planning for the future and avoiding more budget cuts in the short-term. Below are some of the options we are considering:

- Reduce administrative salaries
 - 1 percent reduction for salaries of \$100,000 to \$149,999
 - 2 percent reduction for salaries of \$150,000 to \$199,999
 - 3 percent reduction for salaries of \$200,000 and above
 - Restoration of the salary reductions would not be considered until such time as staff receive a compensation increase of at least 2 percent

Note: Because we have spent the past few years trying to bring our faculty up to market in regard to their salaries, and we would like to avoid undoing this progress, these salary reductions will not include faculty members. Also, employees who have contracts will be excluded since this would require renegotiating those contracts. However, even though I am a contract employee, I have opted to be included in the reduction because I want to be part of a team solution.

- Eliminate retiree health coverage: This would only affect employees hired on July 1, 2016, or later
- Eliminate sick leave payout: Details related to this option are still under development

- **Discontinue the Employee Health Center:** As part of this option, we are in discussion with State Risk Management about establishing a local health clinic similar to their new clinic in Santa Fe where employees under the state health plan can seek care without co-pays for visits, and some prescriptions are provided at no cost. The Student Health Center services would not change.

The budget reductions proposed above will be effective July 1, 2016, and are only first steps in the effort to reduce our budget for the 2017, and ensuing, fiscal years. As part of the budget reduction process, we will evaluate administrative and academic programs to make sure they are meeting the mission of the university. While we are still early in this process, Provost Howard and I are engaging unit leaders to ensure that any program changes are strategically sound and decisions are consistent with our teaching, research, and service mission.

We are also evaluating potential savings based on plans to transform NMSU into a 21st century university. This restructuring of administrative units is designed to reduce levels of management and fragmentation of services across the university. The long-term savings associated with this effort will help to ensure the financial viability of NMSU for many years to come. As you know, five teams are working on this important initiative and the first recommendations are due this summer. More details are available at transforming.nmsu.edu.

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. You are what makes this university great, and we need to know your thoughts on how to move forward.

The budget reduction options under consideration underscore the seriousness of our current fiscal challenges and our resolve to make the changes necessary to secure the future of NMSU. We need to develop strategically sound budget reductions that will help us transform into a university that can sustain itself in good times and bad. I know that by working together, we will be able to emerge from this as a stronger university. I welcome your feedback. Please email me at president@nmsu.edu. The comment period will extend until May 1, 2016. Thank you for your support as we work through these fiscal challenges.