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To: NMSU System Faculty and Staff

From: Garrey Carruthers, Ph.D.
Chancellor, NMSU System
President, NMSU

Subject: Financial Restructuring of the NMSU System

The legislature has legislated and we are awaiting the decision of the Governor with respect to House Bill 2, the act funding most of government including higher education. If the Governor concurs with the legislature, we can expect an additional \$1,136,100 in new I&G dollars for NMSU Las Cruces. However, **the recent and continuing decline in enrollment** will cause the NMSU System to **permanently** reduce expenditures by \$9,124,772 in the 2015-2016 fiscal year. The proposed permanent reductions by campus are as follows:

- Las Cruces \$7,197,525
- Alamogordo \$ 922,541
- Carlsbad \$ 177,573
- Dona Ana \$ 743,694
- Grants \$ 83,439

The process for determining reductions will be the same as used before by NMSU, assuring that all stakeholders have an opportunity to participate in making recommendations to right size the NMSU system. In addition, on April 15th the Employee Council will sponsor a forum on the budget and budget reduction process, which I would encourage all to attend.

As we did last year, we will be asking NMSU Las Cruces units for 1%, 3%, and 5% reductions in their expenditures. The nut for this exercise is a reduction of about 3.2% for all I & G units. We have issued a moratorium on hiring on the Las Cruces campus in that our initial evaluation is the System may be overstaffed; hence, we anticipate some savings because the System has about a 100 person per year staff retirement rate, not to mention those who resign. At this time, we do not anticipate offering any retirement incentives. We are contracting with an

outside agency to undertake a staffing analysis to assist us in reallocating staffing resources to underserved units. **We have not considered nor are we recommending layoffs, contrary to some rumors on campus!**

In a recent review conducted by Fitch Ratings, Inc., NMSU's strategic management of expenditures, including planned budget reductions, was identified in their report as a factor allowing the agency to affirm NMSU's current rating on various outstanding improvement and refunding bonds.

These reductions plus our budget recommendations will be discussed with the Board of Regents at their April 6th meeting.