

**New Mexico State University  
Administrative Council Minutes  
February 23, 2010 Special Meeting**

President Couture said this special Administrative Council meeting was scheduled to follow up on the budget discussion from the February 9 meeting. The Governor has called a special session this week. The prediction is that the revenue situation is not likely to get better. If anything, it may get worse.

The New Mexico Council of Presidents has asked the Legislature to put more funding into higher education and to also fund the workload factor. The workload factor is a calculation that rewards institutions that have made or exceeded the enrollment target of 3 percent over the previous base year's enrollment. Our Las Cruces campus enrollment increased 2.2 percent so we did not qualify for the workload funding. Last year we received approximately \$5 million in workload funding.

Last year the overall higher education state budget was reduced by approximately 1.5 percent. The workload cost to various institutions was approximately \$11 million, but this was not funded from the New Mexico Higher Education budget. This year the workload cost is \$21.2 million, and the overall state budget cut is approximately 3 percent. The Legislative Finance Committee's recommendation to the Governor at the end of the session was to pay for the workload cost and the state budget cut from the Higher Education budget. This would result in about a 12 percent reduction (\$15.6 million) in funds for the Las Cruces campus if nothing changes from this point.

Dr. Couture said she had made some very strong appeals for our Las Cruces campus while recognizing that our community colleges need to be funded for their growth. In the past when the workload cost has been severe for some campuses, the Legislature has offered temporary forgiveness. Next year we expect to again qualify for workload funding. NMSU has suggested a different way to calculate workload funding that does not result in such fluctuations from year-to-year, but we do not know how much progress we will be able to make this year.

Dr. Couture said she appreciated the response from faculty, staff, donors and Regents in contacting our Legislators about what impact this large of a reduction would have on our positions and programs. However, the bottom line is that the state does not have a lot of money to work with.

When we talk with our Regents about a tuition increase, we hope to be able to consider less than a double digit increase. If a 9 percent tuition increase were approved, we would still have to reduce the equivalent of 105 positions. We currently have approximately 50 vacant staff and 55 vacant faculty positions. We would still need to reduce another \$1.4 million from our budget. It is a big reduction.

Since we do not yet know what the final figures will be, we need to prepare for several possible scenarios. President Couture said she received some comments in support of the approach described in the handout from the February 9 meeting entitled "FY11 NMSU-Las Cruces I&G Budget Recommendation Process." The process asks units to look within their own budgets to see where they could make cuts. Around March 15 *best, middle* and *worst* case analysis reduction figures will be provided and administrators will be asked to rank decisions about what could be cut. A process will be used to strategically decide where the best place will be to take the reductions that will protect our core missions, our students, and our strategic priorities. Academic units will present their proposals to Jay Jordan. Non-academic unit proposals will go to Jennifer Taylor. Jay and Jennifer will take their recommendations to the University Budget Committee who will make a recommendation to the President. Units will have an opportunity to present their concerns to the University Budget Committee (UBC) in open hearings which will start around June 15. The hearings will continue in the fall semester with the plan to complete them by December.

We will need to have a two-prong strategy to managing the budget cut once we receive our budget figure. We will need to find a way to pay our bill to the state on July 1 until we can complete this process. Dr. Couture said she is still seeking the Council's advice about taking the funds from carryforward dollars,

from vacant positions, and from other centrally agreed upon areas. After July 1, we will need to decide where the permanent budget cuts will come from.

Some of the questions/concerns received about the budget process include the following: **You can't take all of our budget cuts just from the vacant positions because that would unfairly penalize those units who have vacancies at this point in time.** Dr. Couture agrees with this wholeheartedly. But we may need to take the funds from vacant positions on July 1 until we can review the overall picture. Some of that money will be paid back to the units if it is decided that a smaller number of position reductions will come from that unit. Some vacant positions will definitely need to be filled by the fall. Dr. Couture is also looking at some of the decisions that have made by the UBC regarding approval to keep vacant positions. If she has concerns, she will revisit the decision with the UBC. She promised not to make any decisions without explaining her reasons to the Council or without going back through the UBC.

**A question was asked about the role of the UBC.** The UBC is an advisory committee to the President. Dr. Couture said she is taking responsibility for final decisions and to communicate with the Council about why a particular decision was made.

**Will information be shared with deans and VPs prior to the recommendation to the UBC?** Dr. Couture said she thought that would be appropriate in order for them to prepare a response.

**Dr. Couture said she is still discussing the question about who has control of a position vacancy.** She said there are two tensions here. We will sweep positions in order to pay the bill on July 1, but some of those positions will need to be given back. Dr. Couture said her understanding is that if you had a vacant position at the beginning of fiscal year 2009-10, you could use that position as one of those you are offering up. Dr. Couture said she will try to get clarification if the vacant position is held by the unit or by Jay Jordan in the case of faculty positions.

**If the UBC does not begin hearings until June 15, colleges and units will not know their FY11 budgets until several months into FY11.** Dr. Couture said that is very possible. She said her preference is to make decisions that are correct rather than decisions that are quick. If we are suffering a deep budget cut, we may not know until well into the fall semester where some of the position cuts will come from.

Dr. Couture said some recommendations to save money centrally are already underway such as a reduction in our vehicle inventory and use, reductions to our utility bills, and perhaps reductions in our employee benefits package. We realize some of these will not be pleasant proposals.

**Some administrators suggested that all proposals be given a hearing.** Dr. Couture said if everyone is in agreement, a hearing may not be necessary. We will do the best we can to be as transparent as possible about the process. However, if it becomes necessary to eliminate a currently filled position, this will be handled confidentially to protect the individual involved.

**Russell Hardy said statutorily we need to have a budget submitted to the HED by May 1. He asked if we were looking at an initial budget on May 1 and then a revision later on?** Jennifer said she is waiting for a response from HED to see if they plan to delay the budget deadline. Her guess was that they will ask us to first submit a shell and then do a budget adjustment request. We have a business cycle in which we need to set tuition, so we need to proceed with the budget-setting process, although we do not know the level of the appropriation we will receive. Non I&G units will be given an estimate of what their appropriation will be and they will need to submit their budget reduction plans along with the I&G units.

Jennifer said for clarification, when she talks about numbers, she is looking at numbers from the beginning of this fiscal year on 7/1/09. The reduction in October was not a permanent budget cut. These cuts were taken from temporary, not permanent, funds.

**Scott Moore asked how this will work for the Auxiliary units.** Jennifer said one of the ways auxiliaries contribute is through an institutional support fee. The question is how large should that

contribution be. They also pick up expenses as appropriate for certain functions. They are looking very hard at these and all other non-I&G functions. Jennifer asked Council members to forward any ideas they may have for savings or cost reallocation to her.

Dr. Couture said she plans to continue to stress to Legislators that higher ed in general should have a bigger share of the budget this time because higher ed is being asked to fund its own success through the workload formula. We have more students attending college, and that's a good thing. In the long run, we are hoping the state will consider a more equitable way of handling the workload funding.

Dr. Couture said she has not seen any state where over time there has been an increase in state or college budgets. The trend is downward and probably will be in this state as well. So we have to start thinking strategically about other revenue sources in the long run. Tuition is one source, but that's a burden to our students. We may have opportunities to offer courses at locations where differential tuition can be paid because the customers are beyond the traditional student. Another area may be our research and sponsored programs, although we have some real issues to address in terms of how we support our research community. We have the Arrowhead Center and our contributions to economic development. We need to look at how these areas will contribute strategically to the university budget in the future. We also need to look at how we are growing our undergraduate and graduate programs and what that means in how we structure our budget.

Greg Fant said that his college has put several hundred thousand dollars of temporary money into adding sections of general education courses to meet student needs. Dr. Couture said we need to look at ways to keep our enrollment up and to ensure that our students get the courses they need. But we also need to look at ways to deliver the courses more efficiently. We do not want to hear in the fall that we had students who could not get the classes they needed.

Jennifer Taylor said they will work with University Communications to set up a dedicated website for the budget reduction process that will include an option to submit suggestions or ideas. Dr. Couture has asked Dr. Jordan to meet with the deans to think strategically about what they might do collectively. We also hope to find ways to reward units for doing something very bold that might save a lot of money but would involve an investment of funds. These are difficult to do when under the pressure of time, but we need to start looking at this.

Christina asked if we are considering a four-day work week. Dr. Couture said we are looking at that in areas where it is feasible and where we can actually save money. It does not save money if you cannot shut down a facility.

Dr. Couture asked the Council to please forward any suggestions to her.

Next Meeting: Tuesday, March 9, 2010, 8:30 a.m., Corbett Center, Colfax Room #210

Minutes recorded by Barbara Dickenshied.