

Board of Regents
Wednesday, July 13, 2016

FY17 Budgetary Update

Chancellor Garrey Carruthers

Context

- National Trends in College Enrollment – down
- Population of New Mexico – down
- New Mexico High School Graduation Rates – down
- Oil, Gas and Other State Revenues – down
- State of New Mexico Appropriations – down
- We Are Not Alone

Budget Related Initiatives

- FY17 I&G Budget Reduction Process for NMSU Las Cruces – Achieve immediate savings
- Transforming NMSU Into a 21st Century University – Long term effort to streamline performance through organizational restructuring and operational changes
- Enrollment Initiative – Recruitment and retention
- Other Revenue Generating Efforts

Campus Participation and Collaboration

- Numerous Campus Memorandums
- Webcast Open Forums
 - Transforming NMSU Into a 21st Century University – September 22, 2015
 - Town Hall Meeting – March 10, 2016
 - Update on Transforming NMSU Into a 21st Century University – March 21, 2016
 - Employee Council Forum on Benefits – April 7, 2016
 - Employee Council Forum on Budget – April 20, 2016

Campus Participation and Collaboration

- Discussions Throughout the Process
 - President's Academic Council
 - AFSCME Local 2393 Leadership
 - ASNMSU Leadership
 - Employee Council Leadership
 - Kitchen Cabinet
 - University Administrative Council
- Budget Reduction Website at <https://budgetupdate.nmsu.edu/>
Launched May 16, 2016 – Webcasts, Presentations,
Memorandums, FAQs and Input/Feedback Form

Approved Salary and Benefit Changes

- Reduce Administrative Salaries
 - 1% for salaries from \$100,000 to \$149,999
 - 2% for salaries from \$150,000 to \$199,999
 - 3% for salaries at \$200,000 and above
- Eliminate retiree health coverage for employees hired after July 1, 2016
- Eliminate insurance benefits for part-time employees working less than .75 FTE – grandfather clause for employees enrolled prior to July 1, 2016

Approved Salary and Benefit Changes

- Eliminate sick leave payout benefit – grandfather clause outlining payout based on June 30, 2016 balances
- Annual Leave Accrual
 - For all employees, reduce from 22 days to 20 days effective July 1, 2016
 - For employees hired after July 1, 2016, modified accrual
 - First 4 years of continuous service – 12 days
 - Years 5 through 9 of continuous service – 17 days
 - Upon completion of 9 years of continuous service – 20 days
 - For all employees, adjust accrual cut-off from September 30 to June 30 effective June 30, 2017

Preliminary FY17 I&G Budget Reduction Target

NMSU Las Cruces

- Total FY17 Approved Budget – \$622 M
 - Plant funds - \$56 M
 - Current funds - \$566 M
 - NMSU Las Cruces Unrestricted I&G - \$178 M
- Reduction Target – \$10.7 M (Net of Other Revenue Increase \$700 K)
 - FY17 State Appropriations – \$2.9 M
 - State Appropriation Contingency – \$1.4 M
 - Enrollment Declines – \$3.5 M (FY16 and FY17)
 - Investments/Expenditures – \$3.6 M

Reduction Process Initiated

- Memorandum dated April 27, 2016, with guidelines to Deans and Vice Presidents requesting budget reduction proposals by May 27, 2016 – Target 7% of I&G budget
- Chancellor and Provost met individually with division leads requesting proposals on reductions to I&G Transfers
- Total Proposed Reductions Submitted by Colleges and Units – \$11.6 M from I&G and \$1.1 M from I&G Transfers
 - Budget Office completed 100% review
 - HRS completed review for those with personnel impact

Selection of Proposed Reductions

- Budget Summit held to strategically determine reductions – June 20, 2016
 - Revised target reduction from \$10.7 M to \$11.8 M based on updated enrollment projection and investment amount
 - Completed detail review of all reduction proposals including consideration of identified possible impact
 - Compiled listing of recommended budget cuts
- Final Reduction from Summit – \$12.1 M
 - Academic Units – 5.4% of Budget resulting in \$5.5 M
 - Administrative Units – 5.9% of Budget resulting in \$3.8 M
 - Other
 - I&G Transfers – \$1.1 M
 - Central Budgets – \$1.7 M

Gather Input and Finalize

- Reviewed Results with Deans and Vice Presidents
 - Consider adjustments
 - Finalize reduction plan
- Discussed Results with President's Academic Council, Kitchen Cabinet, Employee Council Leadership, AFSCME Local 2393 Leadership and ASNMSU Leadership
- Briefings with Members of BOR – Week of June 27, 2016
 - Budget Reductions
 - Update on Transforming NMSU into a 21st Century University project

Summary of Reductions – Academic

| College / Unit | Reduction | % of Budget | Positions Eliminated | |
|---|---------------------|-------------|----------------------|-----------|
| | | | Vacant | Filled |
| Agricultural, Consumer & Environmental Sci. | \$ 530,518 | 5.8% | 9 | - |
| Arts & Sciences | 1,961,565 | 5.0% | 15 | 6 |
| Business | 790,109 | 5.9% | 6 | - |
| Education | 706,380 | 5.8% | 9 | - |
| Engineering | 751,068 | 5.7% | - | 11 |
| Health & Social Services | 388,007 | 5.4% | 3 | - |
| Library | 391,157 | 5.4% | 4 | - |
| Total Academic | \$ 5,518,804 | 5.4% | 46 | 17 |

Summary of Reductions – Administrative

| College / Unit | Reduction | % of Budget | Positions Eliminated | |
|---|---------------------|-------------|----------------------|-----------|
| | | | Vacant | Filled |
| Executive Vice President and Provost | \$ 489,670 | 6.0% | 4 | 2 |
| President | 447,538 | 5.9% | 3 | 1 |
| Senior VP for Administration & Finance | 2,165,603 | 6.0% | 23 | 7 |
| VP for Economic Development | 32,840 | 5.6% | - | - |
| VP for Research | 29,155 | 6.2% | - | - |
| VP for Student Affairs & Enrollment Mgmt. | 536,646 | 5.6% | 7 | - |
| VP for University Advancement | 122,732 | 5.9% | 3 | - |
| Total - Administrative | \$ 3,824,184 | 5.9% | 40 | 10 |
| | | | | |
| Total Central Funding Cuts | \$ 1,742,307 | | 2 | 7 |

Summary of Reductions – By Type

| Type of Budget Reductions | Reduction | % of Budget | Positions Impacted |
|--|---------------------|----------------|--------------------|
| Administrative Salary Reductions (1-2-3%) | \$ 190,797 | 2.0% | |
| Elimination - Filled Faculty Positions | 340,644 | 3.6% | 3 |
| Elimination - Vacant Faculty Positions | 2,295,965 | 24.6% | 27 |
| Elimination - Filled Staff Positions | 981,455 | 10.5% | 24 |
| Elimination - Vacant Staff Positions | 2,617,476 | 28.0% | 59 |
| Change in Funding Source | 305,051 | 3.3% | |
| Net Salary Savings/ FTE Reductions | 453,372 | 4.9% | |
| Personnel Reductions | 7,184,760 | 76.9% | 113 |
| | | | |
| Operating Reductions | \$ 2,158,228 | 23.1 % | |
| | | | |
| Total Reductions in Academic and Administrative Budgets | \$ 9,342,988 | 100.0 % | |

Excludes Central Funding Cuts

Summary of Reductions – I&G Transfers

| I&G Transfers To: | Reduction | % of Budget |
|---------------------------------|---------------------|--------------------|
| Agricultural Experiment Station | \$ 95,054 | 10% |
| Arrowhead | 24,830 | 20% |
| Athletics | 454,301 | 11% |
| Cooperative Extension Service | 117,248 | 10% |
| Intramurals | 61,218 | 100% |
| KRWG - FM | 52,902 | 15% |
| NM Leadership Institute | 40,000 | 40% |
| NMDA | 217,012 | 100% |
| Total | \$ 1,062,565 | 15% |

Position eliminations directly associated with transfer reductions: 1 Vacant and 3 Filled.

Summary of Position Eliminations

- Vacant Positions – 89
 - Faculty – 27
 - Staff – 62
- Elimination of Filled Positions – 37
 - Faculty – 3
 - Staff – 34
- Human Resource Services completing their review to identify positions that can be placed into existing vacancies

Summary of Programs Affected

- Employee Health Center
 - Eliminate on-campus employee services – August 1, 2016
 - NMSU will continue to operate Student Health Center
 - Discussions underway with third party provider
 - Employee services offered at nearby clinic
 - Employment opportunities with provider offered to affected employees
 - Potential return of campus service through provider (student and employee)
- Equestrian
 - All scholarship commitments will be honored
- Engineering Surveying Program
 - Will be presented at Faculty Senate during Fall 2016
- Center for Latin American and Border Studies
 - Transfer to International and Border Programs
 - Change in funding from I&G to Non-I&G

Final Steps for Remaining Budget Reductions

- Briefings with Stakeholders – Week of July 11, 2016
- Special Meeting of Board of Regents – July 13, 2016
- Individual Meetings with Affected Employees
- Load FY17 Budget Reductions into Banner Finance

On-Going Review, Evaluations and Initiatives

- Transforming NMSU Into a 21st Century University
- Strategic Enrollment Initiative
- Development of Real Estate and Water Assets
- On-Going Strategic Assignment of Vacant Faculty Positions
- Better Integration of NMSU System
- Phase II of Vehicle Reduction Plan
- Program Review
- Review of Experiment Stations