

**2011 UNM Budget Summit  
Monday, March 28, 2011 - 9:00 a.m. – SUB Ballroom**

**President Schmidly's Welcome and Introduction**

Welcome, everyone.

As we get started, I'd like to remind everyone that our sole purpose for gathering here today is to explore and discuss the FY12 budget for the University of New Mexico. We are not here to make final decisions, as those will come in a couple of weeks when this process culminates with the F&F meeting on April 11<sup>th</sup> and the meeting of the full Board of Regents on April 12<sup>th</sup>.

Today is a day for serious listening, respectful discussion, and rational consideration of our best options for moving forward with a budget for the next fiscal year.

To get started I'd like to share a quote I recently came across from Winston Churchill. Although Churchill was actually talking about Russia when he spoke these words, I do think they apply to our efforts to construct a workable budget, especially given the financial challenges we have been and are continuing to face:

***[Show Churchill quote]***

"It is a riddle, wrapped in a mystery, inside an enigma – but perhaps there is a key."

And, I think that the "key" that Churchill refers to is most aptly identified in a saying made famous by the U.S. Navy Seal Team:

***[Show Navy Seals quote]***

"Individuals play the game, but teams beat the odds."

We've had lots of "individuals" participate in this process, but it has been everyone's willingness to engage with their colleagues, and have some very difficult conversations, that has truly made a difference.

In fact, the word that most aptly describes the process that began at the start of the fall semester, resulting in the ideas and options we bring to this summit today, is "teamwork." I want to talk about that teamwork, and then I'll briefly describe the pathway we have followed.

### **Explanation of the Process (Recognition of Teams)**

#### ***[Show Budget Development Flowchart]***

This flowchart describes at a high level the budget development process we have been undertaking since late last summer:

- Phases I and II included the formation and organization of multiple teams and task forces to understand and analyze the budget challenge, and to identify potential strategies for addressing it.
- Phase III focused on the review and consolidation of all of those recommendations, as well as closely following and working to educate and influence the outcome of the legislative session.
- Phase IV involved further "due diligence" around tuition data, understanding the implications of the ERB decisions, and the development of the budget scenarios we are going to discuss today.
- Phase V begins with today's summit, and will culminate when the Regents make their final decisions over the coming weeks.

What is not immediately evident in this flow chart, are the numbers of people who have contributed to bringing us to today. I'd like to take a moment now to recognize the "teams" who's work has literally been both the "brains and bricks" of this endeavor.

These are members of our campus community, from all walks of campus life, including faculty, staff, students, parents, and administration. They brought their diverse perspectives, ideas and expertise, wrestled with challenging realities. And, they rolled up their sleeves to do all of the “heavy lifting,” creating and laying the foundation for where we are today.

The work of these groups is highlighted in a budget notebook that was distributed to the Regents at the end of February, and then updated just last week. The content of the notebooks were placed online in preparation for this Summit, in two places: On UNM’s budget impact website, and on my home page.

- **The Provost’s initiatives**, launched back in August, included a white paper process, a comprehensive review of degree programs, and an evaluation of academic and student support units.
- **The Deans**, who began meeting on a weekly basis in the early fall to discuss various budget strategies for our schools and colleges.
- **The President’s Strategic Advisory Team**, appointed by me a year ago to help us with last year’s budget, continued its work to identify and recommend additional cost containment and revenue generation strategies.
- And as an offshoot of PSAT, **The IT Cost Containment Team** that was formed in late December to take a hard look at strategies to save money on IT services and equipment, across the University.
- **The Tuition Task Force** that was appointed in January to look at tuition policy and seek to understand students’ viewpoints and concerns.
- And finally, **The Cost Containment Task Force**, named by Dr. Paul Roth in his role as Acting President, whose job it was to review and synthesize all of the discoveries and recommendations submitted from the groups I have already mentioned.

If you served as a leader, member, or contributor to any of these teams, please stand and be recognized.

Thank you, for everything you have done to help us to identify the “key” that will help us to collectively solve this budget riddle.

### **Agenda for Today**

#### **[Show “Overview of Today’s Agenda”]**

Now I want to briefly go over the agenda for today:

- I’ve got a few more things to share with you by means of an introduction, and then we will review the results of the 2011 legislative session.
- From there, we will hear an overview of general institutional budget issues, followed by a more specific focus on HSC, UNM Hospital, Main Campus, and the Branches.
- At that point, the Regents and Constituency leaders will provide their comments, followed by response and discussion of alternatives, and finally the Regents’ consideration of FY12 tuition and fees.

### **Considerations**

#### **[Show “Considerations for Budget Development”]**

I’d like to remind everyone of the principles that we put forward and have held constant as we approached the development of the FY12 budget:

- Our first priority was to protect the academic missions of research and teaching.
- We determined that cuts should not be implemented “across the board.”
- We felt it very important to consider a three-year time horizon for our planning purposes.

- Our commitment from the very beginning was to maximize transparency of the process, and
- Perhaps the “capstone” principle has been to engage in best practices of shared governance.

## **Historical Context**

### **[Show “Historical Context”]**

It is also important to place what we are discussing today into an historical context:

This is our 6<sup>th</sup> consecutive budget over the past three years. We have endured many of these cuts by using non-recurring funds, a practice that is clearly not sustainable as we move forward.

As you will see, our tuition increases overall have been modest during this time, especially given that the legislature has imposed “tuition credit” increases on us – in effect a “Tax” on students to support the State’s budget shortfalls - before we have even gotten to discussion about any tuition increases that might be necessary to sustain the academic mission.

## **History of Cuts**

### **[Show “History of Cuts”]**

Here you see the history of the cuts in state appropriations we have sustained since FY09:

- Main campus has taken the biggest hit, with a 20.5% reduction, followed by the Health Sciences Center at 17.5%, and UNM’s Branch Campuses at 16.2%.
- Overall, the University will have endured a 19.3% reduction in I&G funding. Do a little quick math, and that amounts to almost \$64 million.

I'd like to focus for a moment on how we allocate the tuition we receive. Students have been asking - and rightly so – that we provide clear accounting of how tuition dollars are spent.

For every dollar of tuition revenue:

- More than half, or \$0.56 is spent on instruction, including faculty salaries and other expenses and equipment to run our schools and colleges;
- \$0.12 are spent on academic support, which includes advising and our libraries;
- \$0.6 are spent on student services, a category that includes supporting our enrollment functions, student affairs, student activities, and the SUB;
- \$0.13 are spent on institutional support, and this includes administrative services such as Human Resources, Payroll, Financial Services, and Safety and Risk Services; and,
- \$0.13 are spent on operations and maintenance of our facilities.

### **Five Tuition Myths** (if DJS wants to include them)

I would now like to do a little “myth busting” related to tuition and what it actually means to be a “publically funded university” in the State of New Mexico.

Now, as a state, New Mexico has a history of treating higher education well. We rank 1<sup>st</sup> in the nation for support per \$1000 of personal income, and 2<sup>nd</sup> in support per capita. How those funds translate into support for UNM’s budget, though, is a different story that has not been well understood.

### **[Show “Myth 1: In New Mexico the State Pays for Almost Everything”]**

I frequently hear people say that, “In New Mexico, the State pays for almost everything” when it comes to funding colleges and universities. Fifteen years ago,



UNM's I&G budget received \$2.82 in state appropriations for every dollar of tuition. Since then, the ratio has declined steadily and is currently \$1.57 in state appropriation per dollar of tuition – a drop of almost 45%. Today, tuition and fees make up almost 40% of our I&G budgets. The effect is that we are slowly but surely becoming a “state-subsidized” rather than “state-supported” institution.

**[Show “Myth 2: UNM Has Already Passed High Tuition Increases in Recent Years”]**

There is also a common perception that UNM's tuition and fees are already too high, compared to other institutions. In fact, UNM's tuition charges have increased at lower rates than our peers over the last five years.

The truth is, that no matter who you compare us to, we are a bargain. Based on external data for FY10, you can see that our tuition fees are:

- \$1,755 below regional peer institutions,
- \$2,467 below the group of peer institutions that New Mexico's Higher Education Department uses for comparison, and
- \$2,862 lower than the average of all of the national flagship universities.

**[Show “Myth 3: New Mexico should Have Low Tuition Rates Because we are a Poor State”]**

And that leads me to the 3<sup>rd</sup> myth about our tuition: That we should have low tuition because we are a poor state.

This chart looks at net tuition as a percentage of total educational revenues, with New Mexico compared to the 10 lowest income states for FY09. In this case, the picture speaks for itself.

Literally all of the states that are poorer than we are invest more dollars in education. And, several states with lower income than ours actually charge their students more than twice as much as universities in New Mexico.

**[Show “Myth 4: New Mexican Families Can’t Afford Higher Tuition”]**

It is also often said that New Mexico’s families can’t afford higher tuition. It is true, that we are a poorer than average state, as this chart illustrates. The median household income in New Mexico is 87.3% of the regional average.

But take a look at UNM’s per-student tuition revenue compared to that same cohort. Our tuition is only 54.9% of the regional average.

Additionally, New Mexico students have access to the Lottery Scholarship. This spring, 6,869, or 35% of our undergraduates are on this scholarship and do not pay tuition.

And we know that we have a higher number of high-need students at UNM. Around 43% of our students are eligible for the federal Pell grant program.

Now please understand that none of this “myth busting” is intended to promote going out and jacking up our tuition and fees, just to make us “average” in our peer groups. Rather, there are aspects of these rankings that we should be proud of.

We should be proud that we are an excellent bargain for the people of our state. However, it is imperative that we strive to maintain that, without compromising the quality of the education and research that we are providing.

This is what led to my comment in the Albuquerque Journal that we are the Walmart of Flagship universities. What I was referring to is that we offer both “high quality” and “affordability”. Some of my faculty colleagues misinterpreted my reference to mean “cheap and low quality” which is not the case. I certainly apologize if my reference offended anyone.

We want every graduate to forever be proud of the education that she or he has received at UNM, and not look back and believe that the quality of any degree has eroded due to lack of investment in maintaining, growing, and improving UNM’s academic programs.



**[Show “Myth 5: We Can ‘Find the Money’ if We Look Closely at all our Budgets”]**

Our I&G budgets have always been tightly constrained by the structural impediments of New Mexico’s funding formula. This is a formula that favors community colleges and spreads its resources across a very large number of institutions.

Then there is also the “tuition credit” I have already described, that is in effect a tax on student tuition the legislature imposes every year. In combination with very low tuition, this has always meant that UNM simply has less money to spend than similar institutions.

The story told by these numbers is clear. Because we have historically relied so much on our state allocation, declining state revenues have put our budgets in ever-increasing peril. And in the long run, if UNM’s tuition revenue continues to be far below that of similar institutions, the relative quality of education will inevitably decline.

While we will continue to work to increase efficiency in everything we do, there is simply no escaping these economic realities.

**Evaluation of Administrative Structure**

As I wrap up my introduction to the Summit, I want to say a few words about our administrative structure, particularly regarding our VPs, Associate VPs, and other executive administrators.

As you will see today, the budget scenario we are proposing includes a \$500,000 reduction in spending related to administration. You will not see, however, a line-item plan on where those dollars will specifically be reduced. Making those sorts of decisions at this time would be premature, and even irresponsible. Any changes to our leadership structure must be evaluated very carefully, and be assessed for unintended consequences to the integrity and stability of the University.

As I wrote in my op-ed piece that appeared in the Journal a couple of weeks ago, I truly believe that titles do matter. Any time an institution creates or removes a vice president or other leadership position, it sends a message to the public about what it values and focuses on strategically. This is one of the reasons that we must precede deliberately and prudently.

### **Conclusion**

So in conclusion, the budget we are proposing today is certainly not perfect. We know that there will be no way to address all concerns and to please everyone. In fact, it is likely that there will be very little that everyone will agree on completely.

I am pleased, however, that this year's process has been as inclusive and transparent as any in our history. I want to once again thank all those who contributed their ideas, and who worked hard to make it so.

We have so much talent in our very own community, and so many people who are committed to the well-being of this University and the students we serve. Never has there been a finer demonstration of that talent put to good use, than in this process.

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The undergraduate and graduate students, staff, parents, and faculty of UNM share a common vision for this university as New Mexico's flagship for teaching and research. Together, the constituency groups of UNM believe that our academic mission can only be realized if the following initiatives are part of the budget for FY2012:

1. To the extent that the "Pause & Hold" continues in the coming fiscal year, all positions that become vacant are rigorously evaluated for their contribution to the academic mission, and those that are critical will be promptly filled; and that simultaneously a systematic review occurs of UNM's administrative structure and number of positions, and restructuring is immediately pursued to save money at this level.
2. UNM begins to reinvest in tenure track faculty positions to replace those lost in the last year.
3. Full funding for the Graduate Research Development fund is protected.
4. Funding for GA/TA lines is protected.
5. Funding for undergraduate study abroad is protected, with a plan to gradually increase this in future years.
6. The University commit to systematically addressing the structural budget deficit in the College Arts & Sciences over the next three years, beginning in FY2012.
7. The University protect employees from further erosion of their paychecks by permanently covering the 1.75% "ERB swap" through which the state recovered \$111 million in order to keep the General Fund solvent.
8. The "Cost Containment Process" that was undertaken this year continue in future fiscal years, with systematic and substantial involvement by the key campus constituencies; and that the UNM Administration provide information to the undersigned Regent Advisor Groups on the above initiatives every six months.
9. UNM commit to continuing work with the Legislature to eliminate the practice of the state taking a "tuition credit" that transfers onto students and their families an ever-greater share of the costs of higher education.

ASUNM President Laz Cardenas

GPSA President Lissa Knudsen

UNM Parents Association President Maria Probasco

Staff Council President Sterling Kennedy

Faculty Senate President Richard L. Wood





A Resolution of the Student Government

Joint Resolution 145

WHEREAS, the Associated Students of the University of New Mexico is the representative body of the undergraduate students; and

WHEREAS, the Associated Students of the University of New Mexico are not in favor of a tuition increase. However, if a tuition increase must occur students expect that the integrity of the degree they will receive upon graduation will be maintained; and

WHEREAS, the impending tuition increase places a substantial financial burden on students; and

WHEREAS, the majority of the student body has not seen a detailed outline where undergraduate tuition money is being allocated, leaving students uninformed and skeptical of the administrative allocation of tuition funds; and

WHEREAS, the Associated Students of the University of New Mexico would like a pledge from the Board of Regents and the administration that student concerns are equally considered and achieved over the expected three year budget process; and

WHEREAS, students expect over the next three years that the quality of education will be kept at the current status or raised; and

WHEREAS, students want retained and not diminished through budget cuts: the quality of education, degree programs, faculty positions, academic programs, and teaching and graduate assistants; and



WHEREAS, students expect required classes for core and degree programs to be completely accessible, and that student to teacher ratios do not increase to where they negatively affect the academic mission of the University; and

WHEREAS, the students expect the administration to create an in-depth description (spreadsheet) of where tuition dollars are being spent, to post this description to the UNM main homepage, and to inform the student body with a special message of how much tuition is raised to the exact dollar amount comparatively to recent years; and

WHEREAS, at the end of each semester students expect the administration provides both ASUNM and GPSA with feedback on the progress of these initiatives; and

WHEREAS, our tuition is expected to go less to executive salaries and more towards faculty and academic programs; and

WHEREAS, the proposed recommendation by the Provost Administrative & Student Support Unit Evaluation Report to consolidate student affairs be reconsidered and the Dean of Students and the Associate Vice-President of Student Life positions be left as is; and

NOW, THEREFORE BE IT RESOLVED, the Associated Students of the University of New Mexico advocates and supports the initiatives to include students in the budget process laid forth by the administration, and that the cost containment process be the standard for determining the University budget; and

THEREFORE, BE IT FURTHER RESOLVED, students demand the aforementioned needs and services regarding the quality of education are retained and that the expectations of the students are met or exceeded through greater transparency and dialogue between administration and the student body.



THEREFORE, BE IT FURTHER RESOLVED, that this resolution be sent to the President of the University of New Mexico Board of Regents, the University of New Mexico Student Regent, the University of New Mexico President, the University of New Mexico Provost, the Executive Vice-President, the Vice-President of Student Affairs, the Associate Vice-President of Student Life, the Dean of Students, the Dean's Council President, the Faculty Senate President, the Staff Council President, and the GPSA President.

Adopted this 25 day of March in the year Two-Thousand and Eleven



Lázaro A. Cárdenas Jr., President



Joseph B. Colbert, Vice President







# **GPSA @ UNM**

**Graduate And Professional Student Association**

## **A Resolution of the GPSA Council SP 11-006: Office of Equity and Inclusion Resolution**

Sponsor: Raza Graduate Student Association

Passed: March 26 2011

Whereas UNM has been recognized nationally for its diversity of students, faculty and staff;

Whereas the UNM Vision Statement states: "We lift up our cultural and ethnic diversity as the unique strategic advantage it is, providing the environment in which our students learn with one another to generate new knowledge that helps the world's people leverage and celebrate the value of difference."

Whereas the Academic Affairs Values Statement of the Office of the Provost states: "The University values the diversity of its students, faculty, staff and the other people with whom it interacts. Our differences assure that the University is a forum for the expression, consideration, and evaluation of ideas. The educational process on our campus is clearly enriched and strengthened by the fact that these ideas arise and are evaluated from such diverse perspectives.";

Whereas racism, sexism, heterosexism, classism, ableism and other institutional oppression still exists at the University of New Mexico;

Whereas the UNM Office of Equity and Inclusion promotes equity for all members of the University community by leading efforts to transform the campus environment and embrace critical diversity, holistic learning, inclusive excellence and social justice; and, in this way, foster a climate that imbues diversity as an asset;

Whereas the UNM Office for Equity and Inclusion has been instrumental in developing Hate/Bias Incident Reporting and training 13 reporting sites on Main campus and the branch campuses, working on issues of underrepresented faculty, developing and implementing the campus climate survey, supporting the ethnic centers and LGBTQ Resource Center, developing and implementing a plan for African American recruitment and retention, supporting access and success for undocumented students and families, planning for the national White Privilege Conference and planning for numerous campus and community activities, trainings and other events;

Whereas the UNM Health Science Center has also recognized the value of diversity within the HSC Office of Diversity and Office of Community Health that includes a Vice President;

Whereas the Graduate and Professional Student Association (GPSA) has supported the UNM Office for Equity and Inclusion since its inception by President David Schmidly, as well as diversity, inclusive, equity and social justice initiatives at UNM;

Whereas the Board of Regents and President have proposed eliminating the entire budget of the UNM Office for Equity and Inclusion;

Therefore be it resolved that the Graduate and Professional Student Association (GPSA) supports the UNM Office for Equity and Inclusion and strongly encourages the President and Board of Regents to actively support the office with appropriate funding to serve the entire UNM and New Mexico community and continue its work for diversity, inclusion, equity and social justice;

And be it further resolved that the Graduate and Professional Student Association (GPSA) will send copies of this resolution to the UNM President, Board of Regents, ASUNM, Faculty Senate, Staff Council and UNM Office of Equity and Inclusion.

GPSA President Comments

UNM Budget Summit March 28, 2011

In today's news it was reported that New Mexico lost out to Mesa, AZ in recruiting a large solar panel manufacturing facility. When asked why he thought the company went to his city, the mayor of Mesa said landing big projects depends on an educated workforce.

It is time we focus on education. We have been blessed with great weather, the Sandias provide a beautiful view and outdoors activities, we have great food and friendly people. The quality of life in New Mexico is excellent and we are an ideal location for companies creating the jobs of tomorrow. If we improve the quality of education in New Mexico, Mesa and other cities around the nation will not be able to compete with us and we will bring new jobs for our graduates, thus improving our state's economy.

The price for education must remain affordable. There is fat left to cut in the budget, however we all need to agree that academics is not fat.

**Cost Containment**

The graduate students encourage you to look to the following areas with regard to additional cost containment:

Cost Savings Not Currently Utilized in Cost Containment	
Foundation: Salaries (they currently report having 1 senior vice president, 2 vice presidents, and 4 associate vice presidents = \$883,128 excluding benefits and bonuses), benefits, etc.(not a shift from I&G to another source of revenue but an actual cut)	900,000
Alumni (I&G): Salaries, benefits, capital expenditures	703,519
Athletics (I&G not yet cut): coach and assistant coach salaries, recruitment incentives, travel costs, hotel stays for home games, capital expenditures, etc.	600,000
South Golf Course: close down the business	600,000
Upper level administration: 2 VPs plus admin staff, Associate Vice Presidents at the Foundation and other offices across campus, Coaches, Asst Coaches, etc.	1,000,000



PR/Communications: Cease off-site consultant contracts, consolidate north campus, main campus, and athletics communications lines	300,000
<b>Total</b>	<b>4,103,519</b>
Don't cover ERB reduction (1.75%) – we might need to graduate the ERB cut recovery based on salary rate – those making less than 40K/year should be held harmless.	3,855,804
<b>Total</b>	<b>7,959,323</b>
Every \$950,000 = 1% in tuition	

UNM currently reports nearly a quarter of a billion dollars in unrestricted net assets. In FY10 when New Mexico home owners were experiencing foreclosures, unemployment was rising, more people were eligible and applying for social services, when UNM staff were put on a pause and hold strategy and after the janitors here were encouraged to take a \$.50 decrease by forgoing their shift differential, UNM increased their reserves by \$55 million, about \$15 million of that was on main campus (\$6.9 million in auxiliaries, significant balances in housing, etc). We commend the efforts of the office of Human Resources to use reserves to off set increased insurance costs and support other efforts to that effect.

The GPSA Council opposes cutting resources to Latin American Iberian Institute and Equity and Inclusion efforts on campus. We see the role of the E&I office is to in many ways act as the conscience of a campus that is touted as “Hispanic serving.” We need to see E&I involved in ensuring the Title 5 money that was designated for the graduate resource center is used for the population it was intended for, that efforts are improved regarding recruitment, retention, and that time to graduation is evaluated and addressed for graduate students of color, and also that education and communication is improved between media outlets and the ethnic centers and the campus communities they represent.

**Tuition Increases**

Every % increase in tuition is approximately equivalent to \$950,000. I respectfully remind you of the recent appropriations we have made that equal between 1-2% increase in tuition: baseball stadium renovations, alumni building renovations, and last summer signing an extended contract for basketball coach and assistant coach salaries, etc.

GPSA is disappointed with AVP Cullen statements that covering the RPSP’s would be contingent on the approval of tuition hikes. It is my understanding that the LFC recommended that these programs be absorbed in the current I &G funding, as they are in line with the academic mission, and it was not to shift the source of revenue for these programs from the state to the students. In other words, GPSA recommends shifting existing I&G dollars from current recipients that are not in line with the academic mission to these programs – not increasing tuition and/or fees to cover these costs.

We were told by President Schmidly today, that we are behind other flagship institutions with regard to tuition rates. What was not highlighted was that New Mexico college students lead the nation when it comes to student loan debt after graduation. What was not highlighted was the number of nationally acclaimed professors (including nobel laureates) and researchers in relation to that tuition investment. What was not highlighted was the role UNM plays in making UNM competitive for high tech companies and economic recovery.

On Saturday, the GPSA Council passed a resolution opposing any tuition increases, calling for increased accountability and calling for an inclusive decision making process that includes students and parents as voting members, as we are both the source of revenue and the recipients of the education UNM provides.

I have spoken with numerous law school students including the president-elect of the student bar association who asked me to bring it to your attention that increases in tuition disproportionately affect them because of tuition differential and our Stafford Loan caps. In other words, tuition increases come out of their pockets as they are not eligible to take out additional loans or receive additional grants.

With regard to Occupational Therapy Graduate Program, today was the first time I learned of a proposed \$3500 annual increase (based on the average 13 units/semester mentioned/approximately an additional \$11,579 – for 3 years). When weighing this request we encourage you to take into consideration the student debt load at graduation as compared to other institutions, the impact of this increased barrier to education (including average socio economic status/median family income of students enrolled), and what if any input has been sought from students about this increase.

We understand the university needs to make difficult choices and although I would like to see cuts that will not impact academics, if there are no other cuts that the students and faculty agree on, I think we need to protect the most vulnerable. Our student population has many low income students who cannot afford a tuition increase so we need to find other cost containment opportunities. A graduated increase in ERB contributions should be on the table. Those making less than 40K/year should be held harmless, but those making more might need to pay a little more. We still have time to find cuts that do preserve academics, and we are willing to work with other stakeholders, but the students cannot afford to make all the sacrifices.

### **Student Fees**

UNM Policy 1310 requires that recurring programs (Athletics, SHAC, Libraries, etc) receive fees based on an increase in enrollment and that these programs not be cut except for cause that would qualify them for probation – this year the board interpreted that – therefore this year there was no reason to discuss these programs which amount to \$10.2 million in fees. The remaining programs represent \$600,000 under the heading of the special fund. These programs are funded with a flat allocation, the additional revenue is diverted into a reserve fund as enrollment increases.

March 28, 2011

Thank you for your time and consideration,

Lissa Knudsen, GPSA President



# THE UNIVERSITY *of* NEW MEXICO

**BUDGET SUMMIT  
UNIVERSITY OF NEW MEXICO  
MARCH 28, 2011**

**COMMENTS TO THE BOARD OF REGENTS  
RICHARD L. WOOD  
PRESIDENT OF THE FACULTY SENATE**

President Fortner, President Schmidly, and Regents:

Before becoming President of the Faculty Senate, I spent several years as Director of the Religious Studies Program here at UNM. In advising the Board of Regents regarding the budget and tuition proposal before you today, I thus draw on an analogy from the world of religion:

We are close to the feast of Passover, a three thousand year old celebration within the great Jewish tradition. In observant Jewish homes around the world, that celebration begins with a question: Why is this night different from all other nights? In the spirit of thinking together by asking good questions, let us consider:

Why is this budget different from all other budgets?

This budget is different for three reasons:

First, because we face our worst budget environment in a very long time. The I&G budget that sustains the University's core work has suffered repeated cuts in recent years, losing more than one-sixth of the total from its peak in FY2008 to the FY2010 original budget. In addition to that, every UNM unit absorbed at least a 3.2% cut earlier this fiscal year. Staff and faculty have watched funding for their programs wither, and their own paychecks shrink due to inflation plus a 1.5% ERB swap by the state. Those cuts combined are a real and present threat to our ability to serve our students and the State well.

Second, this budget is different because of the process behind it. Beginning last summer, the faculty leadership approached university authorities about creating a different way of doing budgets at UNM, what we called a "Strategic Budget Process," to include the Faculty Senate, the Deans and Provost, the Staff Council, and the elected leaders of undergraduate and graduate students. I described this process to the Board of Regents in September as follows:

*"Strategic Budget Process:* The UNM budget for fiscal year 2012 will be voted upon by the Board of Regents in about six months, via a proposal developed under the authority of the Office of the President. With President Schmidly's endorsement, the Faculty



Senate Budget Committee has begun work with the Office of the EVP for Administration and the Office of the Provost and EVP for Academic Affairs to design and implement a “strategic budget process.” Such a process would incorporate the faculty’s voice into the discussions and decisions that shape the eventual budget proposal. We seek a process that dovetails with the Deans’ input into the budget, developed collaboratively with the EVP for Administration and the Provost as they make recommendations to President Schmidly. We intend to pilot this effort this year. This will be critical in striving to minimize the damage to our academic mission.”

President Schmidly endorsed this approach before he went on medical leave, we began working on it with EVP Harris’ office in September, and Acting President Roth advanced the idea through creation of the Executive Budget/Cost Containment group that includes all the groups mentioned above – raising ideas, arguing over priorities, and pushing for savings to help meet the budget cuts. So the **process** that got us here was far better than in the past – and much better than what happened at some universities that led to 30% tuition increases and higher. We see this as a **pilot project** for how budgets ought to be created in the future – imperfect, but a major improvement over previous budget processes, which we can adapt and improve to build future budgets.

Third, as a result of that Strategic Budget process, this budget is different because at its center lies the academic mission. In my comments to the Board of Regents last year, I had argued that we meet the ongoing budget reductions **not** with “across the board” cuts that damage our mission, but with **strategic decision-making focused on our academic mission of teaching and research**. This budget scenario does that, systematically and rather successfully. That is in the best interests of the University **and** its students. In a 21<sup>st</sup> century economy, it is also in the best interests of the state of New Mexico and its citizens.

As a result of these three things, the budgetary decisions the Regents will soon make are extraordinarily important: At stake are UNM’s ability to sustain its academic mission in fact rather than in rhetoric *and* whether an inclusive budgetary process can produce a strong budget that advances the University’s mission. I recognize that, like every budget, this one is in part a political document and you are under political pressure. But ultimately the Board of Regents is designed not to be accountable to a political constituency but rather to the health of this University as an institution. The budget scenario is designed to be oriented in the same way.

In formulating the budget scenario, the Executive Budget/Cost Containment group strove to balance two urgent priorities: protecting the academic mission and protecting students from debilitating increases in tuition. Along with the PSAT group and student organizations, we pushed hard to find savings everywhere in the budget that would not undermine the academic mission. The following points outline priorities endorsed by the elected leaders of ASUNM, the Staff Council, the GPSA, the Parents Association, and the Faculty Senate:

1. To the extent that the “Pause & Hold” continues in the coming fiscal year, **all** positions that become vacant are rigorously evaluated for their contribution to the academic mission, and those that are critical will be promptly filled; and that simultaneously a systematic review occurs

of UNM's administrative structure and number of positions, and restructuring is immediately pursued to save money at this level.

2. UNM begins to reinvest in tenure track faculty positions to replace those lost in the last year.
3. Full funding for the Graduate Research Development fund is protected.
4. Funding for GA/TA lines is protected.
5. Funding for undergraduate study abroad is protected, with a plan to gradually increase this in future years.
6. The University commit to systematically addressing the structural budget deficit in the College Arts & Sciences over the next three years, beginning in FY2012.
7. The University protect employees from further erosion of their paychecks by permanently covering the 1.75% "ERB swap" through which the state recovered \$111 million in order to keep the General Fund solvent.
8. The strategic budget process that was undertaken this year continue in future fiscal years, with systematic and substantial involvement by the key campus constituencies; and that the UNM Administration provide information to the undersigned Regent Advisor Groups on the above initiatives every six months.
9. UNM commit to continuing work with the Legislature to eliminate the practice of the state taking a "tuition credit" that transfers onto students and their families an ever-greater share of the costs of higher education.

The budget scenario before you addresses items #2-#7 pretty well. This is an important achievement in a miserable fiscal environment. We believe UNM is committed to items #1, #8, and #9 and look forward to having that confirmed officially as part of the current budget decision-making.

Let me be clear: Like any budget process, the Executive Budget/Cost Containment process probably did not find a perfect solution. The Regents appear to want to push for further cuts to lower tuition impact. We support keeping tuition as low as possible, as long as that can be done without putting at further risk the University's academic mission.