

**Board of Regents' Meeting  
Budget Summit  
March 23, 2012  
9:00 a.m.  
Student Union Building Ballroom C**

# Tab 1

**The University of New Mexico  
Board of Regents' Special Meeting  
Annual Budget Summit  
Friday, March 23, 2012, 9:00 a.m.  
Student Union Building (SUB), Ballroom C  
Open Meeting  
AGENDA**

**Call to Order, Establishment of Quorum**

**INFORMATION ITEMS:**

1. Fiscal Year 2013 UNM Budget Proposal, *Dr. David J. Schmidly, President*
  - a. FY 13 Overall Budget Scenario – Main Campus, *Andrew Cullen, AVP, Planning, Budget & Analysis*
  - b. Provost's Academic Strategic Plan, *Dr. Chaouki Abdallah, Provost, Academic Affairs*
  - c. Branch Campus Perspectives, *Dr. Wynn Goering, Vice Provost, Academic Affairs*
  - d. HSC Budget Development, *Dr. Paul Roth, Chancellor, Health Sciences Center*
2. Constituent Comments

**ACTION ITEMS:**

3. FY 13 Tuition, Fee and Compensation Recommendation, *University of New Mexico Board of Regents*
  - See 1a.
4. 1650 University Boulevard Core and Shell Renovations, *Dr. Paul Roth, Chancellor, Health Sciences Center*

**Adjourn**

# Tab A



**UNM Main Campus**

**President's Budget Recommendation**

**Fiscal Year 2012-2013**

**Summary**

	<b>Proposed</b>	<b>% Increase</b>
Tuition (Resident/Non-Resident) <sup>3</sup>		3.75%
Student Fees (Undergraduate)		8.01%
Student Fees (Graduate)		7.78%
Resident Undergraduate-Tuition and Fee Increase		4.6%

**Sources of Funds:**

**HB 2 State I&G General Fund:**

State Appropriation FY 13 Base <sup>1</sup>	160,264,500
I&G Formula Workload/Outcomes	8,825,892
Judicial Selection reduction	(22,000)
ERB 1.75 Swap Reversal	3,269,300
<b>Subtotal HB2 State I&amp;G General Fund-FY 13 Budget</b>	<b>172,337,692</b>

**Tuition:**

Net Tuition Revenues-FY 13 Starting Base <sup>2</sup>	101,947,375	
Net Tuition Increase-Resident and Non-Resident	3,579,375	3.75%
Unbudgeted FY 12 Net Tuition-Permanent	500,000	
<b>Subtotal Tuition</b>	<b>106,026,750</b>	

**One-Time Funding:**

One-Time Use of Reserve-Undesignated I&G Reserve	3,000,000
<b>Subtotal One-Time Funding FY 13</b>	<b>3,000,000</b>

**Total Revenues**

**281,364,442**

**Transfers Out:**

Health Sciences Center FY 13 Base	(14,955,700)
Health Sciences Center FY 13 Formula Workload/Outcomes	(1,879,392)
Health Sciences Center Scholarship Funds (year to year)	587,700
Health Sciences Center to fund 50% of Alumni Relations Request	25,000
<b>Subtotal Transfers to Health Sciences Center from I&amp;G Base</b>	<b>(16,222,392)</b>

Net Other Transfers FY 13 Base	(11,569,014)
Transfer to Student Aid-FY 13 3% Scholarships	(537,766)
Transfer to Student Aid-20 % Need-Based Aid	(715,875)
<b>Subtotal Other Transfers Out</b>	<b>(12,822,655)</b>

**Total Sources of Funds:**

**252,319,395**

**Uses of Funds:**

**Allocations and Requests:**

FY 13 Expenditure Base	245,044,765
EVP Provost-Academic Plan and Initiatives (Details next page)	4,273,330
African American Student Services	40,000
El Centro De La Raza	40,000
American Indian Student Services	40,000
Alumni Relations Initiatives	50,000
Faculty Senate Reorganization	100,000
Property Insurance-Fine Arts	180,000
Group Health Insurance Premium Increase	1,000,000
Group Health Insurance Plan Design Change Increase	427,000
Retiree Benefits Increase	350,000
GA/TA Health Insurance Premium-Subject to Regent Contract approval (1/2 Estimate)	205,000
ERB 1.75 Swap Reversal-Fringe Benefits Cost Increase	3,269,300
<b>Subtotal Allocations and Requests</b>	<b>255,019,395</b>

**Cost Containment:**

Fringe Benefits-Administration	(2,200,000)
Academic Affairs Cost Savings	(500,000)
<b>Subtotal Cost Containment</b>	<b>(2,700,000)</b>

**Total Uses of Funds**

**252,319,395**

**Balance**

**-**



**UNM Main Campus**

**President's Budget Recommendation**

**Fiscal Year 2012-2013**

**Summary**

	<b>Proposed</b>	<b>% Increase</b>
Tuition (Resident/Non-Resident) <sup>3</sup>		3.75%
Student Fees (Undergraduate)		8.01%
Student Fees (Graduate)		7.78%
Resident Undergraduate-Tuition and Fee Increase		4.6%

**Notes:**

**EVP Provost-Academic Plan and Initiatives (Year 1)**

New Faculty (20)	\$ 1,500,000
Distinguished Professors-Main Campus	130,000
Promotions (Annual)	155,000
Salary Compaction Adjustments	450,000
Support Staff (4)-related to faculty hires	134,000
Advisors (4)	150,000
GA/TA Positions	250,000
International Initiatives	150,000
Research Service Learning Program	34,600
Community Learning and Public Service	15,400
Faculty Retention	100,000
Fringe (Faculty and Staff)	916,830
Tuition Waivers (1% increase)-tied to a tuition increase	127,500
Center for Academic Program Support (CAPS)	60,000
Student Affairs Initiatives	100,000
<b>Total</b>	<b>\$ 4,273,330</b>

	<b>1% Number</b>
Net Tuition Increase (ESTIMATE) <sup>4</sup>	\$ 954,500
Mandatory Student Fees Increase (ESTIMATE)	\$ 229,600
Compensation Increase (Salaries and Fringe) (ESTIMATE)-Detail Below	\$ 1,854,790
Faculty	891,921
GA/TA	129,877
Staff	794,337
Students	38,655
<b>Total 1% Increase-Compensation-Based on One-Time Compensation Package</b>	<b>1,854,790</b>

<sup>1</sup> Excludes \$541,900 Extended University and \$127,200 Gallup Nursing State Appropriations

<sup>2</sup> Amount includes reduction for Main Campus Differential Tuition and FY 13 Tuition Growth Shift to Extended University

<sup>3</sup> Applies to both Undergraduate and Graduate Tuition Rates

<sup>4</sup> Resident \$887,685 and Non-Resident \$66,815

**Summary of Main Campus I&G Undesignated Reserve  
Projections as of January 31, 2012**

<b>Index 054006</b>	<b>Amount</b>
Banner Beginning Reserve 7/1/11	13,473,300
FY12 Pooled I&G Sweep	9,922,747
<b>Adjusted Beginning Reserve</b>	<b>23,396,047</b>
FY 12 HB2 Laws 2011 Ch. 179 Unemployment Compensation Redistribution	188,500
FY 12 I&G One-Time Supplemental Compensation (Main/HSC/Branches)	(1,400,260)
FY12 Pooled I&G Revenues and Expenses	(4,050,460)
FY12 Contingency Allocations	(538,402)
<b>Subtotal</b>	<b>(5,800,622)</b>

<b>FY12 Projected Ending Reserve</b>	<b>17,595,425</b>
Dedicated - HED Required Reserve for I&G at 3%	(8,709,090)
<b>Subtotal</b>	<b>8,886,335</b>

**FY 13 Proposed Commitments and Dedications: One-Time**

Use of Reserves to Fund FY13 I&G Budget	3,000,000
2.0% Compensation Pool-I&G Only (1% COLA/1% Merit)	3,709,580
Loan to Athletics	1,250,000
Center for Educational Research	100,000
Loan to UNM Foundation (Plus Fringe Benefits)	600,000
<b>Subtotal FY 13 One-Time Funding Sources</b>	<b>8,659,580</b>

<b>Net Projected Discretionary Reserve</b>	<b>226,755</b>
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# THE UNIVERSITY of NEW MEXICO

*New Mexico's Flagship University*

## Employee Support Fiscal Year 2012-2013

<b>Compensation/Benefits Support</b>	<b>Amount</b>
1.75% ERB Swap	3,269,300
2% One-Time Supplemental Pay (1% COLA, 1% Merit-Based)	3,709,580
Group Health Insurance Premium	1,000,000
GA/TA Health Insurance Premium	205,000
Retiree Benefits Premium	350,000
Group Health Plan Design Changes	427,000
<b>Subtotal</b>	<b>8,960,880</b>
<b>New Hires/Funds to Support Academic Mission</b>	
20 New Faculty	1,500,000
Distinguished Professorships	130,000
Faculty Promotions	155,000
Faculty Salary Compactions	450,000
4 Academic Support Staff	134,000
4 Student Advisors	150,000
GA/TA Positions	250,000
Tuition Waivers	127,500
Faculty Retention	100,000
<b>Subtotal</b>	<b>2,996,500</b>
<b>Total</b>	<b>11,957,380</b>





THE UNIVERSITY of NEW MEXICO  
New Mexico's Flagship University

**Estimated Net Cost of Increasing  
UNM Minimum Staff Pay Rate to \$10.00/Hr.**  
(Figures based on data collected on 3-12-2012)

	Count	Estimated Annual Costs	Net I&G Cost	Net Non-IG Cost	Total Net Costs
Total Regular Staff	211	Base Salary Cost	240,327	92,527	332,854
		Base + Fringe Cost	361,692	139,253	500,945
On-Call Staff	251	Base Salary Cost	8,689	114,400	123,089
Temporary Staff	28	Base Salary Cost	5,304	12,672	17,976
Total Non-Regular Staff	279	Base Salary Cost	13,993	127,072	141,065
		Base + Fringe Cost	15,637	142,003	157,640
<b>Total Headcount as of 3-12-2012</b>	<b>490</b>	<b>Base Salary Cost</b>	<b>254,320</b>	<b>219,599</b>	<b>473,919</b>
		<b>Base + Fringe Cost</b>	<b>377,329</b>	<b>*281,256</b>	<b>658,585</b>

*\*Includes Auxiliaries and Special Event Workers (Athletics)*



**THE UNIVERSITY OF NEW MEXICO  
MAIN CAMPUS  
FY 2012-13 STUDENT FEES**

Student Fees	FY 2011-12 Budget	FY 2012-13 Request 23,375 FTE	FY 2012-13 SFRB 23,375 FTE	FY 2012-13 SBLT 23,375 FTE	Comments	FY 2012-13 Other Funds	FY 2012-13 President's Recommendation	FY 2012-13 Rates
Student Health and Counseling	4,434,342	4,484,026	4,484,026	4,484,026	Accepted as is.		4,484,026	\$191.83
Office of International Programs IPS	30,500	39,971	35,296	35,296	Accepted as is.		35,296	\$1.51
New Mexico Union	1,523,000	1,543,218	1,543,218	1,543,218	Accepted as is.		1,543,218	\$66.02
New Mexico Union Repair & Replacem	227,574	226,971	226,971	226,971	Accepted as is.		226,971	\$9.71
Univ Lbrv Acquisitions	675,912	1,153,790	761,894	761,894	Students are increasing fees for 24/7 library not for e-journal subscriptions. Andrew will research other funding, including savings of debt service as a result of refundings.		1,413,019	\$60.45
UNM Childrens Campus	346,740	350,625	350,625	350,625	Accepted as is.		350,625	\$15.00
LGBTQ Resource Center	93,851	133,238	89,293	89,293	Accepted as is. Additional University funds will not be provided this year; students will reconsider recommendation.		89,293	\$3.82
LGBTQ Resource Center		0	44,050	44,050	One Time Fund		44,050	\$0.00
Women's Center	50,934	56,801	71,761	71,761	Accepted as is. Assistantship added.		71,761	\$3.07
Women's Center			5,000	5,000	One Time Fund		5,000	\$0.00
IT Initiatives	231,160	3,000,000	383,116	383,116	Approve SFRB and charge Andrew to find one-time dollars for equipment needs associated with student facing computers and classroom technology.	\$400,000 ER&R Funds	383,116	\$16.39
Career Services	30,000	30,154	30,154	30,154	Accepted as is.		30,154	\$1.29
KUNM	66,700	68,723	68,723	68,723	Accepted as is.		68,723	\$2.94
Community Learning & Public Service	39,674	129,030	24,076	24,076	Accepted as is. Identify I&G funds for shortfall to restore funding.	\$15,400 I&G Funds	24,076	\$1.03
American Indian Student Services	77,500	77,605	77,605	77,605	Accepted as is.		77,605	\$3.32
Project for NM GS of Color	64,443	64,515	34,829	34,829	Accepted as is.		34,829	\$1.49
Music Bands	73,909	73,865	73,865	73,865	Accepted as is.		73,865	\$3.16
Center of Academic Support (CAPS) Theatre and Dance	199,491 23,600	225,101 36,696	225,101 28,518	225,101 28,518	Accepted. \$300,000 will allow 70% increase of staff and therefore double the number of students impacted. Recommend Provost budget add additional funds starting with \$60,000.	\$60,000 I&G Funds	225,101	\$9.63
UNM Public Events (Popejoy)	93,389	150,068	115,239	115,239	Accepted as is. Additional request subsidizes Popejoy for providing free student tickets.		115,239	\$4.93
Recreational Services	680,073	811,113	787,504	787,504	Accepted as is. This budget does not cover adding evening/weekend hours (\$100,000). Proposed using other university funds for shortfall.	\$100,000 Misc. FB Payroll Tax	787,504	\$33.69
Sustainability Studies Program Graduate Allocation Fund	52,242 119,208	113,135 0	11,688 119,658	11,688 119,658	Accepted as is. Recommend Prof. Milne meet with Provost to request budget support.		11,688	\$0.50
Athletics	1,889,733	3,500,000	1,910,906	1,910,906	Accepted as is.		3,079,656	\$131.75
El Centro De La Raza	105,500	150,068	140,250	140,250	Accepted as is. Additional funding for emergency scholarships.		140,250	\$6.00
African American Student Svc AASS	75,300	72,696	72,696	72,696	Accepted as is.		72,696	\$3.11
Research Service Learning Program CASA/COSAP	34,674 0	34,829 19,168	0 19,635	0 19,635	Accepted as is. Identify I&G funds for shortfall to restore funding.	\$34,600 I&G Funds	0	\$0.00
			19,635	19,635	Accepted as is.		19,635	\$0.84



**THE UNIVERSITY OF NEW MEXICO  
MAIN CAMPUS  
FY 2012-13 STUDENT FEES**

Student Fees	FY 2011-12 Budget	FY 2012-13 Request 23,375 FTE	FY 2012-13 SFRB 23,375 FTE	FY 2012-13 SBLT 23,375 FTE	Comments	FY 2012-13 Other Funds	FY 2012-13 President's Recommendation	FY 2012-13 Rates
CASAA/COSAP	0	0	5,000	5,000	One Time Fund		5,000	\$0.00
Language Learning Center (Ortega Ha	0	196,818	0	0	Accepted as is. Forward with recommendation to	\$197,000 BR&R	0	\$0.00
Parking & Transportation Services	0	0	50,000	50,000	Administration for funding within the University's Minor	and ER&R	50,000	\$0.00
Student Govt. Accounting Office	173,370	175,313	175,313	175,313	Capital Improvement BR&R Budget.	Funds	175,313	\$7.50
ASUNM - Accounting office	35,474	35,872	35,872	35,872	Accepted as is. One Time Fund.		35,872	\$2.00
ASUNM	674,006	681,568	681,568	681,568	Accepted as is.		681,568	\$38.00
GPSA	268,950	271,950	271,950	271,950	Accepted as is.		271,950	\$50.00
Debt Service-ERP Project Fee	2,622,000	2,664,750	2,664,750	2,664,750	Accepted as is.		2,664,750	\$174.00
Debt Service-Facility Fee	11,879,500	12,073,188	12,073,188	12,073,188	Accepted as is.		12,073,188	\$576.50
Budget Contingency	34,675	0	0	0	Accepted as is.		0	\$0.00
<b>Total - Main Campus Current Funds</b>	<b>26,929,424</b>	<b>32,644,864</b>	<b>27,713,336</b>	<b>\$27,713,336</b>		<b>\$807,000</b>	<b>\$29,513,211</b>	<b>\$1,323</b>

Based on a preliminary calculation, there will be increases compared to FY 12:  
Undergraduate Student Fees by 8.01 %  
Graduate Student Fees by 7.78%

# Tab B



UNM

OFFICE of the PROVOST/EVP  
for ACADEMIC AFFAIRS

EVP/Provost Academic Discretionary Initiatives FY18

New Faculty Lines	\$ 1,500,000
Distinguished Professors (Main Campus)	130,000
Faculty Promotions (annual)	155,000
Salary Compaction Adjustments	450,000
Support Staff	134,000
Advising	150,000
GA/TA Positions	250,000
International Initiatives	150,000
Research Service Learning Program	34,600
Community Learning and Public Service	15,400
Faculty Retention	100,000
Fringe (Faculty and Staff)	916,830
Tuition Waivers	127,500
Center for Academic Support (CAPS)	60,000
Student Affairs Initiatives	100,000
<b>Total:</b>	<b>\$ 4,273,330</b>

# Tab C



**UNM Branch Campus FY 13 Budget Perspectives**

**Tuition**

Keeping tuition increases to a minimum has been a priority for UNM's branch campuses. Since the recession and associated budget cuts began in the fall of 2008, branch campus tuition increases have been less than the total cuts imposed by the state tuition credit alone:

<b>UNM Branch Campus Tuition/Fee Rates FY 09 - FY 12</b>									
	<b>Gallup</b>		<b>Los Alamos</b>		<b>Taos</b>		<b>Valencia</b>		<b>Tuition Credit</b>
2008-09	60.90	% +/-	52.00	% +/-	57.00	% +/-	55.00	% +/-	% +/-
2009-10	60.90	0.0%	53.50	2.9%	57.00	0.0%	55.00	0.0%	<b>5.0%</b>
2010-11	63.25	3.9%	55.50	3.7%	60.35	5.9%	59.75	8.6%	<b>9.0%</b>
2011-12	71.00	12.3%	64.50	16.2%	69.10	14.5%	65.05	8.9%	<b>9.5%</b>
<b>TOTAL INCREASE</b>	<b>16.6%</b>		<b>24.0%</b>		<b>21.2%</b>		<b>18.3%</b>		<b>25.3%</b>

For FY 13 two branch campuses, Gallup and Valencia, are recommending no tuition and fee increases. The summary of FY 13 tuition and fee proposals under consideration by branch campus local advisory boards is as follows:

<b>UNM Branch Campus Tuition/Fee Rates FY 13 Recommendations <sup>1</sup></b>										
	<b>Resident</b>					<b>Non-Resident</b>				
	Tuition	Fee	Total	Total FT	+/-	Tuition	Fee	Total	Total FT	+/-
<b>UNM - Gallup</b>	60.60	10.40	71.00	852.00	0.0%	160.60	10.40	171.00	1,945.20	0.0%
<b>UNM - Los Alamos <sup>2</sup></b>	62.50	4.50	67.00	804.00	3.9%	179.00	4.50	183.50	2,202.00	4.0%
<b>UNM - Taos <sup>3</sup></b>	68.00	3.00	71.00	867.00	2.7%	176.30	3.00	179.30	2,166.60	2.8%
<b>UNM - Valencia</b>	61.30	3.75	65.05	780.60	0.0%	170.50	3.75	174.25	2,091.00	0.0%

1. As of 3/18, pending final approval of Gallup, Taos and Valencia advisory boards.  
 2. UNM-Los Alamos's fee schedule is as follows: Activity Fee (per hour) \$1.50; Facility Fee (1-4 hours) \$12.00; Facility Fee (5 or more hours, per hour) \$3.00.  
 3. UNM-Taos charges a \$15 "Student Support" fee for each enrollee, reflected here only in the FT total.



UNM

OFFICE *of the* PRESIDENT

### *Compensation*

UNM branch campuses face challenges to the structure of their compensation packages – e.g., in the disparities between long-term and new employees created by years of no wage increases, or faculty salaries generally – that are similar to those of the main campus. However, with fewer and smaller revenue sources at their disposal, branch campuses have fewer available options to deal with these challenges. For those reasons they strongly prefer compensation guidelines that allow them flexibility in the use of their resources to achieve desired ends. Mandated across-the-board salary increases are the hardest for branches to fund; mandated pools (overall compensation increased equal to some fixed percentage of total salaries) are better but also challenging. Establishing criteria for wage and salary adjustments based on available funds would be the best option, from the branch perspective.



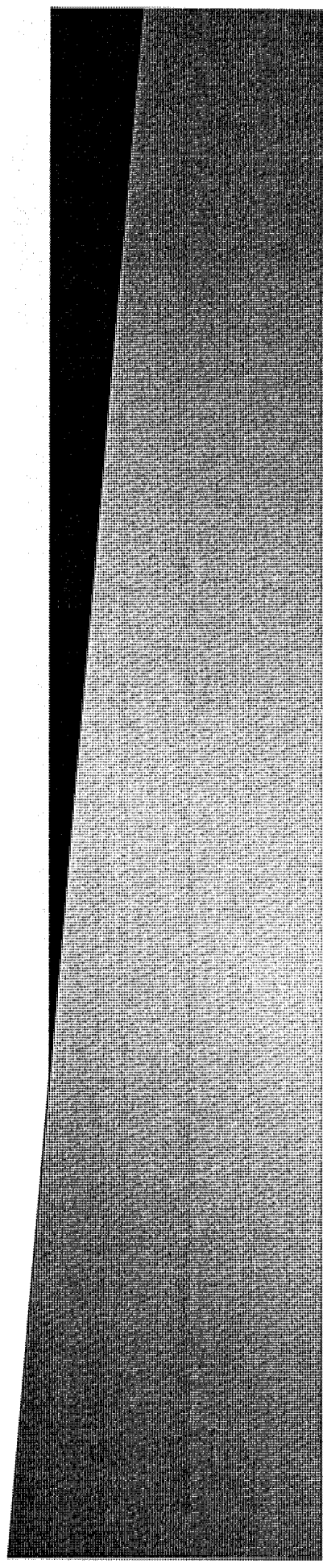
# Tab D

# UNM Health Sciences Center

UNM HSC Budget Strategy – FY 2013  
Presentation to:

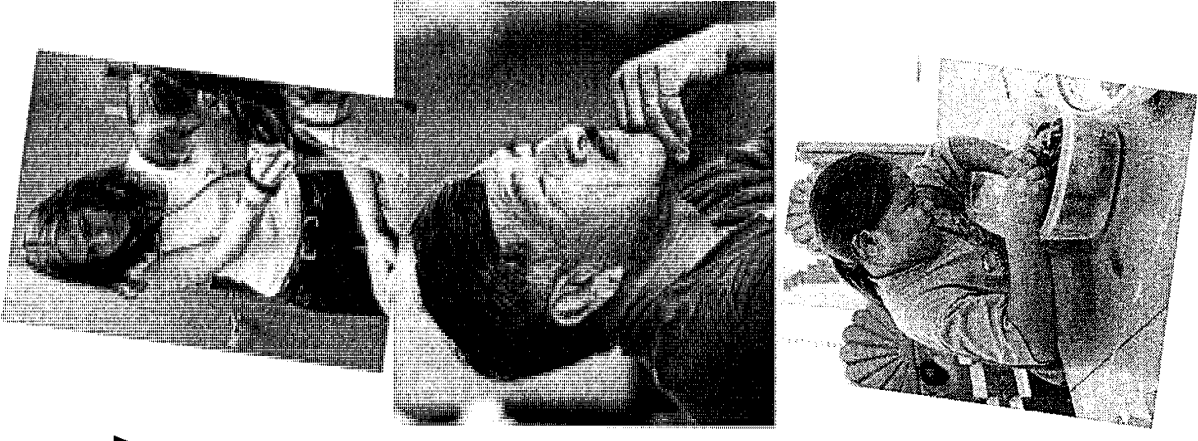
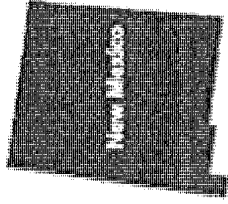
UNM Board of Regents  
March 23, 2012

Paul B. Roth, MD, MS, FACEP  
Chancellor for Health Sciences  
Dean of the UNM School of Medicine

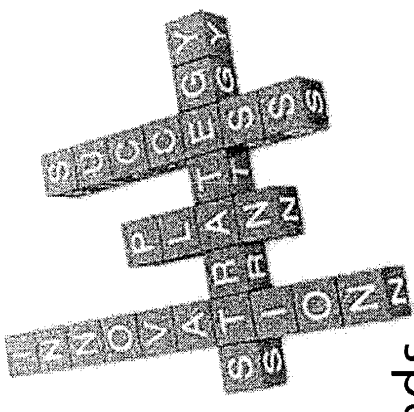


# HSC Vision 2020

UNM HSC will work with community partners to help New Mexico make more progress in health and health equity than any other state by 2020.



# HSC Strategic Goals



## Education

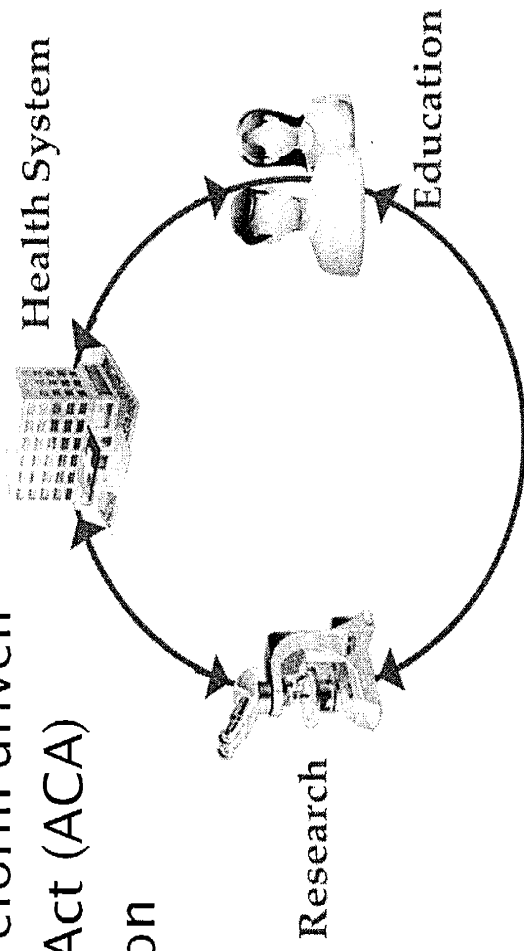
- Address the New Mexico health care workforce needs

## Research

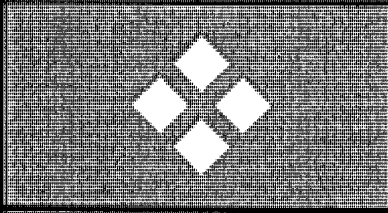
- Continue to expand Basic & Translational research improve the health of our communities

## Health System

- Prepare for health care reform driven by the Affordable Care Act (ACA)
- Risk Bearing Organization



# HSC Budget Process



Vision - Mission - Values



Strategic Plans Goals



\$

Medical and Departmental

Financial Assessment

FY2013 Budget



# Assumptions for FY13

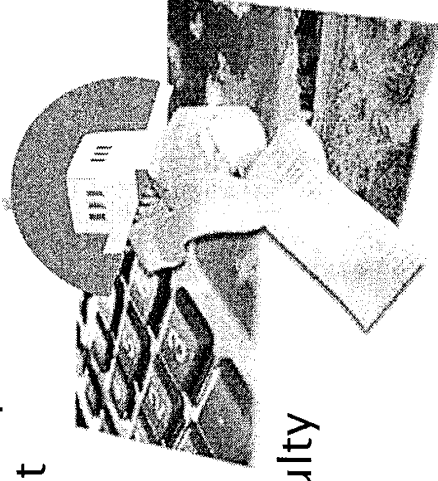
## Preliminary Budget

### HSC Academic Enterprise

- State funding increase overall of \$4.1 million program specific
- Research F&A revenues increase 5% over FY12 budget

### UNM Health System

- UNMMG/UNMH revenue flat
- SRMC start up first year loss of (\$6.7M)
- SRMC projects 320 new FTE for hospital; 42 new Faculty



### Compensation

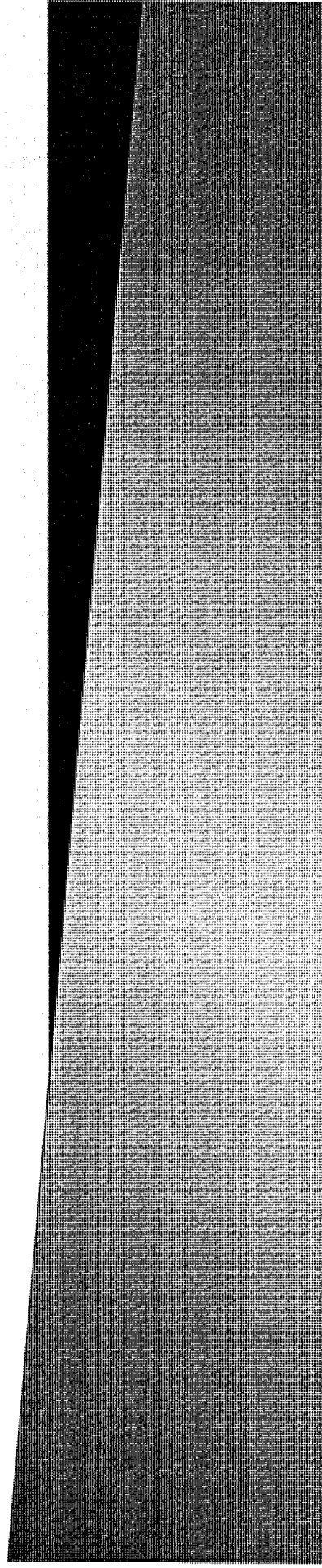
- Market adjustment 149 faculty fell below the AAMC 25<sup>th</sup> percentile
- For planning purposes a 1% increase in compensation \$1.9M in faculty salaries and \$1.8M in staff salaries

# UNM Health Sciences Center

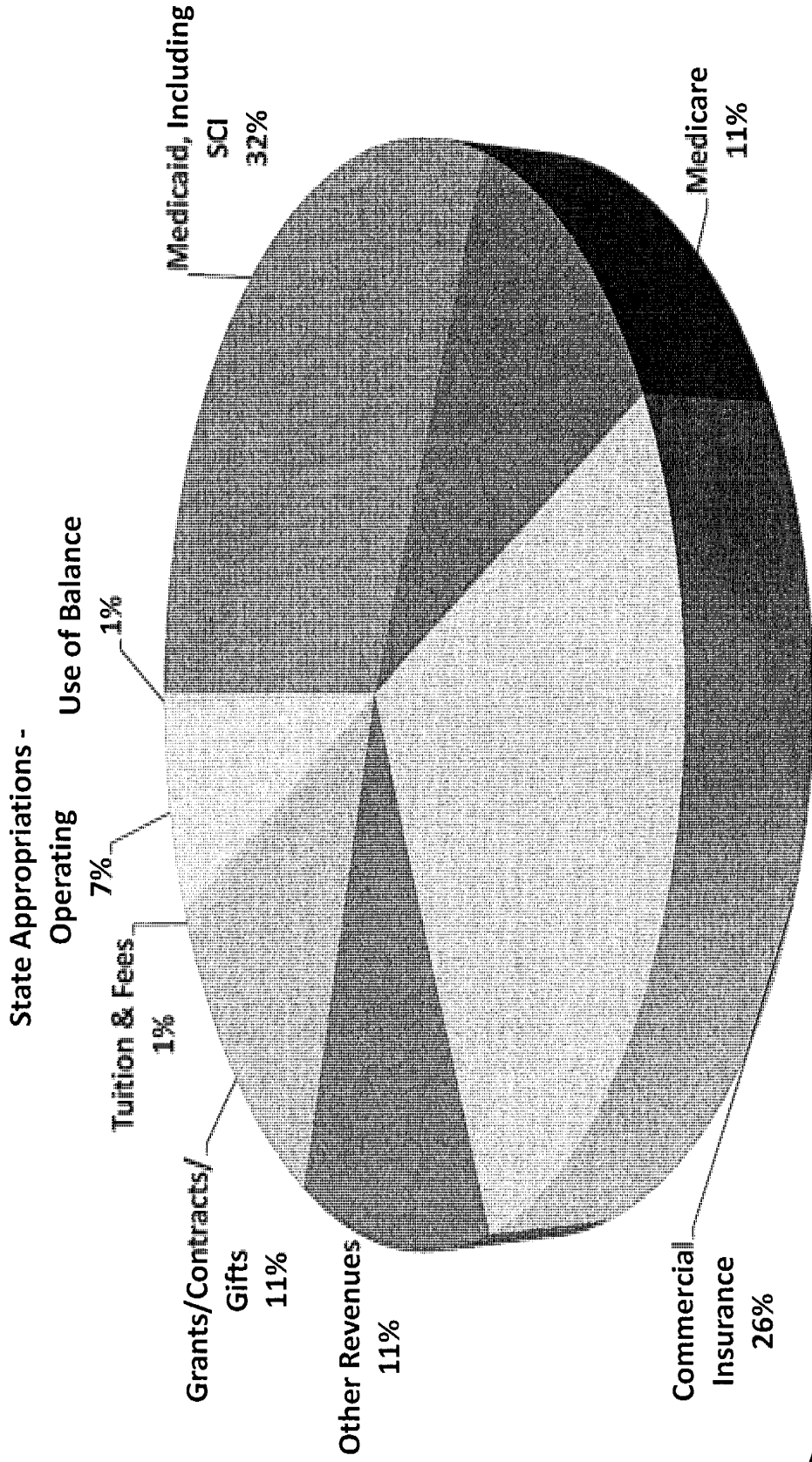
UNM HSC Budget Planning – FY 2013  
Presentation to:

UNM Board of Regents  
March 23, 2012

Ava J. Lovell, CPA  
Sr. Executive Financial Officer  
and UNM Controller



# UNM Health Sciences Center Revenues FY 2012 Budget



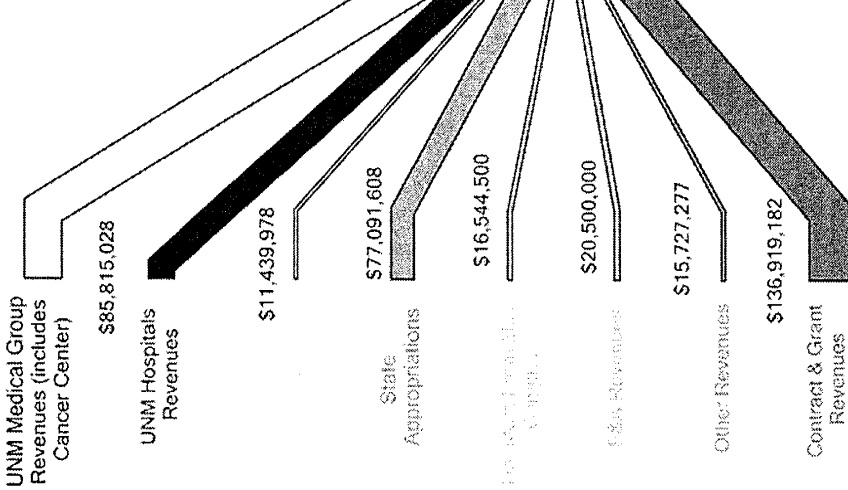
Total Revenues \$1,244,304,420



# UNM Health Sciences Center

Revenues - FY 2012 Budget

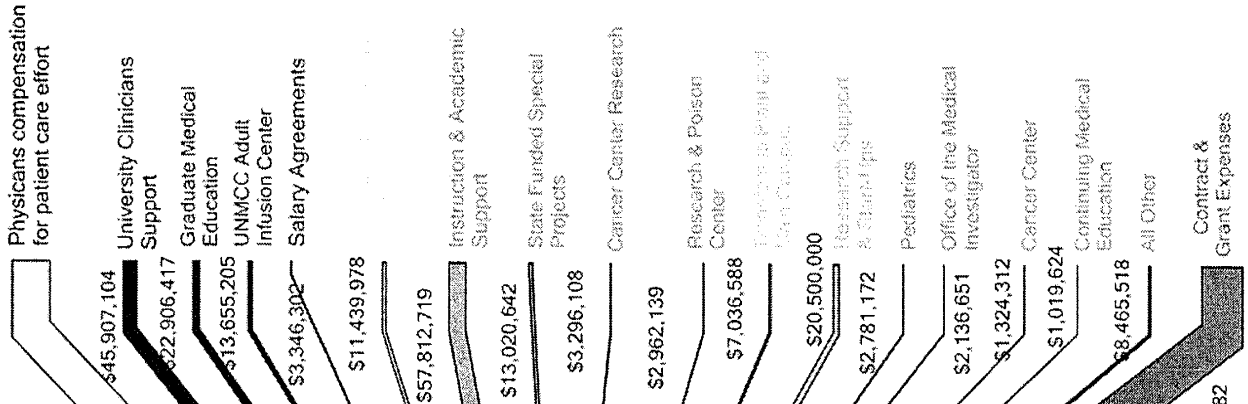
\$125,402,456



University HSC Funding

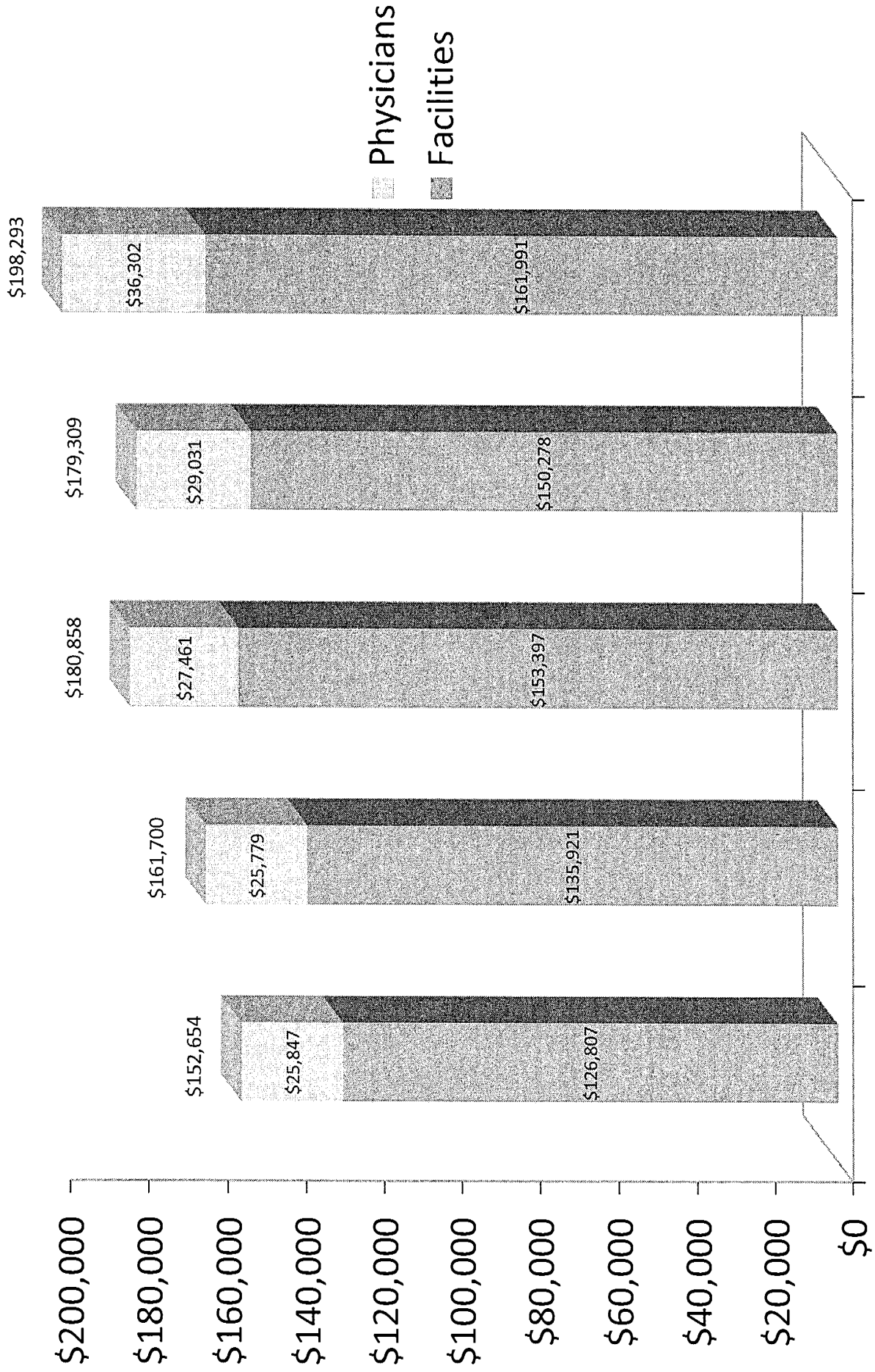
Expenses - FY 2012 Budget

\$125,402,456



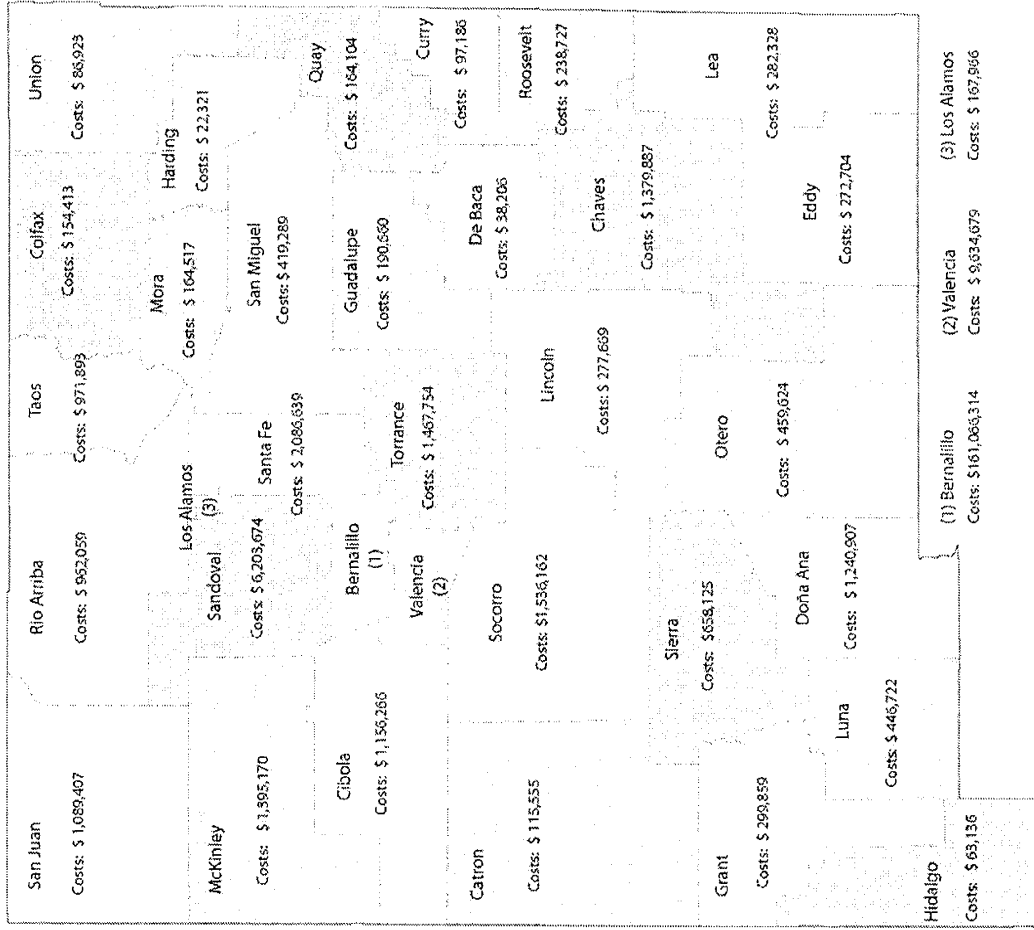
# UNM Health Sciences Center - Uncompensated Care at Cost

(In thousands)





# Total Uncompensated Costs Fiscal Year 2011



**COSTS**

IN-STATE	\$ 194,810,845
OUT-OF-STATE	\$ 3,482,112
<b>TOTALS:</b>	<b>\$ 198,292,957</b>

NOTE: Uncompensated costs include charity care and bad debt of self payors.

# FY 2013 HSC Funding New State Funding

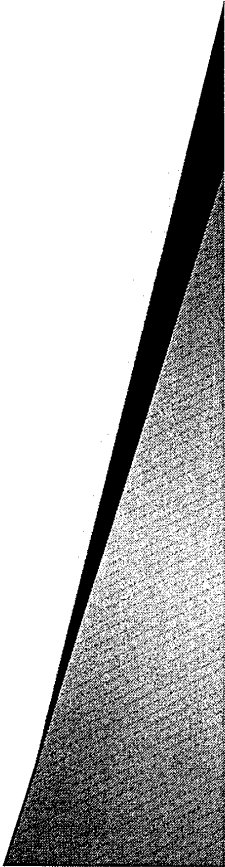
Item (HB 2, General Fund Change Unless Noted)	Funding Change
BA/MD	\$491,600
Move Nurse Advice Line to DOH	<29,000>
Hepatitis C, Project ECHO	100,000
Lung & Tobacco Related Illnesses (Tobacco Settlement Funds)	<195,000>
Native American Suicide Program (New Appropriation)	100,000
NM Poison & Drug Information Center	191,200
NM Poison & Drug Information Center (Tobacco Settlement Funds)	195,000
Nurse Expansion	100,000
Office of the Medical Investigator	447,400
Out of County Indigent	<284,800>
Pediatric Oncology	200,000
Educational Retirement Funding Return	1,788,500
Lung Cancer Research (HB 315, funding not yet available)	<u>1,000,000</u>
Total	<u>\$4,104,900</u>

# UNM HSC FY 2012 Projected Budget

## HSC Academic Enterprise

(In thousands)

	UNM	UNM	UNM	HSC	HSC	HSC	HSC	HSC	HSC	HSC	Total
SOM	CON	COP	Library	Research	Administration	Informatics				Academic Enterprise	
											6/30/2012
Revenues	\$398,044	\$9,473	\$14,254	\$5,933	\$11,527	\$41,521					\$480,752
Expenses	395,115	9,455	13,896	5,878	10,648	41,519					476,511
Operating Net Margin	\$2,929	\$18	\$358	\$55	\$879	\$2					\$4,241
Capital and One-time Expenditures	9,026	801	121	166	47	833					10,994
Net Income/(Use of Reserves)	(\$6,097)	(\$783)	\$237	(\$111)	\$832	(\$831)					(\$6,753)



# UNM HSC FY 2013 Preliminary Budget

## HSC Academic Enterprise

(In thousands)

	UNM	UNM	UNM	HSC	HSC	HSC	HSC	HSC	Total
SOM	CON	COP	Library	Research	Administration				Academic Enterprise 6/30/2013
Informatics									

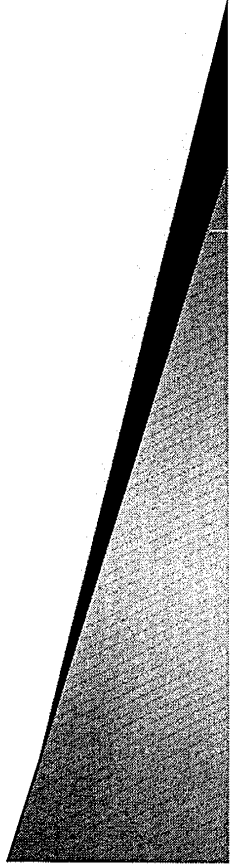
Revenues	\$430,830	\$10,088	\$14,788	\$5,797	\$12,719	\$41,426			\$515,648
Expenses	430,650	10,082	14,788	5,797	12,719	41,426			515,462
Operating Net Margin	\$180	\$6	\$0	\$0	\$0	\$0			\$186
Capital and One-time Expenditures	3,500	130	116	167	117	2,500			6,530
Net Income/(Use of Reserves)	(\$3,320)	(\$124)	(\$116)	(\$167)	(\$117)	(\$2,500)			(\$6,344)

# UNM HSC FY 2012 Projected Budget

## UNM Health System

(In thousands)

	UNM Hospitals	UNM Medical Group	Sandoval Regional Medical Center	UNM Health System 6/30/2012 Total
Revenues	\$772,738	\$126,345	\$0	\$899,083
Expenses	764,687	125,085	0	889,772
Operating Net Margin	\$8,051	\$1,260	0	\$9,311
Capital and One-time Expenditures	7,991	0	0	7,991
Net Income/(Use of Reserves)	\$60	\$1,260	\$0	\$1,320



# UNM HSC FY 2013 Preliminary Budget

## UNM Health System

(In thousands)

	UNM Hospitals	UNM Medical Group	Sandoval Regional Medical Center	UNM Health System 6/30/2013 Total
Revenues	\$792,578	\$136,215	\$54,332	\$983,125
Expenses	783,558	136,215	56,692	976,465
Operating Net Margin	\$9,020	\$0	(\$2,360)	\$6,660
Capital and One-time Expenditures	9,000	4,363	0	13,363
Net Income/(Use of Reserves)	\$20	(\$4,363)	(\$2,360)	(\$6,703)



# UNM HSC FY 2012 Projected Budget

## HSC All Components

(In thousands)

	HSC Academic Enterprise	UNM Health System	HSC All Components 6/30/2012 Total
Revenues	\$480,752	\$899,083	\$1,379,835
Expenses	476,511	889,772	1,366,283
Operating Net Margin	<u>\$4,241</u>	<u>\$9,311</u>	<u>\$13,552</u>
Capital and One-time Expenditures	10,994	7,991	18,985
Net Income/(Use of Reserves)	<u>(\$6,753)</u>	<u>\$1,320</u>	<u>(\$5,433)</u>

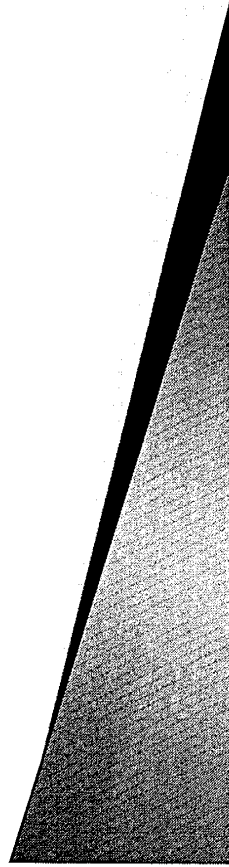
# UNM HSC FY 2013 Preliminary Budget

## HSC All Components

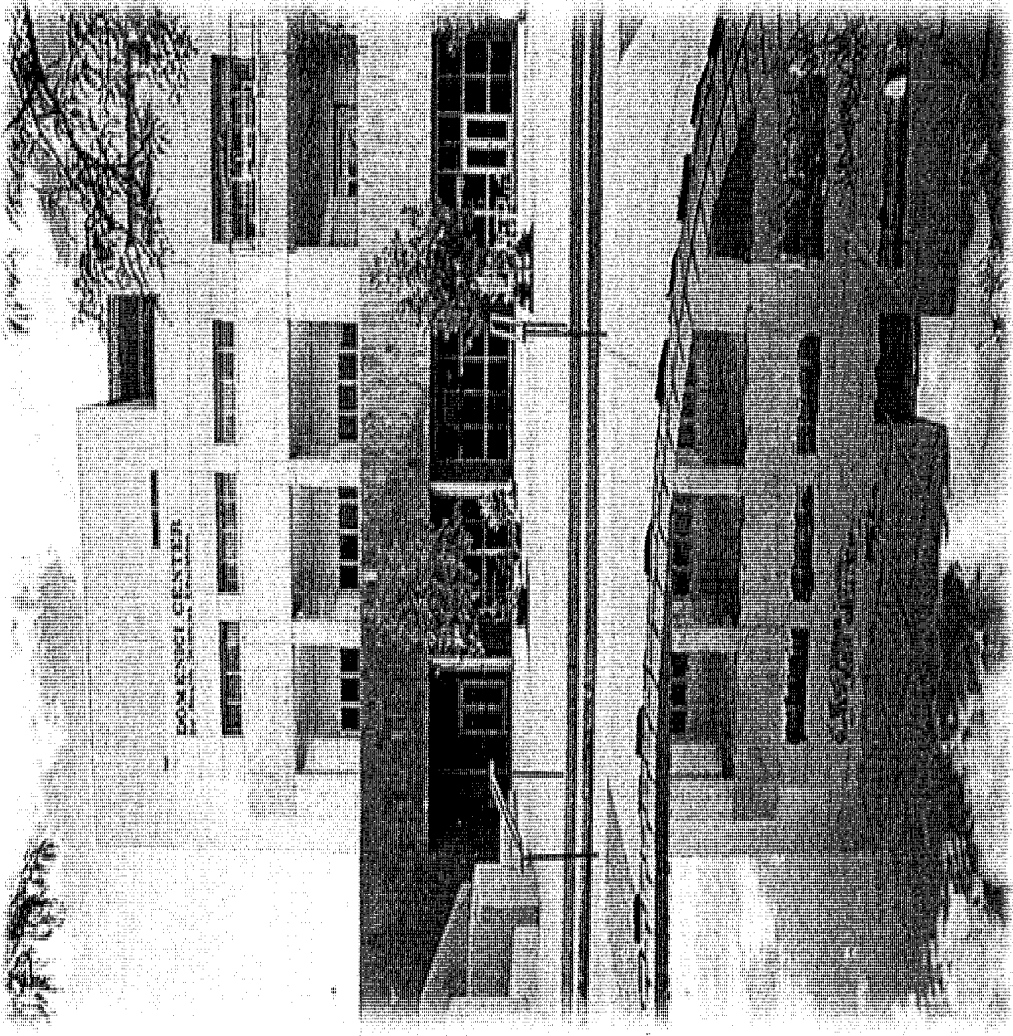
(In thousands)

	HSC Academic Enterprise	UNM Health System	HSC All Components 6/30/2013 Total
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Revenues	\$515,648	\$983,125	\$1,498,773
Expenses	515,462	976,465	1,491,927
Operating Net Margin	\$186	\$6,660	\$6,846
Capital and One-time Expenditures	6,530	13,363	19,893
Net Income/(Use of Reserves)	(\$6,344)	(\$6,703)	(\$13,047)



# Questions



# Tab 2

# Constituent Comments

-may be provided at the meeting.

# Tab 3

FY 13 Tuition, Fee and  
Compensation  
Recommendations

Please see materials in 1a.

Student Fees for Non-AQ Schools (2009/2010)

All Conferences <i>The Business of College Sports*</i>		
#	School	Student Fees
1	Univ of Central Florida	\$17,466,918
2	Ohio Univ	\$16,460,250
3	Univ of Akron	\$16,199,911
4	Florida Intl Univ	\$15,635,778
5	Miami Univ (OH)	\$13,786,549
6	Kent State	\$10,516,660
7	East Carolina Univ	\$10,441,783
8	San Diego State Univ <sup>MTW</sup>	\$10,220,740
9	Univ of Toledo	\$9,824,257
10	Bowling Green	\$9,497,261
11	Ball State Univ	\$9,221,400
12	Florida Atlantic Univ	\$8,877,456
13	Northern Illinois Univ	\$8,333,419
14	Univ of Memphis	\$7,666,067
15	Univ of Buffalo	\$7,439,422
16	Middle Tennessee State	\$6,848,065
17	Western Kentucky	\$6,437,652
18	Univ of Southern Miss	\$6,056,608
19	Univ South Alabama	\$5,680,478
20	Univ North Texas	\$5,007,059
21	Colorado State <sup>MTW</sup>	\$4,774,723
22	Univ of Houston	\$4,728,620
23	San Jose State <sup>WAC</sup>	\$4,683,122
24	UTEP	\$4,189,751
25	Univ of Utah <sup>MTW</sup>	\$4,168,754
26	Marshall Univ	\$4,150,759
27	Utah State <sup>WAC</sup>	\$3,700,874
28	Univ Arkansas Little Rock	\$3,627,665
29	Univ of Alabama – B'ham	\$3,454,483
30	Boise State Univ <sup>MTN</sup>	\$2,980,056
31	Arkansas State Univ	\$2,832,773
32	New Mexico State <sup>WAC</sup>	\$2,613,320
33	Univ Nevada Reno <sup>WAC</sup>	\$2,333,116
34	UNLV	\$2,287,676
35	Univ Idaho <sup>WAC</sup>	\$2,218,219
36	<b>Univ New Mexico<sup>MTW</sup></b>	<b>\$1,608,093</b>
37	Eastern Michigan Univ	\$1,572,843
38	Univ of Wyoming <sup>MTW</sup>	\$1,156,548
39	Troy Univ	\$712,380
40	USAF Academy <sup>MTW</sup>	\$428,142
41	Univ Louisiana Monroe	\$362,045
<b>Average:</b>		<b>\$6,346,383</b>

2010/2011 Student Fees	
Univ New Mexico	\$1,880,250

USA, MTN West, & Western Athletic Conferences <i>The Business of College Sports*</i>		
#	School	Student Fees
1	Univ of Central Florida <sup>USA</sup>	\$17,466,918
2	East Carolina Univ <sup>USA</sup>	\$10,441,783
3	San Diego State Univ <sup>MTW</sup>	\$10,220,740
4	Univ of Memphis <sup>USA</sup>	\$7,666,067
5	Univ of Southern Miss <sup>USA</sup>	\$6,056,608
6	Colorado State <sup>MTW</sup>	\$4,774,723
7	Univ of Houston <sup>USA</sup>	\$4,728,620
8	San Jose State <sup>WAC</sup>	\$4,683,122
9	UTEP <sup>USA</sup>	\$4,189,751
10	Univ of Utah <sup>MTW</sup>	\$4,168,754
11	Marshall Univ <sup>USA</sup>	\$4,150,759
12	Utah State <sup>WAC</sup>	\$3,700,874
13	Univ of Alabama – B'ham	\$3,454,483
14	Boise State Univ <sup>MTN</sup>	\$2,980,056
15	New Mexico State <sup>WAC</sup>	\$2,613,320
16	Univ Nevada Reno <sup>WAC</sup>	\$2,333,116
17	UNLV <sup>USA</sup>	\$2,287,676
18	Univ Idaho <sup>WAC</sup>	\$2,218,219
19	<b>Univ New Mexico<sup>MTW</sup></b>	<b>\$1,608,093</b>
20	Univ of Wyoming <sup>MTW</sup>	\$1,156,548
21	USAF Academy <sup>MTW</sup>	\$428,142
<b>Average</b>		<b>\$4,825,161</b>

Ranked by Enrollment 2009 Estimated Fall Enrollment: IPEDS Datacenter US Dept of Edu			
	School	Student Fees	Enrollment
1	Univ of Central Florida <sup>USA</sup>	\$17,466,918	53,472
2	Univ of Houston <sup>USA</sup>	\$4,728,620	37,000
3	San Diego State Univ <sup>MTN</sup>	\$10,220,740	32,817
4	San Jose State <sup>WAC</sup>	\$4,683,122	31,291
5	Univ of Utah <sup>MTN</sup>	\$4,168,754	29,284
6	UNLV <sup>MTN</sup>	\$2,287,676	29,086
7	Colorado State <sup>MTN</sup>	\$4,774,723	28,547
8	East Carolina Univ <sup>USA</sup>	\$10,441,783	27,663
9	Univ New Mexico <sup>MTN</sup>	\$1,608,093	27,304
10	Univ of Memphis <sup>USA</sup>	\$7,666,067	21,424
11	UTEP <sup>USA</sup>	\$4,189,751	21,011
12	Boise State Univ <sup>WAC</sup>	\$2,980,056	18,936
13	New Mexico State <sup>WAC</sup>	\$2,613,320	18,497
14	Univ of Alabama – B'ham <sup>USA</sup>	\$3,454,483	16,874
15	Univ Nevada Reno <sup>WAC</sup>	\$2,333,116	16,862
16	Utah State <sup>WAC</sup>	\$3,700,874	15,612
17	Univ of Southern Miss <sup>USA</sup>	\$6,056,608	15,293
18	Marshall Univ <sup>USA</sup>	\$4,150,759	13,752
19	Univ of Wyoming <sup>MTN</sup>	\$1,156,548	12,327
20	Univ Idaho <sup>WAC</sup>	\$2,218,219	11,957
21	USAF Academy <sup>MTN</sup>	\$428,142	4,634

\*Dosh, Kristi. "Student Fees for Non-AQ Schools." *Business of College Sports* . 27, April, 2012.



# Tab 4

# HSC Space Needs

UNM Board of Regents

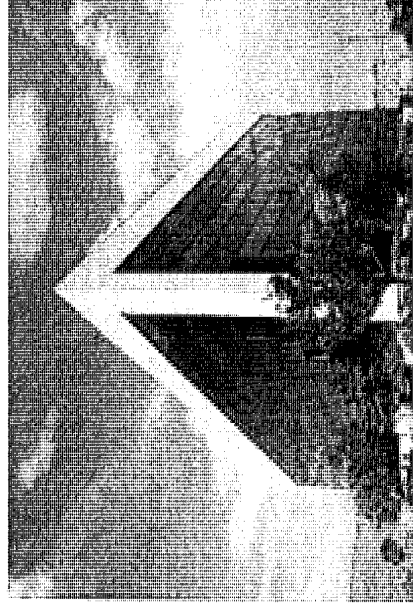
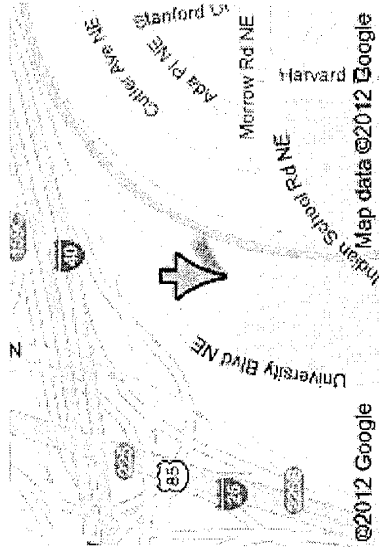
March 23, 2012

**Paul B. Roth, MD, MS, FACEP**  
Chancellor for Health Sciences  
Dean of the UNM School of Medicine

# 1650 University

- Cost to renovate is ½ cost to build new
- Renovation provides space in ½ time to build new
- Highly efficient and low maintenance
- Energy Consumption will be equivalent to a new

## LEED Silver building



# Program Prioritization

- Currently HSC Programs need 200k square feet
- 1650 provides 92k square feet for administrative office space
- Relocate central HSC Campus Programs to decompress and backfill departments that need to be close to classrooms, labs and clinics
- Priority will be given to programs currently paying off campus rent
- Priority given to programs who do not require public access for patients or students



## Memo

**To:** Ava Lovell, HSC Senior Executive Finance Officer and University Controller  
**From:** Thomas Neale, Associate Director of Real Estate  
**Through:** Kim D. Murphy, Director of Real Estate *KDM*  
**Date:** March 20, 2012  
**Re:** Project Approval – Core and Shell Renovation of 1650 University Boulevard NE

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The Real Estate Department (RED) on behalf of HSC Administration is requesting Board of Regents' project approval to renovate the core and shell of 1650 University Boulevard NE. The building was constructed in 1983 and contains a gross building area of 104,897 square feet and a rentable area of approximately 92,500 square feet. The site contains 4.6222 acres and is improved with 435 parking spaces. The building is 100% vacant. It was formerly occupied by UNMH and UNMMG for use as administrative offices under a lease that expired in September 2009. The property was foreclosed by the lender and the University acquired the property from Wells Fargo in December 2010 for \$3,500,000, or \$33.37 per square foot. The intended use of the building is to provide administrative space for the Health Sciences Center.

Prior to closing on this acquisition, RED engaged Design Plus to provide a detailed building condition assessment that indicated that the improvements were structurally sound and provided recommendations to enhance the performance of the building systems while extending the economic life. This document was provided to FBT Architects who were engaged in August 2011 to evaluate the property and provide construction documents for the core and shell renovation of the structure. Construction documents were completed in October 2011 and a Request for Proposal was advertised in October 2011 for written proposals from general contractors to provide construction services for the core and shell. The UNM Purchasing Department received seven qualified written proposals to provide construction services. The project budget is supported by these proposals.

### Project Overview – Core and Shell Renovation

Renovation and build-out of space for occupants of 1650 University Boulevard NE will occur in several phases. The first phase of this project is the renovation of the building core and shell which is the subject of this request for project approval. The scope of work for the core and shell renovation project includes the following:

- **Site Improvements:** Oil coat and stripe parking lot and upgrade overall site lighting to meet safety guidelines. Provide ADA access to the building and provide code required pathways from existing exit stairs to public space. Repair existing damaged perimeter insulation and damaged stucco.
- **Building Perimeter:** Replace existing glazing system with improved energy performance glass and restore interior perimeter insulation. Restore existing overflow drainage system from rooftop and do patch and repair work on the roof. Install code required fire-rated system between the parking garage and the existing building.
- **Architectural Interiors:** Upgrade core toilets and drinking fountains on floors 1 through 5 to meet ADA guidelines. Upgrade handrails and guardrails in existing emergency exit stairwells to meet current code. Install new finishes in the main hallway. Work within future tenant spaces to be limited to ceiling demolition to support fire suppression system installation.

- **Mechanical and Plumbing:** Add fire protection system throughout the building. Retrofit existing mechanical system to improve energy efficiency by adding controls to existing mechanical system, replacing existing electrical heating system with gas fired hot water system with variable air volume controls. Retrofit existing cooling tower and system with new chillers. Provide new code compliant elevator service. The improvements to the HVAC system will reduce energy costs by approximately 50%, or \$125,000 per year.
- **Electrical and Special Systems:** Replace all branch panels and reorganize existing distribution to create code compliant electrical rooms on all floors. Provide new communication fiber into the building. Construct new main telecommunication distribution room and new stacked technology rooms on each floor.

### **Project Budget and Funding Sources**

The project budget for the core and shell renovation, including hard and soft costs, is \$4,950,000, or \$47.19 per square foot. The funding sources for the project will include reallocation of 2007 system revenue bonds in the amount of \$4,020,000 and \$930,000 from the HSC Capital Initiative Fund. The UNM Health Sciences Center will have administrative and fiscal responsibility for execution of this project and determine the occupancy plan for the building.

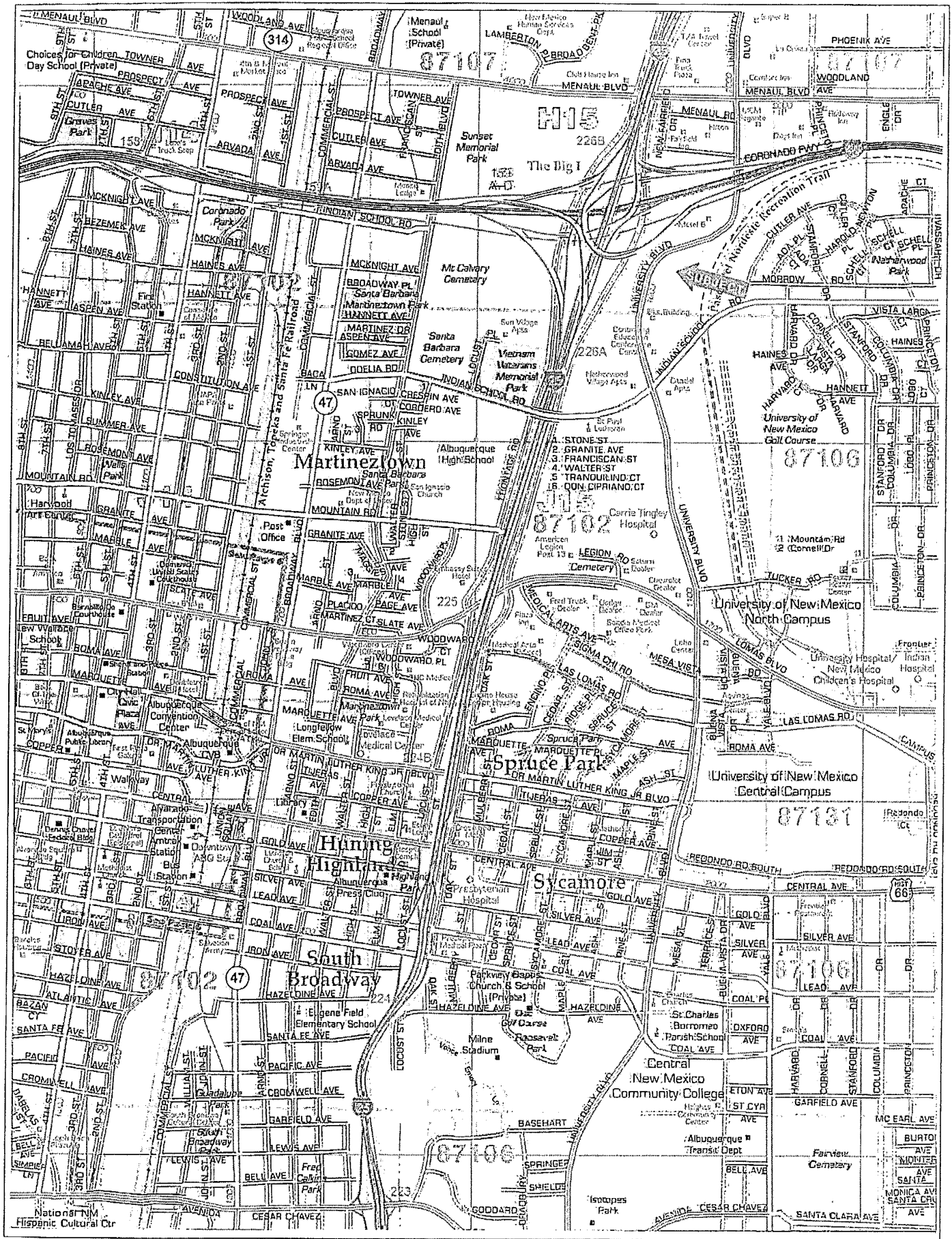
### **Project Rationale**

Renovation of the building will add approximately 100,000 square feet of administrative office space that will support current and near-term demand for administrative office space for the UNM Health Sciences Center. The proposed improvements will extend the economic life of the improvements for an additional 30 years.

The acquisition of this property, land and building, was \$3,500,000. The land contains 4.622 acres and has a market value of \$2,400,000 (\$12.00 per square foot), resulting in an allocated cost of the building shell of \$1,100,000, or \$10.50 per square foot. The core and shell budget is \$47.19 per square foot and a reasonable cost to build-out (tenant improvements) the space for the occupants is \$50.00 per square foot. For analytic purposes, the total cost of the building shell, core and shell renovation project budget, and estimated cost for build-out for the occupants, is \$107.69, rounded to \$110.00 per square foot.

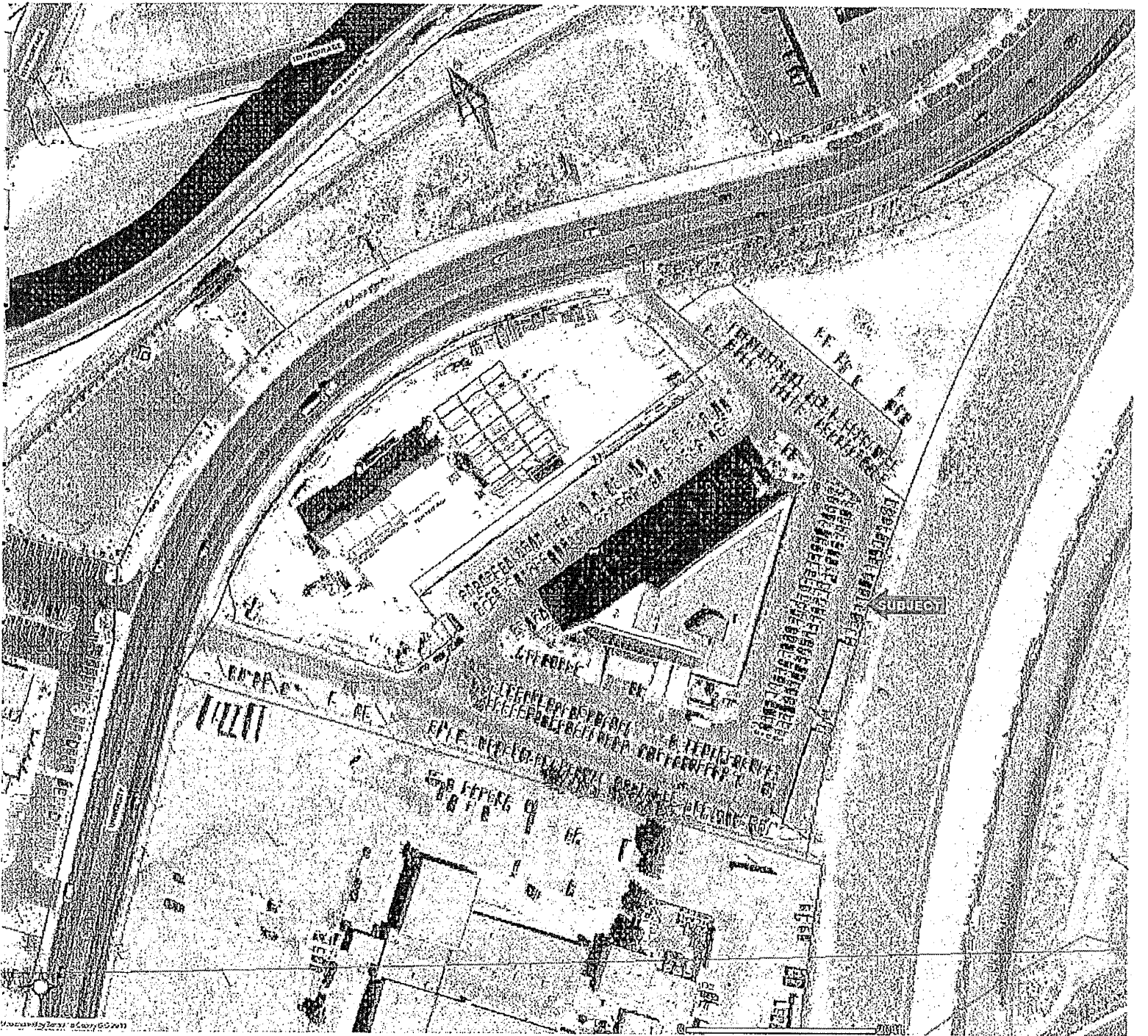
The UNM Office of Capital Projects' cost estimator provided a replacement cost estimate for a generic office building of similar quality at \$230.00 per square foot. The cost to raze the improvements is \$520,000, or approximately \$5.00 per square foot. Demolition of the existing building and delivery of a new building would take approximately twenty-one (21) months. Compared to the proposed renovation scenario of \$110.00 per square foot, the cost to redevelop the site with a new building would be \$235.00 per square foot, or 110% higher.

This request is for project approval for the core and shell renovation of 1650 University Boulevard. Additional approvals will be requested for build-out (tenant improvements) of space for the occupants of the building.



Neighborhood Map







1650 University Boulevard NE

	<u>Time in Months</u>	<u>Cost per Square Foot</u>
Renovate	13	\$110
Raze and Build New	21	\$235

**Five-Year Pro-Forma P&L**

**UNM Health Sciences Center**  
**1650 University Boulevard NE**  
**Annual Cash Flow**  
**March 1, 2012**

	Year 1 2013	Year 2 2014	Year 3 2015	Year 4 2016	Year 5 2017
--	----------------	----------------	----------------	----------------	----------------

<b>Revenues:</b>					
Rental Income (increase 2% per year beginning year 3) (based on current market rate of \$13 per square foot X 92,500 square feet)	\$601,250	\$1,202,500	\$1,226,550	\$1,251,081	\$1,276,103
<b>Expenses:</b>					
Debt Service (25 year 2007A UNM Bonds)	(520,430)	(520,430)	(520,438)	(521,430)	(522,382)
Operating Expenses - O&M (\$7/sq. ft., increase 2% per year beginning year 3)	(323,750)	(647,500)	(660,450)	(673,659)	(687,132)
Total Operating Expenses	(844,180)	(1,167,930)	(1,180,888)	(1,195,089)	(1,209,514)
<b>Net Operating Income (Loss)</b>	<u>(242,930)</u>	<u>34,570</u>	<u>45,662</u>	<u>55,992</u>	<u>66,589</u>
<b>Non-Operating expenses</b>					
Tenant Improvement (year 1, 50% occupancy, year 2, 100% occupancy)	(2,312,500)	(2,312,500)			
<b>Funding Sources</b>					
Tenant Improvement HSC & Health System	2,555,430	2,277,930			
<b>Net Income (Loss)</b>	<u>\$0</u>	<u>\$0</u>	<u>\$45,662</u>	<u>\$55,992</u>	<u>\$66,589</u>
Rental Income per square foot after Tenant Improvements			\$13	\$14	\$14

