



**UNIVERSITY OF NEW MEXICO
BOARD OF REGENTS**

**Budget Summit
Agenda**

March 25, 2014

9:00 a.m.

Student Union Building, Ballroom C

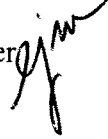
University of New Mexico Board of Regents - Annual Budget Summit
Open Meeting and Executive Session Luncheon
Tuesday, March 25, 2014, 9:00 am.
Student Union Building, Ballroom C
AGENDA

- I. Call to Order, Establishment of Quorum, Approval of Agenda
Regent President Jack L. Fortner
- II. Approval of the Contract for UNM FY14 Annual Financial Statements Audit,
Regent Gallegos
- III. Consideration and Approval of Compensation and Tuition Rates for FY15 and
Preview of FY15 Budget Scenario
 - A. Introductory Comments, *President Robert G. Frank*
 - B. 2014 Legislative Results, *Marc Savaadra*
 - C. Presentation of Alternative Scenarios, *Andrew Cullen*
 - D. Academic Perspective, *Provost Chaouki Abdallah*
 - E. Constituent and Public Comment
 - F. Approval of FY15 Compensation and Tuition & Fee Rates, *Andrew Cullen*
 1. Main Campus
 2. Branch Campuses
 3. Differential Tuition
 - G. HSC Budget Presentation for FY15, *Chancellor Roth; Ava Lovell*
- IV. Vote to close the meeting and proceed in Executive Session
- V. Executive Session
 - A. Discussion and determination where appropriate of limited personnel matters pursuant to Section 10-15-1.H(2), NMSA (1978)
 - B. Discussion and determination where appropriate of threatened or pending litigation pursuant to Section 10-15-1.H(7), NMSA (1978)
 - C. Discussion and determination where appropriate of the purchase, acquisition or disposal of real property pursuant to Section 10-15-1.H(8), NMSA (1978)
- VI. Vote to open the meeting and certification that only those matters described in Item V.
were discussed in Executive Session and if necessary, final action with regard to those
matters will be taken in Open Session.
- VII. Adjourn



THE UNIVERSITY of
NEW MEXICO

University Controller
1 University of New Mexico
MSCO1 1300
Albuquerque, NM 87131

TO: Gene Gallegos, Chair Regent's Audit Committee
FROM: Elizabeth Metzger, University Controller 
DATE: March 25, 2014
RE: FY 2014 Audit - External Auditor Selection

This memo is to request the Audit Committee's approval of KPMG LLP and Moss Adams LLP as the external auditors for the University of New Mexico's fiscal year 2014 financial audit, subject to approval from the Higher Education Department and the State Auditor's Office.

Proposals were solicited on February 7, 2014 on behalf of the Financial Services Division for financial statements and compliance audits for the years ending 6/30/2014, 6/30/2015, and 6/30/2016.

Proposals and evaluation criteria were distributed to the 5-member evaluation committee on March 7, 2014. The committee consisted of the Lead Financial Officers for UNM Foundation, KNME, UNM Hospitals, Health Sciences Center, and the Main Campus. In accordance with appropriate selection criteria established for the procurement, the written proposals were evaluated for responsiveness to mandatory requirements.

The evaluation committee recommends awarding the contract to the combined proposal of KPMG LLP and Moss Adams LLP as the highest ranked offer. The total 3-year proposal cost is \$2,800,935 plus NM GRT. The total 3-year proposal for the previous audit contract was \$2,610,000 plus NM GRT. The costs to perform the services are a reduction of 2.2% for FY2014 from FY2013. FY2015 is a 4.1% increase over FY2014 and FY2016 is a 4.0% increase over FY2015.

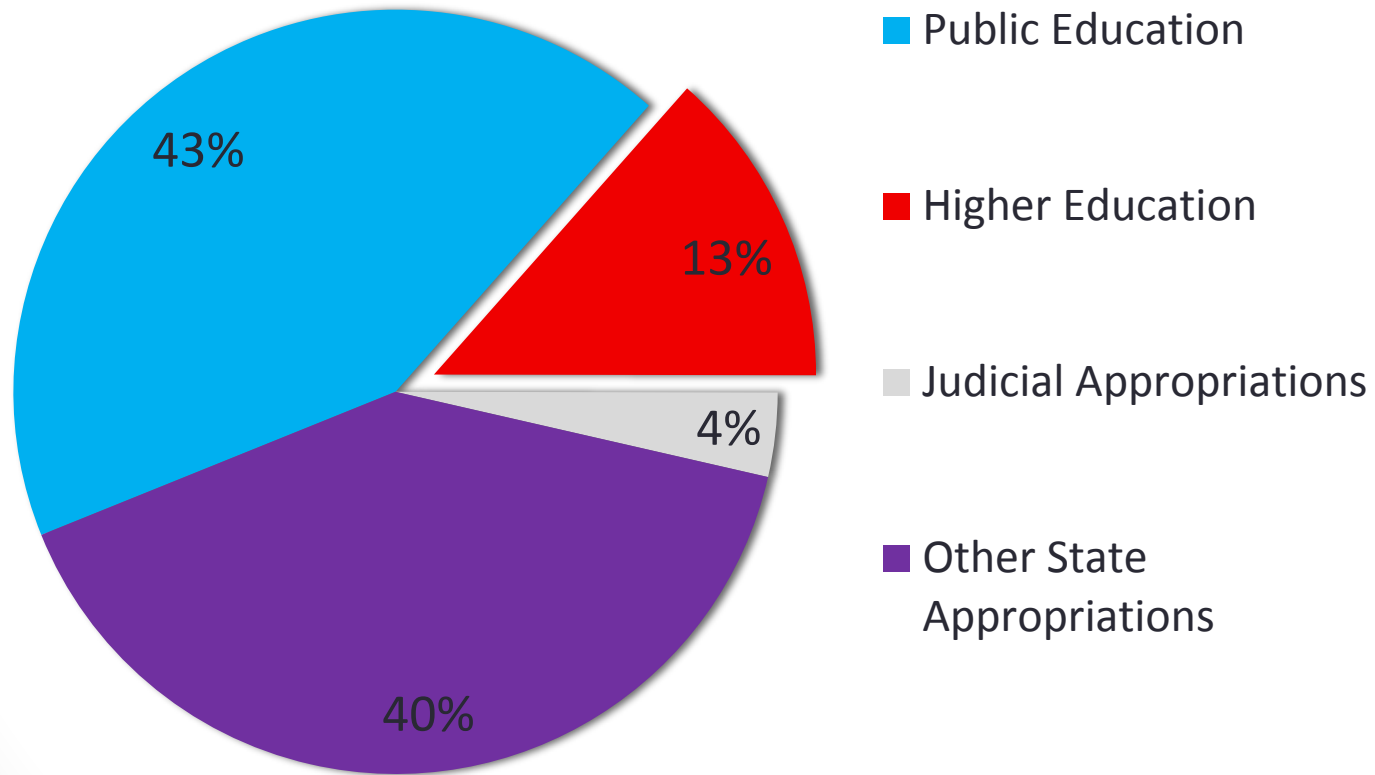
The proposed audit fees for KPMG LLP and Moss Adams LLP for fiscal year 2014 are \$896,729 plus NM GRT.

The annual financial audit fees are paid by the units being audited, as follows: Main Campus, HSC Campus (excluding UNM Hospitals), UNM Hospitals, and the University of New Mexico component units including The University of New Mexico Foundation, Inc., The Robert O. Anderson Schools of Management Foundation, STC.UNM, The University of New Mexico Lobo Club, Lobo Development Corp., Lobo Energy, Inc., SRMC, The UNM Medical Group, and The University of New Mexico Alumni Association. Three small special purpose audits are also required: KNME Television and KUNM Radio stations' Corporation for Public Broadcasting audits and reports and the UNM Intercollegiate Athletics program NCAA review and report. Finally, a small state agency, the New Mexico Sentencing Commission is also included under the UNM audit contract.

Introductory Comments

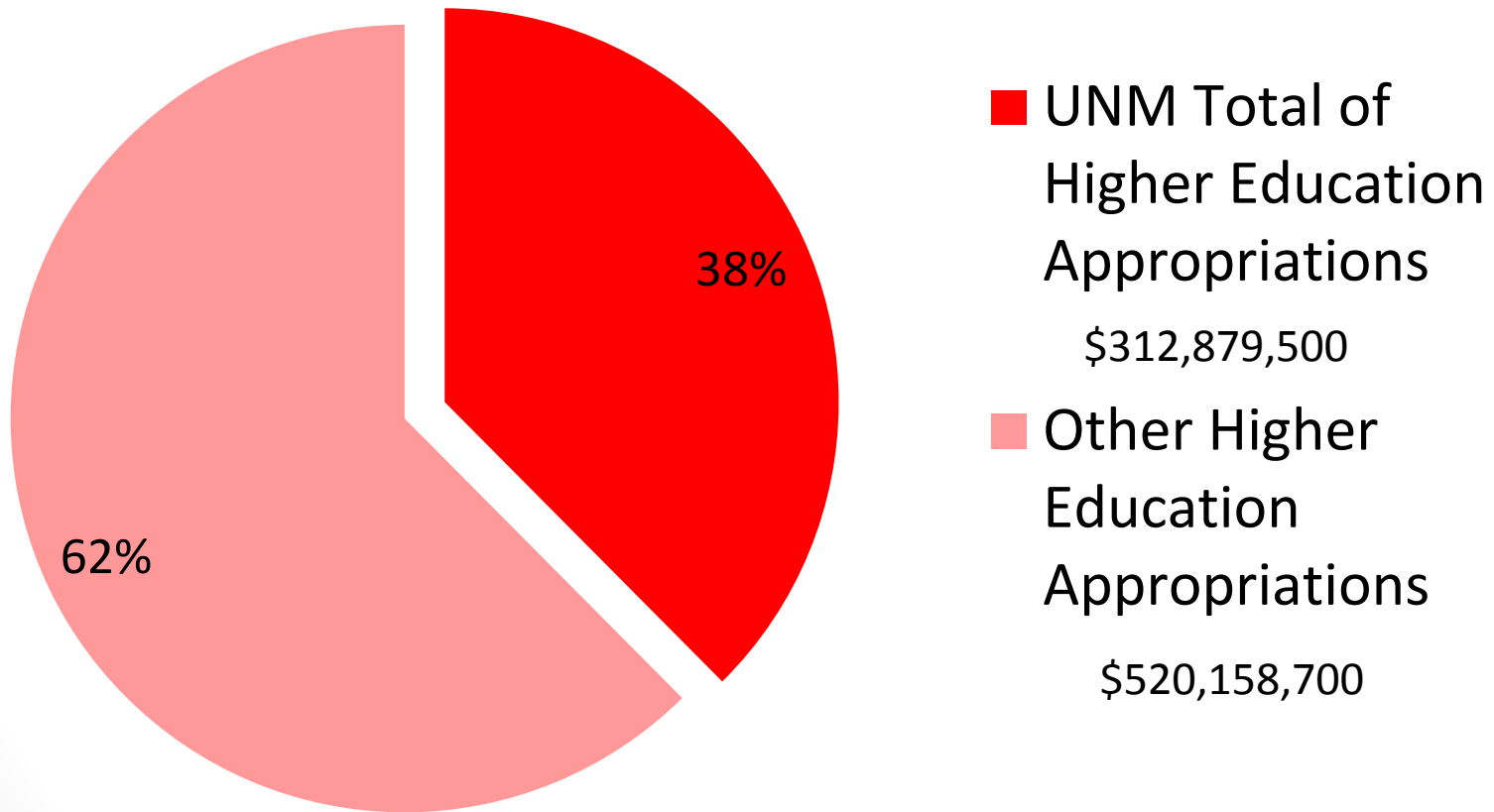
President Robert G. Frank

FY 15 State Budget

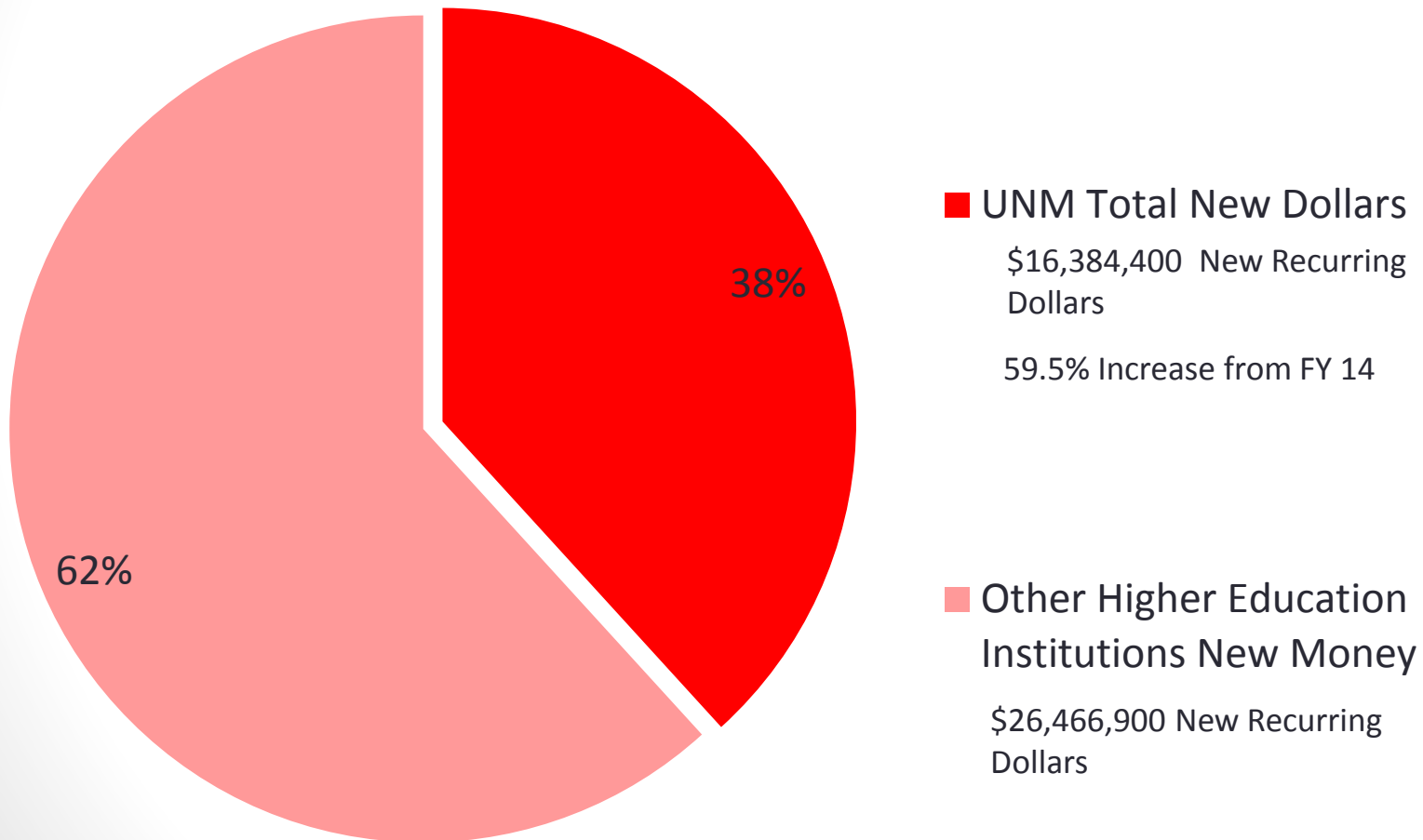




FY 15 UNM vs Other Higher Education Institutions Total Appropriations

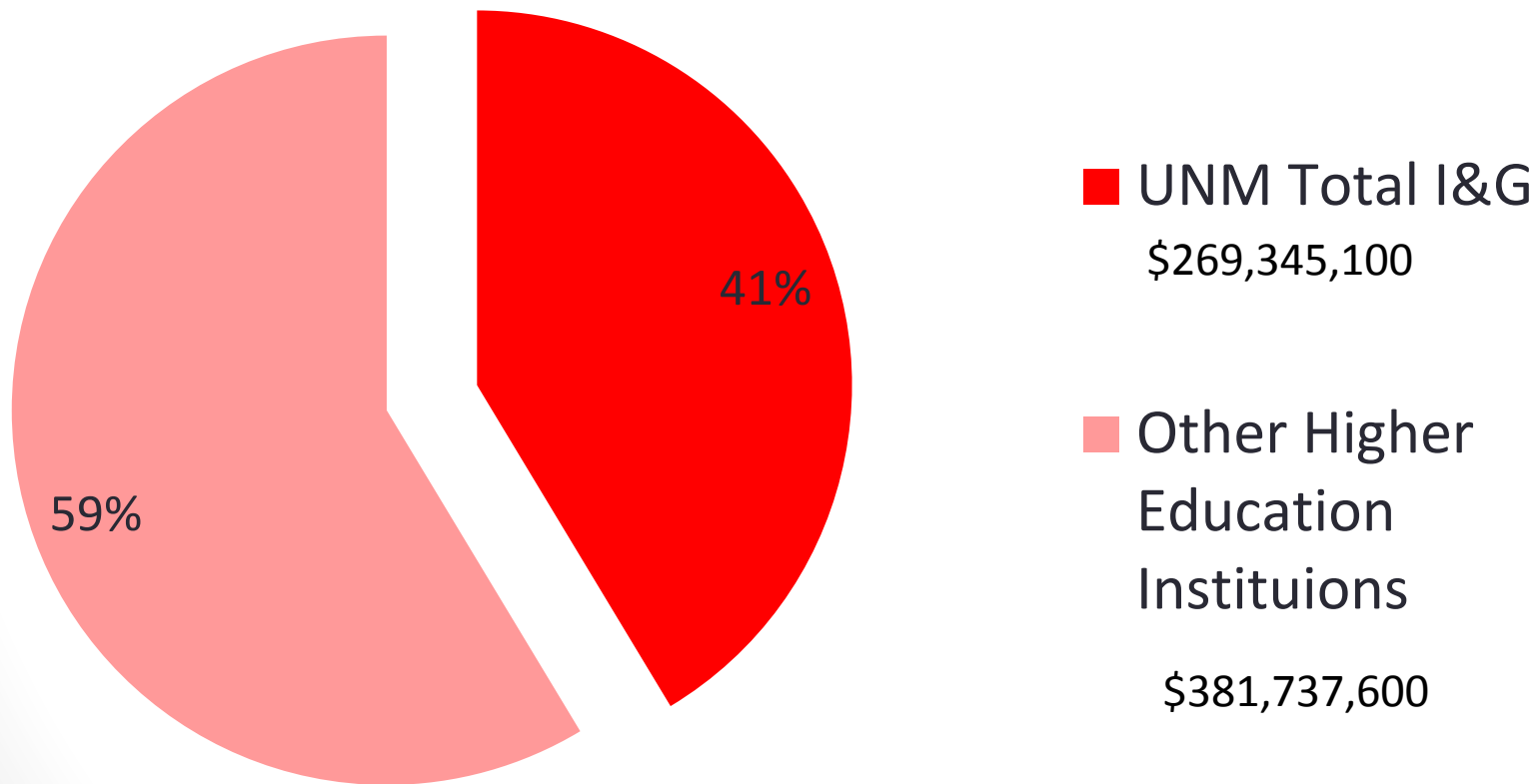


FY 15 Total New Money Distribution





FY 15 UNM Total I&G vs Other Higher Education Institutions I&G





**UNM Main Campus
Budget Recommendation
Fiscal Year 2014-2015
Summary**

**1.5% T & F
Proposal**

Sources of Funds:		
SB 313 State I&G General Fund:		
State Appropriation FY 15 Base	179,862,600	1
Reduction of FY14 Base - 4%	(7,216,180)	2
New Dollars from Outcomes Performance including Research	9,847,598	3
Workload Change for End of Course Student Credit Hours	3,016,389	4
Institutional Share	547,900	5
ERB 0.75% Increase (Funded at approx. 60%)	898,400	6
Compensation 1.5% Increase (Funded at approx. 60%)	2,170,733	7
General Fund Appropriation Sanding -0.275% I&G	(515,621)	8
General Fund Appropriation Sanding -0.275% Compensation	(5,970)	9
Subtotal SB 313 State I&G General Fund - FY 15 Budget	188,605,849	10
Tuition:		
FY 15 Starting Base	133,971,255	11
Tuition Revenue - 1.5% Increase	2,323,343	12
Re-blocking of Graduate Tuition (Anderson, Architecture & Planning, and Public Administration)	(257,000)	13
Unbudgeted Tuition - Estimate	293,225	14
Subtotal Tuition	136,330,823	15
Mandatory Student Fees:		
FY 15 Starting Base	30,255,600	16
Unbudgeted Fees - Estimate	2,171,192	17
FY 14 One-Time Use of Reserves	1,500,000	18
Subtotal Mandatory Student Fees	33,926,792	19
Total Revenues	324,936,672	20
Health Sciences Center Transfers:		
Health Sciences Center FY 15 Base	(16,425,845)	21
Health Sciences Center FY 15 Formula Workload/Outcomes	(1,077,231)	22
Health Sciences Center FY 15 Tuition - Estimate	(225,000)	23
Subtotal Transfers to Health Sciences Center from I&G Base	(17,728,076)	24
Total Sources of Funds:	341,135,388	25
Uses of Funds:		
I&G Allocations and Requests:		
FY 15 Expenditure Base	300,965,645	26
FY 15 Expenditure Base Reduction of 1% - (Internal Reallocation of Funds)	(2,939,200)	27
IT Reduction of Tuition Funding	(1,206,775)	28
FY 15 Funding Requests (Details next page)	11,888,926	29
Subtotal Allocations and Requests	308,708,596	30
Mandatory Student Fee Allocations and Requests:		
FY 15 Expenditure Base	30,255,600	31
IT Increase in Fee Funding	1,206,775	32
FY 15 Funding Requests (Detail next page)	964,417	33
Subtotal Mandatory Student Fee Allocations and Requests	32,426,792	34
Total Uses of Funds	341,135,388	35
Balance	0	36

<u>Current Estimates</u>	1% Number	
Tuition Waivers for GA/TAs	\$ 34,000	37
Net Tuition and Fee Increase	\$ 1,548,895	38
Compensation Increase (Salaries and Fringe) - Detail Below	\$ 2,488,123	39
Faculty	1,160,581	40
GA/TA	173,481	41
Staff	1,087,974	42
Students	66,087	43
Total 1% Increase - Compensation	2,488,123	44

Notes:

UNM State Appropriation base is \$180,404,500. Extended University receives \$541,900.

Current Estimates are based on actual data through January 2014

\$3M I&G revenue shortfall addressed as follows for FY 15:

\$1.5M one-time use of FY 14 mandatory student fee reserves.

\$1.5M permanent base adjustment of unbudgeted tuition and mandatory student fees.

Assumptions:

ERB increase of 0.75% funded at approximately 60%. UNM to make up the difference. HSC receives ERB funding directly from the State.

Compensation increase of 1.5% funded at approximately 60%. UNM to make up the difference. HSC receives compensation funding directly from the State.



1.5% T & F
Proposal

FY 2014/15 FUNDING REQUESTS			
	I&G	Other	
Strategic Investments			
Compensation Increase - Faculty 3%	3,481,743	-	1
Compensation Increase - Staff/GA/TA 2%	2,522,910	-	2
Veteran's Affairs	100,000	-	3
Information Technologies - Licensing	115,339	-	4
Financial Services FTEs (Bursar's Office, Payroll, Purchasing)	-	-	5
Harwood Museum of Art	-	-	6
Student Activities Center	-	-	7
Center for Academic Program Support (CAPS)	-	-	8
NM Leadership Institute	-	-	9
Staff Council	-	-	10
Research Office Fringe Benefits	-	-	11
Faculty/Lecturer Promotions	240,000	-	12
Distinguished Professors	40,000	-	13
Committed Faculty Hires	408,878	-	14
Interdisciplinary Faculty Hires	461,000	-	15
Minority Faculty Hires	255,000	-	16
Retention Offers	30,000	-	17
Faculty Contracts	100,000	-	18
College Learning Assessment	-	-	19
Starfish Advising Tool	85,000	-	20
Graduate Online Application (OGS)	80,000	-	21
Museum Curators	55,101	-	22
Office of the University Secretary - Graduation Commencements	50,000	-	23
Advisors	140,000	-	24
Fringe (Faculty & Staff)	381,315	-	25
Tuition Waivers	51,000	-	26
Transfer to Student Aid - FY 15 3% Scholarships	-	-	27
Transfer to Student Aid - 20% of Tuition Increase to Need-Based Aid	-	-	28
SFRB Recommendation	-	964,417	29
Performance Investments			
Compensation Increase - 0%	-	-	30
Institutional Operations (Must Funds)			
Group Health Insurance Premium Increase:			
Current Faculty/Staff	625,000	-	31
Retirees - Pre 65 (Miscellaneous Fringe Benefits)	500,000	-	32
Retirees - Post 65 (Miscellaneous Fringe Benefits)	200,000	-	33
GA/TA Premiums	175,000	-	34
VEBA Increase	300,000	-	35
ERB 0.75% Increase - Fringe Benefits Cost Increase	1,491,640	-	36
Insurances - Property and Liability	250,000	-	37
Workman's/Unemployment Comp (25% Rate Reduction)	(250,000)	-	38
Total Funding Requests	11,888,926	964,417	39



UNM Branch Campus FY 15 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 FY 09, branch campus tuition increases on average have been less than the total cuts imposed by the state tuition credit alone:

UNM Branch Campus Tuition/Fee Rates FY 10 - FY 14									
	Gallup		Los Alamos		Taos		Valencia		Tuition Credit
2009-10	60.90	% +/-	53.50	% +/-	57.00	% +/-	55.00	% +/-	5.0%
2010-11	63.25	3.9%	55.50	3.7%	60.35	5.9%	59.75	8.6%	9.0%
2011-12	71.00	12.3%	64.50	16.2%	69.10	14.5%	65.05	8.9%	9.5%
2012-13	71.00	0.0%	67.00	3.9%	71.00	2.7%	65.05	0.0%	0.0%
2013-14	71.00	0.0%	70.50	5.2%	71.00	0.0%	65.05	0.0%	0.0%
TOTAL INCREASE	16.6%		31.8%		24.6%		18.3%		25.3%

For FY 15 three branch campuses – Gallup, Taos and Valencia – are again recommending no tuition and fee increases. UNM-Los Alamos has a number of grants expiring and is adjusting to the lost revenue through a combination of increased tuition and expenditure reductions. The summary of FY 15 tuition and fee proposals under consideration by branch campus local advisory boards is as follows:

UNM Branch Campus Tuition/Fee Rates FY 15 Proposed ¹										
	Resident					Non-Resident				
	Tuition	Fee	Total	Total FT	+/-	Tuition	Fee	Total	Total FT	+/-
UNM - Gallup	60.60	10.40	71.00	852.00	0.0%	160.60	10.40	171.00	1,945.20	0.0%
UNM - Los Alamos ²	69.25	4.50	73.75	895.00	4.6%	199.00	4.50	203.50	2,452.00	4.9%
UNM - Taos ³	68.00	3.00	71.00	867.00	0.0%	176.30	3.00	179.30	2,166.60	0.0%
UNM - Valencia	61.30	3.75	65.05	780.60	0.0%	170.50	3.75	174.25	2,091.00	0.0%

¹ As of 3/11/14, pending final approval of branch advisory boards.

² UNM-Los Alamos's fee schedule is as follows: Activity Fee (per hour), \$1.50; Facility Fee (1-4 hrs.), \$12.00; Facility Fee (5 or more hours, per hour), \$3.00; Print Mangement Fee, \$10 per enrollee, reflected here only in the FT total.

³ UNM-Taos charges a \$15.00 "Student Success" 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.

In the main campus budget, with tuition making up approximately 40% of I&G funds, the revenue generated by a 1% tuition increase is approximately equal to the expenditures of a .5% salary increase for faculty and staff. At UNM's branch campuses, tuition only accounts for around 20% of I&G budgets, so the 1% equivalency is less than .3% of a salary increase.

For those reasons branches 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.

11 March 2014

MSC05 3400
1 University of New Mexico
Albuquerque, NM 87131-0001

Memorandum

TO: Andrew Cullen, AVP for Budget, Planning and Analysis

FROM: Chaouki Abdallah, Provost 

CC: Greg Heileman, Associate Provost for Curriculum
Nicole Dopson, Financial Officer

DATE: 3/18/14

SUBJECT: **FY15 Differential Tuition Request**

We recommend the following requests for differential tuition move forward to the Board of Regents for approval. We also recommend that 10% of the revenue generated from these differentials will be set aside for financial aid in order to maintain access for students in these fields of study.

Anderson School of Management:

Undergraduate differential (new): \$10 per SCH

Graduate differential (increase): \$10 per SCH, total \$183.70 for residents per SCH and \$190.10 for non-residents per SCH

Justification for the tuition differentials is the cost of the program is higher than average graduate program. Revenue generated from these differentials will be used for faculty salary equity adjustments.

School of Architecture and Planning:

Graduate differential (increase): \$24.88 per SCH, total \$74.63 per SCH

Justification for the tuition differentials is the cost of the program is higher than the average graduate program. Revenue generated from these differentials will be used for lab equipment renewals/replacements, and staffing needs.

Speech and Hearing Sciences:

Graduate differential (new): \$150 per SCH

Justification for the tuition differentials is the cost of the program is higher than the average graduate program. Revenue generated from these differentials will be used to hire faculty with clinical expertise.

Academic Perspective

Provost Chaouki Abdallah

(will be presented at the meeting)

Public Comment

Comments From Advisors

III. F. Approval of FY15 Compensation and Tuition
& Fee Rates, *Andrew Cullen*

1. Main Campus
2. Branch Campuses
3. Differential Tuition



UNM Health Sciences Center

**FY 2015 Budget Planning
Presentation to the UNM Board of Regents
March 25, 2014**

**Paul B. Roth, MD, MS, FACEP
Chancellor
UNM Health Sciences Center**

**Ava J. Lovell, CPA
Senior Executive Officer
for Finance & Administration
UNM Health Sciences Center**



Introduction

Paul B. Roth, MD, MS, FACEP
Chancellor
UNM Health Sciences Center

UNM Health Sciences Center

Vision

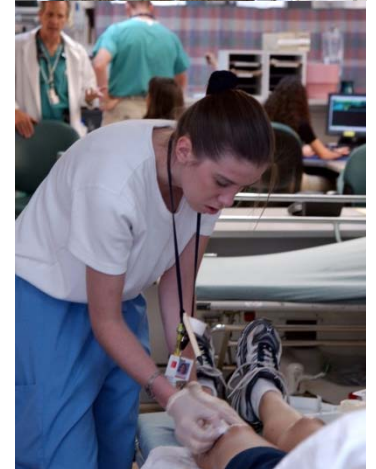
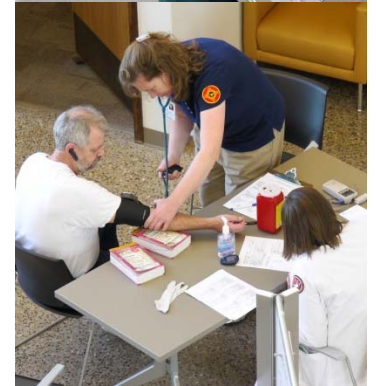
The University of New Mexico Health Sciences Center will work with community partners to help New Mexico make more progress in health and health equity than any other state by 2020.

Strategic Initiatives are Driving the FY 2015 UNM HSC Budget

UNM 2020 Goal #4 -Enhance Health and Health Equity in NM

UNM HSC Strategic Plan

- Further transform health profession education across the HSC to meet the needs of our diverse learners, our professions and our state
- Create greater access to specialty care, acute-care beds, primary care clinics and post-acute services in UNM Health System
- Create preferred partnerships to achieve market growth and align resources to better serve the continuum of care
- Enhance economic activity by expanding biotechnology transfer
- Continue to enhance retention of high performing Faculty and Staff through adequate compensation



UNM Health System

FY 2015 - Programmatic Assumptions:

- Overall growth expected at 6%
- Expand community based primary care – Medical Home
- Expand Pharmacy Management Services to First Choice, First Nation and School based clinic programs
- Expand Radiopharmacy Clinical Services
- Advance tertiary programs
 - Cancer Care
 - Children’s services
 - Trauma/Critical Care
 - Neuroscience
 - Cardiovascular
- Optimize SRMC
 - Community based
 - Specialty expansion
 - Ortho – Joint Replacement
 - Bariatric Surgery and Sleep Medicine
 - Breast Cancer Surgery
 - Renal Disease
 - Minimally Invasive Spine Surgery



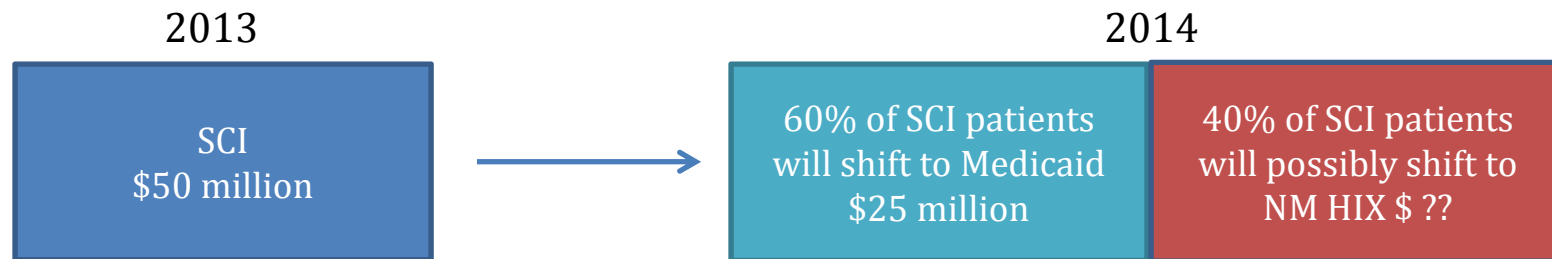
UNM Health System

FY 2015 - Financial Assumptions:

- 6% growth in revenue driven by programmatic changes
- \$74.2M
- Revenue increases from operational efficiencies (LEAN)
- Improvements in Revenue Cycle
- UNM Employee Health Plan expansion
 - UNM Health System entered into a joint venture with a private insurance company to provide additional access for UNM employees to services provided at UNMH as well as collaborated with community partners.
- Expense growth in compensation, medical services and supplies driven by volume increases
- Stabilize SRMC

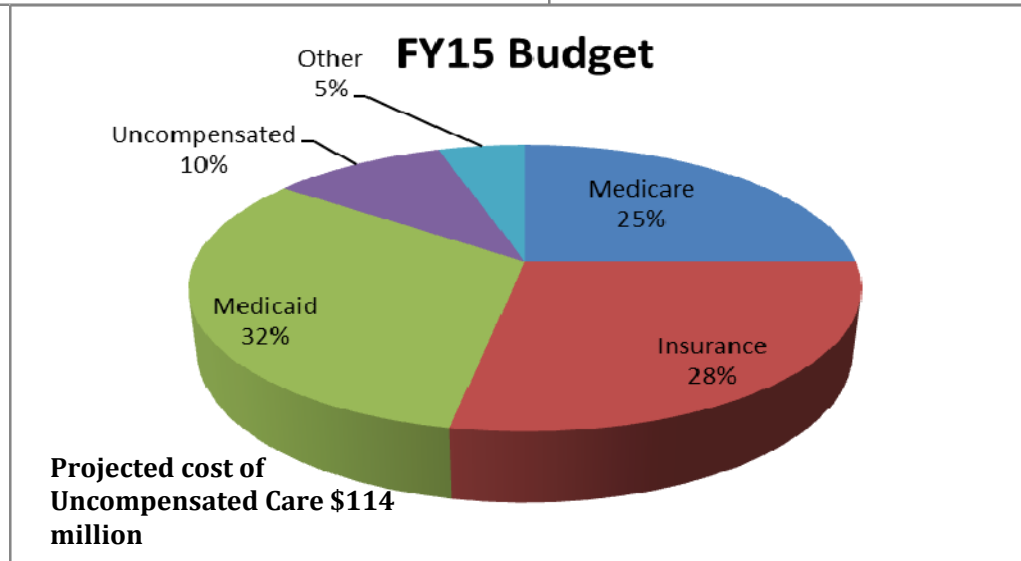
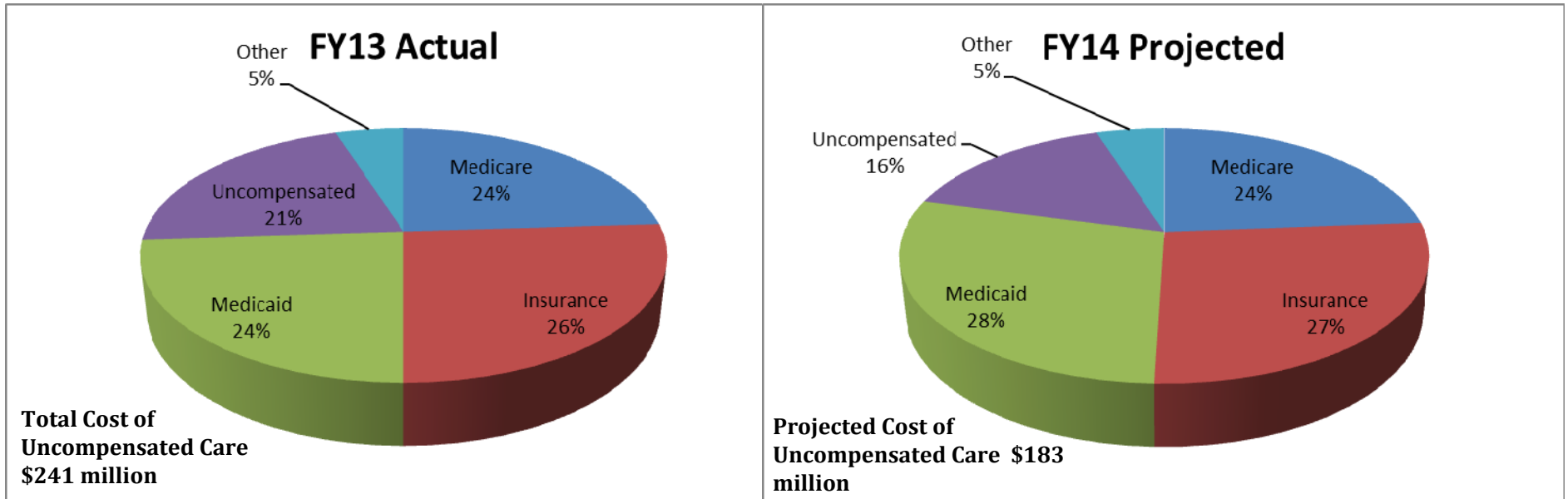
Impacts of Accountable Care Act – Health Care Reform FY 2015

- Medicaid
 - State Coverage Insurance (SCI) payments cease after 12/31/13
 - Other Medicaid funding cut from \$40.7M to \$25M



- Health Insurance Exchange (HIX)
 - Poor enrollment
 - No impact
- Uncompensated Care
 - Reduced from 16% to 10% in FY 2015
 - Increase reimbursement \$69M
 - Costs remain substantial
- Commercial Insurances
 - Slight increase of \$5.5M in FY 2015

Changes in Payers due to Healthcare Reform



UNM HSC Academic Enterprise

FY 2015 – Programmatic Assumptions:

- Education to address healthcare workforce shortages
 - College of Nursing expansion for Baccalaureate and Advanced degree programs
 - Continue to build Interprofessional Education teams
 - Begin Residency expansions in Primary Care, General Surgery, Family Community Medicine and Psychiatry
- Research
 - Cancer Center P30 National Institutes of Cancer Grant renewal Fall 2014
 - Clinical Translational Science Center (CTSC) Grant Renewal Spring 2015

UNM HSC Academic Enterprise

FY 2015 – Financial Assumptions:

Revenue

- No rate increase on any HSC Tuition or Fees; Tuition increases due to Enrollment
- HSC Formula Funding increase of \$1,077,231
- Increase in State Funding totaling \$5,721,200, or 6.2%
- Tobacco Settlement Funding - FY14 Funding level sustained for FY15
- F&A increase of \$700,000, or 3.4%

Expense

- Salary increases for HSC Faculty 3%; UNM Staff 1.5%
- Salary increases apply to non-bargaining unit employees only
- Employer ERB increase on all Salaries, .75%; Employee ERB increase .6%
- VEBA increase for VEBA Participants, .25%
- Group Health Insurance increase, 7.25%
- No rate increase on HSC Utilities

UNM Health Sciences Center

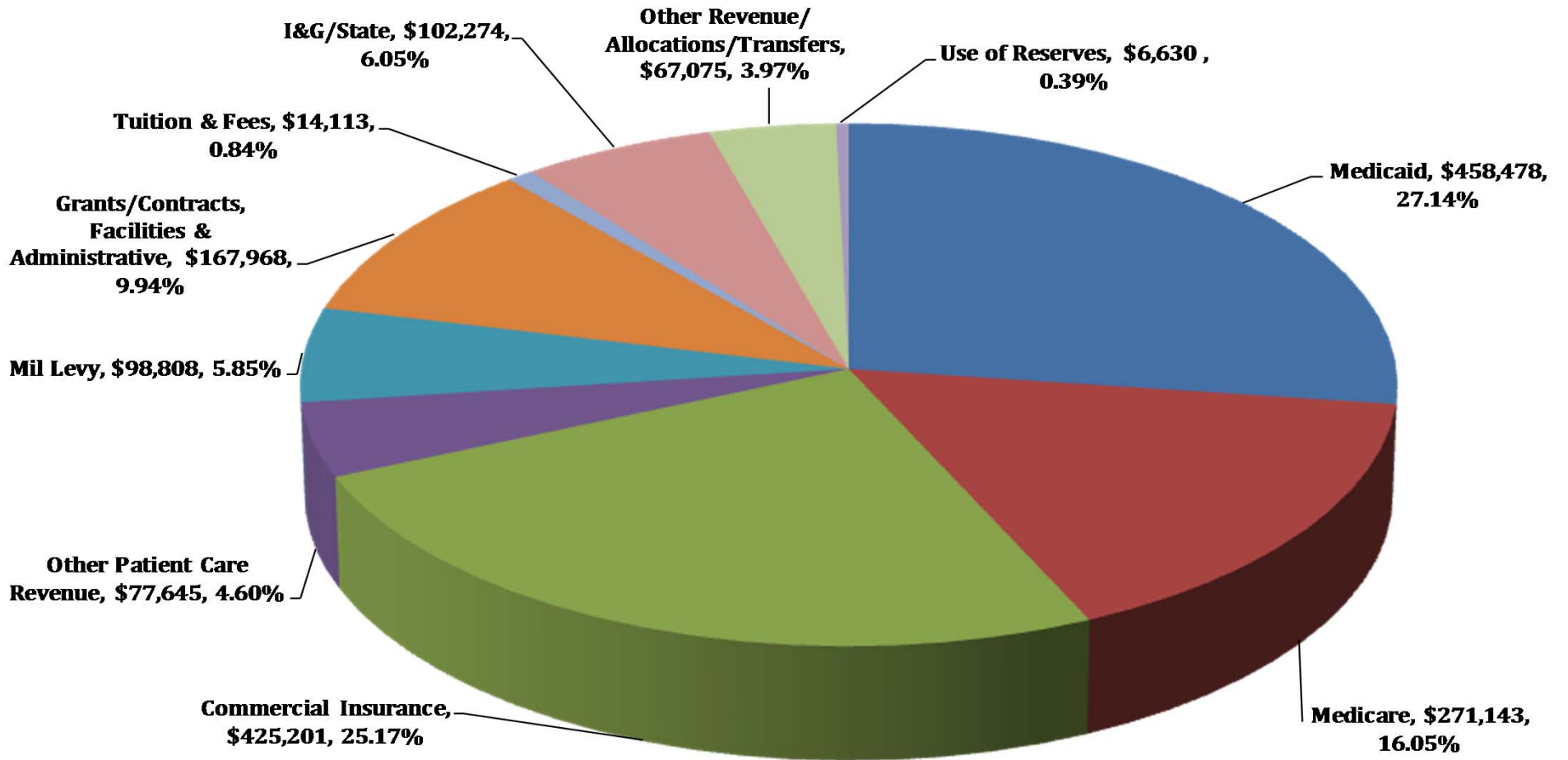
Budget Planning FY 2015

Presentation to:
UNM Board of Regents
March 25, 2014

Ava J. Lovell, CPA
Senior Executive
Officer for Finance & Administration

UNM HSC All Components - Revenues

FY 2015 Preliminary Budget
(in thousands)

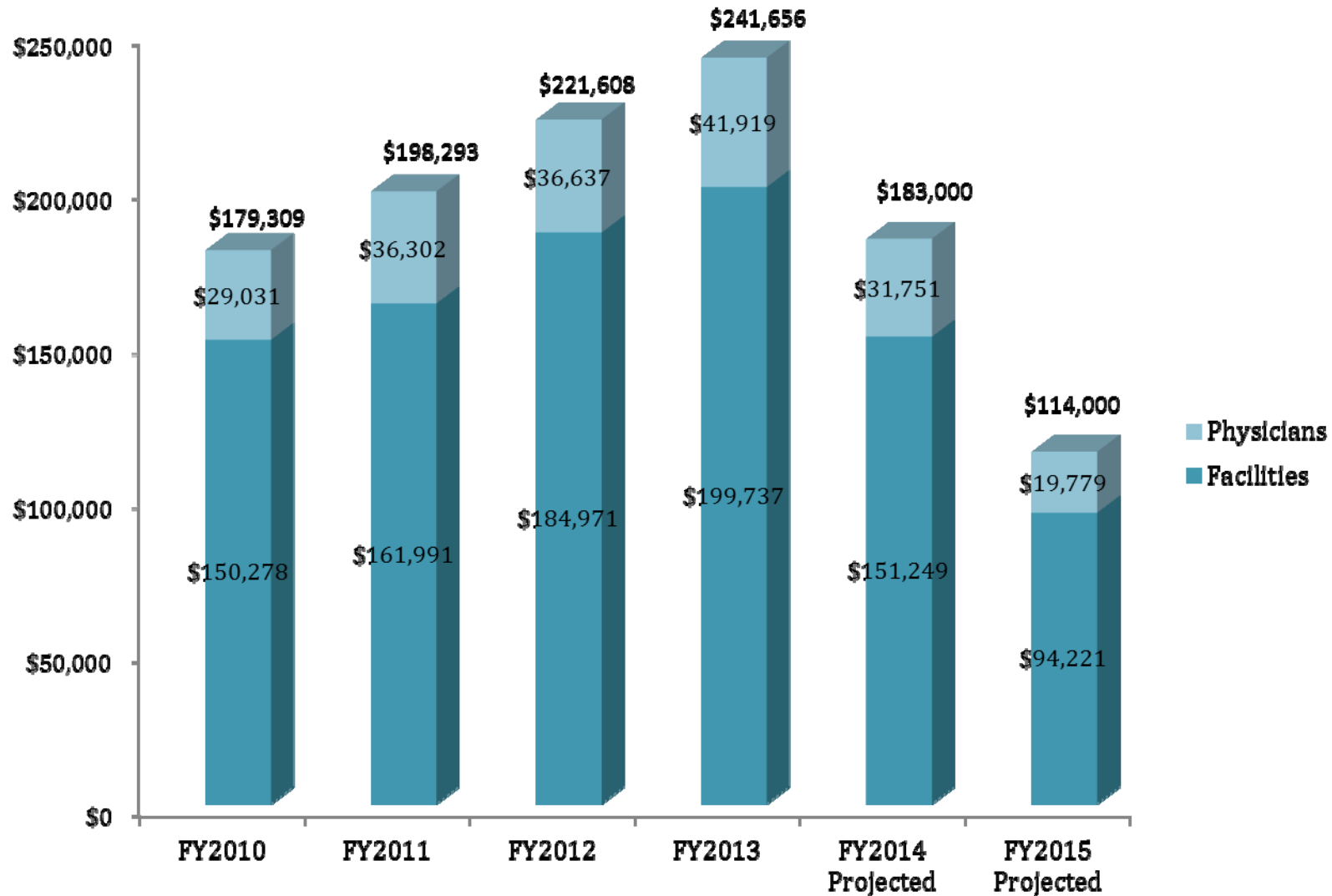


Note: Includes UNM HSC Academic Enterprise and UNM Health System

Total Budgeted Revenues \$1,689,335
6.79% Increase over FY 2014

UNM HSC – Uncompensated Care at Cost

(in thousands)



UNM Health System

Comparative Analysis: Prior Year - Current Year - Next Year

(In thousands)

Revenues	FY 2013	Preliminary		Percent Change 2014-15
	Actuals	FY 2014 Projected	FY 2015 Budget	
Patient Care	\$828,091	\$892,916	\$981,066	9.9%
Mil Levies **	112,062	99,403	98,808	(0.6)%
Grants & Contracts	5,543	16,731	18,886	12.9%
I&G/State	12,966	13,241	13,805	4.3%
Other Revenue	28,772	47,730	31,688	(33.6)%
Total Revenues	\$987,434	\$1,070,021	\$1,144,253	6.9%

** Note: Bernalillo and Sandoval Counties

UNM Health System

Comparative Analysis: Prior Year - Current Year - Next Year
(In thousands)

	FY 2013 Actuals	Preliminary		Percent Change 2014-15
		FY 2014 Projected	FY 2015 Budget	
Expenses				
Housestaff/Post Doc Salaries	\$24,905	\$27,145	\$28,133	3.6%
Staff/Other Salaries	351,537	364,546	387,555	6.3%
Fringe Benefits	80,723	87,865	93,207	6.1%
Total Compensation Expenses	\$457,165	\$479,556	\$508,895	6.1%
Patient Care Costs	\$192,048	\$217,585	\$221,994	2.0%
Travel	726	716	1,011	41.2%
Purchased Services/Service Contracts	230,548	258,245	289,828	12.2%
Facility Costs	22,694	24,185	27,726	14.6%
Depreciation	41,255	41,887	42,317	1.0%
Other Expenses/Supplies	30,944	37,091	40,599	9.5%
Total Non Salary Expenses	\$518,215	\$579,709	\$623,475	7.5%
Interest Expense	12,049	11,935	11,803	(1.1)%
Total Expenses	\$987,429	\$1,071,200	\$1,144,173	6.8%

UNM Health System

Comparative Analysis: Prior Year - Current Year - Next Year

(In thousands)

	FY 2013 Actuals	Preliminary	
		FY 2014 Projected	FY 2015 Budget
Net Margin before Non-Recurring Items	\$5	\$(1,179)	\$80
Meaningful Use Revenue	2,954	-	-
Use of UNMMG Reserves	(12,406)	-	-
Total Non-Recurring Items	\$(9,452)	\$-	\$-
Net Margin	\$(9,447)	\$(1,179)	\$80

UNM Health System

FY 2015 Preliminary Budget

(In thousands)

	UNM Hospitals	UNM Medical Group	Sandoval Regional Medical Center	UNM Health System 6/30/2015 Total
Revenues	\$886,192	\$189,032	\$69,029	\$1,144,253
Expenses	886,115	189,031	69,027	1,144,173
Net Margin before Non- Recurring Items	\$77	\$1	\$2	\$80
Non-Recurring Items	-	-	-	-
Total Non-Recurring Items	\$-	\$-	\$-	\$-
Net Margin	\$77	\$1	\$2	\$80

FY 2015 HSC Funding - New State Funding

Appropriations	Increases (.275% Sanding Reflected)
1.5% Salary Increase (I&G and RPSPs)	\$1,359,100
ERB Support	560,400
Sanding on Base Appropriations	(247,100)
Med School Faculty	573,400
Hepatitis C, Project ECHO	498,600
Nurse Expansion	274,100
Office of the Medical Investigator	149,600
Graduate Nursing Education	1,650,700
Internal Medicine Residencies	533,500
Psychiatry Residencies	201,400
General Surgery/Family Medicine Residencies	<u>167,500</u>
Total New State Funding	<u>\$5,721,200</u>

Note: All appropriations were reduced (sanded) by .275%

UNM HSC Faculty Compensation

Amount required to reach 50th Percentile

	<u>SOM 25th*</u>	<u>SOM 50th*</u>	<u>CON **</u>	<u>COP ***</u>
Professor	\$1,092,219	\$4,874,269	\$4,633	\$7,359
Associate Professor	791,255	3,143,520	5,633	75,298
Assistant Professor	<u>1,004,602</u>	<u>4,417,937</u>	<u>-</u>	<u>47,203</u>
All Ranks	<u><u>\$2,888,076</u></u>	<u><u>\$12,435,726</u></u>	<u><u>\$10,266</u></u>	<u><u>\$129,860</u></u>

* Data is based on FY13 Actuals and FY13 Benchmarks for the 50th Percentile from the American Association of Medical Colleges (AAMC)

** Data is based on FY14 Actuals and FY12 Benchmarks for the 50th Percentile from the American Association of Colleges of Nursing (AACN), currently above the 25th percentile

*** Data is based on FY14 Actuals and FY14 Benchmarks for the 50th Percentile from the American Association of Colleges of Pharmacy (AACP), currently above the 25th percentile

UNM HSC – FY 2015 Compensation

Faculty 3.0% Staff 1.5% (Unrestricted Funds Only)

	UNM SOM	UNM SOM (HPPHP)	UNM CON	UNM COP	HSC Res/Lib/Admin	UNM HSC Academic Enterprise 6/30/2015 Total
Faculty 3.0% Increase	\$2,491,295	\$123,659	\$172,430	\$153,442	\$156,030	\$3,096,856
Staff 1.5% Increase	803,102	17,760	25,853	38,375	220,799	1,105,889
Total	<u>\$3,294,397</u>	<u>\$141,419</u>	<u>\$198,283</u>	<u>\$191,817</u>	<u>\$376,829</u>	<u>\$4,202,745</u>
Fringe Increase Approximately	\$882,576					

Salary increases apply to non-bargaining unit employees only. All bargaining unit salary increases will be determined in good-faith negotiations as always.

Analysis Excludes Housestaff, UCP and Restricted Funds

Source: State Format FY 2014 Original Budget

UNM HSC Academic Enterprise

FY 2015 Preliminary Budget
(In thousands)

	UNM SOM	UNM CON	UNM COP	HSC Library/ Informatics	HSC Research	HSC Administration	UNM HSC Academic Enterprise 6/30/2015 Total
Revenues	\$432,806	\$14,274	\$17,737	\$6,399	\$14,902	\$52,414	\$538,532
Expenses	432,680	14,057	17,737	6,386	14,902	50,883	536,645
Net Margin before Non-Recurring Items	\$126	\$217	\$-	\$13	\$-	\$1,531	\$1,887
Capital/Recruitment/ Startup/Scholarships	(5,373)	(217)	(346)	(600)	(481)	(1,500)	(8,517)
Net Margin	\$(5,247)	\$-	\$(346)	\$(587)	\$(481)	\$31	\$(6,630)

UNM HSC All Components

FY 2015 Preliminary Budget
(In thousands)

	UNM HSC Academic Enterprise	UNM Health System	UNM HSC All Components 6/30/2015 Total
Revenues	\$538,532	\$1,144,253	\$1,682,785
Expenses	536,645	1,144,173	1,680,818
Net Margin before Non-Recurring Items	<u>\$1,887</u>	<u>\$80</u>	<u>\$1,967</u>
Capital/Recruitment/Startup/Scholarships	<u>(8,517)</u>	<u>-</u>	<u>(8,517)</u>
Total Non-Recurring Items	<u>\$(8,517)</u>	<u>\$-</u>	<u>\$-</u>
Net Margin	<u>\$(6,630)</u>	<u>\$80</u>	<u>\$(6,550)</u>

UNM Health System

Projections – FY 2016 – FY 2019

(In thousands)

	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected	FY 2019 Projected
Revenues	\$1,169,021	\$1,194,214	\$1,216,216	\$1,238,645
Expenses	1,167,694	1,192,050	1,214,167	1,240,059
Net Margin	\$1,327	\$2,164	\$2,049	\$(1,414)

- Marginal increase in revenues due to no available bed or OR capacity at UNMH
- SRMC - ramp up of inpatient volumes from average daily census of 36 patients per day to 65 patients per day
- Continued improvement from efficiencies
- The majority of the impact from Medicaid will occur in FY 15 with some additional in FY 16. This will level off for FY 17, FY 18 and FY 19.
- Unknown impact from Health Insurance Exchange; two year delay on enforcement of compliance with ACA for large employers and extension of the hardship exemption for individuals through 2016

UNM HSC Academic Enterprise

Projections – FY 2016 – FY 2019

(In thousands)

	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected	FY 2019 Projected
Revenues	\$550,934	\$562,812	\$574,321	\$585,898
Expenses	548,036	559,620	571,638	583,798
Capital/Recruitment/Startup/Scholarships	(5,979)	(5,318)	(3,938)	(1,817)
Net Margin	\$(3,081)	\$(2,126)	\$(1,255)	\$283

- Major Strategic Initiatives in the Planning Budget
- IT Strategic Investments
- Invest in Healthcare workforce education capacity
- Greater integration of all missions
- In general, revenues increase 2 - 3% per year
- Enrollment, tuition and formula increases of 3 - 5% per year
- Research enterprise increase slightly or remains steady
- UNM HSC Faculty salaries increase 3% per year
- UNM HSC Staff salaries increase 2% per year
- All other expenses increase 2 -3% per year

Questions ?

