



**BOARD OF REGENTS
Budget Summit**

Agenda

**March 22, 2018
9:00 AM
SUB, Ballroom B**



UNIVERSITY OF NEW MEXICO
BOARD OF REGENTS

BUDGET SUMMIT - FY 2019
Thursday, March 22, 2018 at 9:00 AM
Student Union Building, Ballroom B
AGENDA

- I. Call to Order, Confirmation of a Quorum, Adoption of the Agenda – **Regent President Rob Doughty**
- II. Approval of the Contract for UNM FY18 Annual Financial Statements Audit – **Regent Tom Clifford and Liz Metzger**
- III. Introduction and Remarks – **President Garnett S. Stokes**
- IV. Comments from the Deans Council – **Deans Craig White and Geraldine Forbes**
- V. Information Items
 - a. Branch Campuses Budget Overview – **Dr. Jeronimo Dominguez, Branch Directors**
 - i. Valencia
 - ii. Los Alamos
 - iii. Taos
 - iv. Gallup
- VI. Action Items
 - a. HSC – **Dr. Paul Roth, et al.**
 - i. Budget Overview
 - b. Athletics – **Eddie Nunez and Robert Robinson**
 - i. FY 18 and FY 19 Budget Overview
 - c. Main Campus – **Dr. Rich Wood and David Harris**
 - i. Budget Leadership Team (BLT) Overview
 - ii. Funding Priorities Overview
 1. Introductory Comments
 2. FY 19 Budget Scenario – **Norma Allen and Nicole Dopson**
 - iii. Compensation and Benefits Proposal – **Dorothy Anderson**
 - iv. Tuition Proposal – **Terry Babbitt**
 - v. Comments – Deans, Faculty, Staff, ASUNM, GPSA
 - d. SFRB Recommendation – **Student Fee Review Board Representatives**
 - i. Mandatory Student Fees Proposal – **Norma Allen and Nicole Dopson**
 - e. Request for Approval of Tuition, Fee Rates and Compensation – **President Garnett S. Stokes**
- VII. Adjourn

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Albuquerque, NM 87131-0001
Phone: (505) 277-5111
FAX: (505) 277-7662

Date: March 15, 2018
TO: Thomas Clifford, Chairman, Audit and Compliance Committee
FROM: Elizabeth Metzger, CPA – University Controller
RE: FY18 Renewal of Annual Financial Statements Audit Contract

The following information is provided for the Committee's approval related to the annual financial statement audit for the fiscal year ended June 30, 2018, pending final approval by the State Auditor.

During FY17, UNM issued a Request for Proposal (RFP) for the FY17, FY18, and FY19 external financial statements audit. Proposals and evaluation criteria were distributed to the 6-member evaluation committee on February 27, 2017. The Committee consisted of the University Controller, Executive Officer of the Finance and Administration for the HSC, Controller for the UNM Foundation, Finance Director for the University Hospital, Associate Controller for Procurement Service, and the University Acting Provost. In accordance with appropriate selection criteria established for the procurements, the written proposals were evaluated for responsiveness to mandatory requirements.

Based on the evaluation from the committee members and in-person presentations from the responders, the selection committee recommended awarding the contract to Moss Adams with a subcontract to KPMG for audit of the clinical areas. This was approved by the audit committee on April 13, 2017 and the Full Board of Regents on April 18, 2017.

The proposed cost for year 2 of the audit, FY18, is \$924,265 which includes all Component Units. For comparison purposes, the cost for the FY17 audit was \$940,965 after an amendment was executed to include three component units that the State Auditor was originally going to audit (Lobo Energy, The UNM Alumni Assoc., and the UNM Lobo Club.)

(update:)

March 15, 2018:

Renewal was approved by the Audit Committee. Due to Familiarity Risk, (this can arise after a long association with a client), the approval was with the provision that KPMG will assign a new engagement partner.

Introduction and Remarks

President Garnett S. Stokes

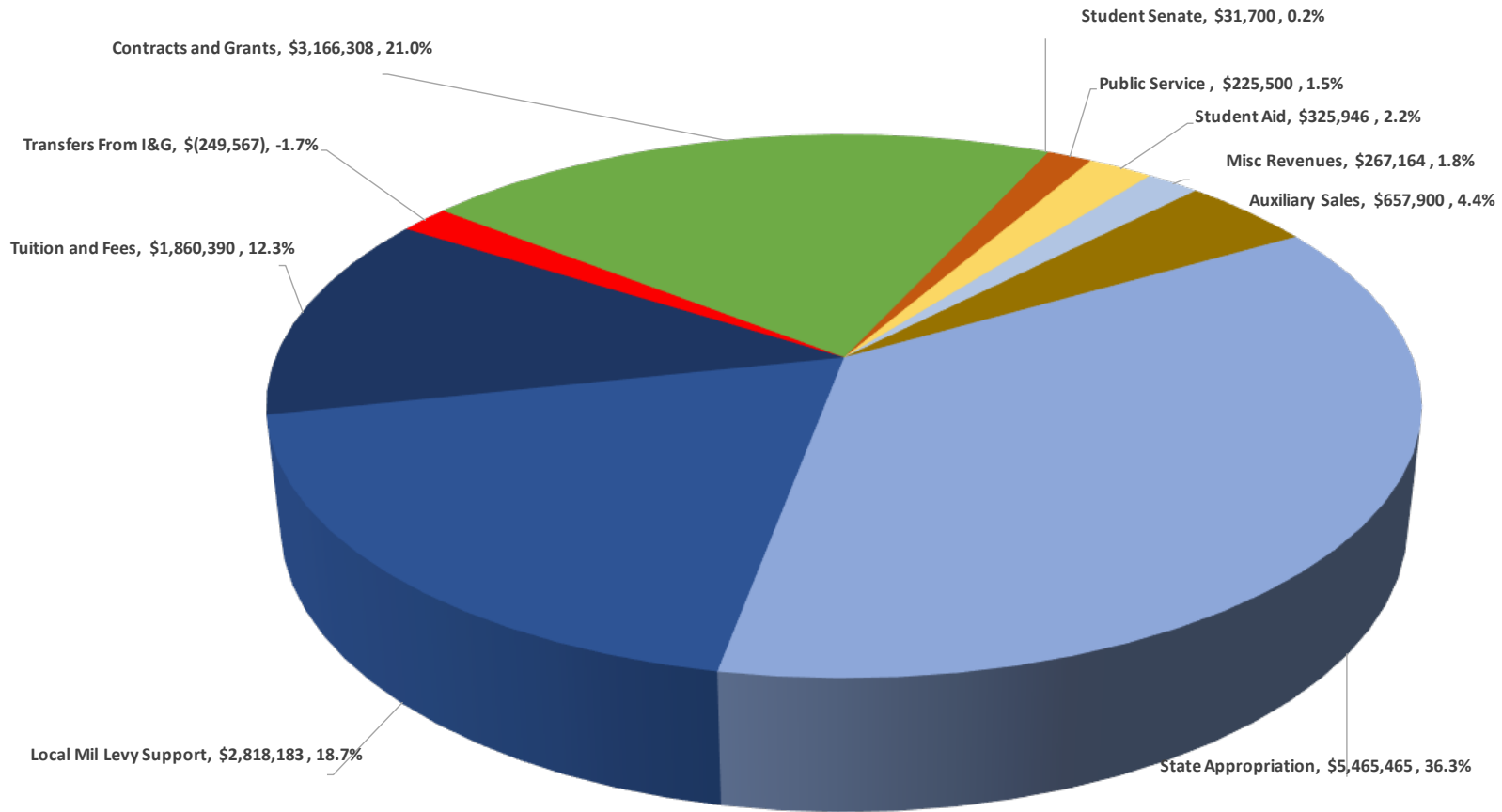
Comments from Deans' Council



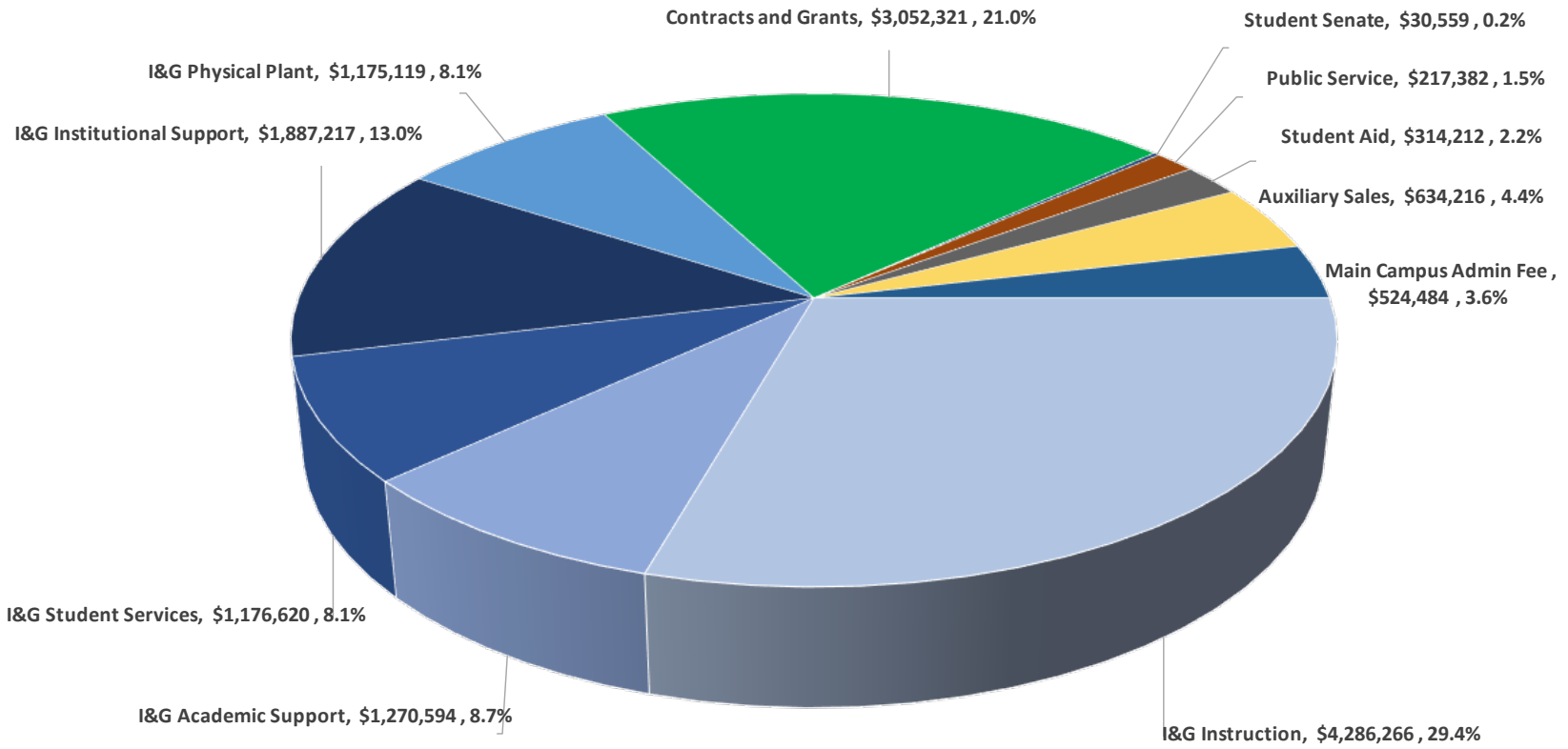
Presentation To The UNM Board OF Regents

Fiscal Year 2018-2019 Operating Budget

Revenues \$14,568,989



Expenditures \$14,568,989





**Summary of Budget Changes
Fiscal Year 2018-2019**

UNM Valencia is Requesting Approval of the Fiscal Year 2018-19 Budget

Instruction and General Budget of [\\$10,161,636](#)

[No](#) tuition Increase For 2018-2019

State Appropriations Increase By [\\$ 98,300](#) Through Strong Performance Within The Formula

Grant Funding Continues To Be Significant For The Campus - Instructional Support

[Local GO Bonds](#) Will Fund Numerous Projects Including Solar and Renovations

[Dual Enrollment](#) Continues To Be Very Strong For UNM Valencia

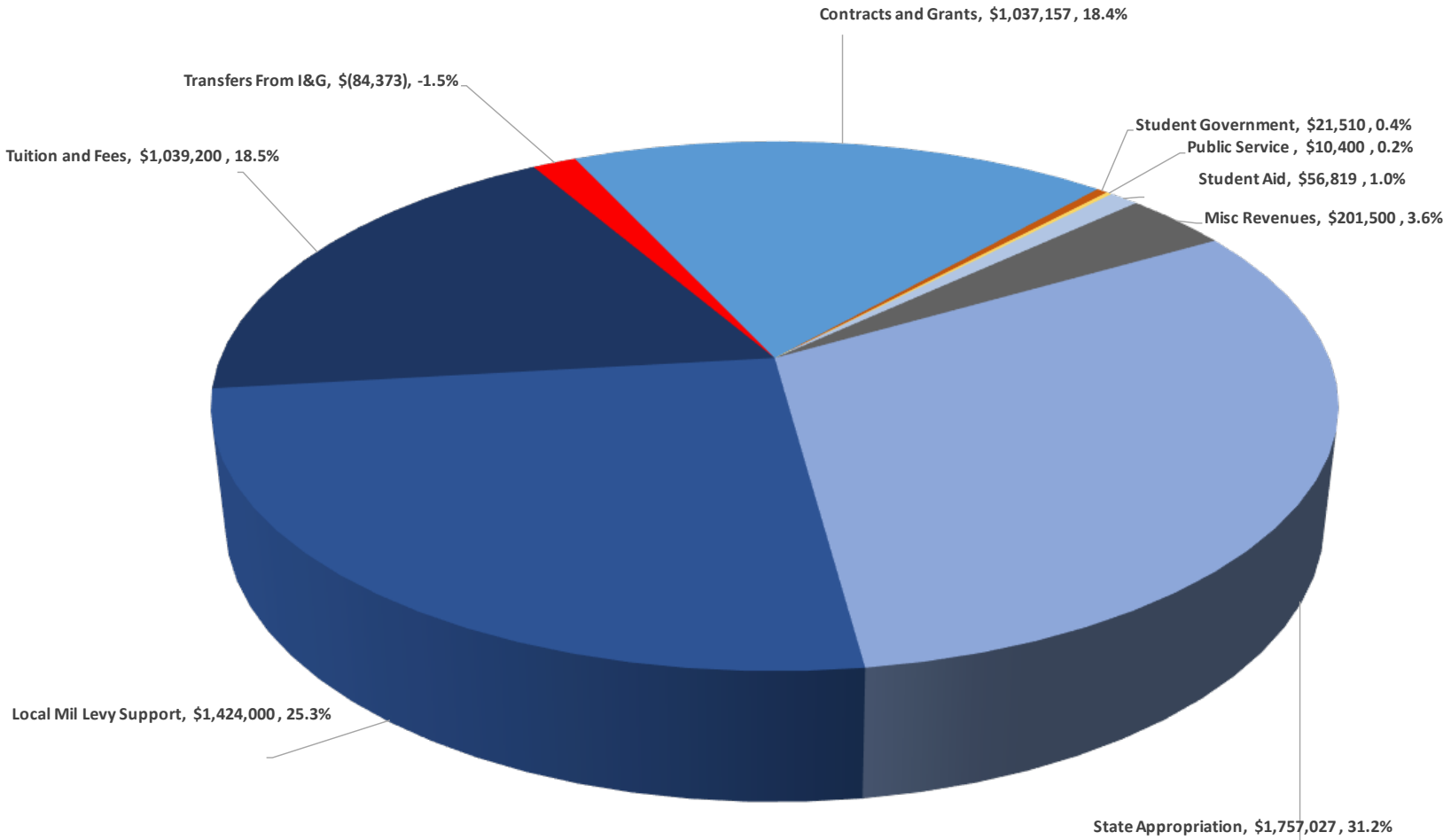


Presentation To The UNM Board OF Regents

Fiscal Year 2018-2019 Operating Budget

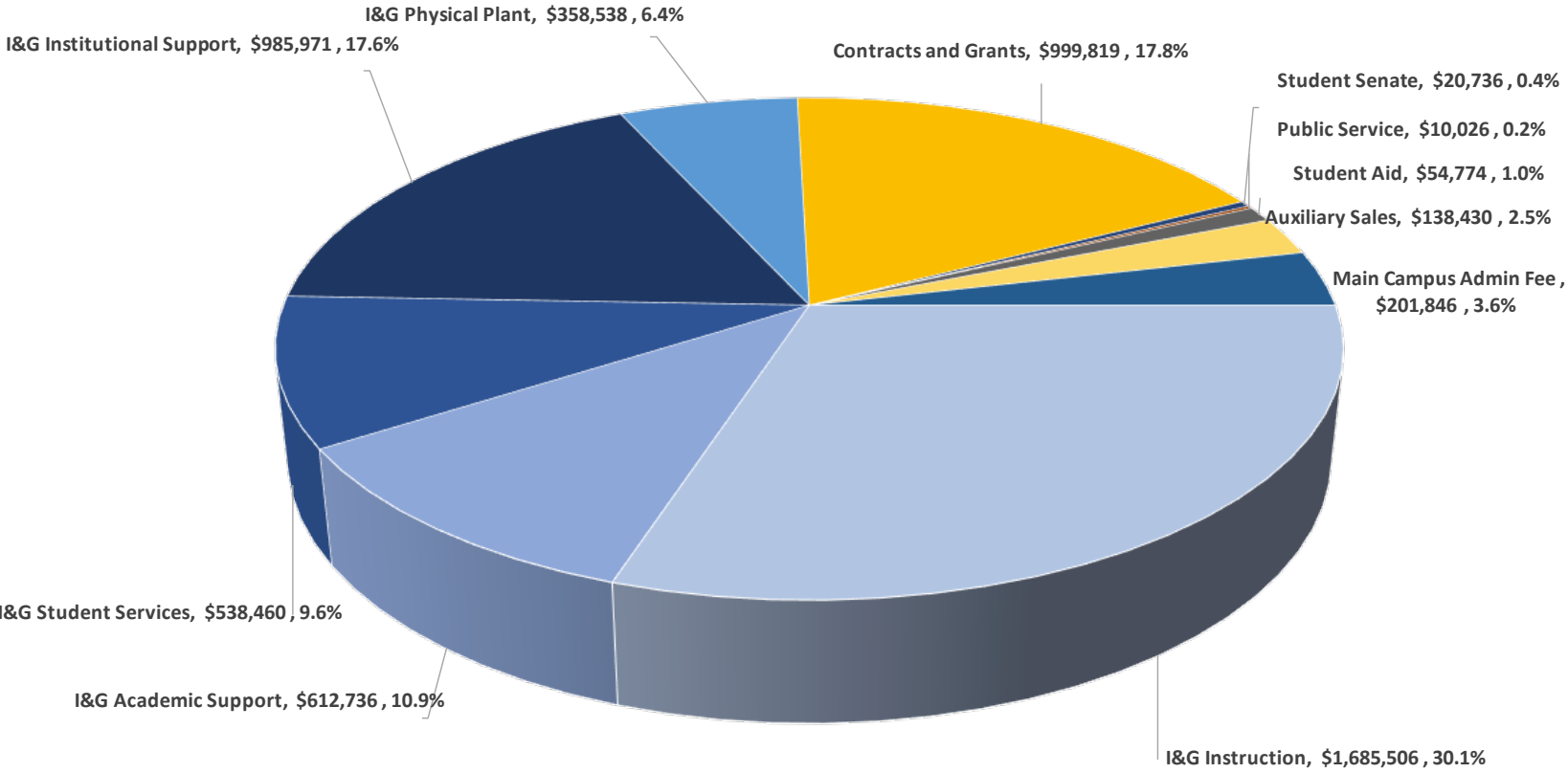


Revenues \$5,606,840





Expenditures \$5,606,840





**Summary of Budget Changes
Fiscal Year 2018-2019**

UNM Los Alamos is Requesting Approval of the Fiscal Year 2018-19 Budget

Instruction and General Budget of [\\$4,337,354](#)

[No](#) tuition Increase For 2018-2019

State Appropriations Increase by [\\$18,500](#) Through Improving Performance Within The Formula

[Key Programs](#) Focus on the Needs of LANL and the Surrounding Community

[Local Mil Levy](#) Passed in 2017 Indicates Strong Local Support and Provides Needed Funds

A New [Department of Justice Grant](#) Provides Additional Funding for our Campus Community

[Dual Enrollment](#) Continues To Be Very Strong For UNM Los Alamos

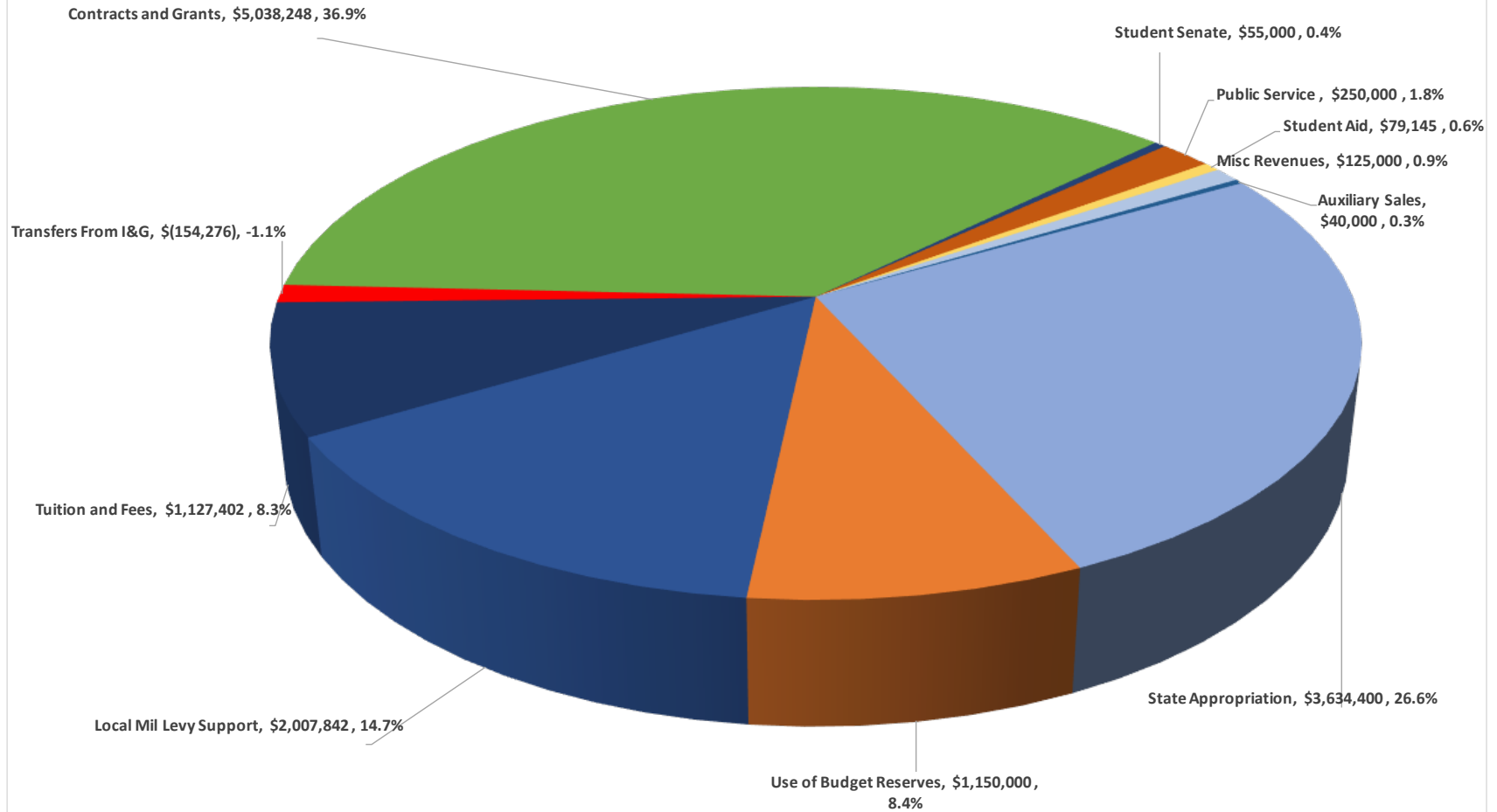


Presentation To The UNM Board OF Regents

Fiscal Year 2018-2019 Operating Budget

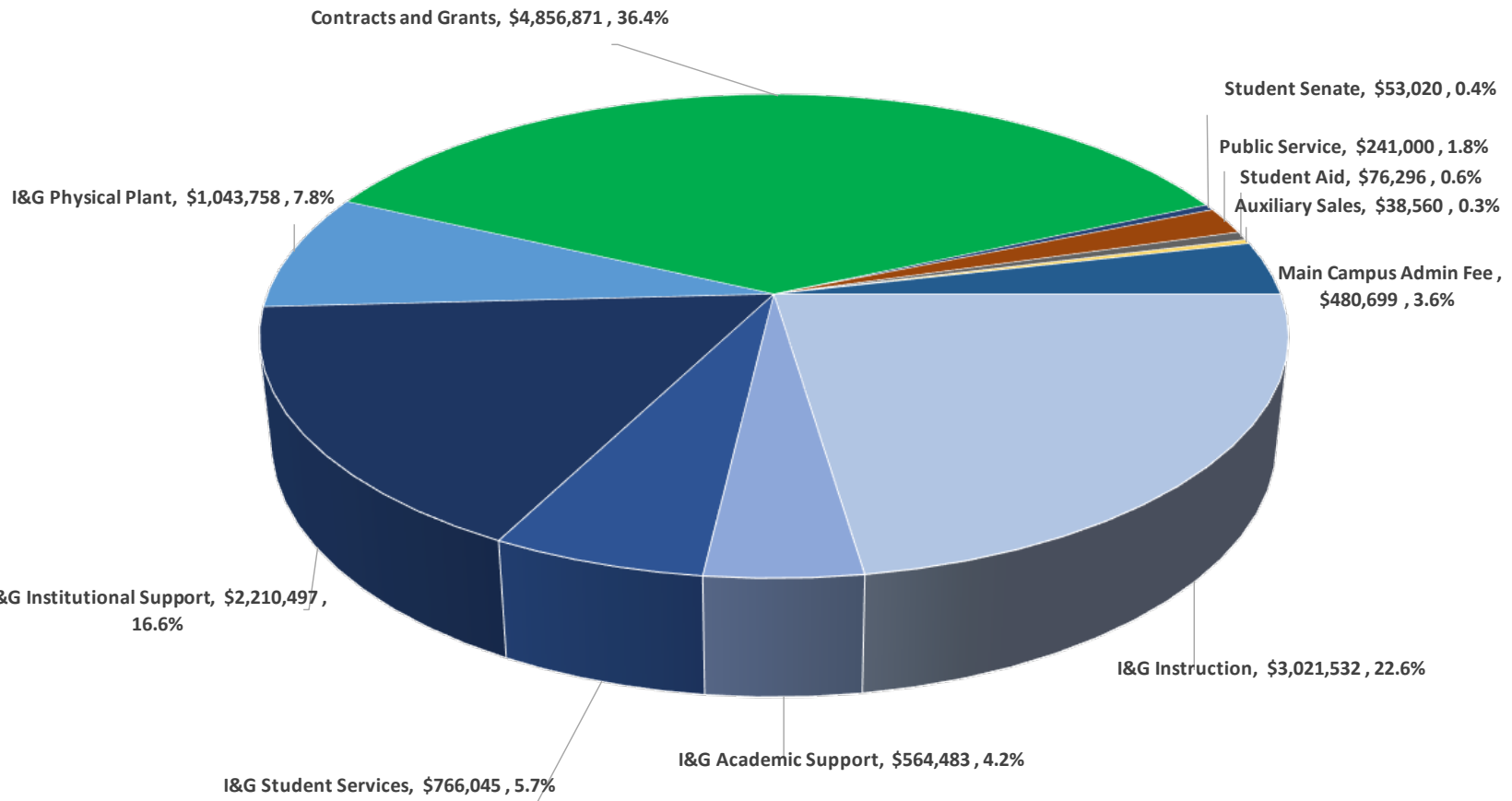


Revenues \$13,352,761





Expenditures \$13,352,761





**Summary of Budget Changes
Fiscal Year 2018-2019**

UNM Taos is Requesting Approval of the Fiscal Year 2018-19 Budget

Instruction and General Budget of \$7,890,368

No tuition Increase For 2018-2019

State Appropriations Increase By \$ 91,400 Through Strong Performance Within The Formula

Grant Funding Continues To Be Significant For The Campus - Instructional Support

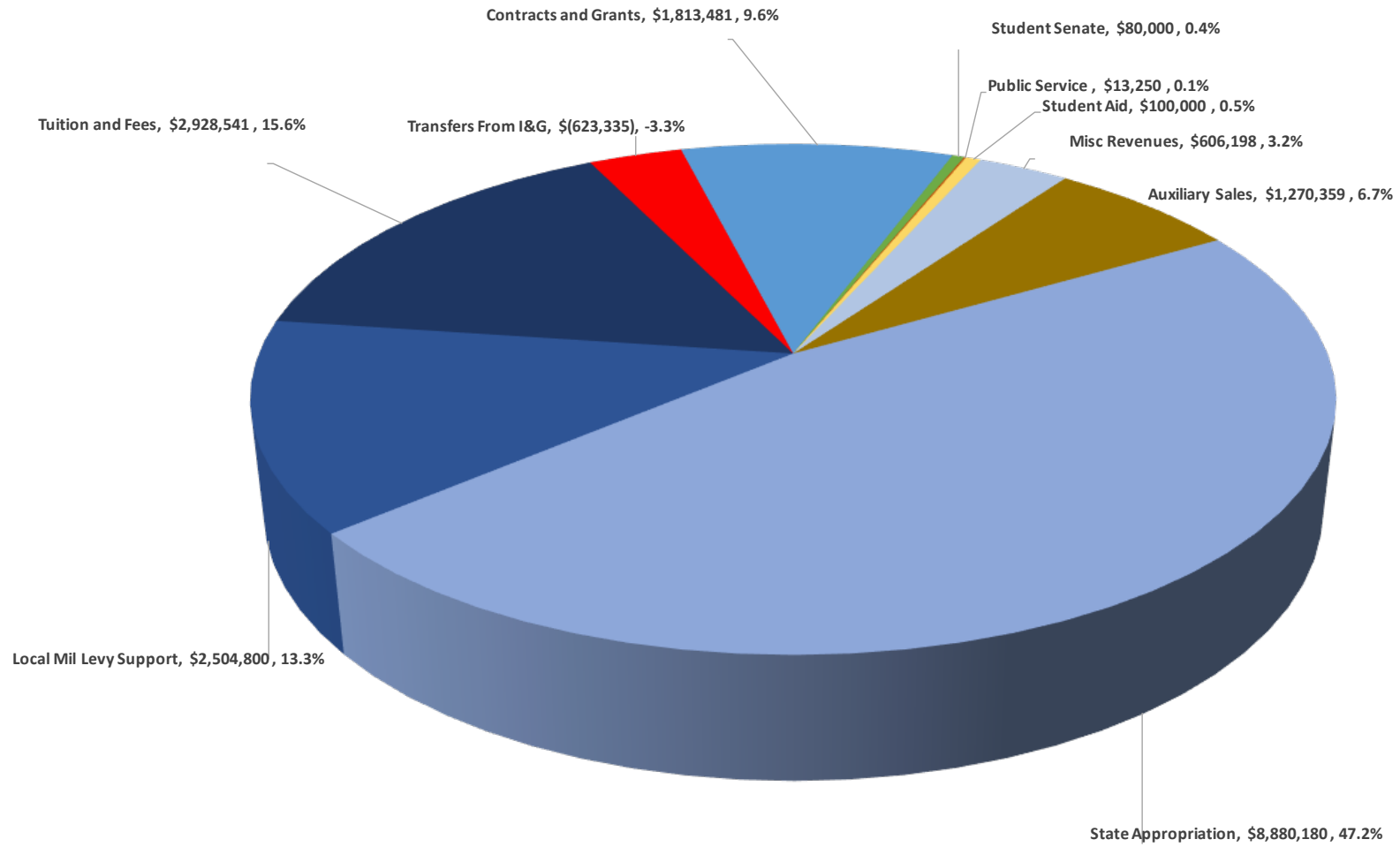
Dual Enrollment Continues To Be Very Strong For UNM Taos



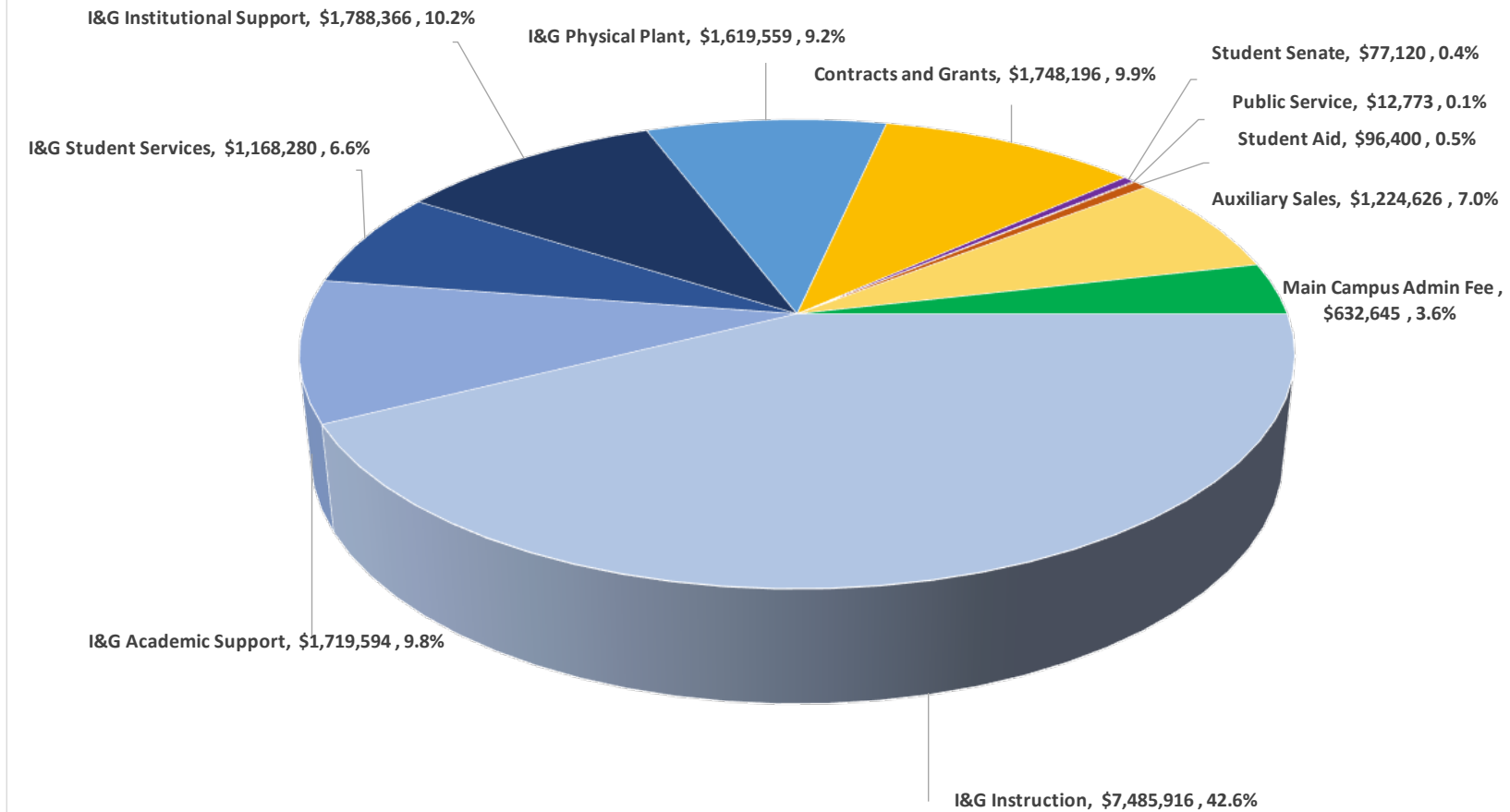
Presentation To The UNM Board OF Regents

Fiscal Year 2018-2019 Operating Budget

Revenues \$17,573,474



Expenditures \$17,573,474





**Summary of Budget Changes
Fiscal Year 2018-2019**

UNM Gallup is Requesting Approval of the Fiscal Year 2018-19 Budget

Instruction and General Budget of \$14,296,384

No tuition Increase For 2018-2019

State Appropriations Decreases By \$ 48,500.

New Trio Upward Bound Funding To Be Significant For The Campus - Student Support

Institutional Program Review Underway

Dual Enrollment Through New Partnership With GMCS To Be Significant For UNM Gallup



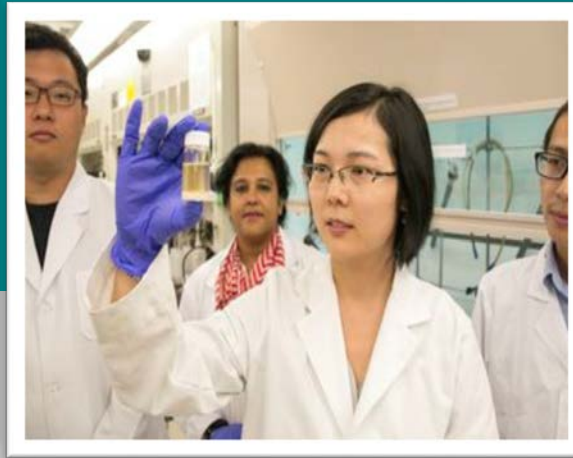
THE UNIVERSITY OF
NEW MEXICO®

Health Sciences

FY 2019 Budget Summit
Thursday March 22, 2018

Introduction

Paul B. Roth, MD, MS
Chancellor
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.



MISSION

PROVIDE AN OPPORTUNITY FOR NEW MEXICANS TO OBTAIN AN EXCELLENT EDUCATION IN HEALTH SCIENCES.

ADVANCE HEALTH DISCOVERY AND INNOVATION IN THE MOST IMPORTANT AREAS OF HUMAN HEALTH.

ENSURE THAT ALL POPULATIONS IN NEW MEXICO HAVE ACCESS TO THE HIGHEST QUALITY HEALTH CARE.



VALUES

EXCELLENCE IN EDUCATION, PATIENT CARE AND RESEARCH.

COMMITMENT TO SERVICE, QUALITY AND SAFETY.

INTEGRITY AND ACCOUNTABILITY.

RESPECT AND COMPASSION FOR ALL PEOPLE.

TEAMWORK AND COLLABORATION.

PROVIDING HOPE FOR THOSE WE SERVE.



GOALS

IMPROVE PUBLIC HEALTH AND HEALTH CARE TO THOSE WE SERVE.

BUILD THE WORKFORCE OF NEW MEXICO BY PROVIDING A PREMIER EDUCATION.

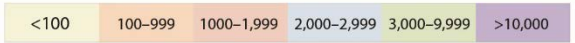
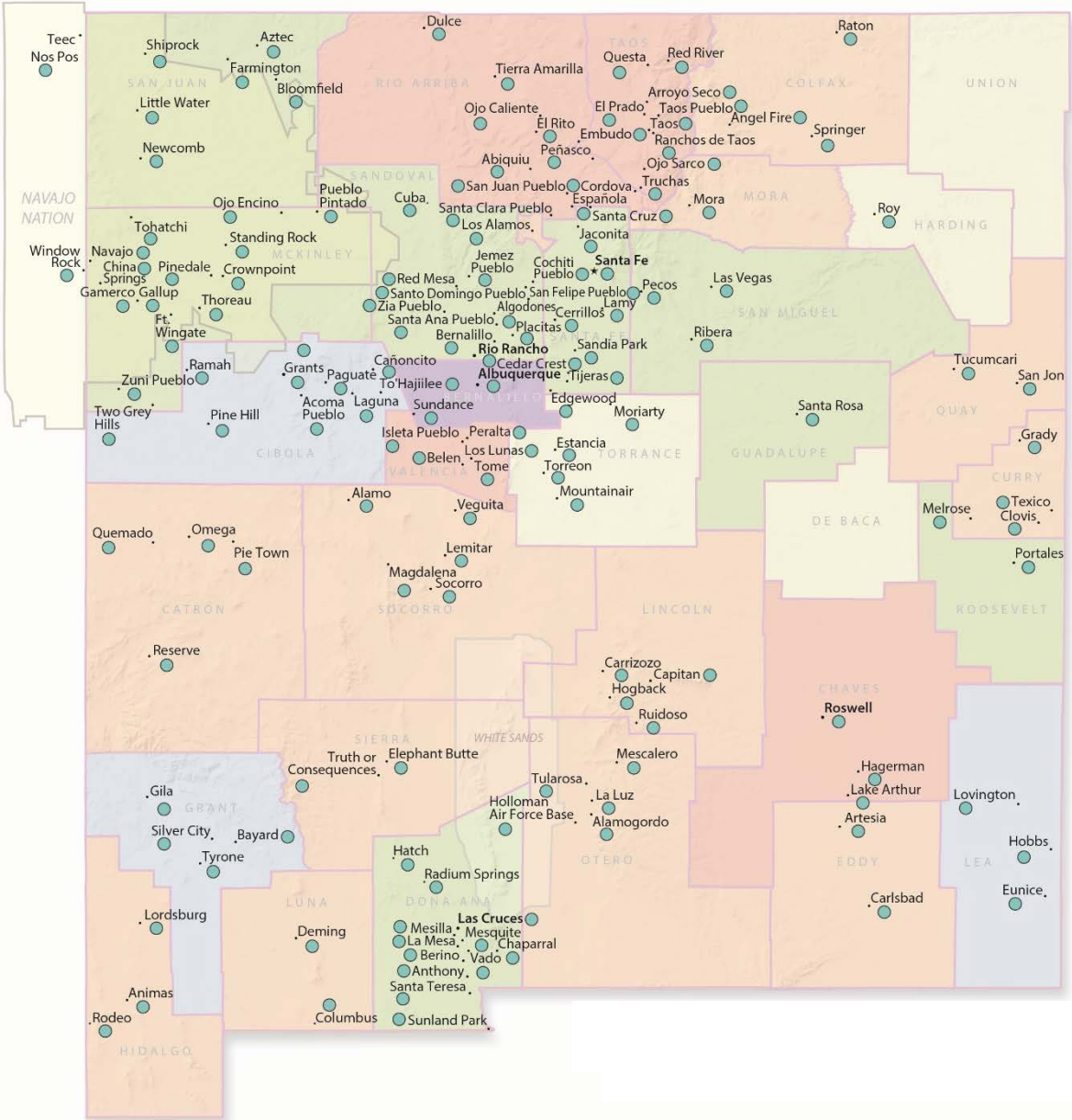
TRANSLATE OUR RESEARCH AND DISCOVERIES INTO CLINICAL OR EDUCATIONAL PRACTICE.

PROVIDE THE ENVIRONMENT TO ENABLE OUR PEOPLE AND PROGRAMS TO DO THEIR BEST.

DELIVER HIGH QUALITY CLINICAL CARE AND SERVICE WHILE BEING ACCESSIBLE TO ALL NEW MEXICANS.

NURTURE AND EMBRACE AN ENVIRONMENT OF DIVERSITY, INTEGRITY AND TRANSPARENCY.

The whole state is our campus . . .



People served per county

579 Activities in 246 Communities

UNM Health System clinical encounters are not included in these counts. Outreach activities include:

- Education
- Patient Care
- Community Research
- Telehealth Sites

Academic Issues and Challenges

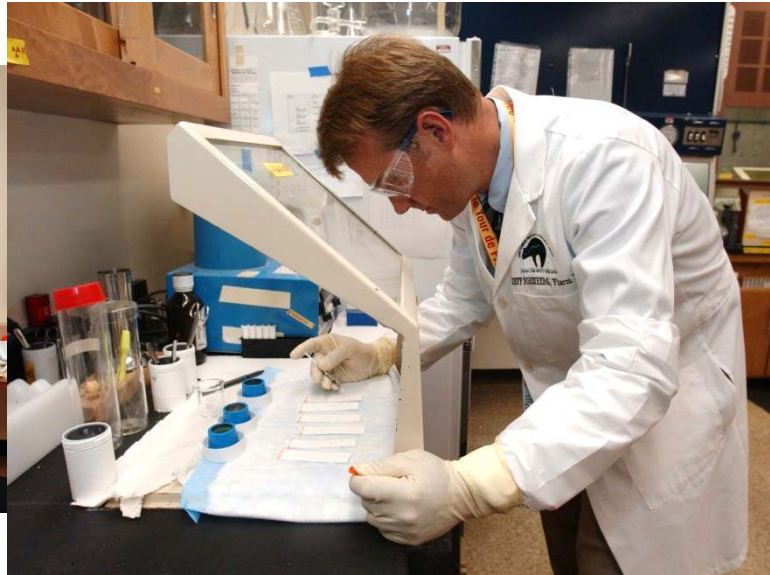
- Investing in 2 new Deans
 - FY18 – recruiting for College of Nursing and College of Pharmacy
 - FY19 – In final stages of searches
- Continuing to nurture College of Population Health
 - FY18 – successful year, college growing, interim Dean in place
 - FY19 – recruit Dean, start up TREE Center at UNM Health West
- UNM Health West
 - FY18 – Strategic Planning
 - FY19 – Implementing 5 initiatives
- Increase Health Care workforce for NM
 - FY18 – shrinking budgets, balancing educational demands
 - FY19 – some new revenue, using returned tuition to stabilize the programs, implement new opportunities
- Faculty Compensation
 - FY18 – competitive employment market
 - FY19 – ensuring compensation and performance plans are aligned; 1% increase

Health System Issues and Challenges

- Value Based Healthcare
 - FY18 – quality, service, engagement & risk based contracting
 - FY19 – adding more Medicare advantage and managed Medicaid initiatives
- Strategic Partnerships
 - FY18 – developing strategies, UNM Lovelace joint venture, Genesis
 - FY19 – Expanding vision for more collaboration
- Revenue Cycle Operation
 - FY18 – rapidly evolving Information Technology needs
 - FY19 – specific implementation of projects for rapid improvement
- Modern Medical Facility / Alternatives
 - FY18 – inpatient capacity care constraints
 - FY19 – moving forward

Budget Planning FY 2019

March 22, 2018



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

UNM HSC Academic Enterprise

FY 2019 – Financial Assumptions

Revenues

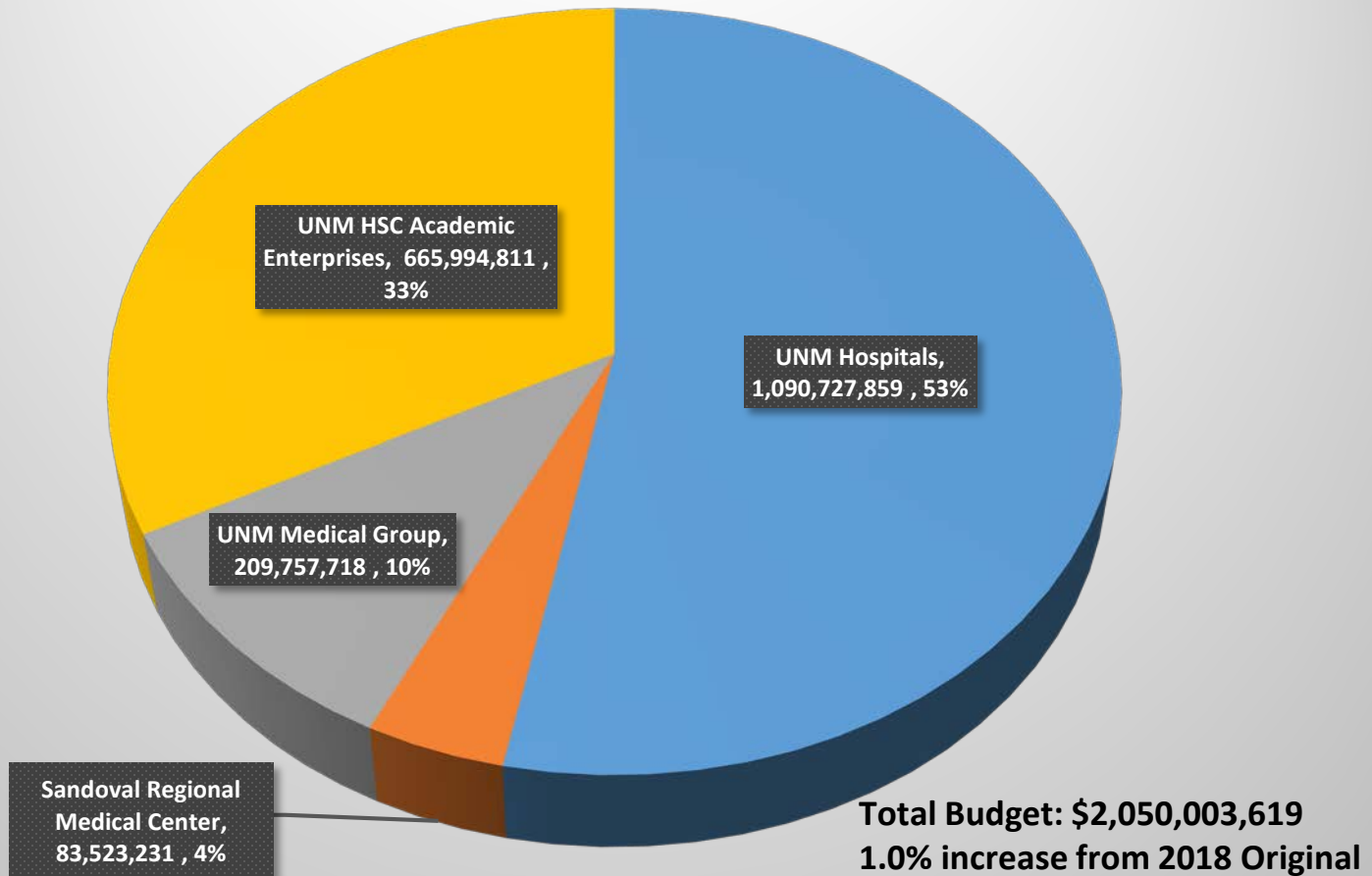
- FY19 I&G Comp Appropriation of \$1,063,000
- FY19 F&A budgeted revenues increased by \$700,000

Expenses

- Salary increases for HSC Faculty and Staff – 1% in preliminary budget
- Group Health Insurance increase 1.75%
- HSC utilities increase
- College of Pharmacy Dean start-up package
- College of Nursing Dean start-up package
- UNM Health West start-up costs

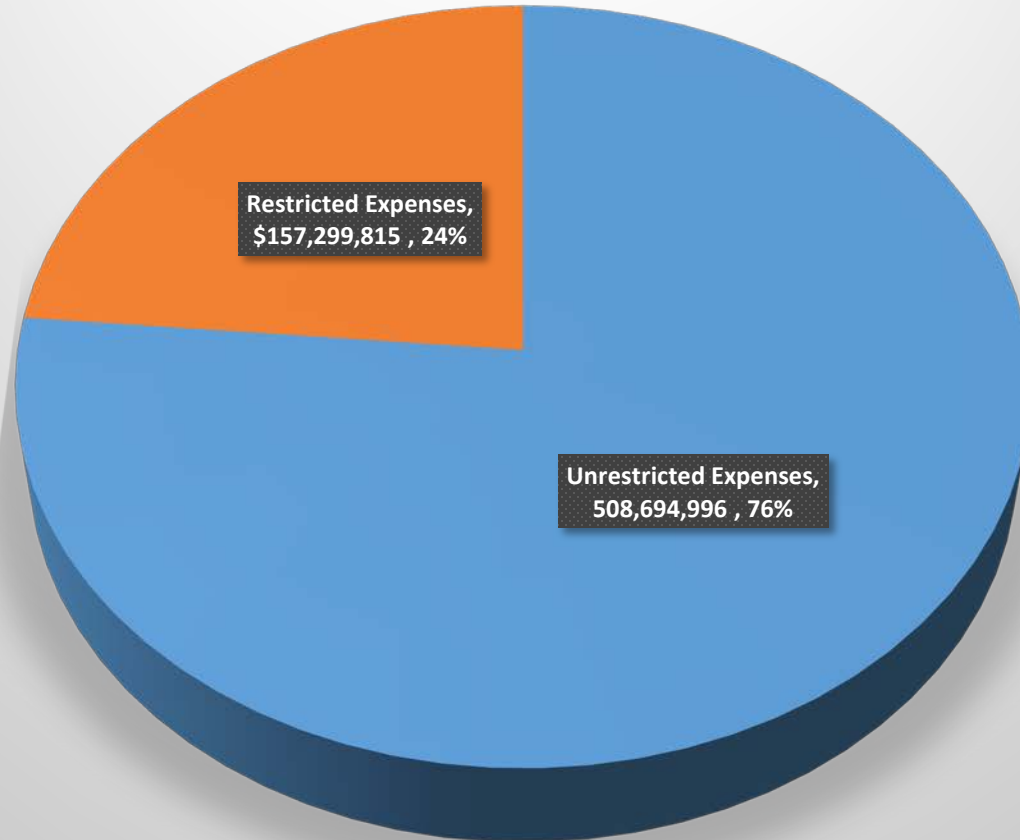
UNM Health Sciences Center

UNM HEALTH SCIENCES CENTER FY 2019 Expense Budget



UNM HSC Academic Enterprise

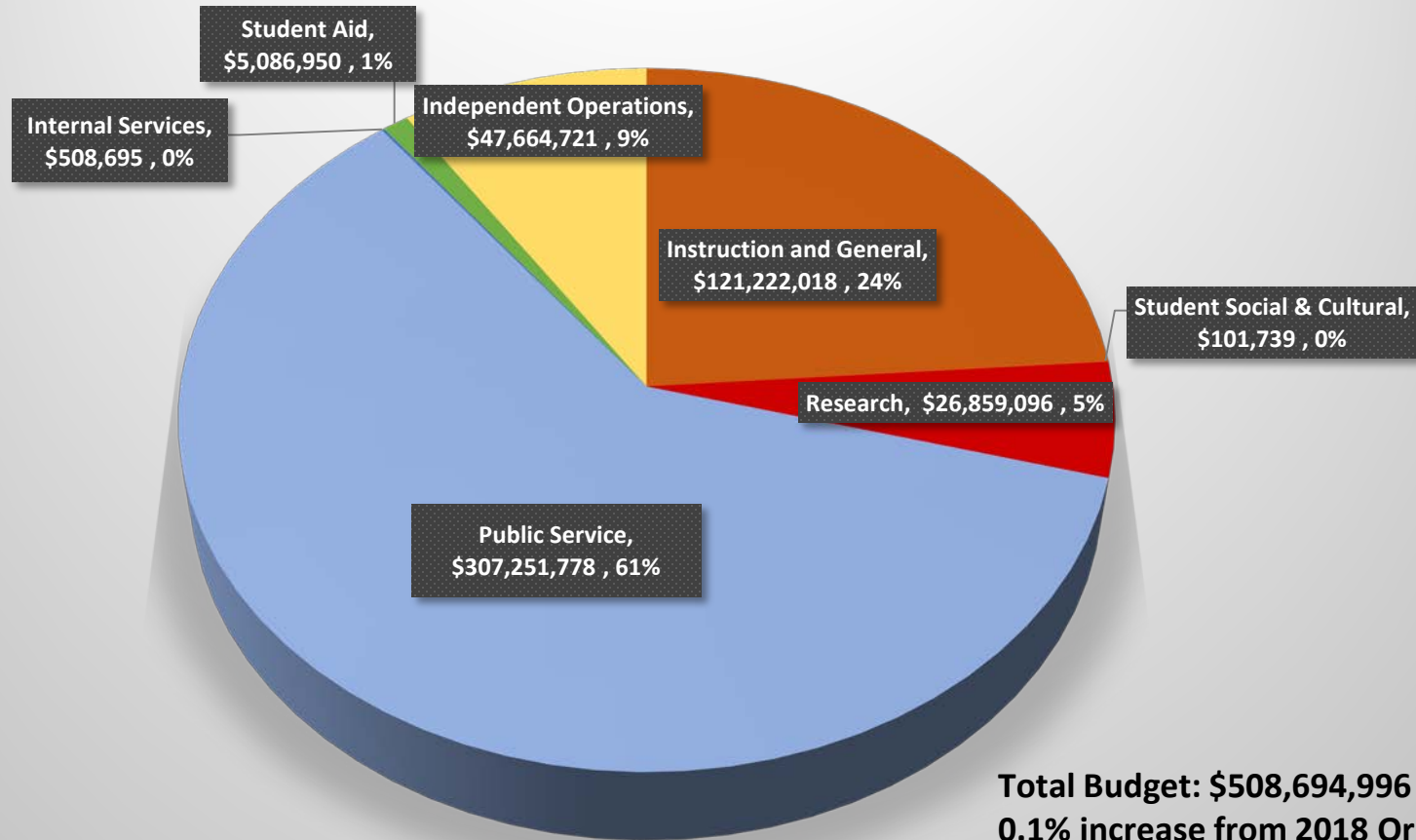
HSC Academic Enterprise
FY 2019 Expense Budget



Total Budget: \$665,994,811

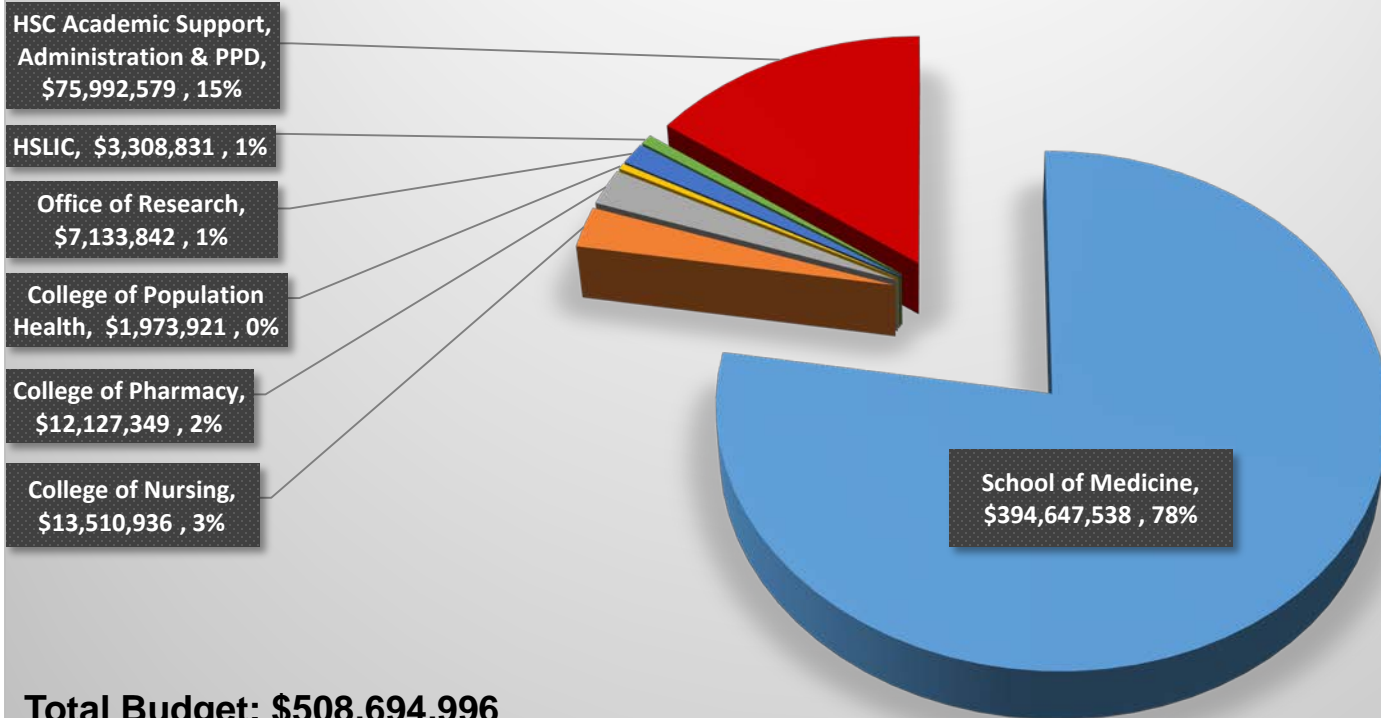
UNM HSC Academic Enterprise

HSC Academic Enterprise (Unrestricted) FY 2019 Expense Budget



UNM HSC Academic Enterprise

HSC Academic Enterprise (Unrestricted) FY 2019 Expense Budget



Total Budget: \$508,694,996
0.1% increase from 2018 Original

UNM Health Sciences Center

FY 2019 Appropriation Detail

FY 19 Projected Institutional Detail (General Fund \$ in thousands)	FY18	FY19	FY19	FY19	FY19	\$	%
Agency/Institution/Program	GF Approp	GF Increase	Compensation 2% plus fringe benefits	Non-recurring appropriation	Final Appropriation	Change from FY18 to FY19	Change from FY18 to FY19

UNM Health Sciences Center

I &G	57,201.1	0.0	1,063.0	0.0	58,264.1	1,063.0	1.9%
Office of Medical Investigator	4,707.2	500.0	106.2	475.0	5,788.4	1,081.2	23.0%
NEW—UNM Bioscience Authority	-	250.0	0.0	0.0	250.0	250.0	VETO
Cancer Center	2,469.5	0.0	79.5	0.0	2,549.0	79.5	3.2%
Carrie Tingley Hospital	4,888.8	0.0	312.3	0.0	5,201.1	312.3	6.4%
Children's Psychiatric Hospital	6,692.2	0.0	384.4	0.0	7,076.6	384.4	5.7%
General Surgery/Family Medicine Residencies	307.7	0.0	32.4	0.0	340.1	32.4	10.5%
Graduate Nursing Education	1,514.7	0.0	0.0	0.0	1,514.7	0.0	0.0%
Hepatitis C Comm. Health Outcomes	2,017.2	0.0	28.9	0.0	2,046.1	28.9	1.4%
Internal Medicine Residencies	980.4	0.0	0.0	0.0	980.4	0.0	0.0%
Native American Health Center	252.0	0.0	3.7	0.0	255.7	3.7	1.5%
Native American Suicide Prevention	91.4	0.0	1.4	100.0	192.8	101.4	110.9%
Newborn Intensive Care	3,074.3	0.0	71.6	0.0	3,145.9	71.6	2.3%
Nursing Expansion	1,012.3	0.0	0.0	0.0	1,012.3	0.0	0.0%
Pediatric Oncology	1,196.1	0.0	24.8	0.0	1,220.9	24.8	2.1%
Poison Control Center	1,456.2	0.0	36.8	88.8	1,581.8	125.6	8.6%
Psychiatry Residencies	370.1	0.0	0.0	0.0	370.1	0.0	0.0%
Health Sciences Total	88,231.2	500.0	2,145.0	663.8	91,540.0	3,558.8	3.8%

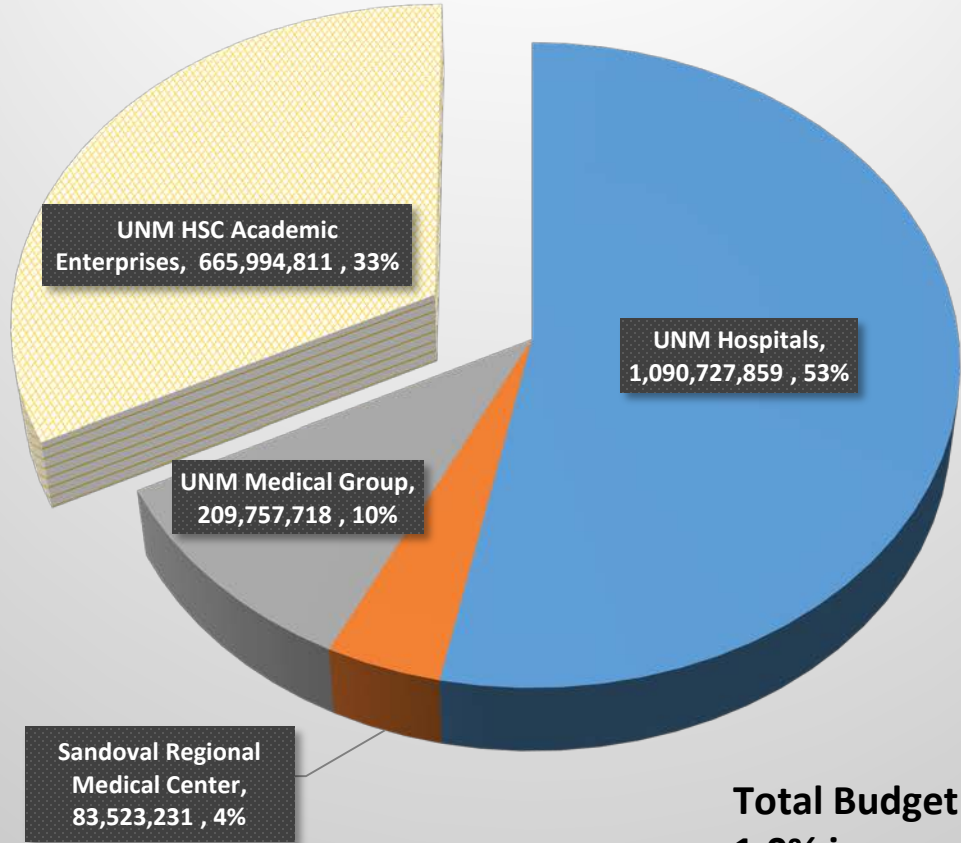
UNM HSC Academic Enterprise

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

	FY 2017 Actuals	FY 2018 Revised Budget	FY 2019 Projected Budget	Percent Change 2018-19
Revenues	\$655,212	\$656,207	\$666,045	1.5%
Expenses	648,563	638,824	655,764	2.7%
Non-Recurring Items - (Capital/ Recruitment/ Startup/ Cost Share)	(8,111)	(16,106)	(10,231)	
Net Margin	(\$1,462)	\$1,277	\$50	

UNM Health Sciences Center

UNM HEALTH SCIENCES CENTER
FY 2019 Expense Budget



Total Budget: \$2,050,003,619
1.0% increase from 2018 Original

Revenue Scenario

UNM Health System

Reimbursement Considerations

- ❑ *Overall reduction in reimbursement per unit of care*
 - Medicaid
 - Reduced contract rates
 - Reduced enrollment
 - Commercial
 - Contract and enrollment reductions
 - Increase in Uncompensated Care
 - Individual mandate elimination
 - Reduced Medicaid enrollment

UNM Hospitals (Incl. Cancer Center)

FY 2018 Revised Budget to FY 2019 Projected Budget - Revenue Changes

- UNMH volume increases - \$20 million
- Case Mix Index - \$7.1 million
- Medicare reductions to 340B drugs reimbursed under OPPS – (\$7.2)
- Retail Pharmacy volume increase - \$2.4 million

UNM Hospitals (Incl. Cancer Center)

FY 2019 – Financial Assumptions

- Compensation and Benefits – \$11.5 million
- UNMH Housestaff - \$531K
 - 1.0 Neurosurgery
 - 1.0 ENT Plastic Surgery
 - 1.0 Plastic Surgery
 - 1.0 Neurology
 - FY19 contract negotiations regarding wages, estimated to be 1-2% below other institutions
- UCP and Other Medical Services – 1% increase at \$916K

Sandoval Regional Medical Center

FY 2019 – Financial Assumptions

Revenues

- Reductions from Medicare and Medicare Advantage plans, effective 1/1/18, continue into FY19.
- Medicare OPPS 340B drug reduction.
- Negative revenue impact due to DaVita physicians relocation
- Add General Surgery program

Expenses

- 1% salary increase effective mid year
- Reduce FTEs to match service changes
- Expense related to Cardiology move and 5th floor beds open
- 2% Medical supply inflation

UNM Medical Group

FY 2019 – Financial Assumptions

- Revenue driven by 4.0% overall increase in wRVUs
- Minimal changes to reimbursement from FY18
- Movement of Cardiology clinic to SRMC
- Expansion of Spine Clinic to new space with increase in Functional Restoration program

UNM Health System

FY 2019 Budget

(in thousands)

	UNM Hospitals	UNM Medical Group	UNM Sandoval Regional Medical Center	UNM Health System 6/30/2019 Total
Revenues	\$1,090,730	\$209,872	\$83,534	\$1,384,137
Expenses	1,090,727	209,758	83,523	1,384,009
Net Margin before Non-Recurring Items	\$3	\$114	\$11	\$128
Capital Initiatives/ Meaningful Use Revenue/ Health Insurance - OPEB/ Use of UNMMG Reserves	-	-	-	-
Net Margin	\$3	\$114	\$11	\$128

Questions ?



MEMORANDUM

TO: Members of the UNM Board of Regents

FROM: Eddie Nuñez, Athletic Director, UNM Athletics Department

DATE: March 20, 2018

SUBJECT: Athletics Department Financial Overview – FY18

There has never been a more important moment for the future of the University of New Mexico Athletics Department than now. The culture and economics of student athletics programs are being redefined across the country at every level and every institution, and we need to be prepared. It is proven that well-run collegiate sports programs enhance faculty, student, alumni, and community engagement and alignment, increasing the value of the university brand. Athletics programs drive enrollment and academic excellence while also driving revenue for other auxiliaries. Since I became athletics director five months ago, I have emphasized setting higher standards within our department in everything we do and in every challenge we face.

The UNM Athletics Department budget is a dynamic planning tool that hinges annually upon: A) self-generating revenues, corporate sponsorships and fundraising; and B) salaries, facility costs, travel, grant-in-aid, etc., on the expense side. There has consistently been pressure regarding balancing the budget within the athletics department and that again holds true for Fiscal Year 2018.

UNM currently sponsors 22 NCAA Division I varsity sports, including football, men's and women's basketball, cross country, soccer and skiing, to name a few. Our Lobo athletics program champions the efforts for UNM to attract truly exceptional young people to our university, many of whom are of diverse or under-represented backgrounds and who serve as role models for our student population.

The following narrative describes the FY18 Budget and what is projected through the remainder of the year given an array of pressures. It also provides a recommendation as well as cost mitigation strategies and revenue generation opportunities (both current and in the years ahead).

FY18 Budget

On the next page please find the FY18 budget:

University of New Mexico Athletics Department (P21 Exhibit)				
		FY18 Original Budget	FY18 Revised Budget	FY18 Year End Projections
Revenue				
NCAA/Mountain West Conference		5,200,000	5,200,000	4,638,299
Media Rights/Sponsorship		4,690,500	4,690,500	4,340,500
Men's Basketball Tickets		4,200,000	4,137,200	3,653,733
Football Tickets		1,900,000	1,539,800	1,539,833
Women's Basketball Tickets		330,000	330,000	398,630
Other Sports Tickets		115,000	115,000	115,000
Student Fees		4,000,000	3,883,402	3,883,402
Fundraising		3,100,000	3,072,800	2,500,000
State General Fund		2,617,300	2,617,300	2,617,300
Facility Rental/Merchandise/Misc/GIK		2,681,626	2,181,826	2,540,078
Game Guarantees/Hawaii Travel Subsidy		1,100,000	1,100,000	1,543,624
Concessions		900,000	900,000	994,000
Parking		625,000	625,000	520,000
Special Events		685,000	685,000	685,000
Licensing		525,000	525,000	525,000
Commissions		450,000	450,000	533,000
Transfers to/from Campus		(146,043)	1,074,033	1,744,495
Naming Rights		300,000	300,000	200,000
Training Room Billing		200,000	200,000	
Sub Total			33,626,861	32,971,894
Reserves				
Deficit Reduction Plan		-	(350,000)	
Total		33,473,383	33,276,861	32,971,894
Expenses				
Personnel		14,178,956	14,178,956	14,531,524
Supplies		1,393,857	1,437,182	1,875,330
Travel		2,956,353	2,955,745	3,540,989
Recruiting		679,823	686,823	812,777
Grant-in-Aid		5,024,660	5,024,660	5,800,000
Food Service		253,577	253,577	574,892
Student Cost Other		323,500	323,500	359,368
Medical		58,550	53,550	169,298
Services		3,818,801	3,806,361	4,436,738
Plant Maintenance		675,050	667,650	824,127
Overhead/Bank fees		4,102,923	3,881,524	2,050,747
Other		7,333	7,333	12,930
Total		33,473,383	33,276,861	34,988,718
Net		-	-	(2,016,825)

Rationale for Reducing Cumulative Deficit

One of the most critical aspects of our conversation regards a proposal on how to address the cumulative deficit. The deficit has been accumulating since 2006 with numerous factors contributing to it. This includes expenses outpacing revenues, expenses being understated, revenues being overstated, a lack of consistent fiscal oversight within the department and university, and a lower level of institutional support compared to our peer institutions.

We continue to examine all our operations to identify both efficiencies and cost savings. Our approach to budgeting will put a much heavier emphasis on the management of departmental spending and budgetary accountability while accurately projecting revenues.

Per Regent Policy 7.20 and the HED Enhanced Fiscal Oversight Program, the University needs a structured plan to address the deficit.

Proposal – With direction from the University Administration, the proposal is to have the Board of Regents buy out a substantial portion of the athletics department deficit using specific funds available to them which to date have not been designated for other purposes. The table below depicts what the deficit would be at the end of Fiscal Year 2018 assuming the anticipated year end numbers in the previous table and use of funding available to the Board of Regents.

P21		FY18 Projected Athletics
Beginning Deficit		\$4,713,999
Anticipated to add to Deficit FY18		<u>\$3,316,825</u>
		\$7,517,762
Already Transferred FY18		<u>\$1,300,000</u>
Net Anticipated Deficit		\$6,217,762
Use of Regents Funding		\$5,600,000
Final Anticipated Deficit FY18		\$1,130,824

Cost Mitigation Strategies and Current Assessments

As part of a multi-year plan to build financial stability, the University must create a realistic and attainable budget for FY 19. As athletics has modified its spending over the last year, another goal will be to continue to be prudent and efficient with spending in general.

Assuming an ending deficit of \$1.1M, we propose a 10-year deficit reduction plan of \$110,000 per year for nine years and \$140,824 in the final year. This amount would need to be incorporated in the FY19 Budget.

As part of the assessment of our department and the directive by the Board of Regents, we are evaluating all our sports and conducting a Title IX Assessment and Review:

- The first focus will be to conduct a comprehensive evaluation of each sports program as well as the athletics department as a whole.
- The second emphasis will be on how to best support our student-athletes.

Revenue Generation Opportunities

It is clear that the athletics department must become more creative in exploring and defining sources of revenue. This includes:

- Multimedia Agreement: The current agreement expires in 2020. The new agreement can potentially provide additional revenue as well as reduce costs for the department by providing support staff positions and other resources.
- Apparel Agreement: The current agreement expires in 2020. Review and assess the market opportunities.
- Ticketing Provider Agreement: Currently, the University operates the ticketing operations through 2019. The plan is to review other external ticket provider with customer service expertise and broader options. This can potentially provide additional revenue generation through increased ticket sales as well as increased support staff.
- Beverage Agreement: The current agreement expires in 2018. The new agreement may bring revenue generation opportunities as well as cost cutting measures through product purchases.
- Outside Events: We are currently examining the revenue generation opportunities associated with hosting additional contracted events at all the athletic venues, including the football stadium.
- Naming Opportunities: We are currently examining the potential for revenue generation associated with entering into naming rights agreements for our athletic venues.
- Endowment of Head Coaching Positions: We are currently examining opportunities for revenue generation associated with endowing certain head coach positions.

Fiscal Year 2019 Budget

Although a majority of the reconciliation work has been accomplished, the projected budget for Fiscal Year 2019 needs additional refinement. The athletics department will continue to work toward that end with a plan to present the FY19 budget at the Finance and Facilities Committee meeting.

Thank you for your consideration and we look forward to hearing your thoughts in an effort to balance competitive expectations with budget realities.



FY 19 Main Campus BLT Recommendation

Thursday March 22, 2018

UNM Budget Summit

FY 19 Budget Development

- Budget Leadership Team (BLT) work began in September 2017
- Collaborative Effort
 - Provost, Deans, Faculty, Students, Staff, and Administration
- This proposal was adopted unanimously by the BLT

The Theme of the BLT Process: *The Value Proposition*

What is the value proposition of UNM for students and their families?

- Knowing the value of a student's experience at UNM exceeds the cost of attending.

BLT's Budget Proposal focuses on:

- Students' needs and the academic mission as UNM's top priorities; and
- Spending that drives improved student outcomes.

This value proposition and our decisions are reflected in this proposal:

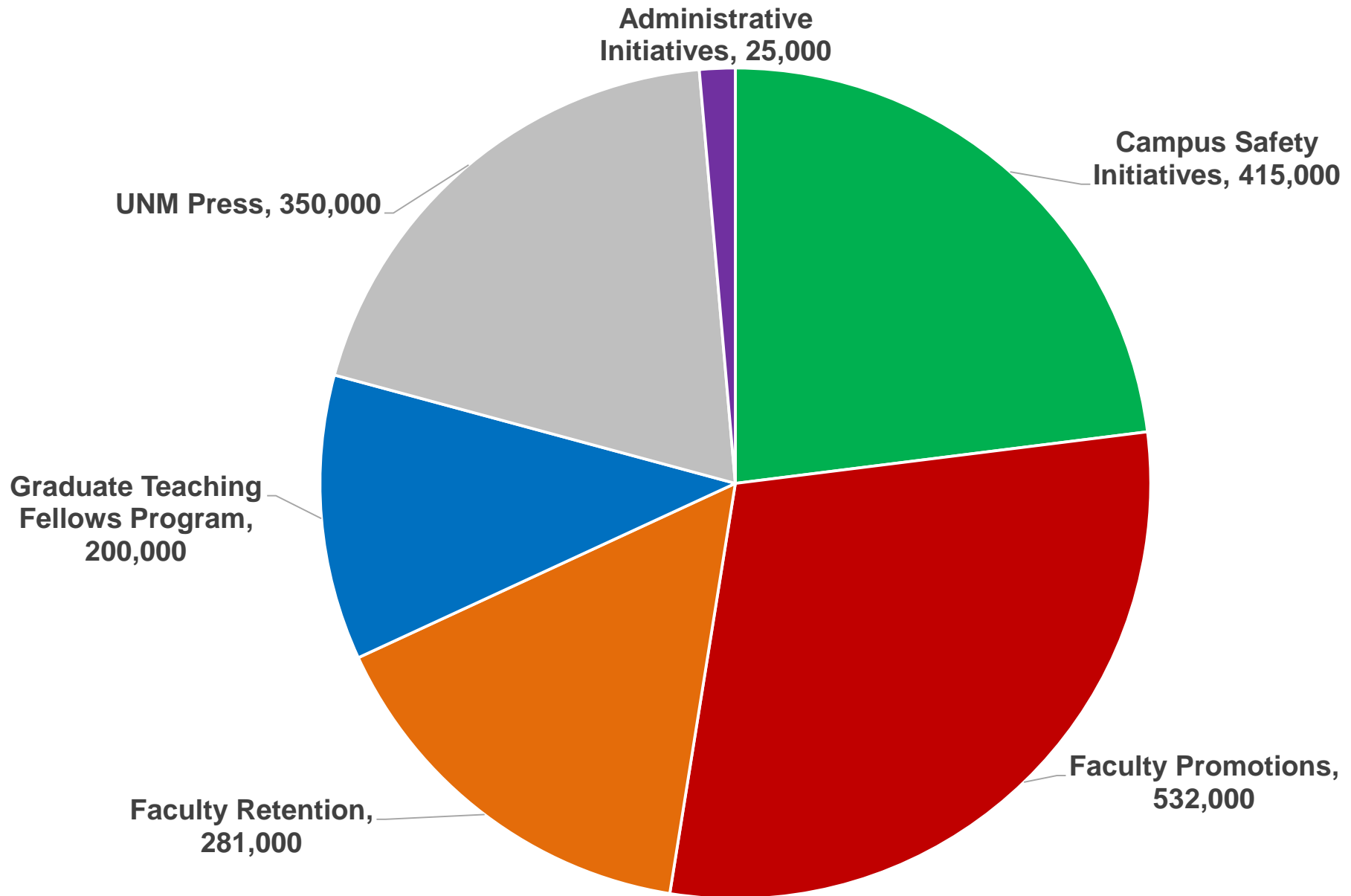
**Investment in
our students:
their success,
their safety,
and the Lobo
experience**

**Investment in
our best
faculty**

**Investment in
our staff**

**Keep our
costs in check
and balance
the budget**

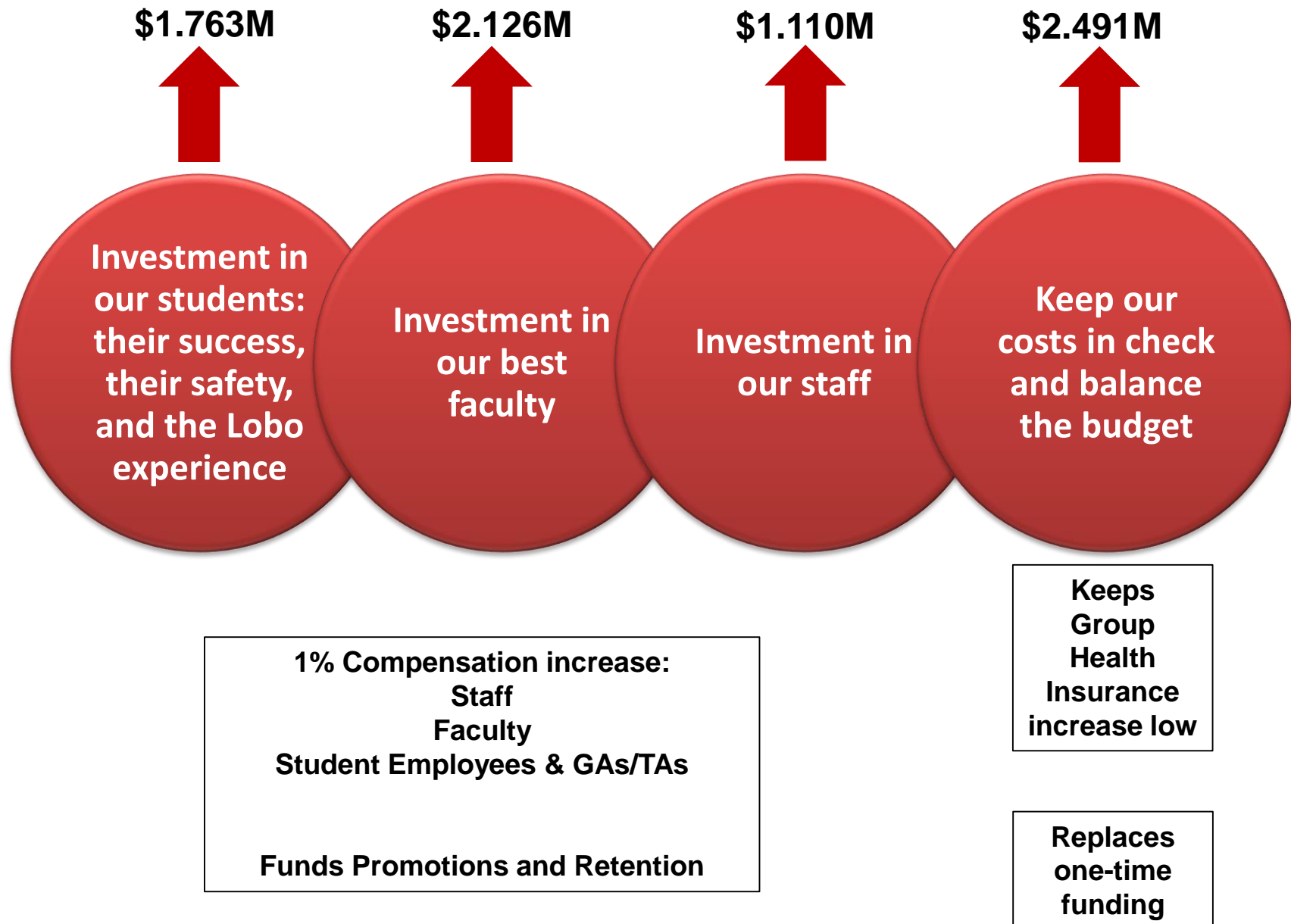
Funding Priority Requests Overview



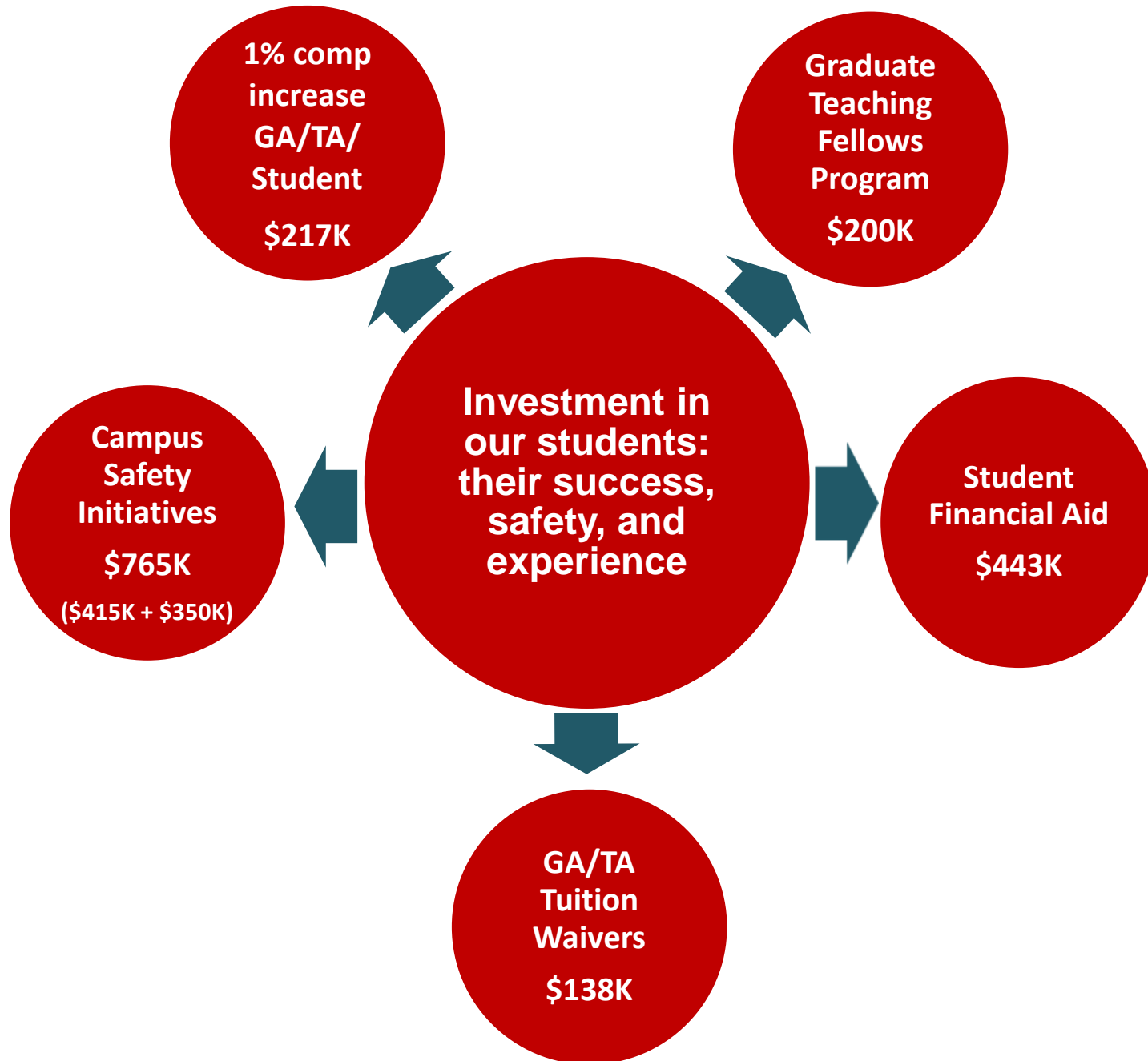
FY19 Campus Safety Initiative (in thousands)

<i>Campus Safety Initiatives</i>	
UNM Police Chief of Security	116
Security Cameras and Lighting (recurring FY 19-FY 24) (\$350K funded from BR&R, \$500K total)	150
LoboRESPECT Advocacy Center (LRAC)	105
Therapist Assisted Online	44
Total Requests	415

New Revenues for FY 19 help fund:



\$1.763M Investment in our students:



Entire proposal driven by the Value Proposition:

For UNM students and their families, assuring that what they pay focuses on:

- Funding *their* needs
- Improving *their* outcomes
- Advancing the *overall academic mission*

UNM is the university that New Mexicans need.

Budget Leadership Team (BLT) Budget Recommendation

Main Campus Budget Leadership Team (BLT) Budget Recommendation FY 19 Budget (In Thousands)							
	Fiscal Year 2018 Original	Change Amount	Fiscal Year 2018 Re-Forecasted	% Change	Change Amount	Fiscal Year 2019 Original	% Change
Revenues							
State Appropriations	175,326	0	175,326	0.0%	6,467	181,793	3.7%
Projected Tuition Revenue	135,155	-2,400	132,755	-1.8%	1,645	134,400	1.2%
Mandatory Student Fees	37,737	-1,400	36,337	-3.7%	-80	36,257	-0.2%
Miscellaneous Revenues and Transfers	-10,630	1,250	-9,380	-11.8%	-693	-10,073	7.4%
One-Time Use of Reserve	0	881	881	N/A	-881	0	-100.0%
Subtotal Revenues	337,588	-1,669	335,919	-0.5%	6,458	342,377	1.9%
Health Sciences Center Transfer	-16,594	-164	-16,758	1.0%	-1,197	-17,955	7.1%
Total Sources of Funds	320,994	-1,833	319,161	-0.6%	5,261	324,423	1.6%
Expenses							
Base-President/Administration	7,215	0	7,215	0.0%	-300	6,915	-4.2%
Base-Academic Affairs	164,409	0	164,409	0.0%	500	164,909	0.3%
Base-EVP for Administration	41,203	0	41,203	0.0%	0	41,203	0.0%
Base-Must Funds (Fringes, Insurance, etc.)	53,246	-433	52,813	-0.8%	0	52,813	0.0%
Utilities	17,185	0	17,185	0.0%	0	17,185	0.0%
Mandatory Student Fees	37,737	-1,400	36,337	-3.7%	-80	36,257	-0.2%
Fixed Costs - Health Care	0	0	0	N/A	560	560	N/A
Faculty Promotions/Retention	0	0	0	N/A	813	813	N/A
New Initiatives	0	0	0	N/A	990	990	N/A
GA/TA Tuition Waivers - Tuition Increase	0	0	0	N/A	138	138	N/A
Compensation Increase - 1% Faculty, Staff, GA/TA and Students	0	0	0	N/A	2,640	2,640	N/A
Total Use of Funds	320,994	-1,833	319,161	-0.6%	5,261	324,423	1.6%
Balance	0	0	0		0	0	

FY19 Compensation Recommendation: 1% Salary Increase based on Performance

Salaries Plus Fringe Benefits (Rounded to Thousands)	2% Increase	1% Increase
Faculty	\$2,626	\$1,313
GA/TA	352	176
Staff	2,220	1,110
Student	<u>82</u>	<u>41</u>
Total Cost of Increase	\$5,280	\$2,640
Funding from State	<u>\$2,462</u>	<u>\$2,462</u>
<i>Unfunded Amount</i>	\$2,818	\$178

- A 2% compensation increase from the legislature actually funds slightly less than a 1% increase across the board.
- Due to reductions in funding, UNM has been unable to provide employees with an increase in compensation for the previous 3 years.
- Therefore, BLT is recommending a centrally-funded 1% increase for non probationary employees with an additional 1%-2% based on exceptional performance (department-funded).

2.5% Tuition Increase; +\$7 UD & Grad Credit Hour Premium; and 2.39% Fee Increase

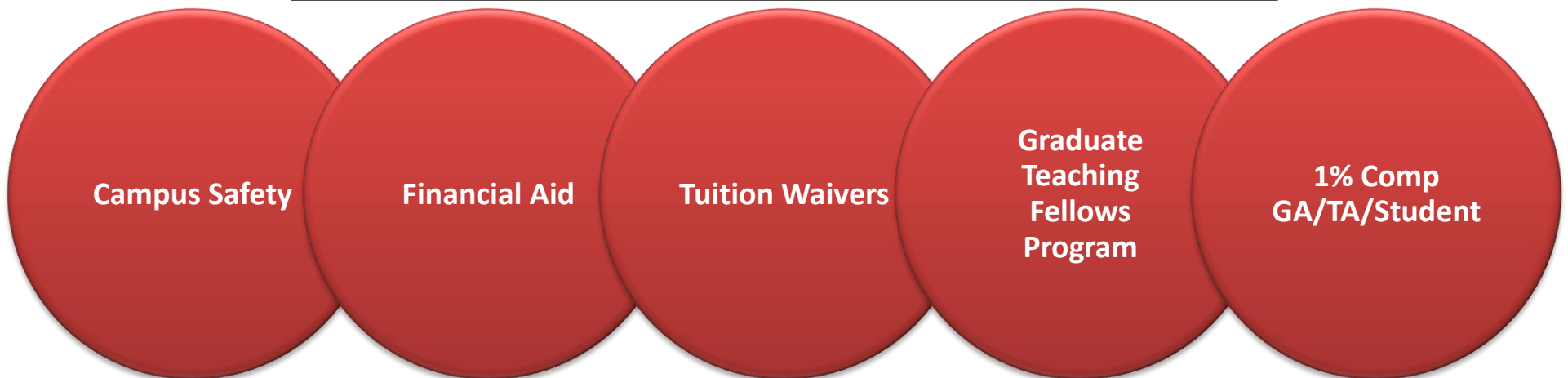
Upper Division Credit Hours	# of Students	Tuition, Fee & Premium Increase	T, F & P Increase %	Tuition & Premium Increase	T & P Increase %
0	7,412	\$88.23	2.5%	\$66.00	1.8%
1 - 6	4,594	\$95.30 - \$130.31	2.6% - 3.6%	\$73.07 - \$108.08	1.9% - 2.9%
7 - 12	4,055	\$137.31 - \$172.31	3.7% - 4.5%	\$115.08 - \$150.08	3.1% - 4.0%
13 - 18	2,457	\$179.31 - \$214.31	4.7% - 5.5%	\$157.08 - \$192.08	4.1% - 4.9%

Grad	Current Tuition, Fees & Premium	2.5% Tuition & 2.39% Fee Increase, +\$7 Premium	Difference	% Change
3 hours	\$1,071.72	\$1,117.94	\$46.22	4.3%
6 hours	\$2,143.44	\$2,235.88	\$92.44	4.3%
9 hours	\$3,215.16	\$3,353.81	\$138.65	4.3%
12 hours	\$4,286.88	\$4,471.75	\$184.87	4.3%

Additional Tuition & Premium Revenue

2.5% Tuition Increase	\$2,725,000
UD Premium +\$7 (\$25)	\$1,457,512
Grad Premium +\$7 (\$25)	<u>\$250,565</u>
Total Annual	\$4,433,077

\$1.763M Direct Student Investments



Comments

- ASUNM Representatives
- GPSA Representatives
- Pamela Pyle- Faculty Senate President
- Danelle Callan- Staff Council President

Request Approval of the BLT Recommendation

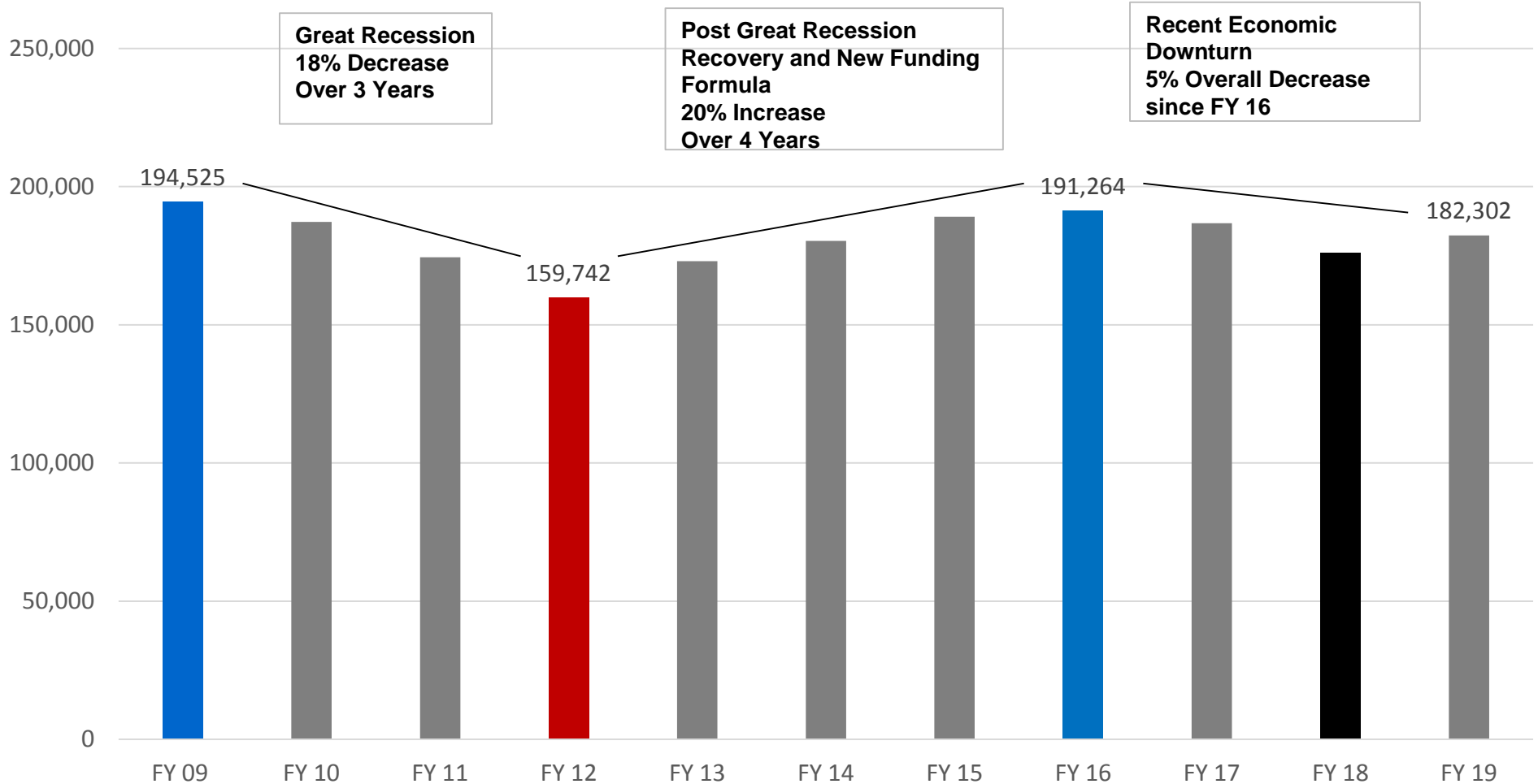
Thank you!

Questions?



Main Campus I&G State Appropriation History FY 09-FY 19 Overall Decrease of 6.3%

Main Campus I&G State Appropriation History
Rounded to Thousands



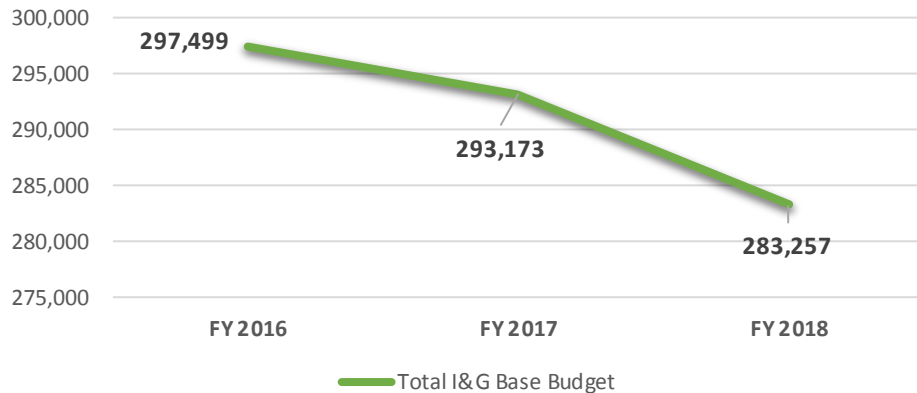
Note: Appropriations shown include Extended University's Direct funding

FY16-FY18 4.8% Overall Decrease in I/G Allocations

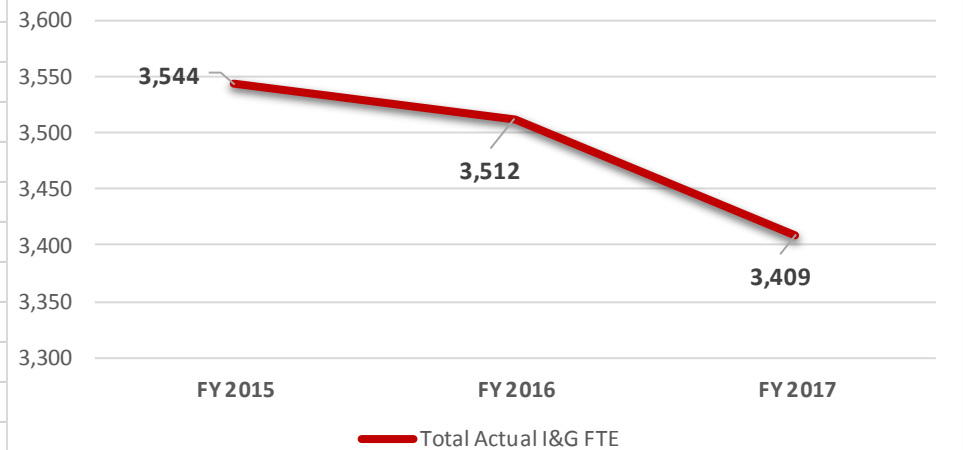
	FY 2016	FY 2017	FY 2018	change	change %
Base-President/Administration	7,515	7,317	7,215	-300	-4.0%
Base-Academic Affairs	174,975	171,716	164,409	-10,566	-6.0%
Base-EVP for Administration	44,026	43,046	41,203	-2,823	-6.4%
Base-Must Funds (Fringes, Insurance, etc.)	53,906	53,909	53,246	-661	-1.2%
Base-Utilities	17,077	17,185	17,185	108	0.6%
Total I&G Base Budget	297,499	293,173	283,257	-14,242	-4.8%

	FY 2015	FY 2016	FY 2017	change	change %
	FTE	FTE	FTE		
Faculty	1,224	1,207	1,204	-20	-1.67%
Staff	1,644	1,643	1,552	-92	-5.58%
GA/TA	487	473	474	-13	-2.71%
Students	188	189	179	-9	-4.96%
Total Actual I&G FTE	3,544	3,512	3,409	-135	-3.80%

Main Campus I&G Pooled Budget Allocations



Main Campus I&G FTE-Actuals

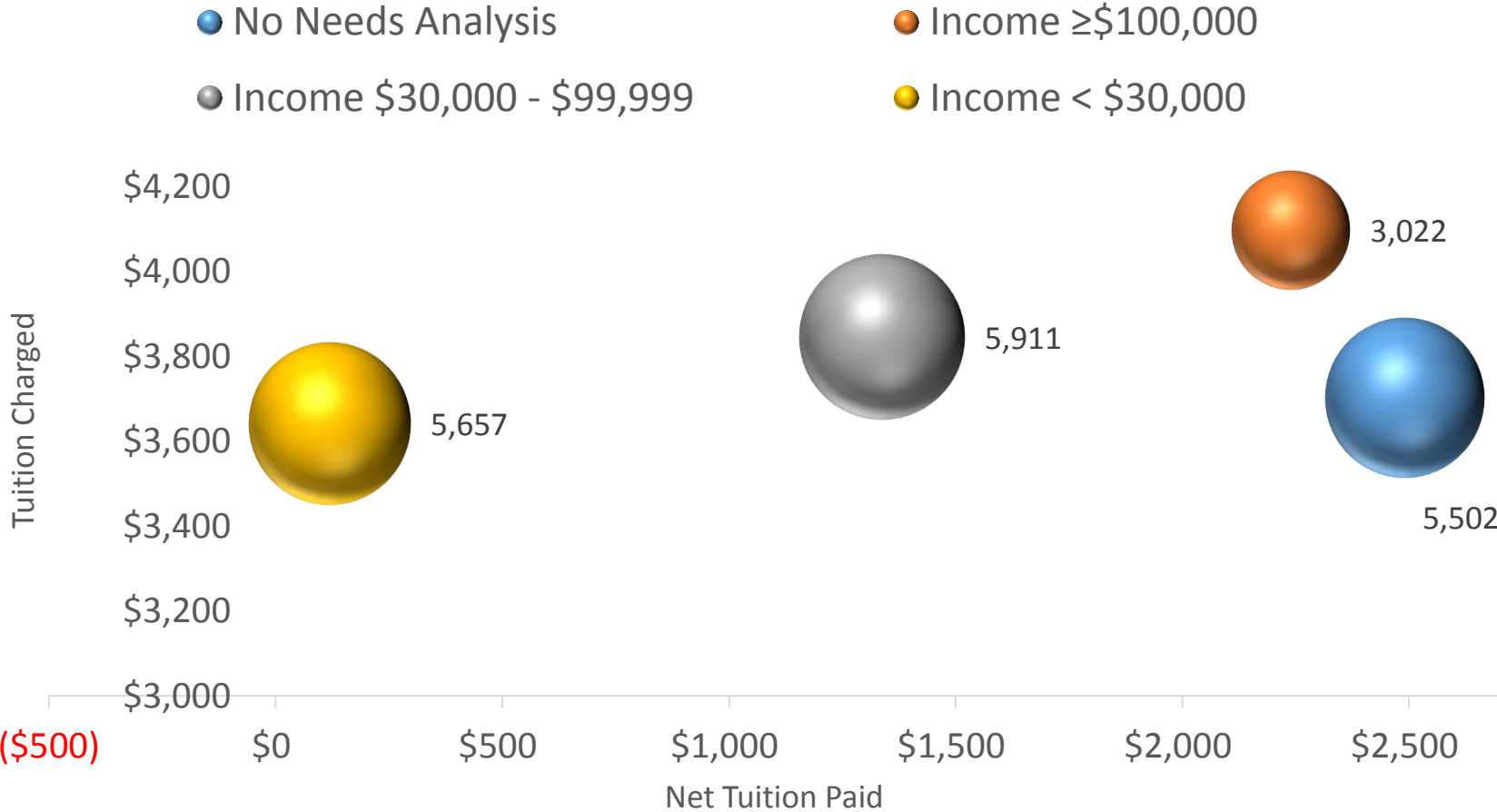


FY19 Comp Increases – Cost vs Funding



Distribution of Charges & Net Paid

Net Tuition Paid by Income Level Including Proposal





FY 18-19 SFRB Recommendations

Thursday March 22, 2018

UNM Budget Summit

- Applications opened in July 2017.
- Application workshops held August 3 and 17.
- Multiple site-visits.
- Hearings September 16, 17, and 23.
- Forums October 16 and 18.
- Deliberations October 21, 22, and 28.

1. Alaa Elmaoued, MS, MD- ***School of Medicine***
2. Firas Ayoub, PhD- ***Electrical Engineering***
3. Bryan Mackie Mason, PhD- ***Electrical Engineering***
4. Noah Brooks-***Economics***
5. Sab Moore- ***Civil Engineering***
6. Nieajua Gonzales- ***Criminology***
7. Jenny Nim- ***Spanish***
8. Anand Macherla- ***Economics***
9. Mason Martinez- ***Political Science***

- Every unit received an across-the-board decrease in funding except SHAC and KUNM.
- SHAC received same funding as in FY17-18.
- KUNM requested approximately \$10,000 less than previous year.
- One-time funding for ENLACE, PNMGC, and Student Publications from reserves.
- ASUNM and GPSA agreed to approximately 1% increase in student fees.

FY19 Mandatory Student Fee Proposal

Proposed FY 19 Budget \$36,327,970 – 2.39% Rate Increase:

- \$36,256,220 Allocation to Units & Debt Service
 - Includes 1% Compensation increase to units
 - \$500K restoration of Athletic funding
- \$71,750 One-Time Funding
 - \$41,750- ENLACE
 - \$25,000- Student Publications
 - \$5,000- Project of NM GS of Color

**THE UNIVERSITY OF NEW MEXICO
MAIN CAMPUS
FY 2018-19 STUDENT FEES - RECOMMENDATION**

Requestors of Student Fees	FY 2017-18			FY 2018-19		FY 2018-19			
	Original Budget	Increase (Decrease)	Revised Budget	Increase (Decrease)	SFRB Recommendation	1% Compensation	Funding Swap	FY19 Projected Revenue Adjust	BLT Recommendation
Student Activity Fees									
African American Student Svc AASS	85,961	(3,189)	82,772	1,993	84,765	0	0	(3,589)	81,176
American Indian Student Services	94,859	(3,519)	91,340	2,191	93,531	191	0	(3,960)	89,761
Athletics	4,000,000	(148,397)	3,851,603	(502,912)	3,348,691	0	500,000	(166,983)	3,681,708
Career Services	32,552	(1,208)	31,344	752	32,096	0	0	(1,359)	30,737
CASAA/COSAP	18,769	(696)	18,073	433	18,506	0	0	(784)	17,722
Center of Academic Support (CAPS)	349,681	(12,973)	336,708	8,077	344,785	0	0	(14,598)	330,187
College Assistant Migrant Program	34,674	(1,287)	33,387	801	34,189	0	0	(1,447)	32,742
College Enrichment Program	24,767	(919)	23,848	572	24,420	0	0	(1,034)	23,386
Community Learning & Public Service	110,958	(4,116)	106,842	2,563	109,405	0	0	(4,632)	104,773
El Centro De La Raza	172,747	(6,408)	166,339	3,990	170,329	0	0	(7,211)	163,118
Global Education Office	48,659	(1,805)	46,854	1,124	47,978	0	0	(2,031)	45,947
Graduate Resource Center	89,163	(3,308)	85,855	2,060	87,915	0	0	(3,722)	84,193
IT Initiatives	1,882,323	(69,833)	1,812,490	43,480	1,855,970	6,591	0	(78,579)	1,783,982
KUNM	61,643	(2,287)	59,356	(8,115)	51,241	0	0	(2,573)	48,668
LGBTQ Resource Center	134,744	(4,999)	129,745	(511)	129,234	0	0	(5,625)	123,609
Music Bands	72,321	(2,683)	69,638	1,671	71,309	0	0	(3,019)	68,290
New Mexico Union (SUB)	2,337,013	(86,702)	2,250,311	53,984	2,304,295	0	0	(97,561)	2,206,734
Parking & Transportation Services	49,535	(1,838)	47,697	1,145	48,842	0	0	(2,068)	46,774
Project for NM GS of Color	9,907	(368)	9,539	(9,539)	0	0	0	0	0
Recreational Services	829,910	(30,789)	799,121	2,703	801,823	0	0	(34,645)	767,178
Student Activity Center	30,830	(1,144)	29,686	712	30,398	0	0	(1,287)	29,111
Student Govt. Accounting Office	197,949	(7,344)	190,605	4,573	195,178	0	0	(8,264)	186,914
Student Health and Counseling	4,635,043	(171,957)	4,463,086	171,957	4,635,043	44,813	0	(193,493)	4,486,363
Theatre and Dance	26,866	(997)	25,869	(15,869)	10,000	0	0	(1,122)	8,878
Univ Library Acquisitions	802,464	(29,770)	772,694	18,536	791,230	0	(500,000)	(33,500)	257,730
UNM Children's Campus	375,240	(13,921)	361,319	8,668	369,987	2,677	0	(15,665)	356,999
UNM Public Events (Popejoy)	163,465	(6,065)	157,400	(9,500)	147,900	0	0	(6,824)	141,076
Women's Resource Center	106,004	(3,933)	102,071	473	102,544	0	0	(4,425)	98,119
Subtotal - Student Activity Fees	16,778,047	(622,455)	16,155,592	(213,989)	15,941,603	54,271	0	(700,000)	15,295,873

**THE UNIVERSITY OF NEW MEXICO
MAIN CAMPUS
FY 2018-19 STUDENT FEES - RECOMMENDATION**

Requestors of Student Fees	FY 2017-18			FY 2018-19		FY 2018-19			
	Original Budget	Increase (Decrease)	Revised Budget	Increase (Decrease)	SFRB Recommendation	1% Compensation	Funding Swap	FY19 Projected Revenue Adjust	BLT Recommendation
Graduate Allocation Fund (GAF)									
GPSA Graduate Scholarship Fund	46,760	(1,735)	45,025	1,735	46,760	0	0	0	46,760
GPSA Student Research Grant	89,134	(3,307)	85,827	3,307	89,134	0	0	0	89,134
ASUNM/GPSA									
ASUNM - Accounting office	40,162	(1,490)	38,672	1,490	40,162	1,844	0	0	42,006
ASUNM	850,000	(31,534)	818,466	31,534	850,000	0	0	0	850,000
GPSA	300,950	(11,166)	289,784	11,166	300,950	0	0	0	300,950
Debt Service/Other									
Debt Service-ERP Project Fee	2,352,180	(87,262)	2,264,918	87,262	2,352,180	0	0	0	2,352,180
Debt Service-Facility Fee	17,279,317	(641,051)	16,638,266	641,051	17,279,317	0	0	0	17,279,317
Subtotal - GAF/Debt/ASUNM/GPSA	20,958,503	(777,545)	20,180,958	777,545	20,958,503	1,844	0	0	20,960,347
Total - Current Funds	37,736,550	(1,400,000)	36,336,550	563,556	36,900,106	56,114	0	(700,000)	36,256,220
SFRB - One Time Funding									
Student Publications (new)	0	0	0	25,000	25,000	0	0	0	25,000
Project for NM GS of Color	0	0	0	5,000	5,000	0	0	0	5,000
LoboRESPECT	40,000	0	0	0	0	0	0	0	0
ENLACE - Division of Equity and Inclusion	95,000	0	0	41,750	41,750	0	0	0	41,750
Libraries	15,000	0	0	0	0	0	0	0	0
LGBTQ Resource Center	5,000	0	0	0	0	0	0	0	0
SFRB Website	2,000	0	0	0	0	0	0	0	0
Green Fund, Office Sustainability	17,788	0	0	0	0	0	0	0	0
Total - SFRB One Time Funding	174,788	0	0	71,750	71,750	0	0	0	71,750
Grand Total	37,911,338	(1,400,000)	36,336,550	635,306	36,971,856	56,114	0	(700,000)	36,327,970

The 1% number for FY19 is approximately \$261,000

To keep the budget flat from FY18 to FY19 would require an 8.06% mandatory student fee increase. This considers the FY18 adjustments and the FY19 projected shortfall.

\$563,556 Revenue Increase in Fees for SFRB Rec plus \$56,114 for comp

2.39% Increase in fees including comp

Undergraduate Resident	Graduate Resident
\$62.00 Current per credit hour rate	\$68.20 Current per credit hour rate
\$1.48 Proposed \$ increase per credit hour	\$1.62 Proposed \$ increase per credit hour
\$63.48 Proposed per credit hour total	\$69.82 Proposed per credit hour total
\$17.76 Proposed \$ increase 12 cr hours per semester	
\$22.20 Proposed \$ increase 15 cr hours per semester	