

**Minutes of the Annual Budget Summit and  
Regular Meeting of the  
Board of Regents of the University of New Mexico  
April 9, 2019  
Open Session - Ballroom C, Student Union Building (SUB)  
Executive Session – Cherry Silver Room, SUB  
Main Campus**

Members present

Douglas M. Brown, President; Kim Sanchez Rael, Vice President; Sandra K. Begay, Secretary Treasurer; Rob Doughty; Melissa Henry; Robert Schwartz

Members not present

Marron Lee

Administration present

Garnett S. Stokes, President; Paul Roth, EVP and Chancellor for Health Sciences Center; Rich Wood, Interim Provost and EVP for Academic Affairs; Craig White, Interim SVP for Finance and Administration; Loretta Martinez, Chief Legal Counsel; Gabriel Lopez, VP Research; Michael Richards, Vice Chancellor for Clinical Affairs; Francie Cordova, Director of OEO and Interim Chief Compliance Officer; Lawrence Roybal, Interim VP for Equity and Inclusion; Eliseo 'Cheo' Torres, VP Student Affairs; Dorothy Anderson, VP HR; Eddie Nuñez, Athletics Director; Dana Allen, VP Alumni Relations; Terry Babbitt, President's Chief of Staff; Ava Lovell, Executive Officer for Finance & Administration, HSC; Liz Metzger, University Controller

Advisors present

Boney Mutabazi, GPSA President; Becka Myers, ASUNM President; Pamela Pyle, Faculty Senate President; Laurie Moye, Chair, UNM Foundation Board of Trustees; Rob Burford, Staff Council President; Steve Borbas, Retiree Association President

Presenters in attendance

Norma Allen, Director, University Budget Operations; Nicole Dopson, Director, Financial Operations; Pamela Cheek, Associate Provost for Curriculum and Assessment

Others in attendance

Members of administration, faculty, staff, students, the media and others.

CALL TO ORDER, CONFIRMATION OF A QUORUM, ADOPTION OF THE AGENDA

Regent President Douglas M. Brown called the meeting to order at 9:05 AM and confirmed a quorum. Six members were present in person; Regent Marron Lee was not able to attend the meeting.

**The motion to adopt the agenda passed with a unanimous vote in favor (1<sup>st</sup> Sanchez Rael; 2<sup>nd</sup> Begay).**

APPROVAL OF MINUTES

**The motion to approve the minutes of the February 28, 2019 special meeting and the March 11, 2019 regular meeting passed with a unanimous vote in favor (1<sup>st</sup> Sanchez Rael; 2<sup>nd</sup> Henry).**

PUBLIC COMMENT

Tony Strati commented regarding the athletic budget and that he had inquired in a previous Finance and Facilities Committee meeting how UNM will spend the \$1.1 million additional state appropriations for athletics. This amount was approved by the Legislature and signed by the Governor, and the amount was specifically stipulated by the Legislature that it may be used for reinstatement of the sports programs cut in 2018. The response Mr. Strati received from UNM was that various athletic department determined alternatives for using this additional appropriation were currently being evaluated by regent representatives and university administration. Given the importance of this alternative evaluation process, which is apparently currently ongoing, Mr. Strati asked the Regents if they could comment on the expected decision date for communication of these conclusions and this evaluation.

Sharon Argenbright, President for District 1199, Hospital and Healthcare Workers Union, commented regarding the budget approval and asked for fair and appropriate salary increases for the 5,000 workers the union represents. The Hospital management team is currently negotiating with the Union for a new contract. Ms. Argenbright stressed the importance of the funding levels that would be allocated toward salaries in the budget and stressed the need for cost of living increases and a revision to the current compensation structure.

John Garcia, Executive Vice President of the Homebuilders Association of Central New Mexico, and former Secretary for Tourism and Economic Development, spoke about the performance of the UNM Ski Team, 5 of the Athletes are All-Americans, 1 a National Champion, and Men's Slalom took the National Championships. This year, Christian Otto got Nordic Coach of the Year, and Joe Downing was named Alpine Coach of the Year. Mr. Garcia spoke about the exemplary student athletes, both in and outside the classroom, and added they represent the very best of UNM and the State of New Mexico.

Joachim Oberst, parent, coach and educator, UNM Lecturer, commented in support of the athletic programs that have been cut and spoke about how the athletic discipline translates into academic excellence. The sports that stand out academically also stand closest to the community, and the student athletes work with the community. What has been created in 35 decades cannot be destroyed with the stroke of a pen. When graduates go out, they take the good name of UNM with them. Dr. Oberst urged the Regents to pave the way that protects the beloved sports, and he asked the Regents to reinstate Men's Lobo Soccer, the Ski Team, and the Women's Beach Volleyball Team.

Regent Brown thanked everyone for their comments and responded regarding sports, UNM is currently engaged to try to do what it can in the short term to craft the best kind of participative sports programs possible, and for the long-term, to find a truly sustainable model for sports. This is done in a very difficult landscape, where 85% of Division I sports teams around the country are in the red, attendance is down nationwide, and where UNM's enrollment is down. There are a lot of pressures that need to be balanced.

REGENT ADVISORS COMMENTS (no comments)

COMMENTS FROM REGENTS (no comments)

### **ANNUAL BUDGET SUMMIT: FISCAL YEAR 2019-2020 UNM CONSOLIDATED BUDGET:**

#### **PRESIDENT'S INTRODUCTION AND REMARKS**

President Garnett S. Stokes kicked off the annual Budget Summit setting the stage for subsequent presentations. President Stokes outlined the Main Campus and HSC budget processes. For Main Campus, the Budget Leadership Team (BLT) is the primary point for budget input and processing and is charged with making budget recommendations to the President of the University, who in turn makes recommendations to the Board of Regents. The BLT has membership that is well represented of many constituents on campus. Inputs to the BLT process include, Board of Regents' input, Student Fee Review Board (SFRB) recommendations, state appropriations, tuition and fee projections, enrollment projections, compensation priorities, inflationary factors, as well as new requests and initiatives. The major issues addressed by the BLT included the enrollment shortfall; past state cuts; partial state funding of compensation increase; preservation of investments that have driven student success; and balancing critical needs for funding to support excellence, with the desire to limit tuition increases. President Stokes discussed three alternative strategic budgeting models including, a stasis, more centralized model that is incremental budgeting and continues existing budget practices; a radical, decentralized model that is around responsibility-centered management (RCM); and a moderate, decentralization model around directed tuition flows (Fiscal Commons Model). President Stokes discussed the BLT's strong support for the third model where directed tuitions flow to the respective units reward and incentivize new degree programs and new curricula.

President Stokes discussed the HSC budgeting process. The HSC strategic goals drive the budget, those being: 1) improve health and health care for those we serve; 2) build the health care workforce of NM by providing a premier education; 3) foster innovation and translate our research and discoveries into clinical and educational practice; and 4) deliver a well-integrated academic health center that provides the safest and highest quality clinical care. There is a team similar to the Main Campus BLT that processes the budget inputs, those being: Regents' inputs; strategic planning; research F&A cost recovery projections; payers, Medicaid, patient access;

new requests & initiatives; and compensation assumptions and capital project planning. President Stokes discussed the HSC budget challenges and assumptions. On the expense side, the priorities include, compensation funding, offsetting Cancer Center 340B cuts, support for the new College of Population Health Dean, and the new hospital tower project. Revenue challenges include payer reimbursement reductions, inpatient capacity constraints, operational improvements, and behavioral health expansion needs. There were also \$1.5 million of new requests and initiatives to address regarding student safety and security, health law and IPRA, HSC CIO infrastructure, community health and patient access.

President Stokes addressed changes to House Bill 2 by Governor Lujan-Grisham related to compensation and discussed a recent letter from HED Secretary Kate O'Neill to clarify a 4% compensation increase for all employees. For UNM, a 4% compensation increase would be funded by state appropriations in the amount of \$9.43 million for both Main Campus and HSC, but would not fund the total needed to fund all employees at a 4% increase, leaving a \$20.5 million shortage of funds. Factoring in, conservatively, contracts and grants employees, the shortfall may still be over \$16 million. President Stokes reminded the Regents these are recurring dollars. On the revenue side, a 1% tuition increase would provide funding of about \$770K. President Stokes also reminded the Regents of prior discussions that outlined compensation issues among faculty and staff and that were put forth as high priorities needing to be addressed.

Given the challenges mentioned, President Stokes proposed to the Regents to continue with the budget summit, but to call for a postponement of the vote for the Main Campus budget proposal, except for the Branches, and a postponement of the HSC tuition and fee increases and compensation until a special meeting could be called after sufficient time could be given to digest all of the information in order to bring a proposal back to the Regents on how UNM will manage the expectation that it would cover a 4% compensation increase for its faculty and staff.

Regent Doughty responded that if tuition were to cover the \$16 million shortfall due to a 4% compensation increase, and if as stated a 1% tuition increase produces \$770K, then it looked like tuition would need to be raised at least 20%. President Stokes confirmed it is a serious situation; the current proposal with a 2% compensation includes 1.5% cuts across all units. President Stokes stressed the need for the postponement of the vote to allow the BLT to get back together to carefully consider all the options.

Regent Kim Sanchez Rael said she supported President Stokes' recommendation to postpone the vote on the budget based on there being new information warranting thoughtful analysis before taking action.

Regent Sandra Begay asked how the other institutions of higher education in the state were reacting to the news of the 4% compensation increase. President Stokes responded other institutions had received the same letter from the HED Secretary, dated April 8. Regent Begay said it was important to know the timing when information became available.

#### REGENT COMMITTEE REPORTS

##### FINANCE AND FACILITIES COMMITTEE - FY2020 Budget Leadership Team Budget Recommendations

Regent Begay, Chair of Finance and Facilities Committee (F&F), clarified in light of the request to postpone the vote, the meeting would proceed with budget presentations and discussion, and she asked Rich Wood to open the presentations.

##### Branch Campuses: Valencia; Los Alamos; Taos; Gallup

Provost Wood addressed the budget proposals for each of the branches. Each of the branch campus advisory boards approve the respective budgets and they are brought to the Regents for approval. Provost Wood asked the CEO's of the branches to stand and be recognized: Alice Letteney, CEO UNM-Valencia; Patrick Valdez, CEO UNM-Taos; Cynthia Rooney, CEO UNM-Los Alamos; and James Malm, CEO UNM-Gallup. The branches were acknowledged and thanked for the work they do for communities in the State.

Dr. Wood clarified administration would ask the Regents to vote on the branch campus budgets that would be presented. The branch budget proposals were presented as action items in the Finance and Facilities Committee and as an information items in Academic/Student Affairs and Research Committee. Provost Wood presented

the proposals. No tuition increases are requested by any of the four branches. State appropriations and mil levies fund a large portion of the revenues for each of the branches. **[ATTACHMENT A]**

Regent Brown said the board would take a vote on the branch campus budgets.

Regent Schwartz motioned approval; Regent Begay seconded. Before the vote, there was discussion.

Regent Begay commented she has special appreciation for the Branch Campuses as she received her undergraduate education at UNM-Gallup. The branches have their local support, which is a special attribute of the branches.

Regent Sanchez Rael inquired how the branches would manage a 4% compensation increase. Alice Letteney, CEO for UNM-Valencia, clarified for UNM-Valencia, state appropriations covered about 40% of the compensation increase, so to cover the rest, they are anticipating a mil levy increase that will contribute over \$80K in revenues along with an increase in dual-credit funding of over \$100K. Additionally, on the savings side, there are anticipated staff retirements, positions that will not be replaced. If needed, balances will be used. Provost Wood added the picture would be similar at each of the other branches.

Regent Robert Schwartz echoed it sounded like each campus has figured out its own combination of variables that will cover the 4% compensation increase, and he asked if in general, the 4% refers to just salary, or to total compensation which would also include health insurance and retirement. Provost Wood clarified it is not explicit, but in past years it has been treated as salary only. Provost Wood added the mil levy helps the branches and also this year, dual-enrollment was funded by the state. The research universities did not receive state support for dual-enrollment.

Student Regent Melissa Henry asked for clarification on the branch budgets the Regents would be voting on, and if they did each include the 4% compensation increase. Provost Wood responded in the affirmative. Regent Schwartz asked for clarification that it was 4% compensation or 4% salary; Provost Wood responded, 4% salary.

**The motion to approve the FY2020 branch campus budgets for the UNM-Valencia, UNM-Los Alamos, UNM-Taos, and UNM –Gallup passed with a unanimous vote in favor (1<sup>st</sup> Schwartz; 2<sup>nd</sup> Begay).**

Main Campus: Funding Priorities; budget Scenario; Tuition Proposal; and Athletics

Rich Wood opened the budget presentation. The budget that would be proposed was unanimously supported by the BLT, but it does not take into account the new 4% compensation information recently provided by the State. Provost Wood discussed the financial assumptions, budget strategies, and funding priorities. **[ATTACHMENT B]**

Regent Sanchez Rael asked for clarification on the earlier comment that a 1% tuition increase would yield \$770K in increased revenue, when slide 7 shows projected revenue from tuition to be \$120 million, and 1% of that would be \$1.2 million. Provost Wood explained the \$770K would be the net available for spending after a portion of the increase is set aside for student aid.

Provost Wood continued with discussion on the value proposition for students at UNM, what UNM offers to students while they attend, the value and quality of the UNM degree, and the current value, over \$50K, to the UNM undergraduate full-time student for a one-year reduction in time-to-degree. **[ATTACHMENT C]**

Regent Doughty requested elaboration on the 'Finish in Four' work noted in the estimated value of reducing time-to-degree by one year. Terry Babbitt clarified there is a successful 'Finish in Four' scholarship initiative that funds the last semester tuition for undergraduates who graduate in four years. It has grown and benefitted several 100 students and is an incentive program to help student stay on track to graduate in four years and so have less debt upon graduation. It has also been used in recruiting and overall it has been an effective piece in combination with other initiatives. Provost Wood clarified the Finish in Four is also the label that the Association of Public and Land Grant Universities (APLU) uses for the effort to push first-year initiatives into all four years, and this was addressed at a recent APLU meeting.

Provost Wood addressed base tuition compare data with peer institutions. Compared to peers, UNM base tuition is one of the lowest for both undergraduate and graduate students. **[ATTACHMENT D]**

Provost Wood addressed the undergraduate tuition and fee proposal. The proposal does not include a base tuition increase, but a \$10 per credit-hour (premium) increase (from \$25 to \$35) for upper division courses only, along with a 3.43% mandatory student fee increase and a new IT technology fee of \$50 for Fall and Spring semesters and \$10 for summer. The technology fee is a per-headcount fee model and includes the Adobe Creative Software Package. **[ATTACHMENT E]**

Provost Wood addressed the graduate tuition and fee proposal. The proposal does not include a base tuition increase, but a \$10 per credit-hour (premium) increase (from \$25 to \$35) for graduate courses, along with a 3.43% mandatory student fee increase and a new IT technology fee of \$40 for Fall and Spring semesters and \$10 for summer. The technology fee proposal is \$10 less for graduate students Fall and Spring because the new fee had not yet been fully vetted by the graduate students. **[ATTACHMENT F]**

Provost Wood presented the differential tuition request for the College of Arts and Sciences (CAS) for both undergraduates (\$10 per student credit-hour) and graduate students (\$50 per student credit-hour, plus \$100 flat fee for dissertation hours). The proposed differential tuition is driven by two things: 1) the CAS teaches services courses for students all over the University, and 2) in addressing the fiscal commons model President Stokes mentioned earlier, the thought is the CAS is a good size and place to start to see how this model may be beneficial. **[ATTACHMENT G]**

Regent Begay requested explanation on the differences between the differential tuitions between colleges, for instance, School of Engineering (SOE) and Anderson School of Management (ASM). Provost Wood responded both SOE and ASM already charge differential tuitions as part of how they fund their mission in recent years, both higher than the CAS proposal at the undergraduate level. What this does is diversify sources of funding so to allow more stable budgeting over the years.

Becka Myers and Boney Mutabazi presented the Student Fee Review Board (SFRB) recommendations. Ms. Myers explained the SFRB is comprised of undergraduate and graduate students; the SFRB process begins in the summer. Units across campus apply for student fee funding; the SFRB heard from over 30 units, after which there are formal presentations and time for question/answer. The SFRB works to grasp the full picture of the units and their respective funding levels. Ms. Myers read a statement from the board: *"We understand that student success and accessibility to UNM is driven by tuition. Each increase recommended here is justified only for the specific programs or facilities that we believe support a variety of students and activities that enhance the academic and intellectual environment at UNM and should advance student learning and support the mission of the University; however, we believe that programs that support academic recruitment as well as academic needs should be funded through instruction and general (I&G) lines. The board does not recommend any increase beyond those for you today."* The total amount of request was \$17,763,048, but the final FY20 allocation came out to \$12,938,789, down \$1.76 million from prior-year FY19 revised allocation. Ms. Myers discussed the rationale for grouping units by level of cuts, 9%, 8%, and 7.62% cuts, with 3% cuts for the most vulnerable units. The SFRB worked diligently with IT on the IT funding model, acknowledging its importance, but urged the need to be funded in a more stable way, thus the new IT headcount fee came about and as a result, freed up \$625K student fee funds, which a large part went to reducing the overall mandatory student fee increase from the original 3.95% to the proposed 3.43% increase. **[ATTACHMENT H]**

Regent Sanchez Rael referred to the prioritization of the funding for the most vulnerable units and asked Ms. Myers to define most vulnerable units. Ms. Myers responded those units that depend solely or primarily on student fees for funding, versus other units that are funded also with I&G funds.

Regent Schwartz asked for clarification that the SFRB is proposing a 3.43% student fee increase under the condition that the funds be used only in the way they have been proposed. Ms. Myers responded in the affirmative.

Student Regent Henry thanked Becka Myers and Boney Mutabazi and others for their work on the SFRB, it is a long process. Regent Henry requested to hear more about student support for the proposed new IT fee. Ms.

Myers responded the SFRB recommendation was for IT to be funded through I&G lines, but that was not possible this year; however, a separate fee apart from the student activity fee was desired. After a lot of work with IT, and IT presented to several student groups, the students supported it when it was clear where the funds would be going. SVP Craig White added that the 'head-count' model was chosen when considering IT fee models.

The Regents thanked Ms. Myers and Mr. Mutabazi for their presentation.

Eddie Nuñez and Nicole Dopson presented the FY20 Athletics budget. AD Nuñez opened with a review on sources of funds (student fees, state support, and institutional support) as compared to Mountain West Conference (MWC) averages. UNM's athletics budget ranks 8<sup>th</sup> of 11 in the MWC, and total financial support ranks 10<sup>th</sup> of 11 in the MWC. AD Nuñez spoke about the deficit reduction plan, a commitment of \$487K per year over 10 years, to address the accumulated \$4.7 million deficit and \$2.6 million recurring deficit. AD Nuñez spoke about the positive changes that have taken place, including a restructure of the Lobo Club, a new ticketing system, utilization of shared services, and more focus on special events revenues. The FY20 financial assumptions include a total net revenue decrease of \$1.13 million that is comprised of the decrease in mandatory student fees (-\$110K), media rights contract (-\$1.6 million), ticket sales (-\$476K), commissions, concessions, parking, etc. (-\$140K), offset by a \$1.2 million increase in state appropriations. The financial assumptions include a total net expense increase of \$348K, comprised of 2% salary increases for staff (-\$150K), an increase in grant-in-aid due to pending tuition and fee increases (-\$123K), and an increase in travel and other related expenses (-\$75K). Nicole Dopson presented details of the revenue and expense projections. Total anticipated revenues are \$31.374 million, and total expenses are projected to be \$32.360 million. This produces a budget deficit of \$986K, which if combined with the annual \$487K deficit reduction payment, produces an overall deficit of \$1.473 million. This budget projection includes a 2% staff salary increase. If a 4% were factored in, the additional expense would be \$150K. **[ATTACHMENT I]**

Regent Brown inquired about the estimated \$1.6 million reduction in media rights and if this was due to a national trend. AD Nuñez responded this is definitely a trend, but UNM is also hopeful, through the current ongoing RFP process, to get a new multi-media rights partner that will promote UNM's vision.

Regent Schwartz requested clarification on the \$1 million the Lobo Club would contribute through fundraising efforts and if that would reduce the deficit. Ms. Dopson clarified the \$1 million raised by the Lobo Club is spent through the Lobo Club and is not included in the figures for the operational budget. There was discussion about the currently projected \$1 million shortfall adding to the accumulated deficit for athletics.

Regent Sanchez Rael inquired for the board if there is a policy on evaluating budget proposals coming from any unit that is proposing a budget deficit. Regent Sanchez Rael clarified her question was not to target athletics, but was from a policy perspective, if there is a policy and if not, should there be one going forward. Regent Brown commented his preference for the realistic numbers that show what needs to be worked on rather than forcing a balance budget that may not be realistic, which may have been done in the past. Regent Schwartz commented one would want the effort to be toward being both realistic and being within budget, and he asked AD Nuñez if the intent is to work out a balanced athletic budget before the Regents approve the final FY20 budget. AD Nuñez responded in the affirmative.

Regent Brown reiterated there is ongoing work with athletics and student services to come up with a plan in the next two to three months to ensure UNM is doing what it can to enhance sports participation and to craft a longer-term solution to these challenges.

Regent Begay requested to defer any Regent decisions on the F&F report until after the HSC budget presentation.

#### HEALTH SCIENCES CENTER COMMITTEE – FY2020 HSC Budget

Chancellor Roth introduced the item and Ava Lovell presented details of the proposed FY2020 HSC Budget. Dr. Roth stated everything the HSC does is driven by its vision and mission which is to address health and health equity for the population of New Mexico. Dr. Roth discussed the values that support the mission, including excellence in education, patient care and research; commitment to service, quality and safety; integrity and accountability; teamwork as well as respect and compassion for all people. Dr. Roth discussed

the FY20 academic issues and challenges including, implementing new academic programs in the Colleges of Pharmacy and Nursing and expanding undergraduate student admissions for a BS in Population Health. Areas of focus in the School of Medicine for FY19 are enhancing positive learning experience for students and residents, and for FY20, the upcoming Comprehensive Cancer Center renewal, wellness and suicide prevention initiatives, and faculty compensation. For the Rio Rancho campus, FY20 will focus on continuation of Building 1 new initiatives and partnering with the City of Rio Rancho for Building 2 (Ortho Joint Replacement & Rehab), along with Senior Center and campus infrastructure projects.

**{ATTACHMENT J}**

Michael Richards talked about the Health System issues and challenges. The Health System is all of the places where clinical care is delivered and also the platform for both the research and the education platform for the HSC learners. One of the major big themes is that healthcare finance continues to be rapidly evolving, both nationally and locally. Locally, the two biggest things happening are the movement toward value-based care in managed Medicaid and Medicare Advantage. Value-based care is a shifting of the financial model away from being paid on a per unit of service delivered toward adjustments to that unit of service based on quality and performance adjustments to lead to a total cost of care to the individual. In this shift on per unit of care provided, revenues actually go down. Part of bringing the cost of healthcare down is looking for new ways to increase access to care and looking at more efficient ways to deliver care. One way to increase access is building clinical delivery systems. Another way is increasing partnerships. Dr. Richards discussed partnerships to provide primary healthcare and others that will provide behavioral health across the state to build out non-hospital, intermediate levels of care, which largely do not exist now in New Mexico. Dr. Richards also talked about working with community partners to increase access to pediatric specialty care. Another big initiative will be working on operations and business systems, including continuing to execute on Mission Excellence which Dr. Roth has talked about, working on the workplace and ease of practice for providers, as well as on the operations side, continuing the very large operations initiative with the consulting group, Huron, looking at the basic business systems and revenue cycle systems which will help deliver a higher quality of care, create access, and bring down the cost of care. Regarding the UNMH Modern Medical Facility, Dr. Richards discussed moving forward with the design, project management, and financing for FY20. Also, for Sandoval County, implementing Behavioral Health and a Level II Trauma Center with the Sandoval Country mill levy funding. New clinical programs and centers of excellence will include the new Movement Disorder Clinic and expansion of the Lovelace/UNM Rehab Hospital. **{ATTACHMENT K}**

Ava Lovell presented the FY2020 financial assumptions for the HSC budget and began with discussion about the Academic Enterprise. The total budget for the UNM HSC Academic Enterprise is \$697 million, of which \$547 million is unrestricted and includes, the School of Medicine at \$429 million, College of Nursing at \$14.1 million, College of Pharmacy at \$12.3 million, Office of Research at \$7.4 million, and College of Population Health at \$2 million. On the revenue side is an I&G appropriation increase of just under \$4 million, which includes the compensation part and the HSC line item increase for the School of Medicine that replaces formula funding I&G funds. Additionally, there was a \$4.75 million increase in Research and Public Service Project (RPSP) funding and \$1.95 million of new appropriations from house bill junior bills that allocated funds toward Project ECHO programs at \$504K, OMI Grief Services at \$360K, NMNEC at \$500K, and the Bioscience Authority at \$125K, along with new funds from state formula finding and F&A (cost recovery from research) in the amounts of \$351,700 and \$500K, respectively. The HSC is not proposing a base or premium tuition increases for its academic units, and is proposing a 2% tuition decrease for the School of Medicine (SOM), which will amount to a decrease in funds of \$133,700. The HSC is not proposing tuition increases because the colleges already charge differential tuitions and premiums. For SOM, Dr. Roth has taken on the challenge to reduce medical school tuition every year so to lighten the debt burden students will face upon graduation. A significant debt burden can deter new physicians from going into primary care practice. **{ATTACHMENT L}**

On the expense side for the Academic Enterprise is budgeted a 2% salary increases for HSC faculty and staff (3% for SOM faculty), 5% group health insurance increase, start-up packages for the new College of Population Health Dean and Neurosurgery chair, and health sciences Rio Rancho campus advancement costs.

Ms Lovell discussed the total Health Sciences Center budget. The proposed budget for all of the HSC is \$2.242 billion, a 9.9% increase from 2019 original budget, and is comprised of UNM Hospitals, 54% of the total at \$1.2 billion, the Academic Enterprise, 31% at \$700 million, the UNM Medical Group, 11% at \$244 million, and the Sandoval Regional Medical Center, 4% of the total at \$94 million. Of the \$700 million Academic Enterprise budget, 21%, or \$150 million is the restricted piece referring to contract and grants in the research organization. The remaining \$547 unrestricted piece outlined earlier includes the schools and colleges. At the bottom line, the UNM HSC Academic Enterprise budget forecasts a \$1.335 billion net margin in the positive. Ms. Lovell clarified that any unit with a net margin in the red, for example -\$154K for the College of Pharmacy, would be covered by reserve balances in that college, used strictly for one-time funding needs.

Ms. Lovell discussed the financial impacts of the proposed 2% compensation increase for HSC staff and non-SOM faculty and the 3% compensation increase for SOM faculty. The 3% for SOM faculty is proposed because they are the furthest behind in the market for their salaries. Over all of the groups, the compensation increases would amount to a total of \$7.8 million, and the state would fund \$2 million of that, leaving a funding gap of \$5.8 million which would be covered by Clinical revenue generation. For the HSC RPSP's the State funds 100% of compensation.

Ms. Lovell discussed the non-academic pieces of the budget, the hospitals and clinical side, also including the Cancer Center. The FY2020 financial assumptions include, \$22 million revenue improvement due to revenue cycle operational improvement initiatives; \$13 million for increase hospital volume, primarily related to outpatient clinics; Medicaid reimbursement and Medicare DSH decreases of \$16 million and \$2.5 million, respectively; increased compensation and benefits expense of \$14 million; \$1.7 million expense for the addition of residents; and 2% inflationary increases on supplies and 4% on pharmaceuticals. The estimated \$21.5 million impact of the gross receipts tax, effective July 1, is projected on both the revenue and expense side, so it is a wash. Ms. Lovell discussed the financial assumptions for SRMC and the Medical Group. Overall, for the Health System, the FY20 budget projects a \$8.7 million bottom-line favorable net margin.

Ms. Lovell highlighted the HSC's appreciation for the additional funds provided by the State, including \$30 million toward the new in-patient Hospital Tower; \$3.5 million for the movement disorder clinic; \$1.4 million for the OMI CT scanner; and \$428K toward a regional behavioral health triage center.  
**[ATTACHMENT L]**

Regent Brown inquired if the \$21.5 million mentioned for the expected gross receipts tax will be passed on to the patients, and if so, will the insurance companies be geared toward paying that. Dr. Richards confirmed this is budgeted as an expense-neutral item and will not be passed on to the patients. The way HSC plans to be reimbursed for those taxes is through a change in the Medicaid fee schedule, and through the Medicaid buy-in program. The details are not yet worked out, but under all of the models, UNM will come in at about breakeven.

Regent Sanchez Rael commented with regard to thinking about the long-term fiscal health of the university system, an important concept to keep in mind is, "we cannot cut our way to prosperity," but we need to look into the system at the places, the seeds of greatness that can be built upon. Regent Sanchez Rael commended Dr. Roth and his team for developing new programs in the College of Nursing and the College of Pharmacy, places where enrollment can be enhanced.

Regent Schwartz added it was an excellent budget presentation and a sincere account of the obligation of this university to the State, an obligation that the University has been discharging so well. Regent Schwartz commended the HSC for the work it is doing with other institutions in New Mexico, because this is going to improve the quality of care for people across the State, whether they are part of the UNM system or part of some other system as well and shows UNM takes seriously its obligation to the health of the State as a whole.

#### Advisors' Comments on the Budget Proposal

Pamela Pyle, Faculty Senate President, spoke about the BLT process and the unanimous vote by its members for the budget proposal that was brought forth. Ms. Pyle posed a question for the future: how are areas of need selected? To answer, would surely need discussion about university priorities as well as posing other questions,



who are we and what message are we crafting to send out into the world? UNM is an amazingly rich university with outstanding faculty and world class programs. Ms. Pyle posed the question regarding the proposed 4% compensation increase: what would it look like if fuller compensation really was a priority, and how would that inform conversations, both internally and externally with the State?

Rob Burford, Staff Council President, also a member of the BLT, thanked the BLT members for their efforts during the process. Mr. Burford commented with regard to the recently mandated 4% compensation increase and encouraged leadership to look at other ways of funding, including enhancing enrollment, rather than raising tuition or incurring additional cuts.

Becka Myers, ASUNM President, commented the members of the BLT have worked diligently over the past year. With regard to the overall budget recommendation, Ms. Myers said she believed the BLT and President Stokes actively consider student input during the process, and during the process Ms. Myers said she learned that students value knowing where their tuition dollars go. In general, student input showed that students do agree with the proposed premiums on upper division courses and differential tuitions.

Approval: Board of Regents Vote on Budget Proposal

**The motion to postpone the vote on both the FY20 Main Campus consolidated budget and the FY20 HSC budget until a future Board of Regents special meeting passed with a unanimous vote in favor (1<sup>st</sup> Begay; 2<sup>nd</sup> Sanchez Rael).**

CONSENT DOCKET

Regent Brown addressed the consent docket; no items were removed from the docket for discussion.

1. Finance and Facilities Committee (F&F) Consent Items, Regent Sandra Begay, Chair
  - a. Approval of Software Renewal: Microsoft Licensing for UNM
  - b. Approval of Project Construction on Elks Lodge
  - c. Re-approval of UNM Gallup New Physical Plant & Storage Facility
2. Health Sciences Center Committee (HSCC) Consent Items, Regent Rob Schwartz, Chair
  - a. Repair, Renew, Replace Capital Project – UH Main Inpatient Pet CT Replacement (\$800K)
  - b. Repair, Renew, Replace Capital Project – UH Main Endoscopy Remodel (\$542,021)
3. Academic/Student Affairs & Research Committee Consent Item, Regents Rael & Henry, Co-Chairs
  - a. KMP Resolution (KMP: Key Management Personnel)

**The motion to approve the items on the Consent Docket passed by a unanimous in favor (1<sup>st</sup> Doughty; 2<sup>nd</sup> Schwartz).**

ACADEMIC/STUDENT AFFAIRS AND RESEARCH COMMITTEE

Approval of Honorary Degrees

Regent Sanchez Rael noted, as per the agenda, the honorary degree candidates would be discussed in closed session.

Approval: Nomination of Joseph F. Baca to the UNM Labor Management Relations Board

Dorothy Anderson presented the item. At the March 11 Board of Regent meeting, the board approved the nomination of two individuals to UNM's Labor Management Relations Board. Ms. Marianne Bowers as the Labor nominee was approved and Charlotte Lamont as the existing Management representative was reconfirmed. Both Ms. Bower's and Ms. Lamont have moved to nominate the Judge Joseph F. Baca to his role as the third member of the board.

**The motion to approve Joseph F. Baca as the third member of the UNM Labor Management Relations Board passed by a unanimous in favor (1<sup>st</sup> Schwartz; 2<sup>nd</sup> Sanchez Rael).**

Approval: Lobo Development Corporation - Amendment to Bylaws

Craig White introduced the item. The Lobo Development board unanimously approved this amendment which primarily takes away the stipulation that one of the two Regent members on the Lobo Development board is the Chair of Finance and Facilities Committee. There still remains two Regent members on the Lobo Development board.

**The motion to approve the 6<sup>th</sup> Amendment to the Lobo Development bylaws passed by a unanimous in favor (1<sup>st</sup> Sanchez Rael; 2<sup>nd</sup> Schwartz).**

**Approval: Regent Nominations to Research Park Corporation Boards**

Regent President Brown noted his nominations: Regent Marron Lee to the Lobo Energy Board; Regents Kim Sanchez Rael and Marron Lee to the Lobo Development Board; and reaffirmation of Regent Sandra Begay to the STC.UNM Board

**The motion to approve the said nominations to the UNM Research Park Corporation Boards passed by a unanimous in favor (1<sup>st</sup> Schwartz; 2<sup>nd</sup> Sanchez Rael).**

**Approval: Revisions to KUNM Radio Board Bylaws**

Rich Wood introduced the item. The proposed revisions to the KUNM Radio Board bylaws were tabled at the August 14, 2018 Board of Regents and are now coming back to the board for approval. Pamela Cheek discussed the details. This item was really a modernization of the bylaws. The essential changes between the current bylaws and what the KUNM board and radio management are seeking are as follows: 1) the Radio board sought to make clearer in its bylaws its commitment to meeting the needs of a diverse community, and 2) the revision provides more specifics with reference to the nomination and number of board members. When this item was tabled, former Regent Suzanne Quillen sought clarification about the nature of the board being an advisory board to the Board of Regents. That clarification is present already in Regents' Policy 8.7, and the policy also makes it clear that the Board of Regents holds the license from the FCC for KUNM and that it delegates the immediate oversight of the radio station to the President and to the Provost. Dr. Cheek is the person in the Academic Affairs who provides that oversight on behalf of the Board of Regents. It also makes clear the radio board serves in an advisory capacity; it has the responsibility to review and make recommendations with respect to the content of radio shows provided by the radio station. Essentially, these bylaw revisions provide an opportunity for the radio board bylaws to be updated. The clarifications Regent Quillen sought to the bylaws making clear the radio board is advisory, rather than governing, have been introduced. The bylaws have been thoroughly vetted by UNM Legal Counsel. Dr. Cheek said radio board management was in support of this and KUNM General Manager Richard Towne, also in support of this, was present.

Regent Schwartz inquired if there was any argument against this, if there was another side. Dr. Cheek responded she was surprised when this was tabled in August, that she was not sure what the concerns were; however, in her search to understand, what was determined was there was a request for even further clarification that this is an advisory board. There were also possibly some concerns whether the KUNM board was subject to the NM Open Meetings Act. The revisions recommended by University Counsel provide clarity about the open nature of board deliberations, except in the case when it has to do with a disciplinary matter, and in those cases there is an opportunity for the board to meet in closed session.

**The motion to approve the revisions to the KUNM bylaws passed by a unanimous in favor (1<sup>st</sup> Begay; 2<sup>nd</sup> Sanchez Rael).**

**PUBLIC COMMENT**

Dave Dixon, Lecturer in the Department of Economics, commented about the faculty union matter and opened his comments with an apology for what happened at the last meeting when some colleagues left the Board of Regents after public comment and did not stay to hear Regents' comments. Dr. Dixon had stayed and heard very encouraging comments from Regents. Dr. Dixon spoke about a response letter from the outside law firm and reference to faculty structures at UNM. Dr. Dixon said in his experience working with other faculty, the common practice is to each other as 'colleagues', irrespective of title.

Julia Woodford and Katy Brammer, Students of the Counselor Education Doctoral Program, asked Student Regent Henry to join them at the podium. Regent Henry is also in the Counselor Education Doctoral Program at UNM. Ms. Woodford spoke about Sexual Assault Awareness Month and Denim Day on April 24. In the State of NM, 1 in 4 women and 1 in 20 men report being victims of sexual violence. They are working in collaboration with the Women's Resource Center, LoboRESPECT, and the Title IX office, to talk about sexual assault. This year will be the 20<sup>th</sup> iteration of Denim Day, and they encouraged everyone to wear denim on April 24 to call attention to sexual assault and to try to minimize rates of sexual assault in the State and on UNM Campus.

Kathy Powers, Associate Professor in Political Studies, (A statement by Dr. Powers was read by Jasmine Lovell.) Dr. Powers wrote concerning labor rights, an important human rights issue around the world, and the importance of an academic union at UNM to uphold labor rights, especially for contingent faculty and faculty who are race, gender, and sexual minorities, who are particularly at risk for having these sorts of human rights violated. Jasmine Lovell, contingent faculty member in the Department of Art, added that she completely echoes these concerns.

Karen Champine, Lecturer in the Department of Mathematics and Statistics, supports a faculty union for several reasons: a union will greatly increase the transparency of processes, procedures, finances and motivations leading to decisions among the administration; we want to work for a university that helps its faculty to understand and be part of the decisions being made and the resources available; a union will help to keep important decisions part of the regular semester, and not during spring breaks and summer sessions in order to avoid faculty criticism; a union will help create a robust grievance procedure and give legal support when needed; a union will help protect jobs, particularly important for part-time instructors.

Kathryn Wichelns, Assistant Professor, Department of English Language and Literature (A statement by Dr. Wichelns was read by Irene Vasquez.) Dr. Wichelns wrote about gender equity at UNM and why she supports a faculty union on those grounds. Women disproportionately work in contingent and non-research positions in English and across UNM in part because of the consistent failure to account for the unequal roles that mothers are expected to play in child-rearing. At UNM female junior faculty will be asked more often than their male colleagues to do service. Women of color in particular have to learn to say no, a lot, if they have the hope of getting tenure. Committee diversity requirements have the perverse effect of over-burdening those who we need to support most. Women are more likely to be hired as joint appointments which usually means serving two departments, equally. A faculty union would ensure as the current mentorship program does not, that women faculty and faculty of color get advice that centers their long-term goals and real advocacy for recognition of their work beyond research.

Katherine Watkins, Associate Professor, College of Education, has been at UNM since 1996 and during that time has seen 9 university presidents and 5 deans of the COE. Dr. Watkins shared her perspective about being a female faculty member at UNM. The salaries, according to The Chronicle of Higher Education, from 2003 to 2017 for women faculty were flat. The salaries for men at UNM, from 2015 to 2017 had a direct increase. The University has seen budget cuts over the last six years that are largely punitive at this time. The budget procedure is at best opaque and needs to consider appropriate compensation for faculty. Dr. Watkins has stood before the Regents in the past as a member of the Faculty Senate and asked for the Regents to hear faculty concerns, to no particular avail. Dr. Watkins said she hopes the new Board of Regents will listen to the faculty's concerns related to compensation, not just about raises, but also about acknowledging the high amount of work the faculty do that has really almost doubled in the past few years because there are no longer any staff to support them in their work. Dr. Watkins said she supports faculty standing in solidarity to negotiate in the future.

ADVISORS' COMMENTS (no comments)

#### Vote to Close the Meeting and Proceed in Executive Session

Regent Brown asked for a motion to move into executive session for the purposes outlined on the agenda and clarified a roll call vote would be taken; Regent Doughty motioned to close the meeting; Regent Sanchez Rael seconded the motion; the following votes were taken: Regent Doughty-yes; Regent Schwartz-yes; Regent Sanchez Rael-yes; Regent Begay-yes; Regent Brown-yes; and Regent Henry-yes; motion passed; the meeting closed at 12:09 PM.

#### Executive Session Agenda

- a. Honorary Degree Candidate(s) - Discussion
- b. Discussion of "limited personnel matters" as defined in and permitted by Section 10-15-1.H(2), NMSA (1978) - regarding employee appeal(s)
- c. Discussions subject to attorney-client privilege pertaining to threatened or pending litigation as permitted by Section 10-15-1(7), NMSA (1978)

Vote to re-open the meeting and certification that only those matters described in the Closed Session Agenda were discussed in Closed Session, and if necessary, or as required, final action with regard to certain matters will be taken in Open Session, including the following:

Regent Doughty motioned to re-open the meeting; Regent Begay seconded; all were in favor; the meeting re-opened at 2:06 PM; the doors to the Cherry Silver Room were opened. Regent Brown certified that only those matters described in the closed session agenda were discussed, and there were three (3) items upon which action would be taken in open session.

**Final Action on Honorary Degree Candidate(s):**

During closed session, Karen Brown, Chair of the Honorary Degree Committee, presented the honorary degree candidates that were approved at the March 28 Regents' Academic/Student Affairs and Research Committee.

**The motion to approve the proposed Honorary Degree Candidates passed with a unanimous vote in favor (1<sup>st</sup> Henry; 2<sup>nd</sup> Schwartz).**

**Regarding Limited Personnel Matters:**

**The motion for the Board to decline to exercise discretion on an appeal dated January 22, 2019 passed with a unanimous vote in favor (1<sup>st</sup> Doughty; 2<sup>nd</sup> Henry).**

May it be stated for the record, with regard to the following action, Regent Robert Schwartz recused himself from discussion of the matter and from the final vote; he was not in the room for either.

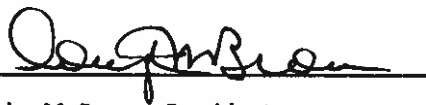
**The motion for the Board to decline to exercise discretion on an appeal dated March 22, 2019 passed with a unanimous vote in favor (1<sup>st</sup> Doughty; 2<sup>nd</sup> Henry).**

**ADJOURN**

There being no further business, Regent Brown asked for a motion to adjourn; Regent Doughty motioned; Student Regent Henry seconded; motion passed unanimously; the meeting adjourned at 2:10 PM.

**Approved:**

**Attest:**



Douglas M. Brown, President



Sandra K. Begay, Secretary/Treasurer

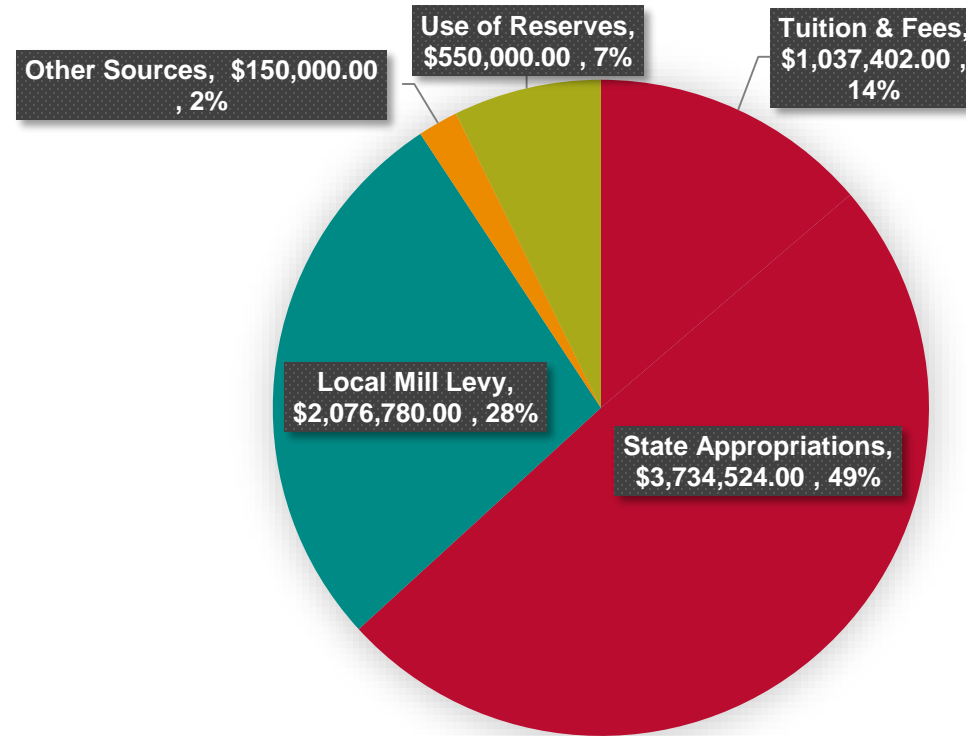
**ATTACHMENT A**

Attachment to the Minutes of the April 9,  
2019 Board of Regents Budget Summit

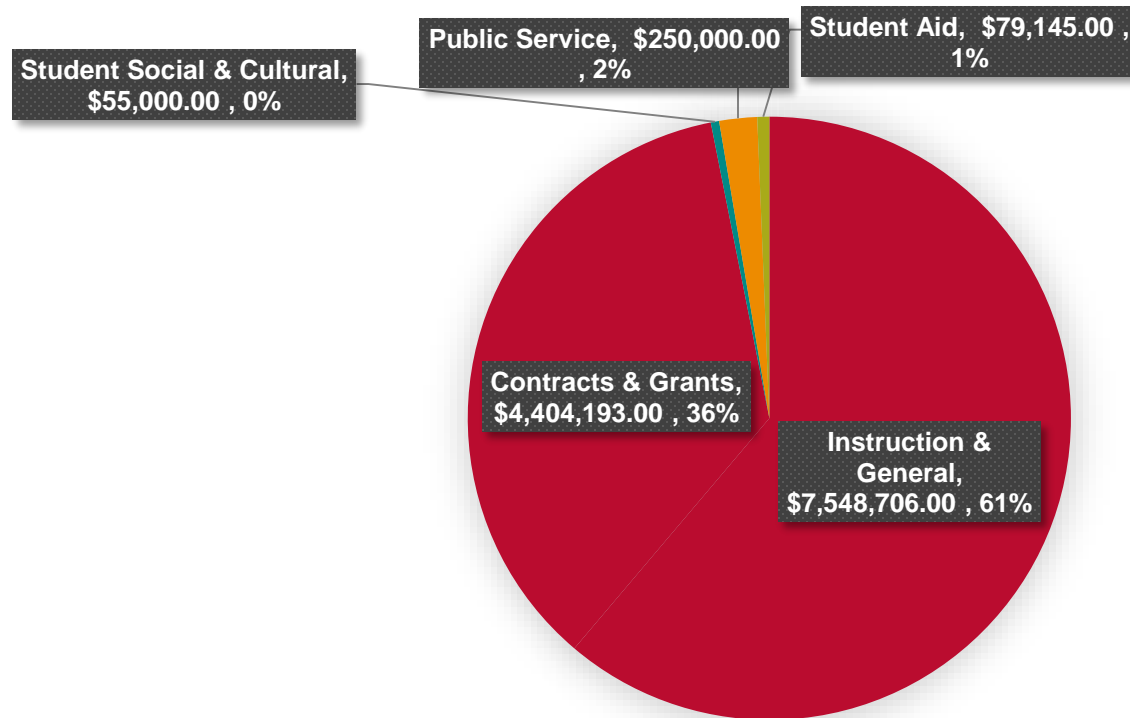


UNM Taos Budget Presentation- FY 2019-20

# Revenue Outlook for FY20



# Expenditure Outlook for FY20



# Budget Elements for FY20

- Appropriation Increase from New Monies and Performance Measures- \$129,900
- Compensation and ERB Funding- \$95,053
- Dual Enrollment Funding- \$124,500
- No Increase in Tuition or Fees
- Use of Budget Reverses to Institutionalize Grant Funded Positions- \$550,000
- Reserves and Capital Resources Remain Healthy

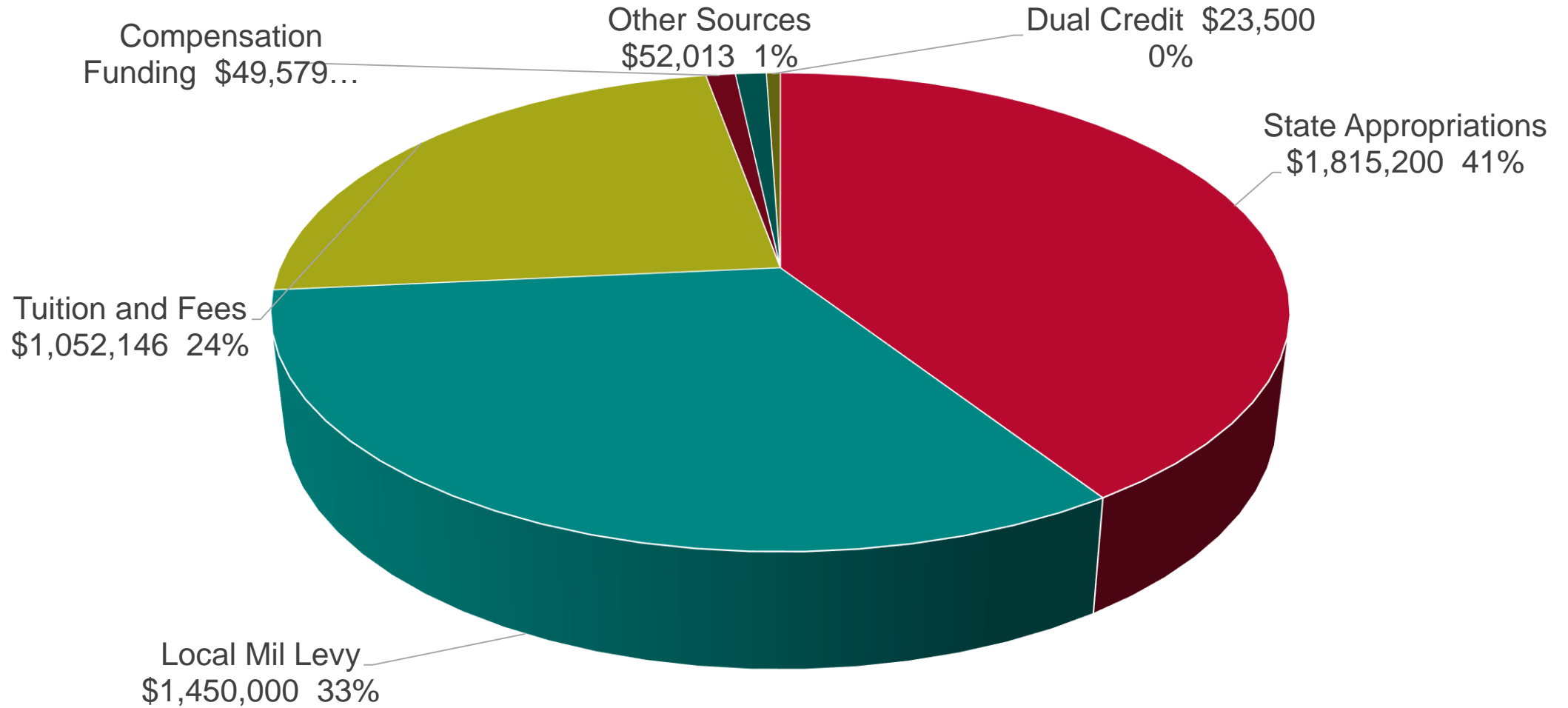


**ATTACHMENT A**

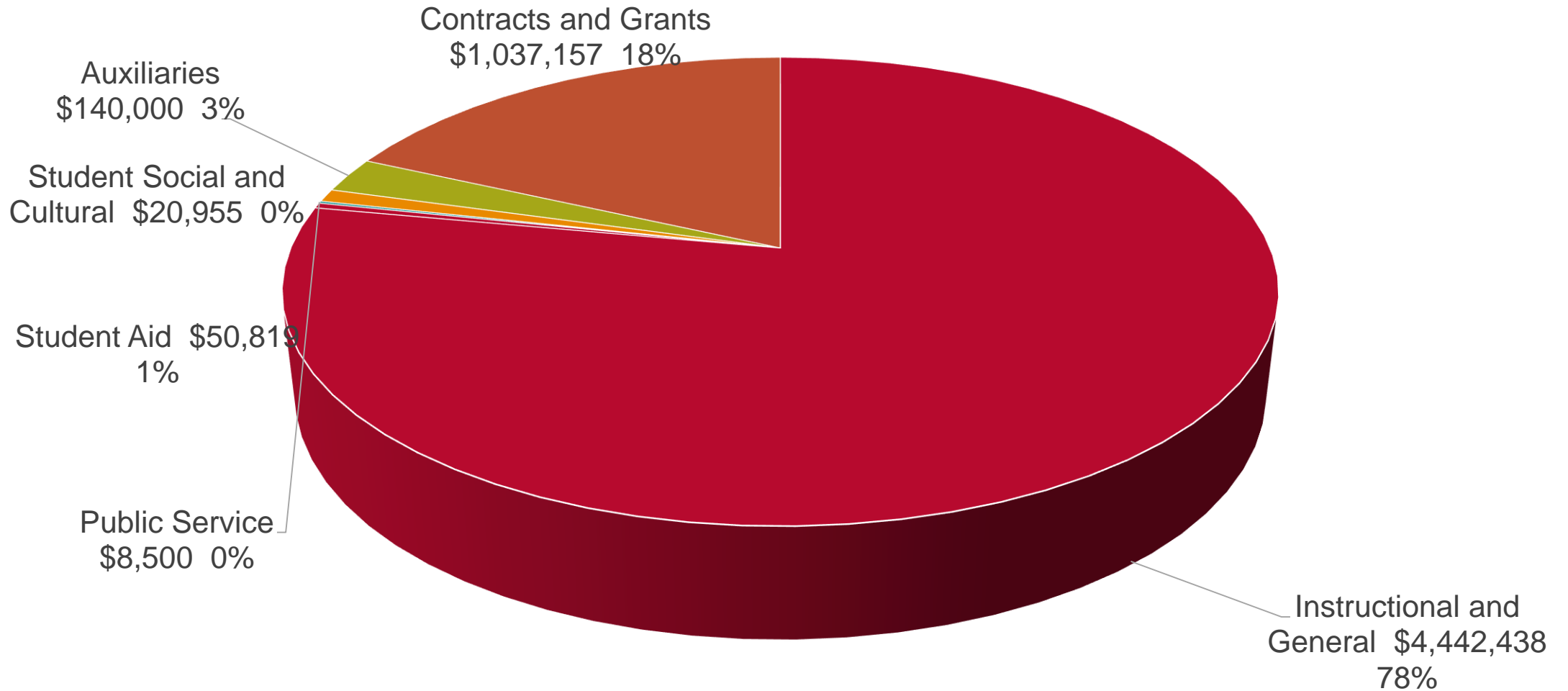


UNM Los Alamos Budget Presentation – FY 2019-2020

# Revenue Outlook for FY20



# Expenditure Outlook for FY20



# Budget Elements For FY20

- Appropriation Increase from Performance Measures - \$57,500
- Compensation and ERB Funding - \$49,579
- Dual Enrollment Funding - \$23,500
- No Increase in Tuition or Fees
- Reserves and Capital Resources Remain Healthy
- Questions?



VALENCIA

ATTACHMENT A

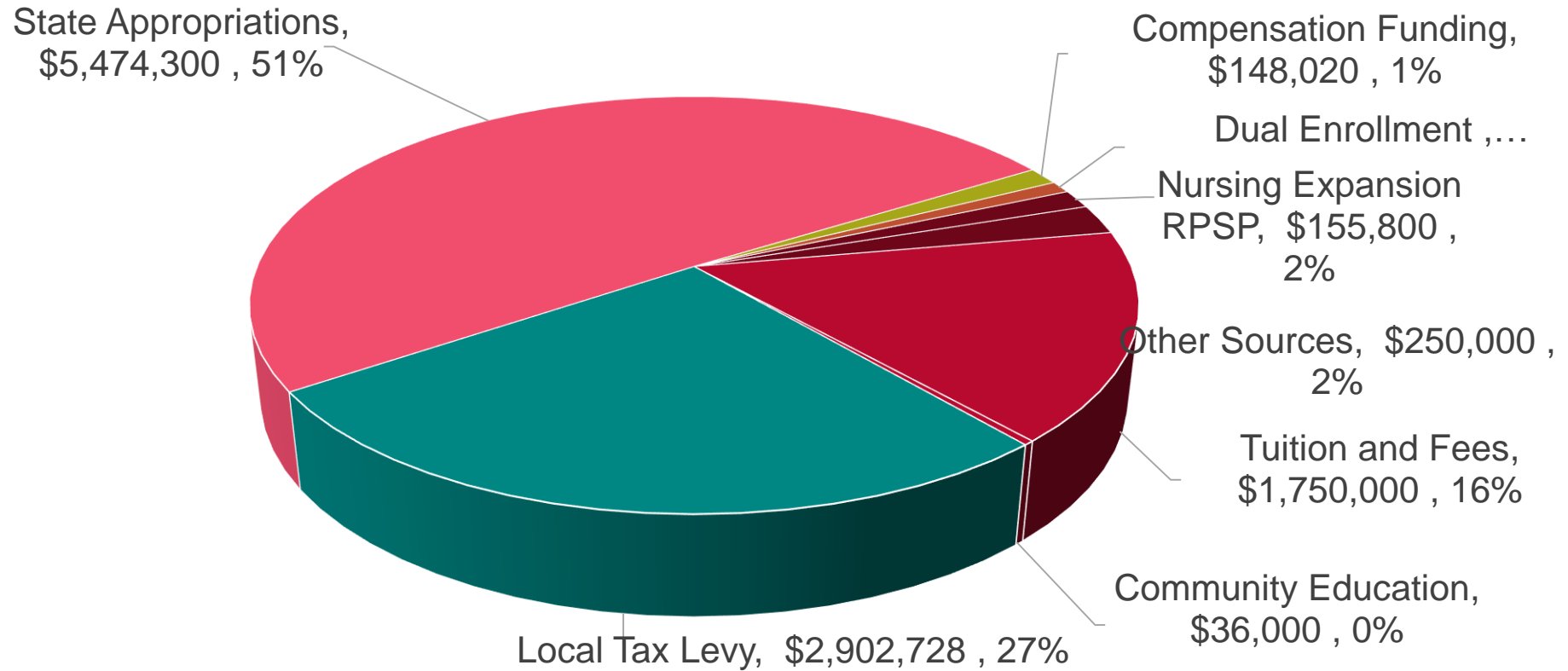
## UNM Valencia Budget Presentation – FY 2019-2020



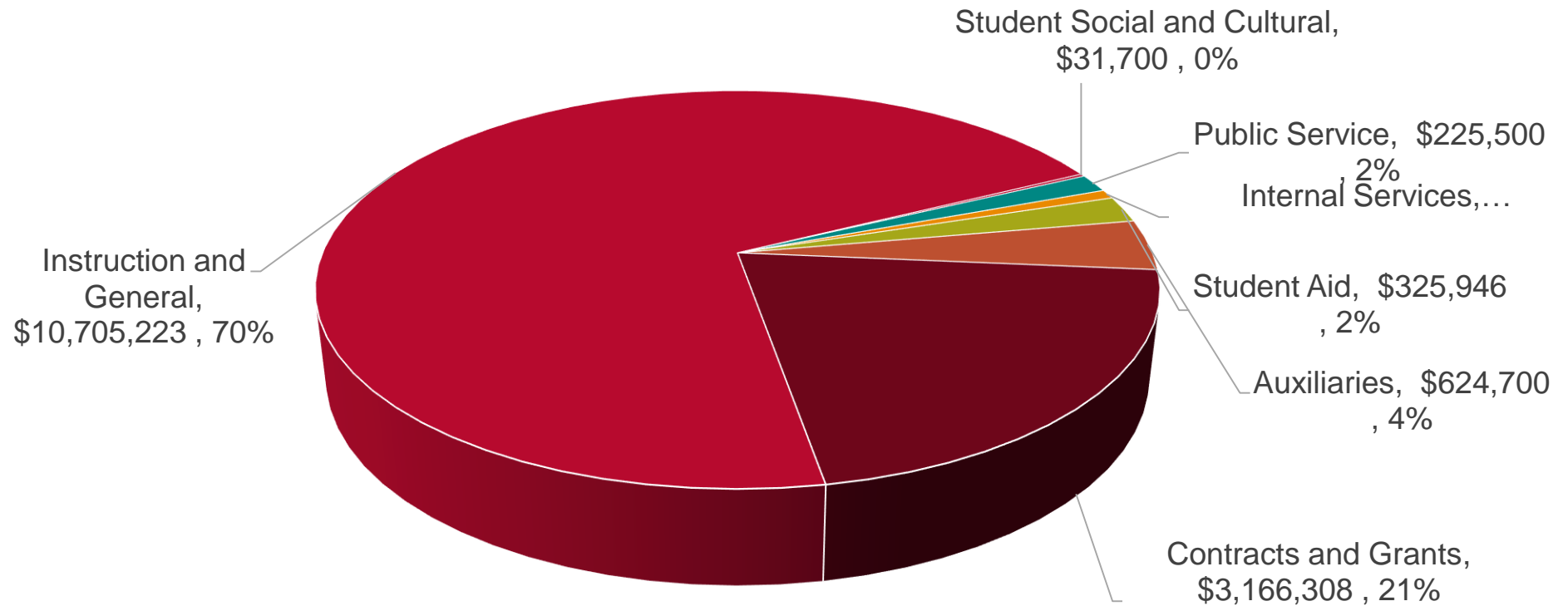


VALENCIA

# Revenue Outlook for FY20



# Expenditure Outlook



# Budget Elements For FY20

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- Appropriation Increase from Performance Measures - \$164,635
- Compensation and ERB Funding - \$155,136
- Dual Enrollment Funding - \$100,500
- No Tuition Increase
- Nursing Expansion Funding Renewed for FY20
- Restricted Funding is 30.2% of I&G
- Reserves and Capital Resources remain healthy
- Questions.



**ATTACHMENT A**



UNM Gallup Budget Presentation- FY 2019-20

# Management Discussion & Analysis

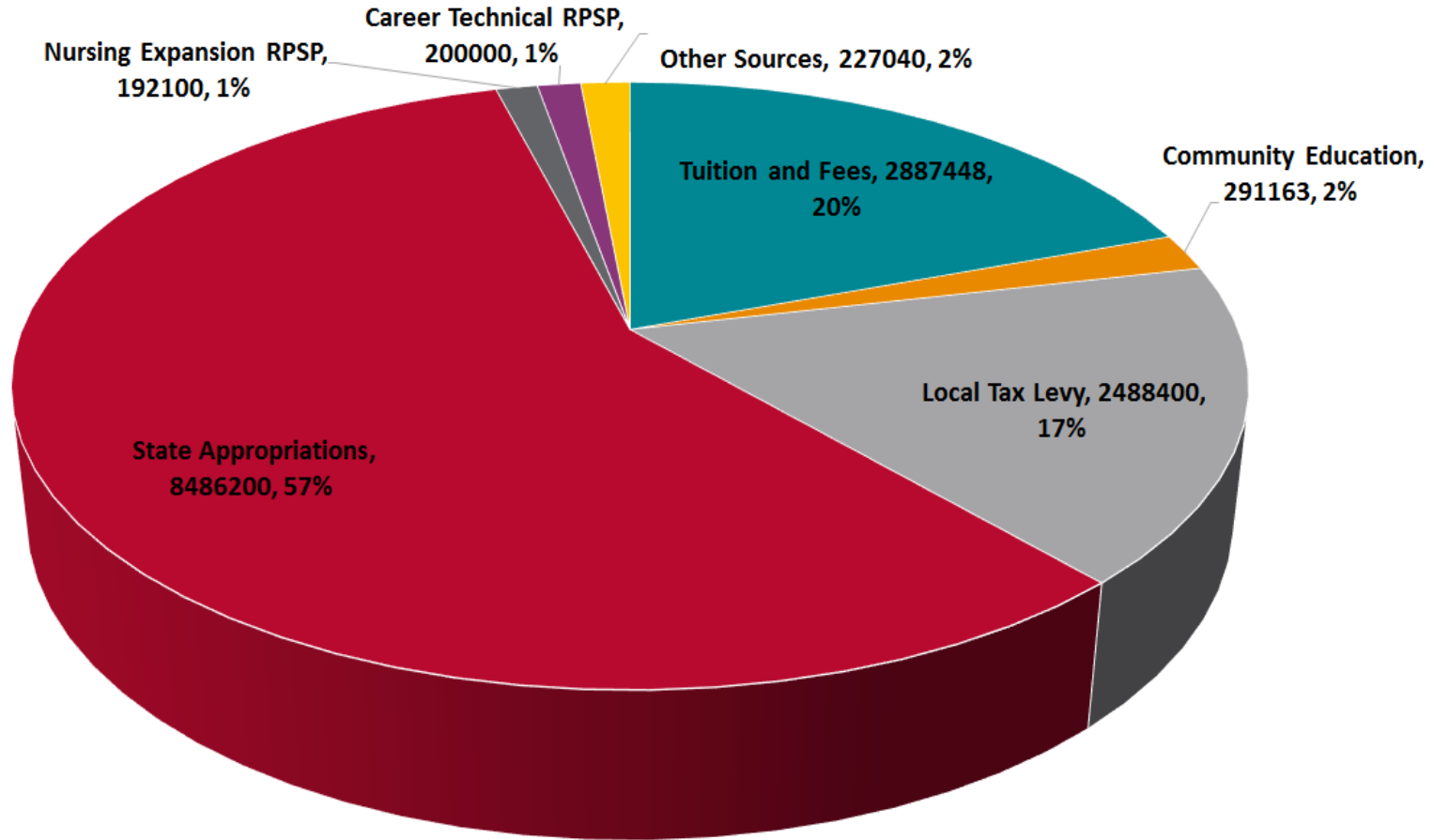
Fiscal Year 2019 -2020 Budget

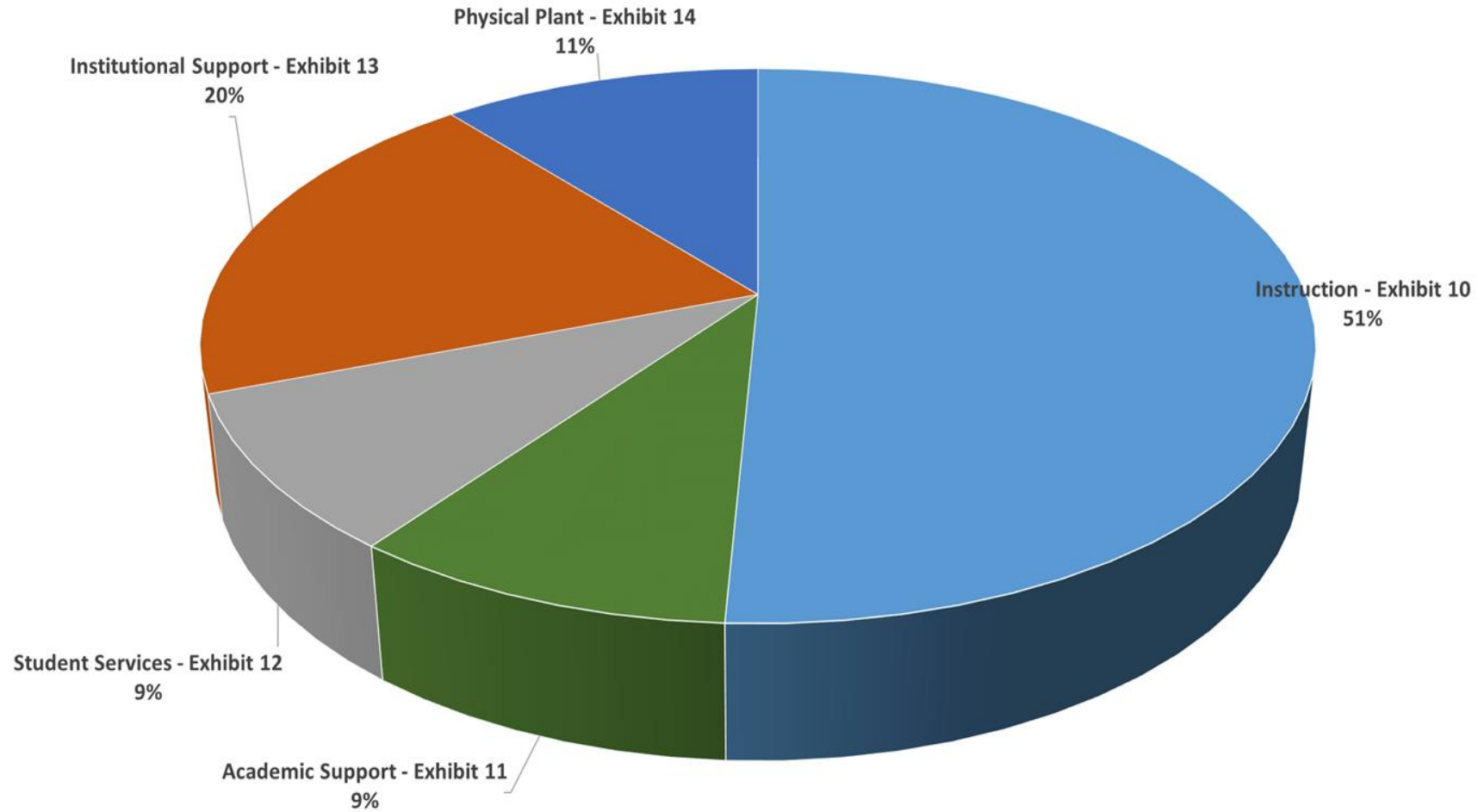
This Budget was prepared using the following assumptions:

- 1)no increases in revenue and no decreases in expenses,
- 2)no institutional reserves for I&G,
- 3)no new money,
- 4)no increases in tuition & fees,
- 5)no millage increase,
- 6)and no change in enrollments.

State Appropriations will fluctuate in the legislative process until House Bill #1 becomes law. Any compensation increases will increase expenses and revenue at minimal net impact.

Five Year Capital Plan requires a 25% match from Institutional Reserves.







FY 20 Main Campus BLT Recommendation

BOR Meeting-Budget Summit

Tuesday April 9, 2019

---

**Warren Buffett:**

**“The most important message you can deliver to a young person is that anything you invest in yourself, you get back ten-fold.”**

-- source [here](#)

Today:

Presentation of recommendation of Budget Leadership Team, based on full deliberations September 2018 to April 4, 2019: *Unanimously endorsed by BLT on April 4, 2019*

(but with reservations regarding limited compensation increase:  
just few good options for funding it)

New information regarding State of New Mexico budget priorities received April 5, 2019

Notes on factors the BLT is considering in formulating a recommendation to Regents, regarding potential responses to the new information

# Financial Assumptions

## Sources of Funds

- State Appropriations-\$12.6M Increase Formula Funding and Compensation
- Net Tuition- \$13.3M Decrease
  - (\$7.7M) current year tuition shortfall
  - (\$5M) 4% revenue enrollment fluctuation
  - \$2.5M Undergraduate and Graduate Tuition Premium Increase
  - No Base Tuition Increase
  - (\$3M) decrease-direct PharmD tuition to HSC
- Net Miscellaneous Revenues and Transfers and HSC Transfer-\$3.1M Increase
  - Primarily Land, Permanent Fund and Interest Income Increase
- One-Time Use of Central Reserves-\$3.3M Increase
- Mandatory Student Fees-\$2.7M Decrease
  - (\$2.1M) current year shortfall,
  - (\$1.4M) 4% revenue enrollment fluctuation
  - \$724K 3.43% rate increase

# Financial Assumptions

## Use of Funds

## ATTACHMENT B

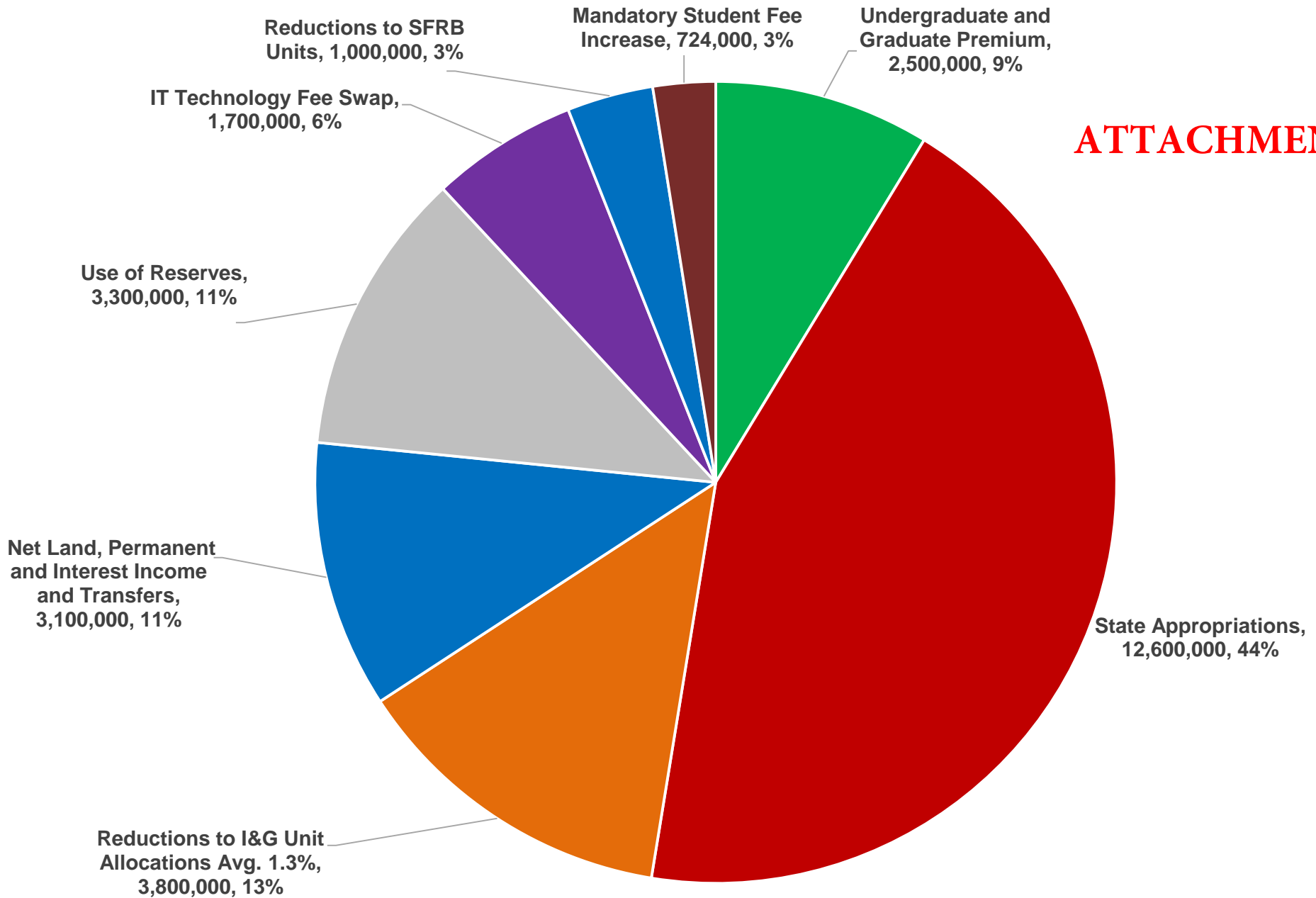
- Funding Priorities-\$9.9M Increase
  - 2% Faculty and Staff and \$9 Min. Wage Increase for Students
  - Compliance, Safety, IT Infrastructure and Advising Initiatives
  - Inflationary Increases for Group Health 5% and ERB .25%
  - Faculty Promotions and Faculty Lines
  - Student Aid and GA/TA Waivers
- Decrease in Unit Allocations-\$3.8M--Average 1.3% decrease
  - Administration-1.5% decrease
  - Academic Affairs Base-Net decrease 1.2% (1.5% decrease to units and an offsetting increase to base for Extended University)
  - SVP Base-1.5% decrease
  - Must Funds Base-1.5% decrease fringe benefits recurring savings
  - Utilities Base-1.1% decrease
- Mandatory Student Fee Recipients-\$2.7M decrease. It includes the \$1.7M IT swap to a technology fee.

Note: \$9.5M additional funding on schedule is \$9.9M Less Transfer to Student Aid \$400K



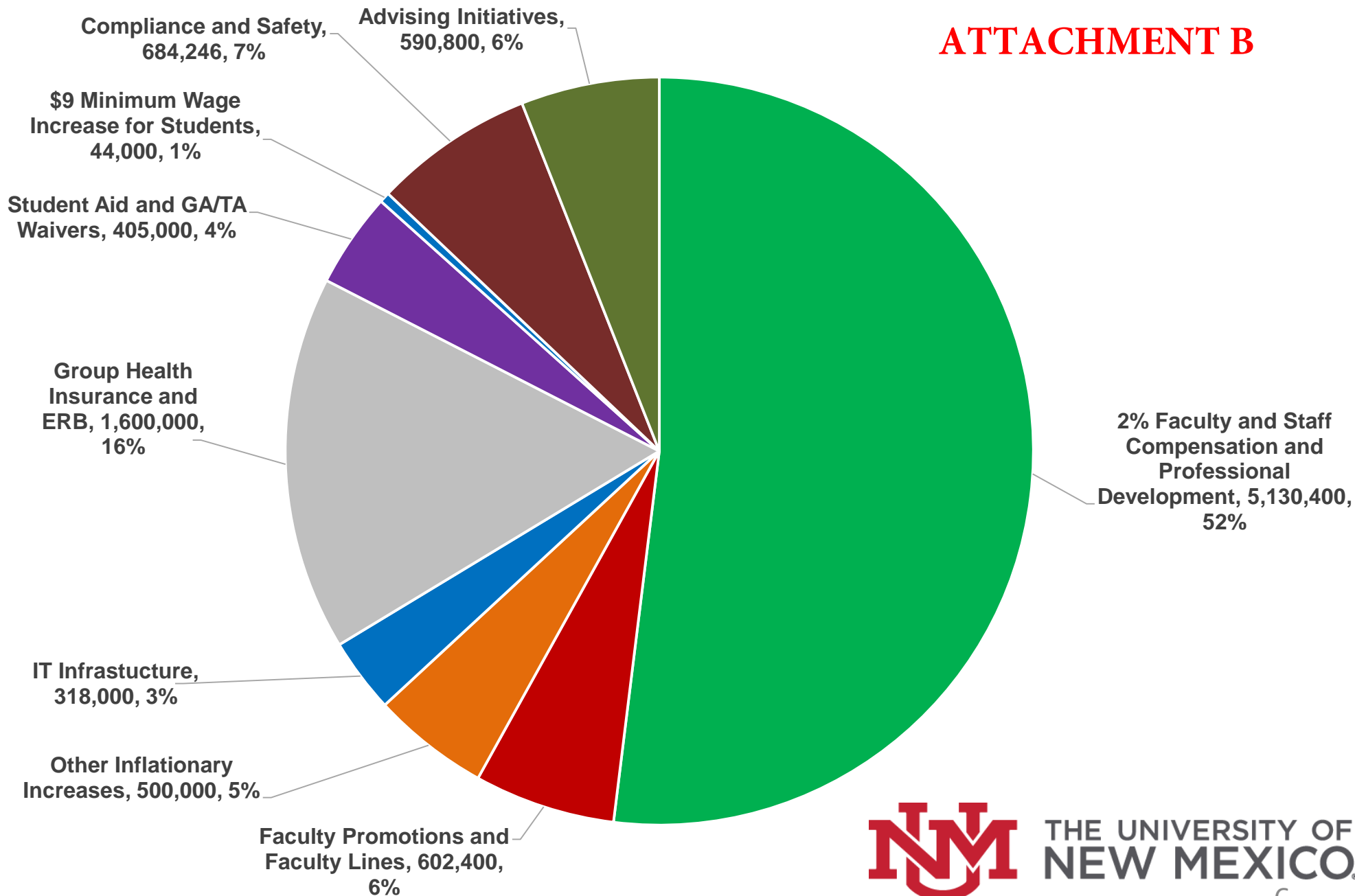
# FY 20 Budget Strategy to Fund \$28.7M Gap

**ATTACHMENT B**



# FY 20 Funding Priorities \$9.9M

**ATTACHMENT B**



3/28/2019

**DRAFT**

Main Campus Budget Leadership Team (BLT) Budget Recommendation FY 20 Budget (In Thousands)				
	Fiscal Year 2019 Original	Fiscal Year 2020 Original	Change Amount	% Change
<b>Revenues</b>				
State Appropriations	181,793	194,396	12,603	6.9%
Projected Tuition Revenue	133,900	120,573	-13,327	-10.0%
Health Sciences Center Transfer	-17,955	-17,218	737	-4.1%
Miscellaneous Revenues and Transfers	-10,073	-7,675	2,398	-23.8%
One-Time Use of Central Reserve	500	3,805	3,305	661.0%
<b>Subtotal I&amp;G Revenues</b>	<b>288,166</b>	<b>293,882</b>	<b>5,715</b>	<b>2.0%</b>
Mandatory Student Fees	36,256	33,519	-2,737	-7.5%
<b>Total Sources of Funds</b>	<b>324,422</b>	<b>327,401</b>	<b>2,979</b>	<b>0.9%</b>
<b>Expenses</b>				
Base-President/Administration	8,264	8,140	-124	-1.5%
Base-Academic Affairs	166,745	164,698	-2,047	-1.2%
Base-SVP for Administration	41,840	41,212	-628	-1.5%
Base-Must Funds (Fringes, Insurance, etc.)	54,132	53,322	-810	-1.5%
Utilities	17,185	16,990	-195	-1.1%
Compensation Increase - 2% Faculty and Staff and \$9 Min. Wage Increase for Students		4,939	4,939	
Swap from I&G to Capital Outlay Campus Security Cameras/Lighting		-150	-150	
New Initiatives and Inflationary Increases		4,681	4,681	
GA/TA Tuition Waivers - Tuition Increase		49	49	
<b>Subtotal I&amp;G Allocations</b>	<b>288,166</b>	<b>293,881</b>	<b>5,715</b>	<b>2.0%</b>
Mandatory Student Fees	36,256	33,519	-2,737	-7.5%
<b>Total Use of Funds</b>	<b>324,422</b>	<b>327,401</b>	<b>2,978</b>	<b>0.9%</b>
<b>Balance</b>		<b>0</b>	<b>0</b>	

New information regarding State of New Mexico budget priorities:

(received April 5, 2019)

To provide 4% raise to all faculty & staff:

(i.e. additional 2% beyond BLT recommendation)

Additional cost ~\$7.5 million Main Campus, ~\$9 million HSC

Factors to consider:

- Units already to absorb 1.5% cut under BLT recommendation  
*in addition to years of cuts*
- To fund via tuition rise only would require:  
6+% tuition increase to all base tuitions\*  
*in addition to BLT recommendation*
- To fund via mix of approaches:  
\$2.2 million cuts via reorganization & hiring vacancy savings  
+ 3.2% tuition increase to all base tuitions\*
- Option: 2% increase now + 2% January 2020, request to State for supplemental funding

\* This calculation relevant for main campus only; HSC and branch calculations more complex, and HSC approach would differ due to varied funding sources—cannot be funded by tuition rise

## What UNM Offers our students:

- UNM offers award-winning faculty and life-changing experiences
- UNM will embrace you in a warm environment where you can explore and thrive
- You can choose between the many compelling & exciting degree tracks only a flagship research university can offer
- You will gain the complex skills needed for successful living and thriving in a career
- We will help you save money by graduating in 4 years with a high-quality degree
- The tuition & fees you pay are an investment in your capabilities and opportunities: We use them for student support
- Ultimately, studying at UNM will produce greater personal *and* career returns *to you* than any other alternative

# Protecting value & quality of UNM undergrad degree over last decade+

- State support cut significantly in real terms, *partially* replaced with series of increases in tuition & fees
- Still huge cut: More than net \$20m less annually to main campus AA budget in constant dollars; covered by (i) drawing down reserves; (ii) depreciation of capital; (iii) depression of real wages for faculty & staff; and (iv) cuts to units, including travel, operating budgets, staff positions, and faculty positions
- More than doubled key student success variable: 4 year graduation rate
- Reduced average time to degree for FT students, 2004 to 2012 entering cohorts, by 14.95% overall (16.29% for minorities), 15.82% in A&S overall (18.09% for minorities), with corresponding time savings ranging from 0.83 years to 1.04 years

Current Value to UNM Undergraduate full-time students of reducing time-to-degree by one year:

→ **More than \$50,000**

(in direct costs and estimated opportunity costs)

- Direct: T&F in 2018-2019 FT rates:  $\$3,661 \times 2$  semesters = \$ 7,332
- Direct: Books & supplies, annual: = \$ 1,126
- Opportunity cost: Delayed starting salary: = \$45,200  
(in 2018, per USNWR & Payscale for average salary, first-year grad)

- More and more students will benefit if current “Finish in Four” work continues to improve student time-to-degree

Notes: assumes transportation, misc. and R&B costs incur in either scenario; assumes most forms of financial grant aid (Lottery scholarship, etc.) not available in 5<sup>th</sup> year and above; conservatively assumes no additional costs of borrowing avoided

Time to Degree for First-  
time, Full-time Freshmen  
2004-2012

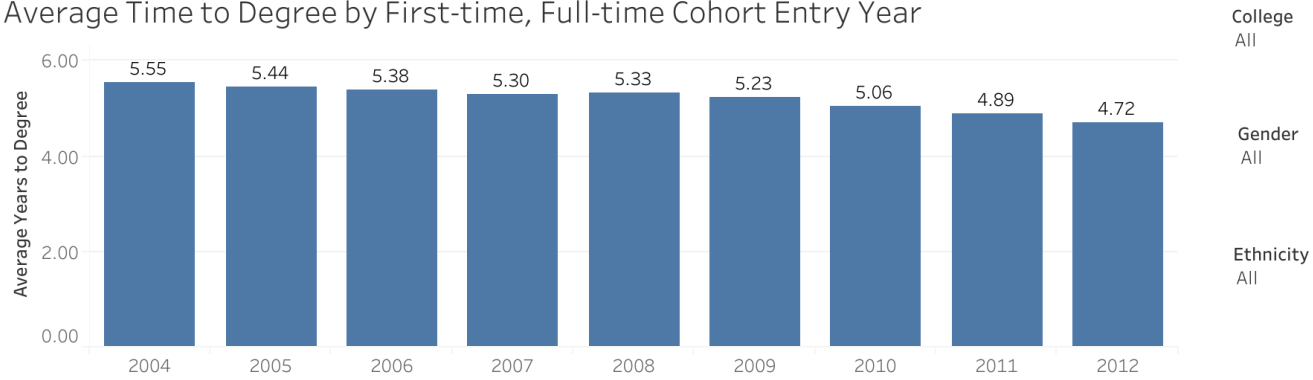
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With huge thanks to Bob Berrens, Heather Mechler, and other colleagues

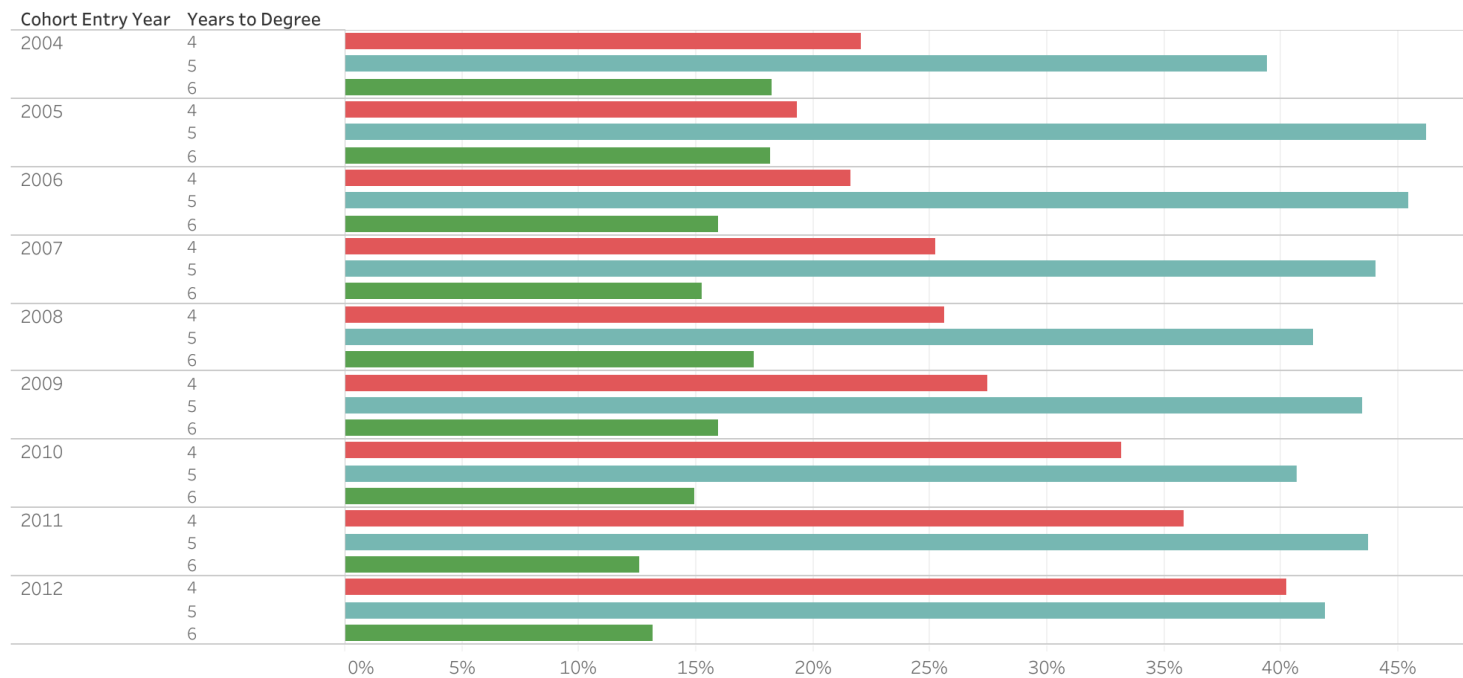


# ATTACHMENT C

Average Time to Degree by First-time, Full-time Cohort Entry Year

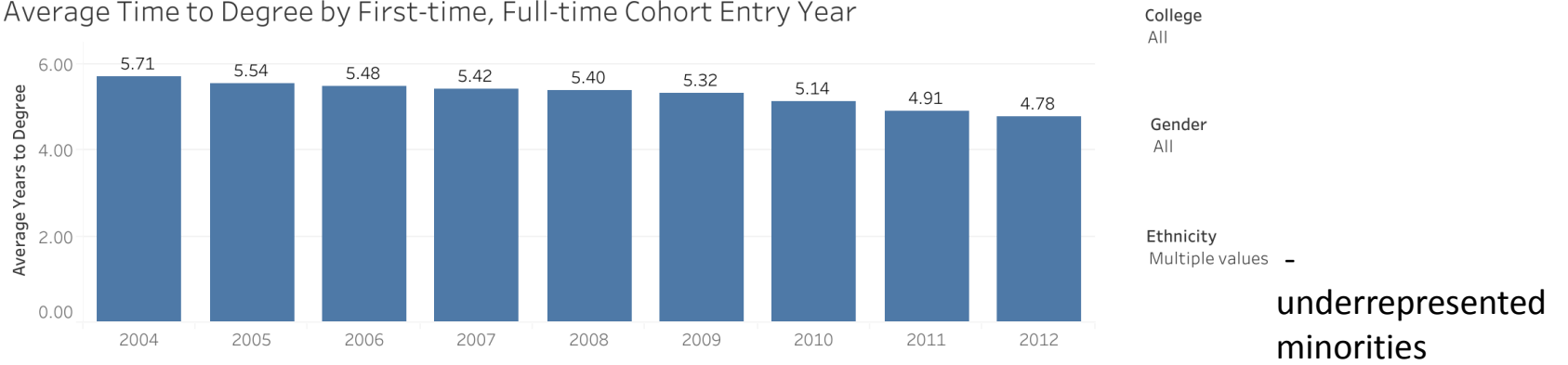


Percentage of Graduates by Cohort Entry Year and Time to Degree

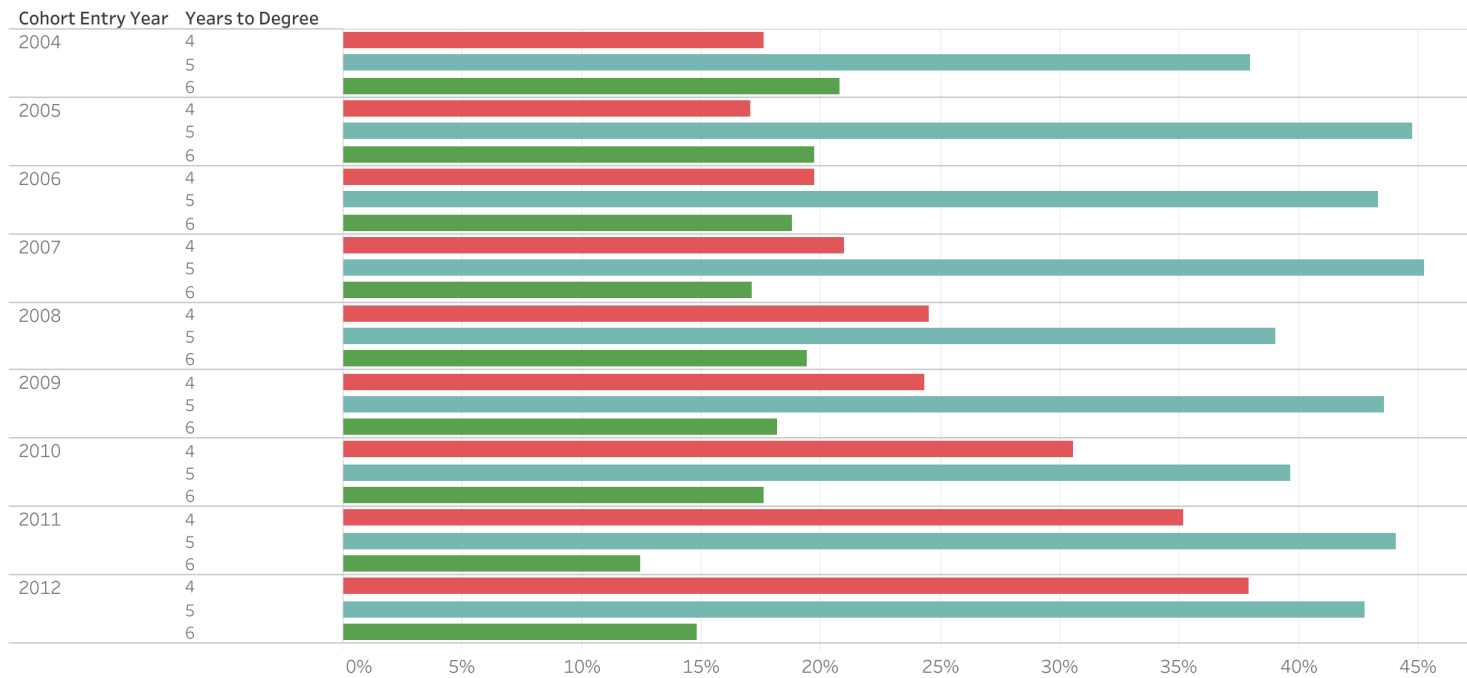


# ATTACHMENT C

Average Time to Degree by First-time, Full-time Cohort Entry Year

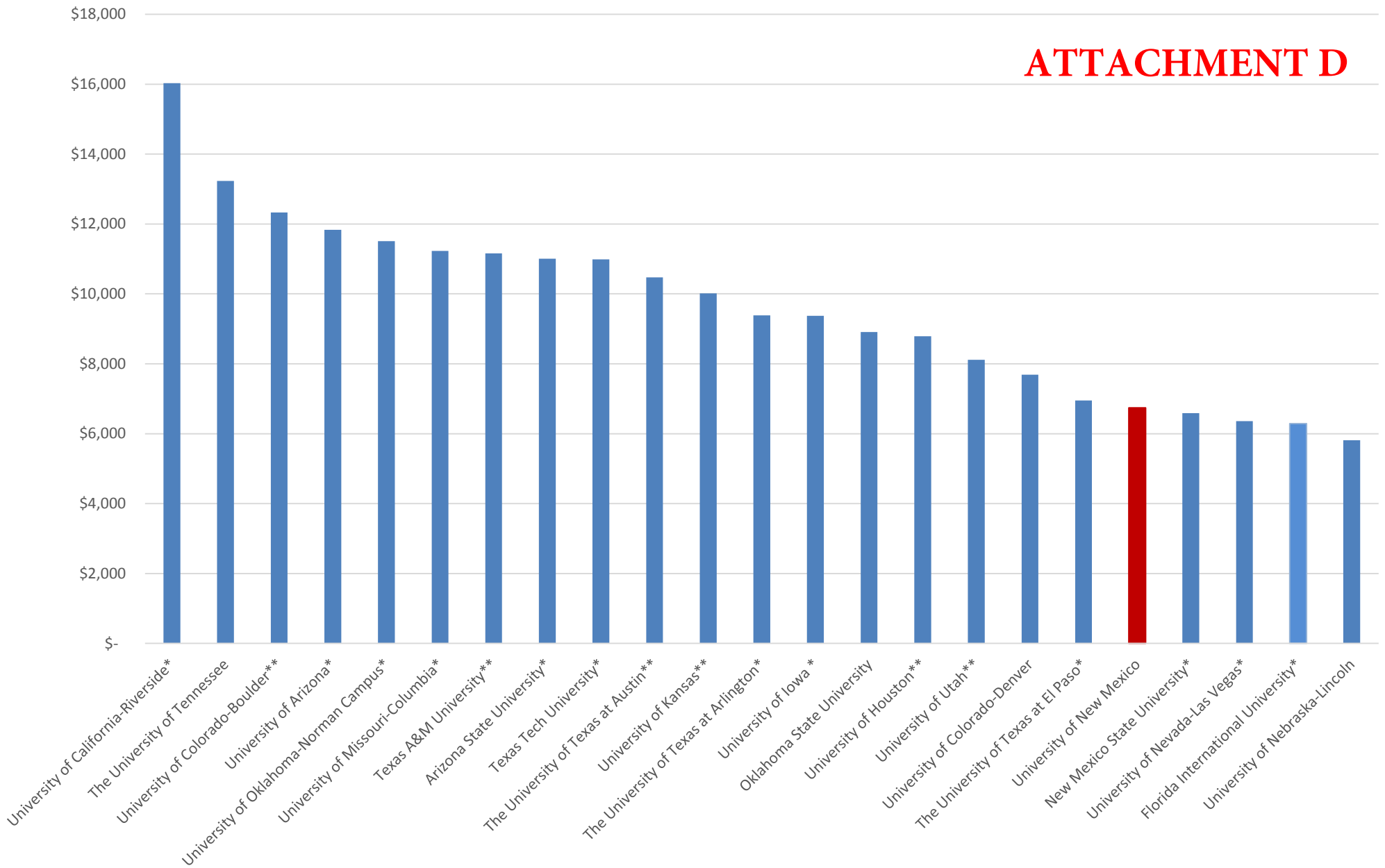


Percentage of Graduates by Cohort Entry Year and Time to Degree



## FY20 Proposed Undergraduate Tuition Peer Comparisons

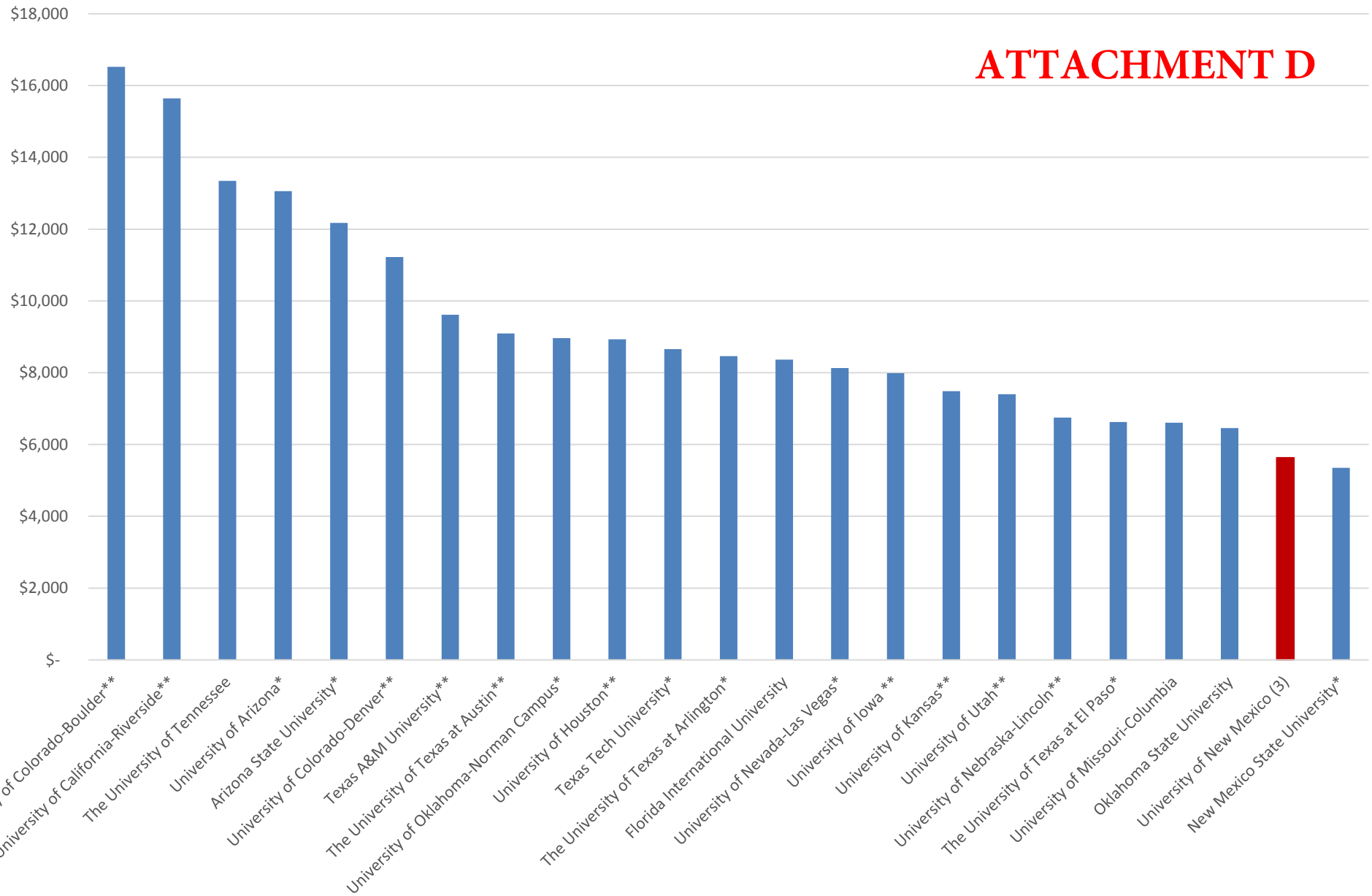
**ATTACHMENT D**



*Peer tuition rates vary, some include fees and/or program tuition rates, which makes the comparisons difficult to directly compare only tuition. This chart attempts to focus only on tuition. Current Resident Rate + 2%*

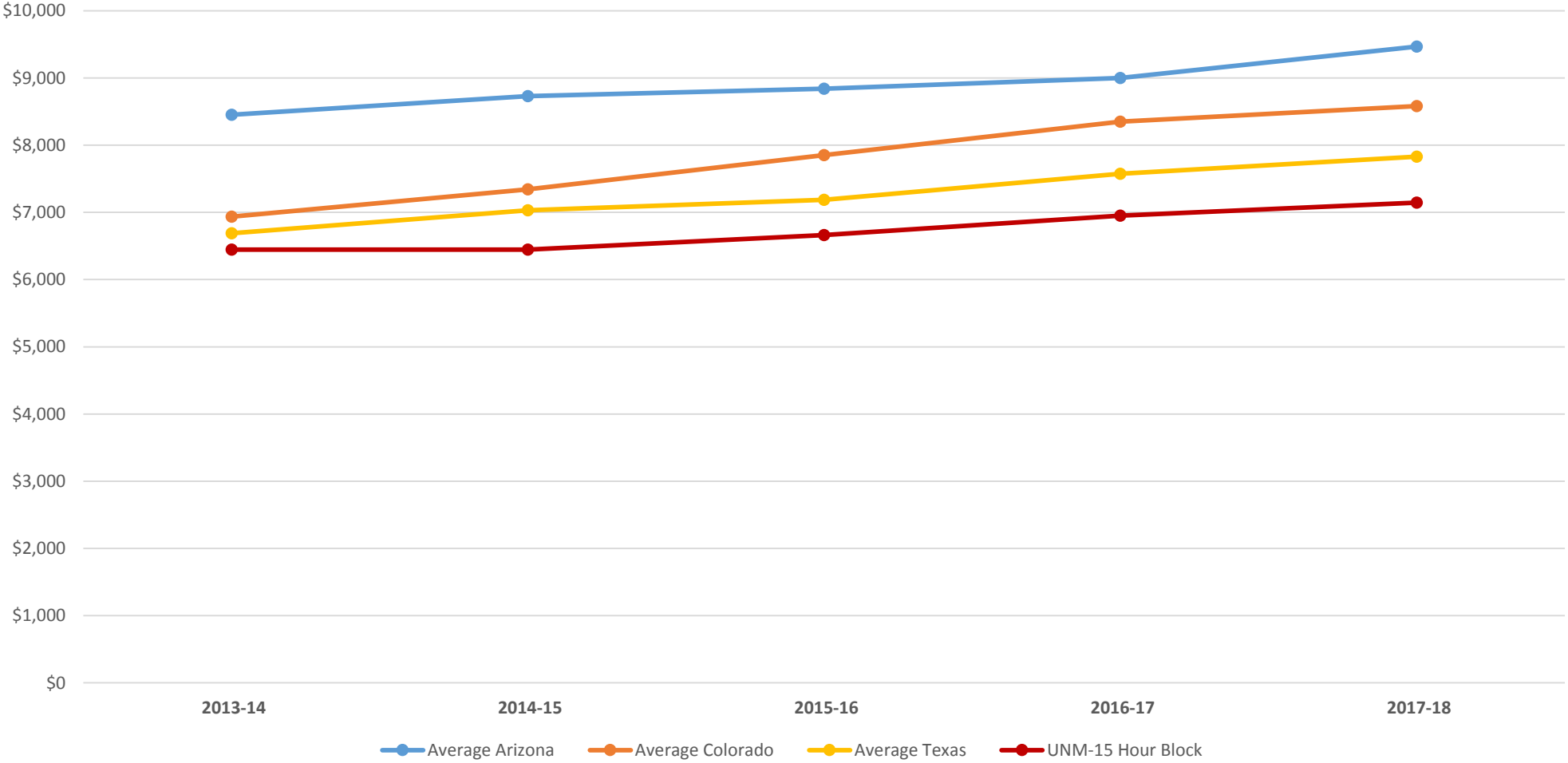
## FY20 Proposed Graduate Tuition Peer Comparisons

**ATTACHMENT D**



*Peer tuition rates vary, some include fees and/or program tuition rates, which makes the comparisons difficult to directly compare only tuition. This chart attempts to focus only on tuition. Current Resident Rate + 2%*

**Published In-District Tuition and Fees  
Public 4 Year**



**Source: IPEDS**

## Main Campus Undergraduate Tuition and Fee Proposal

Base Tuition Increase	\$0
Lower Division Tuition Increase	\$0
Upper Division Premium Increase per Credit Hour	\$25 to \$35
Mandatory Student Fee Increase	3.43%
IT Technology Fee per Headcount	\$50 Fall, \$50 Spring and \$10 Summer

- Lower Division **Tuition and Fees** Full Time 15 Hour block:
  - \$82.66 Increase per semester, \$165.32 annually, 2.26%
- Upper Division **Tuition and Fees** Full-Time 15 Hour block:
  - \$232.66 Increase per semester, \$465.32 annually, 5.76%

## Main Campus Graduate Tuition and Fee Proposal

Base Tuition Increase	\$0
Graduate Premium Increase per Credit Hour	\$25 to \$35
Mandatory Student Fee Increase	3.43%
IT Technology Fee per Headcount	\$40 Fall, \$40 Spring and \$10 Summer

- Apply Graduate Premiums to all Graduate Programs. Impacts 2,045 Students, 39%
- Graduate **Tuition and Fees** Full-Time 12 Hours:
  - \$188.74 Increase per semester, \$377.48 annually, 4.22%

# A&S Undergraduate Tuition Differential

## ATTACHMENT G

### Proposed Annual Revenue

Differential Tuition (per SCH)	\$10
Projected # of SCH (all student SCH taken by student majors in the program)	173,317
<b>Total Revenue</b>	<b>\$1,733,170</b>

### Proposed Annual Expenditures

Financial Aid Set Aside (20.4%)	\$353,170
Faculty Retention and Hiring	\$1,000,000
Instructional Support Personnel	\$230,000
Advising Personnel	\$150,000
Operating Expenses	0
Administration Expenses	0
<b>Total Revenue</b>	<b>\$1,733,170</b>



# A&S Graduate Tuition Differential

## Proposed Annual Revenue

Differential Tuition (per SCH)	\$50
Flat fee for Dissertation hours	\$100
Projected # of SCH – Coursework (\$50)	14,183
Students taking Dissertation hours (\$100)	525
<b>Total Revenue</b>	<b>\$714,400</b>

## Proposed Annual Expenditures (\$)

Tuition Waivers for GA, TA	\$313,390
Increased support for graduate students	\$401,010
Administrative and Operating Expenses	0
<b>Total Revenue</b>	<b>\$714,400</b>



# Student Fee Review Board

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FISCAL YEAR 2019/ 2020

**FY 20 Total Amount of Requests :**

**\$17,763,048**

**FY19 allocations:**

**Original: \$15,295,873**

**Revised: \$14,699,800**

**Final Allocation for FY20:**

**\$12,938,789**

# ATTACHMENT H

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-9.0%
African American Student Services
American Indian Student Services
Center for Academic Program Support
College Assistant Migrant Program (FYRE)
Community Learning & Public Service
Music Bands
New Mexico Union (SUB)
Women's Resource Center

-8.0%
Career Services- SCAPP
El Centro De La Raza
Graduate Resource Center
Recreational Services
University Library Acquisitions
UNM Public Events (Popejoy)

-7.62%
UNM Children's Campus
Student Govt. Accounting Office
Student Activity Center
Parking & Transportation Services
KUNM

# Recommended Changes in Funding

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❖ Athletics	Decrease: -3.00%
❖ Student Health and Counseling	Decrease: -3.00%
❖ College Enrichment Program (FYRE)	Decrease: \$3,386
❖ LGBTQ Resource Center	Decrease: \$23,609

# Recommended One-Time Funding

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❖ Project for NM GS of Color	Funded: \$20,000
❖ ENLACE – Division of Equity and Inclusion	Funded: \$38,000
❖ Student Publications	Funded: \$15,000
❖ Global Education Office	Funded: \$12,000
❖ GPSA Office Manager	Funded \$35,000

# ATTACHMENT H

Current				Proposed							
Student Category	Base Tuition	Upper Division Premium	Mandatory Student Fees	Total	Base Tuition Blocked Rate	Upper Division Premium	Mandatory Student Fees	Technology Fee	Total	Difference	% Change
Lower Division	\$2,709.00	\$0.00	\$952.20	\$3,661.20	\$2,709.00	\$0.00	\$984.86	\$50.00	\$3,743.86	\$82.66	2.26%
Upper Division	\$2,709.00	\$375.00	\$952.20	\$4,036.20	\$2,709.00	\$525.00	\$984.86	\$50.00	\$4,268.86	\$232.66	5.76%

Note: Lower and Upper Division Base Tuition at 15 Hour Block Rate

\$32.66

Current				Proposed							
Student Category	Base Tuition	Upper Division Premium	Mandatory Student Fees	Total	Base Tuition Blocked Rate	Upper Division Premium	Mandatory Student Fees	Technology Fee	Total	Difference	% Change
Graduate	\$3,333.84	\$300.00	\$837.84	\$4,471.68	\$3,333.84	\$420.00	\$866.58	\$40.00	\$4,660.42	\$188.74	4.22%

## On Behalf of the 2018 SFRB Board Members...

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Becka Myers	Chair, ASUNM President
Boney Mutabazi	Vice-Chair, GPSA President
Mason Martinez	Undergraduate
Sab Moore	Undergraduate
Lucas Maestas	Undergraduate
Mohammad Assed	Undergraduate
Alice Vernon	Undergraduate (Alternate)
Melissa Henry	Graduate
Marilyn Omayya	Graduate (Alternate)

*The Student Fee Review Board is grateful for the opportunity to have open dialogue with entities on campus that directly support student success. We are confident the recommendations offer a responsible increase to student fees by serving the best interests and needs of our students.*



# Budget Review

	UNM	UNM (FY20 Projected)	MWC Average (Current)
Student Fees	\$3.68M*	\$3.57M	\$4.98M
Direct State/Government Support	\$2.64M	\$3.79M	\$3.71M
Total Institutional Support, Government & Fees	\$8.92M	\$10.56M	\$16.1M
Number of Sports	22	18	18.5**

- Athletics total budget ranks **8<sup>th</sup> of 11** in MWC
- Total financial support of \$8.9M ranks **10<sup>th</sup> of 11** in MWC
- UNM total institutional support of Athletics budget is 26.3% (**lowest in MWC**)
- NMSU total institutional support of Athletics budget is 64.5%

\*Student Fees FY18 \$3.85M

\*\*Excluding Air Force

# Budget Review

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- March 2018 Board of Regents adopted a deficit reduction plan to address the accumulated deficit of (\$4.7M) and recurring deficit of (\$2.6M)
  - Plan included \$975K of institutional support for grant-in-aid
  - Reduction plan addressed the 10 year reduction plan mandated by HED
- FY19 additional review of budget and accounting practices have taken place, which include:
  - Lobo Club restructure
  - Ticketing office
  - Shared services
  - Special events
  - Right sizing administrative staff
- Continue to evaluate revenue opportunities, including team store, naming rights, game guarantees, etc.

# FY20 Financial Assumptions

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## ***Revenues- (\$1.13M) net decrease***

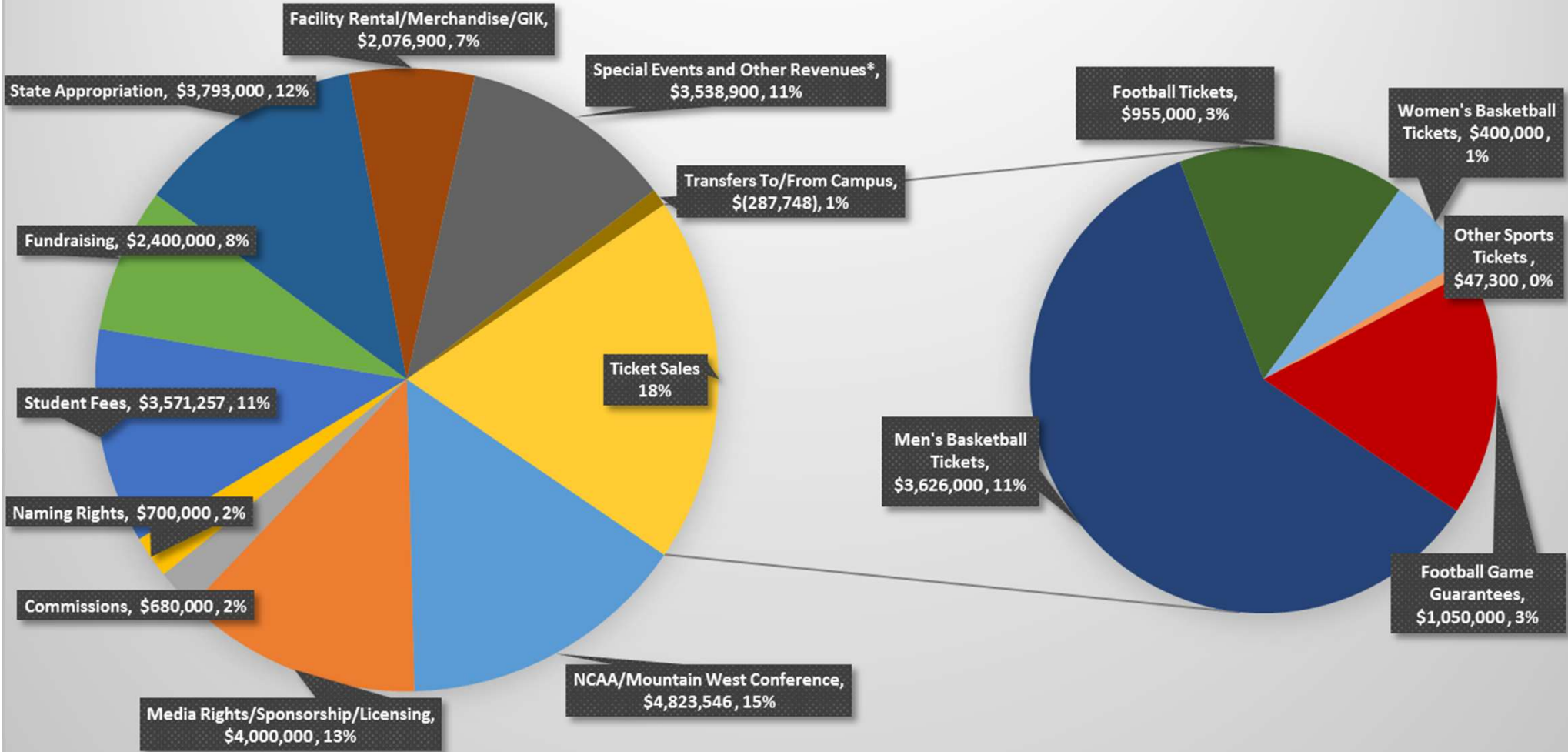
- Decrease in Mandatory Student Fees (\$110K)
- Media Rights contract (pending RFP) anticipated decrease (\$1.6M) from original FY20 projection
- Projected decrease in ticket sales (\$476K)
- Decrease in commissions (\$120K)
- Projected decrease in concessions, parking, merchandise, etc. sales (driven by ticket sales) (\$20K)
- Increase in State Appropriation \$1.2M

## ***Expenses- \$348K net increase***

- Salary increases for staff – 2% in preliminary budget \$150K
- Increase in Grant-in-Aid expense due to pending tuition and fees increase \$123K
- Increase in travel and other student related expenses \$75K

# FY20 Athletics Operating Budget Revenues

## ATTACHMENT I

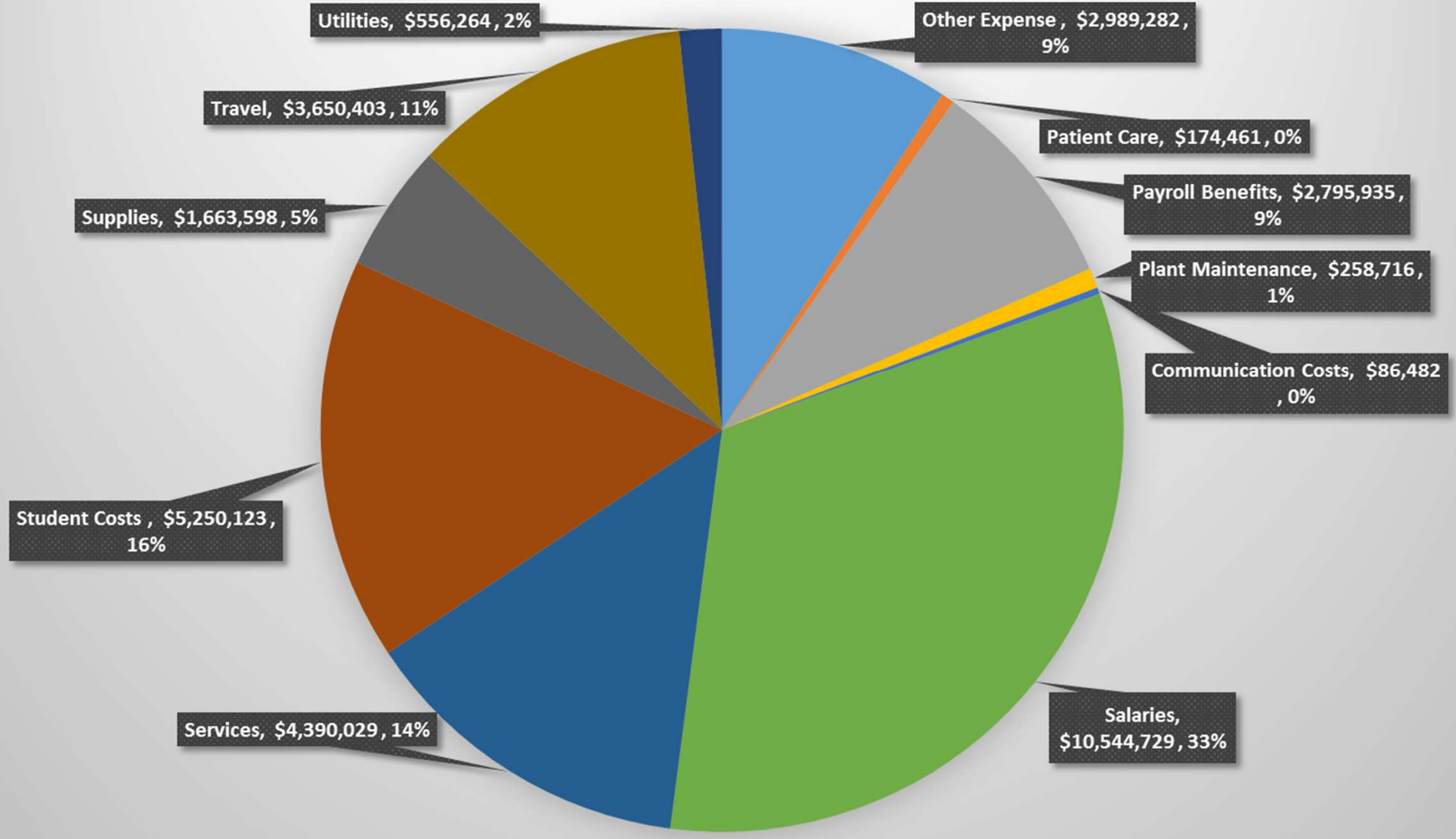


**Total Revenue: \$31,374,155**

\*Other Revenues include concessions, parking, ticketing fees, training room fees, and other miscellaneous revenues

# FY20 Athletics Operating Budget Expenses by Category

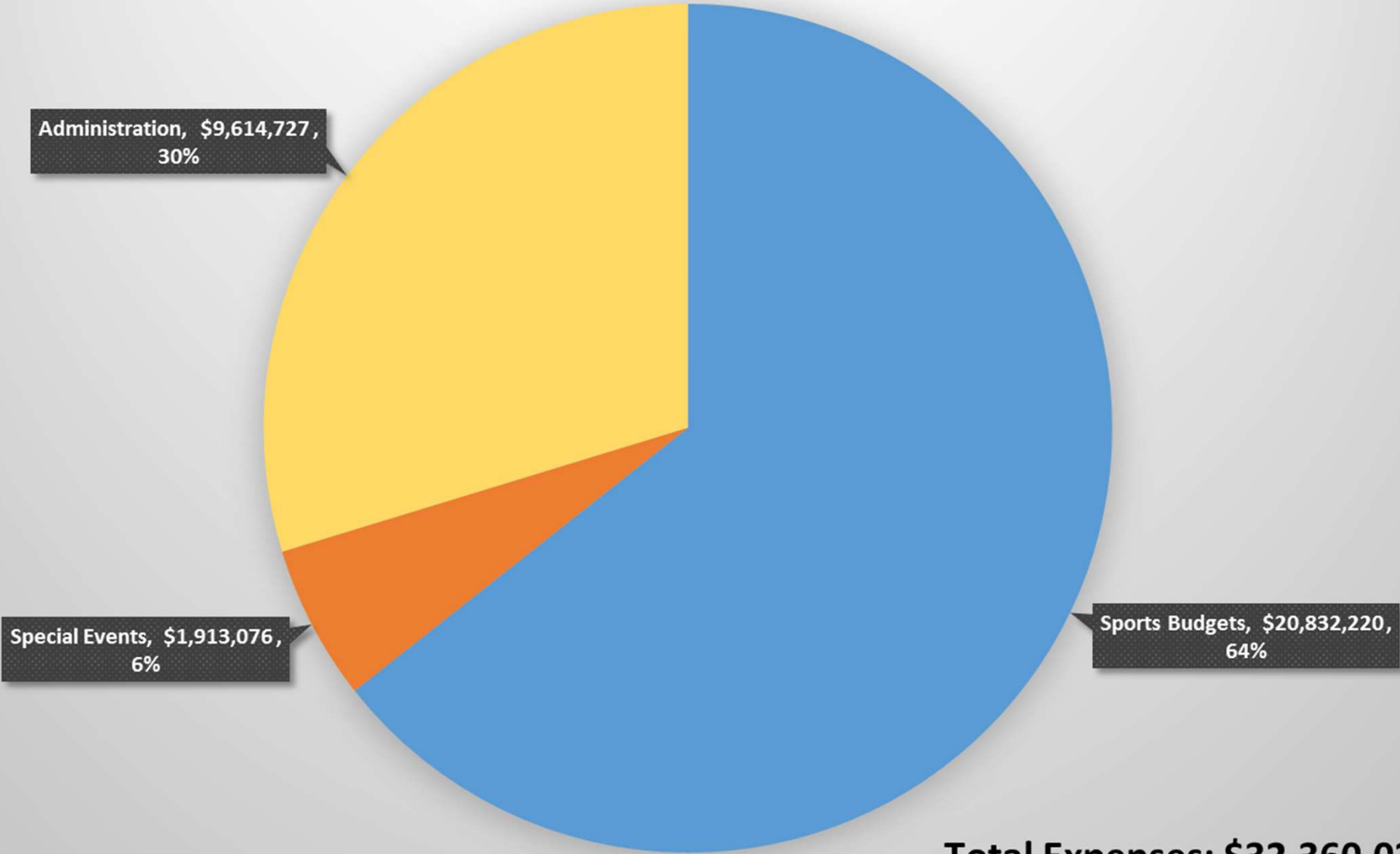
## ATTACHMENT I



**Total Expenses: \$32,360,022**

# FY20 Athletics Operating Budget Expenses by Unit

**ATTACHMENT I**



**Total Expenses: \$32,360,022**

	<b>FY20 Adopted Budget*</b>	<b>FY20 Proposed Budget</b>	<b>Net Change</b>	<b>Comments</b>
Pooled Revenues	\$24,435,208	\$25,295,855	\$860,647	<ol style="list-style-type: none"> <li>Accounting for Special Event revenue correctly, increase \$1.5M</li> <li>Projected decrease in Media Rights contract (\$1.6M)</li> <li>Decrease in MSF (\$110K)</li> <li>Decrease in commissions (\$120K)</li> <li>Decrease in other revenues (\$20K)</li> <li>Increase in State Appropriations \$1.2M</li> </ol>
Directed Revenues	\$6,554,296	\$6,078,300	\$(475,996)	<ol style="list-style-type: none"> <li>Decrease in ticket sales revenues (\$476K)</li> </ol>
<b>Total Revenues</b>	<b>\$30,989,504</b>	<b>\$31,374,155</b>	<b>\$384,651</b>	
Expenses	\$30,502,176	\$32,360,022	\$1,857,846	<ol style="list-style-type: none"> <li>Accounting for Special Event revenue correctly, increase \$1.5M</li> <li>Increase in Grant-in-aid \$123K (pending tuition and fee increase)</li> <li>Increase in Salaries and Benefits \$150K for 2% compensation increase</li> <li>Travel and other expenses increase \$75K</li> </ol>
<b>Net Margin</b>	<b>\$487,328</b>	<b>\$(985,867)</b>	<b>\$(1,473,195)</b>	
Deficit Reduction Payment	\$(487,328)	\$(487,328)		
<b>Net Margin with Payment</b>	<b>\$0</b>	<b>\$(1,473,195)</b>		

**ATTACHMENT I**

*\*FY20 Adopted Budget as part of the deficit reduction plan approved at Budget Summit March 2018*

# FY20 Budget Summarized

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- FY20 net shortfall of -4.56% (\$1.47M including payment plan) driven by:
  - Net revenue shortfalls of (\$1.13M) primarily driven by Media Rights and Ticket Sales
  - Unfunded increased expenses \$348K driven by estimated tuition and fee increases, 2% compensation increases, and increased costs associated with ensuring compliance for travel and other student costs
- FY20 budget includes offsetting sports operational budgets through Lobo Club fundraising efforts estimated \$1M in addition to gift-in-kind donations



# Balancing FY20 Budget Forward

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- Work with the institution to evaluate ways to balance the budget, including:
  - Addressing gaps in student fees and institutional support compared to conference peers
  - Reevaluating debt service payments
  - Possibilities to reassess the deficit reduction plan with HED
- Continue to seek additional revenue opportunities through:
  - Naming rights
  - Guarantee games
  - Fundraising
  - Apparel agreements
  - Team store
  - Special events
- Continue to monitor and control expenses



## 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.

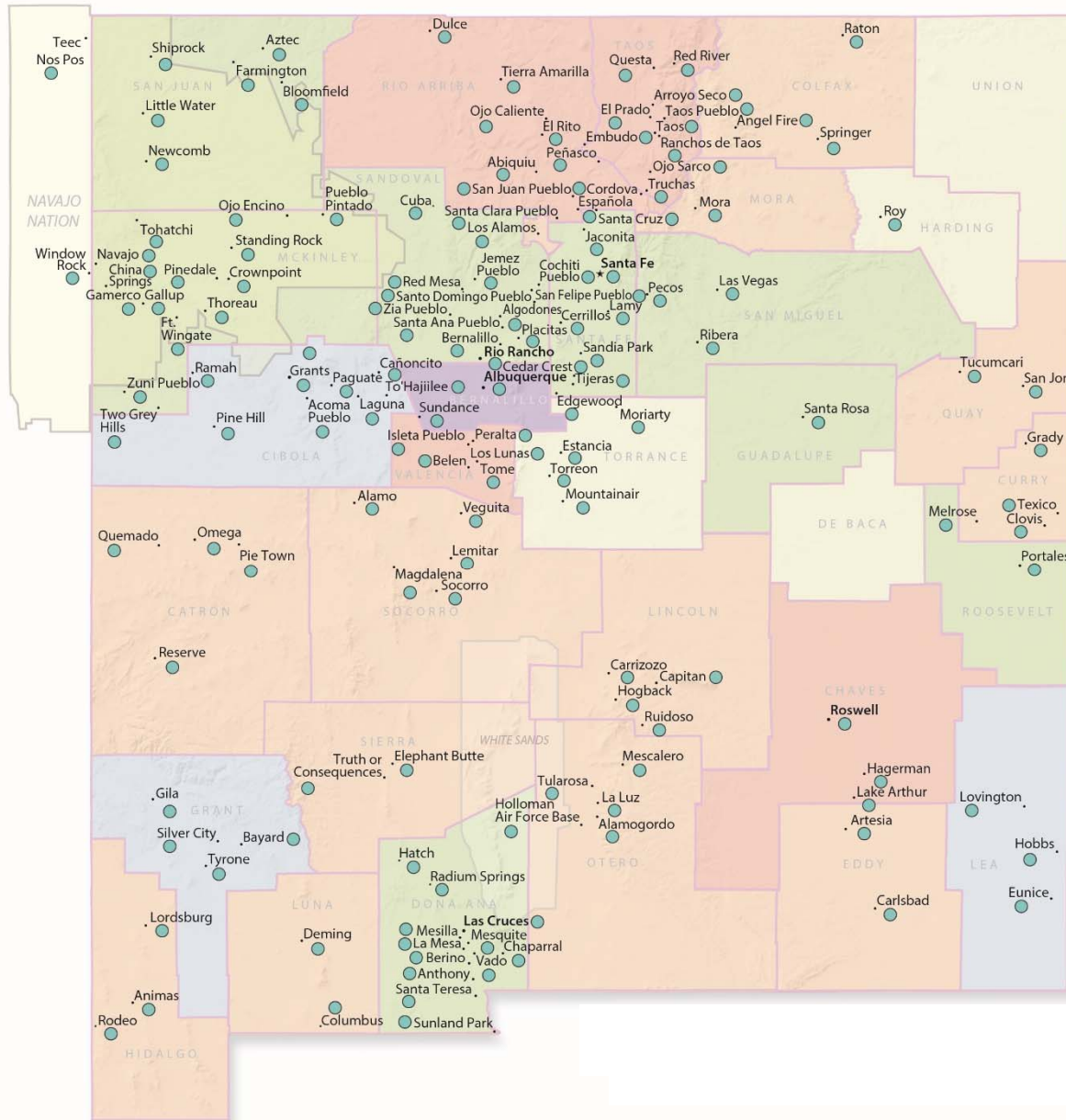
PROVIDE THE ENVIRONMENT TO ENABLE OUR PEOPLE AND PROGRAMS TO DO THEIR BEST.

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

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

# ATTACHMENT J

## The whole state is our campus . . .



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 COP and CON
  - FY19 – Recruitments completed,
    - COP – Dr. Donald Godwin
    - CON – Dr. Christine Kasper
  - FY20 - Both colleges beginning strategies to expand research portfolios with the goal to move up in their respective research rankings
    - Pharmacy implementing Early Assurance for the new BS Pharmaceutical Sciences, 10 incremental admissions;
    - Nursing implementing Early Assurance for the new BSN to MSN program, up to 16 additional admissions.
  
- Continuing to nurture College of Population Health
  - FY19 – Completed a successful recruitment for the permanent Dean, Dr. Tracie Collins, who will start July, 2019
  - FY20 – Expanding undergraduate student admissions by 50 to 80 students in the BS PH degree; beginning to replace large grants that will expire early 2021

# Academic Issues and Challenges

- School of Medicine
  - FY19 - Enhancing positive learning experience for students and residents, CTSC renewal
  - FY20 – Comprehensive Cancer Center renewal, wellness and suicide prevention initiatives, Faculty compensation high priority
  
- Health Sciences Rio Rancho campus
  - FY19 – Implementing new initiatives in Building 1; Nursing, Medical Assistants, Community Health workers, Behavioral Health Medical Home and Education Center, Summer Healthcare Careers Academy
  - FY20 – Continue Building 1 new initiatives; Partnering with the City of Rio Rancho for Building 2 (Ortho Joint Replacement & Rehab), Senior Center and campus infrastructure projects

# Health System Issues and Challenges

- Healthcare Financing
  - FY19 – adding more Medicare advantage and managed Medicaid initiatives
  - FY20 – adapting to value based care and reduced healthcare reimbursement
  
- Strategic Partnerships
  - FY19 – Expanding vision for more collaboration
  - FY20 – implementing and operationalizing new collaborative partnerships; behavioral health partnerships to expand access
  
- Operational Improvement Initiatives
  - FY19 – specific implementation of projects for rapid improvement
  - FY20 - implementing efficiencies across all platforms including revenue cycle and addressing improving work environment for clinicians (Mission Excellence)

# Health System Issues and Challenges

- UNMH Modern Medical Facility/New Hospital Tower
  - FY19 – developing program
  - FY20 – moving forward with design, project management, and financing
  
- SRMC Mill Levy Programming
  - FY19 – Sandoval County voters approved mill levy (annual \$6.7 million)
  - FY20 – implementing Behavioral Health and Level III Trauma Center with Mill Levy funding
  
- New Clinical Programs & Centers of Excellence
  - Movement disorder
  - Lovelace/UNM Rehab Hospital expansion

# UNM HSC Academic Enterprise

## FY 2020 – Financial Assumptions

### Revenues

- New HSC I&G Appropriations \$3,965,100 (includes compensation)
- New HSC RPSP House Bill 2 Appropriations of \$4,751,700
- New HSC RPSP HB548 and SB536 Appropriations of \$1,949,000
- New State Formula Funding increase of \$351,700
- F&A revenues increase of \$500,000
- Zero tuition increase budgeted
- 2% MD tuition decrease of (\$133,700)

### Expenses

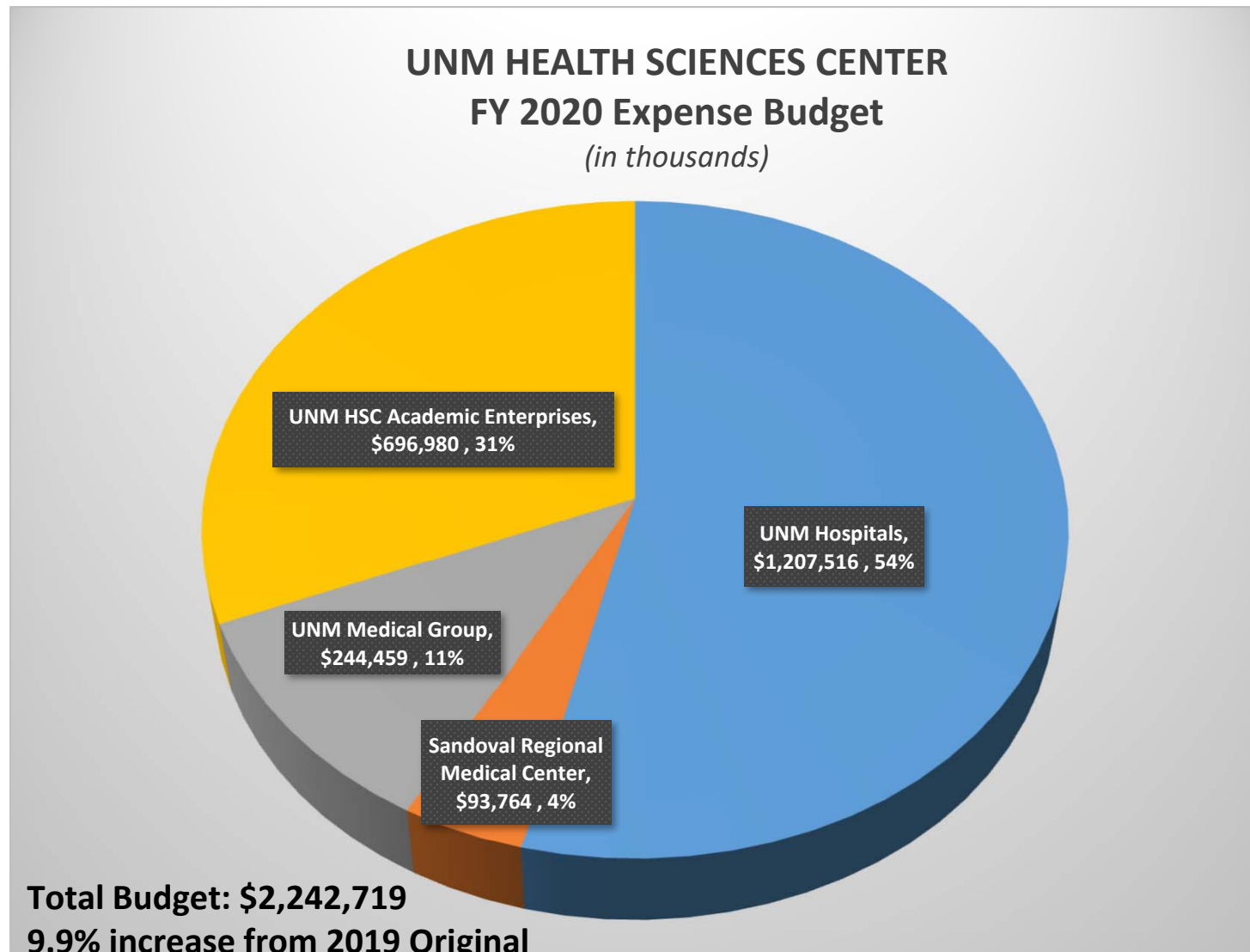
- Salary increases for HSC Faculty and Staff – 2% in preliminary budget
- Group Health Insurance increase 5%
- Start-up packages for new College of Population Health Dean and Neurosurgery chair
- Health Sciences Rio Rancho campus advancement costs



# UNM Health Sciences Center

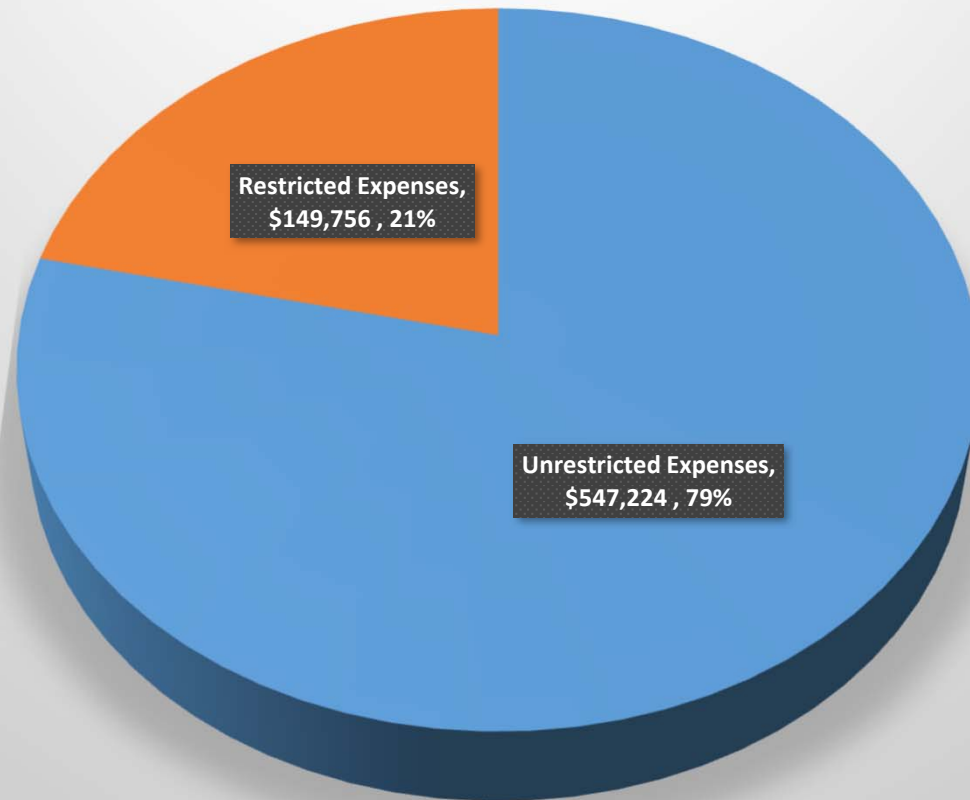
FY20 HSC State Appropriations				
Program	FY19 Recurring Appropriations	FY20 HB2	FY20 Junior Bills (HB548 & SB536)	\$ Change from FY19
HSC I&G	58,823,700	62,788,800		3,965,100
Cancer Center	2,549,000	4,703,100		2,154,100
Carrie Tingley	5,201,100	5,880,100		679,000
Children's Psych	7,076,600	7,891,600		815,000
Genomics, Biocomputing, Environ Health	937,400	937,400		0
Hepatitis C, Project ECHO	2,046,100	2,256,000		209,900
Native American Health Center	255,700	261,300		5,600
Native American Suicide Prevention	92,800	95,500		2,700
New Born Intensive Care Unit	3,145,800	3,270,800		125,000
Nurse Expansion	1,012,300	1,012,300		0
Nurse Education, Graduate	1,514,700	1,514,700		0
OMI	5,313,400	5,539,300		225,900
Pediatric Oncology	1,470,900	1,522,300		51,400
NM Poison & Drug Information Center	2,083,200	2,162,200		79,000
Residencies, General Surgery/FCM	313,700	327,100		13,400
Residencies, Internal Medicine	999,600	1,041,700		42,100
Residencies, Psychiatry	377,400	393,100		15,700
Specialty Ed Peds	250,000	250,000		0
Specialty Ed Trauma	250,000	250,000		0
Bioscience Authority			125,000	125,000
Child Abuse Services		150,000		150,000
Coordinate Statewide Nursing Ed (NMNEC)			500,000	500,000
Diversity Pipeline			150,000	150,000
HPV registry and colorectal cancer screening			200,000	200,000
Minority Student Services		182,900		182,900
OMI Grief Services			360,000	360,000
Primary & Secondary Residencies			100,000	100,000
Project ECHO programs			514,000	514,000
<b>Totals</b>	<b>\$93,713,400</b>	<b>\$102,430,200</b>	<b>\$1,949,000</b>	<b>\$10,665,800</b>

# UNM Health Sciences Center



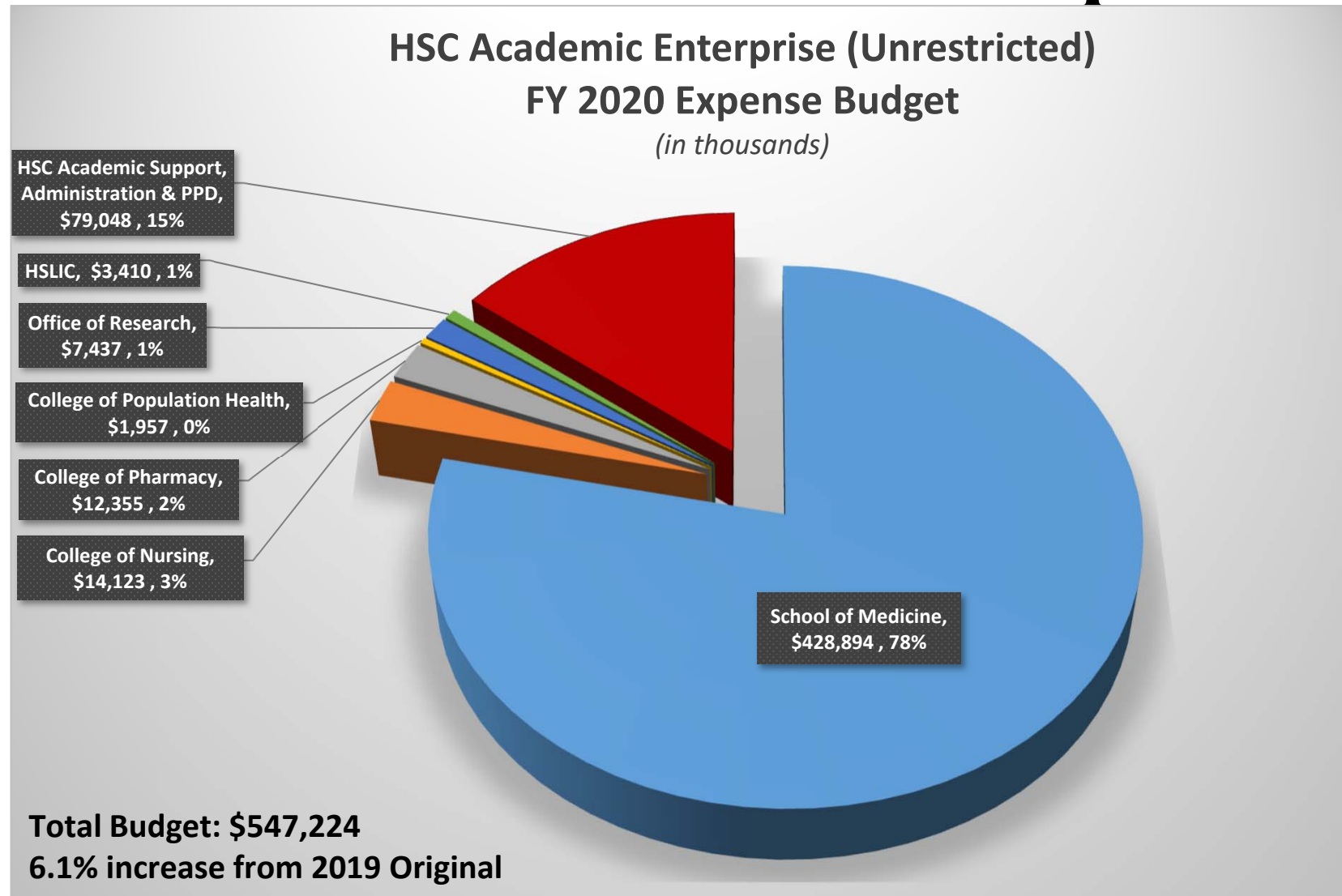
# UNM HSC Academic Enterprise

HSC Academic Enterprise  
FY 2020 Expense Budget  
*(in thousands)*



Total Budget: \$696,980

# UNM HSC Academic Enterprise



# UNM HSC Academic Enterprise

FY 2020 Budget  
(in thousands)

	School of Medicine	College of Nursing	College of Pharmacy	College of Population Health	Research & General Admin.	HSC Academic Enterprise FY20 Total
<b>Revenues</b>	430,473	14,277	12,201	1,943	89,665	548,559
<b>Expenses</b>	428,894	14,123	12,355	1,957	89,895	547,224
<b>Net Margin</b>	\$1,579	\$154	(\$154)	(\$14)	(\$230)	\$1,335

# UNM HSC Academic Enterprise

## FY 2020 Staff & Non SOM Faculty Salary Increase plus Fringe

	Total HSC Staff
2% Staff Compensation Increase	\$1,739,828
I&G Comp funding from State	672,217
Non I&G Funding Gap	<b>(1,067,611)</b>

	Non SOM Faculty
2% Faculty Compensation Increase	\$367,147
I&G Comp funding from State	141,854
Non I&G Funding Gap	<b>(225,293)</b>

*Note: Restricted funds cover their salary increases*

# UNM HSC Academic Enterprise

## FY 2020 Faculty Salary Increase plus Fringe

	School of Medicine
3% Faculty Compensation Increase	\$5,696,922
I&G Comp funding from State	1,173,627
Non I&G Funding Gap	<b>(4,523,295)</b>

Funding Gap will be covered by Clinical revenue generation

# UNM HSC Academic Enterprise

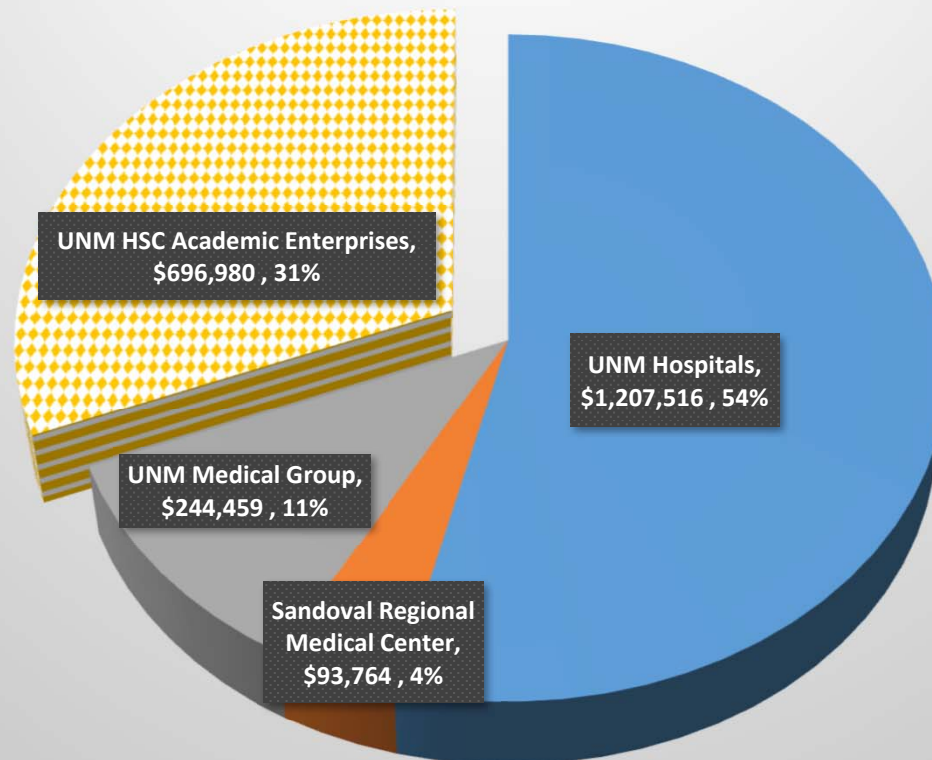
## FY 2020 Funding Gap for 4% Compensation Increase

	<b>Additional Gap</b>
HSC Staff	<b>(1,739,828)</b>
Non SOM Faculty	<b>(367,147)</b>
SOM Faculty	<b>(1,898,974)</b>
Additional Funding Gap	<b>(4,005,949)</b>



# UNM Health Sciences Center

UNM HEALTH SCIENCES CENTER  
FY 2020 Expense Budget  
(in thousands)



Total Budget: \$2,242,719  
9.9% increase from 2019 Original

# UNM Hospitals (Incl. Cancer Center)

## FY 2020 – Financial Assumptions

- Revenue Cycle Operational Improvement Initiatives - \$22 million
- UNMH volume Increase - \$13 million
- Medicaid reimbursement decreases – (\$16 million)
- Medicare DSH decreases – (\$2.5 million)
- Compensation and Benefits - \$14 million
- Housestaff - \$1.7 million
  - Adding additional Residents
- UCP and Other Medical Services – 2% increase      \$2.4 million
- Inflation – 2% on medical supplies; 4% pharmaceuticals
- Gross Receipts tax effective 7/1/2019 - \$21.5 million

# Sandoval Regional Medical Center

## FY 2020 – Financial Assumptions

### Revenues

- Improve Inpatient access and throughput 2%
- Increase Ambulatory access and throughput 7%
- Increase surgical volumes 5%
- Mill Levy Revenue for new and expanded OP BH and Trauma Level III (annual \$6.7 million)

### Expenses

- Compensation increase preliminary projection 2%
- Medical Supplies inflation 3% and Pharmaceuticals inflation 4%
- Trauma and BH costs - \$6.7 million
- Operational Improvement - Huron

# UNM Medical Group

## FY 2020 – Financial Assumptions

- Revenue driven by 3.7% overall increase in wRVUs
- Changes to clinics managed by UNMMG:
  - Spine clinic moved into Lovelace UNM Rehabilitation Hospital
  - Addition of UNM Lobo Athletics Clinic
  - Addition of UNM Rio Rancho Behavioral Health (partially funded by new Sandoval County mill levy funds)
- Recurring revenue increase from Operational Improvement initiatives: \$2.4 million
- Every 1% in compensation increase = \$276,000. Preliminary 2% compensation increase.

# UNM Health System

FY 2020 Budget

(in thousands)

	UNM Hospitals	UNM Medical Group	UNM Sandoval Regional Medical Center	UNM Health System FY20 Total
<b>Revenues</b>	1,211,905	248,778	93,792	1,554,475
<b>Expenses</b>	1,207,516	244,459	93,764	1,545,739
<b>Net Margin</b>	<b>\$4,389</b>	<b>\$4,319</b>	<b>\$28</b>	<b>\$8,736</b>