President Schmidly's Administrative Report

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Good morning, everyone.

**Opening Remarks**

Today I am delivering to you my final report on the status of the goals you established for the last year of my presidency. As I do so, I will also point out some considerations that I hope everyone will keep in mind as UNM looks toward the future.

**Goal Priority #1**

Goal Priority #1 is “Provide leadership that will result in progressive modification to the formula funding model for higher education in New Mexico.”

- As you know, the legislature carried through with the recommendation to eliminate the tuition credit for the coming year. UNM played a tremendous role in leading this effort, both through the formula funding task force and in our work in Santa Fe during the session. The challenge now will be to convince the legislature that this change should become permanent.

- Additionally, we are pleased that the new formula includes a shift toward rewarding institutions for “outputs” such as student retention and graduation, rather than based on the number of students we
enroll. This important change provides further incentive for UNM to focus on three important and interconnected strategies:

- To continue to improve admission standards,
- To work with our P-12 and community college partners to help improve student preparedness, and
- To design and invest in comprehensive approaches to support the success of our students once they arrive on campus.

**Goal Priority #2**

Our second priority is to “Continue the development of the UNM Foundation as an independent, institutionally-related foundation with the capability of executing comprehensive fund-raising campaigns.”

I have continued this year to work closely with the UNM Foundation, engaging with key donors throughout the country, to help move the “Changing Worlds” campaign forward. As of February 29th, over $440M in private dollars have been raised to benefit scholarships, endowments, and other priorities. This is by far the largest total ever raised at UNM over a 5 year period.

I have worked with Henry Nemcik, meeting regularly with him and his team over the past year to identify, solicit, and cultivate major gift prospects. And these efforts will continue through the final month of my Presidency. On
May 16th, I will meet with a group of donors to thank them and encourage their further philanthropy for the students, faculty and programs of UNM.

We continued to work over the past year to ensure that the Foundation will have the funding it needs to maintain its operations and successfully focus on the next four-year public phase of the comprehensive campaign. Later this morning you will vote on a budget that includes $600K plus fringe benefits in one-time money to keep the Foundation in operation this next fiscal year. But the longer term solution is to identify a permanent revenue stream that will grow and expand the Foundation’s capability.

Toward those ends, I participated on the Philanthropy Study Committee, which just recently issued its report. One major recommendation that came out of this effort is to increase the number of development staff, since all the data show that doing so provides big returns on the investment.

The efforts this year have been a step in the right direction, but additional work will be needed to ensure that the Foundation is financially positioned to fully realize its potential to raise funds to support the mission of UNM into the future.

**Goal Priority #3**

Priority three is to “Develop and implement a Main Campus Strategic Budgeting Process to guide budget development and financial management”
into the future.” I am pleased with how well this process moved along this year, as we built on and learned from the progress we made in the past couple of budget cycles.

One thing we learned from past experiences and worked diligently to apply this year, is that we can never start too early, and there can never be too much opportunity for dialogue, learning, and communication:

• The President’s Strategic Advisory Team – PSAT - launched its work in the early fall, and for the first time engaged the Regents in its process.

• The Tuition and Fees Committee also got to work, and ultimately decided to modify its process to allow for a greater and broader input into the dialogue.

• The Provost also developed and proposed a five-year strategic pathway for the academic enterprise, incorporating many ideas and recommendations related to student success that came out of the PSAT report.

• Shortly thereafter, the Strategic Budget Leadership Team reviewed recommendations that were being generated, and also engaged regularly with both F&F and the Academic/Student Affairs and Research Committee to report progress and gain feedback on the budget development process and overall direction.

• Then, on March 23rd, we held our annual Budget Summit to propose and discuss with you, the Regents, our recommendations for FY13. The results of the summit and subsequent work have led us to today.
I am confident that this process and the budget you will vote on later this morning is something that everyone who contributed should be very proud of. I want to thank all of the leadership teams and constituency groups that worked so hard to bring us to today.

**Goal Priority #4**

Our fourth priority is to “Work with the Office of the Provost to ensure strong, mission-centric operations.” I am pleased to report that while this will be an ongoing effort, tremendous progress has been made this year.

- First, Provost Abdallah has successfully developed and implemented an allocation plan for the $2 M set aside for faculty hires in the FY 11/12 budget. As Provost Abdallah has previously reported, a complete hiring plan has been developed. The plan is being regularly updated with the current status of the hires.
- Next, good progress is being made in our quest to increase by 10% each year the number of classes taught by tenure or tenure-track faculty members. And toward that end, around 50 new tenure track faculty members have already been hired.
- I am pleased that a plan for an Honors College has been approved by both Board of Regents committees and the Faculty Senate. Currently a faculty committee is in the process of designing a curriculum for this important new endeavor.
We are nearing the completion of the reorganization of University College in our quest to refocus its mission on student success. Over the past year, several interdisciplinary programs that have been housed there were moved to other colleges better positioned to support them academically. At the same time, an assessment was done to better understand which of UNM’s student success programs are the most successful in supporting our students, and plans are in the works to expand and coordinate them in a more cohesive way. A new organizational structure will be implemented to support the new model under a Dean who will oversee both the Honors College and University College.

Speaking of student success, we are continuing to develop multiple strategies to improve our retention and graduation rates:

- We have underway a process to identify and benchmark ourselves against peer institutions. As you know, UNM’s current graduation rate is around 45%. So far, we have found that one peer group has graduation rates from 35% to 69% with an average of 52%.
- We believe that we can realistically increase our graduation rate by about 2.5% each year – or by about 75 students - and we are developing a multitude of strategies to do so. Our approaches include developing systems to identify at-risk students at the very first sign of trouble, as well as coaching, mentoring, and intensive advising. These strategies are in the process of being
reviewed with the Regents’ Academic/Student Affairs and Research Committee.

- And, to further support our students on their journey toward graduation, we are offering 50 additional summer courses this year – more than at any other time in our history.

• Finally, we committed to take a closer look at our equity and inclusion infrastructure and initiatives. The Diversity Council that was commissioned by Provost Abdallah last fall - under the leadership of Jozi DeLeon and Finnie Coleman - will be presenting its report and recommendations to the Provost and incoming president by June. Additionally, the Division for Equity and Inclusion has been undergoing an evaluation to better understand the most appropriate structure that will allow us to take full advantage of and support the diversity of our institution.

**Goal Priority #5**

Our fifth priority is to “Develop and implement a strategy to educate the citizens of New Mexico on the unique mission and value of UNM as a comprehensive research university.” I am pleased that all three items associated with this priority have been successfully launched:

- Inclusion of the UNM Today content insert in the New Mexico Business Weekly began last fall and continues on a monthly basis. Additionally, a similar insert now appears six times a year in the Albuquerque Journal.
• We’ve been receiving great feedback on UNM’s monthly program that airs on KNME – titled “Connect” – that began in January. In fact, I’m pleased to tell you that the programs that aired in March and April both received a 1.1 viewer rating. KNME considers anything over 1.0 very good.

• And finally, we’ve just released a UNM status report, titled “Making the Grade.” This report outlines 14 of UNM’s significant achievements over the past five years. This piece is being sent to all four-year university presidents, our state legislators, and other local and state officials. I also distributed copies last week as part of the address I was invited to deliver to the Economic Forum of Albuquerque.

**Goal Priority #6**

The sixth priority is to “Follow and advise the Board of Regents on key issues regarding college athletics.”

At this time, discussions on these various items are still underway. I just returned from the NCAA Board Meeting where we reviewed progress on pending NCAA legislation to reform college athletics. This afternoon, I will participate in a conference call with the other Presidents of the Mountain West Conference and C-USA to discuss next steps in our potential alliance. Next month, I will be part of a Presidents’ meeting to consider BCS reforms.
Goal Priority #7

And our final priority is for me to complete several “irons-in-the-fire” before I leave office at the end of May.

• Campus Master Plan – As everyone knows, the campus master plan was approved last year. Today I’d like to take the opportunity to highlight a few of the projects that have either come to fruition or been started over the past year.

  I’ll start with student housing:
  o We began the fall semester with the opening of Lobo Village last August. This $41M project with American Campus Communities enhanced our campus housing by 864 new beds.
  o Additionally, some of our existing housing was upgraded, including Family Student Housing, the Laguna/DeVargas Complex, and the Student Residence Center.
  o Finally, we broke ground on Casas del Rio on Main Campus and are on schedule to open this 1000 bed facility in time for students to move in for the fall 2012 semester.

Several other important capital projects were either completed or started – projects that are serving to enhance our ability to carry out important teaching and research. I’ll name a few:
  o Castetter Hall was completed, a $10M project that brought us a long-awaited update to our biology facilities.
o The completion of the new Nanotechnology facility in Centennial Engineering – a $2M project - is enabling us to better support our research mission as an attractor for talented faculty members.

o The UNM Dental Clinic is completed – an $8.9M project that supports our new Dental program.

o Renovations to Clark Hall/Reibsomer Hall are completed, bringing some very outdated chemistry facilities up to standard.

o Ground was broken on the Collaborative Teaching and learning Center, a project that will be completed this June. This $9M project is Phase II of our College of Education initiative, and will support the development of innovative interdisciplinary approaches to teaching students in the K-12 system.

o Also on schedule to be completed this June is the facility for Advanced Cell Engineering – a facility that will give UNM a competitive edge, allowing our faculty and students conduct research on new discoveries and technologies that may ultimately be used in the prevention and treatment of disease.

o And finally, the Sandoval County Regional Medical Center is slated to open on the west side this summer.

• **Terms on Various Boards** – As for the various Boards on which I have been serving, I will be wrapping up my terms either this spring or in the fall.
• **UNM Gallup** – We have made excellent progress on our Gallup Campus over the past year, and here are a few recent highlights:
  
  o The search for a permanent CFO is progressing well, and I understand the list has been narrowed down to three finalists. If all goes well, a candidate could be selected and on board by the summer.
  
  o Additionally, a national search is underway to identify a Director to re-open Gallup’s Child Care Center. The Center is budgeted to reopen in August with a revised fee schedule that will eliminate any need for additional subsidies.
  
  o Perhaps the best news is, that from a budget standpoint, the campus will be able to proceed with important faculty hires and substantial investments in IT without raising tuition or fees. We all should be so fortunate!

• **UNM/CNM/APS Partnerships** – Our partnership with CNM and APS continues to move forward, most recently through the work of UNM’s Center for Education Policy Research, under the leadership of Peter Winograd. The Center is currently studying the educational impact of the APS/CNM/UNM partnership, and is specifically looking to identify shared metrics and benchmarks related to student achievement. Also included in the study are several areas of shared importance, such as articulation and transfer issues, dual credit programs, and remedial courses. The partnership that we have established has laid a sound foundation for future collaboration to develop a seamless pipeline for student success.
• **Presidential Transition** – Regarding the presidential transition, I’ve continued to meet with Bob Frank each time he has visited campus over the past several weeks. Our conversations have been very productive, and I feel confident that the transition that will officially occur on June 1st will be a smooth one.

**UNM, into the Future:**
So that’s where we are with the goals you set forth for me for my final year. I would now like to close by sharing a few observations and thoughts on the future of UNM and of the role of higher education in New Mexico - some ideas I expressed last week when I addressed the Economic Forum.

That famous philosopher, Yogi Berra, expressed it well when he said “the future ain’t what it used to be.” I would anticipate that many of the shifts that we have been experiencing over the past five years – everything from reductions in public funding and rising costs, to shifting attitudes about the purpose, role, and value of higher education – will continue to evolve, and even to accelerate over the coming years. I believe that there are many things facing us that we cannot ignore:

• First, we cannot ignore that so many students now graduate with so much debt that some are predicting this will become the next economic crisis, even surpassing what has already happened in the housing crisis.
• We cannot ignore that the dominance of technology in the way students learn and communicate has changed the classroom and promises to continue to alter higher education in ways that we are just beginning to comprehend.

• We cannot ignore that taxpayers are demanding that publically-funded universities demonstrate accountability - that future funding is going to be driven by “outputs” such as course completion and degrees awarded, rather than “inputs” like enrollment numbers and facility square footage. This change will require that universities place a premium on recruiting students who are prepared to succeed when they get to college, making partnerships such as the one we have established with APS and CNM even more important.

• We cannot ignore that education is the key to the future of our nation and our state. In a recent article called “Pass the Books. Hold the Oil,” Thomas Friedman touts the accomplishments of the country of Taiwan – a barren rock with no natural resources that has the fourth-largest financial reserves in the world. Taiwan has invested in developing the talent, energy, and intelligence of its 23 million people. Mark my words: Nations that intend to be successful in the 21st century are going to have to do the same. In the Friedman article, the point is made that the only sustainable way to grow our way out of economic doldrums is to give people the knowledge and skills to compete, collaborate, and connect in ways that drive communities and countries forward.
• And finally, we cannot ignore that we are going to have to think differently about the role that universities must to play to help develop and sustain strong local economies that bring jobs and promote both national and international competitiveness.

Urban Studies theorist Richard Florida has observed, “The presence of a major research university is a basic infrastructure component of the Creative Economy – more important than the canals, railroads, and freeway systems of past epochs – and a huge potential source of competitive advantage.”

I believe the three research universities in the state -- UNM, New Mexico State and New Mexico Tech -- can all play crucial roles: From engaging with the national labs, to working with entrepreneurs to bring new products and ideas to the marketplace.

One of our greatest opportunities involves the Rio Grande Research Corridor. I believe now is the time to fully develop that concept, starting with LANL on the northern end, going through UNM, Sandia and Kirtland’s Air Force Research lab in Albuquerque, heading through NM Tech in Socorro, the Space Port, then NMSU and White Sands, or even farther south to the WIPP site in Carlsbad. That’s an extraordinary number of world class R&D functions straddling the backbone of our state.

But all of the partnerships required for success need to be more fully developed. For example, we need to work with our Congressional
delegation to ensure that the rebid for the Sandia National Laboratories contract includes New Mexico’s research universities in the prospectus.

The potential power of this confluence of teaching and research is huge, but it won’t happen without a concerted, ongoing effort to develop sustainable partnerships that will benefit our students, our faculty, our workforce, the business community, and the State.

I believe that UNM is poised to address all of these opportunities and challenges, but I also believe that we cannot ignore one final thing – That we can only be successful if we have the vision, the constancy of mission, and a mindset of collaboration rather than competition, all for the sake of creating a tide that will raise all boats.

Thank you for the opportunity to share my thoughts with you. This concludes my final administrative report.