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# Comprehensive Review of Changes in Upper Administration 2003-2008

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# Comprehensive Review of Changes in Upper Administration 2003-2008

## Topical Abstract with Page Numbers Tying Resolution to the Report

In May 2008 the Faculty requested a comprehensive review of the change in upper administration expenditures at UNM. The principle objective of this report is to provide salaries and budgets of administration beginning with fiscal year 2003 in a meaningful way, including calculations of percentage increases, funding sources for those positions, and comparisons to similar costs at other colleges and universities. This review also provides information on UNM's budgets and expenditures to present a holistic view of administration and its impact on UNM.

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## **Report: Comprehensive Review of Changes in Upper Administration 2003-2008**

This review has been produced by the administrative team of President Schmidly's working group with input from the faculty advisors to the administrative team. Because the faculty advisors lacked direct access to the relevant data and other information, their role was to suggest various approaches, analyses, and modes of presentation for review.

The request for a comprehensive review of this issue resulted from a general and growing perception of the faculty that some reallocations of funds within UNM were required to support growth in UNM's administration at the potential cost to UNM's basic academic mission. Early attempts at quantifying that potential cost by the Faculty Senate Operations Committee (The Current Cost of Upper Level Administration at UNM Appendix F) and UNM's Department of Human Resources (Appendix F) provided different estimates. The faculty review was based on positions listed in the Fact Book. The administration review took the positions in the faculty review and compared them to current positions. In addition, the administration excluded the Health Sciences Center from the review because of their unique funding structure. Because the two reviews were based on different assumptions and information, discrepancies were inevitable. To ensure all concerns are addressed, the President appointed faculty members and administrators to work together to define the issue, gather applicable data, and perform a comprehensive review. This review also includes a discussion of the process used by the working group in defining the populations to be reviewed.

This comprehensive review of the change in upper administration at UNM includes an analysis of the growth of upper administration since fiscal year 2003 and its impact on other components and its impact on the three major components of UNM's mission: instruction, research, and public service. In addition, the review includes a comparison of UNM's administration costs to similar costs at peer institutions. To provide a complete picture of this issue, the review also includes an evaluation of the sources of funding for upper administration positions and a review of the growth of facilities and maintenance expenditures since fiscal year 2003. These report components are believed to be germane to the faculty resolution.

Two major actions taken by executive leadership at UNM resulted in significant changes to upper administration over the past six years. The first action began with a change in leadership at UNM which resulted in a fundamental shift in the leadership model implemented during Louis Caldera's tenure as President (2003 – 2005). UNM has a broad spectrum of professional activity that encompasses teaching, research, multiple graduate and professional schools, hospitals including a nationally recognized cancer center, intercollegiate athletics, fund raising, institutional advancement, and numerous special projects. Providing these services requires over 22,000 employees, an annual budget of over \$2 billion for fiscal year 2009, and 7 million square feet of covered space which must be maintained by a highly specialized workforce.

Recognizing these complexities, President Louis Caldera developed an executive management structure with the President serving as CEO and supported by three executive vice-presidents (EVPs): a Provost serving as EVP for Academic Affairs; an EVP for Health Sciences responsible for the Schools of Medicine, Pharmacy, and Nursing and UNM Hospitals; and an EVP for Administration serving as Chief Financial Officer and Chief Operating Officer. Under this model the number of vice presidents and associate vice presidents was expected to increase in order to provide leadership for the administrative functions required for support of UNM's mission of education, research, and public service. This leadership model was approved by the Board of Regents in April 2004, reaffirmed by President Schmidly, and remains operative today.

The second significant action taken by executive leadership at UNM was an Administrative Consolidation Initiative, primarily involving the Health Sciences Center (HSC) and main campus designed to eliminate overlapping administrative areas including accounting/controller, budget/planning, security, legal services, risk management, human resources, and facilities, both physical plant maintenance and facilities planning. The goal of the Administrative Consolidation Initiative was to optimize, in a fiscally responsible way, administrative support and physical infrastructure for UNM's core functions of instruction, research, and public service. Administrative divisions have been charged with developing stronger business models to increase revenues and implementing improved efficiencies to reduce

or avoid additional costs, so that a greater percentage of UNM's funding could be devoted to UNM's core functions. Since fiscal year 2003, revenues have grown 60.15% from \$1,268,925,008 to \$2,032,218,306 for fiscal year 2009. Strategic plans listing strategies, goals, accountabilities, milestones, and metrics for these administrative divisions reporting to the EVP for Administration can be viewed at <http://www.unm.edu/~ubppm/evp.htm>

## **Criteria for Review of Compensation and Organizational Levels**

At the working group's first meeting the faculty advisors presented a potential framework for the review (Parameters for An Effective Review, Appendix F). These parameters formed the basis of numerous discussions pertaining to the scope of the review, faculty salaries, and criteria for the review. Appendix F contains summaries of these discussions. Before compensation data could be extracted to show the growth in upper administration salary budgets, the working group needed to define the populations being reviewed. The first criterion concerned which, if any, upper administrative positions should be excluded from the review. This issue was the main factor in why data compiled by the faculty in the spring of 2008 differed from data compiled by the administration, which then led to the resolution requesting a more comprehensive review of growth in upper administration. The group decided that upper administrative positions from HSC and Athletics should not be included in the review for the following reasons:

- HSC is an entity that is funded primarily from clinical revenues consisting of sales and services related to patient care. This funding is market driven and in order for HSC to provide quality patient care it must remain competitive in the marketplace.
- The Athletic Department is funded from sales and service revenues related to sporting events. This funding is market-driven and Athletics occupies a unique niche market in which it must remain competitive on a national level.

The second criterion concerned the definition of compensation. Should compensation include all forms of compensation including base salaries, allowances, deferred compensation,

and bonuses? The group decided that this review would be useful in a future evaluation of faculty salaries and agreed that the same criteria should be used for both administration and faculty. After a discussion of the components of faculty compensation, it was determined that any review of faculty compensation should not include components such as a SACs, summer research, or compensation for extra teaching. Given this determination, the group decided for comparison purposes this review of compensation for upper administration should be limited to base salary. This aligns with salary information published in The Chronicle of Higher Education which is provided by CUPA (College and University Professional Association for Human Resources). CUPA uses the following three categories when comparing compensation information: Pay, the category used for this review, includes base salary, fees, bonuses, and severance payments; Benefits include health, pension, and deferred compensation; and Expenses include car and housing allowances, supplemental life insurance, travel, and tuition reimbursements.

The third criterion concerned identification of the positions that should be included in the categories “upper administration and associated staff” and “administrative positions above the level of deans.” The group determined that for the purposes of this review “upper administration and associated staff” will include all administrative positions grade 17 and above, which includes associate vice presidents, directors of major divisions, and similar level positions, “Administrative positions above the level of deans” (a subset of the above group) will include vice presidents and similar positions, excluding those in HSC and Athletics for the reasons stated above.

### **Changes in Organizational Lines of Authority**

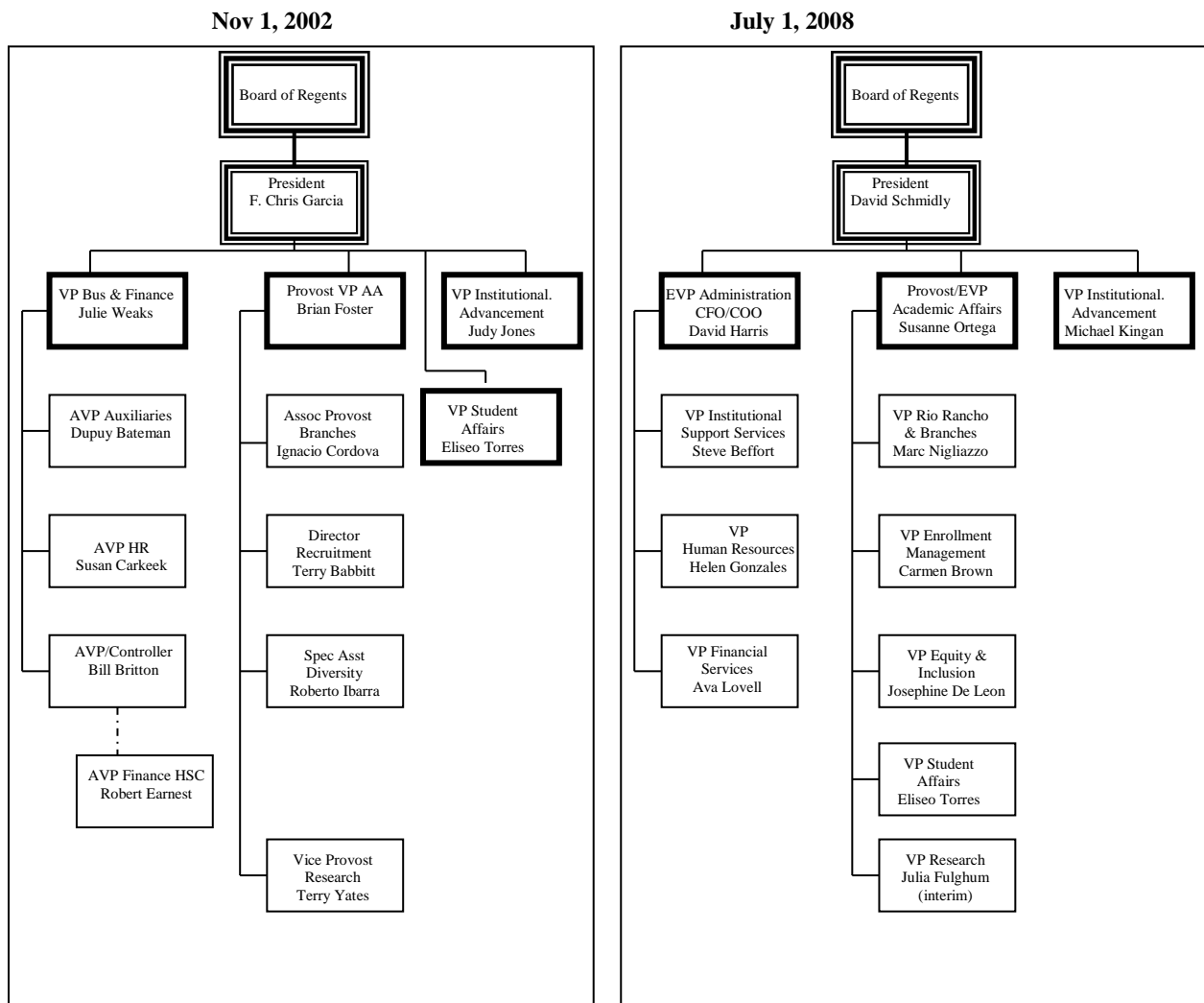
The shift in the leadership model and the Administrative Consolidation Initiative discussed above resulted in changes to the organizational lines of authority within upper administration. Exhibit 1 on the next page shows the leadership organizational functions for UNM, but it is not a complete organization chart. 2008 organization charts for the President and EVPs are included in Appendix G. Exhibit 1 includes the administrative functions for November 1, 2002, that corresponded to the current administrative positions above the level of deans,

excluding HSC and Athletics. Many of the positions in November 2002 have been upgraded to reflect the nature of the responsibilities and accountability of these leadership positions.

**Organization Functions for UNM Administration  
Above the Level of Dean Excluding HSC & Athletics**

**This is not a Full Organization Chart**  
**2008 Organization Charts for the President and Executive Vice Presidents can be found in Appendix G**

**Note: The Nov 1, 2002 chart reflects positions that evolved to those in the July 1, 2008 chart**



**Exhibit 1. Prepared by comparing the evolution of upper administration positions above the level of dean, excluding HSC and Athletics, that existed in 2002 and evolved during the period from Nov 1, 2002 to July 1, 2008.**

## **Changes in Compensation**

### Budgeted Salaries: Upper Administration Positions Grade 17 and Above

#### 2002 - 2007

A review of changes in salary expenditures for upper administration and associated staff in grade 17 and above shows growth resulting from an increase in UNM's funding over the past five years and the two leadership actions described above. This population includes the President, EVPs, vice presidents, associate vice presidents, directors of major divisions, and similar titles. Individual titles and salaries are detailed in Appendix A.

Changes in salary budgets for upper administration and associated staff between 2002 and 2007 are summarized in Exhibit 2, which shows the changes in budgeted salaries for the positions included in "upper administration and associated staff" categorized by division. The total percent increase of 62.2% results not only from an increase in administration to address the leadership changes discussed above, but also includes the yearly salary increases that all employees receive. For the period from 2002 to 2007 this average salary increase was 33.7% for staff and 40.9% for faculty. Four senior level administrators are classified as faculty and receive annual increases based on the faculty guidelines.

In the Administration Division, 52.4% of the 103.8% increase was due to reorganizations resulting from the Administration Consolidation Initiative. Salary budgets of:

- \$663,227 for upper administration in Information Technology Services were moved from the Provost Division to the Administration Division;
- \$98,645 for upper administration in UNM Police were moved from the Student Affairs Division to the Administration Division, and
- \$258,518 for the Governmental Relations unit in the Administrative Division came from funds previously budgeted in the Institutional Advancement Division for hiring contractors.



In Research, several new initiatives began, including the Proposal Development Center and the Economic Development unit. Additional funds were added to support Sevilleta Wildlife Center, High Technology Materials, and the High Performance Computing Center.

Division	Budgeted Salaries 2002	Budgeted Salaries 2007	Dollar Increase	Actual Percent Increase	Adj to show growth w/o reassignment of functions to Admin Division	
					Amt	%
President's Office	\$618,036	\$946,309	\$328,273	53.1%		53.1%
Research	\$410,702	\$1,286,743	\$876,041	213.3%		213.3%
Advancement	\$470,928	\$519,353	\$48,425	10.3%	\$258,518	65.2%
Administration	\$1,945,690	\$3,966,013	\$2,020,323	103.8%	-\$1,020,390	51.4%
Provost	\$1,097,862	\$1,135,678	\$37,816	3.4%	\$663,227	63.9%
Student Affairs	\$1,183,371	\$1,433,951	\$250,580	21.2%	\$98,645	29.5%
Total	\$5,726,589	\$9,288,047	\$3,561,458	62.2%		

**Exhibit 2. Salary budgets for each of the respective units in November 2002 & 2007, and the corresponding percent increase from November 2002. Includes adjustments reflecting the Administration Consolidation Initiative. Individual position titles and salaries for each division are listed in Exhibit A-1.**

### 2007-2008

A review of the changes in salary budgets for upper administration and associated staff between 2007 and 2008 are summarized in Exhibit 3, which shows the changes categorized by division. In 2008 this population included 69 positions including the President, 2 EVPs, 9 vice presidents, 13 associate vice presidents, 30 directors of major divisions, and 14 similar titles. Individual titles and salaries are detailed in Appendix A.

During this 12-month period there was a reorganization of the Research Division to improve effectiveness by incorporating recommendations from both external and internal review groups. This reorganization resulted in the reassignment of one associate vice president from the Administration Division to the Research Division and the reassignment of an associate vice president from the Administration Division to the Provost Division to provide budget and fiscal expertise. These reassignments are reflected in the last two columns of Exhibit 3 which show the percentage increases that would have occurred had these reassignments not taken place. The decrease in the Research Division (actual decrease of 27%, adjusted decrease of 38%) results from the elimination of four positions saving \$432,238: a chief economic advisor paid \$65,625,

an associate vice president paid \$173,770, an associate vice president paid \$173,770, and a part-time associate vice president paid \$62,500. Individual position titles and salaries equaling the totals in Exhibit 3 are listed in Appendix A-1.

Division	Budgeted Salaries 2007	Budgeted Salaries 2008	Dollar Increase	Actual Percent Increase	Adj to show growth w/o reorganization of Research	
					Amt	%
President's Office	\$946,309	\$1,225,558	\$279,249	29.5%		29.5%
Research	\$1,286,743	\$939,157	-\$347,586	-27.0%	-\$140,913	-38.0%
Advancement	\$519,353	\$572,478	\$53,125	10.2%		10.2%
Administration	\$3,966,013	\$3,876,846	-\$89,167	-2.2%	\$306,000	5.5%
Provost	\$1,135,678	\$1,722,061	\$586,383	51.6%	-\$165,087	37.1%
Student Affairs	\$1,433,951	\$1,478,373	\$44,422	3.1%		3.1%
Total	\$9,288,047	\$9,814,473	\$526,426	5.7%		

**Exhibit 3. Salary budgets for each of the respective units in 2007 & 2008, and the corresponding percent increase from 2007. Includes adjustments reflecting the reorganization of the Research Division. Individual position titles and salaries for each division are listed in Exhibit A-1.**

Funding Source in 2008 for Upper Administrative Positions

Administrative positions are funded from various sources depending on their function. These funding sources include: Main Campus Instruction & General (I&G), HSC I&G, Main Campus Facilities & Administration Costs (F&A), Internal Services, Public Service, Plant Funds, and Self Supporting Operations. Exhibit 4 lists the percentage of each division by position title within division that is funded from these different sources. Appendix A-2 provides the funding percentages and Appendix A-3 provides amounts for each position.

Source of Funding for Positions Within Divisions								
Division	Budgeted Salaries 2008	Funding Sources						
		Main Campus I & G	HSC I & G	Main Campus F & A	Internal Services	Public Service	Plant Funds	Self Supporting
President's Office	\$1,225,558	86.67%	11.76%	1.57%				
Research	\$939,157	3.93%		94.63%		1.44%		
Advancement	\$572,478	100.00%						
Administration	\$3,876,846	64.32%	6.38%		18.77%		0.47%	10.06%
Provost	\$1,722,061	100.00%						
Student Affairs	\$1,478,373	73.44%						26.56%
Percent of Total Expenditures Funded by Source	\$9,814,473	71.05%	3.99%	9.25%	7.41%	0.14%	0.18%	7.98%

**Exhibit 4. Information from UNM's Consolidated Budget. Percentage for each position title within a division can be found in Appendix A-2. Funding amounts for each position title can be found in Appendix A-3.**

#### Compensation: Administrative Positions Above the Level of Deans

A review of the changes in budgeted salaries between 2002 and 2008 for administrative positions above the level of deans are summarized in Exhibit 5. Position titles in ( ) are the 2002 or 2007 position title that evolved into the 2008 position title. The 121.4% increase in the Vice President for Rio Rancho/Branches reflects the difference between the salary paid in filling this position in 2008 and the salary for the Associate Provost for Branches in 2002. The 24.8 % increase in the Vice President for Institutional Support Services reflects an upgrading of the position of Associate Vice President for Facilities and Real Estate Management to reflect the additional responsibilities for direction of UNM business operations including, but not limited to, the Bookstores, Popejoy, KNME, and the Golf Courses.

<b>Position</b>	<b>Base Salary 2002</b>	<b>Base Salary 2007</b>	<b>Percent Increase 2002-2007</b>	<b>Base Salary 2008</b>	<b>Percent Increase 2007-2008</b>
President	\$218,802	\$380,000	73.7%	\$387,600	2.0%
VP for Research	\$142,222	\$232,975	63.8%	\$195,575	-16.1%
VP for Institutional Advancement	\$138,115	\$196,648	42.4%	\$203,648	3.6%
EVP for Administration		\$283,500	82.9%	\$293,500	3.5%
(VP for Business & Finance)	\$155,004				
VP for Finance & Controller		\$190,000	65.8%	\$195,700	3.0%
(AVP Finance/Controller)	\$114,597				
(AVP Finance-eliminated)	\$120,003	\$0	-100.0%		
VP for Human Resources		\$190,000	56.3%	\$193,800	2.0%
(AVP for Human Resource)	\$121,587				
VP for Institutional Support Services				\$193,800	24.8%
(AVP for FREM)		\$155,331	35.5%		
(AVP for Auxiliaries)	\$114,597				
Provost/EVP for Academic Affairs	\$181,876	\$252,000	38.6%	\$260,000	3.2%
VP for Equity & Inclusion		\$171,557	95%	\$185,000	7.8%
(Spec Asst Diversity)	\$88,000				
VP for Enrollment Services		\$143,662	87.8%	\$190,000	32.3%
(Director Recruitment)	\$76,505				
VP for Student Affairs	\$120,018	\$183,575	53.0%	\$189,083	3.0%
VP for Rio Rancho & Branches		\$0		\$185,000	121.4%
(Assoc Provost Branches)	\$83,554				
Totals	\$1,674,880	\$2,379,248	42.1%	\$2,672,706	12.3%

**Exhibit 5. Salary budgets for executive positions in 2002, 2007, & 2008 and the corresponding % increases. Positions in ( ) are the 2002 or 2007 positions that evolved into 2008 positions. Information was taken from employment contracts. Positions titles & salaries for upper administration positions can be found in Appendix A-1.**

#### Funding Source in 2008 for Upper Administrative Positions Above the Level of Dean

Most administrative positions above the level of dean are funded from I&G funds, but three positions are partially or totally funded by HSC I&G, Main Campus F&A, and Internal Services. Exhibit 6 lists the percentage and amount of each position that is funded from these different sources.

Funding sources for 2008 Upper Administration Positions for 2008- Percentages & Amounts									
Job Title	Budgeted Salary 2008	Main Campus I & G		HSC I & G		Main Campus F&A		Internal Services	
		%	Salary	%	Salary	%	Salary	%	Salary
		President	\$387,600	100%	\$387,600				
VP for Research	\$195,575		\$0			100%	\$195,575		
VP for Advancement	\$203,648	100%	\$203,648						
EVP for Administration	\$293,500	100%	\$293,500						
VP for Finance & Controller	\$195,700	50%	\$97,850	50%	\$97,850				
VP for Human Resources	\$193,800	50%	\$96,900	30%	\$58,140			20%	\$38,760
VP for Institutional Support Services	\$193,800	100%	\$193,800						
Provost/EVP Academic Affairs	\$260,000	100%	\$260,000						
Vice President Equity	\$185,000	100%	\$185,000						
Vice President Rio Rancho	\$185,000	100%	\$185,000						
VP for Enrollment Management	\$190,000	100%	\$190,000						
VP for Student Affairs	\$189,083	100%	\$189,083						
Percent of Total Expenditures Funded by Source	<b>\$2,672,706</b>	85%	\$2,282,381	6%	\$155,990	7%	\$195,575	1%	\$38,760

**Exhibit 6. Information was taken from employment contracts and Consolidated Budget.**

Comparison of Administrative Positions Above the Level of Deans to Market

Prior to the faculty resolution, a market study of ten senior administration positions was requested by President Schmidly to assist in salary decisions pertaining to the search for two new vice president positions. The market study did not include the Vice President for Advancement because that position was being transferred to the Foundation. It also did not include the position of President because that search has just been completed. A current salary study of university presidents is published in The Chronicle of Higher Education <http://chronicle.com/stats/salary/salary.htm>.

Exhibit 7 details the results of a market salary study conducted in May 2008 of ten senior administrative positions at UNM. The study shows the current incumbent salary and compares it to four relevant survey sources: College and University Professional Association for Human Resources (CUPA), Educomp, Watson Wyatt College & University, and Mercer College and University Market. The study included the majority of the positions shown in Exhibit 6 with the exception of the President and Vice President for Institutional Advancement. The market study indicates that UNM salaries for six of the ten senior administration positions studied are below

market, two are comparable to market, and two positions are above market. The two positions that are above market were recently hired.

Market Study - UNM Senior Administrative Positions- May 2008										
UNM Title	Survey Code	Survey Cut	Sample Size	Market Pt (RAW)	Match wtg.	Ageing factor	Market Pt (ADJ)	Weighted Average	UNM Rate	Percent Variation
President	Not included in market survey									
VP Research	CUPA	D >973M	132	\$235,000	1.00	1.015	\$238,525	\$238,525	\$195,575	-18.0%
VP Institutional Advancement	Not included in market survey									
EVP Admin/CFO/COO	CUPA	D >973M	48	\$285,500	1.00	1.015	\$289,783	\$289,783	\$289,170	-0.2%
VP Finance/Controller add. survey info	CUPA	D >973M	88	\$225,000	1.00	1.015	\$228,375			
	EDUC	\$1-4.9B	36	\$184,926	1.00	1.040	\$192,323	\$217,908	\$195,700	-10.2%
VP for HR add. survey info add. survey info	CUPA	D >973M	183	\$180,672	1.00	1.015	\$183,382			
	EDUC	\$1-4.9B	37	\$191,667	1.00	1.040	\$199,334			
	WWDS	\$1-2.5B	77	\$247,300	1.00	1.040	\$257,192	\$204,505	\$193,800	-5.2%
VP Institutional Support Services	CUPA	D >973M	180	\$173,996	1.00	1.015	\$194,267	\$194,267	\$193,800	-0.2%
Provost/EVP for AA	CUPA	D >973M	183	\$310,841	1.00	1.015	\$315,504	\$315,504	\$260,000	-17.6%
VP for Equity & Inclusion add. survey info add. survey info add. survey info	CUPA	D >973M	59	\$144,200	1.20	1.015	\$175,636			
	U of Ark	1-4.9B	1	\$126,000	1.20	1.000	\$151,200			
	U of Tx/A	1-4.9B	1	\$250,000	1.00	1.000	\$250,000			
	TAMU	1-4.9B	1	\$231,750	1.00	1.000	\$231,750	\$177,346	\$185,000	4.3%
VP for Enrollment Services add. survey info add. survey info	CUPA	D >973M	105	\$156,741	1.10	1.015	\$175,001			
	U of AZ	D >973M	1	\$195,000	1.00	1.000	\$195,000			
	U of KY	D >973M	1	\$170,214	1.00	1.000	\$170,214	\$175,143	\$190,000	8.5%
VP for SA	CUPA	D >973M	174	\$207,870	1.00	1.015	\$210,988	\$210,988	\$189,082	-10.4%
VP for RR & Branches	CUPA	D >973M	131	\$184,765	1.00	1.015	\$195,851	\$195,851	\$185,000	-5.5%

**Exhibit 7. Market survey of senior level administrators. CUPA- College and University Professional Association for Human Resources, EDUC—Educomp, WWDS-- Watson Wyatt College & University, TAMU—Texas A&M University.**

### Impact of Growth in Upper Administration on Other Components of the University

The above information is most meaningful within the context of its impact on other functions within the University, with particular emphasis on its impact on the three major components of UNM’s mission of instruction, research, and public service. Each year UNM submits financial data to the National Center for Educational Statistics (NCES) as part of the Integrated Postsecondary Education Data System (IPEDS) reporting. Administration expenditures are classified under the category title of Institutional Support. The remaining seven categories are Instruction, Student Services, Research, Public Service, Maintenance, Academic Support, and Scholarships & Fellowships. Appendix B-2 provides detailed definitions of the expenditures that are included in each of the categories and Appendices B-3 to B-6 provide the

raw data used for this analysis. Exhibit 8 presents the amounts and percentages of total expenditures at UNM including HSC over the past five years.

An accounting method for administrative expenditures changed between 2003-04 and 2004-05 with the implementation of the Banner Finance System. Prior to implementation certain transactions were booked as reimbursements (or credits) to expenditures, and after Banner they were booked as either revenue or transfers (revenue). The new accounting method is consistent with Generally Accepted Accounting Principles (GAAP) and those used by other institutions. Although the net effect is the same, total expenditures for Institutional Support reported prior to Banner were artificially lower due to the netting of reimbursements, however not significantly lower. If we were to adjust the percentages show in Exhibit 8 for the change in accounting method, Institution Support for 2002-03 increases from 4.5% to 4.82% and Institutional Support for 2003-04 increases from 4.3% to 4.75%.

This review of expenditures provides useful information, but for a more complete analysis of the impact on UNM's mission a comprehensive review of the growth in revenues and the respective sources is needed. Revenues have grown 60.15% from \$1,268,925,008 for fiscal year 2003 to \$2,032,218,306 for fiscal year 2009. Although a review of revenue is beyond the scope of this report, summary revenue information is provided in Appendix E of this report.

Fiscal Year	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Plant Op & Maint	Scholarships & Fellowships
2002-03	\$161,488,418	\$130,446,732	\$186,025,557	\$28,345,813	\$14,968,708	\$27,910,675	\$43,787,322	\$30,296,750
2003-04	\$168,339,906	\$140,399,276	\$199,968,814	\$28,330,645	\$16,284,127	\$28,135,850	\$45,456,090	\$32,209,397
2004-05	\$174,546,367	\$129,047,831	\$198,886,797	\$32,553,543	\$17,192,810	\$41,932,810	\$57,331,191	\$31,848,911
2005-06	\$180,883,499	\$135,863,571	\$196,084,384	\$32,960,478	\$18,245,542	\$44,374,858	\$53,402,083	\$26,215,439
2006-07	\$191,619,655	\$132,061,402	\$220,925,874	\$35,840,449	\$18,999,339	\$47,488,796	\$64,077,145	\$32,330,999

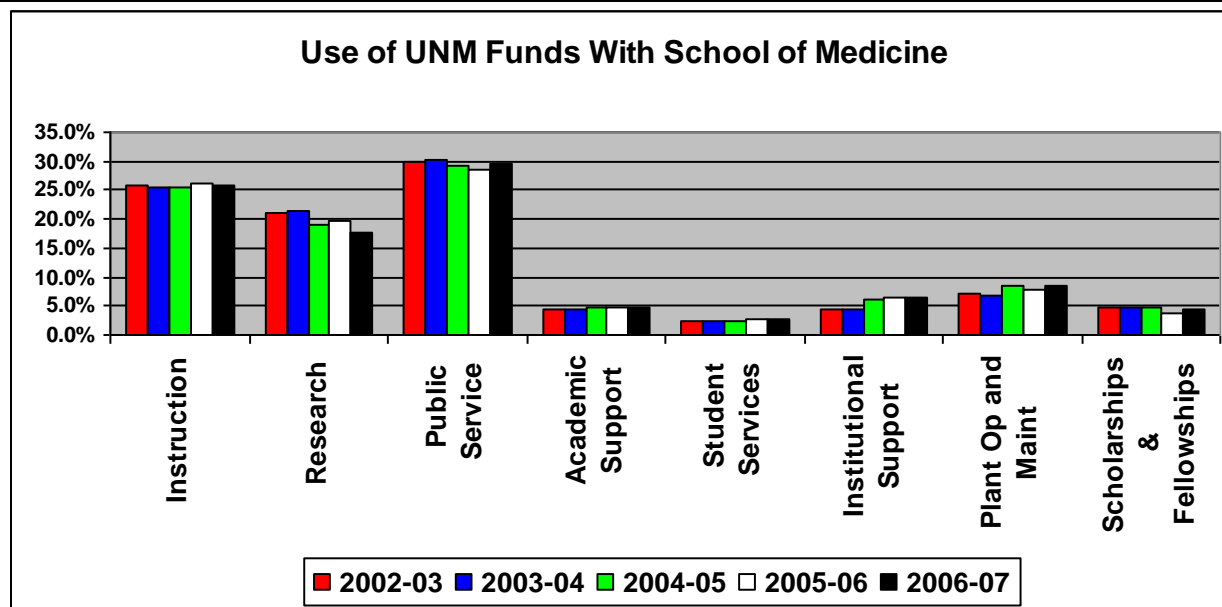


Exhibit 8. Uses of UNM funds UNM IPEDS Data with School of Medicine expenses.

Exhibit 9 presents the percentage of total expenditures at UNM, excluding the medical school, over the past five years. Administrative expenditures are categorized as Institutional Support. To allow for an analysis of UNM without the medical school, the expenditures reported on the IPEDS reports have been adjusted to exclude medical school expenditures and to adjust for the impact of the change in accounting method discussed above. Appendix B-7 shows the reconciliation of the expenditures in Exhibit 9 to the IPEDS report. Exhibit 9 also shows that although administrative expenditures have grown over the past five years, this growth has not been at the expense of other areas of UNM. Exhibits 8 & 9 illustrate the impact of the School of Medicine on the total picture of UNM. Although Exhibit 9 provides a picture of UNM without the School of Medicine, any conclusions drawn may be flawed due to the use of subsets of information.



Fiscal Year	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Plant Op & Maint	Scholarships & Fellowships
2002-03	\$132,351,839	\$66,631,312	\$48,478,927	\$26,361,185	\$13,083,170	\$26,410,160	\$43,787,322	\$28,865,930
2003-04	\$137,903,694	\$73,151,504	\$50,995,106	\$26,530,433	\$14,345,173	\$24,919,193	\$45,455,319	\$31,419,161
2004-05	\$144,819,059	\$72,513,313	\$63,585,051	\$30,324,862	\$15,124,445	\$30,317,914	\$57,122,079	\$31,271,315
2005-06	\$150,020,701	\$77,371,711	\$50,629,165	\$30,911,788	\$16,056,527	\$34,037,959	\$53,327,762	\$24,805,403
2006-07	\$158,133,876	\$73,236,501	\$57,792,741	\$33,723,890	\$16,551,261	\$37,006,550	\$63,621,331	\$30,119,061

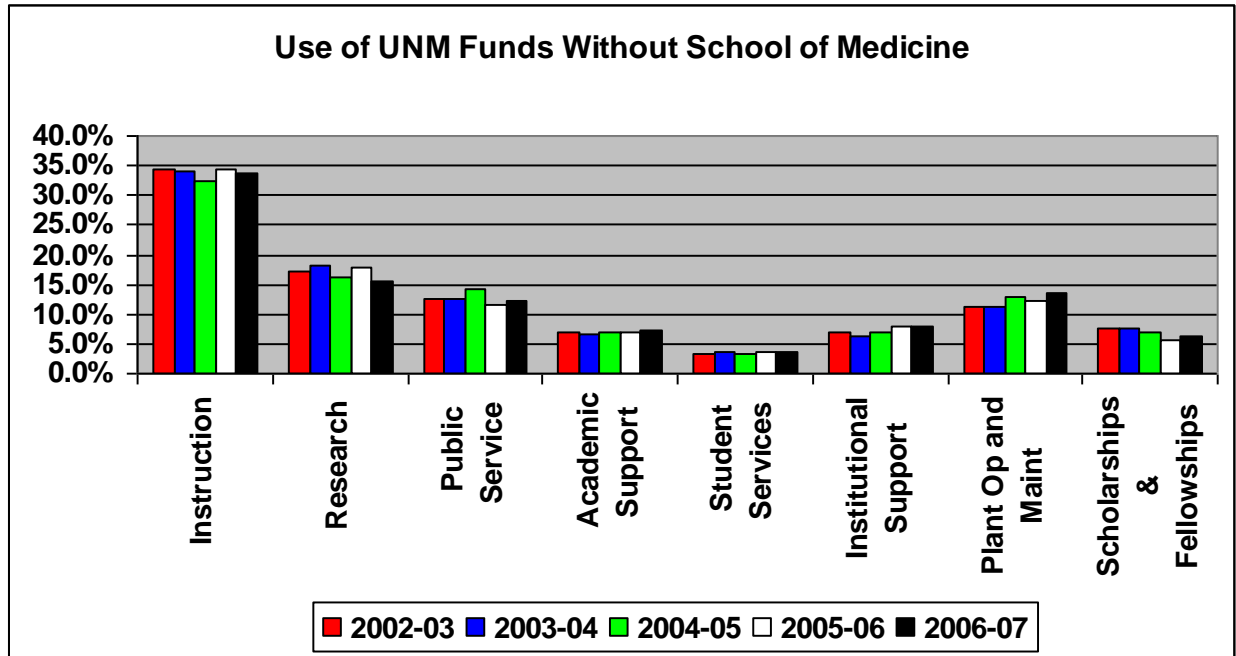


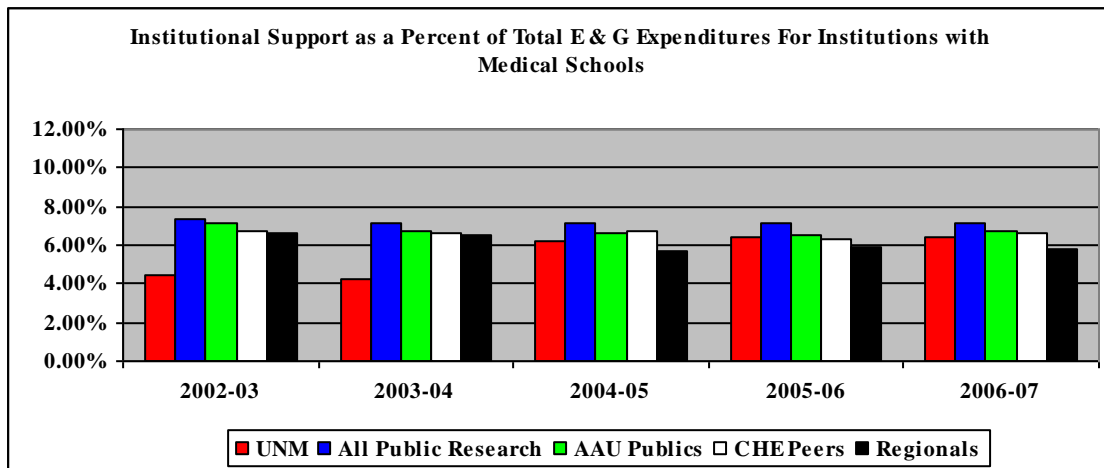
Exhibit 9. Uses of UNM funds. UNM IPEDS Data without School of Medicine expenses.

### Comparison of Growth in Upper Administration at UNM to Peer Institutions

The assumption that as UNM grows it should grow equally in all areas is not valid. A number of factors have driven growth in some areas over others and will continue to drive growth as needed to achieve the mission of the University. Historically, some areas may be significantly under-funded while others may be more adequately funded. Budget theory requires executive management to identify areas of funding discrepancies and correct them when possible. A review of expenditures at peer institutions can provide valuable insight into how expenditures at UNM compare to those of other colleges and universities for the eight categories reported on the IPEDS. Although IPEDS provides the data for comparison, determining which institutions are best to compare UNM with is difficult because of different funding structures (i.e. private vs. public) and different missions (research and medical schools). For these reasons, the

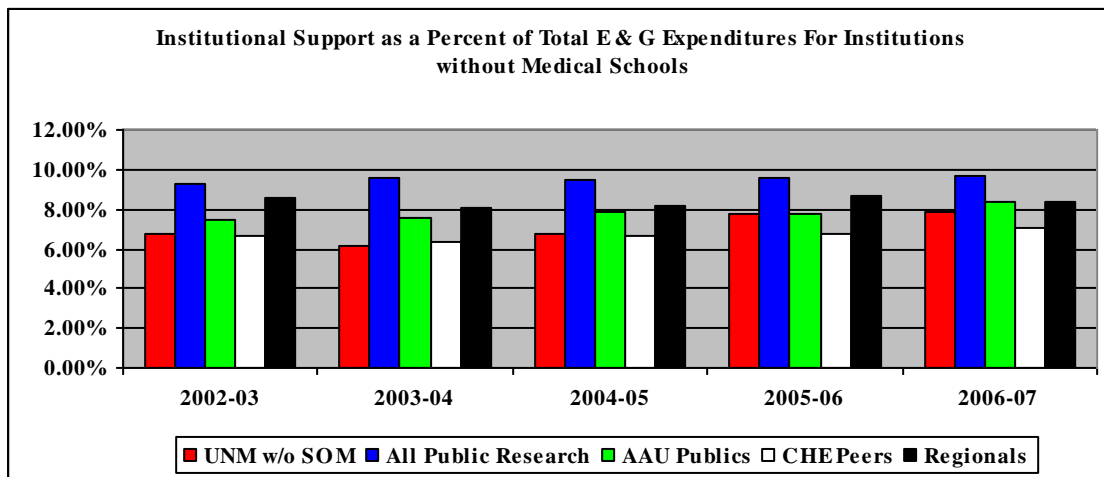
analysis will compare to four groups of peer institutions: 1) all public research institutions, 2) AAU public member institutions, 3) institutions previously designated as peers by the CHE, and 4) public institutions in the same geographic region. A listing of the institutions in each of these categories can be found in Appendix B-1 of this report. The next challenge in identifying peer institutions is the difference that exists between institutions with a medical school and those without. Since it may not be valid to exclude all institutions that do not have a medical school, UNM data comparisons are shown in two formats: 1) including School of Medicine expenditures and 2) excluding School of Medicine expenditures.

Exhibit 10 compares administrative expenditures (classified as Institutional Support) as a percentage of total expenditures to peer institutions with medical schools. UNM is shown in red. This graph reflects the growth in administration expenditures discussed above in this report. Because of the accounting change between 2003-04 and 2004-05 due to the Banner Finance implementation discussed above, not all the growth shown is attributable to actual growth in administration. Although administrative expenses for fiscal year 2002-03 & 2003-04 were considerably less than peer institutions, this difference is partially attributable to the change in accounting method used by UNM prior to the July 1, 2004, implementation of Banner Finance. By 2004-05 administration expenditures at UNM appear more in line with those of its peer institutions. By 2006-07 administrative expenditures at UNM have slightly exceeded those of regional peer institutions, but are still less than the three other peer groups and approximately 1% behind AAU public institutions, of which UNM aspires to join.



**Exhibit 10. Comparison of institutional support expenditures for institutions with medical schools. Source: IPEDS Data which can be viewed in Appendix B.**

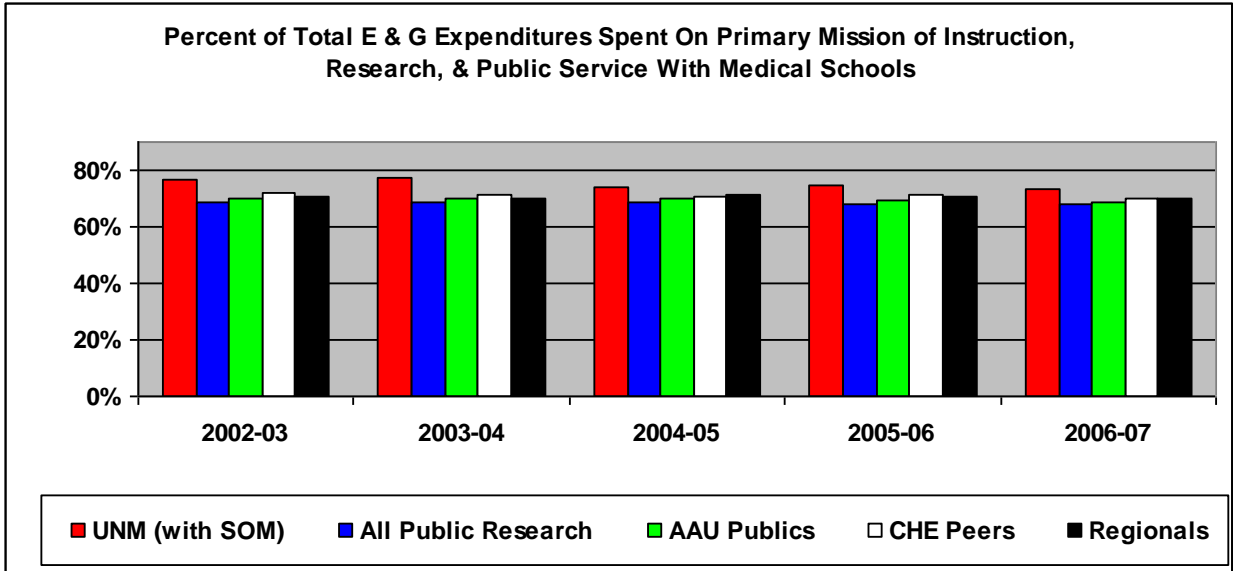
Exhibit 11 compares administrative expenditures (classified as Institutional Support) as a percentage of total expenditures to peer institutions without medical schools. UNM is shown in red. This graph shows much of the same relationships as discussed for Exhibit 10, but by 2006-07 the discrepancy to other institutions seems to have been corrected. This also reflects the completion of the Administrative Consolidation Initiative and the corresponding leveling off of growth in administration expenditures at UNM during 2007-08. These peer institutions are dissimilar to UNM in that they do not have a medical school with expenses and associated funding complexities that arise from administering an institution with a medical school. Although Exhibit 11 provides a picture of UNM without the School of Medicine, any conclusions drawn may be flawed due to the use of subsets of information.



**Exhibit 11. Comparison of institutional support expenditures for institutions without medical schools. Source: IPEDS Data which can be viewed in Appendix B.**

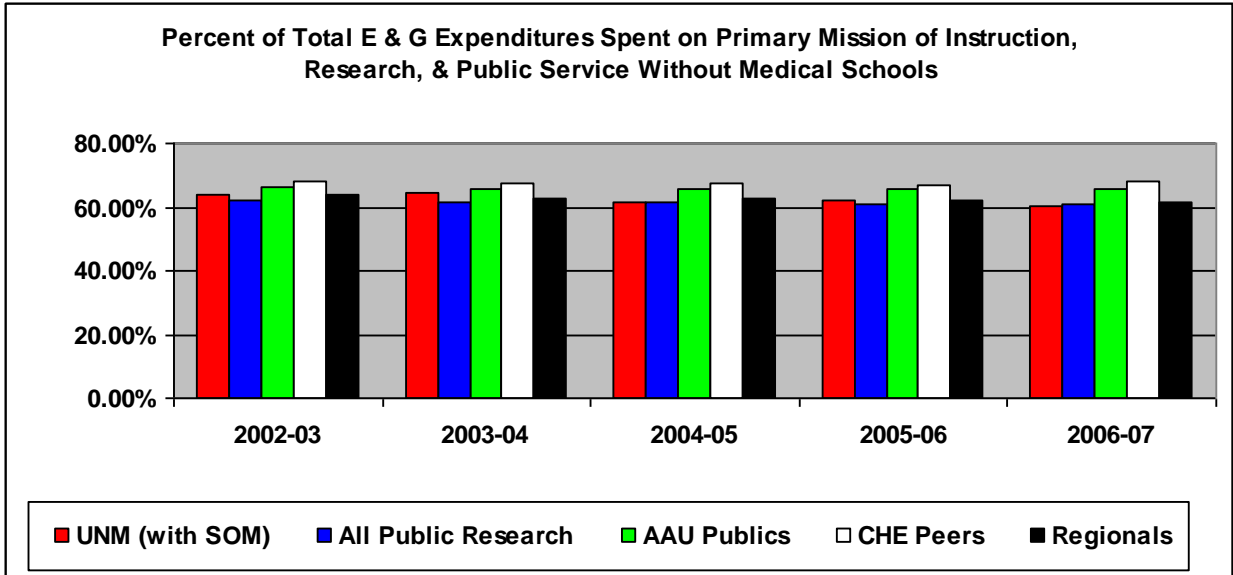
Impact of Growth of Upper Administration Expenditures on Expenditures for Core Mission.

The goals of a shift in the leadership model and the Administrative Consolidation Initiative were to increase revenues and reduce costs to provide more funding for the core mission of the University. Exhibit 12 compares the percentage of total expenditures allocated to instruction, research, and public service at UNM to the percentage allocated at peer institutions. It indicates that UNM allocates a greater percentage of funds to instruction, research, and public service than its peer institutions with medical schools.



**Exhibit 12. Comparison of UNM core mission expenditures to peers with medical schools.**  
**Source: IPEDS Data can be viewed in Appendix B.**

Exhibit 13 is provided to allow for some comparison with institutions that do not have medical schools. It compares the percentage of total expenditures allocated to instruction, research, and public service at UNM to the percentage at peer institutions without medical schools. It indicates that UNM is currently comparable to “Public Research” and “Regional” institutions; but is somewhat lower than “AAU Public” and “CHE Peer” institutions. The comparison with “AAU Public” and “CHE Peer” institutions has worsened over the last five years according to Exhibit 13. However, these peer institutions are dissimilar to UNM in that they do not have a medical school with expenses and associated funding complexities that arise from administering an institution with a medical school. In addition, any conclusions drawn may be flawed due to the use of subsets of UNM information that attempts to exclude the School of Medicine. Exhibit 12 comparisons which include all of UNM’s data (i.e. including the School of Medicine) compared to similar institutions provide a more complete and accurate picture. The presentation of data in which the School of Medicine expenditures are excluded are provided primarily to allow some degree of comparison with colleges and universities that do not have a medical school.



**Exhibit 13. Comparison of UNM core mission expenditures to peers without medical schools.**  
 Source: IPEDS Data which can be viewed in Appendix B.

**Expenditures for Facilities**

The Faculty Resolution also requested a review of expenditures for facilities over the past five years. Most of the funding for expenditures related to facilities is provided by the legislative appropriation process, formula funding, and/or University bond proceeds. There are two major types of expenditures related to facilities: capital improvement and maintenance/renewal.

**Capital Improvement Program**

With the establishment of the Lottery Scholarship in the late 1990’s, UNM experienced significant enrollment increases. These increases placed a strain on facilities as instructors faced difficulty finding suitable classroom space to effectively deliver courses. UNM has historically been unable to replace and/or renew its facilities with computer-intensive teaching classrooms and labs that accommodate advancing technology with state funding alone.

Beginning with the 2000 bond issue, UNM began to aggressively address its space and infrastructure deficiencies with a diverse capital bond program to accelerate its facilities/infrastructure improvement and expansion programs. The bond program encompassed utility renewal and expansion, administrative facility expansion, the development and

implementation of an Enterprise Resource Planning computer system, the renewal and expansion of student service facilities, and most critically, the construction and/or renewal of academic and research facilities across all campuses.

The bond program was consistently leveraged with federal and state capital appropriations. Future capital funding, whether from legislative appropriations or other sources, will continue to be at the forefront of UNM’s capital initiatives to address deferred maintenance and the construction of modern teaching and research facilities. However, UNM must continue to be partially self-sufficient in its capital improvement program in order to enhance its ability to recruit, retain, and graduate students. This strategy will probably necessitate the issuance of additional bonds in the future. Exhibit 14 includes summary data for bond issues since 2000 and Appendix C provides more detail on the bond issues and the individual projects funded with the bond proceeds.

<b>UNM Bonds Capital Improvement Program</b>	
2000 Bond Issue	\$53,231,671
2001 Bond Issue	\$52,700,000
2002 Bond Issue	\$89,915,000
2003 B Bond Issue	\$5,585,000
2003 C Bond Issue	\$6,220,000
2005 Bond Issue	\$125,000,000
2007 Bond Issue	\$123,250,000
<b>Total</b>	<b>\$455,901,671</b>

**Exhibit 14. Bond Proceeds 2000 - 2007**

Maintenance and Renewal of Facilities

Maintenance and renewal of UNM’s campuses are important investments supporting the quality of programs and services offered by UNM. Budget allocations to capital improvement projects and other activities are supported from various sources, and are divided into five sections:

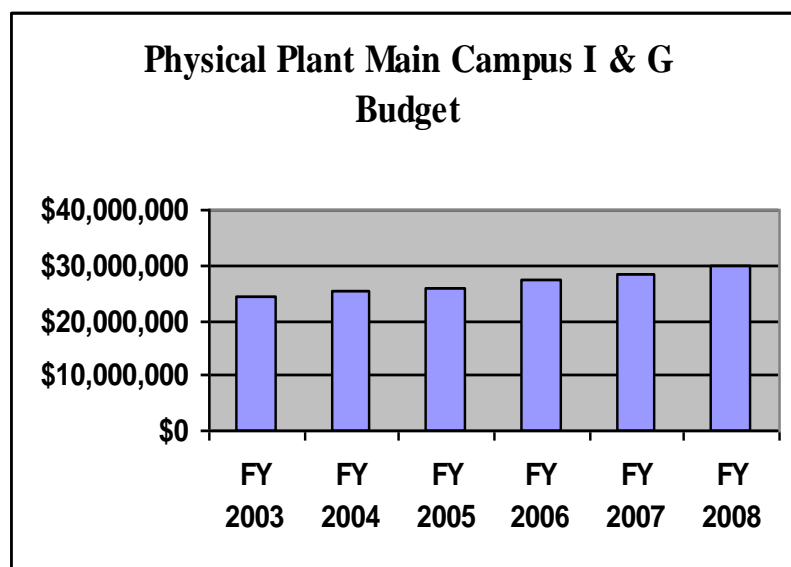
- I. Building Renewal & Replacement (BR & R):** Capital improvement projects for academic and administrative facilities funded from the Instruction and General funding formula allocation.

- II. Equipment Renewal & Replacement (ER & R):** Funds used to maintain and/or replace equipment for academic and administrative units generated from the Instruction and General funding formula.
  
- III. Discretionary Capital Improvements:** A list of projects supported from investment income, including the funds from the sale of Winrock Shopping Center.
  
- IV. Projects Supported from State Funds:** Legislature approved funding for capital projects from State Severance Tax Bonds (STB), General Obligation Bonds (GOB), and General Fund (GF) Appropriations.
  
- V. Branch Campuses Repair & Renewal Budget & Minor Capital Outlay Plans:** Each campus allocates funds from its Instruction & General appropriation for repair and renewal of instructional facilities; the amount computed is in accordance with the state funding formula

The Physical Plant Department (PPD) is responsible for the care and upkeep of UNM's physical environment. This includes indoor and outdoor areas on the north campus, main campus and south campus. Additionally, the department maintains UNM's district energy system providing electricity, steam, chilled water and domestic water through UNM's own distribution systems.

Funding for PPD operations is distributed between I&G and non-I&G sources on both the main campus and HSC. Exhibit 15 shows the total budget for PPD from fiscal year 2003 to fiscal year 2008 and the percent increases. Appendix D provides information that illustrates in detail the different sources of funds and how they are budgeted in the various PPD units.

UNM Physical Plant Department Main Campus I & G Budget		
	Budget	% Increase
FY 2003	\$24,089,514	
FY 2004	\$25,097,454	4.18%
FY 2005	\$25,845,075	2.98%
FY 2006	\$27,376,255	5.92%
FY 2007	\$28,178,765	2.93%
FY 2008	\$29,750,123	5.58%

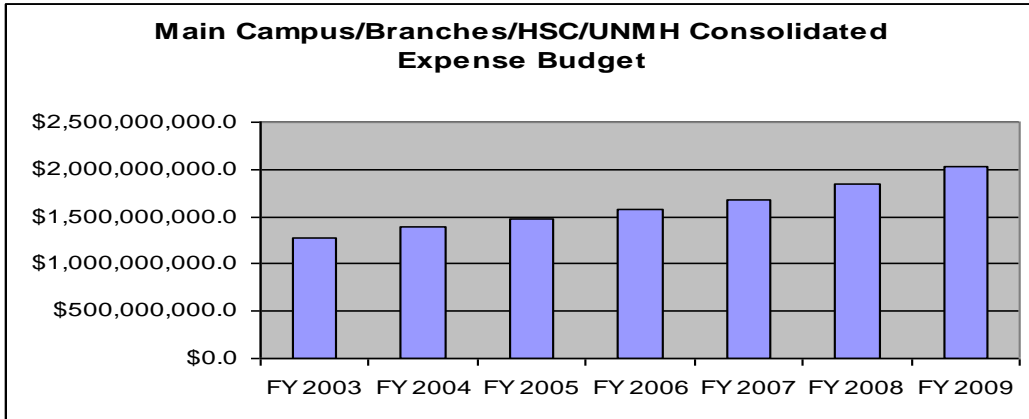


**Exhibit 15. Physical Plant Budgets Fiscal Year 2003 through Fiscal Year 2008**

### Funding

Each year the Executive Vice Presidents hold budget hearings with their departmental units to determine the needs for the upcoming year. In addition, UNM conducts a public Budget Summit in the spring to discuss new initiatives, priorities, trends, and legislative funding for the upcoming year. Based on identified needs, Summit discussions, identified initiatives, and projected revenues, UNM’s executive management, with Board of Regents approval, determines the most effective and efficient allocation of funds to support UNM’s overall mission. In addition, New Mexico statutes mandate that state appropriated monies for special projects, capital projects, scholarships, and building renewal and equipment renewal be used for their intended purpose. Exhibit 16 shows the growth in UNM’s consolidated budget from fiscal year 2003 to present.





**Exhibit 16. Shows budget growth 2003 -2009.**

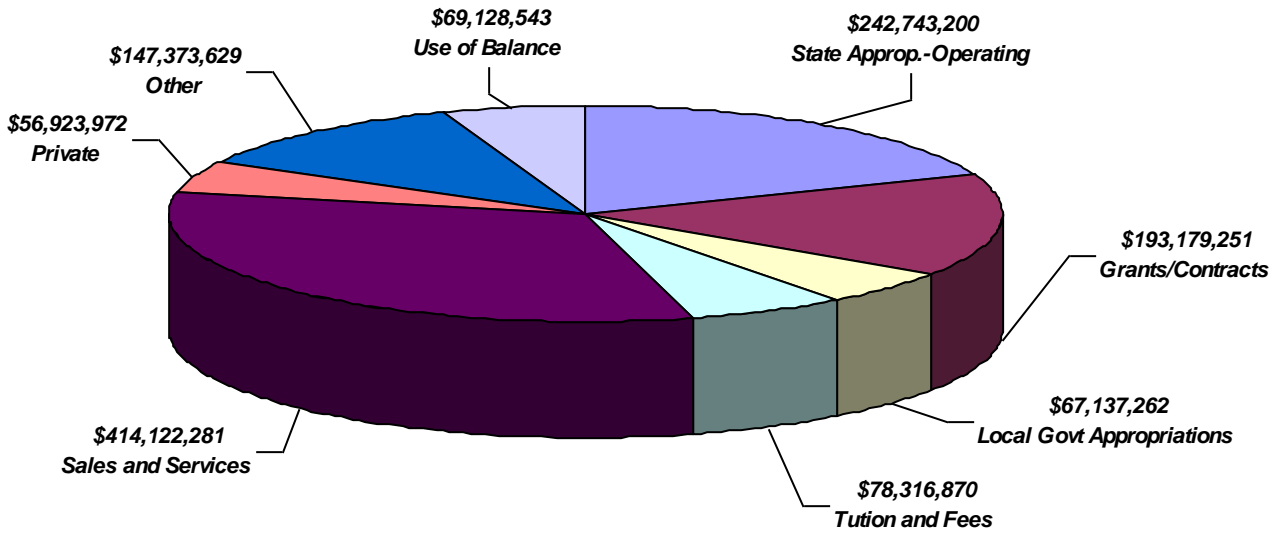
Exhibit 17 shows UNM’s sources of budgeted revenues from main campus, HSC (including UNM Hospitals-UNMH) and the branch campuses: Gallup, Los Alamos, Valencia, and Taos. Detailed explanations for the fiscal year 2009 budget by category, including how the revenue is appropriated or distributed on main campus, are included in Appendix E.

UNM Consolidated Revenues			
	2002-03	2008-09	% Increase
Sales & Services	\$414,122,281	\$784,972,502	89.55%
Tuition & Fees	\$78,316,870	\$130,923,446	67.17%
Local Government Appropriations	\$67,137,262	\$101,665,527	51.43%
Grants & Contracts	\$193,179,251	\$276,238,732	43.00%
State Appropriations- Operating	\$242,743,200	\$344,813,342	42.05%
Use of Balance	\$69,128,543	\$127,918,518	85.04%
Other	\$147,373,629	\$200,090,626	35.77%
Private	\$56,923,972	\$65,595,613	15.23%
Total	\$1,268,925,008	\$2,032,218,306	60.15%

**Exhibit 17. Sources of Funds from UNM’s Consolidated Budget**

Exhibits 18 & 19 include pie charts comparing 2002-03 to 2008-09 by funding source. Use of funding is limited to the purposes for which the funds were received.

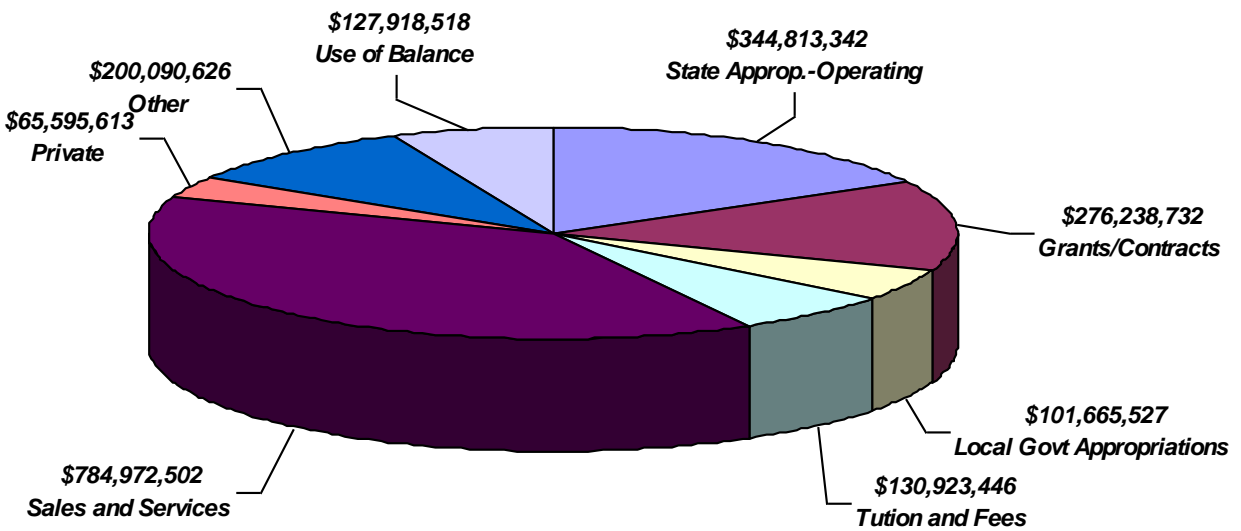
## UNM Consolidated Revenues 2002-03 Budget



**Total Revenues \$1,268,925,008**

**Exhibit 18. Sources of Funds from UNM's Consolidated Budgets 2002-03.**

## UNM Consolidated Revenues 2008-09 Budget



**Total Revenues \$2,032,218,306**

**Exhibit 19. Sources of Funds from UNM's Consolidated Budgets 2008-9.**

## Summary

This review shows that although upper administration has grown since 2002, its growth was based on a shift in the leadership model, made under the Caldera Administration, and consolidation efforts within administration conducted over the past five years. Below is a summary of the findings for each of the points raised in the Faculty Resolution.

- Changes in organizational lines of authority. Many of the positions in November 2002 have been upgraded to reflect the increase in responsibilities and accountability of these leadership positions.
- Changes in compensation of upper administration positions above the level of dean. The growth in compensation for these positions was 42.1% between 2002 and 2007, and 12.3% between 2007 and 2008, with the 12.3% increase due primarily to the hiring of two new vice presidents at market rates. An evaluation of ten of the twelve positions against market showed six salaries below market, two salaries comparable to market, and the salaries for the two new hires slightly above market: Vice President for Equity & Inclusion and Vice President for Enrollment Services, exceeding market by 4.3% and 8.5% respectively.
- Changes in salary budgets of associated staff (grade 17 and above). The growth in salary budgets for these positions was 62.2% between 2002 and 2007, which was due to annual salary increases and the addition and/or upgrade of positions to provide increased accountability, better service, and additional revenues in the areas of information technology, research administration, enrollment management, equity/inclusion, and business enterprises. The growth in salary budgets for upper administration and associated staff was 5.7% between 2007 and 2008.
- Expenditures for facilities improvement & maintenance/renewal. Capital expenditures to improve facilities increased through bond issuance totaling \$349,970,000 for the period

between 2002 and 2008. The growth in Physical Plant budgets for maintenance and renewal was 16.98% between 2002 and 2007 and 5.58% between 2007 and 2008.

- 
- Sources of funding for upper administration positions and associated staff. These positions are funded in 2008 from the following sources: 71.05 % from Main Campus I&G, 3.99% from HSC I&G, 9.25% from Main Campus F&A, 7.41% from Internal Services, 0.14% from Public Service, 0.18% from Plant Funds, and 7.98% from Self Supporting Operations.
- Comparison of administrative positions to peer institutions. IPEDS data shows that in 2002-03 the 4.48 % of UNM's budget allocated to administration was significantly less than administrative expenditures at peer institutions: 6.71% for CHE peers, 7.09% for AAU public institutions, and 6.62% and for regional peer institutions. The recent growth in administration has brought UNM more in line with its peer institutions, although the percentage spent on administration is still slightly lower than the average percentage at peer institutions. The total percentage of UNM's budget allocated to the three core mission components of instruction, research, and public service has historically been slightly higher than that at peer institutions and continues to exceed the peer average.

The growth of administration has leveled off in the last fiscal year as the Administrative Consolidation Initiative has reached its planned conclusion. To provide continued transparency on administrative expenditures, an annual report will be published after the close of each fiscal year. Next year's report will update the tables contained herein as well as address related issues raised by faculty in response to this report. It will also include an analysis of a comparison of UNM's administrative expenditures to the percentage of I & G funding designated for administrative expenditures. The insight gained by bringing together faculty and staff committed to an objective evaluation resulted in a valuable process that could be used to address other critical issues facing UNM. The same evaluation methodology could be applied to the other components of IPEDS: Instruction, Student Services, Research, Public Service, Maintenance, Academic Support, and Scholarships & Fellowships to determine areas where growth needs to be enhanced as determined by the President of the University.