

4-19-2012

## Reflecting on the Past- Envisioning the Future

David Schmidly

Follow this and additional works at: [https://digitalrepository.unm.edu/schmidly\\_papers](https://digitalrepository.unm.edu/schmidly_papers)

---

### Recommended Citation

Schmidly, David. "Reflecting on the Past- Envisioning the Future." (2012). [https://digitalrepository.unm.edu/schmidly\\_papers/145](https://digitalrepository.unm.edu/schmidly_papers/145)

This Article is brought to you for free and open access by the Office of the President at UNM Digital Repository. It has been accepted for inclusion in President Schmidly's Administration by an authorized administrator of UNM Digital Repository. For more information, please contact [disc@unm.edu](mailto:disc@unm.edu).

PRESIDENT SCHMIDLY'S ADDRESS TO THE ALBUQUERQUE ECONOMIC FORUM  
Thursday, April 19, 2012

***“REFLECTING ON THE PAST – ENVISIONING THE FUTURE”***

**Introduction**

Good morning, everyone. This will be my last opportunity to speak with you as President of UNM. It has been a pleasure and an honor to serve in this role for the past five years. I am now looking forward to a new chapter in my life and career – returning to the life of a scholar and teacher.

As I exit my current role, I wanted to share with you some reflections of the past five years, as well as some thoughts about a vision for the future. So, my theme for today comes from two quotes from my favorite philosopher – the baseball great Yogi Berra, who once said, *“The future ain’t what it used to be”* and *“When you come to a fork in the road, take it.”*

**The Past Five Years**

But before I get into why I choose those two quotes, let me spend a little time talking about what has happened at UNM the past five years. When I came on board in 2007, I used the Spanish word *“adelante”* – or “onward” - as a focus for envisioning our future. And we **have** moved forward, especially in consideration of some of the significant challenges with our budget. I want to share some examples:

UNM has experienced a 13.5% overall enrollment increase – this greatest growth in 50 years; That’s 24% growth in the freshman class. And now, 48% of the New Mexico students pursuing higher education are now doing so at UNM. Along with this, our number of national scholars has increased exponentially, from 14 when I arrived, to 132 today.

Our research has increased over 20%, and today we are among the 50 top public research universities in the country. All of this has required infrastructure improvements, so we have built more than a half a billion dollars in capital projects to support and strengthen our academic, research, patient care, and athletic missions. To

further fund our future, we are in the middle of a \$650 M fund-raising campaign, “Changing Worlds – The Campaign for UNM,” and to date over \$400 M in private dollars have been raised to benefit scholarships, endowments, and other priorities. This is the largest total ever raised at UNM over a 5 year period. And, vital to our student success and fund raising efforts is a new and very involved Parent Association that currently numbers more than 8,000 members.

And speaking of student success, we have begun raising our admission standards, a process that will continue over the next several years. These improvements are not based solely on test scores, but include the types of high school courses and the grade point averages. To further enhance these efforts, we have formed an alliance with CNM and APS to develop a seamless pipeline system to give students a clear path to graduation. As I will explain later, this partnership shows tremendous potential for improving education in our community.

And, we did all of these things during the most severe economic crisis since the Great Depression. Over three budget cycles we lost 20% of our state appropriations. When coupled with the state tuition credit, this amounted to about \$63 M. We weathered this storm by implementing effective cost containment and financial management strategies. I am proud to say that, we balanced our budgets without large-scale layoffs or mandatory furloughs, and without the large-scale tuition increases seen in surrounding states.

Containing education costs and tuition so that our students can graduate without a ton of debt is a challenge faced by every institution in the country, and we have done a credible job of addressing this at UNM. In fact, our tuition increases, if you factor out the tuition credit, have only amounted to 1% above the cost of living during the same period. And this year, our budget plan includes setting aside 20% of our proposed tuition increase for need-based financial aid.

Now, there is a downside to all of this: Education at UNM remains a great value, but eventually constrained resources will take a toll on quality. Our own distinguished faculty have told us “the resources provided to UNM are not enough to ensure our future competitiveness in the global world of ideas.” Average faculty salaries at UNM are lower than any of our peer institutions. In fact, the only school lower than us in a recent survey was Miami Dade Community College in Florida. We cannot remain

competitive in a national marketplace for hiring and retaining the best faculty unless we improve our salary structure.

There is some good news, though, since for the first time in 4 years, new funding is coming our way from the state to address these challenges. So, all-in-all we are leaving UNM in a strong position – academically, fiscally, and strategically – and our new incoming President, Bob Frank, should be able to take the reins, have a good ride, and continue this forward progress.

### **Future of UNM and NM Higher Education:**

But what about the future -- as Yogi said, *“the future ain’t what it used to be,”* meaning times will be different, not necessarily better or worse, but certainly different. Consider what has happened in higher education in just the past decade:

- There has been a gradual and consistent financial disinvestment by states resulting in ever-greater expenses to the students.
- Students now graduate with so much debt that some are predicting this will become the next economic crisis, even surpassing what happened in the housing crisis.
- The dominance of technology in the way students learn and communicate has changed the classroom and promises to alter higher education in ways we seem unable to comprehend.

And, new strategies to fund higher education are emerging that are more performance-based with student success as the major accountability factor. In New Mexico we have adopted a new funding formula that rewards “outputs” like course completion and degrees awarded rather than “inputs” like enrollment numbers and facility square footage. In my opinion, this is a smart move and the right move – one that better demonstrates to tax payers and business leaders that funding allocations are being invested to improve student success.

But this change has consequences - it places a premium on recruiting students who are prepared to succeed when they get to college, and in New Mexico we know that far too many of our students are not fully prepared for the next level of education.

The good news is that the APS/CNM/UNM partnership I told you about earlier is beginning to pay off. The UNM Center for Education Policy Research is studying the collective impact of our partnership, with these early results:

- More students are taking advantage of the 2+2 transfer agreements between CNM and UNM, whereby they start their coursework at CNM and then transfer to the University. This “gateway” program is designed to give students a greater shot at succeeding.
- The numbers of APS students taking dual credit courses at either UNM or CNM is rising sharply.
- And, data shows that students coming to UNM directly from APS or from APS through CNM are succeeding at a much higher rate than our other student cohorts.

There is no question 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 21<sup>st</sup> 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 recession is to give people the knowledge and skills to compete, collaborate and connect in ways that drive our countries forward. The same is true for the state and for each of us. What will move us forward is what we, ourselves, can bring to the dance.

### **UNM and the New Mexico Economy:**

That brings me to the second Yogi quote, “*When you come to a fork in the road, take it.*” That is just where I believe we are in New Mexico with respect to our economy and the question is, which way will we decide to go?

Now that it appears we are just coming out of the great recession in the state, we are faced with the potential for a double whammy of substantial cuts in federal spending. Our Bureau of Business and Economic Research (BBER) predicts that federal budget cuts will cost the state as many as 20,000 jobs by 2014 or a permanent half-percent reduction in employment. We have already seen the tip of that iceberg with the recent job cuts at Los Alamos National Lab.

That raises the question about what can be done about it and how can UNM help. 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.”*

That is certainly true here in Albuquerque. In fact, UNM accounts for \$1.86 B in expenditures and more than 25,000 jobs. Salaries and benefits total just over \$1B, and non-personnel expenditures total \$833M. And, for every out-of-state dollar UNM spends in New Mexico, \$1.83 is generated in the state’s economy.

As I see it, we have reached a time where the city and the university must forge an even closer partnership to engage and support private sector competitiveness.

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.

We see it happening now with the work of our science and technology corporation, STC.UNM, which has really matured in the last few years and is playing a significant role in technology transfer and the development of intellectual property. For example, in 2009, there were a total of 16 New Mexico-based start-ups based on UNM technology, and these accounted for 162 jobs and \$18M. Then, in 2010 and 2011, despite the bad economy, STC facilitated 11 new start-ups, eight of which remained in our state. So far this year, we have four new start-ups, all based in New Mexico.

We also see it beginning to happen with The New Mexico Research Consortium - which includes UNM, NMSU and NM Tech - that had a role in the most recent rebid of the LANL contract with the University of California system.

But all of these partnerships need to be more fully developed. 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. Sandia already has a K-12 component built into its contract. Expanding that to include higher education and the research universities can only strengthen Sandia’s position to impact the local economy.

Another opportunity involves the Rio Grande Research Corridor, and we've been talking about this for years. 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 the state.

Now if your reaction to what I am saying about the importance of both public and private partnerships with the university is that this would be too much effort for the return, here are a couple of statistics to think about:

- 8% of all university startups go public, in comparison to a "going public rate" of only 0.07 percent for other U.S. enterprises - a 114x difference.
- 68% of university startups created between 1980 to 2000 remained in business in 2001, while regular startups experienced a 90% failure rate during that same time period

The opportunities this confluence of research could one day create could be amazing for economic development in our region... but it won't happen without a concerted and renewed effort to create mutually beneficial, sustainable partnerships. This would require significant investment in education, science, and technology, such as we've seen happen in Utah with outstanding results.

In order to retain its brainpower, Utah invested more than \$100 million in the state's universities through the Utah Science and Technology Research Initiative. Launched in 2006, this initiative was designed to recruit top researchers from around the world. Return on investment is remarkable, with computer system design jobs up 12%, and scientific and technical jobs up nearly 10%. Utah is creating jobs at a faster pace than nearly any other state in the country.

There is no reason this can't be done in New Mexico, with UNM working in conjunction with the national labs to retain and recruit brainpower through joint faculty hires, made possible by the state's strategic investment. But make no mistake – this would require a shift in mindset from competition to cooperation and collaboration, for the sake of long-

term economic development. It really can work, but only if we have the vision and the willpower.

**Final Thoughts:**

So what Yogi said, “When you come to a fork in the road, take it,” fits well with where we now are in New Mexico. If we continue to rely on government jobs to fuel economic development, we will be choosing a rough and dark path. But, if we stop for a moment to assess our assets, and then work to leverage them collectively, we are more likely to take the right direction as we stand at this fork in the road.

So as I move down my own road, I want to once again say thanks to all of you for your support during the past five years.