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Budget Summit, 2008-2009 Budget

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University of New Mexico Budget Summit

Linking Budgeting, Planning, and Performance

David J. Schmidly
President

February 29, 2008
MONEY MATTERS AT A UNIVERSITY JUST LIKE ANY OTHER ENTERPRISE!

A university is a collection of talented students, faculty, administrators and staff whose basic mission is the generation and transmission of knowledge. To carry out this mission, support is required in numerous forms such as salaries, libraries, building and grounds maintenance, equipment, and student and faculty support services. All of this support requires resources and short-term and long-range planning to manage those resources.
To fulfill its mission of generating and transmitting knowledge, resources come to the university in many forms.
Long-Term Trends

“If you think education is expensive, consider the cost of ignorance.”
~Ann Landers

State Funding → Demand Cost
12 Key Elements Impacting Higher Education in the 21st Century

- Intense competition for state funds.
- Higher employment costs.
- More dependence upon tuition, student fees, donations, grants and contracts.
- A more diverse population of stakeholders.
- Intense competition for students with more aggressive student recruitment.
- Student preferences for modern living arrangements and facilities.
- Lower proportion of tenure and tenure-track faculty.
- Differential pricing of curricula and courses.
- More associated businesses and inter-relationships with the

(adapted from Acker, 2006, “Can State Universities Be Managed?”)
Through its budgeting and accounting process, the university employs its resources to support those responsible for conducting the education mission. In today’s climate, resources are not growing as rapidly as the university needs; therefore, the method of allocating and accounting for these resources becomes ever more significant and critical. Every decision made in our resource allocation process impacts the ability to achieve our mission and speaks to our core values and ethos. Thus, in this highly resource-constrained environment, the process for resource allocation becomes increasingly crucial, and our success depends as much on our ability to do more with less as it does on our ability to find additional resources.
Higher Education Cost Model

Traditional public university accounting does not lend itself easily to the demands of this new environment. For the most part, budget allocation decisions are made from a historical perspective rather than from a programmatic one.

- Lots of fixed costs that grow incrementally.
- Increased reliance on tuition.
- Difficulty in controlling costs – “the add-on habit.”
- Attitude that cost control will reduce academic quality.
- Reluctance to become entrepreneurial and
The Challenge: Managing for Adaptive Capacity

• **Strategy—Institution Has:**
  - Clear Direction;
  - Means to Assess Future Needs;
  - Means to Measure Performance.

• **Operate Sustainably—Institution Must:**
  - Recover Costs;
  - Generate Income to Cover Costs on Normal Operations.
Managing for Adaptive Capacity

• Investment—Institution Must Invest Appropriately to Maintain Productive Capacity.

• Risk Management—Institution Must:
  - Manage Risk Appropriately in Relationship to Its Strategy;
  - Prepared to Deal with Potential Financial
New Management Strategies Needed

Strategic Management – The allocation of resources to programmed activities calculated to achieve a set of goals.

Planning

Assessment

Resource Allocation

More business-like
More entrepreneurial
More diversification
More partnering
Linking Planning and Budgeting

• In the Absence of a Plan—the Budget Is the Plan.

• If a Plan Exists and It Is Not Closely Linked to the Budget, the Budget Is Still the Plan.

• Therefore, If a Plan Is to Be
Basic Points

• Efforts to Change/Improve Are Affected by Resource Allocation Approaches.
• The Approach to Resource Allocation Is the Strongest Lever for Change Available to Decision-makers Either Inside or Outside the Institution.
• Strategic Budgeting is Not Only About
Basic Points (continued)

• Many Universities Only Attempt to Increase Revenues and Do Not Address Need for Fundamental Creation and Maintenance of Assets.
• Major Changes in Asset Structure Are Rarely Made in the Short-Term But Require Step-By-Step Changes Over Several Years.
• To Ensure A Link Between Strategic Planning and Strategic Budgeting, Funds Should be Budgeted for Contingencies and New Initiatives Linked to the Strategic Themes.
Budget Development

- Budget must support strategic initiatives.
- Compensation should consider both COLA and performance.
- Enrollment is important. We need to move up in the band.
- “Squeeze the grapefruit” and reallocate funds. Seek savings.
A Conceptual Framework

Four Strands of Priority that Connect, Align, & Activate the University’s Mission, Vision, Values, and Strategies

**Systemic Excellence**
- Research
- Undergraduate/Graduate Education
- International Education
- Diversity

**Healthy Communities**
- Urban/Rural Health
- Education & Training
- Research, Outreach & Intervention
- Health Policy

**Economic & Community Development**
- Economic Revitalization
- Community Capacity Building
- Sustainability Leadership

**Student Success**
- Affordability
- Access
- Graduation Rate
- Retention Rate

**Cornerstones of Mission**
- Teaching
- Research
- Patient Care
- Community Service

**Vision**
A future in which UNM is known for:
- Strength through Diversity
- Student Success through Collaboration
- Vital Academic Climate
- Excellence through Relevance
- Research for a Better World
- Health and Wellness Leadership
- International Engagement

**Values**
- Excellence
- Access with Support to Succeed
- Integrity
- Respect
- Relationships
- Freedom
- Sustainability

**Strategies to Achieve the Vision**
- Connectivity to Purpose
- Intercultural Competency
- Synergistic Partnerships
- Student-Centered Decision Making
- Campus Vitality
- Innovative Research-to-Application Platforms
- Mission- and Vision-aligned Investments

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THE UNIVERSITY of NEW MEXICO
A Roadmap for Success

Goal 1 – Mission, Vision, and Strategic Plan

Review and refine the mission, vision, and strategic plan for the University of New Mexico.

Goal 2 – Accountability

Continue to develop an organizational and leadership infrastructure at UNM that creates and reinforces a culture of accountability, continuous process improvement, and transparency, with measurement- and results-driven performance.

Goal 3 – Academics

Establish an integrated system of services to prepare, recruit, enroll, develop, retain, and graduate both undergraduate and graduate students at the University of New Mexico, with special focus on the recruitment of high-achieving students and national merit scholars.
Regents’ Goals for the President: (continued)

A Roadmap for Success

**Goal 3B – Research**

Continue to promote research growth at UNM based on the highest ethical values and founded in the research and educational strengths of the faculty. Make our research administration user friendly and among the best in the nation.

**Goal 4 – Diversity of Leadership, Faculty, and Staff**

Develop and execute a plan to ensure that UNM is able to recruit and retain diverse and talented leaders, faculty, staff, and students that reflect the diversity of the state of New Mexico.

**Goal 5 – Community Engagement**

Initiate personal outreach to and active engagement with communities throughout the State of New Mexico and beyond.
Regent’s Goals for the President: (continued)

A Roadmap for Success

**Goal 6 – Legislative Role**

Establish and sustain positive relationships with the New Mexico Legislature that result in beneficial support and outcomes for UNM.

**Goal 6B – Federal Relations and National Issues**

Establish closer relationships with federal funding agencies and our congressional delegation. Continue to increase UNM’s reputation and visibility world-wide.

**Goal 7 – Fundraising**

Apply knowledge and expertise to design, organize, launch, and actively participate in a comprehensive fundraising strategy and executable program that produces positive results for UNM.
A Roadmap for Success

Goal 8 – Economic & Resource Development
Develop and execute plans to fully maximize UNM’s economic and resource development opportunities.

Goal 9 – UNM Rio Rancho Campus
Develop the vision, curriculum, and programs for UNM’s Rio Rancho campus that will serve the needs of the community and enhance the overall strength and vitality of the University of New Mexico.

Goal 10 – Health Sciences Center
Provide visible and active leadership and support in developing the future of the Health Sciences Center.
A Roadmap for Success

Goal 11 – Athletics

Develop and implement a plan to improve the academic performance, retention, and graduation rates of UNM’s student athletes, in all athletic programs.

Goal 11B – Athletics

There are other important issues that need to be addressed beyond the student success of student athletes. These relate to NCAA compliance, pricing of athletic events, and continued development of athletic facilities.

Goal 12 – Relationship and Communications with Board of Regents

Propose refinements, additions, and modifications to the behavioral and structural guidelines proposed by the Regents for discussion and adoption at the August 2007 meeting, and then build the agreements into UNM’s ongoing operations.
The University of New Mexico

UNM Budget Summit

Legislative Session Results

David W. Harris, Executive Vice President

February 29, 2008
Legislative Review – Regent Priorities

• Council of University Presidents’ Priorities
  • 0% Tuition Credit, 5% Compensation, 0.75% ERB, Equipment Renewal & Replacement base increase, statewide workstudy increase, deferred maintenance, and endowment matching funds.

• Student Success
  • Creating a high value education for our students and providing them the tools they need to be successful and graduate.

• Excellence in Research
  • Programs that will enrich the educational experience of our students and translate into a
Legislative Review – Regent Priorities

• Healthy Communities
  • Promoting healthy communities throughout the state and providing education, training, research, and outreach that contribute to the healthcare of all citizens.

• Economic and Community Development
  • Building an educated and highly skilled workforce and then focusing our education and research in areas where our state can not only build an industry but excel in the field.

• Capital Projects
  • Providing the best possible facilities for
Legislative Review – C.U.P. Priorities

- 2% Faculty and Staff Compensation Increase
- 0.75% ERB Contribution Increase
- 2% Tuition Credit
- Increased Student Workstudy Funding
- Endowment Matching Funds
- Inflationary Funding for Insurance, Risk Management, Utilities, and
Legislative Review – Student Success

• Teaching & Learning Environment – $101,700
• Africana Studies Faculty Initiative – $110,000
• Student Engagement & Success – $50,000

• Total Student Success – $261,700
Legislative Review – Excellence in Research

- Film and Digital Media – $205,000
- Biomedical Engineering – $175,000
- Utton Center – $55,000
- NM Land Grant Studies – $117,000
- Center for Raza Planning – $25,000
- Latin American & Iberian Institute – $220,200
- Regional Studies – $50,000
- Alfonso Ortiz Center – $17,000
Legislative Review – Healthy Communities

• School of Medicine I&G – $1,274,900
• BA/MD Program – $1,125,100
• Community Health Initiative – $1,275,700
• College of Nursing – $470,600
• Pediatric Oncology – $400,000
• Out of County Indigent Fund – $1,200,000
Legislative Review – Econ. and Comm. Dev.

- Family Development Program – $68,000
- Interdisciplinary Energy – $15,000
- Manufacturing Engineering Program – $36,000
- National Youth Sport Program – $35,000
Some Notable Projects Funded:
• Tamarind Institute – $910,500
• Sevilleta Research Station – $125,000
• University Arena (the Pit) – $1,000,000
• University Stadium – $2,000,000
• Athletes Plaza – $550,000

• Total Capital Projects – $6,604,000
Some Notable Projects Funded:

- Film and Digital Media – $4,000,000
- Biology Expansion – $5,000,000
- Learning Center – $2,000,000
- Education Building – $6,000,000
- Cancer Center – $17,000,000
- Neurosciences Building – $4,500,000
- Dental Clinical Training Facilities – $7,000,000

- Total G.O. Bond Projects –
• HB 616 – Educational Retirement Act
  – Legislation passed
• HJR 9 – Transfer of Tri Service building to UNM
  – Legislation passed
UNM Budget Summit

Academic Affairs Overview
Dr. Vi Florez, Provost and Executive Vice President for Academic Affairs
February 29, 2008
Academic Affairs

Academic Affairs Original FY08 Budget in Millions (Restricted & Unrestricted)

- Instruction (I&G): 50%
- Research: 37%
- Public Service: 13%
Exceeding the 3% cap in 2009-10 could lead to increased state funding of ~$3M in 2011-12.
Academic Affairs

Investments to Support the Academic Mission

- Increase in GA/TA support
- Operational funds for Schools/Colleges
- New Faculty Lines
- Scholarship support for undergraduates
Health Sciences Center

UNM Budget Summit

Health Sciences Center Overview

February 29, 2008

Paul B. Roth, MD, FACEP
Executive Vice President for Health Sciences
Dean of the UNM School of Medicine
Health Sciences Center

HSC Salaries by Funding Type

- Other: 3%
- Research: 11%
- State Supported General Fund Salaries: 19%
- Clinical & Other Public Service: 67%

Total HSC Faculty FTEs = 918
(42% of Total UNM Faculty FTEs)

FY 2008 Budget

Chart data: FY 2007 Actuals incremented by FY 2008 average salary increases.
Total SOM FY 2008 Budget
Salary: $100,775,800

UNM SOM Faculty Compensation Components

- **Base Salary**: 64%
- **Supplement**: 28%
- **Incentives**: 8%
Factors Impacting HSC Budgets for FY 2009

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Combined BA/MD Degree Program

- Partnership degree program between the School of Medicine and the College of Arts & Sciences
- Program designed to help alleviate New Mexico’s physician shortage, especially in our medically-underserved areas
- Expands medical school class from 75 to 100 students
- Admit an annual diverse class of 28 NM high school seniors with a commitment to practicing medicine in New Mexico communities with the greatest need
Health Extension Rural Offices (HEROs)

- Partnership with NMSU’s Cooperative Extension Services, Dept. of Health, local groups
- HERO Agents link HSC resources with priority community needs
- CY08 Goal: Establish 10 HEROs in county and tribal locations across the state – link with NMSU cooperative Extension Agents
- Monitor outcomes with County/Tribal Health Report Cards
## Factors Impacting HSC Budgets for FY 2009

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