



THE UNIVERSITY of
NEW MEXICO

Office of the Provost



WEDNESDAY COMMUNIQUÉ

October 21, 2015

Through the Financial Lens: We all need to grapple with the financial challenges facing public universities. In order to understand our current and future finances, please read on.

First, let me remind you that the combined budgets of the main campus, the Health Sciences Center and our branches [total around \\$2.7 billion](#). The UNM non-restricted main campus budget has multiple revenue sources, chiefly state support and tuition. The two other major components include (a portion of) funded research and private giving. Each year, the budget office estimates sources of revenue and the regents allocate expenditures and approve the budget during our budget summit. To operate the academic enterprise on main campus, we need approximately \$330 million per year, which is close to the sum of tuition and direct state funding. At a time when the costs (and thus expenditures) continue to rise due to internal and external factors (benefits costs, utilities, new compliance and reporting requirements, etc.), our revenue sources remain limited by the state budget and our tuition revenue.

In the last couple of years, as the local and national economies have improved, non-traditional students (about 20 percent of our own students) have reduced their course loads—good news for them, but hard on our bottom line. Moreover, fewer New Mexicans have graduated from high school, so we have fewer traditional first-time-full-time freshmen. These trends left us with about 3 million fewer tuition dollars last year, and we are down an additional \$3 million this year. Last year, we covered the shortfall by using one-time health benefit pool funds followed by a recurring budget reduction that was built into our budget for this year. This year, the continued decline in enrollment means that we need to reduce our recurring budgeted expenditures by another \$3 million.

Most recurring costs are in labor, so we will have to reduce those costs. Note that each year an average of 790 UNM employees will retire or leave the university for other opportunities. Over the last four years, the Office of Academic Affairs has also managed faculty hires, requiring colleges to submit [five-year hiring plans](#). As President Frank detailed in his message to the university, if we reduce 100 staff positions via attrition, we can reach our goal. Rather than instituting across the board cuts, a hiring freeze, or both, each component of the university will examine each vacated position, and only approve necessary hires. Looking forward, we may be able to further reduce costs by using service center models and finding other efficiencies, but we cannot continue to cut our costs indefinitely while faithfully delivering on our ever-expanding mission(s). That is why I have been advocating for student success, which in addition to being part of our core mission, will conserve tuition revenue as students continue to progress (and thus generate tuition funds) and graduate. We are also pursuing new sources of revenue, such as new programs for non-traditional students (adults, international, on-line, etc.).

UNM is not alone in facing this challenge. The University of California, Arizona State University, the University of Wisconsin and even MIT are looking for new revenue sources. Going forward, we will need everyone's new ideas and efforts to put our financial house on solid footing for the long term.

Funding for Women STEM Faculty: Last spring, an anonymous donor bequeathed a \$1.5 million endowment to the University of New Mexico to support "research by, and professorships for, women STEM faculty." The interest earned on the first one million dollars of this generous donation will support UNM's proposal for a National Science Foundation Advance (Increasing the Participation and Advancement of Women in Academic Science and Engineering Careers) grant, being developed by a team led by Dr. Julia Fulghum (Chemistry), Dr. Mala Htun (Political Science), and Dr. Stephanie Forrest (Computer Science). The interest on the remaining \$500,000 will promote the recruitment of female students into STEM disciplines.

Academic Affairs will celebrate the gift and the proposal with a reception on a date soon to be scheduled. I look forward to this celebration as an occasion to recognize our stellar faculty, and to endorse our efforts to expand opportunities for women and girls in STEM fields.

Brainpickings.org: A couple of weeks ago, I came across the site [brainpickings](#) that has kept me busy and informed. Here is a sample of the little gems you may find there, on “poetry, power, and the role of artist in society” from a [surprising source](#), and the [musings of Richard Feynman](#) on science and art.

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