



WEDNESDAY COMMUNIQUÉ

February 24, 2016

The New Normal: Last week, I described the New Mexico budget situation and its effect on the UNM budget. The actual budget submitted to the governor is the worst case scenario. UNM faces budget cuts of more than \$6 million. As I explained, UNM is not alone, and flagship public universities throughout the nation are also facing hard challenges, including the [University of California at Berkeley](#), and [others](#) such as Illinois, Louisiana, and Wisconsin.

Throughout the last four years, I have discussed in this space the economic landscape of (public) higher education. Along with the deans and other UNM leaders, I have grappled with sometimes daunting new realities. We are facing a new normal. For a variety of reasons, our society has moved away from viewing higher education as a public good, and toward seeing college as a private investment and personal commodity. State legislatures are ever less willing and able to finance higher education using public funds. The cost of paying for college has shifted away from the state to students and their parents. At the same time, the cost of delivering quality education continues to increase, due to a variety of factors including the “[cost disease](#)” — the rapid increase in support, administrative, [compliance](#) and legal costs, among other things.

To put it in perspective, the so-called [Higher Education Price Index](#) (HEPI), an inflation index that tracks the “main cost drivers in higher education,” averages about three percent a year. UNM needs an additional \$10 million each year just to keep up with rising costs. It should come as no surprise to any of us that our revenue streams have not increased by three percent annually in the last few years. The situation in New Mexico is no different than in other states, although the State of New Mexico remains unusually generous in funding higher education (more than 13 percent of the budget), though those funds are spread thinly across 24 institutions statewide. This has allowed the tuition of New Mexico institutions, despite some recent increases, to remain low compared to most other states.

What matters to our mission are the total revenues that can be directed toward educating students, conducting research, and providing service to our state and its citizens. The state of higher education is shifting dramatically locally and nationally, and in many cases internationally. Like UC Berkeley, we face hard choices about how to fulfill our mission to remain a flagship research university. As the emerging changes in higher education have become clearer over the last two years, UNM has been actively adapting to the new realities.

But in light of the new budget cuts, additional urgent steps will be required. In the coming weeks, we will begin laying out the paths to preserve our mission as a research university committed to student success and public service. Please watch for special Communiqués discussing the financial situation and paths forward for us, read and discuss them with colleagues, and offer your best thoughts as we move forward. In addition to those urgent steps, we must also become proactive in addressing the state of higher education. I hope that together we can try to shift the conversation and the structure of higher education in NM, rather than continue to gradually adapt to external pressures. As an example, [here](#) is what some of our colleagues are advocating in knocking down walls and establishing links between engineering and the humanities.

Worldview: Given the news from Santa Fe (and from around the world), I have been thinking about differences in worldview, and how people with different worldviews confront challenges. I remain convinced of the power of positive thinking and of our collective ability to overcome short-term difficulties, yet pessimists often seem to be in charge. Why? According to an [article](#) I came across recently, this is why: 1) optimism appears oblivious to risks, so by default pessimism looks more intelligent; 2) pessimism shows that not everything is moving in the right direction, which helps us rationalize the personal shortcomings we all have; 3) pessimism requires action, whereas optimism means staying the course; 4) optimism sounds like a sales pitch, while pessimism sounds like sympathy; and finally 5) pessimists extrapolate present trends without accounting for how reliably markets (or groups) adapt. Despite the various financial and bureaucratic challenges we currently face, there is good news, exemplified by the performance of our faculty in [garnering Fulbright awards](#). UNM faculty members, as a group, were some of the

most awarded among U.S. universities. As we confront fully the challenges of our time, reflection on our worldview can help us move forward, both by calibrating our own view to avoid excesses on either end, and by recognizing what those around us contribute to discussion and our common mission.

Financial Fitness Forum: On March 1-2, UNM Benefits is providing the [2016 Financial Fitness Forum](#) for faculty and staff. The first event will be held on Main Campus on Tuesday, March 1 from 8 a.m. to 6 p.m. The second event will be held on North Campus on Wednesday, March 2 from 9 a.m. to 7 p.m. These sessions are a great way to improve your savings and investment plans, gain protection against catastrophic risks, and be better prepared for retirement.

innovationAcademy Hosts Ask.com Chief Technology Officer: Tim Villanueva, a UNM alum and the chief technology officer for [Ask.com](#), will be at the Jackson Student Center in the Anderson School of Management on Wednesday, March 2 from 6:30-8:00 p.m. [Reserve your ticket](#) and join the discussion!

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