



*WEDNESDAY COMMUNIQUÉ*

**Wednesday September 14, 2016**

**Higher Education Finances:** In the last two weeks, I have described the [New Mexico budget](#) and the [UNM budget](#) and its various components. To recap, the overall state allocation to UNM (main campus, Health Sciences Center, branch campuses, and special projects) total more than \$330 million, while the state Instruction and General (I&G) appropriation to UNM's main campus is around \$187 million. While we are not yet sure of the final budget numbers, we have begun planning for at least a five percent cut in our current state budget allocation. That cut may or may not be sufficient just to address the current budget shortfall. Meanwhile, we still need to fix the long-term structural financial challenges of UNM, which are similar to those faced by most, if not all, public universities.

Next week, the president will engage the faculty in a campus-wide discussion to explain both the immediate challenges and the longer-term problems. Meanwhile, I want to provide background to begin the conversation.

At one time, states provided most of the funds for public universities. Student tuition paid 0-20 percent of the cost of education. Moreover, since most Americans could get jobs that paid well without going to college, only a small portion of high school graduates went to college. As the economy became more knowledge-based, however, and well-paying blue-collar jobs became scarce, college education became a requirement for financial security and upward mobility. Hence, college enrollment exploded.

As numbers increased, more students arrived with varying degrees of preparation for college work. Colleges, which until then were content with weeding students out, became more concerned about student support and success. The cost of education was no longer limited to teaching and providing basic student services, but now included support services across a wider spectrum of students, and later expanded to providing entertainment, healthcare, and other services. Colleges became more complex organizations, morphing into corporations with their own parking, policing, real estate, legal services, power generation, and IT centers. So-called administrative and support services (including increases in the number of administrators) also grew.

Now add the cost of compliance with federal and state requirements to the price of education. But instead of being able to confront those rising costs, as the demand on the states' budgets increased (from K-12, benefits, infrastructure, public safety, etc.), states reduced their contributions to higher education, relying on colleges to raise revenues via tuition. Whereas at one time, states provided more than 80 percent of the cost of higher education, today, most states provide less than 50 percent. Meanwhile, universities face ever-increasing costs for benefits, support services, and compliance.

Today, even universities such as UC-Berkeley are facing the challenges of rising costs and tuition in the face of limited state resources. This is the current state of affairs in public higher education as a whole. New Mexico is facing the added complexities of a weak state economy and a declining number of high school graduates.

Additionally, New Mexico has a large number of higher education institutions for a state of our size, so, while the state of New Mexico provides 13 percent of its budget to higher education, a portion *higher* than most states, the state ends up providing *below average* funding to each student full-time equivalent.

**The National Commission on Financing 21<sup>st</sup> Century Higher Education:** For additional background and some ideas on the national dialogue around higher education and the economy, please find information at the [Miller Center website](#), especially the first two of the papers listed there.

**Rankings:** There are so many college rankings nowadays that NPR has actually [ranked the rankings](#)! Nevertheless, here is one that should make us proud: our own Honors college has ranked among the [top colleges in the US](#) only a few short years after its establishment.

**Sarah Belle Brown Community Service Award:** The Office of the President will accept nominations for the [Sarah Belle Brown Award](#) until Monday, Sept. 28 at 5 p.m. The award recognizes those faculty, staff and students who have donated considerable personal time and effort to serving the public. One faculty and one staff member each will receive a monetary award of \$1,500, and one student will receive a \$1,500 scholarship. For more information, and to submit a nomination, please visit the [website](#).

**September Financial Wellness Sessions:** On Sept. 22 and 23, from 12-1:00 p.m., Human Resources is sponsoring the Thrive Thursday/Financial Friday lunch hour seminar, “Tomorrow in Focus: Saving for Your Ideal Retirement.” For more details, see the new [Financial Wellness Program](#) webpage.

Thursday’s event will be webcast live via Lync/Skype for Business (to attend virtually, use this link: [Join Skype Meeting](#)), and Friday’s event will be viewable live via this [webcast link](#).

**Retirement Plan Comparison and Retirement Classes Online:** A new comparison of the UNM voluntary 403(b) and 457(b) retirement plans is now available at [Comparison of 403\(b\) and 457\(b\) Retirement Plans](#). Employees can access [View Retirement Overview – Module 1](#) and [View Retirement Overview – Module 2](#) on the [HR Benefits website](#).

Chaouki Abdallah

Provost & Executive Vice President for Academic Affairs

A PDF version of this Communiqué is available on the [Academic Affairs website](#). Your feedback and input are welcome at [provost@unm.edu](mailto:provost@unm.edu). Please also see the [Provost’s Blog](#).