WEDNESDAY COMMUNIQUÉ

August 31, 2016

Everybody wants progress; nobody wants change.

— Paul Romer, Chief Economist at World Bank

On Trust: Trust helps to lubricate relationships and transactions in organizations and society at large. A recent article in the Economist makes the point that trust makes countries wealthier, and that new technologies that allow users to rate and share their experiences with companies also increase their bottom line. This has been true at Uber and with some of the airlines. We know from experience that a lack of trust undermines co-operative behavior, but the article describes in some detail how this impacts economies: "Low-trust societies waste piles of time and money working out who can be counted on, defending vulnerable stores of wealth, and guarding against con men. Such places are infertile ground for long-run investment, the gains from which could be grabbed by rivals or stolen by government. Meanwhile trust is highest, and defences against chicanery lowest, within some of world's wealthiest countries." In all circumstances, organizations and their leaders must earn trust.

Data & Analytics: At UNM and beyond, data is being generated at a pace far too rapid to be understood by traditional means. That is why data analytics tools are being used by organizations, businesses, and governments. At UNM, we have begun to use visual analytics as a tool to make data easily accessible to faculty, parents, students, and federal and state agencies. Here are some relevant sources for data at UNM: The site informatics.unm.edu provides a dashboard for the overall academic enterprise, while research.unm.edu provides information about the main campus research enterprise. All of our official university data and reports may be found under "Facts and Figures" at oia.unm.edu. As for national data, you may find some very useful comparisons at highereddatastories.blogspot.com regarding, for example, college tuition across various states, and student migration patterns.

The State of NM Budget: As you may already be aware, the State of New Mexico's budget is facing a severe test. The state revenues have fallen below budget estimates, and that is causing serious challenges. For FY16 (July 1, 2015 through June 30, 2016), the state budget was short by $220 million. This money has already been spent and cannot be funded with cuts. It will be covered by (and will drain) the state's reserves to $130 million, assuming a special session is called and the legislature approves the use of reserve funds.

For the current budget year, FY17 (July 1, 2016 through June 30, 2017), the state is short about $325 million, assuming that the legislature uses all available reserves. Since the legislature would like to keep a 2.5% reserve (to preserve the state bond rating and borrowing ability) they will need to cut an additional $150 million to create a reserve fund. This would bring the total amount reduced from FY17 appropriations to $475 million. The $475 million figure is, in fact, what we are facing in the budget year we are currently in. Since the state overall budget is about $6.4 billion, the current deficit is more than 7 percent.

We do not yet know how this will affect the higher education budget generally, or that of UNM, and consequently that of UNM's academic affairs. But we are starting to consider various strategies to deal with potential cuts (i.e. rescissions) for the current year. I will keep the deans and faculty posted as deliberations progress. We must also keep in mind that, for FY18, the state has to fund Medicaid and other entitlements at a projected $260 million above the FY17 levels. If revenues do not increase, the legislature will need to find this money through cuts.

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. Please also see the Provost's Blog.