

**BOARD OF REGENTS FINANCE & FACILITIES COMMITTEE**

**Discussion on Use of Reserves as Mitigation for Tuition Shortfall  
and  
Faculty Salary/Retention Issues**

**Richard L. Wood, Interim Provost  
Tuesday, October 9, 2018**

# Impact of Enrollment Shortfalls in Fall 2018:

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- \$7.6 million lower tuition revenue (i.e. core I&G budgets)
- \$2.1 million in student fee unrealized revenue
- If passed directly on to funded units, would equate to:
  - nearly 6% cuts for I&G-funded budgets
  - approximately 12% cuts to student fee-driven budgets  
(must protect fee-funded bond payments)

Note: In many academic units, 90-95% of budget is committed to staff, faculty, and student salaries

# Principles Driving Discussions of Budget Rescissions

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- Need: Absorb unexpected revenue shortfalls while minimizing damage to academic mission
- On top of past cuts, further across-the-board cuts risk serious damage
- Approach the current decisions with combination of:
  - Prudent fiscal planning: build in reasonable assumptions about future budgets and ongoing impacts of lower enrollment
  - Strategic decision-making: Protect budgets most critical to academic mission
  - Consider a *mix* of immediate strategic cuts + cushioning via use of reserves
- Communicate early re: broad direction, in order to minimize budget panic, reassure stakeholders, and lay groundwork for hard decisions

What these principles might imply for decision-making has been discussed in a variety of venues:

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- Budget Leadership Team
- Deans Council
- Central administration meetings
- Student Affairs
- Faculty meetings

One model for mixing cuts and use of reserves:

				
<b>Main Campus</b> <b>DRAFT Budget Leadership Team (BLT) Budget Scenario</b> <b>FY 19 Revised Budget (In Thousands)</b>				
	Fiscal Year 2019 Original	Change Amount	Fiscal Year 2019 Re-Forecasted	% Change
<b>Revenues</b>				
State Appropriations	181,793	0	181,793	0.0%
Projected Tuition Revenue	133,900	-7,600	126,300	-5.7%
Mandatory Student Fees	36,257	-2,100	34,157	-5.8%
Miscellaneous Revenues and Transfers	-10,073	1,000	-9,073	-9.9%
One-Time Use of Reserve	500	3,000	3,500	600.0%
<b>Subtotal Revenues</b>	<b>342,377</b>	<b>-5,700</b>	<b>336,677</b>	<b>-1.7%</b>
Health Sciences Center Transfer	-17,955	0	-17,955	0.0%
<b>Total Sources of Funds</b>	<b>324,423</b>	<b>-5,700</b>	<b>318,723</b>	<b>-1.8%</b>
<b>Expenses</b>				
Base-President/Administration	6,988	-100	6,887	-1.4%
Base-Academic Affairs	167,274	-2,590	164,684	-1.5%
Base-EVP for Administration	42,588	-919	41,669	-2.2%
Base-Must Funds (Fringes, Insurance, etc.)	54,132	-691	53,441	-1.3%
Utilities	17,185	-300	16,885	-1.7%
Units receiving Mandatory Student Fees	36,257	-1,100	35,157	-3.0%
<b>Total Use of Funds</b>	<b>324,423</b>	<b>-5,700</b>	<b>318,723</b>	<b>-1.8%</b>
<b>Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	

## Current status:

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- Central administration now working on plan for best mix of budget rescissions and use of reserves
- Principle: Must protect student learning, student support, student success, and research mission
- Principle: Must also protect ability for UNM to invest in strategic new initiatives

Thank you

Questions?

Up next: Compensation at UNM

## Opening Notes on Compensation at UNM:

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Today: Faculty Salary/Retention Issues

Future: Staff compensation  
—a complex picture, also important

State of NM supports higher education *generously*;  
challenge is sustaining modern research university

Next: Previous Preliminary Data





# Trends in Faculty Counts by Rank - Main Campus

<b>FY</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Assistant Professor	263	252	252	231	194
Associate Professor	259	259	267	262	268
Professor	291	294	289	291	270
Lecturer	147	142	142	146	140
<b>Grand Total</b>	<b>960</b>	<b>947</b>	<b>950</b>	<b>930</b>	<b>872</b>

## Three comparison groups:

➤ CUPA: Broad comparison group, includes *both* R1 & R2 research universities—R1s are our peers, R2s are next level down. We *exclude* California and East Coast schools, where salaries are higher.

- i.e. very conservative comparison group
- we compare UNM to national 25<sup>th</sup> percentile, 50<sup>th</sup> percentile

➤ iPEDS: Highly reliable federal reporting system, but older data: 2016

- Allows comparison to HED-defined “UNM peer institutions” & a small group of close competitors: R1 regional peers

(see <https://oia.unm.edu/facts-and-figures/index1.html>)

➤ AAUP: American Association of University Professors

- 2018 data, well-respected source
- Allows comparison to HED-defined “UNM peer institutions”

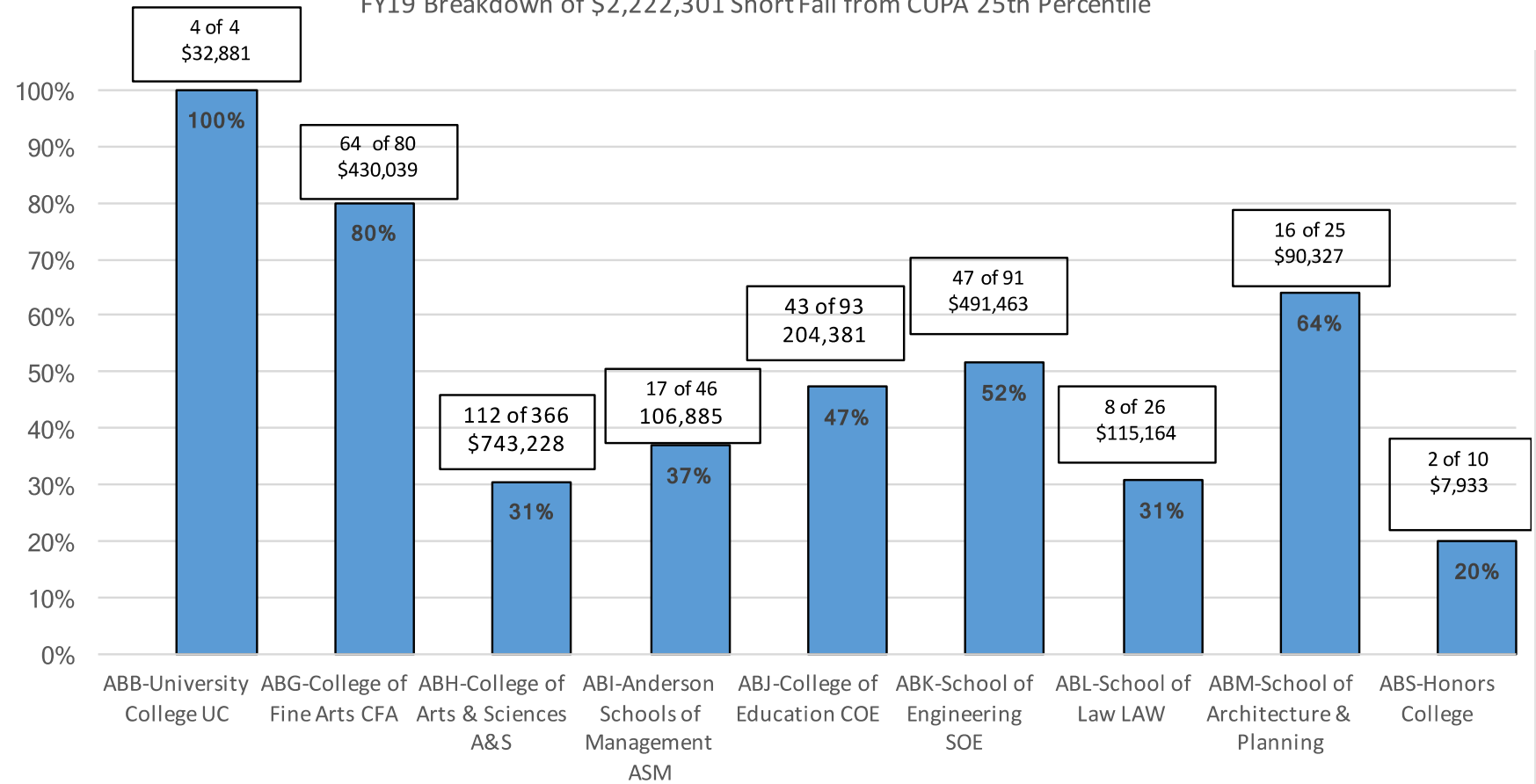
Note on comparisons! Cost of living matters. ABQ generally ranks between 95 and 98, where 100 is national average cost of living

Next:  
Some basic  
data on faculty  
salaries at  
UNM

Intent: See  
where we are in  
comparison to  
national  
salaries

# Faculty Salaries Below 25<sup>th</sup> Percentile – Main Campus

FY19 Breakdown of \$2,222,301 Short Fall from CUPA 25th Percentile

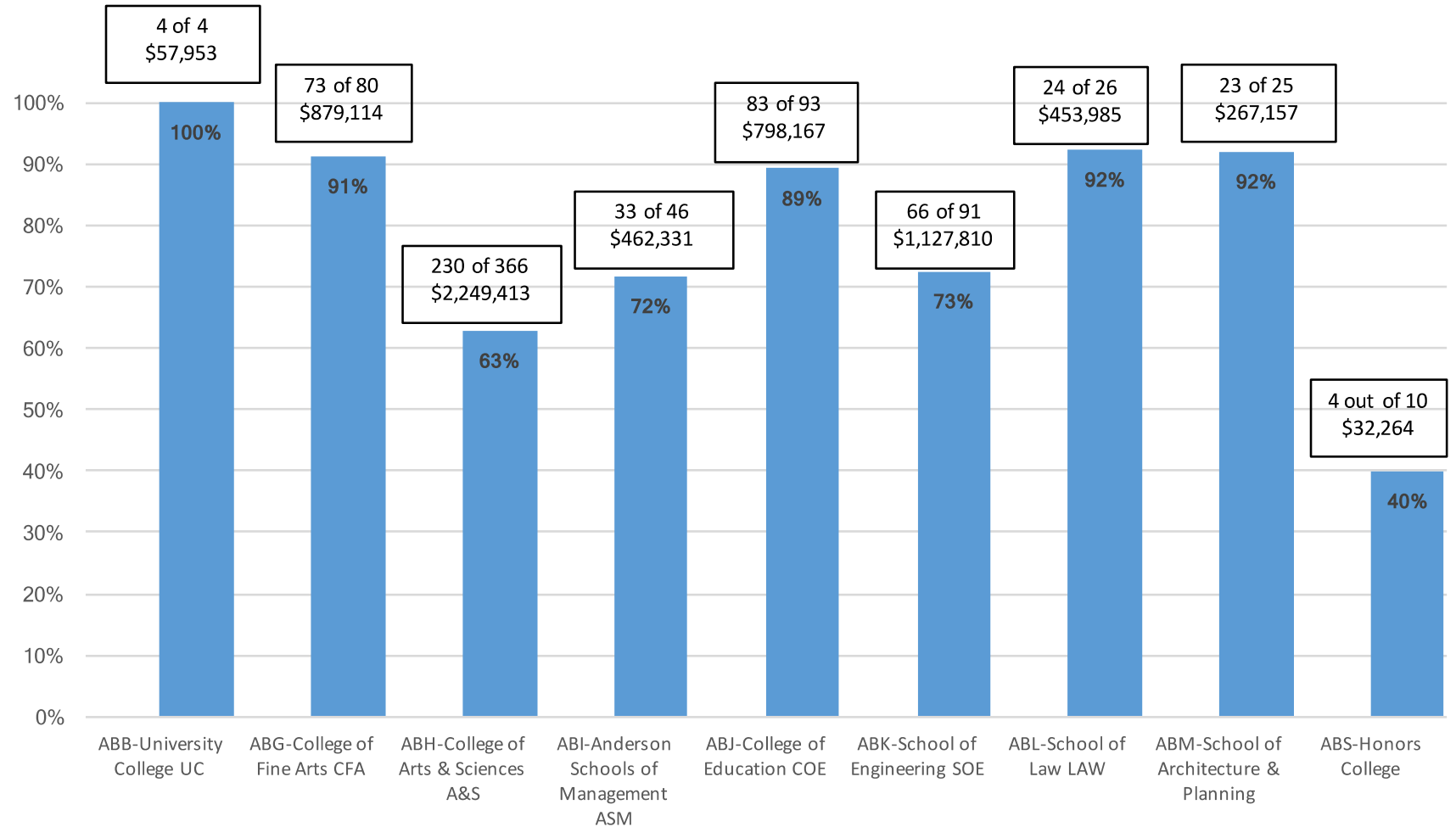


- Total \$2,222,301 shortfall from 25<sup>th</sup> Percentile (excluding CA & East Coast)
- Overall, 42% of UNM faculty fall below CUPA 25th percentile

\*Note: For the last 3 fiscal years the short fall has remained relatively the same

# Faculty Salaries Below Median – Main Campus

FY19 Breakdown of \$6,328,193 Short Fall from CUPA Median by College



Total \$6,328,193 short fall from Median (excluding CA & East Coast)

\*For the last 3 fiscal years the short fall has remained relatively the same

# Summary of Data

- Above data only for assessing UNM faculty compensation vis-à-vis national means—a *conservative* assessment, given comparison group (R1 & R2, excludes CA & NE)
- Gives one picture of scale & location of our compensation challenges
- Diagnostic, not prescriptive
- No intention to simply raise all salaries to some % of CUPA

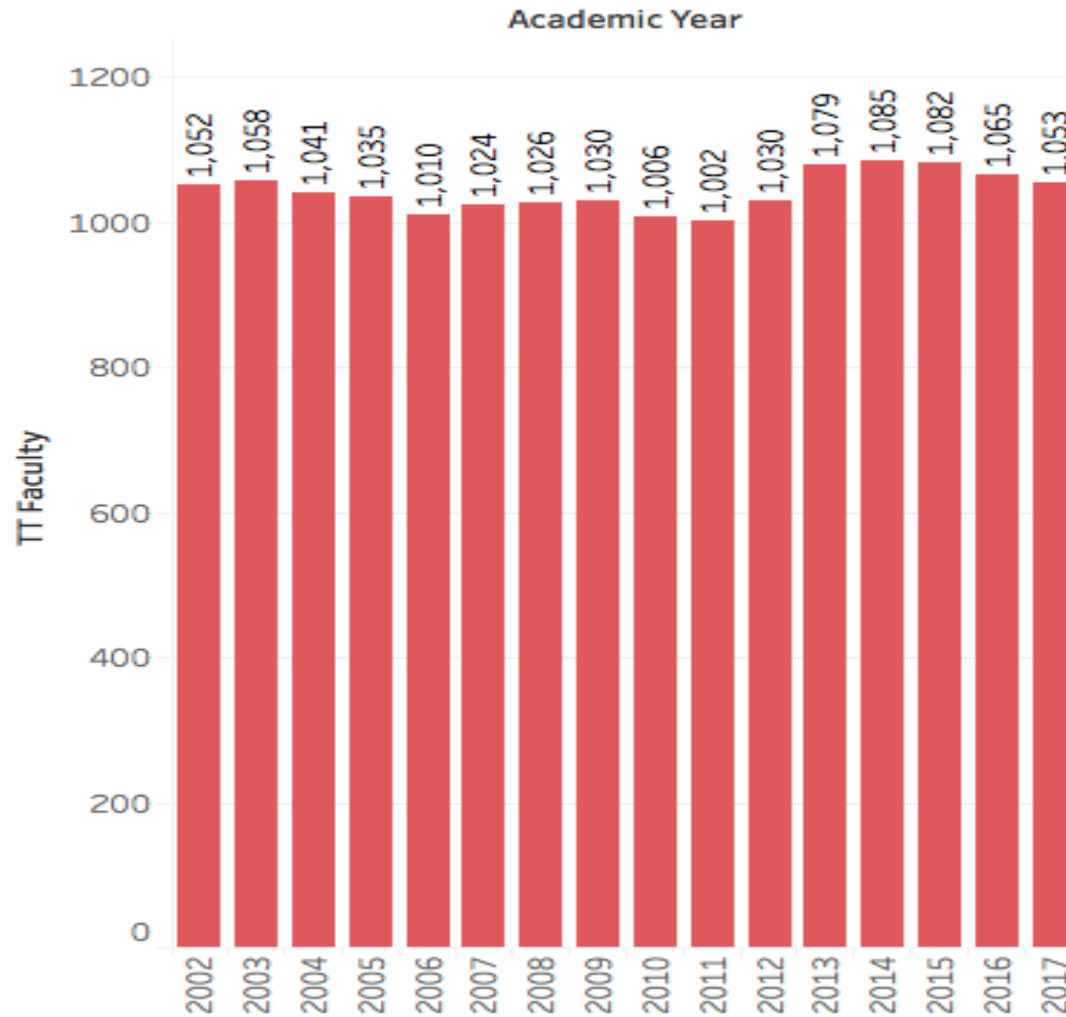
New Data:

# Tenure Track Faculty Trends UNM Main Campus

Note: Fall since 2013, back to  
2002 levels

But what if we compare to  
enrollments?

## TT Faculty 15 years Trend



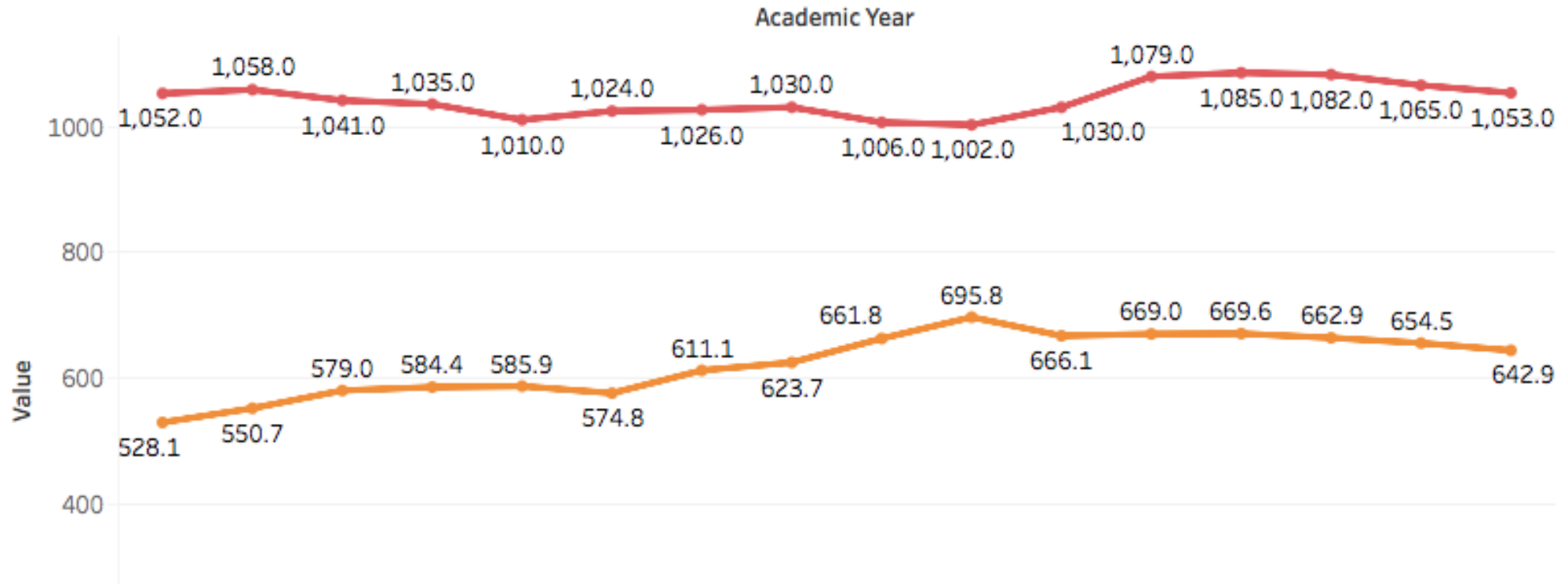
As first step, we compare faculty trends to enrollment trends, but crucial to remember:

- UNM's academic mission—and its contribution to New Mexico--is *not* just teaching:
- Teaching is one crucial component of academic mission
- But research and creative works also crucial:
  - for helping NM move beyond dependence on government spending and carbon economy
  - for building the knowledge-based, innovative economy of the future
  - including biosciences, digital and materials sciences, fine arts/tourism and tourism sectors, *lots more*
- Research and creative work are dependent on critical mass of faculty

# Tenure Track Faculty

[SCH = Student Credit Hours, best measure]

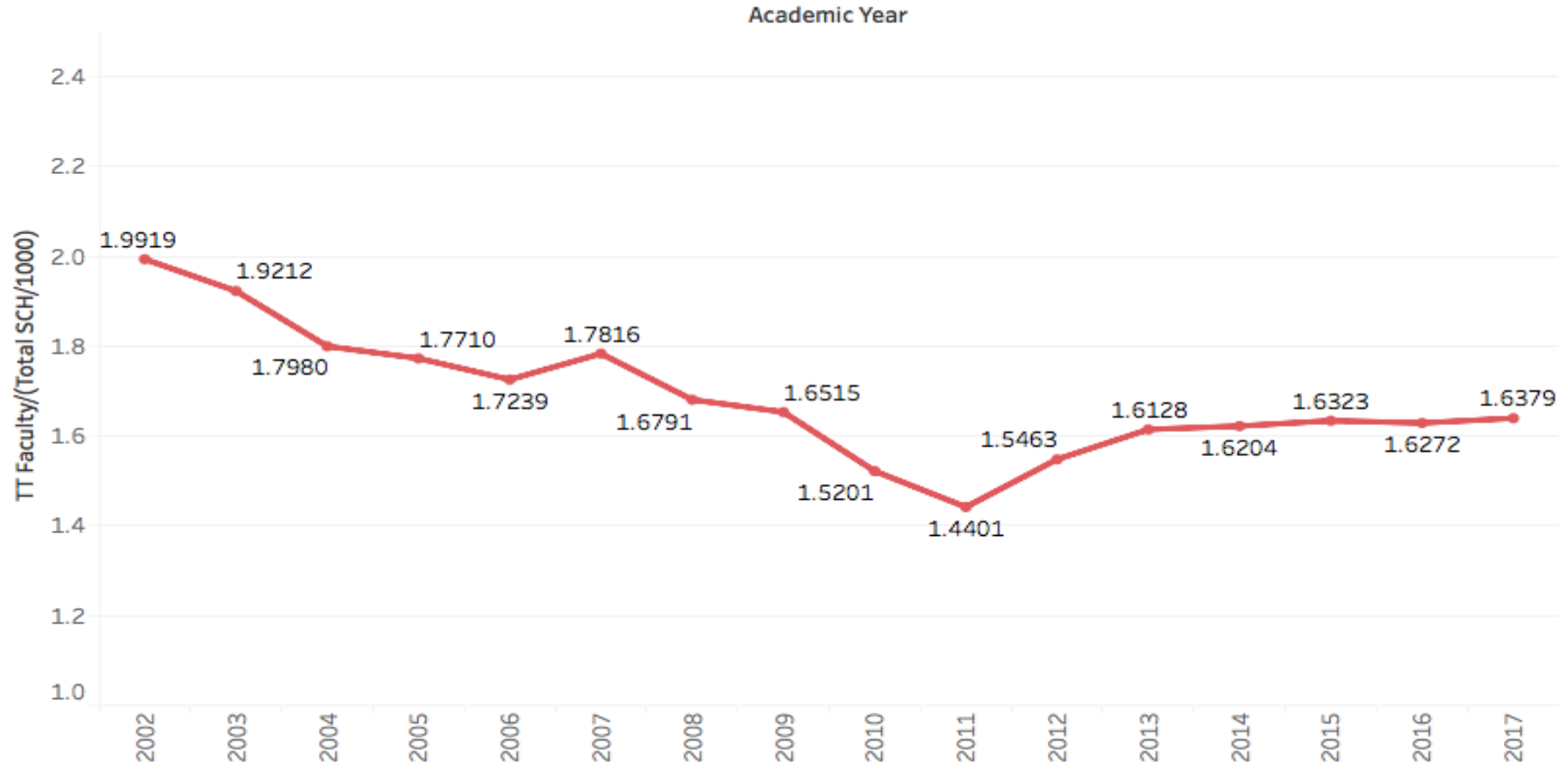
## TT Faculty / Total SCH





# 15 Year Trends in **Ratio** of Faculty: SCH

TT Faculty / (Total SCH/1000)



# 2018 University of New Mexico - defined Peer Institutions

University of Colorado Boulder

Arizona State University-Tempe

Florida International University

University of Nebraska-Lincoln

University of Nevada-Las Vegas

University of Missouri-Columbia

University of California-Riverside

The University of Texas at Austin

The University of Texas at El Paso

The University of Texas at Arlington

The University of Tennessee-Knoxville

Texas A & M University-College Station

University of Oklahoma-Norman Campus

Oklahoma State University-Main Campus

New Mexico State University-Main Campus

University of Colorado Denver/Anschutz Medical Campus

University of Iowa

University of Utah

Texas Tech University

University of Kansas

University of Arizona

University of Houston

# 2018 UNM R1 Regional Research Institutions

University of Utah

University of Arizona

University of Colorado Boulder

Arizona State University-Tempe

University of Nevada-Las Vegas

The University of Texas at Austin

Texas A & M University-College Station

University of Oklahoma-Norman Campus



<u>Institution set</u>	Average Asst Prof salary in this set	UNM average Asst Prof salary	\$ difference	% difference	Average Assoc Prof salary in this set	UNM average Assoc Prof salary	\$ difference	% difference	Average Prof salary in this set	UNM average Prof salary	\$ difference	% difference
<b>UNM-defined Peer Institutions*</b>	78,848.45	74,260	-4,588.45	-6%	88,715.45	79,002	-9,713.45	-12%	127,561.68	108,244	-19,317.68	-18%
<b>Regional R1 Universities:</b>	79,325.50	74,260	-5,065.50	-7%	90,328.13	79,002	-11,326.13	-14%	128,998.75	108,244	20,754.75	-19%

Source: iPEDs data for 2016, internal Academic Affairs staff calculation

	Average Asst Prof salary in this set	UNM average Asst Prof salary	\$ difference	% difference	Average Assoc Prof salary in this set	UNM average Assoc Prof salary	\$ difference	% difference	Average Prof salary in this set	UNM average Prof salary	\$ difference	% difference
UNM-defined Peer Institutions*	\$84,180	\$74,800	\$9,380	-11.1%	\$94,615	\$81,200	\$13,415	-14.2%	\$135,200	\$112,400	\$22,800	-16.9%

Source: American Association of University Professors survey of universities  
Report: "Annual Report on the Economic Status of the Profession, 2017-2018"

See <https://www.aaup.org/report/annual-report-economic-status-profession-2017-18>

# Principles driving UNM Discussions of Faculty Compensation

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- UNM has long track record of only *limited* across-the-board raises (below CPI)
- Focus on rewarding excellence plus assuring equity
- Some general raise possible, but limited; excellence-and-equity as priority
- Equity raises, especially at low end, contingent on performance evaluation
- Approach salary decisions with combination of priorities:
  - Reward excellence
  - Counteract any evidence of inequity: gender, race/ethnicity, inversion within rank\  
—but always while simultaneously assessing merit
  - Assure our systems do not *regenerate* inequities
  - Salaries assessed vis-à-vis national discipline-specific labor markets
- Communicate

## Summary:

- Focus here is how compensation helps UNM advance our *full academic mission*:
- Teaching but also research, creative work, serving the state, and mentoring students as leaders for the future
- Here, faculty
  - but also staff compensation

Thank you!

Questions?