



**COMMENTS TO THE BOARD OF REGENTS
RICHARD L. WOOD
PRESIDENT OF THE FACULTY SENATE
APRIL 12, 2011**

Good morning, President Fortner, Regents, and President Schmidly.

I made extensive comments yesterday at the Finance & Facilities Committee meeting yesterday, and I'll not repeat those here today (they are available at facgov.unm.edu and printed below). Instead, I would like to add two comments about the decisions you will make today: One about the proposed budget outcome and one about this year's budget process.

Regarding the proposed budget outcome: Amidst the controversy today, I hope we do not lose sight of a remarkable thing that happened on campus this year. Entering the year, we knew it was going to be a horrendous budget year, and it was. Yet the proposed outcome is an excellent, academically-driven budget that reinvests in tenure-track faculty lines, begins to resolve long-standing structural budget problems in the College of Arts & Sciences, protects graduate research and ethnic student support services, begins repairing the degraded Chemistry building, protects UNM Press, and ends the central collection of "pause & hold" funds. That we can achieve this while holding down the tuition increase is truly extraordinary, and the most important achievement on campus this year.

In all honesty, I must also recognize two blights on this outcome. First, we have failed to shield the lowest-paid University employees from the 1.75% salary reduction; that is a failure in which we all share. Second, I do think the proposed budget outcome may still represent special treatment for the Athletics program. In saying that, I want to make clear that I am *not* the common caricature of anti-athletics faculty. Three days a week you'll find me pretending to be a good basketball player at Johnson Gym, and I follow Lobo soccer and men's and women's basketball regularly. I also want to recognize the excellent leadership provided by VP Paul Krebs in leading what I perceive to be a cleanly-run Athletics program. The real issue is funding priorities, and funding non-academic efforts using I&G money intended to fund our academic mission.

Regarding the budget process this year: What we have called the "Cost Containment" process has been a major advance in shared governance of the University -- that is, it is a model for the future of how the University of New Mexico can recommend budgetary decisions to the Regents that will best serve our students and our academic mission. I want to credit this administration, my faculty colleagues, the staff that developed budget scenarios, and student leaders, as well as the Regents for fostering that process within your authority. Let's be sure to use this year as a model for future budget development, in good budget years as well as bad. So let's call it the "Strategic Budget Process," and keep its best aspects while improving on its weaknesses.

Again, I do see two blights on what was otherwise an excellent Strategic Budget

Process this year. The first blight was the blatant political intervention from Santa Fe in our budget-setting process. That intervention was inappropriate and affected budget decisions that should lie within the authority of the University -- that kind of autonomy is part of what has allowed research universities to contribute to job growth, economic development, and cultural creativity in American life for many decades. If New Mexico truly wants an excellent research university to drive a thriving state, we must both *fund* such excellence (see comments to F&F, below) and *preserve the autonomy of the university's budgetary process*. We were all complicit in having let that political intervention happen.

The second blight on the transparency of the budgetary process was some last-minute maneuvering to shelter the Athletics program by shifting some of their costs onto the I&G budgets of other units. I am not sure of the state of that effort as of this morning; perhaps today's decisions will prevent it. I certainly hope so, because that kind of maneuvering at the last minute undermines the legitimacy and transparency of the whole effort.

In recognizing imperfections in our outcome and process, however, let us keep our eye on the most important thing happening: Let's fund the academic mission that lies at the heart of a flagship research university. In a terrible budget year, that will be an enormous achievement, for the University and for the State of New Mexico.



**COMMENTS TO THE BOARD OF REGENTS FACILITIES & FINANCE COMMITTEE
RICHARD L. WOOD
PRESIDENT OF THE FACULTY SENATE
APRIL 11, 2011**

In making a recommendation to the Board of Regents regarding the current budget proposal and associated tuition increase, I want to begin by quickly tracing the development of this recommendation.

Beginning last summer, the UNM community invested extensive time and energy in creating a shared understanding of our fiscal situation and how we might address it. That effort involved many hours of meeting time, hashing out our differences and shared aspirations, plus untold hours of staff time developing fiscal analyses and successive budget scenarios. Most important, that effort really did place priority on preventing further erosion of the core academic mission in the face of ongoing state cutbacks. Though the “Executive Budget/Cost Containment Process” was not perfect, through it the administration, faculty, students, and staff projected budget scenarios that protected the academic mission and also prevented the full burden of state

cutbacks from falling on students and parents. Later, when students and parents pushed for even further sheltering from those state cutbacks, the Regents moved to lower the proposed tuition increase to below 6%.

In the current climate, that is realistic. But I must also say: To survive as a true flagship university and to recover our status as a first-rate research university, we need adequate permanent revenue flows. We have *only* two sources of relatively permanent revenue flows: state support and tuition. The State of New Mexico – including citizens, Governor, Legislature, and Regents as well as students and parents – will have to decide whether we truly want a future that includes a first-rate research university and the jobs, economic development, and cultural creativity that come with having one. More concretely, we will have to decide whether we are willing to fund such a university. If we continue on our current path, we will strangle off that future.

But I am a realist, and faculty understand the financial pressures upon students and parents today. So, in solidarity with hard-pressed students and parents, we embrace the result that holds down tuition costs. But even as we do so, we also caution the Regents and the citizens of New Mexico, including students and parents, that continuing drops in the University's main revenue flows will irreparably damage our ability to deliver a first-rate, research-driven education to our students. The University simply *must* get back onto an *adequately funded* path of academic excellence.

Nonetheless, two weeks ago, the University community took direction from the legitimate authority of the Board of Regents, which instructed us to come up with the best scenarios we could that would hold the tuition rise under 6%. University fiscal experts, working through the Executive Budget/Cost Containment group did so, and did it well, squeezing out sufficient savings to hold tuition down *and* protect University employees from continuing erosion of our paychecks. For three years university employees have had no pay increases, and have witnessed a permanent 1.5% decrease in take-home pay via the 2009 "ERB swap" as well as an 8% decline in staff positions. So the University, with the initial blessing of the Regents, proposed to hold employees harmless from the *further* 1.75% shift of employee wages into the state general fund. Functionally, that shift represents a tax on public employees, despite rhetoric to the contrary. Holding employees harmless from that tax was the right thing to do, and the University was poised to do it, at least for lower-paid university employees.

So far, so good – the University community faced its budget difficulties, dealt with hard questions, and did reasonably well protecting the academic mission while still holding the proposed *real* tuition rise to less than 2%.

Then, political interference from outside the University kicked in. The local newspaper editorialized and state political leaders exerted pressure within the University community to

prevent UNM from covering the 1.75% – even for the lowest paid employees. Let me be clear: The key issue at stake here is *not* the 1.75% of salary for the higher-paid faculty; if we need to do so, we can live with that. The key issue is a mean-spirited and short-sighted political discourse that fails to recognize that for decades American public universities have thrived by being able to set their budget priorities to best meet their academic mission (within broad frameworks established by state funding, although that now constitutes less than one-fifth of UNM’s overall budget).

As President of the Faculty Senate and as an advisor to the Board of Regents, I would be derelict in my duty to the University community to let that political interference go uncontested. The attempt by some politicians to try to dictate to the University how to use its resources is simply unacceptable: American universities have been key drivers of job creation, economic growth, cultural creativity, and democratic life precisely because they have been shielded from that kind of political interference. We as a University community simply must push back against a mean-spiritedness that would punish even the lowest-paid employees, despite the fact that the University saved enough money through disciplined reduction of energy usage to more than hold those struggling families harmless. We must also push back against a short-sighted political discourse that would undermine excellence at the state’s premier research university.

So my recommendations are as follows:

If the University is unable to protect its employees from the full 1.75% salary pull-back, I support sheltering staff employees and faculty members whose salaries fall below a particular level, say \$65,000; while those of us who can better manage the cut do so. I believe that such a choice is morally right, asking those with more resources to shoulder more of the burden of dealing with New Mexico’s current budget struggles.

If the Regents are convinced that implementing such a policy is unworkable, then staff employees in job categories below grade 15 should be held harmless from the pullback: these are the people who most struggle to make ends meet for their families, and often are those whose work burdens have most increased as UNM has restructured to save money over the last two years.

Finally, and perhaps most importantly: It is crucial that *any and all* savings produced by all the budget measures under consideration, including any retreat from full coverage of the 1.75% salary pull-back, be used exclusively for our highest priorities. Always, those priorities must center on our academic mission. In the current economic climate, we must also try to shelter students and parents from the worst effects of falling state appropriations. So any savings produced by shifting the ERB burden onto staff and faculty should be split equally between two priorities: Holding down the tuition increase and reinvesting in the academic mission via new tenure-track hiring lines *beyond replacement* (with databases clearly tracked to assure the latter;

this year, we had a net *loss* of twelve faculty members despite regential commitment to faculty growth).

So, I argue for three tiered preferences:

- First, that UNM push back against political interference in our university-based decision-making, and fully protect its employees from further salary reductions.
- Second, if that proves impossible, that UNM fully protect less well-off employees from those reductions.
- Third, if that proves impossible, that UNM invest *all* savings in holding town the tuition increase and rehiring of tenure-track faculty, while ending the pause-and-hold at least in academic units.

Most importantly, university governance – Regents, Faculty, and Administration, in consultation with the constituency groups representing staff, students, parents, and alumni – should protect its ability to make the decisions that protect academic excellence. No one else knows enough about the academic mission to do so.

As President of the Faculty Senate, my ultimate responsibility is to protect academic excellence, so that the University can continue to play the dynamic role in job creation, economic growth, democratic thriving, and cultural creativity that research universities are meant to play in modern societies. That is also the ultimate responsibility of the Board of Regents of the University of New Mexico.