

UNM Faculty Senate Budget Presentation



**Executive Vice President for Administration and
the Office of Planning, Budget & Analysis**



1889 to 2011

122 years



Discussion Topics

- State Budget Picture
- UNM Budget
 - Budget Reductions
 - Current Revenue and Expenditures
 - FY 2011 Rescission – Allocation
- 10–Year Trend Report
 - Unrestricted I&G
 - Non–I&G
 - Institutional Support
 - Strategies
 - Service Levels
- Components FY 2011/2012 Deficit
- Immediate Budget Contingencies
- Required Expenditure

Total State General Fund Peak
June 30, 2008
at \$6.062 Billion

December 2010 Consensus Revenue Estimate

- Total State Revenues: \$5.164 billion
- Approximate \$900 million decline
- Projected FY 2011/2012 Revenue Shortfall: \$250 million to \$460 million
- Potential 5% Budget Reduction in addition to the 3.2% Mid-year Rescission

State Budget/Higher Education

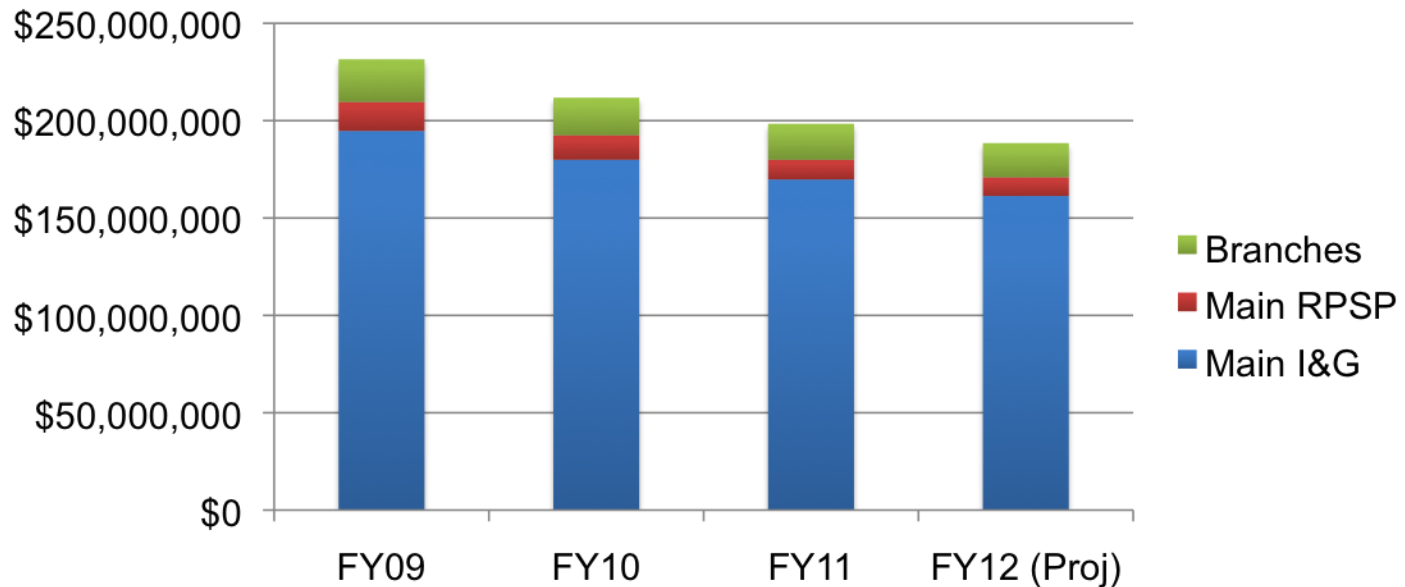
- FY 2012 State Budget Projection – \$5.390 billion
- Higher Education – FY 2010
\$688.0 million or 14.71%
- Down from approximately 16.3% in FY 2000

- Return to Peak → FY 2015
- Higher Education must become more self-sufficient

Summary of General Fund Reductions

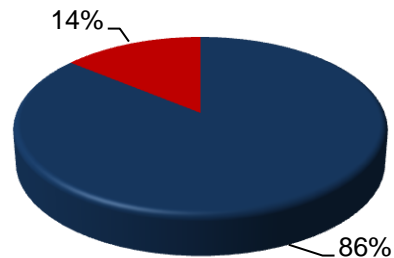
- **\$50M in general fund reductions since FY09**
 - \$32.5M on the Main Campus
 - \$14.2M at the Health Sciences Center
 - \$1.1M in Tobacco Settlement Funds
 - \$2.1M at the Branch Campuses

Main Campus General Fund Allocations

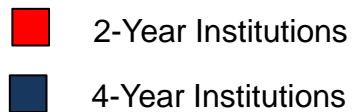
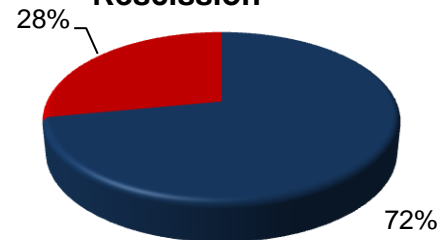


Higher Education Funding and Budget Reductions

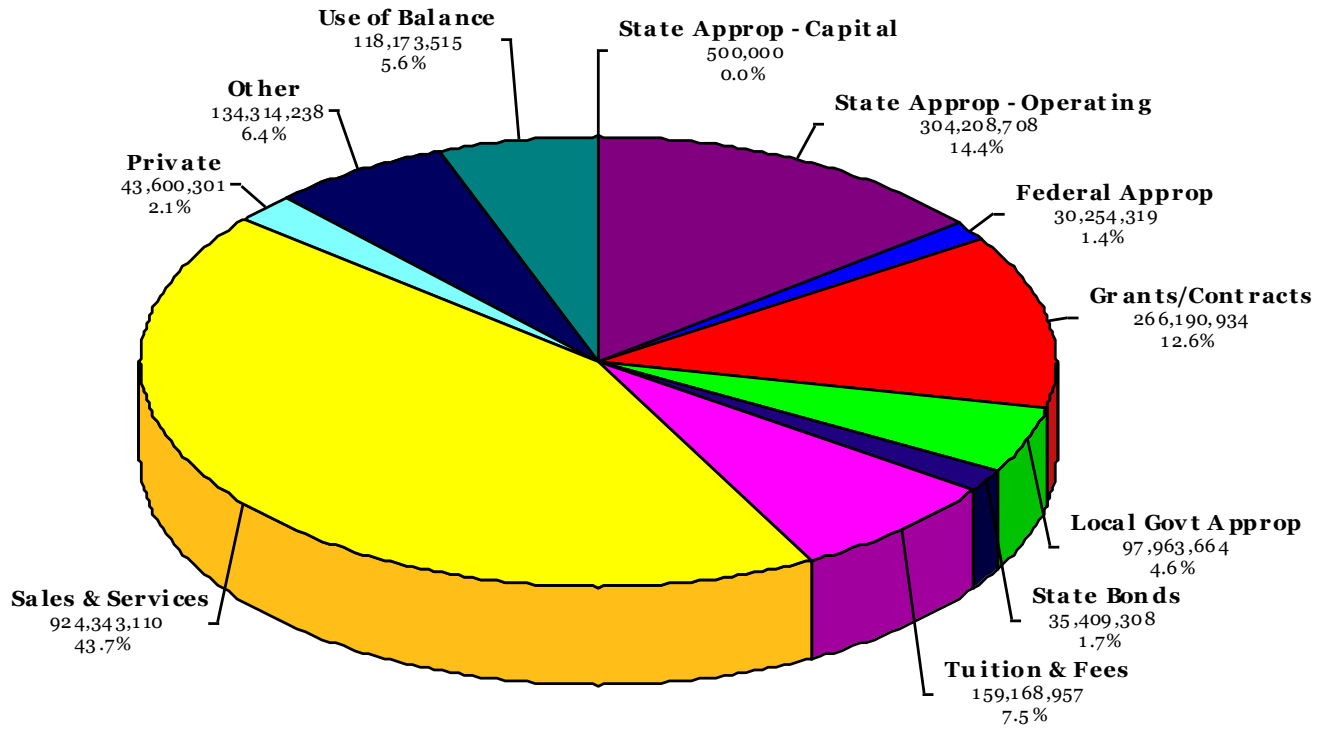
Total Higher Education I&G Cuts Since FY 09



Total FY 11 I&G Appropriation After Rescission

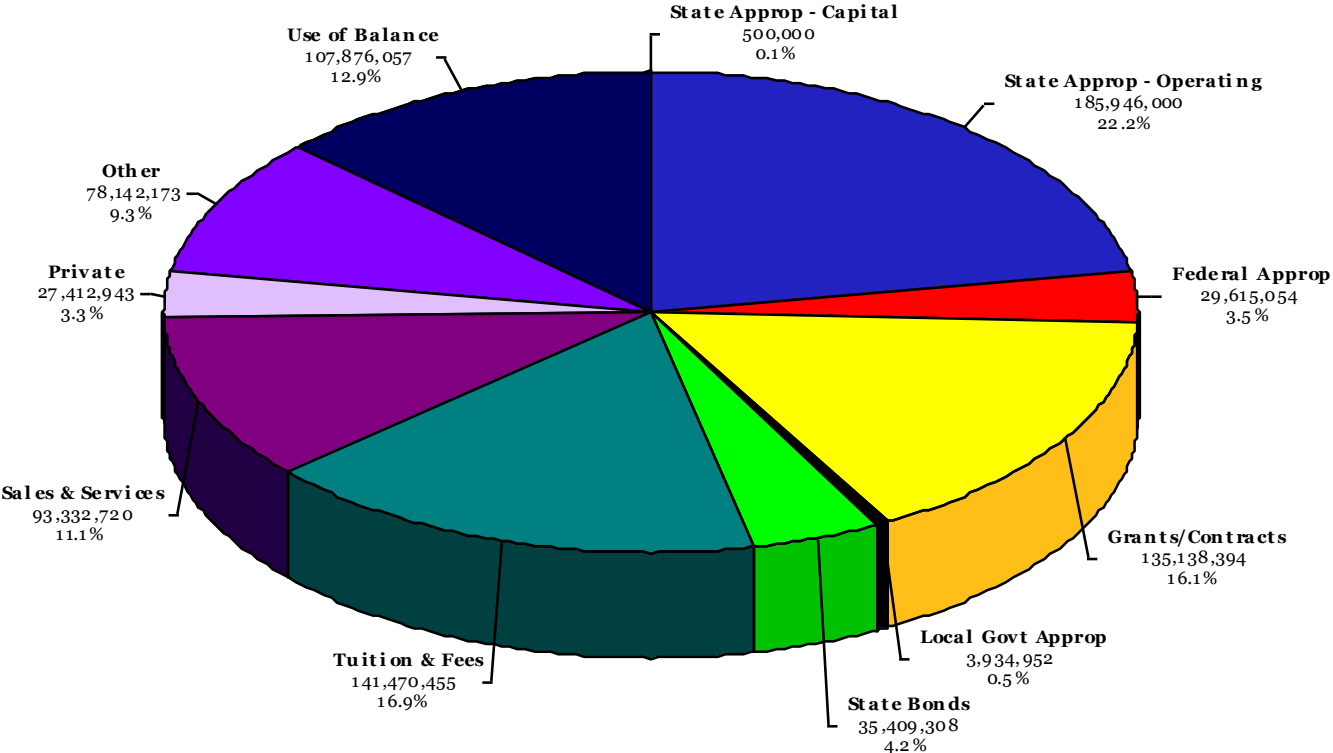


UNM Consolidated Revenues 2010-11 Budget



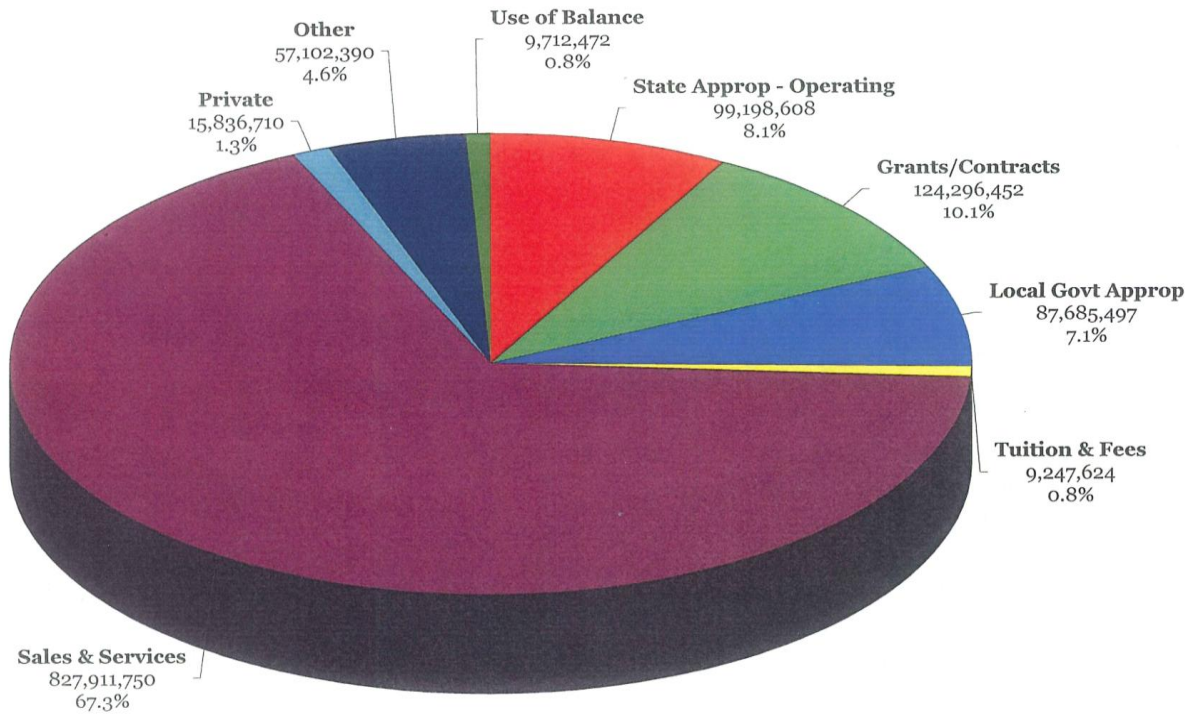
Total Revenues \$2,114,127,054
A Decrease of 1.1% over 2009-10

UNM Main Campus Revenues 2010-11 Budget



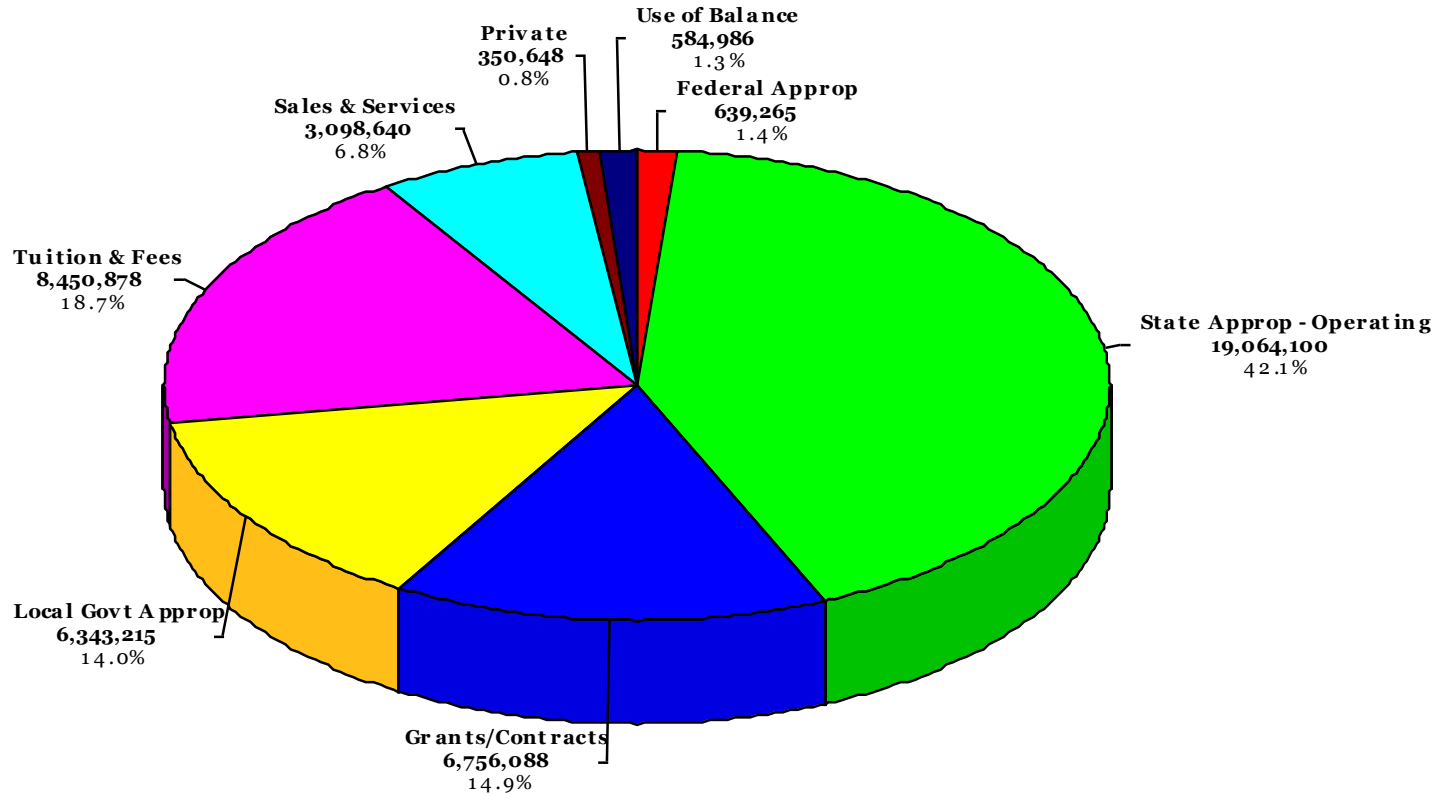
Total Revenues \$838,778,056
A Decrease of 5.7% over 2009-10

UNM Health Sciences Center Revenues 2010-11 Budget



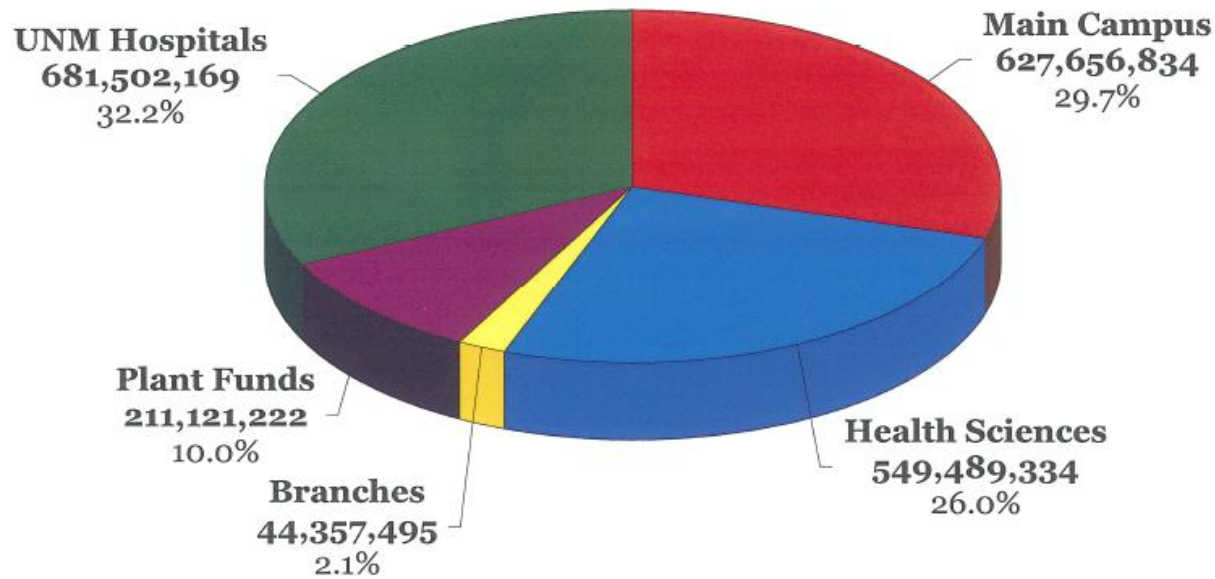
Total Revenues \$1,230,991,503
An Increase of 2.1% over 2009-10

UNM Branches Revenue 2010-11 Budget



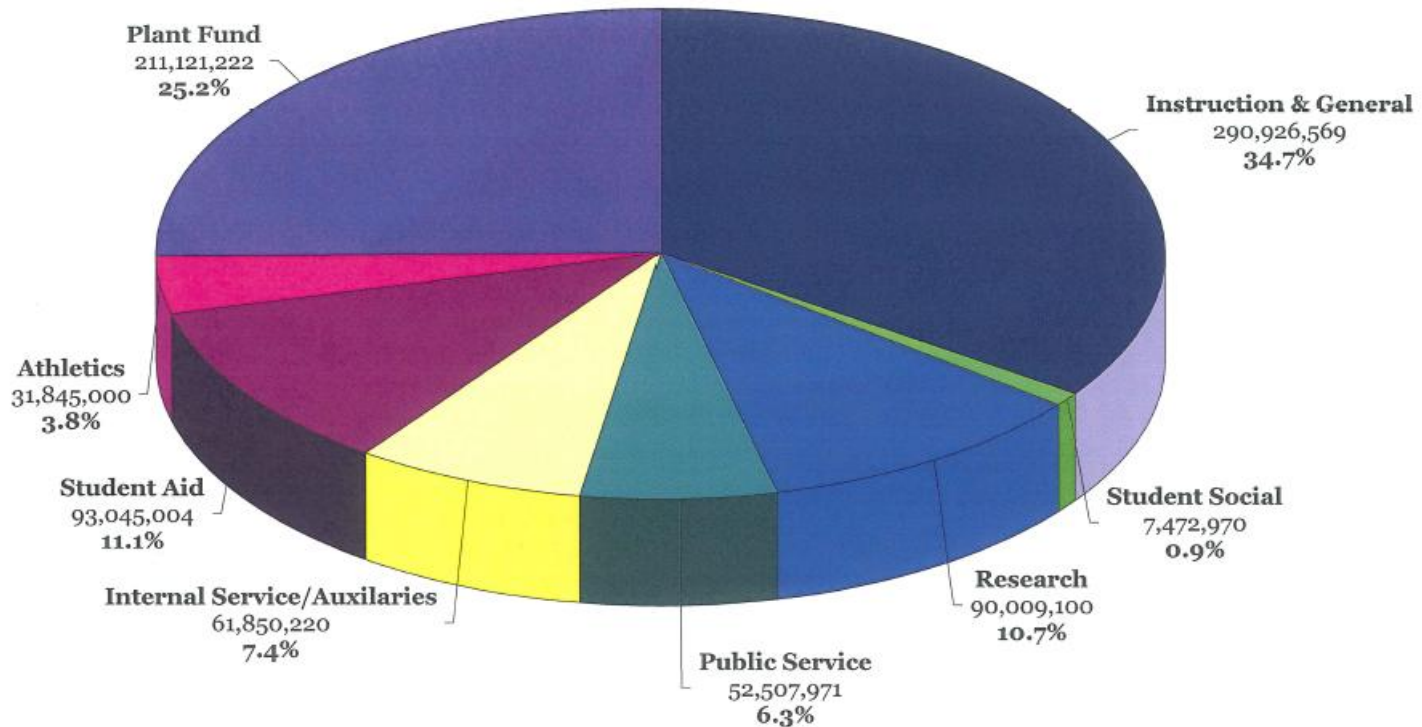
Total Revenues \$44,357,495
An Increase of 2.7% over 2009-10

UNM Consolidated Expenditures 2010-11 Budget



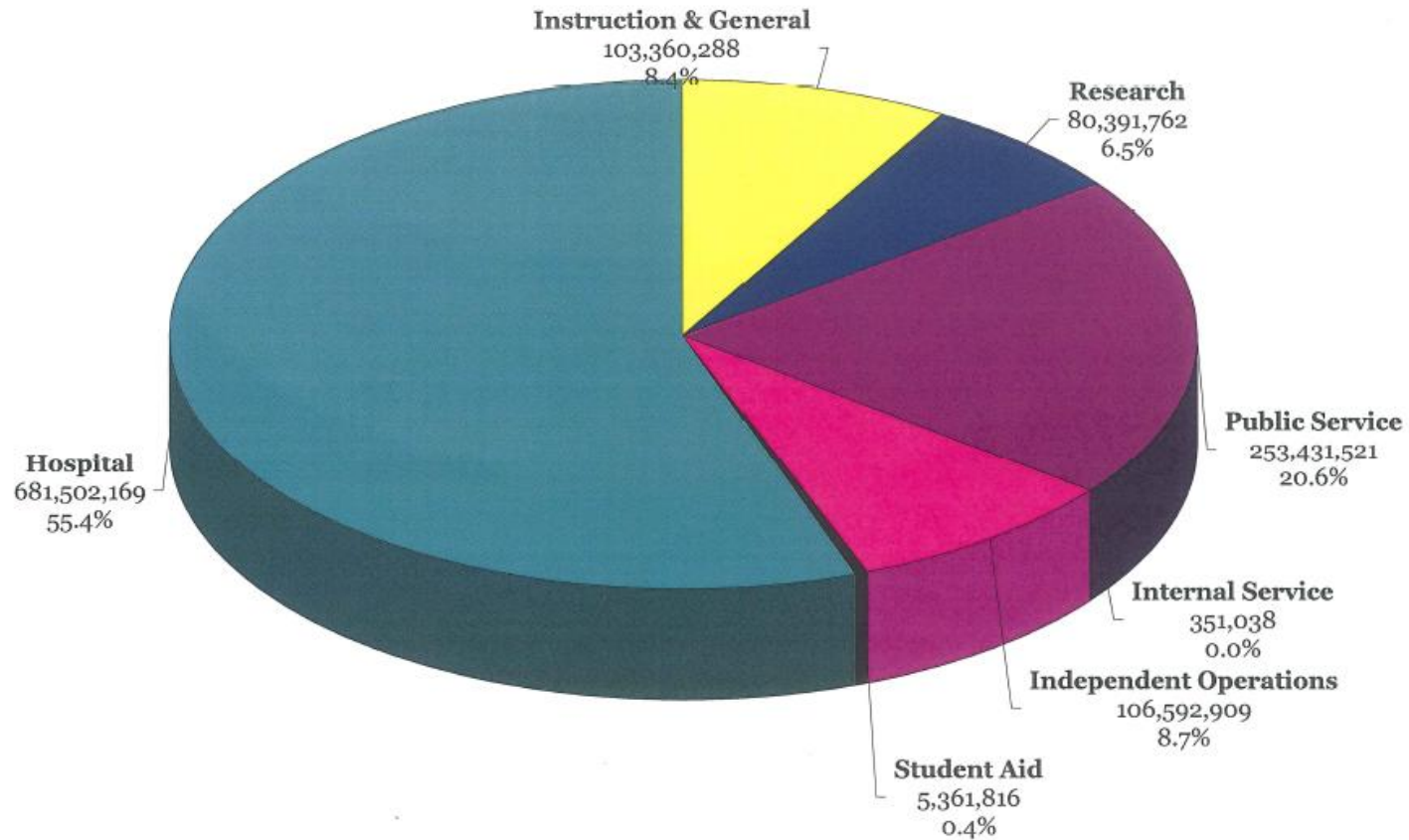
Total Expenditures \$2,114,127,054
A Decrease of 1.1% over 2009-10

UNM Main Campus Expenditures 2010-11 Budget



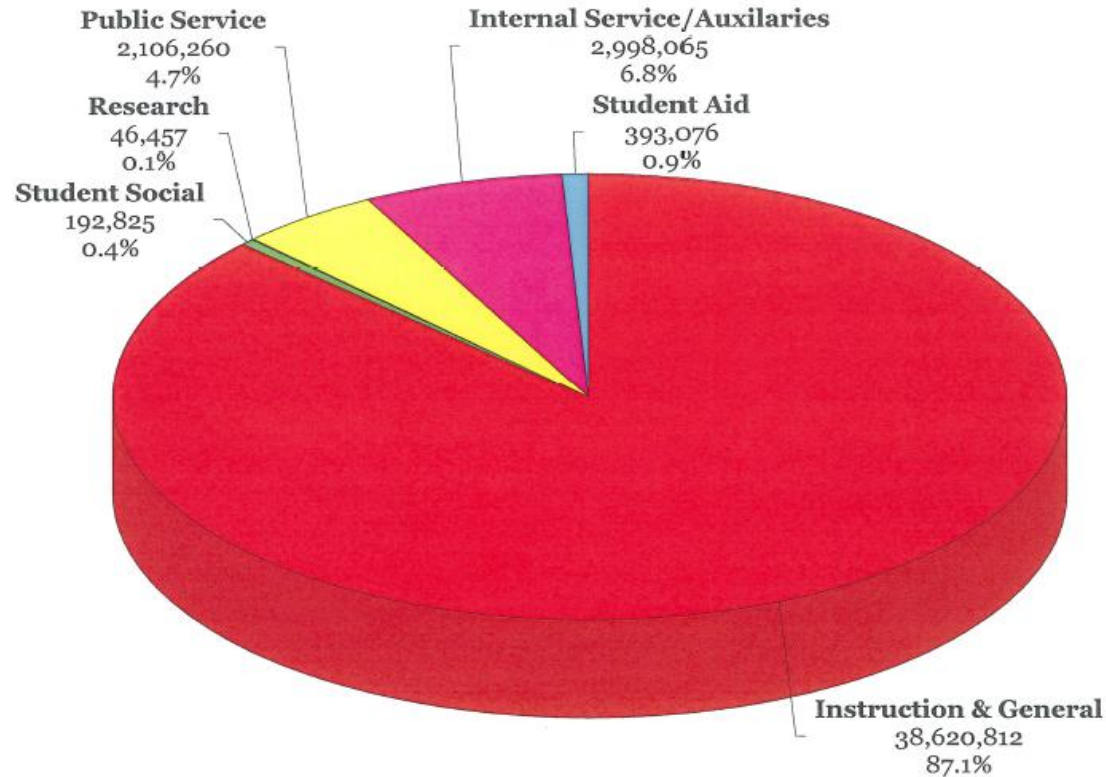
Total Expenditures \$838,778,056
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UNM Health Sciences Center Expenditures 2010-11 Budget



Total Expenditures \$1,230,991,503
An Increase of 2.1% over 2009-10

UNM Branches Expenditures 2010-11 Budget



Total Expenditures \$44,357,495
An Increase of 2.7% over 2009-10

**Fiscal Year 2011
Main Campus Unrestricted I&G
3.2445% Budget Reduction**

	Original Appropriation	3.2445% Reduction	Adjusted Appropriation
Main Campus I&G	\$175,497,700	\$5,694,000	\$169,803,700
Main Campus RPSP's	\$10,448,300	\$339,000	\$10,109,300
Health Sciences Center I&G	\$59,633,400	\$1,934,800	\$57,698,600
HSC Tobacco Settlement Funds*	\$4,762,000	-	\$4,272,900
Health Sciences Center RPSP's	\$31,507,100	\$1,022,200	\$30,484,900
Branches	\$19,096,700	\$619,700	\$18,477,000
Grand Total	\$300,945,200	\$9,609,700	\$290,846,400

*Tobacco Settlement Funds Original Budget was reduced by 10.3% in FY11

**Main Campus Unrestricted I&G
Fiscal Year 2011
3.2445% Budget Reduction Scenario**

Main Campus Units	Original Base Budget	%	State Appropriation Portion (1)	Reduction of State Appropriation
President Executive	5,177,657		4,716,540	(153,028)
Executive VP for Administration	37,051,158		33,751,421	(1,095,040)
VP Institutional Advancement	1,204,207		1,096,962	(35,591)
Subtotal for Administration	43,433,022	22.55%	39,564,923	(1,283,659)(2)
Academic and Student Affairs	148,222,369	77.45%	135,932,776	(4,410,341)(3)
Pooled Fringes, Insurance and Utilities*	-		-	-
Total	191,655,391	100%	175,497,699	(5,694,000)

***Must Fund Expenditures are being held harmless**

Must Fund Expenditures

Pooled Fringes	46,637,299
Insurances	1,595,384
Utilities	12,966,066
Total	61,198,749

(1) State Appropriation Portion: 91.09% of the budget base as a result of excluding must fund expenditures

(2) 29.86% of FY 10 Balance

(3) 27.45% of FY 10 Balance

Main Campus Unrestricted and Restricted Budgeted Expenditures (millions)

	FY 02	FY 11	% Change FY02 to FY11
Instruction	111.8	165.6	48.08%
Academic Support	23.6	34.1	44.46%
Student Services	13.2	18.8	43.02%
Institutional Support	24.7	36.2	46.74%
Plant (O&M/Utilities)	26.2	36.3	38.37%
Total	199.4	290.9	45.88%

	FY 02	FY 11	% Change FY02 to FY11
Student Social & Cultural	6.2	7.5	19.95%
Research	86.6	90.0	3.94%
Public Service	46.3	52.5	13.45%
Internal Service	-1.2	4.6	489.57%
Student Aid	53.2	93.0	74.80%
Auxiliary Services	39.0	57.3	46.96%
Athletics	17.8	31.8	78.85%
Total	247.9	336.7	35.82%

Main Campus Unrestricted I&G Budget Expenditures (millions)

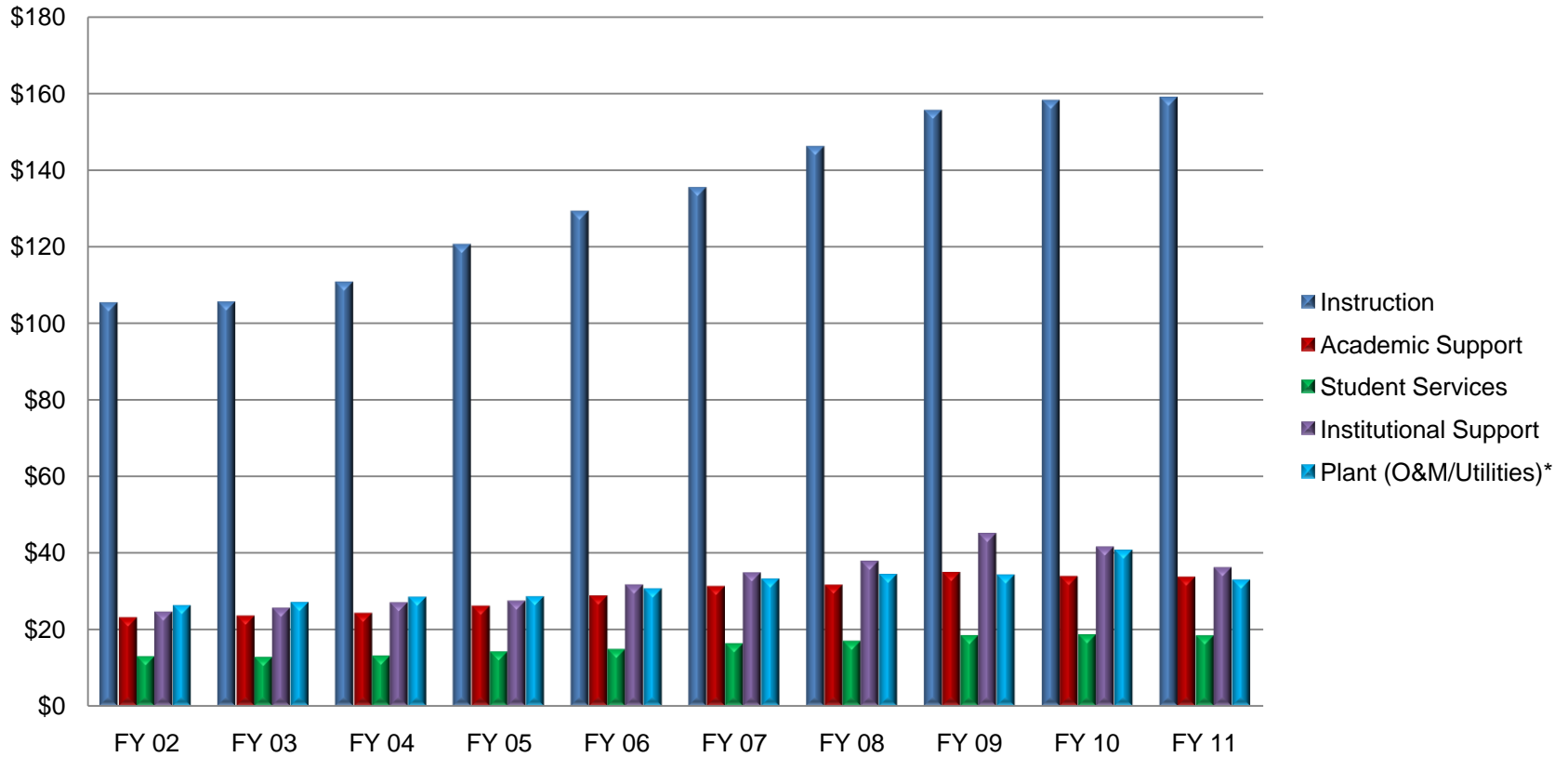
	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	% Change FY02 to FY11
Instruction	105.3	105.5	110.7	120.5	129.2	135.3	146.1	155.5	158.1	158.9	50.90%
Academic Support	22.9	23.3	24.0	25.9	28.6	31.0	31.3	34.6	33.6	33.4	45.85%
Student Services	12.9	12.7	13.1	14.1	14.8	16.2	16.9	18.4	18.6	18.3	41.86%
Institutional Support	24.4	25.4	26.8	27.3	31.4	34.6	37.5	44.7	41.3	35.9	47.13%
Plant (O&M/Utilities)*	26.1	26.9	28.3	28.4	30.4	33.0	34.2	34.0	40.4	32.7	25.29%

*Plant I&G Budget

FY 10: One-time I&G Allocation to Fund Deficit

FY 11: Reduced Expenditures due to one-time stimulus funding

Main Campus Unrestricted I&G Budgeted Expenditures (millions)



**Main Campus
Change In Institutional Support Budgets
FY 2009 to FY 2011**

EVP - ADMINISTRATION		
EVP Admin Independent Offices		(163,169)
Financial Services		(534,728)
Human Resources		(97,622)
Institutional Support Services		(391,285)
Information Technologies		(509,845)
Police		(156,632)
Liability Insurance		(771,872)
Fringe Benefits		(905,948)
Sub-Total		(3,531,101)
PRESIDENT		
President's Offices		(234,447)
Marketing/Communications		(625,818)
Audit Dept		(20,554)
University Counsel/Patent Admin		(139,089)
UNM West		(3,707)
Alumni Relations		39,621
Sub-Total		(983,994)
EVP for DEVELOPMENT		(1,356,577)
PROVOST & ACADEMIC AFFAIRS		(8,606)
SELF FUNDED UNITS		
Reclass Foundation Office to Agency Fund		(2,080,022)
Continuing Education & Other Units		(841,932)
Grand Total		(8,802,232)

Administrative Cost Avoidance/Budget Reduction Strategies

- Energy Conservation Efforts
 - May 2008 to July 2010 – \$8.7M Cost Avoidance
 - More noteworthy when considering:
 - 1.292 million additional square feet (13.4%)
 - Approximately 15% Utility Rate Increase
- Healthcare Premiums: Savings to UNM and Employees
 - UNM's Average last 3 years – 2%
 - National Average last 3 years – 9.67%
- Parking Fees: Maximize Employee take-home pay
 - Zero increase in FY 2009, FY 2010 and FY 2011
 - Typical Prior Fiscal Year Increase: 5%
- Overall decrease in staff within EVP for Administration Organization
 - 7/1/2009 – 1258
 - 7/1/2010 – 1212
 - 3.66% Decrease

Service Level Impacts

- Facility Maintenance Services
 - Reduced Preventive Maintenance
 - Eliminate Weekend Coverage for Repairs
 - Reduced levels of custodial office cleaning and grounds
- Financial Services
 - Extended Turnaround Time
 - Purchase Orders
 - Payroll Adjustments
 - Responses to questions for non-standard transactions
- Human Resources
 - Eliminate Non-Hiring Services
 - Staff as Students
 - Service Awards and Appreciation
 - Employee Discounts
 - Reduce Operating hours of HR Service Center
- Information Technology
 - Delayed response time for desktop support
 - Delayed response time to grant new user access
 - Reduced customer service hours

Share Equally in State Cuts

- Administrative Functions are “Vital” to the University’s Mission
- Mandatory Federal and State Compliance
- Campus Safety
- Sanitation, Repairs and Utilities
- Health Benefits
- Information Infrastructure (Teaching and Research)
- Statewide Healthcare
- PAY CHECKS

FY 2011/2012 Revenue Budget Shortfall

●	FY11 Total Sources of One-Time Funding	
	• Use of Balances	\$ 2,000,000
	• Use of BRR funding	3,500,000
	• Pause & Hold	2,500,000
	• Voluntary Furloughs	100,000
	• Stimulus Funding	<u>4,941,000</u>
	Sub-Total ONE-Time Funding	\$13,041,000
●	Budget Reduction	
	• FY2010/2011 State Rescission Main Campus I&G	\$ 5,694,000
	• FY 2011/2012 Projected State Budget Reduction	8,490,000
	• FY2011/2012 Projected Interest Earnings Shortfall	<u>1,000,000</u>
	Sub-Total Budget Reduction	\$15,184,000
	Total FY 2011/2012 Revenue Budget Shortfall	<u>\$28,225,000</u>

FY 2011/2012 – Immediate Budget Contingencies

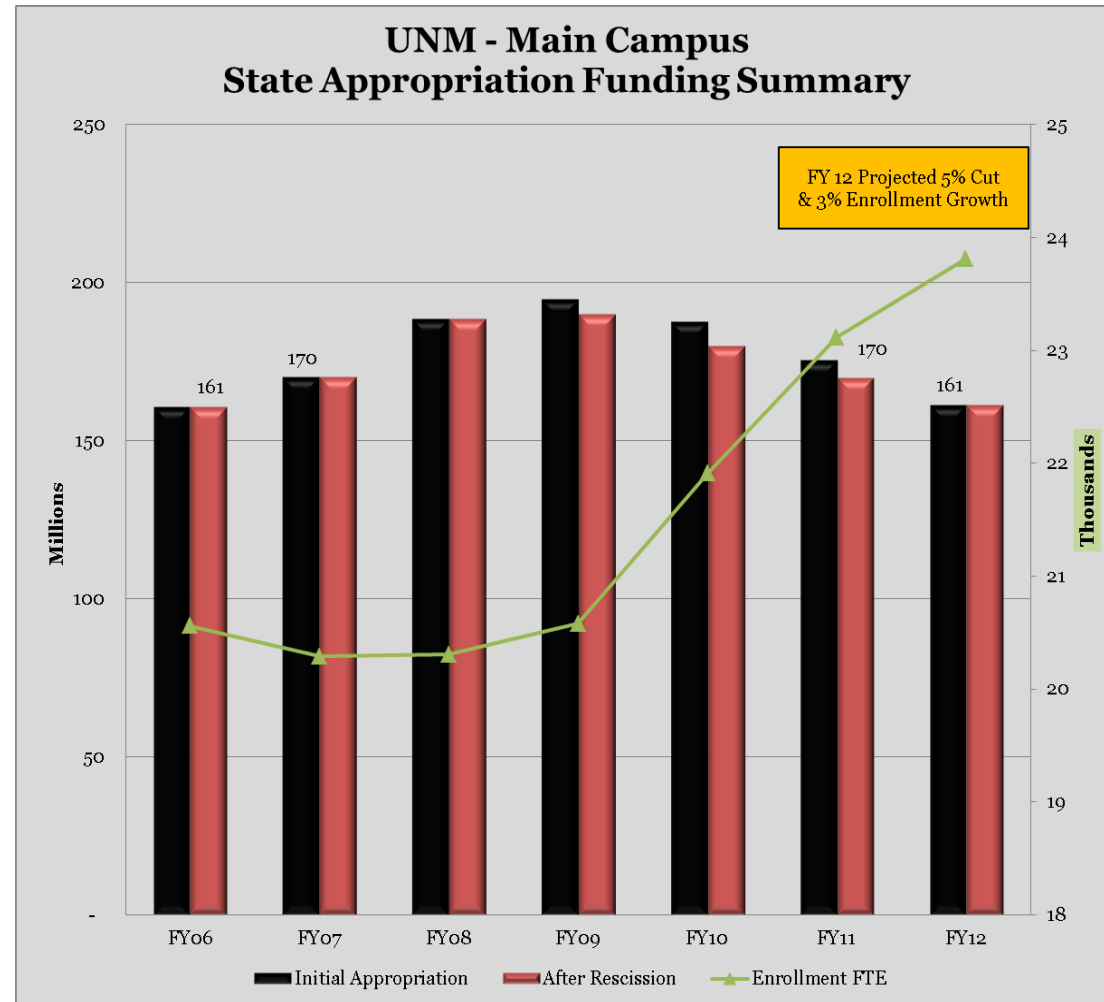
- Un-Budgeted Tuition \$5.0 Million
- Administrative Pull-Back of Funds
 - Academic \$5.6 Million
 - Administration \$3.0 Million
- Continuation of the Pause & Hold ?

FY 2011/2012 Budget Expenditures

- Required Use of Funds
 - Utility Inflation
 - ERB Employer Shift of Funding
 - Tuition Waivers – % increase same as proposed tuition increase
 - Health Care Increase
 - Insurance Premium Increase
 - Workers Compensation Increase
 - Formula Distribution – HSC
 - Faculty Sabbaticals

Implications of Enrollment Increases

- Larger class sizes
- Increased student/faculty ratio
- Raised as an issue at recent accreditation visits
 - School of Engineering
 - Anderson Schools of Management
- FY12 funding is projected to be at FY06 levels, despite 3,000 more student FTE's



**FY 2012 -
?**

Questions



Closing Remarks

