

MEMORANDUM

TO: Executive Vice President, David W. Harris  
Executive Vice President, Suzanne Ortega  
Executive Vice President, Paul Roth  
Executive Directors, Branch Campuses

FROM: David J. Schmidly, President

DATE: 8 March 2010

SUBJECT: Strategic Directives for Budget Development

Now that the Special Session is completed, we must move quickly to prepare a budget and secure approval by the Regents. The Governor is expected to sign HB 2 around the 24<sup>th</sup> of March. Originally, our budget summit was scheduled for March 23<sup>rd</sup>, but now that will have to be postponed until March 31<sup>st</sup>.

Because revenue projections fall well below our appropriation decrease, new funds to sustain our base mission must be found. Balancing the budget will depend on two critical components: how much cost containment we can achieve and how much tuition (above the state tuition credit) the Regents might be willing to approve. In the event we do not get any additional tuition approved and the cost containment measures do not offset the shortfall, then each of you will need to be prepared to explain the implications for each of your divisions if further base budget reductions are required.

In preparing the budget, each of you is free to develop whatever procedures you deem necessary to receive input from the appropriate stakeholders on strategies, processes and communication within your respective areas. Paul Roth will have responsibility for the HSC; Suzanne Ortega will have responsibility for input with students (about possible tuition and course fee changes), the Deans and the Faculty Senate (implications for academic programs); and David Harris will have responsibility for input with key staff constituents and the Staff Council. I ask that you establish these procedures and communication lines as soon as possible. I will assist in these discussions if you believe it is needed.

As I mentioned above, cost containment will be a big part of how we are able to balance this budget. I have appointed a Special Advisory Team to help me identify a broad range of strategies to achieve systemic process improvements, cost reductions, and long-term efficiencies. I expect to receive their final report and recommendations this week. I have also asked each of you to forward to me similar suggestions for your respective areas. My plan is to coalesce all of the recommendations and look at a three year cost containment plan. I see no evidence that the era of reduced budgets will end anytime

soon, and I believe we likely will continue with very tight budgets for the foreseeable future. Also, all of us need to understand that we have “plugged holes” in the budget with one time money (e.g. stimulus funds) that is not recurring.

### **Presentation at the Budget Summit**

I will lead the overall presentation of the budget to the Regents. I will call on several individuals to assist in different areas. Below you will find the order of the presentation and the individuals I will be asking to assist:

1. Health Sciences Center and UNMH – Paul Roth
2. UNM Main Campus & Branches (Academics)
  - a. Academic/Formula Distribution, including workload, enrollment and teaching load data for each college and branch – Suzanne Ortega
  - b. Student Activities funded thru student fees (Academic Student Fees) – Cheo Torres and Suzanne Ortega
  - c. Main Campus Research – Julia Fulghum
3. Athletics – Paul Krebs
4. UNM Main Campus & Branches (Non Academics)
  - a. Administration (Fringe Benefits, Health Insurance, Investment Income, etc.) – David Harris and Helen Gonzalez
  - b. BR&R – David Harris and Mary Vosevitch
  - c. Utility costs – Steve Beffort
  - d. Auxiliaries and Associated Fees – Steve Beffort
5. Branch Campus Budgets – Branch Directors
6. Research and Public Service Projects (RPSPs) – Marc Saavedra and Tanya Giddings
7. Regents Endowment – John Stropp
8. Cost Containment Measures – David Schmidly
9. Tuition Discussion – David Schmidly
10. Overall Recommendation – David Schmidly
11. Regent and Constituent Response

### **Management Guidelines**

The following instructions and guidelines will guide the implementation and results of the proceeding measures:

- There will be no new programs started using I&G funds. New programs that require fees or other sources of funds from students will be limited and require the approval of the appropriate Dean, Director, VP, EVP, and the President.
- Last year we committed to a 15% reduction in Main Campus administrative spending over a 3 year period, and it is crucial that we remain on track with this goal.
- The hiring pause and hold for positions, except those deemed critical for UNMs core functions of teaching, research, and student success, will remain in place.

- All staffing requisitions for new positions (I&G) must be accompanied by a memorandum from the corresponding supervisor stating the rationale for the filling of such positions. Hiring requires approval of the relevant EVP.
- Minimize administrative spending using I&G funds in all areas, offices, and functions (i.e., food purchases, memberships and dues, printing, professional service agreements, travel, major and minor capital expenditures, equipment, furniture, and computers). Expenditures of I&G funds in any of these categories will require the approval of Deans, Directors, VPs, and EVPs.
- To the extent possible, protect those programs and initiatives that have a successful track record of leveraging significant federal, state, and private resources. Those should be the last programs subjected to major cutbacks.
- All employees will be eligible to continue to participate in a voluntary furlough program, or comparable compensation reduction plan. Furloughs must be agreed upon by the immediate supervisor and approved by the respective EVPs.

In closing, let me make it clear again this year that fiscal restraint will be necessary over the next few years to preserve the core mission of the University. This can only be achieved through clear-minded analysis and cooperation. Thank you in advance for your leadership and for adhering to these instructions and guidelines.

CC: Mr. Raymond Sanchez  
President, Board of Regents