



Academic Year 2017-18 for Fiscal Year 2018 Tuition and Fees

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Highlands' Actions to NM's Economic Downturn

- State of NM reserves are around \$91M, less than 1.5%.
- NMHU's state appropriations have been reduced by \$1.5M – Additional reductions are expected for FY18.
- Highlands has not implemented a reduction in force (RIF) nor furloughs.
- NMHU has frozen / not currently filling numerous positions across the institution.
- Cut expenses by nearly \$620,000



NM's Fiscal Year 2018 Forecast

- FY18 Budget revenues are forecasted to be up around \$330M
- **Risks and Concerns with Forecast**
 - Sluggish NM's economy (i.e. private sector jobs are down, construction sector is down, federal and state government hiring freeze has been issued, unemployment is up, many US economic rankings lower NM's position, bond rating has been lowered and frustrations are high between governor, legislature, and other areas of government.)
- Non Fiscal but Political Impacts on Economy
 - President Trump's Executive orders (i.e., immigration, hiring freeze, environment, potential reduction or elimination of some agencies / programs of importance to NMHU, etc.)



NM's Fiscal Year 2017 – 18 Revenue Outlook

- Currently, FY17 Gross Receipts Tax (GRT), Personal Income Tax (PIT), Corp Income Tax (CIT) are all trending downward.
- Oil and Gas slightly up but still "**Highly Volatile**" due to excess supply on global market with OPEC and Non-OPEC countries with agreements to limit production; however, US firms are plugging that gap. US exports are at record high due to weak dollar.
- Concerns with projected revenues versus actual collections still remain.



What's in the News?

Chancellor Garrey Carruthers “There have been about three-dozen layoffs and a workforce reduction of several hundred positions ...NMSU has slashed \$30.5 million from its “instruction and general” budget...”

“The Council of University Presidents’ seven four-year institutions have eliminated 2,801 jobs over the past 5-7 years. However, this can be interpreted as a significantly higher job loss because the State’s Higher Education Jobs multiplier of 1.64 results in a job loss total of 4,593”



What's in the National News?

The Washington Post

Answer Sheet • Analysis

New Mexico Gov. Martinez vetoes higher education funding. All of it.

By Valerie Strauss April 17

THE CHRONICLE
of Higher Education

FINANCE

The Next Higher-Ed Funding Battle to Watch May Be in New Mexico

By Chris Quintana | APRIL 19, 2017



Eduardo Munoz Alvarez, Getty Images

Susana Martinez, the Republican governor of New Mexico, recently vetoed all funding for higher education in the state's budget for the coming fiscal year.

It's rare for a governor to remove all higher-education funding from a state budget, but that's exactly what happened in New Mexico. Gov. Susana Martinez, a Republican, earlier this month vetoed nearly \$745 million for New Mexico's public colleges and universities, shocking the state's academic leaders.

The move has also elicited surprise from observers nationally, but it's unlikely to be final. Ms. Martinez expects the situation to be resolved soon, according to a spokesman for the governor, Michael Lonergan.

"The governor met just a few days ago with legislative leadership, and she's optimistic they can work together to solve the budget crisis," he wrote in an email. "We hope to have a deal soon, and when we do the governor will call a special session that will, among other things, restore funding for our colleges and

universities."



2018 Legislative Session Actions

- House Appropriations and Finance Committee (HAFC) proposed an increase to the general appropriations act of \$113M recurring and \$47M of Non-Recurring (NR)
- Senate Finance Committee (SFC) added \$20M recurring and \$3M NR
- For a total of \$133M recurring and \$50M non-recurring
- Tax proposal HB 212 – proposed \$350M
- Tax clean-up legislation HB412 or HB191 could yield FY18-\$18M, FY19-\$121M, FY20-\$125M and FY21-\$132M



What's in the Crystal Ball?

Governor Martinez is very committed to her pledge to not raise taxes, however, she would consider clean-up and equity tax legislation that are hindering job growth or stifling NM's economy, (i.e. internet tax, leveling the playing ground for health care, and legislative retirement benefits.)

She would consider signing the Tax clean-up bill; however, the Democratic controlled Legislature was concerned that the comprised legislation only included republican back clean ups and not all tax and incentive programs.

So the late hours of the session, the Legislature passed HB 191 which would address majority of the clean-up but would not have them implemented until 2020 way after Governor Martinez leaves office.

Update: Governor Martinez vetoed all revenue bills and line item vetoed all legislative support and all of higher education.



So what are the Croc and Rattlers saying?

- Either party is not willing to shutdown government
- Probably a Special Session in Early May
- A compromise will be reached with very few revenues and a balanced budget with more cuts to higher education

Or

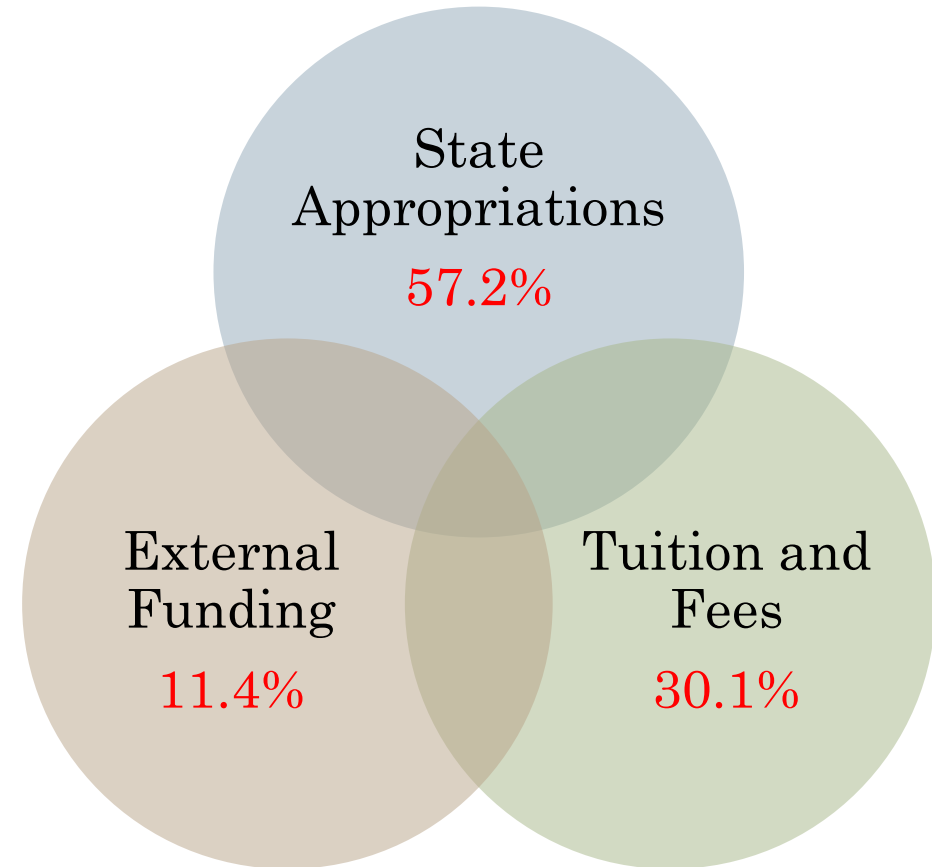
- Democratic controlled legislature can gain enough votes for a veto override.....



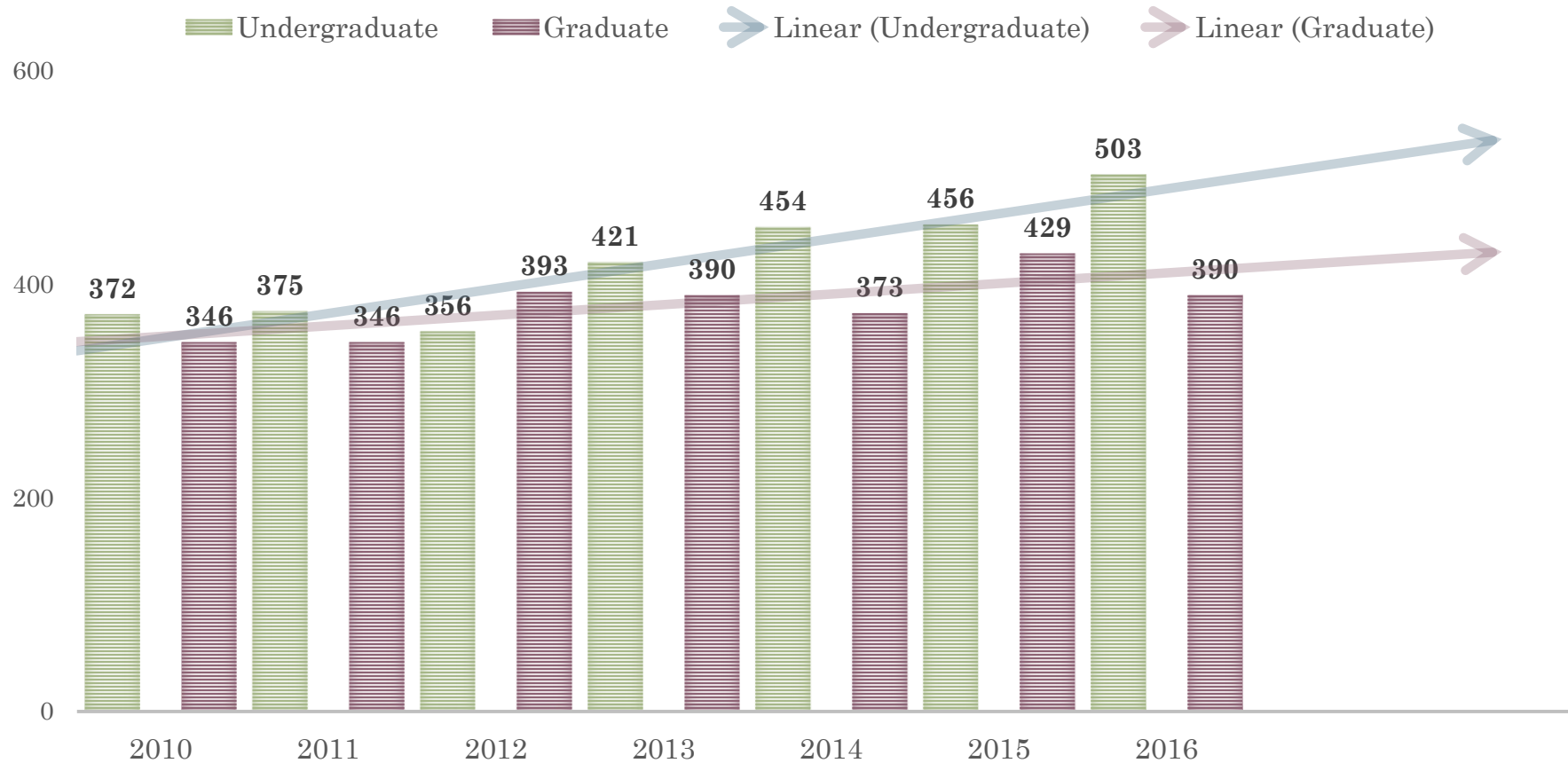
Fiscal Year 2018 Operating Budget

Sources of Funding

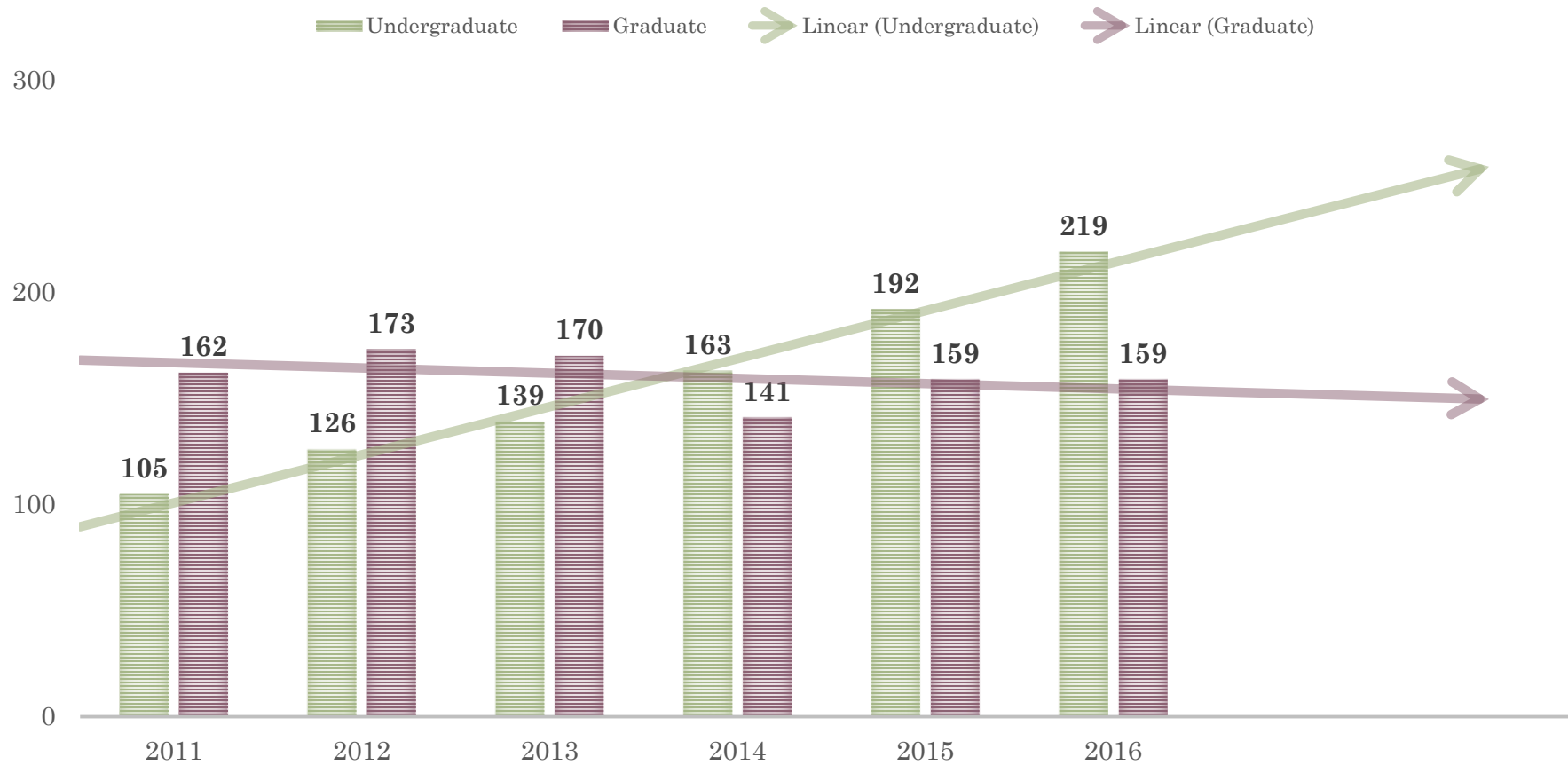
- State Appropriations:
 - NMHU has very little influence on what comes to it by way of State revenues. (**Down by 1.2% or \$1.546M**)
- Tuition and Fees:
 - Tuition & Fees are set by the NMHU Board of Regents through recommendations from NMHU's administration, faculty, staff, and students.
- External Funding:
 - External funding is acquired by competitive processes or by fundraising.



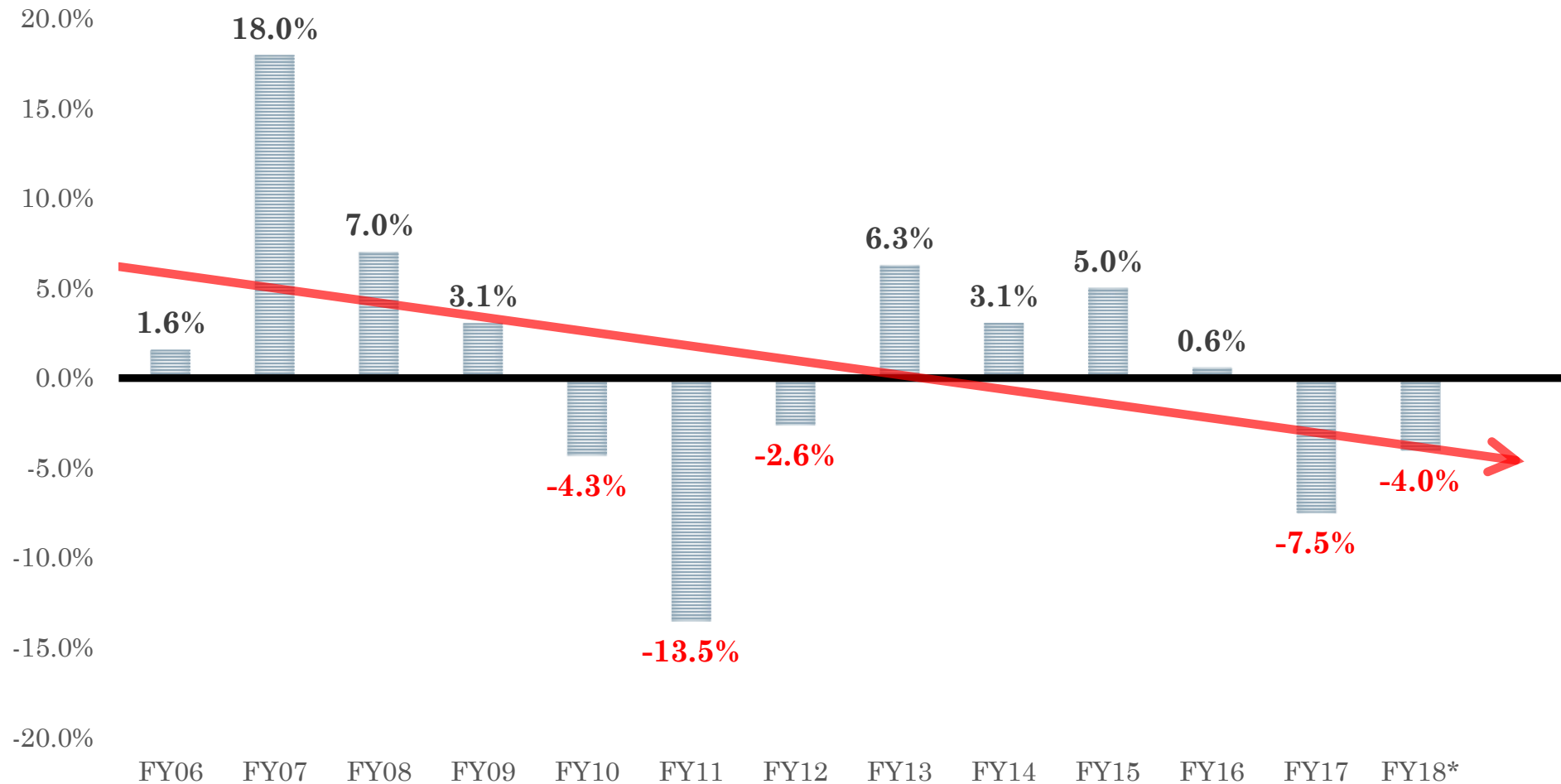
NMHU's Degrees Produced



STEM + H Degrees Produced



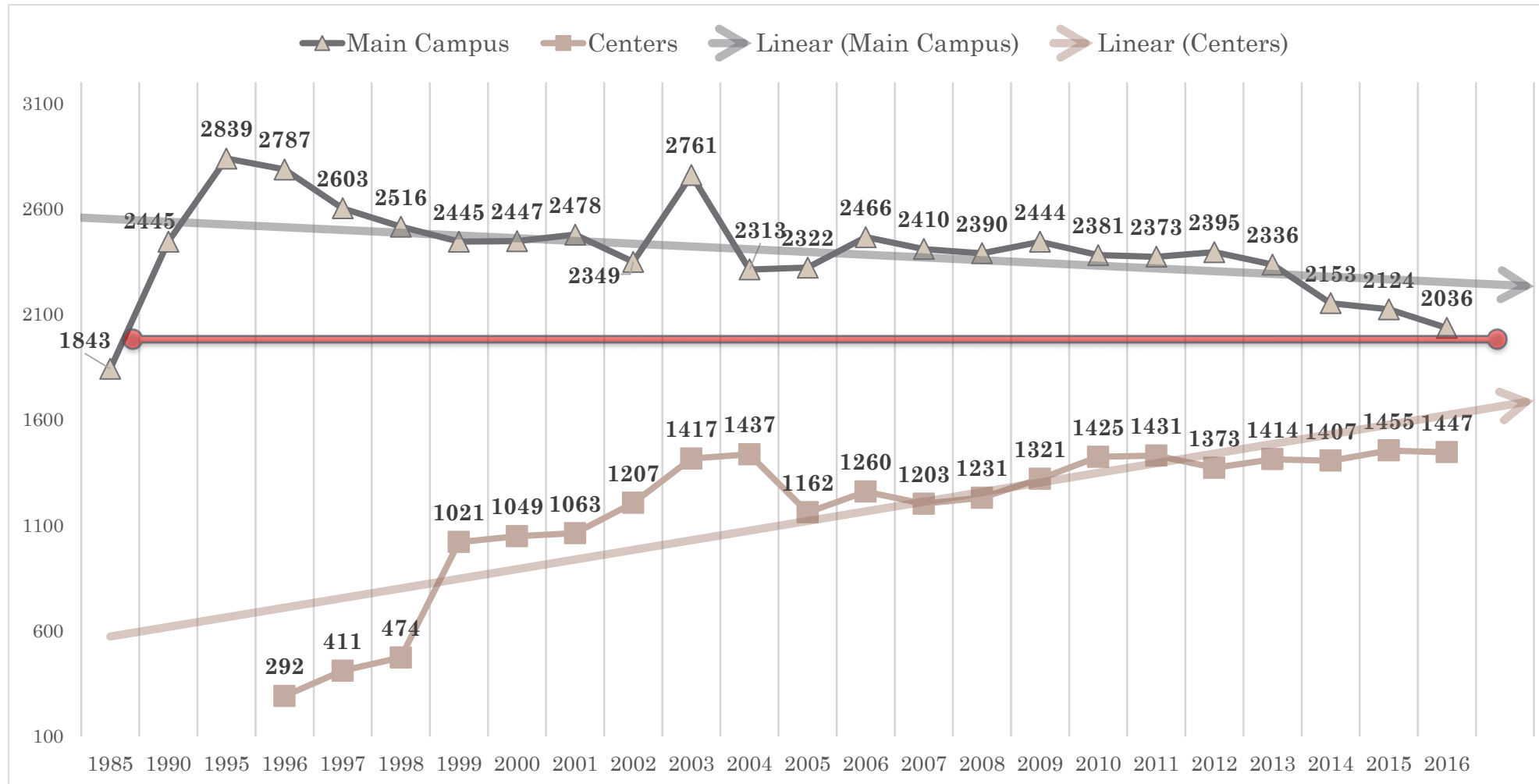
State Appropriation History 2006 to 2018



*Projected cuts in State Appropriations



NMHU's Enrollment History 1985 to 2016



So how does the University propose a FY 2018 Operating Budget.....

- FY18 – Bill that was sent to the Governor included a 1% cut to NMHU, however, the bill has been vetoed.
- Given the **unpredictability** of state politics, NMHU will be assuming the following:
 - A. 1% cut because that was agreed upon by both chambers. This will be the starting point.
 - B. Add an additional 2% cut as a result of the special session compromise. Governor will not get her way neither will the legislature.
 - C. Add an additional 1% because of the instability of state revenues.

NMHU will build an operating budget on a 4% cut or \$1.2M cut.



Estimated Mandatory Increases

- Health Insurance 1% ~\$40K
- Risk Management ~ \$10K
- Utilities ~ \$50K
- Maintenance Escalators ~ \$80K
- Faculty Promotions ~ \$95K
- Other Expense (Legal, Accreditations, CBAs, Insurances, etc.) ~ \$50K
- Estimated Total: ~\$325K



University FY18 Budget Priorities*

Priority	Description/Position	Budget Requests	Strategic Goals
1	New ESS Faculty	\$61,000	1, 2
2	New SOE Special Ed Faculty	\$74,000	1, 2
3	New Nursing Faculty	\$24,000	1, 2
4	Staff Professional Development	\$13,000	6
5	Co-Curricular Assessment Product "Skyfactor"	\$8,000	1, 3
6	Additional GAs for MFA	\$25,000	1, 2
7	Research Funding Increases	\$25,000	1
8	(3) New Faculty Lines in Programs that are growing	\$300,000	1, 2
9	Web Content Manager	\$75,000	4, 5, 6
10	Center Services Coordinator	\$56,000	1, 2, 3, 6
11	Contingent Faculty	\$85,000	1, 2
12	Applicant Tracking System	\$100,000	1, 3, 5, 6
13	Temporary position in Advancement	\$12,000	4, 5
14	Marketing and Postage for Advancement	\$42,000	4, 5, 6
15	Staff Position for SEM	\$65,000	2, 6
16	Increase Travel for SEM	\$15,000	2, 6
17	Athletics Fundraiser (.5 FTE)	\$40,000	3, 4
18	Ilfeld Improvements	\$25,000	3, 4
19	Outcome Survey	\$6,000	1, 3
	Total	\$1,051,000	

*For more information on each of the priorities and their links to the strategic goal, see the department level budget requests and strategic plans.



FY 18 Summary

Cuts in State Approp. at 4% = \$1.176M

Mandatory Increase = \$325K

President's Minner Priorities = \$1.051M

Estimated Total = \$2,552,000*

Every 1% in Tuition and Fees equals
about \$157.6K.



Tuition and Fees

Assumptions for Tuition and Fees

- We used FY17 actual revenues, which incorporated current year's enrollment.
- We assumed this 3% decline in enrollment for FY18 due to large graduating class of academic year 2017. **About 98 students or 2300 student credit hours (SCH).**
- We applied the same Tuition and Fee(s) rates to main campus and centers
- 1% in tuition generates about \$147,000
- 1% in fees generates about \$10,600
- 1% in tuition and fees generates about \$157,600
- Assuming 12 SCH for Undergraduate full time load
- Assuming 9 SCH for Graduate full time load



Undergraduate Current Tuition and Fees

Undergraduate

In-state

	Tuition	Fees	Total
Part-time / Hour	\$ 164.65	\$ 60.35	\$ 225.00
Full-time	\$ 1,975.80	\$ 724.20	\$ 2,700.00

			1%	5%	7.5%
\$ 2.25	\$ 11.25	\$ 16.88			
\$ 27.00	\$ 135.00	\$ 202.50			

Undergraduate

Out-of-state

	Tuition	Fees	Total
Part-time / Hour	\$ 293.82	\$ 60.35	\$ 354.17
Full-time	\$ 3,525.84	\$ 724.20	\$ 4,250.04

			1%	5%	7.5%
\$ 3.54	\$ 17.71	\$ 26.56			
\$ 42.50	\$ 212.50	\$ 318.75			



Graduate Current Tuition and Fees

Graduate In-state	Tuition	Fees	Total
Part-time / Hour	\$ 184.09	\$ 60.35	\$ 244.44
Full-time	\$ 2,209.08	\$ 724.20	\$ 2,933.28

Graduate Out - of -state	Tuition	Fees	Total
Part-time / Hour	\$ 314.65	\$ 60.35	\$ 375.00
Full-time	\$ 3,775.80	\$ 724.20	\$ 4,500.00

	1%	5%	7.5%
	\$ 2.44	\$ 12.22	\$ 18.33
	\$ 29.33	\$ 146.66	\$ 220.00

	1%	5%	7.5%
	\$ 3.75	\$ 18.75	\$ 28.13
	\$ 45.00	\$ 225.00	\$ 337.50



Overall Tuition and Fees Recommendations

Administration is recommending an increase of 7.5% or more for the following reasons:

- Maintain at least third most affordable institution in the southwest
- Off-set for loss in NM's State Appropriations
- Avoid unwanted layoffs or furloughs
- Maintain forward movement on administrative initiatives
- Differential Tuition on Social Work Graduate Tuition and Undergraduate Nursing
- Add a new fee for "Infrastructure"



Current Mandatory Fees

Academic Year 2016- 2017 Fees per Semester		
Main Campus Mandatory Fees	Per SCH*	Per FT**
Student Center Fee	\$ 23.57	\$ 282.84
Student Senate	\$ 1.52	\$ 18.24
Student Senate for Intramurals	\$ 0.58	\$ 6.96
Student Health Center	\$ 6.56	\$ 78.72
Cultural Fee	\$ 3.70	\$ 44.40
Campus Life	\$ 3.15	\$ 37.80
Athletics	\$ 15.11	\$ 181.32
Technology Fee	\$ 6.16	\$ 73.92
Total	\$ 60.35	\$ 799.20

*SCH= Student Credit Hour

**FT = Full time student at 12 SCH



Meal Plan Fees

Meal Plan

- Keep existing plans with a proposed increase of 3%
- Also, review of flex dollars, dining services meal plan options, and auxiliaries food providers.



Meal Plans

FY17 Rate	1%	3%	Proposed New Rate at 3%
\$2,100	\$21	\$63	\$2,163
\$1,800	\$18	\$54	\$1,854
\$1,550	\$16	\$47	\$1,597
\$800	\$8	\$24	\$824
\$650	\$7	\$20	\$670
\$350	\$4	\$11	\$361



Housing Fees

Housing

- Proposing a 3% and an additional 4% increase for 5 year loan for deferred maintenance needs (i.e., carpet, flooring, roofing, refresh of restrooms, painting, furniture, plumbing, etc.)



Housing Plans Proposals for FY18

Residence Halls	# of beds	Current Fee per Semester	1% 3% 7%			Proposed Rate per Semester at 3%	Proposed Rate per Semester at 7%
			Proposed Fee increase per Semester	Proposed Fee increase per Semester	Proposed Fee increase per Semester		
Viles & Crimmin							
1 bed/1 bath	6	\$2,535.87	\$25.36	\$76	\$178	\$2,612	\$2,713
2 bed/1 bath	50	\$2,157.75	\$21.58	\$65	\$151	\$2,222	\$2,309
2 beds/2 bath	6	\$2,265.64	\$22.66	\$68	\$159	\$2,334	\$2,424
4 beds/2 bath	205	\$2,049.86	\$20.50	\$61	\$143	\$2,111	\$2,193
Archuleta	73	\$1,941.98	\$19.42	\$58	\$136	\$2,000	\$2,078
Connor (double)*	98	\$1,412.81	\$14.13	\$42	\$99	\$1,455	\$1,512
Connor (single)*	51	\$1,669.69	\$16.70	\$50	\$117	\$1,720	\$1,787
North Kennedy	22	\$1,775.52	\$17.76	\$53	\$124	\$1,829	\$1,900
East/West Kennedy	48	\$2,168.03	\$21.68	\$65	\$152	\$2,233	\$2,320
South Kennedy	27	\$2,168.03	\$21.68	\$65	\$152	\$2,233	\$2,320
Melody (double)	64	\$1,746.75	\$17.47	\$52	\$122	\$1,799	\$1,869
Melody (single)	14	\$1,941.97	\$19.42	\$58	\$136	\$2,000	\$2,078
Arrott/Gregg House	42	\$2,507.10	\$25.07	\$75	\$175	\$2,582	\$2,683
Renovated Gregg	20	\$2,887.28	\$28.87	\$87	\$202	\$2,974	\$3,089
Athletics Waivers							
	726			\$63	\$146		

* Due to low occupancy rates Connor Halls is off-line



Market Comparisons

Cost Comparisons

Academic Year 2016 – 2017 Tuition and Fees costs***

Who are NMHU's competitors:

- Eastern NM University
- Western NM University
- Northern NM College

- UNM, NMSU, NMT
- Luna CC, Santa Fe CC, & CNM

	UG Res*	UG NR	GR Res*	GR NR
NMHU	5,400	8,500	5,867	9,000
ENMU	5,398	11,106	5,650	11,596
WNMU	5,906	13,566	4,650	10,354
NNMC	4,560	12,620	3,132	3,972
UNM	6,950	22,214	7,919	22,504
NMSU	6,729	21,234	4,941	15,107
NMT	6,891	19,137	7,151	21,231
LCC	962	2,426	N/A	N/A

*** Source: LFC Report to Legislative Finance Committee
Volume 3 page 125

* UG Res = Undergraduate Resident; UG NR = Undergraduate Non-resident
*GR Res = Graduate Resident; GR NR = Graduate Resident

Undergraduate Tuition per Year From NMHU's Competitors – 2016

Resident (In-state)	Tuition	Diff \$	%
NMHU	\$5,400		
ENMU	\$5,510	(\$110)	-2%
WNMU	\$5,906	(\$506)	-9%
NNMC	\$4,560	\$840	14%
UNM	\$6,950	(\$1,550)	-34%
NMSU	\$6,729	(\$1,329)	-19%
NMT	\$6,891	(\$1,491)	-22%

Non - Resident (Out-Of-state)	Tuition	Diff \$	%
NMHU	\$8,500		
ENMU	\$11,106	(\$2,606)	-31%
WNMU	\$13,566	(\$5,066)	-46%
NNMC	\$12,620	(\$4,120)	-30%
UNM	\$22,214	(\$13,714)	-109%
NMSU	\$21,234	(\$12,734)	-57%
NMT	\$19,137	(\$10,637)	-50%

On In-State tuition, NMHU has some room for growth; however, it could raise tuition on Out-of-State up to \$10K and still maintain its affordability.



Graduate Tuition per Year From NMHU's Competitors – 2016

Resident (In-State)	Tuition	Diff \$	%
NMHU	\$5,867		
ENMU	\$5,650	\$217	4%
WNMU	\$4,650	\$1,217	22%
NNMC	\$3,132	\$2,735	59%
UNM	\$7,919	(\$2,052)	-66%
NMSU	\$4,941	\$926	12%
NMT	\$7,151	(\$1,284)	-26%

Non - Resident (Out - Of- State)	Tuition	Diff \$	%
NMHU	\$9,000		
ENMU	\$11,956	(\$2,956)	-33%
WNMU	\$10,354	(\$1,354)	-11%
NNMC	\$3,972	\$5,028	49%
UNM	\$22,504	(\$13,504)	-340%
NMSU	\$15,107	(\$6,107)	-27%
NMT	\$21,231	(\$12,231)	-81%

On In-State tuition, NMHU could be pricing itself out of the market. However, on Out-of-State tuition, NMHU does have some room for growth.



Summary of Scenarios

Scenarios	#1	#2	#3	#4	#5	#6	#7	#8	#9	#10
% of Increase	1%	5%	7.5%	10%	12%	15%	16%	18%	20%	25%
Cost per Semester	\$27	\$135	\$203	\$270	\$324	\$405	\$432	\$486	\$540	\$675
New Revenues*	\$158K	\$750K	\$1.125M	\$1.5M	\$1.8M	\$2.25M	\$2.4M	\$2.7M	\$3M	\$1.8M
Mandatory Budget Cuts	\$1.7M	\$1.1M	\$735K	\$360K	\$60K	No	No	No	No	No
Initiatives Funding	No	No	No	No	No	\$390K	\$540K	\$840K	\$1.1M	\$1.9M
Allow for Tuition Discounting	No	No	No	No	No	No	Yes	Yes	Yes	Yes

* Projections based on 3% decline in enrollment from FY17. Assuming a drop in Head Count (HC) of **98** students and or **2,300** Student Credit hours (SCH) due to large graduation and back filling and negative publicity on NMHU probation.



Other Considerations

Additional Solvency Measures

- Cuts to employee lines
 - Average Faculty salaries range from \$65K to \$84K including fringe
 - Average Adjunct contracts range from \$812 to \$3,648
 - Average Professional salaries \$76K including fringe
 - Average Clerical salaries \$24K including fringe
 - Average Technicians salaries \$30K including fringe
 - Average Graduate Assistant \$14K including fringe
- Consolidations of departments for example:
 - Campus Life, Campus Life Initiatives, Housing Recreation, etc.
 - Extended Outreach Services (EOS) and Information Technology Services (ITS)
- Increase Minimum Course Enrollment at all levels



Additional Charts and Data in Addendums

- Undergraduate In-State and Out-of-State with Pell comparisons to 41 colleges and universities in the southwest
- Chart on Composite Financial Indices (CFI) from FY 2010 to FY 2016
- Chart on Unrestricted Net Position from 1999 to 2016
- Chart on Cash and Cash Equivalents from 1999 to 2016
- Chart on Long Term Debt from 1999 to 2016
- Summary Chart of Financials with Trend lines from 2010 to 2016



Closing comments

- ❖ NMHU needs to continue its efforts to address the Higher Learning Commission probationary actions.
- ❖ Given the instability of state appropriations, NMHU's administrative team will continue with its FY17 solvency measures.
- ❖ ENMU will be increasing their T&F by 7.5%, we are not sure what other institutions are going to approve an increase.
- ❖ We thank the students, faculty, staff and administration of NMHU for their continued support and commitment to NMHU future.





Thank You &
Questions