

State Financing of UNM Health Sciences Center

HSC should show complete finances when requesting state appropriations

The state depends on the University of New Mexico Health Sciences Center (HSC) to educate doctors, nurses, and other healthcare professionals to serve communities around the state. HSC also plays a critical role in delivering healthcare services.

The Evaluation: The 2011 evaluation, *State Financing of UNM Health Sciences Center*, identified funding sources specific to the teaching mission for HSC and assessed the state's role in financing the UNM health system and some of its key programs. The evaluation found that better accountability is necessary to ensure investments in health education would meet statewide needs.

At the time of the 2011 evaluation, there was uncertainty about how federal healthcare reform would affect the HSC system. Today, the UNM Hospital and other clinical services bring in more revenue than ever from patient services, and these revenues play an increasingly important part in covering teaching faculty salaries and other instructional costs.

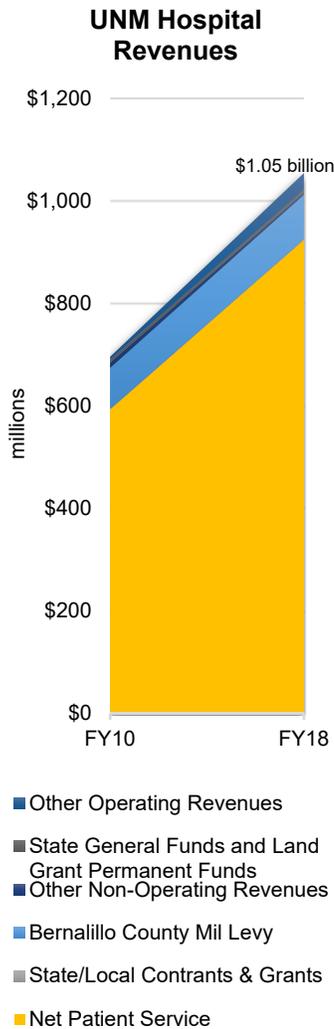
However, more often than not, this full financial picture with multiple funds transferred and shared among HSC entities is not shared with the Legislature. Instead, state appropriations to HSC component units are still often based on incremental year-over-year changes rather than what the institution needs to act as a high-quality academic medical center. In short, HSC has yet to act on a key recommendation from the 2011 evaluation to deliver comprehensive financial reporting to the Higher Education Department and Legislature that is representative of all revenues and expenses.

Progress Reports foster accountability by assessing the implementation status of previous program evaluation reports, recommendations and need for further changes.



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Patient Revenues and Medicaid Largely Support UNM Hospital



Source: UNM Financial Audits

The University of New Mexico Health Sciences Center (HSC) consists of several components, roughly divided into two main purposes—clinical and academic/research. The largest components include the UNM Medical Group, the Sandoval Regional Medical Center, the University of New Mexico Hospital, and HSC’s colleges and School of Medicine.

The University of New Mexico Hospital is the state’s major safety net hospital and the primary teaching facility for Health Sciences Center students. The hospital system includes the Children’s Hospital, Comprehensive Cancer Center, Carrie Tingley Hospital, Children’s Psychiatric Center, University Psychiatric Center, and numerous outpatient clinics. Total revenues for the university hospital grew 51 percent since the 2011 evaluation, from \$696 million in FY10 to over \$1 billion in FY18. The increase was primarily driven by a 56 percent (\$331 million) growth in patient service revenues. UNM Hospitals’ 2018 audit noted that the increase in net patient revenues from 2017 to 2018 was related to a 6 percent increase in outpatient services and increases in clinic, ER, and urgent care volumes.

The year-over-year revenue increases have allowed the hospital to amass over \$200 million in cash reserves, even as state funding from the general fund and land grant permanent fund grew only 9 percent. Much of the money in reserve will be used to pay for construction of a new hospital tower in 2020. The tower will be adjacent to the current hospital and will add an additional 96 beds to the hospital’s current 308 beds. The tower will also add 18 operating rooms. In November 2019, HSC estimated total project cost will be \$595 million and will be funded by, in part, \$245 million of the aforementioned reserves, \$30 million in FY20 capital outlay funds, and \$320 million U.S. Department of Housing and Urban Development financing.

HSC hosts, by far, the largest number of doctor residency positions in the state, though physician needs are acute elsewhere. The New Mexico Health Care Workforce Committee reports significant physician shortages in most areas of the state. In their latest report, the Committee proposed exploring options for increasing the number of funded graduate medical education positions, particularly for practice in rural areas and underserved areas. In Fall 2018, HSC reported having 610 graduate medical education students (residents) working in 64 different areas of medicine – 86 percent of all graduate medical education slots in the state.

Since FY19, HSC received three separate research and public service project appropriations for residencies for doctors in internal medicine, psychiatry, and general surgery/family community medicine. The three appropriations totaled \$1.7 million in FY20 and supported 23.59 residency FTEs. Funding for the other residency slots is mainly covered by Medicaid graduate medical education payments (\$98.9 million in FY18). The hospital also receives indirect medical education Medicaid payments for residents in certain programs to subsidize higher patient care costs related to the teaching mission of the hospital. Both forms are contained within the hospital’s total \$602 million in Medicaid payments in 2018.

With the approval of a county mill levy, HSC’s Sandoval Regional Medical Center is in a sound financial state. The 2011 evaluation noted that the construction of the Sandoval Regional Medical Center would require close monitoring to ensure it wouldn’t threaten overall HSC finances. At the time, Presbyterian Health Services had simultaneously entered into a contract with Sandoval County to provide adjacent hospital services at its Rust Medical Center. The SRMC opened in July 2012 with 72 beds, including a 12-bed senior behavioral health unit that has since closed (February 2017).

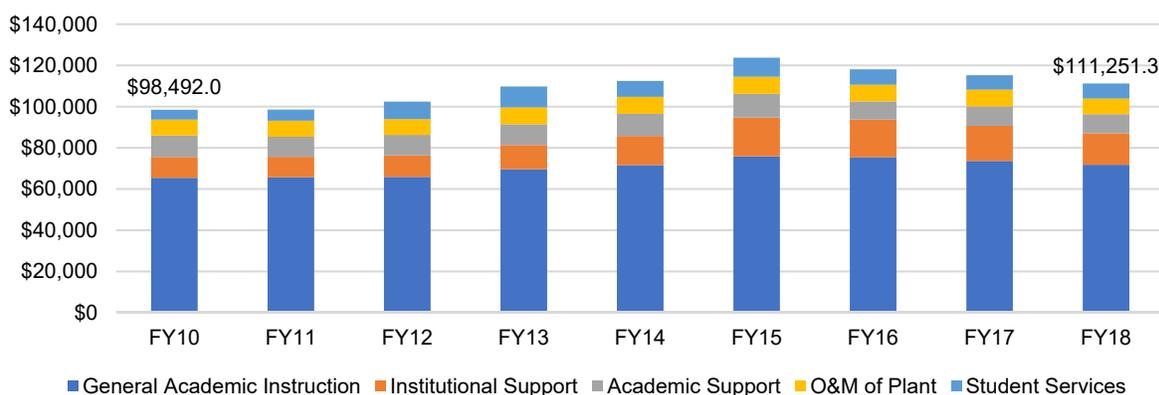
Through 2017, the SRMC’s greatest source of revenue outside of net patient revenues was proceeds from a Sandoval County mill levy, worth \$6.3 million in its last year of delivery. Voters did not renew this mill levy in November 2016. Instead, HSC made a \$3.3 million transfer in “mission support” to the Regional Medical Center in 2017. In November 2018, county voters did approve a 1.9 mill levy, which should reinstate approximately \$6 million in annual funding.

As with the UNM Hospital, the SRMC’s 2018 financial audit recommended that the center develop written policies to identify, account for and disclose payments between itself and other entities in the UNM system. Neither the SRMC nor the HSC has any defined method for how it allocates revenues and expenses among its entities and, therefore, it remains unclear how the operation of any one sector of HSC is subsidizing or draining the finances of the others.

Transfers between main campus and HSC obscure true funding needs

Students and spending have both increased at HSC, but almost all student growth has been with two-year online RN-to-BSN students. In FY10, HSC spent nearly \$98 million to educate 2,372 health profession students. In FY18, that number grew to \$111 million for 2,934 students. Using these measures, instruction and general expenditures per HSC student declined roughly 9 percent between 2011 and 2018. However, not all health profession students cost the same to educate, and nearly 80 percent of the growth in

UNM Health Sciences Center Instruction and General Expenditures
(in thousands)



Source: UNM HSC Report of Actuals

student headcount over that time was from UNM’s online, 30 credit RN-to-BSN program.

The 2011 evaluation found between FY08 and FY10, instruction and general funding at HSC increased while enrollment held steady – indicating that revenue increases for HSC outpaced the growth in its workload. Since the evaluation, HSC has seen significant enrollment increases in some degree paths and notable decreases in others. In 2016 HSC also added the College of Population Health to train epidemiologists and other public health research professionals.

UNM HSC had Significant Enrollment Increases in some Degree Paths and Notable Decreases in Others since 2011

		Fall 2011	Fall 2018	Change Fall 2011 to 2018	
				Percent	Absolute
School of Medicine	Medical Students	341	423	24%	82
	Graduate Students	364	337	-7%	(27)
	*Undergraduate Students	308	204	-34%	(104)
	Residents	556	610	10%	54
College of Nursing**	Graduate Students	179	163	-9%	(16)
	Undergraduate Students	243	798	228%	555
College of Pharmacy	PharmD Students	354	288	-19%	(66)
	Graduate Students	27	7	-74%	(20)
College of Population Health	Graduate Students		41		41
	Undergraduate Students		63		63

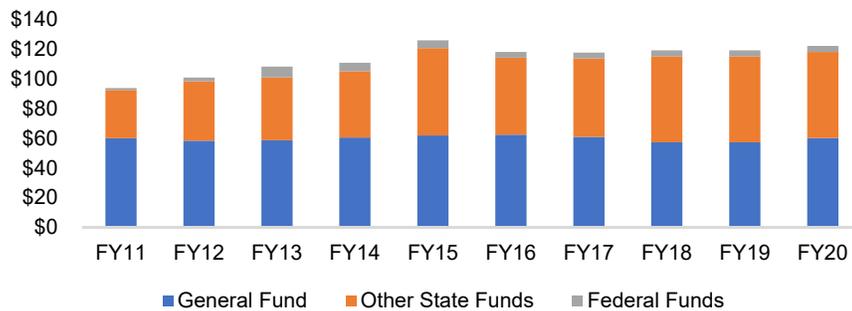
*School of Medicine undergraduate students includes students in the following programs: Dental Hygiene, EMS Academy, Medical Laboratory Sciences, and Radiological Sciences. BA/MD students are not included.

**College of Nursing undergraduate numbers do not include RN to BSN students at community colleges overseen by UNM’s nursing program.

Source: UNM HSC Data Books 2011-12 to 2018-19

Between FY11 and FY18, total HSC instruction and general appropriations grew 30 percent from \$93.7 million to \$122 million—an average of 3.3 percent annually. Over the same period, I&G funding for UNM’s main campus only grew 12 percent. Most of HSC’s instruction and general growth was the result of increasing amounts of other state funds, which grew \$25.3 million over that period while state general fund I&G appropriations remained flat. Other state funds are primarily research and public service program-related (\$23.7 million

HSC Instruction and General Appropriations
(in millions)



Source: General Appropriations Acts

in FY18), student tuition and fees (\$17.8 million), and faculty practice income attributed to instruction (\$3.3 million).

Staff at the Higher Education Department (HED) and Legislative Finance Committee (LFC) use a shared performance funding formula to develop annual state appropriation recommendations for instruction and general (I&G) at most of the state's public colleges and universities. Appropriations for HSC are made outside of the funding formula, however. As in 2011, instruction funding for HSC remains separated into two segments: (1) *Medical education* for doctors is funded with state appropriations made directly to HSC, and (2) *regular academic education* for all other fields like nursing and pharmacy is funded through the formula. The formula funds are appropriated to UNM's main campus as part of a blanket sum to support instruction of all UNM students, HSC or otherwise. Campus administrators then make an internal calculation each year to determine the amount of formula appropriations to transfer to HSC.

HSC continues to annually transfer I&G funding between main campus and HSC without clear communication to the Legislature what those transfers will be. The 2011 evaluation found that UNM was operating without a policy directing the transfer of I&G formula revenue, tuition, and fees from main campus to UNM HSC. Since then, in November 2016, the HSC Chancellor, UNM Provost, and UNM CFO signed a memorandum of agreement to guide tuition and formula funding transfers between main campus and HSC. The agreement instructed main campus to transfer tuition revenue generated from HSC students back to HSC. The agreement also set a base amount of HSC formula transfers at \$8.8 million for FY17, noting that any increases in state formula funding from then on would be shared between main campus and HSC proportionally. In FY20, HSC budgeted transfers of \$10.2 million in formula funding and \$9.0 million in tuition from main campus.

I&G Transfers from Main Campus to HSC Grew an Average of 4 percent per year Between FY11 and FY18
(in millions)



Source: HSC Report of Actuals

The 2011 evaluation found that unreported transfers among main campus and each of HSC's components were obscuring the actual financial standing of HSC to the Legislature. In particular, UNM Hospital and UNM Medical group were subsidizing HSC faculty salaries at about \$130 million a year, but that support was not well documented in the HSC's annual financial reports to the Higher Education Department.

A Section of a Report from HSC to the University of New Mexico's Board of Regents in May 2019 Illustrating Budgeted Revenue from UNM Medical Group and UNM Hospital

UNIVERSITY OF NEW MEXICO HEALTH SCIENCES CENTER - UNM HSC Academic Enterprise Only*					
Fiscal Year 2019 Year-to-Date Summary through August 31, 2018 (Preliminary and Unaudited)					
(In thousands)					
* UNM HSC ACADEMIC ENTERPRISE ONLY INCLUDES: SOM, CON, COP, HSLIC, ADMIN, RESEARCH, COPH					
	University HSC FY 2019 Original Budget 8/31/2018	University HSC FY 2019 YTD 8/31/2018 Actual	University HSC FY 2018 Year End Actual	University HSC FY 2019 YTD Actual to FY 2019 Original Budget Benchmark Rate (17%)	University HSC FY 2019 YTD Actual to FY 2018 Year End Actual Benchmark Rate (17%)
1 UNM MEDICAL GROUP REVENUES	133,243	22,041	127,960	17%	17%
2 UNM HOSPITALS REVENUES	183,078	29,540	181,948	16%	16%
3 SRMC REVENUES	22,171	3,139	11,778	14%	27%
4 DIRECT TUITION AND FEES	18,689	8,696	17,991	47%	48%
5 CIGARETTE TAX REVENUES	3,914	869	4,028	22%	22%
6 RPSAP APPROPRIATIONS	19,585	3,198	18,648	16%	17%
7 I&G APPROPRIATIONS	60,257	9,896	59,285	16%	17%
8 I&G MAIN CAMPUS TRANSFERS	9,797	1,633	9,759	17%	17%
9 HSC I&G TUITION TRANSFER	11,855	1,976	11,477	17%	17%
10 F&A REVENUES (OH RETURN)	25,000	4,007	27,756	16%	14%
11 HSC/UNM INTERNAL TRANSFERS	(5,762)	(2,288)	(8,727)	40%	26%
12 MILL LEVY	0	0	0	N/A	N/A
13 MEANINGFUL USE REVENUE	0	0	0	N/A	N/A
14 EQUITY IN INCOME OF LOVELACE/UNM JOINT VENTURE	0	0	0	N/A	N/A
15 OTHER REVENUES	32,913	3,367	35,674	10%	9%
16 CONTRACT AND GRANT REVENUES	181,543	23,303	162,334	13%	14%
TOTAL REVENUES	696,284	109,377	659,910	16%	17%

A lack of comprehensive reporting on revenues persists. In a May 2019 HSC report to the UNM Board of Regents, it is clear that HSC's FY19 budget for its academic enterprise is \$696 million, including \$133 million from UNM Medical Group revenues and \$183 million from UNM Hospital revenues. However, in HSC's report of actuals that it shares annually with HED and LFC staff, revenue from the Medical Group and Hospital is not clearly reported and, therefore, may imply that HSC is more reliant on state funds than it actually is. UNM expects total revenues for the UNM Medical Group to increase \$37.5 million (17.8 percent) and for the UNM Hospital by almost \$50 million (4.3 percent) between FY19 and FY20. However, this projected growth is not reflected in HSC's annual I&G appropriation request.

Summary Revenue Section of UNM HSC's FY19 Report of Actuals

EXHIBIT 1 SUMMARY OF CURRENT FUNDS REVENUES, EXPENDITURES, TRANSFERS AND UNRESTRICTED BALANCES

	L I N E	OPERATING BUDGET 2018-19		REVISED BUDGET 2018-19		ACTUALS 2018-19		L I N E
		Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	
I REVENUES	1							1
INSTRUCTION AND GENERAL (EXH. 2)	2	110,767,338	4,606,380	108,930,981	4,203,184	122,565,924	3,105,737	2
STU SOC & CULT DEVEL ACT (EXH. 15)	3	51,943	0	52,303	0	74,451	0	3
RESEARCH (EXH. 16)	4	10,631,303	88,633,794	12,549,834	85,374,949	13,536,833	76,911,032	4
PUBLIC SERVICE (EXH. 17)	5	330,033,995	46,449,989	338,408,695	36,650,950	328,283,796	32,153,535	5
INTERNAL SERVICE DEPT (EXH. 18)	6	19,160	0	20,747	8,941	29,335	0	6
STU AID GRANTS & STIPENDS (EXH. 19)	7	2,003,594	3,138,368	3,820,272	3,200,174	3,825,058	2,504,627	7
AUXIL ENTERPRISES (EXH. 20)	8							8
INTERCOL ATHLETICS (EXH. 21)	9							9
INDEPENDENT OPERATIONS (EXH. 22)	10	87,184,992	0	88,002,909	0	88,801,534	0	10
TOTAL REVENUES	11	540,612,325	142,828,531	551,785,741	129,438,198	557,116,931	114,674,931	11

Financial auditors have also recently echoed the problems with these transfers, recommending in the university's 2018 audit that it develop written policies for allocating revenues and expenses between UNM Hospital, UNM Behavioral Health Operations, Sandoval Regional Medical Center, and UNM Medical Group.

State investments to grow nurses resulted in more bachelor's level nurses, but the number of advance practice nurse graduates has stagnated

The 2011 evaluation stressed that while investments in nurse education had increased, enrollment and degree production were decreasing. Since FY13, HSC has received an average of \$1 million of state funding annually to support the expansion of its undergraduate nursing programs, and an average of \$1.6 million annually to support the expansion of its graduate nursing programs since FY15.

Since the 2011 evaluation, HSC has significantly increased the number of students graduating with nursing bachelor's degrees (BSNs), mostly due to over 400 percent growth in enrollment in HSC's online RN-to-BSN program.

College of Nursing Degree Production

	FY12	FY19	Change
BSN	91	128	37
RN-to-BSN	44	177	133
Total Bachelor's Degrees (BSN)	135	431	219%
Masters	61	49	-12
Post-Masters	2	4	2
Doctor of Nursing Practice (Clinical)	0	5	5
PhD (Research-focused)	2	9	7
Total Graduate Degrees	65	67	3%
Total Degrees	200	498	149%

Source: HSC

However, the number of advanced practice nurses (those with a degree or certification beyond a BSN) graduating from HSC has remained low since the original evaluation. A separate, 2013 LFC evaluation on the state's healthcare workforce recommended the state support the training of more advanced practice professionals, including masters-level nurse practitioners as they can practice independently without physician supervision and may help alleviate need in regions without adequate numbers of physicians.

HSC's graduate nurse education expansion research and public service project was initially funded in FY15 to support growth of its clinical Doctor of Nursing Practice program by 24 students. However, enrollment in the program has fluctuated and in FY19 HSC reports enrollment of only 17 students.

Since the 2015 evaluation, there has been significant growth in BSN production at UNM's community college partners through the New Mexico Nursing Education Consortium (NMNEC). Through the consortium, the HSC College of Nursing oversees the curriculum and BSN program implementation at community colleges, allowing those colleges to offer BSN programs in regions outside of Albuquerque and at community college tuition prices. Since FY15, the seven community colleges under HSC's oversight have granted 288 BSNs to students at a significant cost savings to students and the state. HSC also received \$500 thousand in one-time appropriations to support the continued operations of NMNEC in the 2019 legislative session (Senate Bill 536 and House Bill 548).

Half the tuition from HSC's online RN-to-BSN is transferred to a recruiter

Since January 2016, HSC has worked under a contract with a recruitment company, Academic Partners, to promote the center's online RN-to-BSN program.

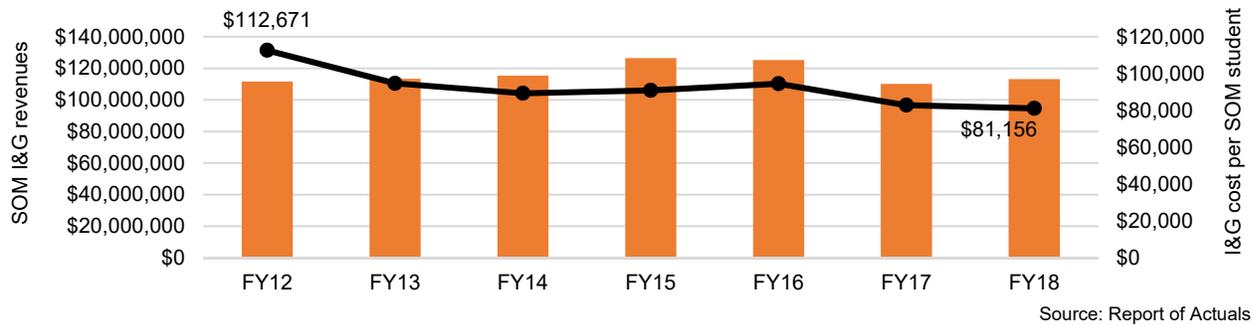
Under the contract, Academic Partners receives 50 percent of all tuition from RN-to-BSN students they recruit. Tuition for the entire RN-to-BSN program is \$10,258.80 or \$1,025.88 per three-credit hour course.

This tuition sharing agreement means that even if the 400 RN-to-BSN students enrolled in Fall 2019 took only a single course, HSC would be still sending over \$200 thousand to Academic Partners each semester.

The School of Medicine relies more on clinical than instructional revenues

School of Medicine faculty are increasingly funded from their clinical work rather than instructional activities; as a result, instructional expenditures per student have decreased even as revenues remained relatively flat. The 2011 evaluation found that instruction and general (I&G) funding adjustments for the School of Medicine were not based on inputs, outcomes, or any other objective criteria, which limited legislative ability to recommend changes based upon workload and cost. The evaluation recommended that HSC develop methodologies for calculating educational cost per student and report that as a General Appropriation Act measure, but no such measure has been developed.

Estimated Annual I&G Costs per School of Medicine Student fell 28 Percent Between FY12 and FY18 while I&G Revenues Stayed Relatively Flat



In 2011, LFC staff estimated I&G costs per medical student at \$127 thousand per year, or over \$500 thousand for an entire four-year medical school program. Since then, state I&G appropriations to HSC remained relatively flat, yet expenditures on School of Medicine instruction dropped 13 percent while the number of students enrolled in medical school increased 13 percent – bringing FY18 estimated I&G costs per medical student down to \$81 thousand per year or \$325 thousand over a four-year program.

Since 2011, HSC faculty salaries have grown more heavily reliant on clinical activities. In FY18, HSC faculty salaries for clinical activities (public service) were \$130 million, which represents 66 percent of \$196 million in total salaries, exclusive of benefits. In FY10, clinical activity only accounted for 55 percent of faculty salaries. The growth in clinical revenue has occurred at the proportional expense of salaries tied to instruction, though it is unclear if this change has actually affected faculty teaching workload, or if HSC is merely receiving more revenue from patients treated by faculty.

Revenue Sources for HSC Faculty Salaries
(in thousands of dollars)

Salary Category	FY10		FY18	
	Amount	Percentage	Amount	Percentage
Public Service (clinical activity)	\$71,264.8	54.5%	\$130,075.9	66.4%
Instruction	\$33,553.3	25.7%	\$32,826.0	16.7%
Research	\$15,587.3	11.9%	\$21,219.5	10.8%
Independent Operations	\$5,774.7	4.4%	\$6,307.8	3.2%
All Others	\$4,489.7	3.4%	\$5,547.8	2.8%
Total	\$130,669.8	100.0%	\$195,977.1	100.0%

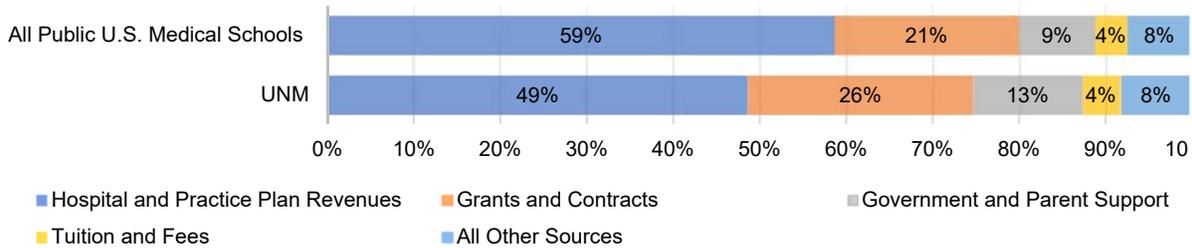
FTE	838.6
Average salary per faculty FTE	\$155.8

FTE	1,120.2
Average salary per faculty FTE	\$174.9

Source: Report of Actuals

Despite this growth, HSC still derives more of its revenue from state support and less from clinical operations than its peers. Nationally, faculty-derived clinical services and hospitals generate 4.5 times more revenue than do tuition and state support combined at public medical schools. UNM HSC, however, derives more revenue from state support compared to their peers nationally.

UNM HSC Derives more of its Revenue from State Support and less from Clinical Operations than its Peers Nationally



Source: UNM Board of Regents Report (FY19 Budget) and the Association of American Medical Colleges (FY18)

In both FY10 and FY18, UNM HSC SOM faculty salaries also remain well below national benchmarks. In FY18, HSC reports salaries for faculty in all departments are below the 50th percentile measure of American Association of Medical College member schools.

The 2011 evaluation reported that 40 percent of all physicians licensed in New Mexico were trained at UNM and this proportion remained nearly unchanged through 2018 at 42 percent, or 2,067, of the state's 4,894 MDs. Only 23 percent of the approximately 100 MDs who graduate from UNM's School of Medicine each year are currently practicing medicine in the state, but nearly twice the proportion – 54 percent – of MDs who completed both medical school and their residency at UNM are currently practicing in state. As in 2011, over two-thirds of UNM-trained MDs practiced in Santa Fe and Bernalillo Counties in 2018.

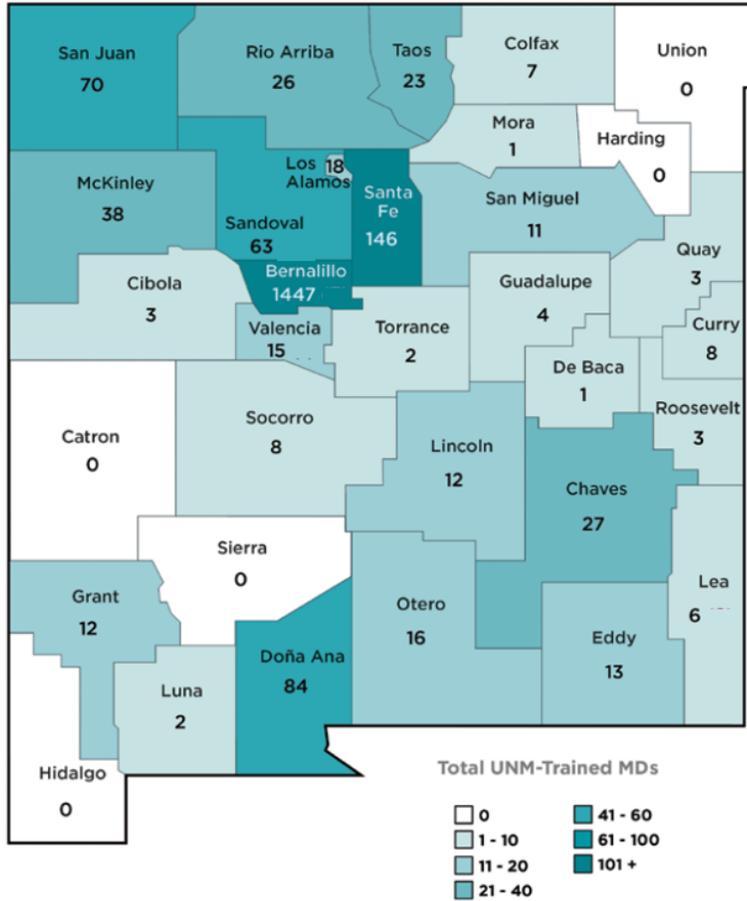
UNM's combined BA/MD program works to recruit students from rural communities into their School of Medicine, with the hopes that after receiving their MD, those individuals will return to practice in their communities. Of the 98 MD graduates from UNM's combined BA/MD program since 2006, 76 are still completing their residencies (23 in state and 53 out of state). Sixteen graduates have completed their residencies and are practicing in state, but only six are practicing outside the Bernalillo County metro area. The 2011

evaluation found that the return on investment from the combined BA/MD program would not be realized for at least a decade, and suggested that other methods of physician recruitment might be more cost-effective.

UNM-Trained MDs Practicing in New Mexico in 2018

As of Dec. 2019, 16 BA/MD alumni are in practice in NM

- Ten in Albuquerque
- One in Española
- One in Los Lunas
- One in Lovington
- One in Rio Rancho
- One in Roswell
- One in Santa Fe



Source: UNM School of Medicine 2019 Location Report

The BA/MD program appears to have improved outcomes since 2011. Now, almost all students in the program finish their BA at UNM and enroll in the School of Medicine by their fifth year of college. And the number of BA students that matriculated into the MD program has improved notably since 2010. However, the program has had less success in getting those students through their MD program within eight years. Of the most recent cohort finishing medical school, only 16 students of the original 28 earned their MD, and only two of those 16 students started their residency in state. UNM reports that an additional five of the 28 students are still working toward their MD.

Progress of UNM Combined BA/MD program

BA Year of Matriculation	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Number that entered BA/MD program as freshmen	30	28	28	28	28	28	28	28	28	28	28	28	28
Number that completed their BA at UNM	29	28	24	32	30	30	34	29	25	28			
Number that enrolled into the UNM SOM MD program by their fifth year	18	17	16	21	15	23	28	23	24	27			
Number that earned their MD	18	16	13	22	13	16							
Number that began residency in New Mexico	10	8	4	7	2	2							

Source: UNM

Funding for the BA/MD program has been rolled into HSC’s annual I&G appropriations since FY12, which makes it difficult to track direct expenditures for the program. UNM reports that it spends over \$1 million annually on last-dollar scholarships for students in the BA/MD program, for a total of \$9.5 million since the program’s inception. Actual scholarship levels vary from student to student, depending on the amount of state and federal aid they receive. The state also still provides I&G funding for these students, just as it does for all other School of Medicine students.

The 2011 evaluation suggested New Mexico Health Resources as an alternative and less costly strategy for physician recruitment and retention in New Mexico. In FY19, working on a budget of less than \$500 thousand annually, New Mexico Health Resources was able to place 30 medical clinicians via J-1 visa waivers in hospitals and clinics in Albuquerque, Rio Rancho, Clovis, Espanola, Roswell, Carlsbad, Farmington, Santa Teresa, and Las Cruces.

Most HSC research and public service projects receive appropriations without providing a comprehensive budget

HSC receives approximately \$60 million in direct instruction and general (I&G) appropriations and another \$20 million transferred from main campus appropriations. HSC also receives a large, \$33.8 million allocation of state funding for its research and public service projects.

General Fund Appropriations for UNM HSC for Select Years
(in thousands)

	Laws 2012, Chapter 19	Laws 2013, Chapter 227	Laws 2018, Chapter 73	Laws 2019, Chapter 271
Research & Public Service Project				
Out-of-county indigent care	\$664.4	\$664.4		
Children's Psychiatric Hospital	\$6,505.1	\$6,807.4	\$6,692.2	\$7,076.6
Office of the Medical Investigator	\$4,445.7	\$4,761.2	\$5,207.2	\$5,313.4
Carrie Tingley Hospital	\$4,695.5	\$4,916.9	\$4,888.8	\$5,201.1
Cancer Center	\$2,586.2	\$2,646.9	\$2,469.5	\$3,299.0
Newborn intensive care	\$3,186.8	\$3,249.3	\$3,074.3	\$3,145.8
Hepatitis community health outcomes	\$966.9	\$1,476.6	\$2,017.2	\$2,196.1
Poison and drug information center	\$1,484.6	\$1,510.2	\$1,456.2	\$1,493.0
Pediatric oncology	\$1,155.8	\$1,272.6	\$1,196.1	\$1,220.9
Undergraduate nurse expansion	\$831.4	\$831.4	\$1,012.3	\$1,012.3
Native American health center	\$266.2	\$270.1	\$252.0	\$255.7
Native American suicide prevention		\$100.0	\$91.4	\$92.8
Graduate nurse education			\$1,514.7	\$1,514.7
Internal medicine residencies			\$980.4	\$999.6
Psychiatry residencies			\$370.1	\$377.2
General surgery/family community medicine residencies			\$307.7	\$313.9
Minority student services at HSC				\$182.9
Child abuse evaluation services				\$150.0
All Research & Public Service Projects	\$26,788.6	\$28,507.0	\$31,530.1	\$33,845.0
Instruction and General	\$58,625.1	\$60,449.7	\$57,201.1	\$60,124.0
TOTAL RPSP and I&G	\$85,413.7	\$88,956.7	\$88,731.2	\$93,969.0

Source: General Appropriations Acts

Research and public service projects are special initiatives at New Mexico colleges and universities funded outside of the state's I&G appropriations, typically because these initiatives are not directly related to instructional activities. LFC has noted in a number of evaluations that university research and public service projects generally lack strategic purpose, have little outside oversight, and function with almost no accountability for their stated outcomes (see the example of the graduate nursing research and public service project in the previous section).

HSC has a number of research and public service projects that are related to the university's larger instructional mission (i.e., nursing expansion), or are components of other key functions of the HSC (i.e., The Carrie Tingley Hospital or the newborn intensive care unit). These projects are all supported by funding beyond their state research and public service project allocation. But, as in 2011, a complete picture of sources and uses is not included in these research and public service project's annual renewal requests. Instead, the budget included in these requests only comprises the project funding, making informed funding decisions difficult for the Legislature.

The 2011 evaluation recommended that HSC begin to include current financial data in RPSP requests and develop an integrated financial reporting format to inform HED and the Legislature of all revenues and expenses when an RPSP overlaps with or is an adjunct service of the UNM Health System or Medical Group. This recommendation has not been implemented by HSC.

The 2011 evaluation found that the Office of the Medical Investigator and NM Poison and Drug Information Center serve a statewide purpose and thus require a different level of oversight than other, smaller projects.

The 2011 evaluation particularly noted that the Office of the Medical Investigator had then moved to a new State Scientific Laboratory and this, plus increasing workload, meant that the office was struggling financially, and had been carrying a \$1.5 million negative fund balance. OMI continues to operate in the red, with expenses and negative fund balance levels in FY18 and FY19 exceeding revenues by approximately \$700 thousand. In 2019, the Office received \$1.4 million in capital financing to replace an aging CT scanner and \$360 thousand for a grief counseling program.

Findings

Better accountability is necessary to ensure investments in educating health professionals help meet state needs.

Recommendation	Status			Comments
	No Action	Progressing	Complete	
UNM should develop and implement policies governing the transfer of I&G funds between UNM HSC and main campus				UNM administrators released a memo in 2016 outlining transfer guideline from main campus to HSC. Administrators also provided agreements signed between 2012 and 2019, authorizing certain transfers between UNM Hospital and: SRMC, UNM Medical Group, and HSC.
The Legislature should routinely receive reports to monitor the progress of costly programs, such as BA/MD, nurse expansion, and cooperative pharmacy.				As an RPSP, nurse expansion has to request appropriations from the Legislature annually. There is no regular reporting about the BA/MD program or the cooperative pharmacy program.
HSC should work with HED and LFC to develop metrics to inform and justify budget changes.				
HSC should develop methodology for calculating educational cost per medical student and report it in the General Appropriations Act performance measures.				
HSC College of Nursing should develop General Appropriations Act performance measures specifying annual bachelor degree program enrollment and degrees awarded, and the number of graduates practicing in New Mexico bi-annually.				HSC has GAA measures relating to licensure test pass rates for recent nursing graduates, but not related to the number or type of graduates.

Comprehensive reporting and Higher Education Department oversight would help improve funding decisions and accountability at HSC.

Recommendation	Status			Comments
	No Action	Progressing	Complete	
HSC should develop an integrated financial reporting format to inform HED and the Legislature of all revenues and expenses including adjunct services.				As of 2013, HSC completes quarterly financial reporting to HED.