

MINUTES OF THE MEETING OF
THE REGENTS OF THE UNIVERSITY OF NEW MEXICO

March 8, 2010

Board of Regents Meeting 9:00 a.m. – 11:30 a.m.
Student Union Ballroom C
Board of Regents Executive Session Luncheon
11:30a.m. – 1:00 p.m.
Sandia Room

Attendance:

Regents present:

Raymond G. Sanchez, President
Jack L. Fortner, Vice President
Carolyn J. Abeita, Secretary-Treasurer
James H. Koch
Don L. Chalmers
J.E. “Gene” Gallegos
Cate Wisdom

President present:

Dr. David J. Schmidly

Vice Presidents present:

David Harris, Executive Vice President, CFO, COO
Dr. Suzanne Trager-Ortega, Executive Vice President & Provost
Dr. Paul Roth, Executive Vice President, Health Sciences Center
Tim Gutierrez, AVP, Student Services, for Cheo Torres, Vice President, Student Affairs
John Stropp, President, UNM Foundation
Julia Fulghum, Vice President, Research and Development
Steve Beffort, Vice President, Institutional Support Services
Helen Gonzales, Vice President, Human Resources
Ava Lovell, Vice President and Controller

Vice Presidents unable to attend:

Paul Krebs, Vice President, Athletics
Cheo Torres, Vice President, Student Affairs
Carmen Alvarez Brown, Vice President, Enrollment Management
Stephen McKernan, Vice President, Hospital Operations
Josephine Deleon, Vice President, Equity and Inclusion

University Counsel Present:

K. Lee Peifer, Interim University Counsel

Regents’ Advisors present:

Douglas Fields, President, Faculty Senate
Elisha Allen, President, Staff Council
Lissa Knudsen, President, GPSA
Monika Roberts, President, ASUNM and Theresa Roberts, Chief of Staff
Ruth Schifani, President, Alumni Association
Anne Yegge, Chair, UNM Foundation
Maria Probasco, President, Parent Association
Beulah Woodfin, President, Retiree Association

Regent Sanchez presided and called the meeting to order at 9:00 a.m.

- **Confirmation of a Quorum; Adoption of the Agenda.** Regent Sanchez

Motion approved unanimously to adopt today's agenda (1st Sanchez, 2nd Fortner).

- Approval of Summarized Minutes of the January 12, 2010 BOR Meeting and the January 6, 2010 Special Board of Regents Meeting.

Motion approved unanimously to approve both sets of minutes (1st Fortner, 2nd Abeita).

- **President's Administrative Report.** Dr. David J. Schmidly, President.

Dr. Schmidly reported that the New Mexico legislature finished the Special Session, passing appropriations & revenue bills. The expected reduced appropriations are: overall, the Main Campus, the HSC and the Branches had state appropriations reduced by 7.7%, totaling just over \$25 million. The total for each component is: Main Campus reduced by 7.4%, about \$14.9 million; the HSC 8.7%, \$9.1 million; and Branches 4.9%, just under \$1 million. On the Main Campus, I&G (Instruction and General) declined 6.9%, Athletics 10.5% and RPSP, the Research Projects and Special Projects, 15.3%. The Main Campus I&G was reduced \$7.7 million in appropriations and just under \$5.2 million in the state tuition tax credit, for a total loss of \$12.9 million. The total reduction for RPSPs was just over \$2 million. Collectively, the Main Campus budgets were reduced just a few thousand dollars less than \$15 million.

Dr. Schmidly said it could have been worse—the LFC (Legislative Finance Committee) recommended a reduction of 2% in compensation, tuition tax credits of 6% in state and 15% out of state, reduction of BR&R by 50%, and the reduction of our tuition waivers by 5%. Dr. Schmidly thanked the UNM legislative team in Santa Fe. It was through their efforts that the university was able to mollify many of the original recommendations, including the effort to temporarily increase our employees' retirement contribution by 1.6% and a compensation decrease by 1%, later increased to 1.43%. These items were removed. Tuition credit (in state) now stands at 5% across the board.

Dr. Schmidly related good news in capital outlay. Senate Bill 1, Capital Projects, the GO bond included \$43.95 million for UNM. Projects include renovation and expansion of Biology, the renovation of Chemistry, a collaborative teaching building for the College of Education, a major project for the Carrie Tingley Hospital building, the Health Sciences Education building and

three Branch projects.

The President complimented the legislative team in Santa Fe in what was a most difficult budget year. Marc Saavedra was praised for his 24/7 work in Santa Fe, as were Tanya Giddings, David Harris, Joe Hall and Dick Minzner.

The budget will now be prepared for submission to, and approval by, the Regents. It must be in Santa Fe on 1 May. The Budget Summit will be held in the week of March 29th. The priorities will remain the same as last year. The first priority is to protect the classroom and services our students need to graduate. The second priority will be to insure that faculty can continue, with the least interruption, in their research and scholarly creative activities. The third priority will be to keep UNM as affordable as possible, with the lowest necessary increases in tuition and fees. Fourth, to the extent possible, we want to protect our workforce.

Cost containment will be emphasized to meet these priorities. The Special Advisory Team appointed by the President will report this week with recommendations. The EVPs (Executive Vice Presidents) will work with their VPs, Deans and Directors and submit their recommendations. These will be considered when Dr. Schmidly presents a three year plan for cost containment.

Budget guidelines will be released to EVPs today. They will include last year's commitment to reduce 15% in Main Campus administrative spending over a three year period. It is crucial to add another 5% reduction in this budget. The hiring pause and hold will remain in place. Administrative spending of I & G funds will be minimized in all areas. Programs that leverage significant federal, state and private resources will be protected. All employees will continue to be eligible to participate in a voluntary furlough or comparable compensation reduction plan.

Dr. Schmidly was pleased to report some good news at UNM. UNM won five gold and eight silver medals given by the New Mexico American Advertising Federation, recognizing creative excellence in the art of advertising, for the "Free Range Thinking" campaign. Congratulations were offered to Marketing Director, Cinnamon Blair, the marketing task force and all who contributed. The UNM team won 2nd and 3rd in the business competition at UTEP (University of Texas at El Paso). For the 1st time since 2005 UNM has a Truman Scholar finalist: Cara Valente-Compton. Architecture students have one numerous national competitive awards. And for the second straight year we exceeded \$1 million in our United Way campaign, making UNM one of four million-dollars entities in Albuquerque.

The #1 ranked women's ski team will compete for a National Championship. The men's and women's basketball teams will compete in the Mountain West tournament.

Next Sunday CBS will be at the "Pit" to feature the men's basketball team on Selection Sunday. All are encouraged to attend.

Dr. Schmidly introduced Terry Babbitt, AVP Enrollment, noting that the growth in enrollment broke the band and, with full funding of the growth component of the formula, lessened our appropriations reduction by almost \$5 million.

Mr. Babbitt spoke on behalf of Vice President Brown. In comparison with 2006, despite a decline in 2007, 2009 showed a turnaround in resident and non-resident enrollment which broke the 3% formula band. In 2009, it will do so again with substantial increases. Spring 2010 enrollment shows substantial increases in all categories: overall headcount is up 6.4%, total credit hours up 7.13%, there is growth in the number of new and continuing graduate students and good retention on all levels. National scholars have increased from 4 in 2006, with a projected 10% increase to 123 in 2010. National Merit Scholars, 1 in 2006, 14 in 2009 and a projected 26 in 2010, would put UNM in the top 100 universities in National Merit Scholars enrollment. (*attachment #1*)

The UNM President's Report newsletter was available at the meeting. (*attachment #2*)

- **Election of the 2010-2011 Officers of the Board of Regents.**

Regent Koch nominated Regent Sanchez for President of the Board (1st Koch, 2nd Fortner).

Regent Koch nominated Regent Fortner for Vice President of the Board (1st Koch, 2nd Gallegos).

Regent Koch nominated Regent Abeita for Secretary-Treasurer of the Board (1st Koch, 2nd Fortner).

All motions were approved unanimously.

Regent Sanchez thanked the Regents and welcomed the duly elected Officers.

- **Adoption of Policy Concerning Public Notice of Regents' Meetings,** Regent Sanchez. (Regents' Policy 1.3 included in book)

This is done annually, subject to the Open Meetings Act 10-15-1(d):

"The affected public body shall determine at least annually in a public meeting what notice for a public meeting is reasonable when applied to that body."

Motion approved unanimously (1st Koch, 2nd Fortner).

- **Comments from Regents' Advisors**

Regent Sanchez asked the advisors for brevity in their comments due to the length of the agenda. He noted that if comments had been submitted in writing prior to the meeting the Regents have had a chance to review them and advisors could highlight those comments.

Faculty Senate, Douglas Fields, President

Mr. Fields offered congratulations to the three Regents confirmed in Santa Fe in February. A Faculty Governance Newsletter for March was issued today. He pointed out that a standard process was bypassed by presenting workload reports to the full Board rather than first to the Academic Affairs committee.

Staff Council, Elisha Allen, President (resolution in book).

Mr. Allen thanked the Provost and other who contributed to the Gerald May award. Staff Council is accepting self-nominations for Precinct Elections, with voting later in March. This was a most collaborative year at the legislature and Marc Saavedra and his staff were commended. Staff Council presented Resolution 2010-#1, establishing a Student Success Committee.

GPSA, Lissa Knudsen, President

The Student Fee Review Board process is complete, with a limited Student Fee increase of \$10.10 per year. The GPSA has submitted some policy changes and asked the President and then the Board of Regents to review them.

ASUNM, Theresa Rogers, Chief of Staff reported for Monika Roberts, President (report in book.)

Alumni Association, Ruth Schifani, President (report in book)

Regent Sanchez commended the association for holding the receptions for legislators as they are an effective method of communication.

UNM Foundation, Anne Yegge, Chair (report in book)

Parent Association, Maria Probasco, President (report in book)

Retiree Association, Beulah Woodfin, President

Ms. Woodfin noted that the association has concentrated on benefits, including pension and healthcare. It also has spent time on social activities for the entertainment and information of retirees. Ms. Woodfin asked that Vice President Gonzales (HR) to provide more education for retirees and those about to retire regarding the decisions they make at retirement. Annual meeting will be held on May 20th at UNM Continuing Education Center, including election of new Board of Directors.

- **Approval of the Proposed Revision of the Consolidated Investment Fund Investment Policy**, Anne Yegge, Chair, UNM Foundation & John Stropp, President, UNM Foundation (memorandum and proposed change in book-attachment #3)

Motion approved unanimously (1st Chalmers, 2nd Fortner).

Regent Sanchez asked why this agenda item was not presented to F&F (Finance and Facilities committee) and why it is important to bring this to the entire board at this time.

Ms. Yegge replied that putting the item before the F&F committee would have delayed its approval and the benefit of approving the change was sufficient to warrant just briefing the committee members and moving it directly to the BOR. Regent Sanchez noted that he was briefed and favored bringing the resolution to the Board for an up-or-down vote.

Ms. Yegge continued that the entire Investment Policy is not ready to come before the Board due to extensive discussion in the Investment Committee. This piece, relating to the calculation of the spending distribution, was approved by the Executive Committee of the Board of

Trustees of the Foundation. The effect of the change is to move to a calendar year ending calculation and to change from 3 years to the more smoothing effect of using 5 years in the calculation. The calculation of the amount that will be distributed for spending would be done at the end of December of this prior year using 20 quarters and that will eliminate some of the volatility that has recently decreased the value of the endowment fund. The effect is to make the distribution a little smoother, to avoid decreases and increases that are more radical and, by approval, the Foundation will be able to provide the University with an absolute spending distribution number in time for UNM's budget considerations, which had not been possible before when using the end of the fiscal year.

Regent Chalmers indicated that as Chair of the F&F committee he believed all the members of the committee had been briefed. The committee did not hold a meeting that would have allowed this presentation to flow through the normal channels. Regent Chalmers said that he is in favor of the change and in complete agreement with the reasons for it.

Regent Gallegos asked what the consequence would be of staying on the current policy of a 3 year look-back which has been in effect for many years. Ms. Yegge responded that the distribution would be considerably lower, although an exact amount is not known because the Investment Committee will be determining the percentage amount this week. Regent Gallegos stated that '08 and '09 had been negative for investment return, and asked if they go back and pick up some positive years, where would the money come from? Would they be invading principle? If the five years indicates that you can distribute \$15 or \$16 million, what is the source of the funds?

Mr. Stropp: It is not an invasion of the funds any more than it would be at a lower level. You're simply spreading this over a five year period.

Regent Gallegos: The question is, if you have some bad years, which you've had—no fault—a lot of its public market, but if you had some bad years, you have less money available for distribution. Just because you go back and pick up some good years, because there's been distribution every one of those years--\$14 million, \$15 million, my concern where does the money come from?

Mr. Stropp: The money is coming from the build-up in the endowment—overall, we're about \$53 million above our historic value. So a pay-out of about \$15 million represents about 29% of the excess over historical value.

Regent Gallegos: So you would liquidate some of the holdings?

Mr. Stropp: If necessary. We also have a build-up in cash that we try and maintain for cash flow purposes. So as a rule it's not necessary to liquidate, particularly at what could be a poor time. We try to look ahead and have reasonable amounts of cash on hand. And it's going to be more than it would have been under a 12 quarter average, but from a tactical viewpoint. From a strategic viewpoint, over the long term, this will insure that we pay out more. We know we will be facing hard times ahead in the state budget and the national economy and this will provide a much better smoothing effect and insure a much clearer path of funding for faculty and program support, as well as scholarships, which are so important.

Regent Gallegos: We'd just like to understand how that fund works. How do you honor endowments and donors' intents when you don't have investment return for a couple years, but you're going to distribute cash?

Ms. Yegge: We have about 8% of the portfolio in cash so that alleviates the need to sell at a loss. Each endowment is examined. There has been a change in state law indicating that absent any direction to the contrary, there can be a distribution even though the endowment may be less than the historic value.

Regent Gallegos: Which means you invade principal.

Ms. Yegge: Yes.

Mr. Stropp: This is like a mutual fund so that when you buy units with endowments, that endowment growth builds up over time so that the older historical accounts help to support the younger accounts, particularly during volatile periods.

Regent Sanchez: Is it your intent to invade the corpus or is it your intent to use the cash on hand to make this distribution.

Ms. Yegge: I'm not sure I heard that question.

Regent Sanchez: What is your intent? Is it your intent to invade the corpus or is it your intent to pay this out of the cash on hand? The cash on hand is available. How are you going to mix & match it or are you?

Mr. Stropp: Each of these accounts owns so many units in the fund and in some cases that could be below historical value. In most cases it is above historical value.

Regent Sanchez: And if it's below historical value? What is your intent?

Mr. Stropp: The intent is that that will grow. You're just maybe invading that for a short period of time. It allows you that flexibility Mr. President, but certainly we will not be doing that for any extended length of time. If that comes up, we would have to make some decisions and we also have collars on our pay-out, between 4 and 6% so it would also limit us in our ability to make a pay-out. We're well aware of the short-term impact it has so we're balancing that with the need to provide funding on a constant source to the university.

Regent Sanchez: I recall that you had an estimated amount that may be going forward?

Ms. Yegge: Approximately \$15 million. A little above that.

Mr. Stropp: \$15.4 million to be exact.

Ms. Yegge: And that would assume the same pay-out percentage as the last year, 4.65%, and that decision has not been made by the investment committee yet, but it will be soon.

Regent Fortner: Do you have an estimate of what it would be, the effect this would have this

year. \$15.4? It would be less than that if we left the policy the same?

Mr. Stropp: If we're paying off the 12 quarter, the old average, somewhere 15 or below, maybe into the high 14s.

Regent Fortner: So maybe a million dollars?

Mr. Stropp: Probably not that much.

Regent Fortner: So probably not a million dollars on an endowment of \$291 million. It just seems to me that we're evening it out. We depend on a steady stream. It would be nice to have a steady stream of money from the foundation that we could count on. Certainly right now we're looking at paying out when we need it, because the endowment had suffered, although it has recovered significantly. The other thing it does is it makes sure we don't go crazy when the market jumps way up there and we start spending way too much. There two sides of that coin and it seems to me we're talking about a million dollars or less pay-out difference between the old policy and this one. It just helps us at a time when we need it to fund scholarships and other things.

Regent Gallegos: The present investment policy, when you speak about 4 to 6%, that's on what you earn, net income. In 08-09 you don't have that. But still under the present policy you're saying the distribution would only be a million dollars difference if it were a 5 year look-back instead of a three?

Mr. Stropp: Or less. This decision really wasn't predicated on how much more we would be paying, or less, this year versus last. It was more from a strategic viewpoint. We would be able over a longer term to smooth out the flow and provide over time a longer horizon, a higher pay-out to the university.

Regent Gallegos: Well, you could make it a ten year look-back, too, and say you'll smooth it out. But every annual report I've read from the foundation has said that you use a reasonable, accepted policy of 12 months back right up through the 2009 report. Suddenly this change must be for some reason other than a \$1 million difference.

Mr. Stropp: It's not even a million dollar difference. I want to stress that. It wasn't because... This was just a nice event we could use to make a change that was probably overdue. Many of our peer group moved to a five year average as opposed to a three just because it provides a better smoothing effect long term.

Regent Koch: So what is the rush?

Ms. Yegge: The rush is to accommodate the budgeting process of the university. So that we have a real number to offer.

Regent Koch: I haven't seen this [proposal] before. I think that it's not a rush, that there are a lot of questions in regard to that. I think there are a lot of questions on the foundation. You're saying it's going to help us in the budget process?

Ms. Yegge: To have a number, yes.

Regent Koch: I think this should have gone to Finance and Facilities. I'm sure this didn't just come up in the last week, right?

Ms. Yegge: No, it's been discussed in the investment policy context. But the whole policy is not ready to come before you. So we wanted to get this piece in place so that there was some certainty as to the amount and timing of the distribution.

Regent Koch: So you have some more information that will be coming to us?

Ms. Yegge: Yes, sir, we do.

Regent Koch: Why don't we do it all at one time?

Ms. Yegge: Again, this was an attempt to make sure that we had a real number for the budgeting process. The change, really, is somewhat minor and is in line with what other endowments are doing, going to 20 quarters, and cutting it off at the end of the calendar year simply makes it easy to know exactly what the distribution would be.

Regent Koch: I heard that we're talking about a million dollars?

Mr. Stropp: It's not that much, no sir. I don't know what the difference would be for one year, but that not really the intent of this move. It's two-fold. One is to spread the volatility over a much wider period, from 3 years to 5 years, which will give you a greater platform for smoothing it out. Secondly, it allows us to give the university a firm figure by around the 1st of March every year, that they can use to put into their budget for the next calendar year. As it is now, we're not really able to give them a figure until the end of the fiscal year, around June. While it's still very helpful, it's still a little late in the budget process. Maybe we could hear from the university, who we've worked with on this. I think it might help them out to be able to give them this budget figure at an earlier point.

Regent Sanchez: Do you have a comment, Ava?

Ms. Lovell: I've had discussions around this and it does help the university spending to be able to spread out that big hit in '09, so when you average it over 20 quarters versus 12 quarters it does help. You eventually come out the same amount.

Dr. Schmidly: It will give us a firm number as we plan this budget, as opposed to a number that we might not know until the end of June. At a time when we have the budget uncertainty and difficulty we have, the more certainty we have the better off we are. While a million dollars or less may not sound like that much money, when you're reducing your budgets by almost 12-13 million dollars to some units this will have an impact.

Regent Koch: So we're going to have other changes coming and this is just the first part? I would like to see what all the changes are going to be. I can't see why this has to be done today. I think there are a lot of questions on it. And if you have a lot of changes coming I'd like to see what the other changes are, because this all fits with the other changes, is that

correct?

Mr. Stropp: Just a variety of changes. This is just one of them. This is a stand-alone item that we could bring in and get done now for the benefit of the university. That's why we brought it at this time.

Regent Koch: Where do most of your monies go to? When it comes to the university, what does it fund?

Ms. Yegge: Scholarships.

Mr. Stropp: And for staff and for faculty, chairs, endowed faculty positions, for faculty programs, a wide variety of about 3,000 accounts we manage, for the Health Science Center and the Main Campus.

Regent Sanchez: The only question I have now is, you keep talking about a March 1st date that you would have a firm dollar figure, you're bringing this policy to us today, I would assume you've already looked at some sort of dollar figure that's exact as to what we would have and you keep on telling us "I don't have that figure..." yet you've said several times that you'll have it by the 1st of March if we changed this policy. Well, today is the 8th of March and I'm wondering why you don't bring us a figure. It would make me feel more comfortable. I like the idea of leveling it. I like the idea of being able to distribute. I like the idea of helping us out. But I'm just a little confused as to why you're so adamant that this be a March 1st date, and today's the 8th and I don't have a figure and you don't either. That bothers me. You would have had to have said, "Let's assume they're going to approve this. Here's a figure." Instead of telling me it's anywhere from x to y. That's all I'm asking. That's my concern.

Ms. Yegge: Next year we'll have it for you

Regent Sanchez: But that's not what we're talking about it. We're talking about to help us out now, is that not correct?

Ms. Yegge: In the absence of the investment committee meeting, and approving a percentage, which will happen later this week, I can't give you the exact figure.

Regent Sanchez: What are you recommending to the investment committee?

Ms. Yegge: If we assume that the percentage stays the same, 4.65%, the number would be about 15.4.

Mr. Stropp: The year just past was 15.2.

Regent Gallegos: 15.4 will be with the 5 year look-back? You can't tell us what it would be if you stayed on the 3 year?

Mr. Stropp: No, it not that significant difference.

Regent Gallegos: I'm going to vote in favor of this resolution, but I am going to ask if ... we could have a presentation.

Mr. Stropp: Tell me again, sir, exactly what is it you want?

Regent Gallegos: Let's see what it would be if you remained with the 3 year policy and then let's see, pro forma, if you'd had the 5 year policy over the last 15 years what difference would that make?

Regent Sanchez: Please obtain the information. He's made himself very clear. I understand it. I would hope both of you do.

Mr. Fields: I appreciate the question Regent Gallegos is asking and I had one along the same lines. If you are distributing money when the market is low then that is money that you cannot reinvest. So the question is what would be the impact on your distributions 10 years from now, if you distribute money that could be reinvested now? I agree that the idea of smoothing things out makes some sense, but the idea of distributing money when the market is low, I have concerns along the same lines as Regent Gallegos does about that.

Regent Sanchez: Please get us the information we requested ASAP.

- Salary increases when UNM employees transferred to employment at UNM Foundation;
- What difference in monies would be exactly between a 3 and a 5 year distribution.

The Foundation representatives were asked for the information requested at the January 12th meeting on raises, if any, that occurred when UNM employees became Foundation employees. Ms. Yegge noted there was about \$100,000 increase in salaries as people came to the Foundation.

- **Approval of Resolution, Notification and Certification Form for 2010 Severance Tax Bonds**, Andrew Cullen, AVP, Budget (forms in book). (*attachment #4*)

Motion approved (1st Chalmers, 2nd Gallegos). Regent Koch was excused from the vote.

The bond proceeds of approximately \$135 thousand will be applied to the Hodgin Hall renovation. It is anticipated that there will be a contract with the contractor next Monday. The duration of the project is about 1 year. There is one correction to the materials in the book. The 2nd "whereas" refers to May 12, 2009. That is incorrect. It should read today, March 8, 2010.

- **Comment from Regents**

Regent Sanchez commended the ASUNM and GPSA students who lobbied as a team during the Legislative Session. Both the under-graduate students and graduate students made very good impressions in Santa Fe. The students, this year, were especially impressive, and he appreciated the way they handled themselves. He also expressed appreciation to David Harris, Marc Saavedra and Tanya Giddings for the hard work they did.

- **Public Comment: Agenda Items**

Daniel Parker, UNM Senior, ASUNM Senator and resident advisor in the dorms, expressed support for revising the UNM admissions standards.

- **Regent Committee Reports**

Academic/Student Affairs and Research Committee, Regent Carolyn Abeita, Chair

Action Items:

- Approval of Revisions to UNM Admissions Standards, Terry Babbitt, AVP Enrollment (presentation in book-*attachment #5*)

Motion approved as is, including annual review, with Regent Fortner voting nay (1st Chalmers 2nd Gallegos).

Regent Abeita: This proposal came before the Academic and Student Affairs committee over a year ago. The committee made sure it had input from all constituent groups though-out the state. They also had a mechanism for public comment. There was a lot of public comment and the majority of opinions were supportive of the resolution because it is seen as one way to improve students' education, not just at the university level. It has a negative impact if students are not prepared for the university. This goes a long way towards student success, not just at the university level. The better a student is prepared for university, the more opportunities they have here. Having said that, this step is not taken without trepidation. I'd like to introduce Terry Babbitt and have him address some concerns, first of all, the perception that UNM is closing the door, that UNM is making it more difficult for students to come in. I'd also like him to address the time frame. Also, please focus on that 4th year mathematics course. Overall, how might this impact some rural communities where resources might not be available? Are there other options for admission?

Mr. Babbitt stated that the proposal had been through a rigorous review over the last two years, noting this long list of groups and individuals participating in the discussion, including a presentation at the legislature. Support has come from the entire university community, the All Indian Pueblo Council, the Public Education Dept., the Greater Albuquerque Chamber of Commerce, the full Faculty Senate, the Hispanic Round Table Education Committee as well as the full Round Table. Mr. Babbitt said the premise behind this is dual student success issue. Retention—the focus is on the high school performance in terms of GPA and graduation rates, the longer term impact goes to the curriculum requirements. We are choosing to emphasize grades over test scores because we think every student, particularly in this state, has an equal opportunity to improve their high school work where they may not have that same opportunity in test scores. We are not deemphasizing test scores. The university has always had a policy to look at high school work first and a second opportunity for admission is through test scores. They are important in placement, scholarships. For high school curriculum, we're asking to go from 13 units, as currently required, to 16 units in a gradual process. The 4 years of English are standard, we currently have 3 years of math required. The challenge, nationally, is to get the 4th year of college preparatory math: trigonometry, calculus, math analysis, a course like

that is what is called the “tipping point” for being able to succeed. We are asking to go from 1 lab science to 2 laboratory sciences, a 3rd social science and keep the foreign language requirement to get to the 16 units. We’re also introducing a weighted GPA to give students credit for rigorous course work, honors course work, dual credit. There was a public ad campaign to make sure that everyone around the state knew about the proposal. Mr. Babbitt spoke about the charts, communications and public feedback detailed in the presentation in the BOR book.

Mr. Babbitt then went on to implementation. The earliest this could possibly be in effect is for seniors in 2011, those are juniors currently. This is a gradual increase to allow students to catch up and not a big change all at once. The class of 2011 would have a slight increase in GPA, from 2.25 to 2.3, and an added college preparatory unit—the social science. Fall 2012 another tenth of a grade point and another unit, which would be the laboratory science. Nearly every school we spoke with can offer these courses. In Fall 2013, the final step would be the 2.5 GPA and the 16th unit, which we hope would be the 4th math. We are prepared, however, if PED or the school districts cannot offer a higher level math class, we can delay that requirement, we can make the 16th unit be one of the units in one of the other sciences. That’s what the NCAA requirements do to get their 16 units. On-line courses, traveling teachers, teachers in transition have been discussed as ways to be part of the solution to offer a higher math. The PED want schools to offer this higher level math course.

Regent Gallegos: Is every applicant going to take the SAT, the ACT, one of those?

Mr. Babbitt: Yes. This is Plan A of admissions, which looks at GPA and curriculum and if you meet those you are admitted, regardless of your test score. Plan B would use an index of test score and high school GPA.

Regent Gallegos: I’m more concerned with the emphasis on high school GPA—that a student with a GPA of 2.5 but an ACT of 8, or SAT of 500, would be admitted.

Mr. Babbitt: We did not propose a minimum test score because students with low test scores are already put into intervention programs that have good success rates and if we impose a minimum test score of even an 18 ACT it would eliminate 400 freshmen. To impose minimum test scores, in this institution, limits access. We didn’t feel that was a viable option. The NCAA does have a minimum of 14. This proposal is independent of NCAA requirements and has been vetted by Athletics. A minimum test score takes this off the table with the community and the citizens.

Dr. Schmidly stated that the minimum test score approach was tried a few years ago to strengthen admission standards and it was overwhelmingly disapproved. It was not approved by any of the constituent groups in the state.

Regent Koch said it had gotten to the Board of Regents but there was no preparation or study before hand and the Regents disapproved.

Dr. Schmidly pointed out that the biggest indicator of success in college, overall, is what you took in high school and how well you did. The real issue is whether to put a bottom ceiling on

test scores. We have opted not to do that because of the access issues. Students below a certain level will continue to be offered help to provide a greater chance to succeed. This proposal emphasizes what a student does in high school. It also supports public education and more seamlessly aligns UNM with the public education program. Dr. Schmidly believes this approach for strengthening admissions standards has the greatest chance of success in this state. Getting a better prepared student will contribute to improving graduation rates, retention rates and student success.

Regent Gallegos asked how the disparity in high schools would be dealt with. Mr. Babbitt responded that that is why there is a place for test scores. Rural high schools have just as great success rates for retention and graduation as the urban schools. Mr. Babbitt quoted William Bowen's study, "Crossing the Finish Line" stating that the biggest unknown in student success is motivation. "High school grades measure a student's ability to get it done in a more powerful way than do SAT scores."

Regent Koch stated he supported the resolution with one reservation, the math requirement. He wondered about the smaller towns like Questa, Pecos, places like that which just don't have that 4th year. He thinks that requirement is not helpful to New Mexico. So if a student has great test scores, but not that 4th year it's a problem isn't it?

Mr. Babbitt said that if a student has a high test score it wouldn't matter if they didn't have the 3rd, 2nd or even 1st math—they would be admitted under Plan B. The ability of smaller schools to offer a 4th math class or a 2nd year of a foreign language is a concern. Even currently, however, if a course cannot be offered the class is waived. This would encourage as many schools as possible to offer the classes.

Regent Koch still feels that this is dictating to the small communities. One problem the university has is it is perceived as the "University of Albuquerque." This one requirement is like the dictating to the rest of the state, but he has no problem with the other requirements. He noted that he feels it ought to be completely implemented by 2014, rather than 2013. One other concern is if a student goes to, for instance, CNM to pick up the course(s) would they be considered a student of UNM or CNM.

Dr. Schmidly indicated the student would be enrolled in a joint program supported by both schools, called a Pathway Program. They would pay fees and tuition at the CNM rate, but they would be eligible for all the other things available to them at UNM. There might be some restrictions, such as a student must be enrolled strictly as a UNM student to be a Greek, but all other social activities would be open to them. On the 4th year of math, if the high school is not offering it you would accept some other means of meeting that requirement.

Mr. Babbitt noted that a 50% failure rate of math students here, along with a 38% remediation need, puts student behind the track to graduate on time. Math is a component that needs to be addressed. There are other ways to address it and we are leaving it flexible.

Regent Fortner supported this with Regent Koch. He can't agree with the 4th year of math. Practically, how will trig or calculus help a political science or law student or a non-science

teacher in their field? It may make it harder. He stated that he will not support the 4th year of math.

Regent Chalmers said he supports the 4th year of math. This will encourage high schools to offer the classes necessary. He believes students who aren't succeeding because they don't meet the minimum requirements don't know how to study. In a Pathway program at CNM they will learn how to study at a college level.

Regent Abeita reiterated the importance of the high school GPA. Whether the school is in Los Alamos or Jal, a high GPA shows motivation and ability to succeed, much more so than SAT or ACT scores.

Regent Sanchez recognized Doug Fields. Mr. Fields wanted to emphasize Faculty Senate has already approved these recommendations. In general, everybody feels that a better prepared student has a greater chance at success. He asked if everyone has to take the test.

Mr. Babbitt: Yes, the tests are required. They are widely used for placement & scholarships.

Mr. Fields asked if there was any data to indicate whether higher admissions standards lead to grade inflation so that students can get in. Mr. Babbitt answered that it would not, any more than the standards currently in force. If a student has a low GPA they could still be admitted if they have high test scores.

Ms. Woodfin stated that raising admissions standards had been tried in the '80s but was abandoned during an enrollment crisis in the mid-90s.

Ms. Probasco commended the effort to raise standards. She also noted that a 4th math might turn out to be very useful to students who felt they didn't need it, especially if they changed majors or career paths later.

Regent Sanchez approves of the process and believes the proper ground work has been done. He is very concerned that high schools through-out the state have very different requirements. He wondered about the substitution allowed for a 4th math if a school doesn't offer it would be applied to other courses. Mr. Babbitt said that the standard was written specifically for the 4th math course. In his experience, the only other problem is schools that don't offer two years of a foreign language. The university has and will accommodate those students. Regent Sanchez also raised a concern about whether teachers for that 4th math will be qualified. He inquired whether UNM still had a math requirement for a Bachelor's degree. College algebra is one of the state-wide requirements for a Bachelor's degree. Is the fall of 2013 too short a time period, especially considering some schools include 9th grade while others do not? Dr. Schmidly said that this time frame was presented to the Public Education Dept. and they endorsed it. If a student still hasn't had the 4th math by 2013, they can substitute another approved course. As technology improves, smaller schools may be able to tap into larger schools that are offering the courses via that technology.

Regent Fortner wanted the 4th math requirement dropped or the 2013 target moved to 2014. Regent Abeita urged the board to implement the plan as stated and review it if needed. Dr. Schmidly also urged the board not to delay. He feels this is standard is not even as high as UNM.

Regent Fortner proposed a motion to leave all the requirements as stated except that the 4th math would not be required until 2014. The other 2013 requirements would stay in force.

Motion defeated with a vote of two for and five against (1st Fortner, 2nd Koch).

A motion was proposed to accept the proposal as stated.

Motion passed with Regent Fortner voting nay (1st Gallegos, 2nd Chalmers).

Regent Sanchez instructed that the proposal be brought to the Board of Regent each year for review.

**Item XI. Finance and Facility Committee initiatives were presented here. Details below.*

- Approval of Revision of Policy C70-Confidentiality of Faculty Records, Tim Lowrey, Governance Committee (revision in book).

Motion approved (1st Abeita, 2nd Wisdom).

- Approval of Memorandum of Agreement between UNM and Maxwell Museum Association, James Dixon, Director, K. Lee Peifer, Interim University Counsel (MOA in book-attachment #6).

Motion approved (1st Abeita, 2nd Fortner). Regent Chalmers was excused from the meeting.

This memorandum is in response to Internal Audit 2008-13 which is now complete.

- Approval of ASUNM Constitutional Amendment Fall 2009 Election, Monika Roberts, President, ASUNM (amendment in book).

Motion approved (1st Abeita, 2nd Wisdom).

- Approval of UNM Taos Operating Agreement (*attachment #7*)
- Approval of UNM Gallup Operating Agreement (*attachment #8*)
- Approval of UNM Valencia Operating Agreement (*attachment #9*)

Motion approved for UNM Taos, Gallup and Valencia Operating Agreements (1st Abeita, 2nd Wisdom).

Information items:

- Faculty Work Load Update, Provost Suzanne Ortega (*attachment #10*)

Preliminary report presented. Regent Sanchez referred this item to the Academic Affairs committee for vetting.

Ms. Ortega stated that this is a more refined analysis of faculty work load, which she had committed to bringing to the full Board of Regents in the Academic Affairs subcommittee. The report given to the subcommittee gave the total work load data for all tenure and tenure track faculty including those who are tenured but are full time administrators and those on sabbatical or paid leave. Additionally, it gave preliminary data on “classroom contact hours” C100 & C110 require and accounting of “instructional unit loads.” This recognizes the importance of graduate education in mix of faculty work load. Ms. Ortega stressed that the policy recognizes that faculty instructional work load is only a portion of the expected responsibilities of faculty. In the tenure promotion documents the assumption is that instructional load is 40% of the overall work load. The policy specifically talks to 12 unit loads as being the expected overall academic load. She has full instructional unit load with comprehensive comment and notations Anderson School of Management, College of Arts & Sciences and the College of Education. Approximately 96% of faculty meet or exceed the 12 unit load. In the College of Education, 76.6% of the faculty actually works at 150% of unit work load, or 18 units. In Anderson, 36.6% meet or exceed 18+ unit loads. Ms. Ortega expressed appreciation to Wendy Kappy in the College of Education, Mark Chisholm, Arts & Sciences and Richard Holder.

Audit Committee, Regent Gene Gallegos, Chair

- Regent's Audit Committee Report, 1/22/2010 meeting (report in book)

Motion approved to approve the audit committee report (1st Gallegos, 2nd Abeita).

It was a no exceptions, clean opinion letter, approved by the State Auditor and, after discussion, by the Audit Committee.

The scope and work for the Faculty Procedures Audit was discussed. It is expected that there will be a draft of the special procedure by April 15, 2010 and a final by May 15th. It is expected to be within the \$50 thousand budget.

The Legislative Finance Committee proposes to conduct a governance, budget & outcome audit of UNM and NMSU. Mr. Patel, Deputy Director, LFC will provide appropriate guidelines in a few days.

The committee approved 6 audits prepared by Internal Audit.

HSC-Health Sciences, Regent Jack Fortner, Chair No report.

**Item XI. Finance and Facility Committee initiatives were presented between items A & B of the Academic Student Affairs & Research Committee Action Items. Details below.*

Finance and Facilities committee, Regent Don Chalmers, Chair.

- **Consent Agenda** (Finance & Facilities Committee meeting 2/11/2010)
 - Disposition of Surplus Property on list dated 1/2/2010 (list in book).
 - Approval of:
 - Capital Project for Renovations for Clinical & Transitional Science Center, Health Science Center (request in book)
 - Architect Selection for Centennial Engineering Center: Nano-Biology Laboratory (request in book)
 - Capital Project for Hokona Hall, Life Safety & General Upgrades (request in book)
 - Approval of Contracts:
 - UNMH-Administrator & Fund Sponsors for Defined Contribution Retirement Program, Fidelity Investments (request in book)
 - UNMH-First Choice Community Health Care (request in book)
 - Approval of Appointment of Dr. Kevin Malloy to STC.UNM Board of Directors (memorandum in book)
5. Approval of Fiscal Watch Report & Monthly Consolidated Report (request in book)

Motion approved unanimously to approve all Consent Agenda items (1st Chalmers, 2nd Gallegos).

- **Action Items:**
- Approval STC.UNM Annual Report & Audit Report to BOR, Dr. Joseph Cecchi, Chair, STC Board of Directors, Lisa Kuuttila, President & CEO (reports and presentation in book)

Regent Chalmers congratulated Dr. Cecchi, President Kuuttila and the STC Board. Regent Gallegos commented that STC is and will continue to be a real success story.

Motion approved unanimously (1st Chalmers, 2nd Gallegos).

- Approval to Purchase Tri-Services Building from the State of New Mexico, Richard Larson, VP, Translational Research (request and presentation in book)

Motion approved unanimously (1st Chalmers, 2nd Gallegos).

This project was recently awarded one of only 70 G20 grants, which will pay for \$6.8 million in renovation and \$2.9 million in new equipment. The purchase price is \$800 thousand.

- Approval of Permanent Appointments, Reappointments and Expansion of Privileges dated 2/5/2010 and 1/28/2010 (lists in book)

Motion approved unanimously (1st Chalmers, 2nd Abeita).

Information Items:

- Monthly Consolidated Financial Report 12/31/2009, Ava Lovell, VP & Controller (reports in book-tab 21)
- Capital Projects Monthly Project Status Report, Steve Beffort, VP, Institutional Services (report in book)

There are 66 projects for \$256 million currently going on. The one project that is “yellow” and is still unresolved, is the remodel of the old Architecture building. There are some funding problems with the project as it is more complex than was originally anticipated. There will be an update on it at the next Finance and Facilities meeting.

- **Public Comment**

None

- **Adjournment**

Motion approved at 12:15 p.m. to adjourn to Executive Session (1st Abeita, 2nd Wisdom).

- **Executive Session-Sandia Room**

Vote to close the meeting and to proceed in Executive Session.

- Discussion and determination where appropriate of threatened or pending litigation Pursuant to Section 10-15-1.H (7) NMSA (1978)
- Discussion and determination where appropriate of potential purchase, acquisition or disposal of real property pursuant to Section 10-15-1.H (8) NMSA (1978)
- Discussion and determination where appropriate of limited personnel matters pursuant to Section 10-15-1.H (2), NMSA (1978).

- Vote to re-open the meeting.

Motion approved 1:08 p.m. to reopen the meeting (1st Abeita, 2nd Fortner).

- Certification that only those matters described in Agenda item XII were discussed in Executive Session and if necessary, ratifications of actions, if any, taken in Executive Session.

Motion approved certifying that only those matters described in Agenda Item XII were discussed in Executive Session, and that no actions were taken (1st Abeita, 2nd Fortner).

- **Motion approved** to adjourn the meeting.

Raymond G. Sanchez
President
Board of Regents

Carolyn J. Abeita
Secretary/Treasurer
Board of Regents

Attachments:

1. Academic Year Enrollment Results
2. President's Newsletter
3. Approval of the Proposed Revision of the Consolidated Investment Fund
4. Approval of Resolution Form for 2010 Severance Tax Bonds
5. Admission Requirement Proposal
 6. Approval of Memorandum of Agreement between UNM and Maxwell Museum Association
7. Approval of UNM Taos Operating Agreement
8. Approval of UNM Gallup Operating Agreement
9. Approval of UNM Valencia Operating Agreement
10. Faculty work-load update

File:BOR Minutes 3.8.2010