

MINUTES OF THE SPECIAL MEETING OF
THE REGENTS OF THE UNIVERSITY OF NEW MEXICO
April 2, 2010

Board of Regents Meeting 1:00 p.m. – 6:45 p.m.
Student Union Ballroom C

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. Paul Roth, Executive Vice President, Health Sciences Center
Suzanne Trager-Ortega, Executive Vice President, Provost
Eliseo Torres, Vice President, Student Affairs
Julia Fulghum, Vice President, R&D
Steve Beffort, Vice President, Institutional Support Services
Carmen Alvarez Brown, Vice President, Enrollment Management
Josephine DeLeon, Vice President, Equity and Inclusion
Tim Cass, Associate Director, Athletics for Paul Krebs, Vice President, Athletics
Helen Gonzales, Vice President for Human Resources
Ava Lovell, Vice President and Controller
Stephen McKernan, Vice President, Hospital Operations

University Counsel present:

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
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 1:00 p.m.

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

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

Comments: Regent Sanchez pointed out the sign-in sheet for constituents who wish to comment on agenda items. He noted the length of the agenda, the number of speakers scheduled, and the many points of view represented, and requested that speakers be brief. Those whose views were not accurately represented by others were welcomed to speak.

Regent Sanchez recognized and thanked the members of the President's Strategic Advisory Team for the effort put into the cost containment measures presented to the President. He also expressed gratitude to everyone who contributed to, was involved in, gave ideas to, and expressed concern in the development of the Budget Summit. We are all involved here today on this Good Friday.

Regent Sanchez noted the passing of Stacy Estes who had worked in the Bursar's Office.

- **Budget Summit**

Regent Sanchez stated that the purpose of the Budget Summit was not to finalize a budget, but limited to considering tuition and fees in order to build a budget based on the resources available to the university. A Board of Regents meeting will be held on campus on April 30th to determine the final budget. The meeting will review the needs of the university in light of the 5% tuition credit mandated by the NM legislature which UNM is almost obliged to pass on as other schools across the state have done.

- 2010 Legislative Overview and Funding Environment, David J. Schmidly, President. (Presentation in book.)

Higher education in New Mexico has suffered a 15.6% cut, the 4th largest in the country. State Instruction and General funding (I&G), Research and Special Projects (RSPs), tuition and fees, the UNM Foundation, and research impact will be discussed. To manage this decline we'll have to be more entrepreneurial, diversify our funding and work better in partnerships. The good news is that the new health care bill has a provision to increase Pell grants with over \$240 million in new money and change loans to direct funding. The bad news is that this legislative session, UNM lost more than \$25 million, or 7.7%. The governor's veto of the food tax could result in the loss of an additional \$3.8 million.

Four strategies used by Higher Ed to deal with cutbacks are: capping enrollment and big tuition increases (California has increased tuition 30%), changing the mix of enrollments (more grad and out of state students), increasing tuition & fees to cover the entire funding shortfall and, as UNM has done, increase enrollment while maintaining tuition and fees at current rates or with modest increases. Because UNM increased enrollment above the formula band, the funding cut was reduced by \$4.5 million, at least for this year.

Balancing the budget depends on how much cost containment can be achieved and how much tuition (above the 5% state tuition credit) the Regents approve.

Over the last 3 years our tuition increase over the "tuition credit" has been about 3%. The state cuts our appropriation by the amount it feels we will increase tuition. We're

forced to pass that increase along to students or we have a budget shortfall. Dr. Schmidly calls this a State Appropriation Deduction—a SAD pass-through.

- Health Sciences Center and UNMH; Approval of FY11 HSC Tuition and Fees, Dr. Paul Roth, Executive Vice President, HSC and Ava Lovell, Vice President and Controller. (Presentation in book.)

Motion approved unanimously to approve the HSC FY11 Tuition, Fees and Budget (1st Koch, 2nd Fortner).

The HSC and UNMH are accountable for the general health and well-being of the citizens of New Mexico. The Faculty Incentive Based Compensation Initiative (FIBCI) insures a large portion of the faculty compensation is at risk for performance. Metrics regarding effort in education, research and patient care are included in the calculation of annual incentives for faculty.

The HSC's recurring state appropriation has been cut a little over \$11 million from FY09 into FY11. RPSPs (the EMS Academy, for example) have been reduced even more than the standard I&G reduction. The strategy is to begin moving these projects out of the RPSP category and absorb them into the regular state support. 80% of the revenue stream into the HSC is from the business of delivering health care. The Medicaid cuts in FY10 and FY11 amount to about \$40 million. By implementing a number of the President's cost containment strategies, a reduction of \$5 million in costs is projected by the end of the fiscal year. We would like to grow clinical service lines that will benefit New Mexico and generate revenue including neuroscience, cardiology and children's health. Each vacant staff and faculty position is reviewed and funding sources determined before it is filled. Even with that, we have been able to increase staffing to meet patient demand over the last several years.

Causes for concern include the ERB employer increase in FY12, which would equate to a funding cut of \$5 million, and the expiration of stimulus funding, both to the state and for research.

Health care reform can be very positive. Several clinics will be opened or expanded, and new research funding is expected.

Recommendations for fee increases and tuition differentials are:

Student Council \$1 fee per student per semester.

Library curricular fee from \$75 to \$130 per student per semester.

Physician Assistant curricular fee from \$484 to \$1000 per student per semester phased in over 2 years.

College of Pharmacy tuition differential from \$2,128 to \$3,550 per student per semester.

College of Nursing establish tuition differentials: BSN \$156, MSN \$204, DNP \$300 per credit hour.

Hold Medical Student tuition at 5%.

Regent Koch asked for clarification of the makeup of the student organization

requesting the \$1 fee increase.

Regent Chalmers asked for a comparison of the UNM College of Pharmacy tuition with surrounding schools. John Pieper, Dean of the College of Pharmacy, pointed out that UNM is the 11th lowest in-state tuition of programs recognized by the HED. If this differential was implemented and the other schools did not change their tuition, UNM would have the 10th lowest.

Dean Pieper responded to Regent Koch that the 350 Pharmacy students are members of the GPSA.

Dr. Roth informed Regent Abeita that of the 40 RPSPs, the intent is to move as many as possible under I&G funding. Some, such as Carrie Tingley Hospital and the Office of the Medical Investigator, may have state restriction on that. Regent Abeita would like long-established hospitals, clinics and the like to be recognized as such, rather than be regarded as Special Projects, which implies limited duration and scope. Regent Abeita stressed the importance of Carrie Tingley Hospital.

Regent Sanchez recognized Vice President Ava Lovell who presented the HSC FY 2010 Projected Actual Revenue & Expense and the FY 2011 Preliminary Budget for Revenue & Expense.

VP Lovell indicated that the State Appropriations line under the UNM Hospitals column was state funding for Carrie Tingley Hospital and Children's Psychiatric Center. For all operations of the HSC for FY10 she projected a use of balances forward of \$10 million. The Preliminary Budget for FY11 anticipates using \$14.8 million in balances forward to renovate and "back fill" the old Cancer Center. There is no tuition under the College of Nursing because that tuition is transferred to the CON from Main Campus and is included in the Other line item.

Regent Chalmers stated that a use of balances of \$10 million in FY10 and almost \$15 million in FY11 doesn't seem sustainable. Ms. Lovell indicated that these balances have been intentionally built up for these one-time uses (Rio Rancho hospital, back-filling the old Cancer Center). It was confirmed that these uses of balances are for one-time items. The federal grant for renovation of the Tri-Services building must be matched by UNM; it is a cost sharing agreement. Ms. Lovell estimated remaining balances forward of \$5 million at the end of FY11 plus a favorable F&A outlook.

Dr. Roth said the HSC began FY10 with about \$72 million in unrestricted balances. The strategic plan for use of these balances, reflected in the numbers for FY10 & FY11, will bring those balances down to around \$48 million unrestricted. Of that \$48 million, about \$40 million is "committed" and legally obligated for a variety of uses.

Regent Gallegos asked if the use of balances for the Rio Rancho hospital included furnishings and equipment. Dr. Roth stated that capitalization of \$46 million was to be used for the entire Rio Rancho project, including bricks and mortar as well as operations costs which will include furnishing & equipment. The investment capital is intended to provide the university's contribution to the project and whatever operational

deficits might occur during the early stages of the opening of the hospital. Dr. Roth replied to Regent Gallegos that although Rio Rancho is collecting the funds generated by the mill levy for this purpose, it will not be distributed to the participants until the doors of the hospital open.

- UNM Main Campus & Branches (Academics).
- Academic/Formula Distribution, including meeting Enrollment Targets and Enhancing Student Success, Suzanne Ortega, EVP & Provost. (Attachment #1.)

The strategy has been to couple enough enrollment growth to break the funding formula band with modest tuition increases. FY10 saw an increase of 1500 students, which increased the faculty load. The ratio of students to faculty rose by 9.2%. 88 new sections of high demand classes, with an average of 41 students per class, were added, along with 8 new full time faculty hires. One of the hires was through the Minority Doctoral Assistance Loan (MDAL, previously the Minority Loan Assistance Program) program.

Additional enrollment of 1,000 undergraduate and 200 graduate students is predicted for FY11. This will require 100 more sections of high demand classes and 10 additional full time faculty. Areas critical to undergraduate success are in need of new faculty lines; math and statistics for example. The growth in graduate student enrollment requires full time research faculty. Increased numbers of students increases the need for faculty and advisors and puts pressure on IT and the libraries.

Regent Gallegos asked if the Math Dept. was still under-staffed. Two of the three open positions have been filled. The current resignations of Statistics faculty does give a new urgency to this. We expect to make 3 new hires in FY11. Provost Ortega assured Regent Chalmers that the 100 new sections, which are contingent on increased freshman enrollment, can be staffed by part time instructors. However, ten new full time faculty are needed in addition. Regent Sanchez asked if there were tools in place to accurately reflect the enrollment increase in the fall semester. He is concerned that the additional money from breaking the band in the funding formula (approximately \$800 thousand per 1% growth) be available to offset tuition increases.

Executive Vice President Harris stated that the formula recognizes past enrollment increases. Any growth in revenue now would be an increase of enrollment above the prediction used to build the budget and it would be tuition and fees. The higher than predicted enrollment this year generated more tuition and fees than expected and allowed UNM to weather the appropriation reduction that occurred last November. Regent Koch clarified with VP Harris that revenue associated with potential new growth will not be used to build this budget. Carmen Brown, Vice President for Enrollment Management, indicated that it is very difficult to predict what enrollment will be in the fall.

- Discussion of Student Fees, Andrew Cullen, Associate Vice President, Budget. (Presentation in book.)

The proposed increases in student fees are:

Facility Fee - \$24 per student per year

Student Fee Review Board (SFRB) Recommendation \$10.11 per student per year

University Libraries Fee \$20 per student per year

Information Technologies (IT) Fee \$20 per student per year

Athletics Department \$20 per student per year.

The debt service associated with academic projects was to have come from development of several university-owned properties. With the economic downturn, that development has not happened. This Facility Fee increase would refund 2001 bonds, which will provide significant savings in the next 5 fiscal years.

The SFRB recommended increase of \$10.11 would fund these programs: Institute of Public Law, Community Learning & Public Service, Equity & Inclusion-Queer Resource Center, and the Research Service Learning Program. Support for Athletics, Popejoy, & Recreation Services was reduced.

The revenue from the library fee increase would be spent equally on maintaining library services and access to collections.

The revenue from the IT fee would be focused on student needs. The IT fee currently in place supports only the Banner implementation and the debt service associated with that implementation.

The Athletic Dept. generates about 84% of its budget internally; the highest of all Mountain West Conference schools, while the amount received from student fees is next to last.

The total proposed increase in fees is \$94.11 per student per year, a 1.84% increase in tuition and fees.

Regent Koch wondered if the Board would have to vote for a special designation of the fees to go to the new law student organization, since they would like to break away from the Graduate & Professional Student Assn. (GPSA). Regent Sanchez indicated that the Board would first have to approve that separation. The question is moot at this time.

Regent Abeita questioned if any of the IT fee would go toward printing privileges. Mr. Cullen responded that these fees would be earmarked for replacing aging computers in the pods and libraries and updated software.

Doug Fields, Faculty Senate President, asked if any of the entities to be funded by these fees had the opportunity to go before the SFRB to ask for funding there. Athletics and the Libraries do receive funding through the SFRB.

Lobbying is prohibited by university policy. Regent Sanchez asked VP Torres, Student Affairs, to make sure that the Institute of Public Law (PIRG) is specifically prohibited from using student fees for lobbying in Santa Fe &/or Washington, DC.

President Schmidly assured Regent Abeita that, by April 30, he will have found a way to assure continued funding for some of the “Special Projects” which are actually long-established programs.

- Main Campus Research, Julia Fulghum, Vice President, Research & Development. (Presentation in book.)

Regent Sanchez commented on the comprehensive report provided. VP Fulghum’s office finished FY09 in the black and is on track to do the same in FY11, allowing it to repay the debt from FY07 and start repaying the debt from FY08. Regents Sanchez and Koch complimented VP Fulghum on the good job she has done with R&D.

- UNM Main Campus & Branches (Non-Academic), Davis W. Harris, Executive Vice President.

- Fringe Benefits/Health Insurance. (Presentation in book.)

This is the second year for self-insured health insurance. We did not have to increase premiums this year, in part because the prescription plan became self-funded as well. However, prescription prices may increase 8% or more in the coming year. The administrative contracts for health insurance were for two years so there will be no increase in those fees in FY11. The premium for the university’s individual and aggregate stop loss coverage is expected to go up at least 18%. There are some plan design changes that will be considered. Helen Gonzales, Vice President HR, informed Regent Koch that UNM does not exclude pre-existing conditions and that employees are eligible to enroll in UNM insurance plans on day one of employment. She foresees no impact, this coming fiscal year, from the Healthcare Reform act, but there may be some in 2012—an age limit of 26 for dependants for example. Elisha Allen, Staff Council President, asked about the possible increases from Lovelace and Presbyterian. The rates are essentially based on claims experience.

- Building Renewal & Replacement. (Presentation in book.)

With 9 millions square feet of buildings on campus there is always building maintenance to be done.

- Utilities Costs. (Presentation in book.)

The legislature has permitted BR&R funds to pay for utilities in prior years. It is expected that the utilities budget will be in the black next fiscal year. EVP Harris recommended leaving the contract for conservation education in place.

- Auxiliaries and Associated Fees. (Presentation in book.)

For the third year in a row there is no increase in parking fees. A new parking structure is being built. EVP Harris told Regent Gallegos that the conservation

education contract runs for two more years.

- Department of Intercollegiate Athletics, Tim Cass, Associate Director, Athletics for Paul Krebs, Vice President, Athletics. (Presentation in book.)

The 500 student athletes maintained a cumulative GPA of 3.12 in Spring and Fall 2009. The Pit has hosted 70 events since construction began. The remodel is on budget and on schedule to reopen in November of this year.

Regent Koch attended the NCAA Ski Championship meet in Steamboat Springs, Colorado. The men's team GPA is 3.72, the women's 3.79. The athletes' performance and behavior was outstanding. These teams model what being a student athlete is all about. Regent Koch believes the ski team is the best team at UNM, both as athletes and as academics. There are nine All Americans out of the 11. Regent Koch asked Mr. Cass to pass his compliments to the ski team coach.

- Branch Campus Tuition and Fees, Andrew Cullen, AVP, Budget. (Presentation in book.)

The tuition credit for branch campuses was raised to 9% to equalize the 2 year schools and the 4 year schools. Tuition and fees are approved by the local boards. The Rio Rancho campus tuition and fees will be the same as Main Campus.

Regent Abeita pointed out that the branches may have increasing enrollment and therefore increasing needs as the admissions requirements for UNM are raised.

- Research and Public Service Projects (RPSPs), Marc Saavedra, Director, Government Affairs. (Presentation in book.)

Director Saavedra noted that 2 staff members of the Legislative Finance Committee, Craig Johnson and Jacob Candelaria, were in attendance. He commended Tanya Giddings for her great work with the RPSPs. From FY08 to FY11 the RPSPs have had cuts to their appropriations of 26.9% Main Campus and 13.8% HSC. Some \$340 thousand has been restored by the President and Provost and used mainly for the ethnic centers. Provost Ortega has formed the Special Project Task Force to prioritize where the cuts will be made, hoping the LFC will allow the university input on the matter.

Director Saavedra told Regent Gallegos he would provide a list of projects that fall under each of the LFC-recommended cuts. (Attachment #2 .)

Regent Abeita encouraged UNM, NMSU and NM Tech to work together before the legislative session with the object of allowing the schools to decide which projects to cut, rather than have the LFC make specific cuts.

Regent Sanchez complimented Mark on the work he and his team did in Santa Fe. He also noted there were a number of graduate students and undergraduates that helped out in Santa Fe. Those students sent a very positive message about UNM and they were a credit to the university, themselves, their families and the departments they represented.

- Regents, Winrock and Woodward Endowments, Andrew Cullen, AVP Budget. (Presentation in book.)

The Net Investment Earnings shown in the Endowment Updates has had the 185 basis points (used to fund a portion of the operations of the UNM Foundation), the investment consultant fees and the various portfolio manager fees subtracted to arrive at this number. (Attachment #3.)

AVP Cullen stated that the Regents' and Winrock Endowments were originally funded by the sale of properties and the Woodward Endowment was a gift from that family and it has increased through the efforts of the Sandia Foundation. All of these funds resulted from actions by the regents, not the Foundation. The 185 basis points for FY11 is projected to result in about \$5.1 million in support for the Foundation.

Regent Koch asked if the Foundation was going to replace the funds generated from the 185 basis points. Mr. Stropp, UNM Foundation President, replied that the Foundation fundraising covers a wide range of services and they are not raising funds to specifically replace those funds. They hope the investment return over time will provide enough to replace the loss. A return of 8% or 9% should, over time, be enough to replace the basis points and cover the distributions.

Regent Koch wondered if these endowments were taken out of the foundation and managed separately by a firm paid to do it, if they would fund scholarships as was the intent. As it is, the budget about to be voted on has \$1.7 million to \$2 million of scholarships supported by tuition, not endowments.

Regent Chalmers disagrees. He feels that removing these endowments would "gut" the Foundation and that the Foundation has been very successful.

Regent Sanchez asked that this discussion be continued at a separate meeting convened specifically for the purpose before April 30.

Regent Gallegos stated that a Finance and Facilities Committee meeting may be dedicated to the subject of all the endowments, not just these three.

AVP Cullen stated that if the regents approve the budget at this meeting they will also be approving the Foundation spending distribution he outlined in his presentation. That spending will not invade the corpus.

- Cost Containment Measures, President Schmidly. (Presentation in book, Tab 1.)

What we are talking about today is the cost of attendance. The cost of attendance will involve the State Appropriation Deduction, UNM tuition and UNM fees.

Cost containment is the main theme in building this budget. The Strategic Advisory Team did an outstanding job in a short time. The Executive Vice Presidents, the Vice Presidents and the Deans were invited to submit their ideas for cost containment. Commodity-like transactional services that have low impact on student service and success, but high impact on efficiency and operational costs can be centralized and can

gain economies of scale. There are some activities that cannot be centralized.

The cost containment component of the budget is \$6 million. Two Vice Presidential positions will be eliminated. We are reducing Extended University budgets and Communications & Marketing and we are looking at consolidating some things in the service centers, some changes at University College and a reorganization of the Provost's staff. In the administrative area, you've heard today about many of these items. There's the reduction in the support for the Foundation. Those items on the slide that are marked with an "x" were recommended by the Advisory Team. There is a series of non-I&G funded items we propose to "tax" at 10% or 5%--we can't just penalize the academic functions and the administrative functions. That brings the total Administrative/Non-classroom cost savings to about \$4.5 million. In Academic Affairs salary savings, improving instructional capacity and eliminating a Washington, DC internship will result in a savings of \$1.3 million.

80% of our I&G funding goes to compensation. \$29 million goes to general expenses. So a \$6 million savings equals about 20% of our operational funds. That's a good savings in one year.

Balancing a budget is much more problematic when you use one-time money. Those funds will have to be replaced at some point. Additionally, there is always a possibility of further reductions in appropriations. Cost containment has to be our biggest strategy.

Regent Fortner asked how the \$400 thousand budget reduction of Extended University would affect teaching positions at UNM San Juan. Deputy Provost Richard Holder said it would not. President Schmidly said it had been worked out with Vice Provost Jerry Dominguez. It should have very little effect—other resources will be used to support UNM San Juan.

Regent Fortner inquired if all Washington, DC internships were being cut? The Fred Harris internship will not be touched. The National Public Radio internship is quite expensive and the Provost thought those resources could support more students here. Dr. Holder indicated there will be an effort to seek private funding to continue the NPR internship. Senior Associate Dean Gonzales, College of Arts & Sciences, said the funds that come from UNM for the NPR program cover the majority of the costs for the student in Washington. They believe NM Broadcasters Association has committed to some funding and the students would have to carry more of the cost. Regent Sanchez asked that, before the April 30th meeting, the board be provided all the information on how each internship has been funded.

There will be a later conversation regarding a \$200 thousand cut at Gallup.

President Schmidly showed the net change in funding for FY11 at nearly a \$2.7 million decrease from FY10. New Required Use of Funds of nearly \$800 thousand and items to strengthen the core mission of the university (College of Nursing, new faculty, more advising, and scholarship increases for merit and need-based aid) bring new funding requirements to \$5.234 million, for a total shortfall of almost \$8 million. The President noted that using some tuition money for scholarship financial aid is not an unusual

practice around the country.

- Tuition Discussion, Andrew Cullen, Associate Vice President, Budget. (Presentation in book, Tab 1).

AVP Cullen presented scenarios of 5%, 4% and 3% tuition increases in addition to the 5% “tuition credit” mandated by the legislature. A 5% increase on top of the 5% tuition credit and including the \$94 increase in fees would result in a total annual increase of \$408.72 to a full-time resident undergraduate student. A 4% increase, with the 5% tuition credit and \$94 in fees would result in a total annual increase of \$360.65, and a tuition increase of 3% under those same conditions would result in an annual increase of \$320.58. There are balances remaining within each scenario. Those balances would be put into a reserve and would be held in the event of another rescission. We recommend a 9% increase in tuition and fees resulting in a \$360 additional cost to students. The last tab in the book shows current and proposed tuitions, including differential tuitions.

In response to a regent request, AVP Cullen said an increase of 3.5% would result in an increase to each student of approximately \$340.00. It would split the difference between the \$360 in the 4% scenario and the \$320 in the 3% scenario, and leave a balance of about \$500 thousand. Regent Gallegos noted that was a pretty slim reserve on a \$190 million budget. AVP Cullen brought up the undesignated fund reserve which, as of June 30, 2009, was about \$4.5 million. We also have balances in administrative offices and colleges totaling \$17 or \$18 million. With an enrollment increase we will have tuition dollars coming in the door in September and January that could be used for that purpose.

Regent Chalmers: The entire university’s budget is \$2 billion. A \$475 thousand reserve isn’t much. I think that’s low because we have threats as well. We may have potential upside if we get to the next band and that’s not guaranteed in enrollment. The possible threats we’ve heard about today include the veto of the food tax bill and its effect on the university. The state revenue projections, what they based their allocations to us on, they’re not meeting so far and most people don’t have a lot of confidence that those revenues will be realized. Another threat is using BR&R money which means deferred maintenance. We have identified \$13 million that we could spend right now. And that means our facilities are not being kept up. Once it gets to a certain point, facilities really start deteriorating because people don’t respect the facilities then. And we’re using part of that right now. I have a concern about funding full time faculty going forward to improve the quality of our institution so we can be as great an institution as we deserve. The economic downturn we’ve experienced is going to stay with us. We’re basing a lot of our budget on one-time money. The stimulus money, which is a huge part of it, goes away in 2012. We can’t base our budget going forward on one-time money.

President Schmidly stated the 3.5% would leave a balance of \$165 thousand. The scenario he was looking at did not bring the BR&R money down into the balance line. If included, it would leave a balance of approximately \$400 thousand.

AVP Cullen detailed the proposed increases to differential tuition. The differential

tuition shown in Tab 13 of the regents book do not included the underlying tuition increase of 3, 3.5, 4 or 5% being discussed. When that percentage is approved that percentage would be plugged into the formula and raise the differential tuitions accordingly.

- Overall Recommendation, President Schmidly. (Attachment # 4.)

President Schmidly indicated that a 3.5% tuition increase would be workable. His Preliminary Analysis of Tuition and Fees Increases chart is based on a 4% increase. It shows a range of mandatory fee increases from \$24 to \$84 and includes the SFRB \$10 fee increase. The total increase in tuition and fees at a 4% increase in tuition (in addition to the 5% tuition credit) shows a range of \$395 to \$455, or 7.7% to 8.92%, per student per year.

- Student, Faculty, Staff and other Constituent Comments.

Monika Roberts, ASUNM. (Attachment # 5.)

Regent Abeita asked Ms. Roberts if the Student Fees didn't address her concerns. Ms. Roberts indicated that it does as far as computer pods and the library, but it doesn't address the concerns regarding printing. She is also concerned that the library asked the SFRB for an increase in addition to the one included in President Schmidly's budget request. Regent Abeita wants the Provost to make sure that proposed student fees will be used for things that the students see as necessary to their success.

President Schmidly explained to Ms. Roberts that the \$1 million she referred to as Debt Service is not. It is \$1 million in uncollectible debt that the auditors said had to be recognized in any revenue projection.

Regent Wisdom asked how much less was recommended than was requested for fees for the library and athletics. Ms. Knudsen said the SFRB athletics fee went down due to increase enrollment and the library fee was increased by \$3.55.

Lissa Knudsen, GPSA. (Attachment #6 .)

The SFRB recommended reductions in student fees for Athletics, Popejoy Hall and Recreational Services because in this economy those seem more like entertainment than academics. Regent Abeita noted that Recreational Services can increase student health and well-being. Ms. Knudsen agreed, but believes outsourcing things like gym memberships might be more cost effective, and some recreation is free.

Elisha Allen, Staff Council. (Attachment #7.)

Doug Fields, Faculty Senate. (Attachment #8.)

Mr. Fields would like clarification as to one semester sabbaticals.

Doug Brown, Dean, Anderson School of Management.

The deans support the tuition increase proposal recommended in the President's budget. They endorse the President's cost-cutting efforts for the near term and encourage that

the strategic budget process continue that will address the long-term planning needs of the university's mission.

Elena Moreno.

Ms. Moreno urges the support of the so-called Lesbian Gay Bi Trans-sexual (LGBT) Queer Center.

David Griffith.

Mr. Griffith spoke in support of the LGBT Queer Resource Center. Regent Fortner expressed concern in using the term "Queer" in naming the center. He would like the mission statement be clear that it would support the entire UNM community. He also reiterated that lobbying is a prohibited activity. Mr. Griffith clarified that the word "queer" does not have the negative connotations that it once had.

Paul Biderman was called to speak but had already left the meeting.

Regent Sanchez indicated that the Regents were going to move to financially support PIRG, which might eliminate the need for some people to speak.

Regent Sanchez polled those who had signed up to address the board. Those who felt their concerns had been adequately covered by prior speakers were: Breanna Hastings, Alayna Bowman, Lee Drake, David Conway, Melissa Trent, & Katryn Fraher. Also Lawrence Strant and Richard Wood.

Daniel Marzak.

Mr. Marzak spoke in support of the Community Learning and Public Service organization.

Hillary Ellenshaw.

Ms. Ellenshaw presented 130 signatures for a \$50 per student per year in support of the College of Fine Arts presentations, making attendance free, and to support equipment.

Karin Retskin.

Ms. Retskin spoke in support of a future differential health care premium for smokers.

Carlos Caballero, President, LULAC Council 34.

Mr. Caballero believes higher admissions standards coupled with tuition and fee increases will reduce enrollment of Hispanic students. LULAC looks to UNM for economic salvation. Only through education will our children achieve.

Martin Gutierrez.

Mr. Gutierrez noted that many, many students wish to work with the administration, the

faculty and staff toward long-term solutions. He commended the work done today.

- Regent Comments.

Regent Koch asked how stimulus funding had been used. EVP Harris said it was used to shore up the budget last year and would be used in the same way this year. It will end in one year. Regent Koch reiterated his opposition to using tuition revenue to fund scholarships.

Regent Gallegos made a motion to approve Student Fees consisting of \$24.00 for the facility fee, \$10.00 for the SFRB recommendations, \$10.00 for a library fee, \$10.00 for the IT fee and \$10.00 for the athletics fee, bringing the total to \$64.00, with the stipulation that VP Torres will make sure there are no unacceptable expenditures of funds, such as lobbying.

Regent Fortner asked for confirmation that the motion reduced each of the three proposed \$20 fees by \$10.00. He believes these items will have to be revisited next year.

The lowered fees would result in a reduction of \$208 thousand per year in revenue.

- Response and Discussion of Alternatives, David J. Schmidly, President and Andrew Cullen, AVP, Budget.

Regent Sanchez asked if there had been any discussion of raising out of state tuition at a higher rate. President Schmidly stated that the out of state tuition had been kept at the same percentage to increase the likelihood of more out of state student enrollment, which might allow the university to break the band again.

Regent Chalmers believes it would be a good idea to raise out of state tuition more than in state. An additional 1.5% increase would equate to an additional \$75 per student.

Regent Gallegos moved approval of an 8.5% tuition increase and approval of the tuition differentials shown in Tab 13 of the regents' book.

EVP Harris cautioned that the budget had to go to the State no later than May 1.

Regent Sanchez would like an analysis of the impact of raising out of state tuition an additional 1.5% before final action on this budget on April 30th.

15. Approval of FY11 Tuition and fees subject to amendment and substitution by the Board.

Motion approved with Regent Koch and Regent Fortner voting nay (1st Gallegos, 2nd Abeita).

Regent Sanchez presented Ellen Wenzel with a pin recognizing her five years of service to the university and the Board of Regents and thanked her for doing a wonderful job.

III Adjourment

Motion approved unanimously to adjourn (1st Gallegos, 2nd Wisdom)

Raymond G. Sanchez
Regent President

Carolyn J. Abeita
Secretary/Treasurer

Attachments:

1. Provost Report (3a)
2. GR Director Report (7)
3. Winrock Report (8)
4. Overall Recommendations (11)
5. ASUNM (12)
6. GPSA (12)
7. Staff Council (12)
8. Faculty Senate (12)