

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

April 30, 2010

Board of Regents Meeting 9:00 a.m. – 11:30 a.m. 1:00 p.m. – 3:00 p.m.
Student Union Ballroom C

Regents' Executive Session/Luncheon 11:30 a.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. 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
Steve Christ for 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 Gallegos, 2nd Koch). Amending the agenda to include the approval of the Moss Adams audit contract will as an action item at this meeting.

- **Approval of Summarized Minutes of the March 8, 2010 Board of Regents meeting and the April 2, 2010 Special Board of Regents meeting**

Motion approved unanimously to approve the minutes of the March 8, 2010, meeting (1st Gallegos, 2nd Abeita).

Motion approved unanimously to approve the minutes of the April 2, 2010, meeting (1st Fortner, 2nd Chalmers).

- **Approval of Regents' Meritorious Service Awards,** Regent Sanchez. (Policy and biographies in book.)

Pursuant to Regents' Policy 1.6, presented to Ski Coach Fredrik Landstedt, Student Ski Champion Malin Hemmingsson and Professor Joseph V. Scaletti (posthumously). Professor Scaletti's daughter Carla Scaletti, accepted on behalf of the family.

Regent Koch complimented the coach and the ski team, stating that the team members are outstanding scholar athletes. Regent Koch's father brought skiing to New Mexico and so he feels particularly close to the sport and athletes.

Comments from the Regents' Advisors will be on the agenda for the May 11, 2010 meeting.

- **Discussion of FY 2010/2011 UNM Consolidated Budget.**

Main Branch Campus, Andrew Cullen, AVP, Budget. (Attachments 1 & 2.)

The overall budgeted expenditures for FY10/11 are down 1.1%, a total of \$2.114 billion. State funding is shrinking and a greater portion of funding is coming from tuition and fees. Plant fund expenditures are down because projects are further along and require less funding as they are wrapped up. Main Campus state appropriations have been reduced close to \$25 million from FY09 to FY11. The overall projected shortfall for FY11 is just over \$8 million. The cost containment measures will cut that by \$6 million, resulting in a needed tuition increase of 3.5% to meet the \$2 million remaining shortfall. The blended rate of tuition and fees is an increase of 7.9%, an additional \$404.38, for a total of \$5,505.58 per student per year.

Five budget recommendations from constituency groups, Faculty Senate, Staff Council,

GPSA, ASUNM and the Deans Council, were adopted.

This budget includes over \$13 million in one-time funding.

Health Sciences Center & UNM Hospitals, Ava Lovell, Vice President & Controller.
(Attachment 3.)

Revenues for FY11 are projected to be up \$1.2 billion, 2.1%, driven completely by clinical operations. State funding is down 2%. Medicaid funding is the most vulnerable to being cut by the state. Nineteen of the 36 RPSPs have been moved into I & G funding. Balance forwards will be used to fund SRMC, renovation and backfill of buildings and College of Pharmacy initiatives. School of Medicine and College of Pharmacy class sizes are projected to increase and the School of Nursing is planning for the Doctorate of Nursing Practice in 2012. The hospital will open new clinics.

Branch Campuses, Andrew Cullen, AVP, Budget. (Attachment 1.)

Total revenues for the branch campuses will be up over \$44 million, a 2.7% increase, due to increased enrollment and state formula funding.

- **Student, Faculty, Staff and other Constituent Comments.**

Doug Fields, Faculty Senate President, commented on the short time span to develop and study the budget and noted that faculty are leaving the university. The funding of the deficits of the Athletics and Research departments was discussed.

Elisha Allen, Staff Council President's comments attached. (Attachment 4.)

Lissa Knudsen, GPSA President, also spoke of the declining number of faculty. She urged the regents to invest in research and graduate students. Research grants can be a steady source of revenue, while I & G money is going down. The secession of the law students from GPSA was discussed and points raised about where the GPSA would spend "its portion" of student fees if it were to secede from ASUNM.

Monika Roberts, ASUMN President's comments attached. (Attachment 5.)

Regent Sanchez asked that comments be confined to the budget if at all possible.

Maria Probasco, Parent Association President expressed concern over students foregoing their education due to financial hardship and cautioned against compromising the quality of education and services for students.

Andrew Cullen, AVP Budget, responded to Mr. Fields remarks regarding budget reductions in instruction and/or student services, noting that I&G funding for Instruction will be up \$800 thousand while Institutional Support, basically administration, will be down \$5.3 million and Operations and Maintenance will be down \$8 million. Athletics revenue will be up with the opening of the renovated

University Arena (the Pit) and expenses will be up for debt service. The decrease in Restricted funding for FY11 is essentially line item cuts by the legislature over which UNM has little influence. To increase Unrestricted funding to offset those cuts would require huge tuition increases.

Comments by David J. Schmidly, President, University of New Mexico

I have just a few comments. In putting the budget together we did appoint a strategic advisory committee that included members of the Faculty, Faculty Senate, Staff, and Students. They worked very hard. We asked for their input in terms of managing the cost containment initiatives and other ideas on the budget. They provided a report which I think is online and can be seen by everyone, and we accepted many of the recommendations that were made by that group. They had short-term recommendations, they had mid-term, and they had long-term recommendations. And we are in the process of continuing that group and we will continue to seek their input on the mid-term and long-term recommendations. There were a series of seven meetings held prior to the Budget Summit with Faculty Leadership, Staff Leadership. There were meetings with the Deans, Provost, Graduate Students, and with the Undergraduate Students to discuss where we were with this budget. Obviously it's not easy to put a budget together when you are faced with the realities we were faced with. Those meetings took place, we went over various scenarios and those scenarios were presented at the budget summit on Friday, April 2, 2010. After the summit we asked for comments. We received some comments; most of them were not substantive. Most of them were along the lines of what we heard today as opposed to real substantive cuts and ideas. There were some and we tried to consider them. One of the main concerns raised by the faculty was the situation with sabbaticals. We attempted to address that. Andrew, earlier, went through many of the recommendations, and where they came from. We considered them and tried to adopt as many as we could in the budget. Following the Summit, as we put this together, we had four additional meetings with the same groups and we didn't receive any further concrete proposals on ideas to the budget. So, these are not easy times I think we all need to recognize that. There is a lot of frustration and there is a lot of anxiety. I think that we've tried to maintain the proper priorities. Those priorities were to do the very best we could to protect the classroom. We were fortunate this past year to have an enrollment increase. It wasn't a huge increase, but it was enough to break us out of the ban and because of that we were able to get some additional revenue. We wanted to make sure we put some of those recourses back into the faculty; back into student advising and I think we did a good job under the circumstances of doing that. We will see more faculty positions as a result of adopting this budget. Also, if you will look over the last three years at real numbers you will see that the graduate assistantships at the University have increased. We made that a priority. As far as tuition is concerned, I don't think anyone relishes the idea of raising tuition. We had to deal with a tuition credit again this time of 5% and of course that's money that fundamentally is deducted from our state appropriations and it's money, unfortunately, our students pay and we're not able to invest directly back into their education. When you look at the tuition increase we have asked for and have discussed, it's 3.5%. We think if you look around the nation at what's happened at other places

that this is not an unreasonable tuition increase. We have tried to take some of that money and reinvest it back into the students. The students legitimately have been very concerned about advising. We have listened to those concerns and we've also tried to put some money back into the scholarship program for the students. If you look at the State of New Mexico and compare it to other states in the region, what you will see is that New Mexico is a low tuition high aid state. That is pretty rare. Our tuition rates (if approved today), five and a half million, will place us at number two or three from the bottom in terms of our peer groups. And almost one third of our students that have the lottery scholarships don't even pay that tuition, it's paid by the state. So we're really in a pretty fortunate situation in this state compared to other states. I regret that faculty are leaving. We try, on a case by case basis to address those concerns. The Provost working with the Dean, I think, has created a plan for Chemistry; there have been new hires there. They have created a plan for Math, to address the concerns that were relayed there. We have had some attempts to raid some of our very best faculty, our highest performing people and we have accommodated some concessions to keep those people on the faculty. I think that is a very high priority for us. So I want to thank people for their input, I appreciate it and I understand it. I also understand the difficulties of the situation that we're in. We will continue to manage this in the most sensitive way possible and in a manner that has the least impact on our people. We've not had big layoffs; we've not had furloughs and I think that's a good thing. The State of New Mexico (right now) does not need more people laid off, unemployed with reduced salaries. It needs people that are fully employed. And if you look at our employment, we've done a good job there. Those are my comments.

- **Regents Comments**

Concerns expressed by Regent Gallegos:

That the \$870 thousand for new faculty positions (Budget Plan page 13) be absolutely committed to new tenure & tenure-track faculty.

That support of Alumni Relations with I&G funds will have to be re-evaluated.

BR&R funds cannot continue to be used for operating expenses.

Campus safety, especially pedestrian safety at Lomas & University, be reviewed.

That details of the \$17 million for Property and Building Acquisitions will be provided to the regents.

Concerns expressed by Regent Koch:

Stimulus funding being used for on-going expenses.

Another state funding recession possible in August or September.

That \$1.7 million budgeted for increased scholarships should come from the Regents' endowments earnings rather than funding it with the tuition increase.

Concerns expressed by Regent Gallegos:
The small reserve of \$400 thousand at the end of FY11.

Concerns expressed by Regent Chalmers:
The board should wait to act until there are actual negative budget pressures (further recessions) to increase the reserve.

Concerns expressed by Regent Sanchez:
Acting without knowing if there will be further recessions.

“Handcuffing” \$1.7 million by putting it in a “lock box.”

This would become a recurring distribution from the endowments in addition to the annual spending distribution.

Concerns expressed by Regent Abeita:
Acting without knowing if there will be further recessions.

It was clarified that, with the exception of the Woodward fund, the regents’ “endowments” do not have to be spent for scholarships.

Motion defeated with a vote of 3 in favor (Sanchez, Koch, Gallegos) and 4 against (Fortner, Wisdom, Abeita, Chalmers) to use \$1.7 million from earnings of the regents' endowments to fund the increase in scholarships on a recurring basis (1st Koch, 2nd Gallegos).

Motion passed unanimously to use the \$870 thousand specified for New Faculty Positions (Budget Plan page 13) “primarily” rather than “solely” for tenure and tenure track faculty (1st Koch, 2nd Gallegos).

- **Discussion of Alternative Proposals & Administration Response** (none).
- **Approval of the FY2010/2011 Consolidated Budget**

Motion passed to approve the FY2010/2011 Consolidated Budget with Fortner and Koch voting nay (1st Gallegos, 2nd Chalmers).

Approval of the FY2009/2010 Budget Adjustment Request, Andrew Cullen, AVP, Budget. (Attachments 6 & 7.)

Motion passed unanimously to approve the FY2009/2010 Budget Adjustment Request (1st Chalmers, 2nd Gallegos).

- **Contract Approvals** (Bruce Cherrin, Chief Procurement Officer)

- Approval of Brain Imaging Center BrukerBioSpin Corporation contract

Motion approved unanimously to approve the contract (1st Chalmers, 2nd Fortner).

- Approval of Police Department-Security Services

Pending final rate approvals by EVP David Harris. No spending cap because it is based on usage. Estimated to be in excess of \$500 thousand.

Motion approved unanimously to approve the contract as noted above (1st Chalmers, 2nd Abeita).

- **Regent Committee Reports**

Academic/Student Affairs & Research Committee, Regent Carolyn J. Abeita, Chair. No report.

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

Audit Committee, Regent Gene Gallegos, Chair.

- Regents' Audit Committee Report, April 15, 2010 Meeting. (Report in book.)

Regent Gallegos presented the Agreed Upon Procedures Summary of Results of the audit of Unrestricted I&G funds. (Attachment 8.)

Motion approved unanimously to accept the Summary of Results report (1st Gallegos, 2nd Fortner.)

Motion approved unanimously to approve a contract with Moss Adams to perform the FY2010 audit (1st Gallegos, 2nd Abeita).

- **Public Comment** (None.)

Regent Sanchez thanked the outgoing Regents' advisors, ASUNM President Monika Roberts and Faculty Senate President Doug Fields, for their work. He congratulated Lissa Knudsen on being elected for another term as GPSA President. He stated that he and the board consider the faculty and staff, in addition to students, all as constituents of the University.

- **Adjournment**

Motion approved unanimously at 11:50 a.m. to adjourn to Executive Session (1st Fortner, 2nd Wisdom).

- **Executive Session**

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 limited personnel matters pursuant to Section 10-15-1.H (2) NMSA (1978)
- Vote to re-open meeting.

Motion approved at 12:29 p.m. to re-open the meeting (1st Wisdom, 2nd Koch).

- Certification that only those matters described in Agenda Item XIII were discussed in Executive Session and that no actions were taken.

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

Motion approved to adjourn the meeting (1st Abeita, 2nd Wisdom).

Attachments:

- Budget Plan Presentation, Main and Branch Campuses
- Overall \$6M of I&G Budget Savings – Recurring Cost Cuts - Draft
- Budget Plan Presentation, Health Sciences Center
- Staff Council President’s comments
- ASUNM President’s comments
- Budget Adjustment Request, Main and Branch Campuses
- Budget Adjustment Request, Health Sciences Center
- Agreed Upon Procedures Summary of Results

Raymond G. Sanchez
President, Board of Regents

Carolyn J. Abeita
Secretary/Treasurer Board of Regents

