

The Board of Regents of the University of New Mexico
Minutes of Special Meeting
July 7, 2014
UNM Lettermen Lounge, The Pit

Members present

Jack L. Fortner, J.E. Gene Gallegos, Suzanne Quillen, James H. Koch, Heidi Overton, Conrad D. James, Bradley C. Hosmer

CALL TO ORDER

Regent President Fortner called the meeting to order at 8:40 AM. A quorum was confirmed. Regent Fortner asked for a motion to adopt the agenda. The motion to adopt the agenda passed unanimously (1st Hosmer; 2nd Overton).

Regent Fortner asked for a vote to close the meeting and proceed into executive session. All voted in favor to close the meeting. The meeting went into executive session at 8:42 AM.

EXECUTIVE SESSION

During executive session, the Regents discussed President Frank's performance evaluation pursuant to Section 10-15-1H(2) of NMSA (1978). The Regents discussed and considered options of the Innovate ABQ governance structure and Regents' involvement, pursuant to Sections 10-15-1H(2) and 10-15-1H(8) of NMSA (1978). President Frank joined the meeting at 10:20 AM.

Others in attendance during the Innovate ABQ discussion: David Harris, EVP for Administration, COO and CFO; Elsa Cole, University Counsel; Lisa Kuuttila, CEO STC.UNM; Andrew Cullen, AVP Planning, Budget and Analysis; Maureen McGuire, Associate University Counsel.

Regent Fortner asked for a vote to re-open the meeting and proceed in open session. All were in favor. The meeting opened at 12:44 PM.

OPEN SESSION

Others in attendance during open session: David Harris, EVP for Administration; Terry Babbitt, AVP Enrollment Management; Paul Krebs, VP for Athletics; Elsa Cole, University Counsel; Andrew Cullen, AVP Planning, Budget and Analysis; Dianne Anderson, Director University Communications and Marketing; Mike Bush, Albuquerque Journal; Pamela Pyle, Faculty Senate President; Liz Metzger, University Controller; Fran Wilkinson, Deputy Dean, University Libraries and Co-Chair of Faculty and Staff Benefits Committee; and others from the public.

ACTION ITEM

Regent Fortner asked for a motion to approve a \$2 Million loan toward the purchase of the First Baptist Church Property.

The motion that the Board of Regents approve the withdrawal of \$2,000,000 from the Board of Regents Endowment Fund, specifically, the Mesa Del Sol Account, to be utilized for an interim loan in the principal amount of \$2,000,000 (plus 5% simple interest prorated) to STC.UNM for STC.UNM to apply such funds toward the purchase of the real property located at 101 Broadway Blvd. NE, Albuquerque, NM. STC.UNM shall repay the loan upon its receipt of the forthcoming \$2,000,000 contribution from the City of Albuquerque for the Innovate ABQ Project, passed unanimously with a quorum of Regents present and voting (1st Koch, 2nd Gallegos).

● Regent Fortner stated he would name Sherman McCorkle as Chair of a temporary Task Force that would report to the Board of Regents, and to the University, recommendations for an Innovate ABQ Governance Structure, and contingent upon Mr. McCorkle accepting the Chair position, Regent Fortner would consult with Mr. McCorkle regarding other members on the task force and would consult with Dr. Paul Roth regarding an HSC representative on the task force. The task force will have 5 to 7 members.

INFORMATION ITEMS4-Year Guaranteed Tuition Option

There was discussion about the four-year guaranteed tuition option. Regent Fortner put forth several questions that need to be addressed: would the option apply to all incoming freshmen; is there a grade point requirement to qualify and stay in; is progress toward a degree required; at what point (eg. loss of funding from the State) will UNM say it cannot continue with flat tuition; how does the lottery scholarship play into this (eg. if funding is more than flat tuition level); what will be the surcharge; and does the option apply to fees?

Regent Koch said the object of a guaranteed tuition should be to encourage students, and parents, to graduate in four years; there should be a 2.5 GPA requirement; and it should be made an option available to all students with a minimal charge of 2%. Terry Babbitt put forth the example that all Merit Scholarships run out after 8 semesters and they have minimum academic standards. There was discussion as to whether the flat tuition model would apply to summer semesters as well. Mr. Babbitt said it could apply to 12 semesters with summers included. President Frank recommended defining the option as a financial package that included 12 semesters along with the other requirements agreed upon. Adopting the University's current student-in-good-standing requirements would allow the University to utilize existing mechanisms for monitoring student progress.

Regent Hosmer recommended a revenue neutral scenario for UNM that would impose a surcharge based on a best guess of the inflation rate over the next four years. Regent Hosmer recommended polling students and families this year to ask if they would be interested in taking a guaranteed tuition option. Student Regent Overton recommended modeling the outcomes of 20% or 30% of students taking the option. Terry Babbitt presented a few basic scenarios for guaranteed tuition models to the Regents for consideration and discussed what other institutions are doing.

Budget Planning Process

President Frank presented to the Regents plans for the budget process involving the stages and Regents' input at each stage. The budget dialogue will begin in early Fall. The first meeting will set the context with results of an environmental scan and collection of internal data presented to Regents. The second meeting will involve dialogue with Regents to determine key issues and priorities. Next meeting in the Fall, Administration will present to the Regents a projected 4-year planning budget; per Regents' request, a 4-year projection of expenditures.

Regent Hosmer requested that any trends be addressed and presented at the first meeting and that metrics be identified and brought forward during the following meeting; an example of a metric would be voluntary turnover within the faculty. Regent Quillen impressed the importance of the Academic Initiative priorities. President Frank confirmed that is core to the University and identifying distinct academic programs would be discussed at the second meeting when key issues and priorities will be determined. Andrew Cullen said the Provost's Academic plan would then be included in the strategic investments that would be part of a 4-year budget. Mr. Cullen said the 4-year budget projection will be composed of three large categories: salary issues; strategic initiatives, including the Provost's academic plan; and inflation driven items such as utilities and health benefits. Regent Gallegos asked when the college's wish lists come forward; President Frank said the colleges are working on those and they will be produced by early Fall.

There was discussion about how efficiencies are identified and mention that Results Oriented Management (ROM) is a bottom-up efficiency driver. Regent Quillen mentioned her concern that requests for new degree programs come up after the budget process has been finalized. This happened in the Spring. Regent Fortner agreed and added the process for the differential tuition requests by the colleges also needs to be reviewed. President Frank agreed and said those processes would all be reviewed.

Regent Koch asked how much came from the Legislature for I&G this year. Mr. Cullen confirmed it was \$5.6 million this year and \$9 million last year. There was discussion about timing of budget information and that by December the priorities on the expenditure side will be known. When the expenditure budget is set, then the revenue needs will be known, and revenue sources are appropriations from the

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State and tuition. In February or March, three significant pieces of the budget become known; Legislative budget appropriations, health premiums (in March), and utilities. Mr. Cullen said 85% of the budget is in salaries. There was more discussion about efficiencies and ROM as a tool to drive internal efficiencies.

BOR Operations

President Frank recommended creation of a Regents Governance Committee that would focus on orientation of new regents, election of officers and communications. This is a practice recommended by the Association of Governing Boards. Regents' reply was that the Regents Operations Committee, made up of the President, Vice President and Secretary of the Board of Regents serves the purpose of a governance committee and is sufficient because the University has only seven board members. Other universities have larger boards in which case a governance committee might be needed.

On the topic of direction and content of meetings, Regent James requested there be more focus on long-term strategy in Regents' meetings. Regents discussed alternating months between addressing committee business (working meeting) and addressing long-term strategy issues (planning meeting). There was confirmation to respect the committee process where issues are vetted at the committee level. Regent Hosmer suggested starting with UNM 2020 and assigning each part of the vision to an appropriate committee to address beginning in September. There was agreement that during the September meetings, at the committee level and at full board, there should be look at 2020 long-range goals.

President Frank asked that he be involved in better communication processes during the agenda planning phase of the committees. Regent Fortner requested to President Frank that he have a standing meeting every month with each committee chair and meet periodically with the Regents' Operations Committee to discuss long-term strategy issues.

Long-term vision and impact on Enrollment Management

Terry Babbitt addressed the enrollment plan summary document. There was discussion about projected levels of enrollment and student retention. Mr. Babbitt talked about initiatives to increase enrollment and student retention. Regent Quillen urged Administration to set the 4-year and 6-year graduation rate goals higher. The message that UNM sends out to the community and to the State is important. Regents urged Administration to market the initiatives as one big campaign. Regent Fortner said the next step is to go to the community.

Athletics Update

Paul Krebs spoke to the Regents about national issues facing college athletics.

ADJOURNMENT

There being no other business or discussion, Regent Fortner asked for a motion to adjourn the meeting. Regent Hosmer motioned adjournment; Regent James seconded; all were in favor.

The meeting adjourned at 3:31 PM.

Approved:

Attest:



Jack L. Fortner, President



Bradley C. Hosmer, Secretary/Treasurer

Minutes recorded by: Mallory Reviere