

**Minutes of the Regular Meeting of the Board of Regents of the University of New Mexico
October 18, 2016
Student Union Building (SUB), Ballroom C
Executive Session-Cherry Silver Room**

Members present

Marron Lee, Vice President; Ryan Berryman; Suzanne Quillen; Tom Clifford; Bradley C. Hosmer

Members present telephonically

Jack L. Fortner

Members not present

Robert M. Doughty

Administration present

Robert G. Frank, President; David Harris, EVP of Administration, COO, CFO; Richard Larson, Executive Vice Chancellor HSC, VP for Research, HSC; Carol Parker, Sr. Vice Provost; Elsa Cole, University Counsel; Liz Metzger, Controller; Dorothy Anderson, VP HR; Gabriel López, VP Research and Economic Development; Jozi de Leon, VP Equity and Inclusion; Dana Allen, VP Alumni Relations; Cheo Torres, VP Student Affairs; Libby Washburn, Chief Compliance Officer; Paul Krebs, VP Athletics

Regents' Advisors present

Glenda Lewis, President GPSA; Danelle Callan, President, Staff Council; Kyle Biederwolf, President ASUNM; Pamela Pyle, President Faculty Senate; Kathy Guimond, President Retiree Association

Presenters in attendance

Andrew Cullen, AVP OPB&A; Norma Allen, Associate Director, University Budget Operations; Nicole Dopson, Financial Officer, Operating Group

Others in attendance

Members of administration, faculty, staff, students, the media and others.

CALL TO ORDER, CONFIRMATION OF A QUORUM AND APPROVAL OF THE AGENDA

Regent Vice President Marron Lee called the meeting to order at 2:00 PM and announced a quorum was present. Regent Rob Doughty could not attend the meeting. Regent Jack Fortner joined the meeting by FaceTime. There were no amendments to the agenda.

The motion to approve the agenda passed by a unanimous vote with a quorum of Regents present and voting (1st Clifford; 2nd Quillen).

APPROVAL OF MINUTES

Regent Lee asked if there were edits to the minutes of the meetings on the agenda for approval: September 1, 2016 special meeting; September 10, 2016 special meeting; September 13, 2016 regular meeting; September 19, 2016 special meeting; September 23, 2016 special meeting. Regents had no edits or questions.

The motion to approve the minutes of the September 1, 2016 special meeting; September 10, 2016 special meeting; September 13, 2016 regular meeting; September 19, 2016 special meeting; and September 23, 2016 special meeting of the Board of Regents passed by a unanimous vote (1st Berryman; 2nd Hosmer).

THE PRESIDENT'S ADMINISTRATIVE REPORT

President Robert Frank opened his administrative report with a review of the three-year agreement the University entered into with the U.S. Department of Justice (DOJ) the day before the meeting. The three-year commitment is the conclusion of a lengthy DOJ review of the University policies and procedures regarding campus sexual harassment and misconduct on campus. In the agreement, the DOJ acknowledges that UNM has already taken significant proactive steps to strengthen the prevention of and response to campus sexual harassment including a number of actions taken even before reaching the agreement. The agreement outlines a number of steps that the University has agreed to perform in order to meet the compliance requirements listed by the DOJ, including: mandatory intensive sexual harassment training of all students and key staff and faculty; continued review and revision of policies, procedures, and materials on sexual harassment/violence to ensure consistency, clarity and timeliness in reporting, investigating and responding to complaints; Campus Climate surveys to ensure the university is serving the student population. President Frank showed a timeline of UNM response to campus sexual assault issue since 2013, including the launch of LoboRespect in 2014 and campus review of findings in the Pilgrim Report in 2015.

President Frank also spoke about student success and accreditation. There have been recent news articles reporting a new effort by national college accreditors to focus on improving student success outcomes. Improving student success outcomes has been the University's top priority for many years, and UNM welcomes the focus. The first step is looking at colleges where the 6-year graduation rate fall below 25%; UNM 6-year graduation rates are approaching 50%. The University is in communication with the Higher Learning Commission, the accrediting agency, and will provide data reports to it this semester. This will continue to be an important topic as UNM moves toward reaccreditation in 2018-2019.

President Frank spoke briefly about the budget and recent legislative special session. He thanked everyone across the campus community who supported UNM during the special session. The rescission of 5% was lower than the originally proposed 8% reductions.

COMMENTS FROM REGENTS

Student Regent Ryan Berryman commented on the unanimous approval by the State Board of Finance of the Anderson School of Management project. Regent Berryman attended the Board's meeting earlier in the day. He also reported concerns expressed at the Board's meeting regarding the use of the mill levy and how to reconcile where the funds go, as well as concerns about reserve balances on all of the campuses and the accumulation of those balances.

Regent Lee announced, formally on behalf of Regent President Doughty, the beginning of the presidential search for the University of New Mexico's 22nd President. A search committee, chaired by Regent Doughty, will be formed; Regents Lee and Clifford will be members on the committee. The intention is to complete the search early in the Spring 2017 semester and have a permanent president in place by June 1. An RFP for a search consultant will be released within a day or two. A representative advisory search committee will be appointed as soon as possible. An email and website will be in place to take nominations from constituent group leaderships for search committee member nomination. The university community will also be encouraged to submit nominations as well as input to the regents regarding the position description for the new president. The deadline for submitting nominations for search committee members will be October 28. The search effort will be centrally directed out of the Board of Regents' office with assistance from the VP for HR and her office and the president's office. The website, presidentsearch.unm.edu will be updated frequently with progress on the timeline.

REGENT COMMITTEE REPORTS

CONSENT DOCKET

Regent Lee presented the consent docket and asked if any members wished to remove any item from the docket for discussion and a separate vote. No items were removed from the consent docket.

1. Health Sciences Center Committee (HSCC) Consent Item
 - a. Approval of the Nomination of Michael F. Shannon to the Carrie Tingley Hospital Advisory Board
2. Academic/Student Affairs & Research Committee (ASAR) Consent Item
 - a. Posthumous Degree: Janice Flores
3. Finance and Facilities Committee (F&F) Consent Item
 - a. Approval of Disposition of Surplus Property for Main Campus for September 2016

The motion to approve the items on the Consent Docket passed by a unanimous vote (1st Hosmer; 2nd Clifford).

HEALTH SCIENCES CENTER COMMITTEE

Approval of HSC Reserve Categorization Report Pursuant to Admin. Policy 7000

Ava Lovell presented the item and referred to the report that was included in the agenda eBook. There was discussion. At the end of the discussion, Regent Tom Clifford recommended to the Chair of Audit and Compliance committee for testing of the committed reserves on the reserve report. Regent Hosmer follow-up with a recommendation for more reporting of HSC mission information and requested HSC performance metrics be presented along the financials at future Board of Regents meetings.

The motion to approve the HSC Reserve report passed by unanimous vote (1st Clifford; 2nd Berryman).

FINANCE AND FACILITIES COMMITTEEApproval of Reports for University Administrative Policy 7000 for Main Campus and Branch Campuses – FY 2015/16

Andrew Cullen and Norma Allen presented the item. The approval was requested for the Main Campus and Branch Campuses University Administrative Policy 7000 for FY 2015/16. The report was included in the agenda eBook.

Mr. Cullen stated that overall, unrestricted funds on Main Campus were down slightly from \$93 million to \$88.2 million. The report illustrated the continued decline of the reserves within Academic Affairs in the schools and colleges of the University down to \$60 million. These are unrestricted in terms of the HED reporting requirements, and does not necessarily represent what these funds are about, because included in that is Student Aid which is dedicated to student scholarships and endowed/non-endowed funds which were given to the University with donor intent and must be spent in accordance to that donation. There was discussion regarding the I&G reserves. It is down slightly, however that does not tell the whole story. The University's undesignated fund balance was up about \$2 million. The Regents approved a one-time pay supplement to faculty and staff which occurred in August in the amount of \$1.5 million. That pulled the undesignated reserves down to an amount approximately equal to what it was in FY15. Absent that growth, these reserves would continue to be pulled down across the board schools and colleges and administration. Student Affairs and UNM Foundation were flat. Regarding the categorization of the reserves for Main Campus, there was \$88.2 million; take out Banner Encumbrances, department commitments (contracts), and dedications (largest amount of \$45 million), leaves a balance of \$15 million in discretionary funds. Several graphs with data correlating to the Branch Campuses were presented. The Branches' reserves are more discretionary dollars as these are their only source of funds in the event of any decrease in State appropriation or enrollment decline. Data was presented on units with deficit balances over \$100K; three including Continuing Education, UNM Press, and Athletics. Continuing Education had a positive change, its deficit balance came down to \$761K. UNM Press and Athletics' overall balance sheet deficit grew.

Regent Clifford inquired if the University is working on an action plan to address the deficit at UNM Press and Athletics; he assumes Continuing Education is on the right path. He would like to see specific recommendations.

Mr. Cullen stated they have been working on a plan for both. For Athletics, they are assuming savings from vacancies and are working on minimizing travel. They will update FY17 budget expectations. Currently it is trending toward a balanced budget; however, the drivers of the Athletics budget are Football and Basketball ticket sales, which are difficult to project and to project the ending budget for FY17. Athletics projected fewer ticket sales for both Football and Basketball in line with what was experienced in FY16.

Paul Krebs stated that for ticket revenues, they projected less in Men's Basketball, approximately \$200K, and Women's Basketball, approximately \$100K. Their Football ticket projections were the same as last year, they felt confident due to the performance of the team, but it does not seem they will hit the projected number.

Regent Clifford requested a revised budget outlook for Athletics that would reflect what is being done to bring expenses in line with revenues. Mr. Krebs stated they will present monthly on Athletics financials. They have a number of initiatives in place; two of the biggest drivers are salaries and grant-in-aid costs. There is currently a freeze on hiring positions and they are looking at ways to save money on grant-in-aid. Travel is difficult as they have to play in certain places and safety is a key priority.

Regent Clifford inquired about Continuing Education and their deficit reduction plan. Nicole Dopson discussed the deficit reduction plan for Continuing Education; they believe they will pay off the deficit in three to four years. They have reached out to additional state contracts, and with the F&A they will generate in doing that, they should be able to attribute those dollars to that deficit. It is being monitored.

Regent Clifford inquired about UNM Press and their deficit reduction plan. Ms. Dopson responded a publishing working group with faculty, staff and constituents headed by the Associate Provost Virginia Scharff has been created. Currently they are looking at the structure of the Press, and there are several proposals to reduce expenditures. They are looking at revenue opportunities and collaboration with other organizations across campus. A report detailing the plan to stop the recurring deficit and reduce the one-time permanent deficit will be produced in the coming months

Regent Clifford requested to see the plans to reduce the deficit balances sooner than later, to understand assumptions needed to bring the budget in closer balance. He would like it to be presented at the next

Finance and Facilities (F&F) Meeting. Regent Quillen requested those presentation also move forward to the full Board of Regents.

Regent Clifford also stated there are substantial reserve balances as a percent of total budget at some Branch Campuses; he would like more information on those.

The motion to approve the reserve reports for Main Campus and the Branch Campuses passed by unanimous vote (1st Clifford; 2nd Berryman).

Regent Quillen thanked Andrew Cullen for his service to UNM; Mr. Cullen will retire from UNM effective November 1. Regent Clifford echoed the sentiments; Mr. Cullen has been a tremendous professional and an asset to UNM. Regent Hosmer, Lee, and Berryman also endorsed those comments regarding Mr. Cullen.

Approval of Organizational Alignment for UNM Main Campus and HSC

Dorothy Anderson presented the item and referred to the summary included in the agenda eBook. Ms. Anderson thanked employees for their participation, and discussed the various job positions and plans. Regent Clifford said it would be nice to see a revised org chart.

Regent Clifford referred to the summary of changes and said he was confused because there was one position change that was effective in July, the others effective in January. He asked if that was correct. Mr. Anderson responded, that was also a point of discussion at F&F, and she believed the request was to make all of the changes effective January 1st, and that was something upon which she requested confirmation. Regent Clifford responded that was his understanding also and would move approval when Madame Chair was ready for the action.

There was more discussion. Regent Berryman inquired about AON's experience and also about potential operational savings. There was discussion about peer institutions and the cost of consultants. Regent Clifford complimented Ms. Anderson on the good report and careful process, but he was concerned they were not able to find more savings. This is a step in the right direction and it looks to be very carefully thought out. Regent Lee said this was a difficult first step, but was a first step.

* Regent Lee stated with regard to the vertical communications alignment, 30 days to make the change.

The motion to approve the organizational alignment recommendations as amended by the Finance Committee passed by unanimous vote (1st Clifford; 2nd Berryman).

FY17 Proposed Budget Reduction Plan (information item)

Norma Allen and Nicole Dopson were asked to give an update on the FY17 proposed budget reduction plan as it relates to Administration and Academic Affairs. Andrew Cullen gave an update on the Instruction and General (I&G) Tuition and Fee projections for FY17.

Ms. Allen noted that the hiring moratorium that was put in place at the end of September has put the University in a good position to absorb the reductions. There was a 5% reduction in the University's State Appropriation to Main Campus that equated to \$9.8 million. Main Campus I&G pooled revenues were reduced by \$9.3 million, RPSPs were reduced by \$351K, and Athletics was reduced \$139K. A revised budget scenario, which was included in the agenda eBook, was discussed. In the bill, the State asked the University to prioritize non-instructional expenditures. The reduction for Academic Affairs was 2.7%, whereas the Administration took a 3% cut overall. Attachment C and D in the agenda eBook detailed the reduction plans for Academic Affairs and Administration.

Nicole Dopson stated in order to meet the Academic Affairs \$4.6 million budget reduction for FY17, they took a blended approach of 50% use of reserves and 50% vacant staff lines. For vacant staff lines, Academic Affairs had approximately \$3.4 million in vacant budgeted positions. In the past two weeks, all of the budgeted vacant position were validated in all units which could attribute \$2 million in savings. Currently, there is \$1.4 million in vacancies they can pull back centrally and over the next 8 months to realize the remaining \$600K. In addition, Academic Affairs spends about \$1 million for temporary positions in unrestricted funds; however, many of the temporary positions are critical to the mission of the University, such as Accessibility Services. In general, they believe they can realize a \$150K in savings by reducing some temporary positions. Academic Affairs has been successful with fiscal shared services, and saved approximately \$500K last year in shared servicing all of the finances centrally within Academic Affairs. Another \$100K may be save by reorganizing and centralizing some fiscal shared services at other non-academic units. To make up the other half of the budget reduction, the plan is to pull back roughly \$2.4 million in reserves. In Academic Affairs I&G reserves, there is about \$4.2 million in discretionary reserves, so they are going to pull back \$1.3 million in I&G and an additional \$800K in other unrestricted funds. In regards to faculty, there is a lag in faculty hiring and the budgets have already been built

using vacancy savings for faculty in FY18 in order to make the reductions permanent. The Deans have been asked to scale back faculty hiring by 50% which would be a reduction of about 20 faculty lines, attributing \$1.6 million in savings for FY18.

Regent Clifford inquired about the savings being generated by pulling from reserves, as they are not recurring funds, and if there is the plan to not fill vacant positions or eliminate vacant positions. Ms. Dopson responded that of the \$2 million in vacancy savings, they believe between \$1.5 million and \$1.8 million would be from permanently reducing vacant position lines, unless they are critical to the Universities mission. There will be a review and prioritization of staffing lines as they become vacant in preparation for FY18. A 1% decline in FY18 will be used as a planning number. There are other re-organizations, specifically around fiscal shared services, that can potentially be implemented for FY18.

Regent Clifford stated it is difficult to know what would occur at the state level so future planning is prudent. He inquired how much of the \$9.8 million reduction to Main Campus I&G would be covered by drawing down reserves. Ms. Dopson stated that for Academic Affairs the total use of reserves for the budget reduction was \$2.3 million.

Regent Berryman noted that pledged student fees could not be used to cover any projected deficits. Ms. Dopson responded that of the University's unrestricted funds, many are in fact restricted as they are student fees, student aid, and endowed/non-endowed spending accounts. They did a thorough review before they pulled any reserves back.

Regent Quillen inquired about the positions they are holding off on, as Terry Babbitt has done a good job educating the Regents that there is a direct correlation between advising, graduation rates, and retention, and if any of the cut positions were advisors. Ms. Dopson responded that no advising positions have been cut. Throughout the Hiring Review Process, they've looked at all of the advising positions and made sure they have been filled.

Regent Berryman stated that the use of \$2.3 million reserves is likely being spent on recurring charges, and inquired when updates of permanent savings would be presented. Ms. Dopson noted they have \$1.4 million in vacancy lines they will pull centrally as permanent reductions for FY18. They will prioritize all positions to see what permanent reductions they will make. There is an FY18 plan that has been put in place which can be presented to F&F and the full Board.

Regent Berryman stated the \$2.3 million minus the \$1.4 million would still leave about \$900K in recurring charges they are using reserves for. Ms. Dopson responded that was correct, but they will have some re-organizations and shared services that will lead to permanent savings. They will be cautious in rolling it out as it involves individuals.

Regent Berryman is weary of continuing to spend down reserves as they are a savings account.

Ms. Allen discussed the EVP for Administration area and they have done a onetime reduction of \$1.785 million to the units. They are aware that it could be recurring in FY18 and the units are working on impact statements and budget plans for FY18. In order to meet the budget reductions, a combination of reserves, vacancy savings, and decrease in operating expenditures will be implemented instead of across-the-board cuts. Approximately \$700K will come from vacancy savings and 30% will come from reserves.

Regent Clifford stated some of these units have much larger reductions; the Regents for example are doing their part by taking a 15% reduction. He inquired about the other units. Ms. Allen responded she has been working with the units and asked them to identify exactly what will come out of reserves, vacancy savings, and reduction of expenditures.

For the Police Department, it is purely vacancy savings from the time they post a position to the time they hire. There will be no reduction in police officers; it is coming out of vacancy savings.

Regent Clifford inquired about Safety and Risk Services reductions. Ms. Allen stated cuts in Safety and Risk are a combination of operating reserves and vacancy savings. She can provide more detail on that to the Board.

Regent Berryman inquired if they were still planning on analyzing cuts to top administrative salaries; similar to what had been done at NMSU. Ms. Allen stated that it had not yet been analyzed.

Regent Clifford also inquired about savings on administrative salaries. He would like some scenarios presented to the Board on a potential modest reduction in higher administrative salaries. He would like to see brackets and some kind of threshold below which there would not be a reduction, a median campus salary. Ms. Allen responded they will provide that information to the Board.

Mr. Cullen stated that in the various cuts outlined in the materials, the must-funds included the insurance payments made to Risk Management and there weren't any specific reductions to property liabilities. Cost savings generated by reductions in the health insurance budget have already been folded into the FY17 budget. They will monitor usage rates and claims for health insurance to see where claims will be relative to budget for potential savings. That could be offset by any premium increase from carriers. Regarding Tuition and Fees, the numbers are worse than anticipated. The scenario presented earlier assumed that enrollment was coming in less than last year so they built in a credit to the FY17 budget anticipating a slight enrollment decline and the continued shift from 12 to 15 credit hours. The University charges less to students who take 15 credit hours versus 12 credit hours per semester, which results in less tuition revenues being collected. Enrollment was down approximately \$200K and it may affect spring tuition numbers. Typically for spring, they see a 92% return on students; for every 100 students that enroll in the fall about 92 come back in the spring. For FY16, it was closer to 91% return ratio. They have built the budget on 92% return ratio. It is tracking more on 91%, which results in a slightly less revenue in the spring than anticipated. For the meantime they will stick with the current budget and adjust FY18 in the future accordingly.

Regent Clifford inquired about the ruling on overtime as it will have a material impact on the budget and would like to see it factored into the budget scenario; it is necessary for managers to manage any overtime.

PUBLIC COMMENT

Sal Guardiola II, a second-year law student, spoke in support of church pastors who have been banned for two years from campus. He requested on behalf of the pastors, a regent or regents meet with the pastors. Regent Lee agreed and requested a time be set up for a future meeting with Student Regent Berryman, Regent Fortner, herself and the pastors.

ADVISORS' REPORTS

Pamela Pyle, Faculty Senate President, commented about the budget and budget process and concerns that the Budget Leadership Team has not yet met. The faculty want to be included in the budget discussions and process.

Kyle Biederwolf, ASUNM President, applauded administration for signing of the agreement with the DOJ. He gave an update on the Student Fee Review Board's (SFRB) status; some units have requested increases and this will put a burden put on students. There will be deliberations on unit requests. Mr. Biederwolf gave an update on homecoming week and reported ASUNM received 13 student regent applications. He also thanked the student body for sending emails to legislators regarding university budget.

Regent Clifford requested Mr. Biederwolf solicit and bring back creative ideas from the student body regarding the athletics budget.

Glenda Lewis, GPSA President, gave an SFRB update and reported that 33 graduate students applied for funding during the GPSA Fall Funding application period, which has now closed. GPSA also received 7 student regent applications.

Danelle Callan, Staff Council President, spoke about The Staff as Students initiative which provides UNM staff the opportunity to take courses to develop professionally and personally. The next event in early November will inform about the program and help staff sign up for classes. Ms. Callan spoke about concerns regarding the 5% budget cuts. She asked for transparency and for communication of decisions, along the the 'whys', as quickly as possible. Most staff make less than \$40K per year.

VOTE TO CLOSE THE MEETING AND PROCEED IN EXECUTIVE SESSION

The motion to close the meeting passed unanimously (Berryman; 2nd Clifford)

Regents present in closed session: Regents Hosmer, Berryman, Lee, Quillen, Clifford, and Fortner (joined via FaceTime).

1. Discussion and decision, if appropriate, of strategic or long-range plans of public hospitals as permitted by Section 10-15-1.H(9), NMSA (1978)
2. Discussion and determination where appropriate of threatened or pending litigation as permitted by Section 10-15-1.H(7), NMSA (1978)
3. Discussion and determination where appropriate of limited personnel matters as permitted by Section 10-15-1 (2), NMSA (1978)
4. Discussion and determination where appropriate of the purchase, acquisition or disposal of real property as permitted by Section 10-15-1.H(8), NMSA (1978)
5. Discussion of personally identifiable information about any individual student as permitted by Section 10-15-1.H(4), NMSA (1978)

VOTE TO RE-OPEN THE MEETING

The vote to re-open the meeting passed unanimously (1st Fortner; 2nd Quillen). The meeting re-opened at 4:40 PM; the door to the Cherry Silver Room was opened.

Regent Lee certified that only those matters described in the closed session agenda were discussed and there was one action upon which the Regents took action in closed session.

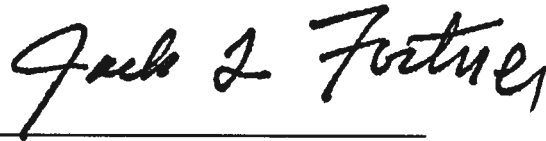
The motion for the Board of Regents to not accept an appeal of an academic matter by a student passed unanimously in closed session (1st Quillen; 2nd Lee).

ADJOURN

The motion to adjourn passed unanimously (1st Hosmer; 2nd Berryman). The meeting adjourned at 4:40 PM.

Approved:

Attest:



Robert M. Doughty III, President

Jack L. Fortner, Secretary/Treasurer