

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

March 28, 2011

Board of Regents Meeting 9:00 a.m. –5:30 p.m.  
Student Union Ballrooms

**Attendance:**

Regents present:

Jack L. Fortner, President  
Don L. Chalmers, Vice President  
Carolyn J. Abeita, Secretary-Treasurer  
J.E. “Gene” Gallegos  
Bradley C. Hosmer  
James H. Koch  
Jacob P. Wellman

President present:

Dr. David J. Schmidly

Executive Vice Presidents present:

David Harris, EVP  
Suzanne Ortega, Provost  
Dr. Paul Roth, Chancellor

Vice Presidents present:

Carmen Alvarez Brown, Vice President Enrollment Management  
Josephine De Leon, Vice President, Equity and Inclusion  
Julia Fulghum, Vice President, R&D  
Helen Gonzales, Vice President for Human Resources  
Paul Krebs, Vice President, Athletics  
Ava Lovell, Vice President and Controller  
Steve McKernan, HSC Vice President, Hospital Operations  
Eliseo Torres, Vice President, Student Affairs

University Counsel present:

Lee Peifer, Interim Sr. Associate University Counsel

Regents’ Advisors present:

Richard Wood, President, Faculty Senate  
Merle Kennedy, President, Staff Council  
Lissa Knudsen, President, Graduate and Professional Student Association (GPSA)  
Lazaro Cardenas, Jr., President, Associated Students of UNM(ASUNM)  
Steve Chreist, President, Alumni Association  
Anne Yegge, Chair, UNM Foundation  
Maria Probasco, President, Parent Association  
Cynthia Stuart, President, Retiree Association

Branch Campus Directors present:

Sylvia Andrews, Executive Director, Gallup Campus  
 Alice Letteney, Executive Director, Valencia Campus  
 Catherine M. "Kate" O'Neill, Executive Director, Taos Campus  
 Cedric Page, Executive Director, Los Alamos Campus  
 Beth Miller, Acting Executive Director, Rio Rancho Campus

All presentations are included in the FY12 Budget Summit pdf document or the BOR E-Book pdf document posted on the Board of Regents web site (<http://www.unm.edu/regents/meetings/>).

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

**I. Confirmation of a Quorum; Adoption of the Agenda, Regent Fortner**

**Motion passed** unanimously to adopt the agenda (1<sup>st</sup> Chalmers, 2<sup>nd</sup> Abeita).

**II. Opening Comments from Regent President Fortner**

Regent Fortner: "Today is not about making decisions. Today is about gathering input, information, listening, gathering recommendations, making recommendations. But today there won't be any decisions made. We appreciate your attendance and we want to hear from anyone who has input to give."

**III. Budget Summit**

**1. Welcome and Introduction, David J. Schmidly, President.**

- a. Explanation of Process and Schedule
- b. Considerations
- c. Historical Context
  - History of Cuts [Administrative]
  - One-time Money
  - Tuition: History of Increases and Perspective
- d. How is tuition spent?

President Schmidly noted there are errors in the table named Tuition: History of Increases and Perspective which will be corrected for the F&F (Finance and Facilities) Committee meeting on the 11<sup>th</sup>.

President Schmidly said, "We should be proud that we are an excellent bargain for the people of our state... This is what led to my comment in the Albuquerque Journal that we are the 'Wal-Mart of Universities.' What I was referring to is that we offer both high quality and affordability. My remarks have been interpreted to mean cheap and low quality, which is not the case. I certainly want to apologize if my reference offended anyone; that was not my intention."

Regent Chalmers stated that if the state lottery scholarship was factored into “Myth 1” it would show that the state is pretty supportive of our university. A good percentage of what the students pay is paid for by that scholarship. The lottery has an effect on myths 3 and 4 and I think we should give credit where credit is due.

President Schmidly said that about thirty-five percent of UNM students are on the lottery scholarship.

President Schmidly confirmed to Regent Gallegos that Myth 3 is comparing net tuition, omitting the amount of tuition increase that is the result of the legislative credit. If the tuition credit was included it would be about forty-five percent. The percentages shown in the chart are the proportion of total educational revenue that comes from tuition. If the chart included the tuition credit, which the students pay, New Mexico’s percentage would be much higher.

Regent Hosmer asked what would be the result of the process if, rather than following the flowchart, it started with a decision about student tuition and proceeded from there?

President Schmidly: If we would pick tuition as the beginning point of the process, we would have to look at cost containment together with that tuition and reduce mission-critical activities to make sure that balanced out, unless we continued to use some one-time money.

Regent Hosmer said that if tuition were determined based on a policy, or in some other fashion that was not “fallout,” it could lead to some advantages from the point of planning for all the people involved.

President Schmidly said some universities have adopted a “guaranteed tuition model” in which they say tuition will not change for entering freshmen for four years. That scenario works well in a stable funding environment. Where there is not a stable funding environment and if state appropriations decline each year, each entering freshman class has to pay substantially more tuition. Had we been in a guaranteed tuition model the last three years, our freshman would very likely have paid double digit percentage increases each year.

Regent Koch: Our tuition is lower than our peers, but our peers do not receive the level of funding from their states that we do. I think we need to recognize that and send a good message to our legislature that we appreciate that fact, even though it’s going down.

President Schmidly noted that while we “per capita income” rank high, that funding is spread to so many institutions in the state, and we’ve had a formula that favors the two year institutions over the four year institutions. Our expenditures per student are a little more than three quarters of that of our peers.

In response to Regent Abeita, President Schmidly said that six cents of every dollar of tuition we collect is spent on Student Services, which include Enrollment

Management, Student Affairs and Activities and the Student Union Building. The thirteen cents for Institutional Support includes Human Resources, Payroll, Financial Services, Safety and Risk. The twelve cents for Academic Support includes Advising, Libraries.

Regent Abeita stressed the point that these amounts show how tuition is spent. Fees are not included.

President Schmidly said that fees vary so much from one college to the next, even within a college from one academic program to the next, that to do a comparison to our peers would be very difficult. Our library fee is substantially less than other institutions. The dean of the libraries said we are about 78<sup>th</sup> in the rankings of 113. Dr. Schmidly said he would try to address Regent Wellman's questions regarding fees for the next meeting.

In response to Regent Fortner, President Schmidly said he knows of no other state that uses tuition credit as New Mexico does. Some years ago Illinois created a compact between the universities and the state. It had to be removed because, once the recession hit, it became unworkable.

In response to Lazaro Cardenas (ASUNM), President Schmidly said that this budget, with an 8.6% tuition increase, was built on the premise that there would be less reliance on one-time funding. The increase could be lower if that constraint were removed.

Richard Wood, Faculty Senate, asked what the impact on students and the academic mission would be if the university chose not to "hold harmless" employees affected by the 1.75% salary take-back that replaces the state contribution to employees' retirement funds.

President Schmidly stated that proposal was made because faculty and staff have had to do much more with fewer people. They do not deserve a "pay cut." Rather than looking at this as a recurring expense to be covered by tuition, it should be looked at more as a one-time item that could be funded with one-time money such as the \$4 million in savings produced by energy conservation. The success of the conservation program is directly attributable to the efforts of faculty, staff and student employees.

## **2. 2011 Legislative Overview, including RPSPs, David W. Harris, Marc Saavedra**

Mr. Saavedra detailed the Legislative Finance Committee's (LFC) cuts to RPSPs. He presented a list of RPSPs the Provost would commit to funding with \$210 thousand included in this budget proposal: the Southwest Indian Law Clinic (SILC), Disabled Student Services, African American Student Services, El Centro de la Raza, American Indian Student Services, Graduate Research Development and Student Athlete Retention.

He discussed the 1.75% “swap” extensively stating that it affects all state employees who contribute to the Educational Retirement Board (ERB) or the Public Employees Retirement Association (PERA). The bill was amended so that the “swap” has a one year term with a one year extension. The swap would be reversed if solvency reaches five percent or state revenues increase by \$100 million.

Regent Gallegos clarified that the current 1.5% “swap” has been in effect for two years and will be in effect for two more. The solvency and revenue triggers do not affect the current “swap.”

Andrew Cullen told Regent Gallegos that the \$210 thousand designated by the Provost to fund the list of RPSPs given by Mr. Saavedra is included in the current 8.6% budget proposal as a line item.

Regent Abeita expressed concern that, since RPSPs are not funded by tuition and the legislature is cutting RPSPs based on dollar amount rather than services to students, some programs critical to student success will be cut. Until this budget proposal is approved these programs are still at risk.

Dr. Wood stated that Instruction & General (I&G) funding comes from the state appropriation and from tuition. If RPSPs cut by the legislature are funded by UNM, then they are being funded by I&G money.

Provost Ortega clarified that there is already substantial support for the ethnic centers in the I&G budget. That support is complimented by special appropriations.

Mr. Saavedra commented that five years ago UNM was submitting over one hundred special project requests on top of the appropriation request.

### **3. General Institutional Budget**

- a. Employee and Retiree Health Insurance, Helen Gonzales, VP for Human Resources.

Ms. Gonzales told Regent Fortner that UNM pays roughly sixty percent of the premium for early retirees (under 65) health care--it is based on salary. For retirees over 65, because of the Medicare benefit, we pay forty three percent.

Ms. Gonzales responded to Regent Chalmers that employees with “employee only” and “employee plus spouse” coverage have been paying slightly higher premiums compared to their usage while “employee plus child” and “employee plus family” have been paying slightly lower premiums. The proposed health plan design changes will adjust premiums to more closely reflect usage.

Regent Chalmers requested that the BOR be provided a copy of the Governmental Accounting Standards Board (GASB) report of unfunded liability regarding retiree health care when it is produced every two years. Provide this current report, too.

Ms. Gonzales stated that the \$800 thousand annual required contribution saved by the changes to the early retiree health care plan has been factored into this budget proposal, in that additional funding is not needed. The saving is not available for other uses since it will go into the insurance reserve.

- b. Building Renewal & Replacement (BR&R), Andrew Cullen, AVP Budget.

Regent Chalmers expressed concern that an annual budget of \$9.76 million is not adequate to maintain university buildings and that maintenance has been deferred in prior years which could lead to more expensive problems in the future.

- c. Utility Costs, Andrew Cullen, AVP Budget.

Regent Gallegos asked that the BOR be provided with the particulars of a possible \$1.9 million per year for FY12 and FY13.

- d. Auxiliaries and Associated Fees, Andrew Cullen, AVP Budget.

Chris Vallejos, AVP Business Planning and Services, told the BOR that parking at Lobo Village will be at the same rate as Commuter Lots G, Q and South. ACC will reimburse the University for Shuttle Service between Lobo Village and campus. The Lobo Village placard would not be good for Proximate or Structure parking.

Lissa Knudsen said that GPSA passed a resolution stating that if parking fees were increased, the GPSA would encourage including the “free bus” fees in those parking fees rather than taking them out of student fees.

- e. UNM Foundation and Regents’ Endowments, Andrew Cullen, AVP Budget, Henry Nemcik, President/CEO UNM Foundation.

4% of the proposed “Reinvestment Fee” would go to the Foundation for administrative costs and 1% would go to the Deans for uses such as donor recognition, travel, etc.

Regent Gallegos stated that how I&G funding of \$1.2 million, or portion thereof, is replaced is not germane to this budget discussion. This “Reinvestment Fee” is not provided for in the Foundation investment policies and it will be addressed at another time and place.

Mr. Cullen said the “Reinvestment Fee” is presented to show there is a plan to fund the Foundation administrative costs should I&G funding be reduced. The fee would not be put in place until FY13. The use of Auxiliary balances is proposed to replace I&G funding in FY12.

Regent Gallegos stated that the Foundation also receives 1.85% based on the market value of the consolidated fund. Year to date, that amount is \$400 thousand higher than projected so I&G funding could be reduced by \$400 thousand and the

Foundation would have the same amount of funding as it started with. He doesn't believe funding from the university should be cut to zero during a major campaign.

Mr. Cullen confirmed that I&G funding would be cut to zero but it would be replaced in FY12 with funds from Auxiliaries including the Bookstore, Ticketing, some from Parking & Transportation.

Regent Abeita expressed concern that Parking is proposing a fee increase for maintenance. If Parking needs a fee increase then it can't have money to fund the foundation, can it? Mr. Cullen said the proposed amount from Parking would be less than \$100 thousand.

Mr. Cullen said that the spending distribution from the Foundation has been at 4.65% for several years.

Regent Gallegos asked that Mr. Cullen inform the F&F Committee of the principal balance of each of the endowments at the next meeting.

**4. HSC and UNMH, Paul Roth, Chancellor, Ava Lovell, Vice President and Controller.**

Dr. Roth named some of the seventeen RPSPs that have not been moved to the I&G budget: Carrie Tingly Hospital, the Office of the Medical Investigator, the Cancer Center, the Children's Psychiatric Hospital. Many of the RPSPs were established years ago and those that have not been moved to the I&G budget are still dependent on special project individual funding from the legislature.

In response to Regent Chalmers, Dr. Roth said the FIBCI method of calculating compensation applies to emergency room doctors as all others. 100% of the doctors who practice at UNM Hospital are faculty members in the School of Medicine, but not all physicians who are faculty at the School of Medicine practice at UNM Hospital. Essentially, all the staff at the Veterans' Hospital are faculty at the School of Medicine. The Sandoval County Regional Medical Center is an open model—not all physicians who practice at SCRMC will be School of Medicine faculty.

Regent Koch asked if the proposed 4<sup>th</sup> Street Clinic would be on the land traded for construction of a fire station near Lobo Village. It will be. The paperwork on that exchange is being completed at this time.

Regent Koch asked if a separate dental school was still in the plan. Dr. Roth said that it is in the long term plan, but they have designed an alternative plan similar to the BAMD program whereby, after receiving an undergraduate degree from UNM, certain students would complete dental school in another state and then return to New Mexico for their residency.

Regent Koch asked about the cigarette tax. He would like detail about those funds that come to the hospital and/or cancer center. In past years the legislature has

considered using that tax for other purposes. We should be informed in case they do so again.

Regent Gallegos asked that the detail of HSC unrestricted balances and the projected use of those funds be provided at the F&F meeting on April 11<sup>th</sup>.

Ms. Lovell told Regent Koch that the revenue from commercial insurance includes money received from main campus under UNM's medical plan, as well as Lovelace and Presbyterian health plans. Regent Koch asked how much that revenue had increased since UNM became self insured and employees were encouraged to use HSC and UNM Hospital. Ms. Gonzales and Ms. Lovell said the revenue has increased but the detail of how much of that increase is due to UNM employees using UNM facilities is not at hand. Ms. Gonzales estimated \$10 million dollars is attributable to UNM employees.

Dr. Roth said they will be able to help staff with the 1.75% "swap" as main campus will but they do not have the resources to help faculty. He stated that the calculation of Medicaid funding is very complex, but the bottom line is a 3.9% reduction.

Ms. Lovell told Regent Chalmers that the only SCRMC expenditure in the FY12 preliminary budget is the investments we are making in hiring faculty. SCRMC is a separate 501(c)3 and it has its own financial statements. The SCRMC is currently spending down their bonds constructing the center.

Regent Gallegos asked that the detail of the "All Other Revenue" and "All Other Expense" be provided at the next F&F meeting. Ms. Lovell said the revenue includes the mill levy, cigarette tax, and F&A revenue. The expense includes all non-salary expense: travel, supplies, beds, blood, etc. Dr. Roth said they plan to follow main campus in reimbursing non-faculty staff for the 1.75% "swap." The level of administrators that will not receive the reimbursement will be the same as main campus. UNM Hospital will not be included. HSC will conform to the Regents' decision regarding the "swap."

Diane Parham, OTGP Director, said currently there is no tuition differential and no additional student fee for the Occupational Therapy Graduate Program. The program is primarily I&G funded and the budget has been cut about nine percent over the past two or three years. A typical credit load is thirteen credits per semester across seven semesters. Across the entire program and seven semesters it will be about \$11,500 extra in tuition and fees (attachment 2 OTGP Tuition Differential Table). The differential would be the same for in-state and out-of-state students.

Lissa Knudsen, GPSA, asked if this proposal went through the new HSC formulation and if there was student representation on that board as an advisor. Dr. Parham said it went through the HSC Faculty Council but has not gone to the HSC Board of Directors. Ms. Knudsen urged the OTGP to consult students regarding the proposal and to consider the students' current students debt load ratio.



In addition to providing the number of occupational therapists employed at UNM Hospital, Regent Fortner requested a breakdown of where the “extra” \$3 thousand per student per year would be spent. Dr. Parham said their five year plan is to maintain the high quality of the program, ranked seventh of 152 accredited graduate programs in the U.S., and to develop a post-professional doctoral program to bring more services into the state.

Ms. Gonzales stated that the UNM Health Plan spends \$20 million with Lobo Care. It is about half of UNM’s claims. It is about 6% of the commercial insurance revenue.

**5. UNM Main Campus and Branches, Dr. Schmidly, President, David Harris, EVP for Administration.**

President Schmidly introduced the Executive Directors of the Branch Campuses.

- a. Summary of State General Fund Decrease, David Harris, EVP Administration.

Mr. Harris noted that before the funding formula for higher education, in the 1970s, the legislature actually set the tuition level for each university in the state in House Bill 2. The funding formula eliminated that practice while still giving legislators some control over tuition.

- b. Reductions of Expenditures (cost containment), David Harris, EVP Administration.
- c. Required Use of Funds, Andrew Cullen, AVP Budget.
- d. Recommendations to Strengthen Core Mission, Andrew Cullen, AVP Budget.
- e. Use of Fund Balances, David Harris, EVP Administration.
- f. Transfers Out (Replace One-time, Non-recurring Funds), Andrew Cullen, AVP Budget.

Mr. Cullen said that the F&F committee directed that the gap of \$4.4 million between what we were proposing as additional spending requirements and what we were proposing as reduction in expenditures be reduced. The proposal today reduces that gap from \$4.4 million to \$1.2 million.

Mr. Cullen told Regent Gallegos that UNM consults with state risk management to arrive at the estimate of \$1.5 million in liability &/or property insurance premium increases. Mr. Harris said that UNM is required to buy insurance through state risk management, it can’t be outsourced. That item should be firm by April 8. Mr. Cullen told Regent Hosmer that the total for liability/property insurance is about \$9 million.

Mr. Cullen confirmed that “balance harvesting” reduced the balance forward amounts that Arts & Sciences, for example, rely on to hire the part-time faculty who are critical to their mission. The \$500 thousand proposed for Arts & Sciences part-

time faculty is not, but should be, a part of that college's normal budget. Dr. Wood said this practice means that you are signing contractual commitments without having clear budgetary authority to do that, and planning curricula without that. Regent Abeita said it affects tenure-track as well, because you are filling with part-time as you get the money. You're not able to plan and establish tenure lines. Dr. Wood said some part-time faculty is fine because it allows flexibility.

Regent Wellman asked that if funding for tenure-track faculty is included in tuition raises and what they fund each year, why hasn't there been growth in the number of faculty? Provost Ortega said the primary means of funding part-time faculty is from full time faculty vacancies. It also takes a year to hire a tenure-track faculty member. When you have enormous growth you don't have the funding you'd normally have from retirement so instead of hiring in a year, you wait two years to fill a vacancy. We're not filling vacant positions as fast as we'd like because we're trying to keep enough part-time instructors in front of students.

Regent Wellman would like to discuss faculty recruitment with Provost Ortega at the next Academic Affairs Committee meeting.

Regent Gallegos said there is no reference as to how much of each of the reserves are being used in this proposal. Mr. Cullen said the Auxiliaries have about \$6.9 million in Parking, Bookstore, Ticketing, LoboCard, Housing. Housing reserves will be used to make improvements in the older housing stock. Mr. Cullen said in the past each auxiliary was treated as an independent entity and their reserves were used for reinvesting in their businesses.

Mr. Cullen confirmed to Regent Gallegos that although \$1.2 million in I&G funding was removed from the UNM Foundation, the proposal shows that it will be replaced by \$1.2 million from the Auxiliaries. It would be for FY12 only.

Regent Chalmers said the plan is to use the "Reinvestment Fee" that will be put on gifts to replace that \$1.2 million. It hasn't been approved yet. There is a plan to wean the Foundation from university funding. Regent Gallegos said this year the Foundation will end up being ahead because of the growth of the consolidated investment fund and the 185 basis points. Mr. Cullen said that over the past two or three years the funding has been reduced from \$1.8 million to \$1.2 million.

Regent Gallegos said he thought he had seen I&G money going in to Auxiliaries. Mr. Cullen that within the Administrative cost containment Mr. Harris presented there are reductions of \$385 thousand in utility support to Athletics and \$150 thousand reduction to Alumni relations.

Regent Fortner asked if all the I&G funding of the Foundation is being replaced by the Auxiliaries and they have the unanticipated \$400 thousand from the growth of the investment fund, aren't we actually increasing their budget? Ms. Yegge said there is a decrease in short term interest and unrestricted gifts are lower, so overall they are short of their projected revenue. Regent Gallegos said that the 185 basis points was supposed to be temporary and that issue needs to be addressed.

Mr. Cullen said the unemployment workers comp reserve is about \$6.5 million and \$1.5 million reserve for utilities before these uses of balances.

Regent Chalmers asked how the \$3.7 million use of balances in FY12 compared with the prior year. Mr. Cullen said that this current year we have \$13.4 million in balances. These 3.7 million dollars will not have to be replaced.

- g. Discussion of Student Fees/SFRB Recommendation, Lazaro Cardenas, President ASUNM.

Mr. Cardenas said the SFRB recommended that all departments that requested money be given an increase due to the increase in enrollment. The board was able to do that and still be able to lower student fees by \$0.31. Some of the groups that the board feels should be on I&G funding are Research Service Learning Program and the operating budget of the LGBTQ Resource Center. The \$100 thousand for Parking will go toward the free bus program.

Dr. Schmidly told Regent Gallegos the “Special Fund Fee” is the program that is decreasing by \$0.31. Mr. Cullen said the allocation of \$360 thousand in non-recurring funding is from a reserve, or balance forward, of \$460 thousand.

Ms. Knudsen said eleven of the programs get increases based on number of students, but those considered “Special Funds” like the ethnic centers get a flat amount that doesn’t change due to enrollment.

Mr. Cardenas said that \$150 thousand for IT would go toward extending wireless service and \$50 thousand would go toward the printing initiative.

- h. Differential Tuition & College Fees, Wynn Goering, Vice Provost, Academic Affairs.
- i. Tuition and Fees for Branch Campuses, Andrew Cullen, AVP Budget, Branch Directors.

Regent Fortner confirmed with Ms. O’Neill from Taos campus that branch campus tuition is much less than main campus.

- j. Preliminary Tuition and Fee Recommendation for Main Campus, David Schmidly, President.

Mr. Cullen said in FY11 we are using \$13.4 million in one-time funds. In this proposed budget for FY12 the use of one-time funds has been reduced to \$9.2 million.

Mr. Cullen said the 3.1% tuition credit is a calculation done at the state level. It includes self generated tuition such as Continuing Education and Extended University, and the differential tuitions for Anderson School, Law School, Public

Administration and Architecture and Planning. UNM doesn't enforce the tuition credit on those self-generating units or professional schools, so the effect is proportionately larger. That is the difference between the 3.1% and the 4.06% shown. If you calculate the increase using total tuition and fees, the increase is 6.82%. This proposal is for an increase of 8.63% in tuition, or about \$375 per student per year.

Regent Wellman asked if his understanding was correct, that this proposal was using \$5 million in tuition balance forward to fund the ERB "swap" and other expenditures? Mr. Cullen said that \$3.5 million in tuition was banked in the fall with BOR approval. Not specifically for the "swap." We foresaw the expected decrease in state funding then.

## **6. Discussion and Comments, Regent President Jack Fortner & Constituency Leaders.**

### **a. Students, Deans, Faculty, Staff, Parent and other Constituent Groups.**

James Linnell, Interim Dean, College of Fine Arts, speaking as the Deans representative regarding their views on the budget presented today: Four observations: First, this year's budget process has been the first time they've experienced with the chance to create a strategic budget plan. Second, the extensive efforts involving all stakeholders on campus to find savings and cuts. Third, the deans' effort to state a limit to the cuts we can absorb without doing long-term damage to academics, a limit we call the trigger point. Last, the effort that has gone into this year's budget is what shared governance looks like. We believe that the tuition called for in the budget will protect academics and the value of degrees earned by our graduating students. This year is different because, for the first time, faculty, students, deans, staff, faculty senate and administration have been working to create a process that has earned the trust of the parties, protects academics to the extent possible, and examines all expenditures for savings. Out of this process has grown the understanding that continuing long-term expenditures have been funding out of non-recurring funds. Covering the budget shortfall this way has had the effect of delaying and eroding the replacement of faculty lines that are needed. Changing this use of funds is fundamental to rebuild the academic resources. This budget begins this process of change. This effort has identified \$8 million plus in reduction of expenditures. The deans join President Schmidly in support of this budget and the requested increase.

## **7. Public Comment**

Megan McRobert, student: Students have participated in various advisory committees and task forces, including the President's Strategic Advisory Team (PSAT) and the Cost Containment Committee. These meetings were not conducted in compliance with the New Mexico Open Meetings Act, and while they are not subject to that act, I feel it creates a framework for what a truly transparent process can be. I was told there was no plan for public comment on the PSAT report. I am not criticizing the specific student representatives. However, due to structural

inequities they were unable to participate in a way that was meaningful for students as a whole. It puts far too much burden on a single student. I would call for a public call for nominations for all student positions, requiring nominations from all colleges and schools, as well as graduate and under graduates. I would ask all future assembled formal group that is specifically tasked with making financial and fiscal recommendations be required to comply with the New Mexico Open Meetings Act. A vote for students on the BOR would make students feel represented. A permanent standing committee should be established, comprised of undergraduates, graduate and professional students, faculty, and staff, to advise the BOR and outreach to the UNM community on actions taken by the BOR. Finally, I would ask that an independent third party review be investigated into the budgeting practices of UNM. Students bear the brunt of increased costs and decreased resources, but they have the least say in the process. Students are a crucial source of innovation and should be valued as committed and dedicated community members.

Liza Minno Bloom, graduate student: The information I'm about to present was not available publically through the university so we received it from a third party economist. In 2009, UNM had \$753,284,899 in liquid assets. \$177 million of that was in cash. The same year we had \$484,528,511 in cash reserves. Moody's composite score that year was 3.1 and our bond rating that year was AA2. All of these are indices of an extremely healthy public institution. Due to these numbers and due to the fact that the university has been reluctant to release ostensibly public information, such as the 2010 Audit Report, we question the rhetoric of the "crisis" overall and the cuts that are being justified in this meeting. As an involved student, I can tell you there is a general nebulous culture of fear and insecurity here. I acknowledge that the state is handing down budget cuts in UNM's appropriations, but it seems to me UNM was prepared with healthy reserves and various rainy day funds.

Regent Gallegos noted that the 2010 Audit Report is publically available on the UNM web site.

Speaking for Emily Strabbing, Ms. McRobert quoted several statistics from the UNM fact book regarding the ratios of faculty to students, graduation rates and dollar amounts spent, per student, on instruction.

Sergio Gonzales, SFAC, said that only one of his 39 credit hour classes has been taught by tenure or tenure track faculty. If it weren't for BAMD, classes he doubts he would have another.

Gino Signoracci, graduate student, said academic defunding results in the elimination of majors, students being locked out of sessions and/or increasing class size and impacts graduate studies, as well. He teaches a core curriculum class, which has gone from 45 to 50 students per semester in the year he has been teaching. Between UNM's cash surpluses and money that is spent on non-academic projects, there should be a way to save academics and prevent tuition increases.

Talal Saint-Lot, graduate student: Consider the 65% of students that are not receiving the lottery scholarship, the 57% that are not eligible for Pell grants and the 6000+ graduate students that are not eligible for either.

Chris Ramirez, graduate student, spoke in support of the Office of Equity and Inclusion. 50% of students are students of color, 25% of graduates are students of color and only 13% of tenure-track faculty are of color. Six year graduations rates for men of color are 12% of Native American men, 20% of our African American men and less than 30% of our Latino men. Four buildings on campus are inaccessible to students who cannot climb stairs. Many feel the campus is a very hostile environment.

Regent Fortner said the regents hope to change the feeling of a culture of fear.

Regent Abeita noted the issues of equity and inclusion have always been a concern of regents. We are not attacking specific offices or groups or organizations. We are looking at the most productive use of resources. It may look to the outside that we're not taking these issues seriously. We are.

Regent Fortner: We are asking the President to merge Vice Presidents. We are not saying to do away with what the Office of Equity and Inclusion does, but we are trying to be good stewards for the taxpayers and students.

Mr. Ramirez said students want a Vice President and an Office of Equity and Inclusion. We don't want an office that's merged, that's only in Student Affairs, we don't want it farmed out to HR or to other entities. We are happy that salary information is now available on line, but it is only base salary. It doesn't include things like deferred compensation.

President Schmidly said the full compensation of all Vice Presidents and Assistant Vice Presidents is available on line on his website and on the Budget website.

Patricia Roybal-Caballero, graduate student and a veteran of the student movements of the 1970s, said that it was the intent of those movements, of the Dept. of Justice and of the Office of Civil Rights that these programs be institutionalized to provide safe haven and to be the conscience of the institutions to ensure that there is equal protection under the law and that there are administrators, faculty, staff and boards that are reflective of the student body.

David Griffith, QSA and Patrick Barrett, BSU spoke in support of OEI.

Tom Whittaker, graduate student, said that although the state appropriation has been cut, it is still more that it was just six years ago. Enrollment has gone up, tuition has gone up, faculty numbers have remained the same, the budget for Arts & Sciences has remained the same. We are concerned that the difference between 2006 and 2012, and the current budget crisis, is the unfettered growth of the UNM administration. Peer institutions have far fewer administrators and far higher graduation rates. The average salary of administrators has increased dramatically, as

well. UNM should not be competing for the best administrators and coaches, but rather for the best students.

Justin Delacour, graduate student, believes Dr. Schmidly deserves credit for forming and supporting the Office of Equity and Inclusion. Regent Fortner and Mr. Delacour disagreed on whether New Mexico is the poorest state in the country. He believes the total compensation of the top 61 administrators should be published in the Daily Lobo.

Mr. Delacour read a statement from Will Thompson, student.

Adrian Carver, student, said a tuition increase would disproportionately burden students rather than those in this community making in excess of \$100 thousand.

Randi Beck, student, said a comparison to Wal-Mart is hardly worth bragging about. Why was \$30 million spent on gifts and only \$25 million spent on student services in 2010?

Jamie Roybal, student, a tuition increase places the burden on those who can least afford it.

Katie Richardson, graduate student, Cost Containment Committee member, said graduate students concur with the budget proposal in decreasing funding to Athletics and moving RPSPs into I&G funding. Graduate students would like a year-long voice in budgetary and structural decisions at UNM.

ASUNM President Lazaro Cardenas President presented a resolution passed by ASUNM.

GPSA President Lissa Knudsen presented a list of additional areas to be considered for cost containment, expected savings there-from and a resolution passed by the GPSA.

Staff Council President Merle Kennedy: The staff appreciates being involved in the cost containment process. Most staff have not had an increase since 2007. Increased benefits costs mean most staff have seen a decrease in pay. We continue to find ways to do more with less. We hope the BOR can support President Schmidly's offer to offset at least part of the ERB "swap."

Parent Association President Maria Probasco: The Parent Association does not support a tuition increase. If a tuition increase is imposed, parents expect that the academic mission and programs and services directly affecting student success will be protected from budget reductions.

Dr. Wood said that nowhere in the discussion was the ERB "swap" considered as part of the tuition increase. It was just portrayed that way in an editorial.

Foundation Chair Anne Yegge invited GPSA President Knudsen to discuss the Foundation budget with her.

Faculty Senate President Wood noted the memo signed by five of the Regents' Advisors groups.

**8. Response and Discussion of Alternatives, Regent President Jack Fortner & President David Schmidly.**

**9. Consideration of the FY12 Tuition and Fees, Subject to Amendment and Substitution by the Board, Board of Regents.**

Regent President Fortner: It is clear we agree that we wish to protect the academic mission and protect students and parents from drastic tuition increases. What we can't always agree to is, "What is the academic mission?" Some would say cutting Athletics is a good idea, some might say that we're educating students that otherwise might not get an education but for Athletics. We need to work on more tenure-track faculty and we need to solve the Arts & Sciences nightmare, trying to keep the correct number of faculty each year. EVP Harris and AVP Cullen, you need some direction. As Regents Hosmer and Gallegos have suggested, what would happen if we said, "This is the tuition increase we want and we want you to figure out a way to make it work." Is it possible to have a tuition increase of about 5% and no greater than 6%? Is there a need for an increase in student fees, especially if a tuition increase is held to 5% or 6%? Everything is on the table. When we talk about vice presidents, we even have students saying we're top heavy at the same time they're saying don't eliminate anything. Can we consolidate some of the functions and positions of vice presidents? President Schmidly has a team that could give us critical advice on which pause and hold positions are critical and which are not and should be cut. We have to look at harvesting balances. I commend Dr. Schmidly for eliminating most of the funding for national lobbyists and sticking with one outside lobbyist for the state. We need to duplicate the success of New Mexico Tech. The Provost needs to consider the administrative budget of the Provost's Office, not the academic areas, but the administrative budget. Are we going against the will of the legislature in doing as Dr. Schmidly suggests offsetting the increases in the contribution to the Educational Retirement Fund? We have to consider making faculty and staff earning \$40,000 whole in the 1.75%. There are union considerations. Perhaps employees making between \$40,000 and \$80,000 should be protected in the 1.75%. We need to determine, David, Andrew, Ava or hire an outside firm, to see if we can get a share of administrative overhead from the Health Sciences. Even if we don't make it an annual thing you could offer to help. It is a budget crisis, there is less money. Don't just give us one proposal. Give us multiple alternatives. To the person that said there's a culture of fear, I'm sorry. Discrimination is not allowed. Equity and inclusion is something that we're concerned with university-wide and everyone here is concerned with that. Whatever we do with vice presidents, we are open to your input.

Regent Chalmers: We should agree that the budget process is much improved this year. It can always be improved, so we need to keep working on it. The budget



proposal that we have been given today is different than the one we received initially in the F&F Committee. Even though we are cutting expenses we are spending more to support the academic mission. The cuts made from the initial proposal are steps in the right direction. I would say we are still spending money more than we're cutting in the overall picture. Core mission and inflation add up to more than the cuts. Whether it's 5% or 6% as long as we can get it done. I want cuts that are at least equal to the increased spending for inflationary items and strengthening the core mission. I think that can be done. It may not get us to the five or six percent. If we can get there I'm all for it. I appreciate we have much less reliance on one time funding items. I might almost say the \$3.7 million is semi-sustainable. If we rely too much on pulling fund balances it's not sustainable. I was shocked that since 2001 and 2002 compared to 2010 and 2011 there has been an increase of \$2,711 total in tuition. That's a significant percentage. Forty four percent of that increase is due to the tuition credit. Not what we raised tuition. The regents have raised tuition, that we could control, \$1,406 in ten years. That doesn't sound like much per year in today's economy. Almost as much is due to the tuition credit. We need to let everybody know that regents will vote on a tuition increase but no more so than the legislature. I can see that UNM tuition and fees combined is a good buy relative to all the other flagship universities around. It's a quality education at significantly less than others. That doesn't make a lot of difference to someone who doesn't have the money. We're sensitive to that, but at the same time we are committed to running a quality university and that takes funding. I wish I could say we're not going to have a tuition increase but that's not realistic. It's incumbent on us to see what we can do to cut more, not threaten the core mission and get the tuition as affordable as we can.

Regent Abeita: I appreciate the effort that has gone on for months by the different constituent groups and the effort and sincerity with which they took on this task. Their recommendations were solid and thoughtful. This budget process has tried to be inclusive. There are avenues for folks to voice their opinion. I appreciate the Regents' Advisors because you are responding to your constituents. You have consistently provided the regents with their thoughts and input. We are faced with the tuition credit that we don't have a say in. I am also in favor of finding a small number and see if we can make it work. In these documents there was mention of another \$500 thousand that could be found. Well, we need to find that. We need to try to make the effort so the students aren't bearing the burden. It is hard. It's not just the tuition, its books, the supplies, it's everything else. I appreciate the comments from the students. That's the caliber of the students we have here. They're that articulate, that vocal, that committed. That speaks to the quality of the education they are getting. We need to make sure more people have this opportunity. We are all having to make hard decisions. I appreciate the comments about using one time funds. We used them at a moment in order to delay this day and now we're having to pay the piper. We still have time and we still have a lot of work to do.

Regent Koch: One thing that has been lacking, we've never really given a directive. I believe the regents should follow President Fortner's remarks and make it positive that's what we are asking. It needs to be clear, David, Dr. Schmidly, Andrew, those remarks Regent Fortner made, that's what we want to see. The governor has until

the 8<sup>th</sup> to sign the budget. I would like to see the regents endorse what Regent Fortner recommended so there is no misunderstanding, so that we can proceed, so that when we have the meeting on the 11<sup>th</sup> that this is what we're looking at and it doesn't need a lot of debate. Andrew, David and Dr. Schmidly have their hands full figuring out how we're going to arrive at what you said. I appreciate the experience Regent Fortner brings to his position as President of the board.

Regent Gallegos: We appreciate and applaud the efforts of all who have worked so hard on the strategic budget process. The wisdom of the drafters of the New Mexico constitution created an independent Board of Regents. A board composed of citizen members who have no private interests in the outcome, no territory to protect. Just the responsibility of making the right decisions for the university. And to make the right decisions we have to have all the information. That's one of the reasons for all the questions and there will be more of that. But there is a shortcoming about this process. We're looking at half of the budget. We don't have the revenues that go into the academic mission from grants and contracts. We don't know if grant and contract monies have gone up or down in the last three years. I believe we need to hear from chairs and deans. We need to hear from people in the trenches. We need to hear what's happening in your department. How many FTEs are you short? Or questions like, "Why, when we set aside \$1.5 million last year for tenure-track faculty, we're still hearing nothing's happened in terms of adding tenure-track faculty?" and "Why will it do any good to add another \$750 thousand this year?" Finally, a budget process involves means and ends. In a sense, this is President Fortner was saying. When budgets come to us, we're provided the ends. And then we have the chance to nibble around the means. That's backward in my opinion. The regents should be saying, "Here are some of the ends: five percent tuition or two less vice presidents." Some of those hard decisions. We should be saying "Here's the ends" as policy makers. You, the financial experts, should devise the means. And I echo President Fortner, not with one scenario but with alternatives. So that we can say the ends that we want and we can determine what's the fair, correct way to achieve those ends.

Regent Hosmer: As the newest recruit on this team, I bring mostly an outside perspective and don't have anything like the detail grasp that my colleagues do. I'll rest with two brief comments. The first is as near as an outside perspective can determine, the process that you've devised relatively recently strikes me as exceptionally effective. I come away from these discussions satisfied that the priorities and trade-offs involved in bringing the budget to the point it is now are well understood, are rational and they posture the budgeters and the principals to make sane and able responses to the regents' comments. I look forward to seeing the next iteration of this budget. The second comment is it strikes me that the entire faculty and administration is to be complimented, and that's much too mild a term, for what you've been able to achieve in terms of education for our student population. Compliments can't be strong enough for the efficiency of the educational process that you have managed to establish. It's just amazing and I'm delighted to be a part of process as we go downstream.

Regent Wellman: I would like to thank all the presenters for their patience today. I'm sure I've asked many of you to explain something that's been explained hundreds of times before. I appreciate you helping me learn during this process. One thing I have learned today is the value in the budget process this year. Before I was appointed, I was involved in many of the groups and cross-university constituencies that worked together to have the hard conversations about what we should be spending our public money on, what we should be investing in and what services we should be delivering to students. I appreciate that fact that those conversations were had and made it all the way to the summit today. I think there are some sensitive issues that may require the regents' further exploration, so I appreciate President Fortner bringing those up. I look forward to what those studies bring to our next meeting and deciding on some of those that can help us. I think we're in a great position to do well by the students keeping the burden that they pay and an increased tuition rate low. It's unfortunate that the tuition credit sticks us with a four percent minimum floor. I think we can keep it close to that amount by looking into some other areas to reduce our expenditures. I was intrigued and excited by the model as presented to us for the Occupational Therapy Program tuition differential in that it proposed increasing tuition over a three year planned phased structure, and would affect incoming students. Those students existing in that program can know what to expect to pay. I think that's a model that we should look to in setting our base tuition and maybe we can start exploring it as the next tuition year comes up. I'm excited for the work ahead and I'm excited to work with the people at this table.

President Schmidly: I appreciate all the comments and the feedback. We'll take them and I'll sit down with David and Andrew. I'm glad we have the time between now and the 11<sup>th</sup> to whittle this thing down, what I'm hearing is another 2.5% to 3% is going to take some extensive discussion, both on the cost containment side and on any investments we make. We'll go to work on that as soon as this meeting's over.

President Fortner: I'd like input from Laz and Lissa, after this meeting, as to whether the students would rather speak at the beginning or the end—I really didn't get a response earlier. Tell us, Regent Chalmers, about the F&F process from here.

Regent Chalmers: On April 11<sup>th</sup> there will be an F&F Committee meeting. There are only three regents on that committee, but all are invited. We will get some of the administration's answers as to what we have given them as a charge to do. The F&F Committee will have a small agenda and will talk only about a couple capital projects that are time sensitive and then will talk about the alternatives on the budget. The following day there will be a full Regents' meeting and at that meeting we will vote on the percentage increase in tuition and fees. That allows David and Andrew to put the budget together between the 12<sup>th</sup> and the 29<sup>th</sup> of April. On April 29<sup>th</sup> we have a full BOR meeting when we approve the final budget, all of the budget that, by legislative order, must be given to the state by May 1<sup>st</sup>.

#### **IV. Vote to close the meeting and to proceed in Executive Session.**

**Motion passed** with no dissenting votes to proceed in Executive Session at 5:15 p.m. (1<sup>st</sup> Chalmers, 2<sup>nd</sup> Gallegos).

Regent Chalmers noted that this session is to discuss limited personnel matters only.

**V. Executive Session 5:15 p.m. – 5:30 p.m., Cherry Silver Room**

- A. Discussion and determination where appropriate of limited personnel matters pursuant to Section 10-15-1.H (2) NMSA (1978).

**VI. Vote to re-open the meeting**

**Motion passed** to re-open the meeting. (1<sup>st</sup> Chalmers, 2<sup>nd</sup> Gallegos)

- B. Certification that only those matters described in Agenda item V were discussed in Executive Session. If necessary, final action with regard to those matters will be taken in Open Session.

**Motion passed** to certify that only those matters described in Agenda item V were discussed in Executive Session and that no action was taken. Regents Fortner, Chalmers, Abeita, Koch, Gallegos, Hosmer, Wellman.

**VII. Adjournment.**

**Motion passed** to adjourn the meeting at 5:30 pm (1<sup>st</sup> Chalmers, 2<sup>nd</sup> Gallegos)

**Addendum:**

**1. Regent President Fortner's /Regent Directions 3.28.2011 Budget Summit**

1. Regents recognize that there is a need to;
  - a. Academic Mission-identify protect.
  - b. Protect students re: tuition increases.
  - c. Address tenured faculty need.
  - d. Address Arts & Sciences Department issues.
  - e. Increase scope of Academic & Student Affairs Committee to provide additional education on academic issues.
2. Identify ways to get to a 5-6% tuition increase.  
Provide multiple options for Regent consideration.  
*Request COO Harris, AVP Cullen.*
3. Is a student fee increase needed?
4. Everything is on the table for final decisions.  
Reassignment of Vice Presidents  
Consolidation of Departments  
*Request President Schmidly, AVP Cullen*
5. Eliminate vacant positions.
6. Pause and hold on all positions not critical to academic mission.

7. Goal for tuition of 5 or 6% (harvesting balances na for Academic areas)
8. Review 120K for 280K year for National Group lobbyists.
9. Learn best practices from NM Tech, who spend 80K with significant returns.  
UNM current lobbyist is Joe Thompson (previously UNM retained 4 lobbyists)
10. Provost's Office  
Reduce administrative budget of Provost's office.  
*Request COO Harris, A. Cullen to review.*
11. Will of State Legislature re: employee contributions to ERB.  
Employees 40-90K will be protected from 1.75% increase.
10. Review of HSC funding balances possible offset to assist UNM.  
*Request COO Harris, A. Cullen, A. Lovell to review.*
12. Culture of fear noted at UNM. No matter who you are at UNM, this is not to be allowed. There is concern from the Regents that this has been brought forward. Know the Regents are open to your concerns.


2. Items to be addressed at F & F committee 4/11/2011 agenda/other noted

1. Tuition options to arrive at 5-6%. *(Harris/Cullen)*
2. Student Fees- peer comparison.
3. HR, unfunded liability –provide number. *(H. Gonzales)*
4. Regents Endowment balance *(A. Yegge)*
5. Cigarette tax amount-detail on unrestricted balances *(Dr. Roth, A. Lovell)*
6. HSC Budget detail (high level current) *(Dr. Roth, A. Lovell)*
7. Action item for 4.11  
Tuition Differential fee detail (Occupational Therapy program) *(Dr. Roth)*
8. Number of employees/cost at UNM Hospital *(Dr. Roth S. McKernan)*
9. Budget & Expenses Foundation for 2011-12 *(A. Yegge)*  
*(to be provided at Foundation Board meeting)*
10. Faculty Recruitment Statistics (Provost Ortega)  
*(to be provided at Student Affairs meeting May 3, 2011)*

3. Additional BOR Meeting Follow-up:

1. President Schmidly noted there are errors in the table named Tuition: History of Increases and Perspective which will be corrected for the F&F (Finance and Facilities) Committee meeting on the 11<sup>th</sup>.
2. Regent Chalmers requested that the BOR be provided a copy of the Governmental Accounting Standards Board (GASB) report of unfunded liability regarding retiree health care when it is produced every two years. Provide this current report, too. *(Gonzales)*
3. Mr. Cullen said that the spending distribution from the Foundation has been at 4.65% for several years.  
Regent Gallegos asked that Mr. Cullen inform the F&F Committee of the principal balance of each of the endowments at the next meeting. *(Cullen)*

4. Utility Costs, (Cullen)  
Regent Gallegos asked that the BOR be provided with the particulars of a possible \$1.9 million per year for FY12 and FY13.
5. Regent Koch asked about the cigarette tax. He would like detail about those funds that come to the hospital and/or cancer center. In past years the legislature has considered using that tax for other purposes. We should be informed in case they do so again. (Lovell)
6. Regent Gallegos asked that the detail of HSC unrestricted balances and the projected use of those funds be provided at the F&F meeting on April 11<sup>th</sup>. (Lovell)
7. Regent Gallegos asked that the detail of the "All Other Revenue" and "All Other Expense" be provided at the next F&F meeting. Ms. Lovell said the revenue includes the mill levy, cigarette tax, and F&A revenue. The expense includes all non-salary expense: travel, supplies, beds, blood, etc. (Lovell)
8. In addition to providing the number of occupational therapists employed at UNM Hospital, Regent Fortner requested a breakdown of where the "extra" \$3 thousand per student per year would be spent (Lovell)



Jack L. Fortner, President  
Board of Regents



Carolyn J. Abeita, Secretary Treasurer  
Board of Regents