

Minutes of the Special Meeting of the Board of Regents of the University of New Mexico
(reconvene of the Budget Summit on Tuesday, March 25, 2014)
March 28, 2014
Student Union Building, Ballroom C

Members present

Jack L. Fortner, President; Conrad D. James, Vice President; James H. Koch; J.E. Gene Gallegos; Heidi Overton; Suzanne Quillen joined by phone (Quorum)

Members not present: Bradley C. Hosmer, Secretary/Treasurer

Administration present

Robert G. Frank, President; David Harris, EVP for Administration and COO; Chaouki Abdallah, Provost and EVP for Academic Affairs; Elsa Cole, University Counsel; Elizabeth Metzger, University Controller; Jewel Washington, Interim VP HR; Michael Dougher, VP Research and Economic Development; Helen Gonzales, Chief Compliance Officer; Ava Lovell, Sr. Exec. Officer of Finance and Administration, HSC

Regents' Advisors present

Richard Holder, President, Faculty Senate; Gene Henley, President, Staff Council; Priscila Poliana, President, GPSA

Presenters in attendance

Andrew Cullen, AVP Planning, Budget and Analysis

Others in attendance

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

CALL TO ORDER

Regent President Fortner called the special meeting to order at 12:07 pm., stating the meeting was reconvening from the Tuesday, March 25, 2014 Budget Summit. A quorum was confirmed and the agenda was reaffirmed. Regent Fortner mentioned Regent Quillen was joining the meeting by phone.

APPROVAL OF FY15 COMPENSATION AND TUITION AND FEE RATES

Regent Fortner asked for a motion to take the agenda item off the table.

The motion to take off the table agenda item, Approval of FY15 Compensation and Tuition and Fee Rates, was unanimously approved by a quorum of Regents present and voting (1st Koch, 2nd James).

Regent Fortner stated the Regents were at the second part of the agenda item, approval of FY15 compensation and tuition and fees.

Regent Koch made a motion for no tuition increase, with an increase to faculty compensation of 3% and an increase to staff compensation of 2% and the University look at the health benefits to determine where the potential savings can be made and bring that to the Finance and Facilities Committee meeting on Friday, April 4, 2014 for approval.

Regent Fortner asked Regent Koch if he intended to include in his motion no increase to fees. Regent Koch confirmed his motion intended to include no increase to fees.

Regent James seconded the motion made by Regent Koch.

Regent James asked to expand the items Regent Koch mentioned in his motion with regard to balancing the budget, and for Administration to look at more areas than the item Regent Koch mentioned, to also look at different sources again that could potentially provide the funds for the faculty and staff compensation increases without increases in tuition and fees.

Regent Gallegos asked if Regent Koch intended by his motion to close the door to the proposed differential tuition rates proposed by the Anderson School of Management, the Department of Speech and Hearing Sciences and the School of Architecture and Planning.

Regent Fortner asked Andrew Cullen to comment. Andrew Cullen mentioned there were three differential tuition proposals and also a tuition and fee increase proposed by the UNM Los Alamos Branch campus.

Regent Koch said his motion did not intend to exclude the items mentioned by Mr. Cullen.

Regent Gallegos requested an amendment to Regent Koch's motion, to approve the three proposed differential tuition increases, the increase for the Los Alamos tuition and fees and a proposal to increase minimum staff at \$9.00 per hour to \$9.50 per hour.

(see Attachment A for Los Alamos tuition and fee increase proposal)

Regent Koch asked for the \$9.00 per hour wage increase to be separated out of the amendment and included in a different motion.

Regent Gallegos restated the amendment to be to approve the three proposed differential tuition increases and also the proposed increase for the Los Alamos tuition and fees.

Regent Koch accepted the amendment.

Regent Fortner asked if Regent James, who seconded the original motion, accepted the amendment as well. Regent James said he accepted the amendment proposed by Regent Gallegos.

Student Regent Overton asked for clarification on the motion.

There was discussion on the differential tuition proposals (see Attachment B), which include a new undergraduate differential tuition of \$10 per student credit hour (SCH), and an increase of \$10 per SCH for graduate students in the Anderson School of Management programs; a \$24.88 per SCH increase for the School of Architecture & Planning Graduate; and a new differential of \$150 per SCH for the Department of Speech & Hearing Sciences Graduate.

Regent Quillen asked about the process for bringing the tuition differentials to the Regents for approval and how does the University plan for the differential tuition increases and would there be more requests for differential tuitions in the next couple of months. Regent Gallegos mentioned the graduate students who spoke in favor of the differential tuition proposed for the Speech and Hearing Sciences at the Tuesday Budget Summit.

Provost Abdallah mentioned the differential tuition requests will come only once a year and will be brought to the Board of Regents during the Budget Summit, but new guidelines were in process for bringing the differential tuition requests to the Board of Regents for approval. Regent James asked if the proposals come through the Academic and Student Affairs and Research Committee (ASAR). Provost Abdallah said historically the requests had not come through ASAR. Provost outlined the current process for bringing differential tuition requests to the Board of the Regents: the units propose the differential tuition, the proposal goes to the Office of Academic Affairs, which reviews the requests and says, yes or no, or recommends a modification, and then the proposals are passed directly to the Board of Regents. Andrew Cullen said they are reviewing how to change the process

for next year and it is still uncertain whether it will involve going through the committees. President Frank said Administration will be open to advice from the Regents. Regent James mentioned he is not comfortable with some of the justifications used for the differential tuitions.

Regent Fortner commented with regard to differential tuitions, they all seem to be necessary because the cost of the program is higher than the average cost. Provost Abdallah confirmed Regent Fortner's statement but said there are sometimes other justifications on top of that. Provost said it was also strongly recommended to the colleges that part of the differential tuition be put aside for student aide.

Regent Fortner restated the motion on the floor:

The motion on the floor of a 0% tuition and 0% fee increase, and to direct Administration to find money for a 3% compensation increase for Faculty and a 2% compensation increase for Staff; the motion includes approval of the tuition and fee increase requested by UNM Los Alamos and approval of the three differential tuition requests.

The Regents agreed to the motion on the floor as stated by Regent Fortner. Regent Fortner asked if there was further discussion. There being no further discussion, Regent Fortner asked for a vote on the motion. The motion received unanimous approval by the Regents, with a quorum of Regents present and voting. There were no dissenting votes.

Health Sciences Budget – Approval of HSC FY15 Budget

Ava Lovell made the presentation (see Attachment C) noting the one change to the budget numbers presented at the Tuesday, March 25 meeting, that being a Staff compensation increase of 2%, instead of 1.5% previously presented. The additional 0.5% increase to Staff compensations added \$368,630 to the expenditures. Other expenses were reduced so the salary increases could be added, creating no change to the bottom line.

Regent Gallegos asked that with the compensation increases of 3% for Faculty and 2% for Staff, if expenses will exceed revenue by \$5.5 million. Ms. Lovell said the \$5.5 is the expenditure side of the compensation increases that would be fully covered by the revenue side. Regent Gallegos asked about the deficit shown on the following page of \$6.6 million; Ms. Lovell said that was amount was attributable primarily to one time charges, capital, recruitment, startup and scholarships and so would be covered by reserve funds.

Regent James asked about new initiatives in Health Sciences and if the amount of the new State funding for FY15 would be sufficient. Ms. Lovell said the amounts were sufficient as all the requested funds for the initiatives were granted by the State.

Regent Fortner asked for a motion to approve the HSC budget.

The motion to approve the Health Sciences Center FY15 budget passed unanimously with a quorum of Regents present and voting (1st Gallegos, 2nd Overton).

At this time, the meeting was interrupted by a graduate student in the School of Architecture and Planning. She complained about the approval of the differential tuition increases.

President Frank proposed to the Regents they delegate to Administration the responsibility for developing a plan to find the resources to fund the compensation increases the Regents had just approved. He proposed that the plan be presented to the Finance and Facilities Committee meeting on Friday, April 4, 2014. The timetable would allow time for Administration to consult with the appropriate campus entities before bringing the plan to the next F&F meeting. The plan, if approved at the F&F meeting, could then go to the April 8, 2014 Board of Regents.

Board of Regents Meeting Minutes

Regent Gallegos said the approved raises amount to about \$6 million, with State appropriations funding about \$2.3 million of that. He thought there would be discussion at the meeting about where the money would come from and where there could be savings on the expense side of the budget. President Frank said Administration would need a few days to bring back a clearly developed plan. EVP Harris said a big portion of that can be covered.

Andrew Cullen said the 1% ROM could potentially contribute \$3 million, \$0.293 million in permanent tuition dollars, \$2.171 million in fees, these are new revenues going in to the base budget. Additionally, there are the State dollars.

Regent Gallegos noted that HED specifies UNM keep a certain reserve balance. Andrew Cullen said the central reserve is about \$9 Million and represents about 3% of the I & G budget.

Regent Fortner said the idea of 0% tuition and fee increase is to keep things affordable for students, but the differential tuition increases do not do that. Regent Fortner asked Terry Babbitt, AVP Enrollment Management, to reach out to the woman who spoke earlier during the meeting to see if she could receive financial aid.

Regent James requested Administration prioritize the strategic investments. Administration has been given a difficult task and some of the initiatives need to be prioritized. The Provost's request for an increased number of Advisors is something Regent James is supportive of as it directly influences student success at the University.


VOTE TO ADJOURN

The motion to adjourn the meeting passed unanimously (1st Koch, 2nd James).

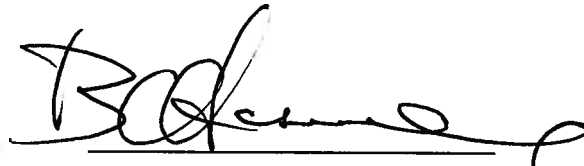
The meeting adjourned at 12:54 pm.

Approved:

Attest:



Jack L. Fortner, President



Bradley C. Hosmer, Secretary/Treasurer

Minutes originated and finalized by: Mallory Reviere

UNM Branch Campus Tuition/Fee Rates

FY15 Proposed ¹

	Resident					Non-Resident				
	Tuition	Fee	Total	Total FT	+/-	Tuition	Fee	Total	Total FT	+/-
UNM - Gallup	60.60	10.40	71.00	852.00	0.0%	160.60	10.40	171.00	1,945.20	0.0%
UNM - Los Alamos ²	69.25	4.50	73.75	895.00	4.6%	199.00	4.50	203.50	2,452.00	4.9%
UNM - Taos ³	68.00	3.00	71.00	867.00	0.0%	176.30	3.00	179.30	2,166.60	0.0%
UNM - Valencia	61.30	3.75	65.05	780.60	0.0%	170.50	3.75	174.25	2,091.00	0.0%

¹As of 3/11/14, pending final approval of branch advisory boards.

² UNM-Los Alamos' fee schedule is as follows: Activity Fee (per hour), \$1.50; Facility Fee (1-4 hrs.), \$12.00; Facility Fee (5 or more hours, per hour), \$3.00; Print Management Fee, \$10 per enrollee, reflected here only in the FT total.

³ UNM-Taos charges a \$15.00 "Student Success" fee for each enrollee, reflected here only in the FT total.

FY15 Differential Tuition Requests

	Current Differential (per SCH)	Requested Increase (per SCH)	FY15 Differential (per SCH)
Anderson School of Management Undergraduate	--	\$10.00	\$10.00
Anderson School of Management Graduate	\$173.70 (Resident) \$180.10 (Non-Resident)	\$10.00	\$183.70 (Resident) \$190.10 (Non-Resident)
School of Architecture and Planning Graduate	\$49.75	\$24.88	\$74.63
Department of Speech and Hearing Sciences Graduate	--	\$150.00	\$150.00

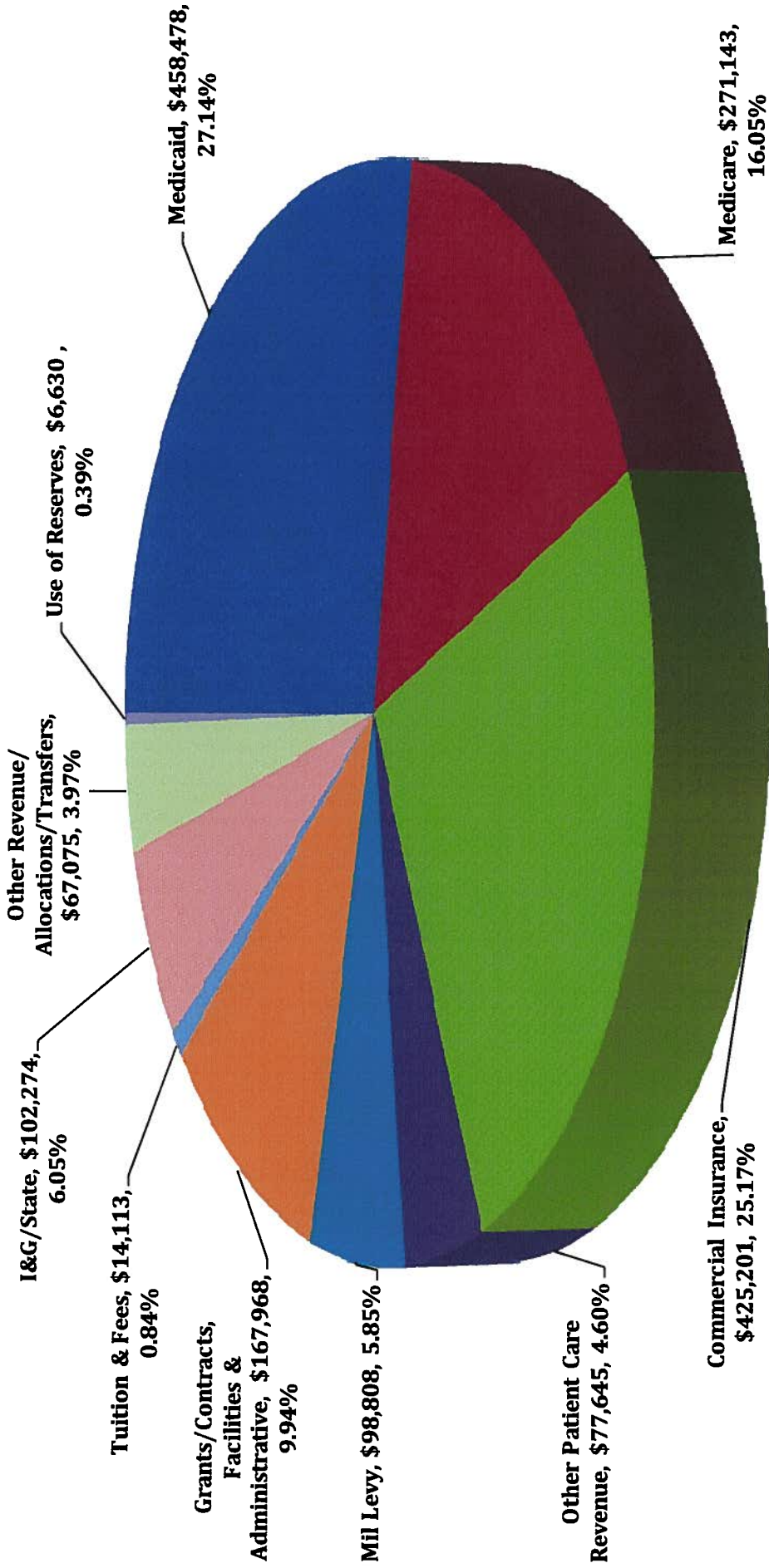
UNM Health Sciences Center Budget Planning FY 2015 - Updated

Presentation to:
UNM Board of Regents
March 28, 2014

Ava J. Lovell, CPA
Senior Executive
Officer for Finance & Administration

UNM HSC All Component - Revenues

FY 2015 Preliminary Budget (in thousands)



Note: Includes UNM HSC Academic Enterprise and UNM Health System

Total Budgeted Revenues \$1,689,335
6.79% Increase over FY 2014

UNM HSC – FY 2015 Compensation

Faculty 3.0% Staff 2.0% (Unrestricted Funds Only)

	UNM SOM	UNM SOM (HPPHP)	UNM CON	UNM COP	HSC Res/Lib/Admin	UNM HSC Academic Enterprise 6/30/2015 Total
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Faculty 3.0% Increase	\$2,491,295	\$123,659	\$172,430	\$153,442	\$156,030	\$3,096,856
Staff 1.5% Increase	803,102	17,760	25,853	38,375	220,799	1,105,889
Sub-total Increase	<u>\$3,294,397</u>	<u>\$141,419</u>	<u>\$198,283</u>	<u>\$191,817</u>	<u>\$376,829</u>	<u>\$4,202,745</u>
Staff Add'l 0.5% Increase	267,625	5,899	8,478	12,902	73,726	368,630
Total Compensation Increase FY 2015	<u>\$3,562,022</u>	<u>\$147,318</u>	<u>\$206,761</u>	<u>\$204,719</u>	<u>\$450,555</u>	<u>\$4,571,375</u>

Estimated Fringe Increase

Salary increases apply to non-bargaining unit employees only. All bargaining unit salary increases will be determined in good-faith negotiations as always.

Analysis Excludes Housestaff, UCP and Restricted Funds

Source: State Format FY 2014 Original Budget

UNM HSC Academic Enterprise

FY 2015 Preliminary Budget
(In thousands)

	UNM SOM	UNM CON	UNM COP	HSC Library/ Informatics	HSC Research	HSC Administration	UNM HSC Academic Enterprise 6/30/2015 Total
Revenues	\$432,806	\$14,274	\$17,737	\$6,399	\$14,902	\$52,414	\$538,532
Expenses	432,680	14,057	17,737	6,386	14,902	50,883	536,645
Net Margin before Non-Recurring Items	\$126	\$217	\$-	\$13	\$-	\$1,531	\$1,887
Capital/Recruitment/ Startup/Scholarships	(5,373)	(217)	(346)	(600)	(481)	(1,500)	(8,517)
Net Margin	\$(5,247)	\$-	\$(346)	\$(587)	\$(481)	\$31	\$(6,630)

UNM HSC All Components

FY 2015 Preliminary Budget
(In thousands)

	UNM HSC Academic Enterprise	UNM Health System	UNM HSC All Components 6/30/2015 Total
Revenues	\$538,532	\$1,144,253	\$1,682,785
Expenses	536,645	1,144,173	1,680,818
Net Margin before Non-Recurring Items	<u>\$1,887</u>	<u>\$80</u>	<u>\$1,967</u>
Capital/Recruitment/Startup/Scholarships	(8,517)	-	(8,517)
Total Non-Recurring Items	\$(8,517)	\$-	\$-
Net Margin	<u>\$(6,630)</u>	<u>\$80</u>	<u>\$(6,550)</u>