

THE UNIVERSITY *of*  
NEW MEXICO

Board of Regents' Meeting  
April 29, 2011  
9:00 a.m.  
Student Union Building Ballroom C

AGENDA OF THE MEETING OF THE REGENTS OF THE UNIVERSITY OF NEW MEXICO

April 29, 2011, Friday

9:00 a.m. – 11:30 a.m. 1:00 p.m. – 3:00 p.m. Student Union Ballroom C  
Regents Executive Session/Luncheon, 11:30 a.m. – 1:00 p.m. Cherry Silver Room

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- II. Approval of Summarized Minutes of the March 14, 2011 BOR Meeting and the March 28, 2011 Budget Summit..... 2
- III. Presentation on the History of the Presidential Searches at UNM in the context of Open Records Statutes, *Kent Walz and Jim Dines, Albuquerque Journal*..... 3
- IV. President's Administrative Report, *David J. Schmidly, President*..... 4
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  - Merle Kennedy, President, Staff Council
  - Lissa Knudsen, President, GPSA
  - Lazaro Cardenas, Jr. President, ASUNM
  - Steven Chreist, President, UNM Alumni Association
  - Anne Yegge, Chair, UNM Foundation
  - Maria Probasco, President, UNM Parent Association
  - Cynthia Stewart, President, UNM Retiree Association
- VI. Comments from Regents
- VII. Approval of FY 2011/2012 UNM Consolidated Budget FY2010/2011 Budget Adjustment Request (BAR), *AVP Budget, Andrew Cullen & Ava Lovell*..... 6
- VIII. Regent Committee Reports
  - Audit Committee, Regent Gene Gallegos, Chair
  - A. Regents' Audit Committee Report, 4/14/2011 Meeting..... 7
    - Manu Patel, UNM Internal Auditor*
- IX. Public Comment
- X. Vote to close the meeting and to proceed into Executive Session.
- XI. Executive Session will be held from 11:30 a.m. – 1:00 p.m. in the Cherry Silver Room
  - A. Discussion and determination where appropriate of threatened or pending litigation Pursuant to Section 10-15-1.H (7) NMSA (1978)
  - B. Discussion and determination where appropriate of limited personnel matters pursuant to Section 10-15-1.H (2), NMSA (1978)
- XII. C. Vote to re-open meeting.
  - D. Certification that only those matters described in Agenda Item IX. were discussed in Executive Session and if necessary, final action with regard to those matters will be taken in Open Session.
- XIII. Adjournment *File: BOR 4.29.2011*

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

March 14, 2011

Board of Regents Meeting 9:00 a.m. – 11:30 a.m., 1:00 p.m. – 3:00 p.m.

Student Union Ballroom C

Board of Regents Executive Session 11:30 a.m. – 1:00 p.m.

Cherry Silver Room

**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

Regent present via conference phone (periodically, due to technical difficulties):

Jacob P. Wellman

President:

Dr. David J. Schmidly

Executive Vice Presidents present:

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

Vice Presidents present:

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

University Counsel Present:

Lee Peifer, Interim 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

Regent Gallegos presided and called the meeting to order at 9:00 a.m. He welcomed the new regents Lieutenant General Bradley C. Hosmer and Jacob P. Wellman and congratulated them on their appointment.

- I. **Confirmation of a Quorum; Adoption of the Agenda**, Regent Gallegos
- II. **Approval of Summarized Minutes of the January 11, 2011 and February 15, 2011 Board Meetings**

**Motion passed** unanimously to approve the minutes of the January 11, 2011 BOR meeting with the proposed corrections to pages 3 and 4 (1<sup>st</sup> Chalmers, 2<sup>nd</sup> Fortner).

Regent Gallegos noted that Dr. Schmidly's name was typed incorrectly on pages 3 and 4 of the minutes.

**Motion passed** unanimously to approve the minutes of the February 15, 2011 BOR meeting as presented (1<sup>st</sup> Chalmers, 2<sup>nd</sup> Fortner).

- III. **Election of the 2011-2012 Officers of the Board of Regents**, Regent Gene Gallegos

Regent Koch nominated Regent Fortner for President of the Board (1<sup>st</sup> Koch, 2<sup>nd</sup> Chalmers).

Regent Gallegos turned the meeting over to the newly elected BOR President, Jack Fortner.

Regent Koch nominated Regent Chalmers for Vice President of the Board (1<sup>st</sup> Abeita, 2<sup>nd</sup> Gallegos).

Regent Koch nominated Regent Abeita for Secretary-Treasurer of the Board (1<sup>st</sup> Gallegos, 2<sup>nd</sup> Chalmers).

**All motions were passed** unanimously.

- IV. **Adoption of Policy Concerning Public Notice of Regents' Meetings** (Regents' Policy 1.3 in BOR eBook)

This is done annually, subject to the Open Meetings Act 10-15-1(d):  
*"The affected public body shall determine at least annually in a public meeting what notice for a public meeting is reasonable when applied to that body."*

**Motion passed** unanimously to adopt Regents' Policy 1.3 (1<sup>st</sup> Chalmers, 2<sup>nd</sup> Koch).

**V. President's Administrative Report, David Schmidly, President (report in BOR eBook)**

Dr. Schmidly welcomed new regent Lieutenant General Bradley C. Hosmer and student regent, Jacob P. Wellman. He also congratulated the new BOR officers on their elections.

President Schmidly spoke about departing regents Raymond Sanchez and Cate Wisdom. He said he enjoyed working with Regent Sanchez over the last four years. The regent was a source of stability during a critical time for the university and we should all be thankful for his service. Raymond is a great ambassador for the University. Cate Wisdom personifies everything that a student leader should be; she's bright, articulate and always sought to represent the best interests of the students as we had to make difficult decisions. Every student at UNM should be grateful for her service.

Jake Wellman, new Student Regent, and Mandisa Bradley are finalists for the Truman Scholarship. It is really an honor to the University to have two students as finalists for this prestigious award.

Dr. Schmidly said he would make copies of the Bureau of Business and Economic Research (BBER) studies available to those who are interested.

Dr. Schmidly commented on the executive summary of a recent study of the economic impact of athletic programs and facilities. The study has not yet been released to the public. It shows that UNM's Athletic Department was affiliated with boosting local incomes in Bernalillo County by \$22.7 million. From this study it's quite clear that UNM athletic teams and facilities, by attracting non-local visitors, are responsible for a significant annual boost in income in Bernalillo County.

Dr. Schmidly recognized Professors Maggie Werner-Washburne (2011 Distinguished Scientist Award of the Harvard Foundation), Carlton Caves (2011 Max Born Award of the Optical Society of America), Christine Zuni Cruz (2010 Pincus Award) and Philip May (chosen to give the 56<sup>th</sup> Annual Research Lecture at UNM) for the awards they received.

Dr. Werner-Washburne stated the academic accomplishments achieved on main campus need much more exposure. She believes faculty should be consulted more and need more of a voice.

Dr Schmidly said Amanda Best, UNM Senior, was named to the 2010-11 Capital One Academic All-American Women's Basketball team. She has a 4.0 GPA and is the only Mountain West player named to this team.

Dr. Schmidly noted that UNM has had a difficult budget situation for the last three years, but it is not as dire as UNLV, where 315 jobs and 33 degree programs will be eliminated.

## **VI. Comments from Regents' Advisors**

(Reports received are included in the BOR eBook posted on the BOR web site.)

Each advisor thanked former BOR President Raymond Sanchez and former Student Regent Cate Wisdom. They welcomed Regent Hosmer and Regent Wellman and congratulated the newly elected BOR officers.

### Faculty Senate, Richard Wood, President

Dr. Wood congratulated the faculty members who received the awards noted by Dr. Schmidly and also complimented Amanda Best on her accomplishments as a student athlete.

The faculty position remains that the urgent priority in the budget process should be protecting the core mission of the university. Included in that a commitment that all Instruction and General (I&G) money should go to support the academic mission. Other areas of the university are important, but should be funded out of other sources. "We believe the mission has to be funded and that sometimes includes tuition increases."

The process that is generating the budget this year has finally become a participative budget process that involves the faculty in shared governance and involves all the core constituencies at the university in thinking of how we create this budget. This year's outcome is important but protecting this process in years to come is critical.

### Staff Council, Merle Kennedy, President

Mr. Kennedy emphasized the staff's willingness to do what needs to be done to keep the university solvent.

### GPSA, Lissa Knudsen, President

I&G money should go into the classroom first. We believe the cuts should be focused first on administrative costs, entertainment, PR, professional consultants and lobbyists. Capital expenditures should also be focused on academic buildings first. The Student Fee Review Board (SFRB) reduced student fees by 31 cents. GPSA does not support the proposal to reduce the number of GPSA members on the SFRB.

### ASUNM, Lazaro Cardenas, Jr., President

The budget process, involving everyone on campus, is a step in the right direction. In the future perhaps this process could be used in all decisions involving students.

### UNM Alumni Association, Steven Chreist, President

The Alumni Association is preparing to move back into Hodgkin Hall. That renovation project came in under budget. The celebration will be held during Homecoming this fall. There have been over 150 applicants for the Alumni scholarships.

UNM Foundation, Anne Yegge, Chair

UNM Parent Association, Maria Probasco, President

UNM Retiree Association, Cynthia Stuart, President

The members of Association are pleased to be included in the benefits and solvency task force committees.

## **VII. Comments from Regents**

Regent Koch congratulated the UNM Ski Team for its fourth place finish in the NCAA and for having the highest GPA of all the athletic teams. The GPA is well over 3.5 and this is the 2<sup>nd</sup> year in a row they have finished fourth in the national competition.

Regent Fortner expressed his thanks to Raymond Sanchez for his service to the university community. He welcomed General Hosmer, former head of the Air Force Academy. Regent Fortner worked with Regent Hosmer on Governor Martinez's transition team. He noted that the new Student Regent, Jake Wellman, was out of town for an interview for the Truman Scholarship.

Regent Chalmers recognized the service of Regents Wisdom and Sanchez and is looking forward to working with the new members of the board.

Regent Hosmer expressed how honored he feels at becoming a member of this community.

## **VIII. Public Comment Agenda Items**

Megan McRobert, GPSA: Concerned that students have not been a part of the budget process in any meaningful way. Many of the task forces have their meetings behind closed doors and without public notice. Students are in a prime position to be a part of these processes and are a resource that has not been tapped. She requested the BOR have meetings at times other than during Spring Break.

Regent Fortner stated that this meeting is set by statute.

Liza Minno Bloom, Graduate Employees Together (GET):  
Ms. Bloom introduced a list of demands from undergraduate and graduate students, staff, part-time and adjunct instructors and faculty. "1) We demand that all state appropriations received by UNM intended for Instructional, academic and staff

purposes (i.e. I&G funds) are used for these purposes only. Specifically, we demand that, in FY12, \$0 of I&G funds go toward supporting the UNM Foundation, the Alumni Association and Intercollegiate Athletics, which do not support UNM's academic mission. These programs should be self-sustaining."

Ben Abbot, GET: "2) We demand that any further budget cuts not result in tuition increases, fee increases, downsizing, unpaid furloughs and reductions in student or employee benefits. We must avoid passing along the financial burden to those who can least afford it (i.e. students and staff). Specifically, we demand that total tuition and fee increases for resident and non-resident students be no greater than the rate of inflation."

Gino Signoracci: "3) We demand that the university cut the pay and/or the positions of top tier administrators before releasing, furloughing and cutting the salary of any staff, instructor or faculty member. We demand an independent review of said administrative roles with respect to the academic mission of the University. We further demand that this review be carried out by an internal third-party committee comprised of faculty, staff and students chosen by established organizations at UNM including, but not limited to, GET, Students for Accountability on Campus (SFAC), United Staff University of New Mexico (USUNM), Communication Workers of America (CWA) and American Association of University Professors (AAUP)."

Whitney McFall, SFAC: "4) We demand an on-line searchable version of the UNM Salary Book that accurately records the total pay and compensation, not just the base pay, of all UNM employees, including graduate employees. This demand is in keeping with the spirit of the New Mexico Financial Disclosure Act."

Hilary Ellenshaw, GET: "5) We demand that UNM spend some of its reserve assets before making further cuts to instructional budgets to preserve the quality of education at UNM. We demand that there be a balance between the need for fiscal prudence (i.e. a good bond rating) and the need to preserve the quality of our learning and working environment."

Will Thompson, SFAC: "6) We demand immediate action to reverse the following budget-related long-term trends: increasing student-to-tenured faculty ratio, increasing reliance on part time instructors and adjuncts in place of tenure track and tenured faculty, increasing class sizes and the increasing number of on-line only courses replacing traditional classroom instruction. Thank you for hearing our demands. We will continue to advocate for these demands."

Frank Martin, undergraduate: "I'm here to ask that you find a way to fund the \$120 thousand for the Alice Clark Study Area for Disabled Students in Zimmerman Library. ... It is critical infrastructure." He also asked for permission for students to raise money for the Alice Clark room if necessary.

Regent Chalmers indicated that the UNM Foundation would be interested in a project like this. "I think you can get a project done like that."



Regent Abeita thanked Mr. Martin for bringing this to the attention of the Board.

## **IX. Regent Committee Reports**

### Academic/Student Affairs & Research Committee, Regent Carolyn J. Abeita, Chair

Consent Agenda:

- A. Approval of Creation of the W.K. Kellogg Chair in Sustainable Environmental and Food Systems Endowed Chair, Richard W. Holder, Deputy Provost, Academic Affairs.
- B. Approval of Naming of Professor Bruce Milne as W.K. Kellogg Chair in Sustainable Environmental and Food Systems Endowed Chair.
- C. Approval of Naming of Dr. Loretta Cordova de Ortega as John D. Johnson, MD Endowed Chair, William Uher, VP HSC, UNM Foundation.
- D. Approval of Sustainable Building Certificate-UNM Valencia, Julie Depree, Interim Dean of Instruction, UNM Valencia and Rita Logan, Manager of Community Education, UNM Valencia.

**Motion passed** unanimously to approve Consent Agenda Items A, B, C and D (1<sup>st</sup> Abeita, 2<sup>nd</sup> Koch).

Discussion: Regent Abeita noted many of the things the public hears do not reflect the very high caliber of the work being done at UNM. It is unfortunate that these achievements, such as the Kellogg Chair, are not given more attention. The caliber of our professors and the cutting edge work they are doing is, too often, overlooked. These are very prestigious appointments.

Regent Chalmers asked if there was a cost in providing the Sustainable Building Certificate or if it was just a new collection of courses already being given.

Ms. Gallegos-Logan said some of the equipment has already been funded through Carl Perkins funding. Carl Perkins will fund “green job” training. That is the plan for getting the program started. We have offered a few of these courses, taught by adjuncts, under other programs. There is also a lot of federal funding coming for “green job” training which we are working on.

In response to Regent Chalmers, Ms. Logan said the majority of the courses will be new. There are no estimates of student enrollment. It is an emerging field in re-tooling and retro-fitting buildings. Existing technicians, such as plumbers and electricians, will need to get certifications for LEED, for example.

Regent Gallegos said this appears to be a vocational school type of certification. How does it fit with a flagship research university?

Ms. Logan said all the two year community colleges and the UNM branches are doing vocational training. UNM Gallup already has sustainability building courses. They apply to an Associate of Applied Science in Construction Technology degree which has been in the catalog for several years.

E. Academic Implications of Proposed Cost Containment Strategies and Reorganization, Suzanne Ortega, Provost and EVP Academic Affairs.

The first guiding principle was, as early as possible in the process, to engage the broadest number of constituents to identify the criteria by which decisions would be made with regard to both academic degree programs and student support services. If not using data driven decision making tools, at least using data informed decision making tools. Using data with broad participation, we would use the following criteria:

- A. Student Success—traditionally measured by third semester retention rates, four and six year graduations rates and time to degree. This is difficult to measure at program level because students change degrees. Those measures miss job placement rates and job placement and alumni and employer satisfaction.
- B. Faculty Research and other scholarly productivity are easy to measure. How our decisions impact extramural funding and the ability of faculty to achieve awards and honors.

The second guiding principle is protecting the critical infrastructure to educate current and future students. This includes physical plant, IT and HR infrastructure across the university. For student service and faculty research support infrastructure we can do two things to document the value added by each of these services.

- A. Categorize each into one of three categories: 1) directly deliver instruction or research, 2) directly supports the delivery of such services and 3) indirectly supports these services.
- B. Assess not just the number of students and faculty served, but an understanding of the connection to long-term student outcomes. We expect the advisor track software to do this.

The first major strategy is to maximize instructional capacity.

- A. Increase class size—we have implemented this.
- B. Narrow the curriculum—there are good reasons to do this, but cost savings is not one of them. It only saves money if the number of tenure track faculty is reduced.

- C. Developing a more efficient rotation of courses. This has provided savings of \$1.7 million to date. There should be more opportunities for cost savings here.

Administrative and support services—consolidation, elimination and process improvements. The committee noted two major concerns. We do not do a good job of documenting the quality of services and their impact. Secondly, the unit appears to be top heavy. Is the top-heaviness real or does it reflect a strategy to decrease the number of staff, expand the scope of responsibilities of those who remain thereby generating changes in compensation and title?

The strategy for developing cost estimates was to determine the core values of a unit and ask what infrastructure is necessary to maintain those values, commitments and functions.

All cost cutting measures are intended to simultaneously provide improvement in the quality of service.

Regent Gallegos asked if eliminating degrees that graduate no students wouldn't save money?

Provost Ortega said there are four degrees being considered for elimination. We expect this may generate \$15 to \$20 thousand savings in staff support. Faculty would be moved to higher demand programs which might save \$20 to \$40 thousand on adjunct faculty salaries.

#### Audit Committee, Regent Gene Gallegos, Chair

Ava Lovell, UNM Controller, said the state auditor instructed UNM to go out to bid for UNM's external audit firm. The bid posting will end March 29<sup>th</sup>. Under the state audit rules we can let a contract for three years with one year renewals up to a total of six years. We are ready to proceed immediately as soon as the bid closes. It is on the agenda for the Audit Committee meeting 4/14/2011.

Regent Gallegos gave some detail regarding the Internal Audit of Selected Payroll Processes.

The audit revealed we've been making a payroll every business day of the month. And we also have seven contract centers. The recommendation to reduce all this administration burden and expense is to cut off-cycle payrolls and to also consolidate the Employment Data Centers (EDC).

Instead of the seven Employment Data Centers, Human Resources for staff employees will be one data center. Academic Affairs for Faculty Contracts, Office of Graduate Studies and Student Employment will be one Employee Data Center. And Health Sciences for the School Of Medicine Academic Affairs,

SOM Faculty Hiring and Contracts Office & Graduate Medical Education hiring will be one EDC.

As far as the payroll, there will be a semi-monthly payroll cycle for all non-faculty employees. We retain a monthly payroll cycle for faculty and there will be only one out-of-cycle payroll run for each corresponding payroll cycle. That becomes effective in July of this year. Since you have two payroll cycles a month there can be two non-cycle payrolls a month, so there could be four payrolls instead of twenty five or more. Notice is going out for policy and procedure changes so they can be effective in July.

Regent Chalmers: Because of these efficiencies do we anticipate we will have a reduction in staff?

Regent Gallegos: I think what will happen in terms of a reduction in staff, will occur because of consolidating the Employment Data Centers from seven centers to three will result in some reduction in staff and some savings.

HSC—Health Sciences, Regent President Jack Fortner, Chair (no report)

Finance and Facilities (F&F) Committee, Regent Don Chalmers, Chair

A. Consent Agenda (Finance and Facilities Committee meeting 3/7/2010):

- 1) Disposition of Surplus Property on lists dated 12/23/2010, 1/25/2010 and 2/25/2010, Bruce Cherrin, Chief Procurement Officer.
- 2) Approval of Contracts (Steve McKernan, CEO University Hospitals, Bruce Cherrin, Chief Procurement Officer):
  - 1) UMH-Fuji Computed Radiology (CR)
  - 2) GE Medical System, Cerner Corporation
  - 3) Hill-Rom
  - 4) UNM Physical Plant/Utilities Division-Solar Turbines, Inc.
- 3) Approval of (Vahid Staples, Budget Officer, Steve Beffort, President/CEO Lobo Energy, Lisa Kuuttila, President, STC)
  - 1) Capital Project for Human Tissue Repository
  - 2) Capital Project for UNM Gallup Gurley Hall Air Handler Replacement
  - 3) Architect Selection and Capital Project for the Laguna/DeVargas Residence Hall Refurbishment
  - 4) Capital Project for Student Family Housing on Buena Vista Avenue
  - 5) Approval of Management Services Agreement between the Board of Regents of the University of New Mexico and Lobo Energy, Inc.
  - 6) Approval of STC.UNM Annual Report and Financial Statements

**Motion passed** unanimously to approve all consent agenda items (1<sup>st</sup> Chalmers, 2<sup>nd</sup> Koch).

B. Action Items:

- 7) Construction Manager at Risk Selection and Capital Project for Baseball Stadium Renovation, Phase 1, Vahid Staples, Budget Officer.

**Motion passed** unanimously to approve the Construction Manager at Risk selected by the committee (1<sup>st</sup> Chalmers, 2<sup>nd</sup> Koch).

Discussion: Mr. Staples said the recommended CM at Risk firm is Bradbury Stamm Construction. The selection committee reviewed and evaluated seven respondents and interviewed the top three in person. The criteria were expertise in construction of athletic facilities specifically, expertise in the Construction Manager at Risk process and experience within a university environment. Phase one of the project includes a new playing field, seating for nine hundred people, the scoreboard, general lighting, new dugouts, utilities, and bullpen. The total project budget is \$3 million. \$2 million is coming from the 2010 Severance Tax Bonds and \$1 million is coming from private donations to the Athletic Dept.

Mr. Staples assured Regent Chalmers that no I&G money will be used on this project. He also explained that if UNM does not use the money it would revert back to the state.

Mr. Krebs stated they have \$1.2 million in cash and pledges to date. He also stated that \$50 thousand rent for the use of Isotopes Stadium would not be needed when this is complete. The baseball team would be able to practice on their schedule, not the Isotopes' schedule. UNM does not receive any concession or advertising revenue from the Isotopes. Discussions have been held with the city and with the New Mexico Athletic Authority (NMAA) regarding their use of the new UNM facilities.

Dr. Wood stated that the faculty's concern has less to do with Phase One of the project, but that future phases of the project could be in competition with academic facilities for funding. He said it was his understanding that the Athletic Dept. would be obtaining all funding for future phases from private donations.

Mr. Krebs said the Athletic Dept. will continue fundraising for the baseball field. They work very closely with Government Relations and with EVP David Harris to make sure they are never in competition with academic projects.

C. Information Items:

- 8) Monthly Consolidated Financial Report 1/31/2011, Ava Lovell, VP & Controller.

Discussion: Ms. Lovell said that although they are on an accrual basis, tuition is booked as each semester begins. Collection of bad debt (only about 1%) is the responsibility of the Bursar. "Local Appropriations" include the branch campuses and, in clinical operations, the Bernalillo County mill levy is included. State Land Office money is recorded as Other Revenue in I&G. Ms. Lovell will send Regent Gallegos the information on the make-up of Other Revenue.

- 9) Capital Projects Monthly Project Status Report, Chris Vallejos, AVP, Institutional Support.

All projects are on budget and on time.

- 10) CEO UNM Hospitals Monthly and Dashboard Reports, Steve McKernan, CEO, UNM Hospitals.

- 11) UNM Foundations Quarterly Performance Report, Anne Yegge, Chair, UNM Foundation.

Regent Koch asked that the Regents' Endowment be added to the Foundation report.

- 12) Mid-Year Budget Review and FY12 Budget Preview, Andrew Cullen, AVP, Budget.

Discussion: Mr. Cullen noted that the state budget and the appropriation to UNM have not been finalized. The goal in our collaborative process has been to maximize the reduction of expenditures and to identify revenue opportunities, all in an effort to minimize possible tuition and fee increases. Today's scenario includes about \$9.5 million in state cuts and UNM needs to replace the one-time funding of \$13 million. The tuition credit this year will be about 3.1% or \$3.8 million. This scenario shows increased spending, including replacement of prior years' one-time funding of \$11.8 million. The F&F Committee suggested that expenditures be cut a similar amount on a permanent basis.

Regent Chalmers confirmed Regent Abeita's conclusion that another \$4.5 million in permanent cuts or revenues needs to be found. Another suggestion was that, if the pause and hold strategy, delaying filling vacant positions, could become a kind of permanent line item it would yield \$2.5 million. He said that while UNM is sure to need a tuition increase, we are dedicated to keeping that increase as small as possible, and UNM is still a bargain compared to peers.

Mr. Cullen reiterated that there will be a "tuition credit" of 3.1% (\$3.8 million). Also, the ERB solvency legislation has nothing to do with shoring up the educational retirement system. It has to do with reducing the amount

that goes to higher Ed institutions to pay for it. It is shoring up the state's General Fund and nothing more.

Mr. Cullen confirmed to Regent Gallegos that the funds received from the Foundation, about \$15 million for the coming year, are used exclusively for scholarships, except for about \$200 thousand used for faculty hiring for diversity. It is not included in any UNM budget scenarios. And, this is strictly a Main Campus scenario.

Dr. Wood said there have been deep cuts in some of the administrative structure. There have been deep cuts in the academic mission—in a year in which the regents have been fully onboard with increasing tenure track faculty and the administration is fully onboard with protecting the academic mission. We're still down about a dozen faculty slots this year compared to last year, we're down staff, we're down graduate student lines, and there is zero money for faculty research travel in our biggest college. Finding another \$4.8 million is a tall order.

## **X. Regent Committee Assignments**

(please note this list has been updated to reflect Regent Hosmer as Chair of Academic Affairs, Regent Abeita Chair of Health Sciences Board, Regent Gallegos Lobo Energy Board subject to by-law review.)

### Academic/Student Affairs & Research Committee (meets quarterly)

Carolyn J. Abeita, Chair

Jacob P. Wellman (Student Regent), Vice Chair

Bradley C. Hosmer

Richard Wood, President Faculty Senate

Merle Kennedy, President, Staff Council

Brenda Claiborne, Dean Representative (Dean, Arts & Sciences)

ASUNM President

GPSA President

Parent Association President serves as advisor for Committee

### Finance and Facilities Committee (meets 1<sup>st</sup> Thursday of each month)

Don L. Chalmers, Chair

James H. Koch, Vice Chair

J.E. "Gene" Gallegos

### Audit Committee (meets quarterly)

J.E. "Gene" Gallegos, Chair

Bradley C. Hosmer, Vice Chair

James H. Koch

### Health Sciences Board (meeting schedule tbd)

James H. Koch, Chair

Don L. Chalmers, Vice Chair

Bradley C. Hosmer

### UNM Hospital Board of Trustees (meets 1<sup>st</sup> Friday of each month)

Jacob P. Wellman

Carrie Tingley Hospital Board (meets quarterly)  
Carolyn J. Abeita

STC Board (meets quarterly)  
J.E. "Gene" Gallegos

Lobo Energy Board (meets quarterly)  
Jacob P. Wellman

Lobo Development Corporation (meets quarterly)  
James H. Koch, Chair  
Don L. Chalmers

New Mexico Educational Assistance Foundation Board  
Jacob P. Wellman

Sandia Foundation (meets quarterly)  
Don L. Chalmers

UNM Foundation (meets quarterly)  
J.E. "Gene" Gallegos

Honorary Degree Committee ex-officio, Jack L. Fortner, President, Board of Regents  
Carolyn J. Abeita  
Bradley C. Hosmer

**XI. Public Comment** (none)

**XII. Adjournment**

Vote to close the meeting and to proceed in Executive Session.

**Motion passed** with no dissenting votes to proceed in Executive Session at 11:30 a.m. (1<sup>st</sup> Koch, 2<sup>nd</sup> Chalmers).

**XIII. Executive Session** 11:30 a.m. – 1:25 p.m., Cherry Silver Room

- A. Discussion and determination where appropriate of threatened or pending litigation pursuant to Section 10-15-1.H (7) NMSA (1978).
- B. Discussion and determination where appropriate of potential purchase, acquisition or disposal of real property pursuant to Section 10-15-1.H (8) NMSA (1978).
- C. Discussion and determination where appropriate of limited personnel matters pursuant to Section 10-15-1.H (2) NMSA (1978).

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



**Motion passed** at 1:26 p.m. to re-open the meeting (1<sup>st</sup> Koch, 2<sup>nd</sup> Chalmers).

- D. Certification that only those matters described in Agenda item XIII 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 XIII were discussed in Executive Session and that no action was taken . (Regent Wellman excused.) Regents President Jack Fortner, Vice President Don Chalmers, Secretary Treasurer Carolyn Abeita, Jamie Koch, Gene Gallegos, Bradley Hosmer certified motion.

**XV. Adjournment.**

**Motion passed** at 1:30 p.m. to adjourn the meeting (1<sup>st</sup> Koch, 2<sup>nd</sup> Wisdom). (Regent Wellman excused.)

BOR Follow-up action item list;

Regent Koch asked that the Regents' Endowment be added to the Foundation report.

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Jack L. Fortner, President  
Board of Regents

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Carolyn J. Abeita, Secretary/Treasurer  
Board of Regents



**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. McKernon)*
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)

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Jack L. Fortner, President  
Board of Regents

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Carolyn J. Abeita, Secretary Treasurer  
Board of Regents



Materials will be provided at the BOR meeting.

Materials will be provided at the BOR meeting.



THE UNIVERSITY of  
NEW MEXICO FOUNDATION

**UNM Foundation, Inc.**  
**UNM Regent's Advisor Report**  
**April 29, 2011**

*CHANGING WORLDS*  
*The Campaign for UNM*

The UNM Foundation held the *Changing Worlds* campaign celebration event on April 14<sup>th</sup> to formally announce the public phase of our campaign.

Nearly 500 of the university's closest friends, alumni, donors, community leaders, distinguished faculty and students joined together recently in *The Campaign for UNM* an eight-year, \$675 million campaign, which began in 2006 and plans to conclude in 2014, complimenting UNM's 125th anniversary.

To date, nearly 50,000 donors have given more than \$380 million in support of the University's mission.

**Specific highlights:**

- As of April 11, over \$60M in gifts were made to UNM.
- 7.5% (\$4.59M) ahead of last year's progress.
- Our weekly gift average is \$1.52M. We continue to be on pace to meet or exceed the \$78M goal for the fiscal year.
- 207 proposals each with a value of at least \$50,000 have been submitted to individuals, corporations and foundations from across the country. The total value of these proposals is over \$123M.

**College of Nursing** received a gift of \$75,000 for a new Nursing Diversity Youth Pipeline Program. This program hopes to inspire and prepare young students for a rewarding career in Nursing.

**Cancer Center** received a \$1,000,000 gift to benefit research. This is an additional gift from a donor who has already committed \$5M to the Cancer Center.

**College of Education** received a gift of over \$800,000 for a Graduate (PhD) Fellowship. This is the *first and only of its kind* in the college. We expect to award 2 scholarships of \$25,000 this year. The college is developing strategies on how the College can use this scholarship as a recruiting tool to attract outstanding students to the college.

**Children's Miracle Network** held the annual phone-a-thon in March. Thousands of donors from across the state pledge over \$260,000 to support our children's hospital.

**Campaign Initiatives:**

The Foundation hosted a regional event in Houston on March 25. There was great attendance at the private reception from local area alumni and donors. This event was focused on cultivation and stewardship of major gift prospects. Dr. Schmidly and Dean Doug Brown were the featured speakers for the evening. The Foundation will focus on the Colorado and California in the upcoming months for the next regional campaign initiative.

The Foundation also continues to conduct planning meetings with President Schmidly, Chancellor Roth and Paul Krebs to ensure coordinated cultivation and solicitation efforts for the Foundation's top tier prospects between Main Campus, HSC and Athletics.

**Investment Update:**

The Foundation's Board of Trustees Investment Committee continues to evaluate the submissions from the RFP for investment consulting services. A final recommendation is expected to be forwarded to the Board of Regents and the Board of Trustees by the end of May 2011 for approval.

The following is an updated Regent's Endowment Report as of March 31, 2011.

**THE UNIVERSITY OF NEW MEXICO  
MR. AND MRS. HUGH B. AND HELEN K. WOODWARD ENDOWMENT  
FUNDED BY THE SANDIA FOUNDATION**

	2006-07	2007-08	2008-09	2009-10	2010-11 through 3/31/2011	
<b><u>PRINCIPAL/CORPUS</u></b>						
BEGINNING MARKET VALUE, JULY 1:	\$ 34,085,743	\$ 40,007,782	\$ 39,456,137	\$ 30,698,788	\$ 32,422,373	
ADDITIONS	1,260,000	1,323,000	1,395,000	877,500	843,750	
NET INVESTMENT EARNINGS	6,212,501	(159,793)	(8,346,007)	2,614,688	4,854,881	<b>(1)</b>
SPENDING DISTRIBUTION	(1,550,463)	(1,714,852)	(1,806,341)	(1,768,603)	(1,268,068)	<b>(2)</b>
ENDING MARKET VALUE, JUNE, 30:	<u>\$ 40,007,782</u>	<u>\$ 39,456,137</u>	<u>\$ 30,698,788</u>	<u>\$ 32,422,373</u>	<u>\$ 36,852,936</u>	

**(1) FY 2010-11 Net investment Earnings:** Represents the actual net investment earnings through March 31, 2011. Net investment earnings for the period of July 1, 2010, through March 31, 2011, were 16.1%.

**(2) FY 2010-11 Spending Distribution:** Represents the quarterly spending distributions from July 1, 2010, to March 31, 2011.

**THE UNIVERSITY OF NEW MEXICO  
WINROCK LAND SALE ENDOWMENT**

	2006-07	2007-08	2008-09	2009-10	2010-11 through 3/31/2011
<b><u>PRINCIPAL/CORPUS</u></b>					
<b>BEGINNING MARKET VALUE, JULY 1:</b>	\$ 29,879,837	\$ 33,899,952	\$ 32,369,380	\$ 24,076,065	\$ 24,767,866
ADDITIONS	-	-	-	-	-
NET INVESTMENT EARNINGS	5,355,876	(105,166)	(6,836,533)	2,060,890	3,663,988 (1)
SPENDING DISTRIBUTION	(1,335,761)	(1,425,406)	(1,456,782)	(1,369,089)	(968,694) (2)
<b>ENDING MARKET VALUE, JUNE, 30:</b>	<u>\$ 33,899,952</u>	<u>\$ 32,369,380</u>	<u>\$ 24,076,065</u>	<u>\$ 24,767,866</u>	<u>\$ 27,463,160</u>

(1) **FY 2010-11 Net investment Earnings:** Represents the actual net investment earnings through March 31, 2011. Net investment earnings for the period of July 1, 2010, through March 31, 2011, were 16.1%.

(2) **FY 2010-11 Spending Distribution:** Represents the quarterly spending distributions from July 1, 2010, to March 31, 2011.

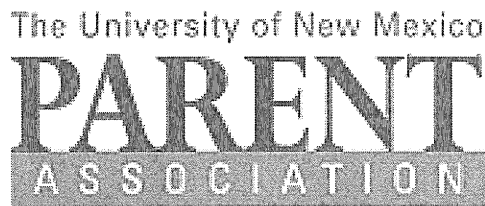
**THE UNIVERSITY OF NEW MEXICO  
REGENTS' ENDOWMENT**

	2006-07	2007-08	2008-09	2009-10	2010-11 through 3/31/2011
<b><u>PRINCIPAL/CORPUS</u></b>					
BEGINNING MARKET VALUE, JULY 1:	\$ 32,325,235	\$ 36,674,360	\$ 35,018,525	\$ 25,165,952	\$ 25,889,070
WITHDRAWALS:					
SCHOLARSHIP FUNDING	-	-	(880,525) (3)	-	-
NET INVESTMENT EARNINGS	5,794,207	(113,773)	(7,396,042)	2,154,183	3,829,851 (1)
SPENDING DISTRIBUTION	(1,445,081)	(1,542,062)	(1,576,006)	(1,431,065)	(1,012,545) (2)
ENDING MARKET VALUE, JUNE 30:	<u>\$ 36,674,360</u>	<u>\$ 35,018,525</u>	<u>\$ 25,165,952</u>	<u>\$ 25,889,070</u>	<u>\$ 28,706,376</u>

(1) **FY 2010-11 Net investment Earnings:** Represents the actual net investment earnings through March 31, 2011. Net investment earnings for the period of July 1, 2010, through March 31, 2011, were 16.1%.

(2) **FY 2010-11 Spending Distribution:** Represents the quarterly spending distributions from July 1, 2010, to March 31, 2011.

(3) **FY08-09 Withdrawal for scholarship funding:** \$1,000,000 was authorized to be withdrawn from the Regents' Endowment for FY08-09 scholarship funding. Of the authorized \$1,000,000, \$880,525 was withdrawn from the endowment.



**PARENT ASSOCIATION REPORT TO THE BOARD OF REGENTS  
BY: PRESIDENT, MARIA PROBASCO  
APRIL 29, 2011**

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**FY2011/2012 Budget Process:** The Parent Association would like to thank the Board of Regents and the Administration for honoring and respecting the work of the FY2011/2011 Cost Containment Process. Our hope is that the “Cost Containment Process” that was undertaken this year continue in future fiscal years, with systematic and substantial involvement by ASUNM, GPSA, Faculty Senate, Parent Association and Staff Council.

**Parent Involvement: Admissions Open House - Saturday, April 2, 2011:** As special thank you goes to parents, Lorrie Black, Mary Sue Garwood, Kathy Freeze, Bettina Dorman and her daughter, for helping us welcome parents and students of High School Juniors and Seniors. We had a lot of fun sharing our personal experiences with prospective UNM parents and letting everyone know about opportunities, and the wonderful things going on at UNM and the Parent Association.

**Scholarship Committee:** The Scholarship Committee received 152 scholarships (125 from undergraduate students and 27 from graduate students). The Committee is currently in the evaluation phase. The recipients for the academic year 2011/2012 scholarships will be announced the first week of May.

**3<sup>rd</sup> Annual Appreciation Reception:** The Parent Association will be hosting its 3<sup>rd</sup> Annual Appreciation Reception on May 20, 2011 at 6:30pm. This year, the Parent Association partnered with the American Campus Communities (ACC) to hold the event at LOBO Village. Holding the reception at this site will give parents, sponsors, donors and supporters the opportunity to tour the new student housing facilities at South Campus. My hope is that you will be able to join us as we express our appreciation to our supporters and parent volunteers.

**Upcoming Events/Activities:**

1. UNM-Parent Association Board of Directors meeting, scheduled for Thursday, June 2, 2011 at 4:00pm at Student Services and Success Center Stanford Conference Room (2<sup>nd</sup> Floor)
2. Summer Send-Offs, Tentative Date, Saturday, August 6, 2011.
3. Family Weekend – September 16, 17 & 18, 2011. Our 2<sup>nd</sup> Annual Golf Tournament will be held on Friday, September 16, 2011.



Materials will be provided at the BOR meeting.

## **Report on Regents' Audit Committee Meetings**

### **Special meeting April 11, 2011**

### **Regular meeting April 14, 2011**

The **Regents' Audit Committee (Committee) Special** meeting was held on **April 11, 2011**, and took the following action:

- Approved the minutes from the January 20, 2011 Audit Committee meeting.
- The Committee received a presentation from Ms. Ava Lovell regarding selection of the external audit firm based on the request for proposal of March 4, 2011. There were two respondents bidding to perform the audit for FY11, 12, and 13. UNM is the second or third largest audit project in the state. In New Mexico, there are not very many firms large enough to handle the size of UNM's external audit. The largest firms in the state are Moss Adams and KPMG. One new firm, Clifton Gunderson, did submit a proposal; they recently purchased Meyners and Company in New Mexico and are now large enough. However, as they did not have experience auditing universities in New Mexico, they did not score as high.

As part of the best and final negotiations, Ms. Lovell informed Moss Adams they needed to come down some on their fees. They did reduce fees by 7.8% for FY11 and also agreed to work with us in reducing their fees if the Internal Audit department performs some of the audit work. Moss Adams will perform the audit of the Main Campus and Hospitals in FY11; KPMG will perform the audit of the component units. In FY12 and 13, KPMG will perform the Main Campus and component unit audits and Moss Adams will perform the Hospital audits. Ms. Lovell requested approval on the selection of external auditor. The Finance and Facilities Committee must approve the expense. The selection must be also approved by the Higher Education Department, and the contract has to be approved by the State Auditor. Everything must be turned in to the State Auditor by May 1, 2011.

The **Regents' Audit Committee** met on **April 14, 2011**, and took the following action:

- The minutes from the Regents' Audit Committee special meeting will be approved during the June 16, 2011 meeting.
- The Audit Committee discussed follow up on the following departmental commitments and accountability:
  1. Implementation plan and follow-up on the Legislative Finance Committee (LFC) Evaluation of the University of New Mexico. Marc Saavedra indicated that the LFC will conduct a follow-up during June 2011 and may have a hearing on this along with the Health Science Center evaluation during August 2011.
  2. Regarding the Special Procedure Audit, Dr. Richard Wood indicated that the Faculty Senate is satisfied with the past special procedure report and indicated that if similar information were to be included in the annual financial audit, reversion of funds and transfers would add clarity to the University's financial statements. Dr. Wood will be in touch with the external auditor to discuss this issue.

3. Regarding the Signature Authority and ERM/Contract monitoring process, Carol Stephens indicated that both policies are circulating for the final 30-day comment period and the policy office hopes to have final policies published by July 2011.
4. Michael Duran from Human Resources indicated that his office has provided draft employment data analysis to Chairman Gallegos and will work with the Chairman to provide additional analysis and data during next two or three months.
5. The Special Administrative Components (SACs) and Special Teaching Components (STCs) will be included as a part of the Provost General Administration audit.
6. Regarding the Disciplinary Policy for Faculty, Dr. Wood indicated that the Faculty Senate has approved the draft policy which will be presented to the Regents Academic/Student Affairs and Research Committee at their next meeting. Thereafter, it will be presented to the Board of Regents.

The Audit Committee was satisfied with the follow up, Departmental Commitments and Accountability process and indicated it should be part of all future Audit Committee meetings. Regent Hosmer asked that similar process be recommended to the full Board of Regents meeting. Mr. Hosmer made a motion for the recommendation to identify the items for follow up over the last year and to find out if there should be follow up on those items. Regent Koch further clarified that this is for the full board only and not other committees and he seconded the motion. The motion passed.

- Reviewed the schedule of audits in process and budget to actual audit hours.
- Approved the Audit of Operations and Compliance of Safety and Risk Services conducted by the Internal Audit Department.
- Approved two UNM Hospital audits (Operating Room Supply Chain and Extended Business Office and Collection Agency).