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University of New Mexico Board of Regents Minutes for April 11, 2005

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

April 11, 2005

The Regents of the University of New Mexico met on Monday, April 11, 2005, 1:00 p.m. in the Student Union Building Ballroom. A copy of the public notice is on file in the Office of the President.

Regents present:

James H. Koch, President
 Jack L. Fortner, Vice President (via conference phone)
 Sandra K. Begay-Campbell
 Douglas M. Brown
 John M. "Mel" Eaves
 Raymond Sanchez
 Rosalyn D. Nguyen, Student Regent
 President Louis Caldera

Vice Presidents present

David Harris, EVP
 Reed Dasenbrock, Acting Provost
 Phil Eaton, Exec. Vice President, Health Sciences Center
 Eliseo Torres, Vice President for Student Affairs
 Michael Carroll, Vice President for Advancement

Regents' Advisors present:

Ed DeSantis, President, Faculty Senate
 Steve Borbas, President, Staff Council
 Kevin Stevenson, President, ASUNM
 Buckner Creel, President GPSA
 Coleman Travelstead, President, Alumni Association
 Robert Goodman, Chair, UNM Foundation

Others in attendance:

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

Regent James Koch presided and called the meeting to order at 1:00 p.m. .

ADOPTION OF AGENDA, Regent Mel Eaves

Motion approved unanimously to adopt the agenda.

Public Comment:

Dr. John Geissman, UNM Professor of Geology, reported he has been at UNM 21 years, and his salary compares under average, asked Regents to realize what they are deciding today affects all UNM community.

Recap of the 4/1/05 UNM Budget Summit, President Louis Caldera

UNM constituents were presented information about the fiscal challenges in the areas of education and patient care. The Budget Summit process engaged all elements as we addressed the long and short term challenges facing the university once the legislative process is completed.

Topics addressed included;

- \$19 million in new spending for UNM
- 4 ½ tuition credit (dollars reduced from the state)
- UNM .75% comp. into retirement fund
- Deferred maintenance (\$11 million not secured).
- Classrooms for biology
- Growing enrollment challenges
- Teaching assistant requirements
- Advising and academic support
- Funding for out of county residents
- HSC staff physician salary adjustments

National comparisons;

New Mexico students pay 20% of the actual cost of their educations, vs. The national average of 30%.

UNM tuition represents the lowest tuition of all schools in their peer group (below \$4,000 a year).

Comparison data includes tuition increases from 12.6% to 35%.

We cannot be the lowest cost and the best quality.

Proposed UNM Compensation and Tuition EVP David Harris

History

FY 05, 5% compensation increase request was a signal to faculty and staff supporting competitive rates, but other strategic priorities were not addressed.

Summary Scenarios for 8%, 10%, 12%, 12.8%, and 9% tuition increases reviewed.

Budget Scenarios presented

1. student support
2. reasonable compensation for salary

Responses from the Budget Summit group included faculty, staff and students.

Based on the feedback, two scenarios were presented including;

12% tuition increases (A) 12.8% tuition increases (B)

2.5% compensation increase 4.0 % compensation increase (3.25 with .75 PERA)

Student Services funding reduced spending in other areas

Law & Anderson Schools increases

Discussion regarding proposed UNM compensation and Tuition

Regent Koch addressed line items in the proposed budget, including plant operations, HSC formula, new faculty expenses, development income and overhead, library acquisitions, faculty completion funds, and building maintenance.

Acting Provost Dasenbroock reported that 100% of increased funding for faculty would be spent on instruction, and making courses available especially in biology and chemistry, and would accommodate projected enrollment increases.

Law School tuition increase of \$500 (\$150, 000 income) was addressed by Dean Scarnecchia, indicating that the Law School would retain the increase of \$500 to cover deficit. UNM is still low on the tuition scale, even with the 12% and \$500 increase.

Anderson School Dean Crespy reported that accreditation issues required additional faculty and scholarship dollars. The increase (\$396,000) projection still leaves UNM at less than half the cost of competitors AZ, AZ State, Utah, CO, TX.

VP Michael Carroll addressed the need for infrastructure development for a major capital campaign. The requested funds would be a small cost for a large return.. The Foundation contributes to development.

- Regent Koch requested exact figures for goals and income in development efforts, as well as salary and infrastructure projected costs. Development staff salary incentives were also suggested.

VP Carroll reported that we are on track to exceed our goals of \$41 million and report will be provided. We are laying the groundwork to bring the Development Department up to function. New infrastructure costs will be \$200K for 2005-06.

Discussion addressed various funding sources including the Foundation, President's Club, Student Fees to identify current existing dollars that can be used.

EVP Harris reported that Project Link report presented the opportunity for accurate tracking of real dollars as the implementation is completed. We are in phase 2 of 3.

- Regent Begay-Campbell questioned formula and facility funding for plant operations.
- Regent Koch questioned accounts receivable, and cash reserves balances, requesting report on collections outstanding, and asked that line items be reviewed for additional savings.
- Regent Brown applauded the priorities and goals identified by UNM, and strengthening the faculty and student body to raise the level of scholarship. It is a high priority to increase the faculty salary. He also encouraged the university to look inward to identify pockets of margin and reduction of expenses, including review of possibly obsolete programs. Our task is a vigorous effort to both save, and raise dollars.
- Regent Begay-Campbell requested that fees and tuition be kept separate to provide clear reporting of funding.

President Caldera stated our budget of \$1.5 billion required the university to review both revenues raised and expended in our job of delivering education. The I & G supports education and administration, and we have to live within our means. Advancement can have an impact, but not overnight, it has to be built. Alumni dollars are low. We cannot assume fund raising goals will take care of the budget. Deans build fundraising into their budgets, and the advancement history does not include major gifts. Many donors give with restrictions, and not to general fund. We cannot rely on development for our expenses in the short run.

Regent Sanchez reflected on the data presented and comments of the President and Regents. We must formulate the budget with restricted vs. non restricted, noting which items are which. Development and fund raising are a challenge along with legislative state goals. Funding of the university is a concern, and the tuition tax credit process needs to be reviewed. Suggested a strategic approach, but reviewing new hires, not funding un-filled positions, and finding dollars here now. What do we really need now, and review very carefully. Tuition cannot go above double digits, or we will hurt students. Have to believe the university can find 3million dollars to balance the budget now.

Faculty Senate, GPSA, ASUNM supported doing what is necessary to support the continuing delivery of a quality education.

HSC report by Dr. Eaton reported a 2 ½ million dollar deficit with need for increase in physician costs. The unreimbursed medical care is increasing, state funding not maintaining Current administration and infrastructure are being reviewed.

- Summary presented by Regent Eaves;

Request to UNM administration to provide review of the following and alternative scenarios for tuition and comp. The regents requested administration to review the figures, and bring back to the BOR meeting 4/12 opportunities for budget reductions as well as review of fund balance details. Fundraising and foundation balances were requested in detail as alternative sources to meet tuition and salary numbers

- Review of all budget line items.
- Reserve fund balances and reserves across the university, all departments.
- Report of investment income on reserves
- Fundraising goals, overhead costs, and foundation fund balances and expenses.
- Review of obsolete programs.

The meeting adjourned.

Executive Session: discussion of limited personnel matters pursuant to section 10-15-1.H (2), NMSA and litigation matters pursuant to section 10-15-1.H(7), NMSA.

OR 4.11.