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University of New Mexico Board of Regents Minutes for March 27, 1997

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

March 27, 1997

The Regents of the University of New Mexico met on Thursday, March 27, 1997, in the Roberts Room of Scholes Hall. A copy of the public notice of the meeting is on file in the Office of the President.

Regents Present:

Larry D. Willard, President
 Barbara G. Brazil, Vice President
 Mary A. Tang, Secretary/Treasurer
 David A. Archuleta
 Penny Taylor Rembe
 Kimberly A. Richards
 Richard Toliver

Also Present:

Advisors to the Regents

Shane Evangelist, President, Associated Students of UNM
 David P. Gillett, President, Graduate and Professional Students Association
 Beulah M. Woodfin, President, Faculty Senate

Absent:

Richard Morris, President, UNM Foundation
 Sandy Seligman, President, Alumni Association
 Terry R. Wood, President, Staff Council

Members of the Administration, the media and others

Regent President Larry D. Willard called the meeting to order at 1:05 p.m.

EXECUTIVE SESSION

Immediately following the open meeting on Monday, March 10, 1997, the Regents met in Executive Session regarding pending/threatened litigation, pursuant to Section 10-15-1-H.(7) NMSA 1978. The Regents hereby attest that the only matter discussed in the executive session was pending/threatened litigation as noticed.

PUBLIC INPUT

The following individuals spoke on the proposed tuition and fee increase and related issues: Dezra Noel, Jeffrey Rich Muñoz, Sue Chavez, Jason Oringer, Mark Gutierrez, Geoffrey Barrett, Carrie Alhelm, Carlos Scarborough, Paul Norris, Jim Stewart, Robert Anderson, Shawn Onsgard, Ben Tucker, Jennifer Glau, Lois Pribble, Lisa Warren, Megan Davidson, Aryn Seiler, Anna Brown, Flo Brown, Marina Ybarra, Rebecca Houlihan, Peter Smith, Jerome Chavez, Neri Holguin, Abby Anderson, Daniel Pedro, Ben Scribner, Robert Clements, Nicole Tommie, Dennis Lombardi and Vanessa Alarid.

DISCUSSION ON RECOMMENDED ACTION FOR ALLOCATION OF FUNDS, CHANGES IN EMPLOYEE COMPENSATION, AND TUITION AND FEES

Vice President Mc Kinney said the recommendations of the Finance and Facilities Committee are as follows:

1. There will be no change in compensation levels for faculty or staff in FY 1997-98 because the institution will receive no appropriation for compensation from the state. The appropriation for compensation was line-item vetoed out of the General Appropriations Act by the governor on March 19, 1997. However, high priority will be given to allocating funds to offset anticipated increases in employee contributions to fringe benefit deductions such as health insurance and dental insurance, if sufficient revenues can be identified;
2. Adopt Allocation of Funds Plan for Main Campus (Formula) Instruction and General (I&G), including changes in resident and non-resident undergraduate and graduate tuition and fee rates;
3. Adopt Allocation of Funds Plan for Health Sciences (Non-Formula) Instruction and General (I&G) budget; and
4. Approve tuition and fee rates for 1997-98 for Law, Medicine and Branch Campuses.

Vice President Mc Kinney explained that there was a need to reduce the expenditure base because of losses in current year tuition revenue and projected additional tuition revenue losses in 1997-98 due to enrollment declines, as well as recognition of the need to find internal funding support for unavoidable expenditures in 1997-98 that would not be covered by additional state funding. The magnitude of the expenditure budget base reduction is \$5.2 million, a 3.4% cut. This budget reduction for 1997-98 occurs on top of two previous budget reducing actions. In 1995-96, the Governor ordered a 2.5% one-time reduction of State General Fund appropriations. In 1996-97, in order to create internal funds to address essential budget needs, academic unit budgets funded by Main Campus I&G were reduced 2% and non-academic budgets were reduced 4%. Thus, the 1997-98 budget reduction action contributes to a cumulative budget cut or reallocation of nearly 9% over a three-year period.

Vice President Mc Kinney said that some of the strategies developed to meet the 1996-97 budget reduction are carried forward into 1997-98. For example, negotiations with the State's Risk Management Department resulted in insurance premium savings of nearly \$2.3 million, phased in over the current year and next year. Similarly, several decisions to eliminate positions were implemented during 1996-97 and will have full impact next year. In developing strategies to achieve the \$5.2 million expenditure base reduction for 1997-98 and beyond, these and other permanent budget cuts will carry forward as additional permanent cuts are also made. Vice President Mc Kinney said there will also be substantial temporary budget cuts, consisting primarily of freezing vacant positions, to achieve the target total budget cut. These temporary cuts will be replaced with permanent reductions in 1998-99.

Budget Director Julie Weaks presented a summary of legislative actions for UNM programs. Overall, the University's appropriation has decreased by 1% from 1996-97 to 1997-98. Appropriations to the University are divided into two segments: (1) Instruction and General (I&G), and (2) Special Projects.

Ms. Weaks said the legislature appropriated a 2% compensation increase to higher education effective October 1, 1997. This translated to a 1.5% overall compensation increase for 1997-98. However, Governor Gary Johnson vetoed the compensation section of the General Appropriations Act, leaving UNM and all other institutions of higher education with no appropriation to cover compensation increases. Thus, it is recommended that salary levels for faculty and staff be held at their 1996-97 base levels. Consideration will be given to allocating funds to offset anticipated increases in employee contributions to fringe benefit deductions such as health insurance and FICA, if sufficient revenues can be identified. There are no inflationary increases in any of the University's appropriations.

Ms. Weaks said the University's highest priority in terms of legislative funding is always full formula funding, but that was not achieved this year. The formula was funded at 99%. The formula that supports the branch campuses was funded at 100%, plus money was added in order to fund some student services activities. Ms. Weaks said the Main Campus I&G is down 1%, Extended Services is up 12.1%, the Health Sciences I&G, which is a non-formula budget, is up .8%, and the Taos Education Center is up 20.5% because of increased student enrollment and converting to full formula funding. Special Project appropriations have decreased by 6.6%. The Special Projects appropriations were selectively reduced, the total reductions totaling \$1.8 million.

Ms. Weaks explained the allocation of funds for the Main Campus I&G budget. The beginning base revenue for FY 1996-97 was \$156,180,542. The new base budget for 1997-98 will be \$153,822,972, which is \$2,357,570 less than the budget base for the current year, a 1.5% decrease in the budget for next year from the current year. Ms. Weaks explained the revenue changes as follows:

- **Formula Changes:** The Main Campus I&G is formula driven, with funding appropriated for each student credit hour generated by the University. Because of declining student enrollment and associated declines in credit hour production over the past four years, UNM Main Campus Formula I&G workload funding has decreased by \$1,159,665. UNM, however, has received a formula adjustment of \$932,630 for operation and maintenance of

some new instructional space on campus, and an additional \$34,849 has been added to fund 3% scholarship allocations. After making the above adjustments, the legislature reduced UNM Main Campus Formula I&G by 1%. The amount of this 1% reduction is a negative \$1,165,600. All of these adjustments result in a total formula decrease of \$1,357,786.

- **Revenue Credit Changes:** The I&G formula utilizes several sources of revenue as “credits” against formula funding. Credits are presumed levels of revenue which are subtracted from formula funding to arrive at final State General Fund appropriation amounts. Actual revenues for FY 1995-96 are the base from which these credits are calculated. In computing the 1997-98 appropriation, the legislature is giving UNM credit (increasing its appropriation) in recognition of declines experienced in 1995-96 in other revenue areas (interest earnings and tuition volume). The amount of this credit change for UNM for 1997-98 is \$506,316. Thus, when the formula changes are combined with the changes in revenue credits, the UNM appropriation has decreased by \$851,470.

Tuition Revenue Changes

- **1996-97 Tuition Revenue Shortfall:** The 1996-97 I&G budget was structured on the assumption that enrollment would hold steady from 1995-96 to 1996-97. However, UNM experienced a drop in enrollment of approximately 1.5% in 1996-97. The resulting loss of \$1,336,800 in tuition revenue was covered on a temporary basis from cash balances, but is now being permanently deducted from base I&G revenues.
- **1997-98 Estimated Tuition Revenue Shortfall:** UNM anticipates that even if new student enrollment increases in 1997-98, total enrollment will decline by approximately 1.5% from 1996-97 levels simply because fewer students are in the pipeline. The projected decrease in tuition revenue is \$1,936,800.
- **4.5 Increase in Tuition and Fee Rates for 1997-98:** On November 14, 1996, the UNM Regents adopted a new three-year Tuition and Fee Policy. That policy states that tuition and fee rates for resident and non-resident graduate and undergraduate students will be increased by the average of two indices (The Higher Education Price Index and the New Mexico Per Capita Income Index) on an annual basis. For purposes of computing the 1997-98 tuition and fee increase, the average of these indices is 4.5%. A 4.5% increase in tuition and fees results in an increase of \$1,993,500 in tuition and fee revenue. For 1997-98, all of that increase will be allocated to the tuition component, and the fee component will remain unchanged.
- **Law School Tuition and Fee Increase:** An increase of 10% in the tuition and fee rate for the School of Law is recommended. Several years ago, the Provost made a commitment to the Dean of the Law School that the additional revenue created by increasing Law School tuition and fee rates by 10% per year would be dedicated to the Law School budget. The difference between a 4.5% and a 10% increase in Law School tuition and fees is \$74,000 for FY 1997-98.

Other Revenue Changes:

Another component of the I&G revenue base is interest income on current fund balances. Because of declines both in the amount of University balances and in market interest rates, it is estimated that the University's interest income earning for FY 1997-98 will decrease by \$300,000 from 1996-97 original base estimates.

In summary, the total anticipated change in base I&G revenues for Main Campus Formula I&G is a decrease of \$2,357,570.

Three years ago, the Regents' passed a policy stating that any increase in tuition and fees should have a 5% amount reserved for increasing Access Grants, and so an additional \$100,000 is being allocated to Access Grants. Ms. Weaks said all of the Access Grant monies has not been utilized in the current year. Responding to an inquiry by Regent Mary A. Tang, Ms. Weaks explained that UNM is going to attempt to implement new regulations relative to Access Grants in the upcoming fiscal year to make the Access Grant more automatic for the most needy students. She said currently students have to apply for Access Grants and there seems to have been some confusion in the current year about eligibility and availability of the grants.

Ms. Weaks said the Health Sciences I&G is not formula driven, and thus any changes to the base appropriation level are usually earmarked as specific program changes by the legislature, with very little discretion available for the institution concerning allocation of those funds. The 1996-97 original revenue base is \$45,408,400. The Health Sciences Center did not receive an appropriation for compensation. The Health Sciences Center I&G received an appropriation increase of \$245,500 for operation and maintenance of new space, and adjustment for professional liability insurance. Ms. Weaks said the recommendation is that tuition and fees be increased by 10%. Additionally, there was a decrease of \$53,800 in the amount of credit the legislature takes for indirect cost revenues. Overall, there is an .8% increase in the Health Sciences I&G budget, with the 1997-98 new expenditure base at \$46,044,100.

Ms. Weaks explained that the local governing boards of the branch campuses are recommending 0% increase in tuition and fees. The Taos Education Center is recommending an increase in tuition and fees as follows: 13% for resident, 4.2% for non-resident, and 10.7% for out-of-district.

In response to an inquiry by Regent Tang, Vice President Mc Kinney explained that the total rate for tuition and fees is divided into three components--the tuition component is \$1,687.80; and then the fee component is divided into two components--\$285.00 per year is the student activity fee, and the difference \$189.00 is the facility fee that the Regents have dedicated to pay off debt service on academic buildings over the years. Those three components total the tuition and fee.

Responding to an inquiry by Regent Kimberly A. Richards, Vice President Mc Kinney explained that the Regents have the authority to move some of the tuition/fees money to the student activity fee or the facility fee. He believes, though, that the Regents should always look at the total, and not at each component individually, in order to assess the overall impact of the increase on students.

COMMENTS FROM REGENTS' ADVISORSProfessor Beulah Woodfin, President, Faculty Senate

Professor Woodfin said the faculty have a very broad range opinion on a tuition increase. They range from those who would have no tuition at all to those who feel that UNM is a bargain and would urge even higher tuition increases. She believes that the process that has been taken this year by the Planning Council has been a very thoughtful one and she supports their report.

Shane Evangelist, President, ASUNM

Mr. Evangelist said he believes one of the major problems with the tuition situation is the way the formula is calculated. He said because of the way the University's policy is stated, as the Higher Education Price Index (HEPI) and NM Per Capita Income go up, so does tuition. He said the formula does not take into consideration state funding increases, enrollment increases or decreases, or student incomes. Mr. Evangelist also said if tuition is not increased, and the faculty gets paid less, the students may not still have the same quality education. He said these are all factors that should be considered in the formula, and does not believe that the Regents should make a decision on increasing tuition on these two indices alone.

Regent President Willard referred to a survey that was taken on campus of students who withdrew or disenrolled from UNM for Fall 1996. In the category "Estimation of Most Important Reasons for not Attending UNM," 21% said personal reasons, 17% said cost of tuition, 15% said work-related, 13% said difficulty of commuting, etc. In the category, "The Importance of Different Reasons for not Attending UNM," 57% said cost of tuition was not at all important, 20% said somewhat important, and 22% said very important.

Regent President Willard said that the Regents also have a policy range between 22-27% for the percent of the tuition paid by the student. He said the Regents voted to try to stay within that policy range where the student currently pays approximately 23% of the tuition.

David Gillett, President, GPSA

Mr. Gillett commended the students for bringing their issues before the Board in an orderly and courteous manner. He said the impact of their behavior is that the Regents have been able to really listen to their concerns this year.

Mr. Gillett said that in November, when the 4.5% increase in tuition was being debated, GPSA extended an invitation to graduate students. He said approximately 30-40 students responded, and three-fourths of those students were not opposed to increases, with the stipulation that the students see results. Last year, students were told Access Grants were not available and Mr. Gillett said this is a system failure that needs to be addressed. Ms. Weeks said that the total amount of Access Grants has never been used. Last year, the University allocated almost \$600,000 for Access Grants,

so they are not being utilized.

Regent Richard A. Toliver also commended the students for their behavior and eloquence in expressing themselves on this issue. He said the Regents appreciate their concerns about the cost of education and reiterated that their comments have been heard and are being taken to heart. Regent Toliver suggested that the student representatives and the students present work on providing the administration with a questionnaire they believe would be helpful to get valid input from students about students services they value. President Peck said this could perhaps be implemented during the next registration period.

Mr. Gillett said that two years ago, during their elections, ASUNM did put several questions on the ballot to get student input. He added that approximately two months ago, President Peck held a Town Hall meeting and a large percentage of the students present chose not to participate, but instead tried to disrupt it. He also said the research on campus provides opportunities for graduate students to complete their education and participate in research programs.

In answer to an inquiry by Regent Tang regarding the proposed 0% tuition increase at the Branch campuses, Vice President Mc Kinney explained that they, like the Albuquerque Technical-Vocational Institute, have a different funding mechanism.

Regent President Willard said that the Regents appreciate the students' input and comments. He said the Regents empathize and understand that it is not easy. He said this is a very complex issue, a lot of it driven by the legislature.

RECOMMENDED ACTION A

There will be no change in compensation levels for faculty or staff in FY 1997-98 because the University will receive no appropriation for compensation from the state.

Regent Penny Taylor Rembe moved approval of Recommended Action A. Regent Barbara G. Brazil seconded the motion.

Voice vote was taken and Board members unanimously approved.

Motion carried.

RECOMMENDED ACTION B

Adopt allocation of funds plan for Main Campus (Formula) I&G, including changes in resident and

non-resident undergraduate and graduate tuition and fee rates.

Regent Brazil moved approval of Recommended Action B. Regent Rembe seconded the motion.

Voice vote was taken. Regent Richards dissented and Regent Toliver abstained.

Regent Richards said that she could not vote to raise the tuition and fees because she does not believe that all avenues have been explored and exhausted before raising tuition. She said that she is committed to making sure that all avenues are exhausted before voting for a tuition and fee increase. Regent Richards said she also opposes the current formula that the University uses. She believes it is too restrictive and does not take into account all of the different aspects that students bring forth to the University, and she is also committed into looking at the formula. As a result of the tuition increase, she said she is also committed into looking into the Access Grants. She said she knows there is a lot of money in that account and when increases are necessary, the Access Grants must be available to the students.

Regent Toliver said he has great respect and trust in the administration, but he abstained from voting because he, too, is concerned with the formula and would like to have an opportunity to better educate himself on it and on the factors involved to ensure that it is fair and equitable and to make sure that the University has taken every step to give all students a fair chance at education.

Motion carried.

RECOMMENDED ACTION C

Adopt allocation of funds plan for Health Sciences (Non-formula) I&G.

Regent Rembe moved approval of Recommended Action C. Regent David A. Archuleta seconded the motion.

Voice vote was taken and Board members unanimously approved.

Motion carried.

RECOMMENDED ACTION D

Approve tuition and fee rates for 1997-98 for Law, Medicine and Branch campuses.

Regent Brazil moved adoption. Regent Rembe seconded the motion.

Voice vote was taken. Regent Richards abstained from voting.

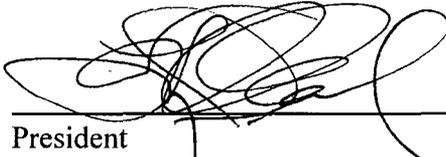
Regent Richards said she opposes the tuition rates for Law, Medicine and Branch campuses, but because she is a law student she believes it would be a conflict of interest and, therefore, abstains from voting.

Motion carried.

Faculty Senate President Woodfin addressed the Regents on the lack of compensation increase for faculty and staff, and urged them and the administration to make compensation increases for faculty and staff its principle priority for next year.

Meeting adjourned at 4:10 p.m.

APPROVED:



President

ATTEST:



Secretary/Treasurer