

THE UNIVERSITY OF NEW MEXICO
Board of Regents' Finance and Facilities Committee (F&F)
April 2, 2019 – Meeting Summary

Committee Members Present: Regent Sandra Begay, Regent Rob Schwartz, and Regent Doug Brown

Administration Present: Garnett Stokes, University President and Dr. Craig White, Senior Vice President for Finance and Administration (SVP-F&A)

Presenters in Attendance: Rich Wood, Academic Affairs; Craig White, SVP-F&A, Norma Allen, Planning, Budget, & Analysis; Nicole Dopson, Academic Affairs; Eddie Nunez, Athletics, Mark Peceny, Arts & Sciences; Bruce Cherrin, Purchasing; Duane Arruti, Information Technologies; Ava Lovell, Health Sciences Center; Ryan Reynolds, Health Sciences Center; Lisa Marbury, Institutional Support Services; Dr. James Malm, UNM-Gallup; Vicente Castillo, Vigil & Associates Architectural Group; Russell Hiers, Jaynes Corporation; Chris Vallejos, Institutional Support Services; and Tom Neale, Real Estate.

ACTION ITEMS:

- 1. Call to Order, Confirmation of a Quorum, and Adoption of Agenda.** Regent Begay called the meeting to order at 12:33 p.m. in Scholes Hall, Roberts Room, and confirmed that a quorum was established. **Regent Begay moved to adopt the agenda and Regent Brown seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**
- 2. Approval of Finance and Facilities Committee Meeting Summary from March 5, 2019.** **Regent Brown moved to approve and Regent Begay seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**
- 3. Approval of FY20 BLT Budget Recommendations.** Craig White and Rich Wood gave the presentation. Regents' approval was requested for the approval of FY20 Budget Leadership Team (BLT) budget recommendations.
 - A. Branch Campuses: Valencia; Los Alamos; Taos; and Gallup.

Rich Wood gave an overview of revenue and expenditure projections for FY20. The reports are detailed in the E-book.

 - i. Taos Campus: Projected FY20 budget elements consist of an appropriation increase (\$129.9K), compensation and Educational Retirement Board (ERB) funding (\$95K), dual enrollment funding (\$124.5K), and use of budget reserve funds for grant-funded positions (\$550K).

Projected FY20 expenditure costs include instruction and general (I&G) (\$7.5M), contracts and grants (\$4.4M), public service (\$250K), student aid (\$79K), and student social and cultural community activities (\$55K). The proposed plan does not include a tuition increase.

- ii. Los Alamos Campus: Projected FY20 budget elements consist of an appropriation increase (\$57.5K), compensation and ERB funding (\$49.5K), and dual enrollment funding (\$23.5K).

Projected FY20 expenditure costs include I&G (\$4.4M), contracts and grants (\$1M), auxiliaries (\$140K), student aid (\$50.8K), student social and cultural community activities (\$20.9K), and public service (\$8.5K). The proposed plan does not include a tuition increase.

- iii. Valencia Campus: Projected FY20 budget elements consist of an appropriation increase (\$164.6K), compensation and ERB funding (\$155K), and dual enrollment funding (\$100.5K). The nursing expansion fund was renewed, and restricted funding is 30.2% of I&G.

Projected FY20 expenditure costs include I&G (\$10.7M), contracts and grants (\$3.1M), auxiliaries (\$624.7K), public service (\$225.5K), student aid (\$325.9K), and student social and cultural community activities (\$31.7K). The proposed plan does not include a tuition increase.

- iv. Gallup Campus: Projected FY20 revenue and expenditures are expected to break even.

Projected FY20 expenditure costs include I&G (51%), institutional support (20%), physical plant (11%), academic support (9%), and student services community activities (9%). The proposed plan does not include a tuition increase.

B. Main Campus

- i. Funding Priorities Overview:
Craig White and Rich Wood gave an overview of the Budget Leadership Team (BLT) recommendations for Main Campus's FY20 budget. The five recommended funding priorities are noted below:
 1. 2% faculty and staff compensation and \$9 minimum wage increase for students
 2. Compliance, safety, IT infrastructure, and advising initiatives
 3. Inflationary increase for group health (5%) and ERB (.25%)
 4. Faculty promotions and faculty positions
 5. Student aid and graduate assistant (GA)/teaching assistant (TA) waivers

- ii. Budget Scenario:

The sources of funds and financial assumptions presented are outlined below:

- State Appropriations-\$12.6M Increase Formula Funding and Compensation
- Net Tuition- \$13.3M Decrease
 - (\$7.7M) current year tuition shortfall
 - (\$5M) 4% revenue enrollment fluctuation
 - \$2.5M Undergraduate and Graduate Tuition Premium Increase
 - No Base Tuition Increase
 - (\$3M) decrease-direct PharmD tuition to HSC
- Net Miscellaneous Revenues and Transfers and HSC Transfer-\$3.1M Increase
 - Primarily Land, Permanent Fund and Interest Income Increase
- One-Time Use of Central Reserves-\$3.3M Increase
- Mandatory Student Fees-\$2.7M Decrease
 - (\$2.1M) current year shortfall,
 - (\$1.4M) 4% revenue enrollment fluctuation
 - \$724K 3.43% rate increase

iii. Tuition Proposal:

The main campus undergraduate tuition and fee proposal presented is outlined below:

- Base Tuition Increase \$0
- Lower Division Tuition Increase \$0
- Upper Division Premium Increase per Credit Hour \$25 to \$35
- Mandatory Student Fee Increase 3.43%
- IT Technology Fee per Headcount \$50 Fall & Spring
\$10 Summer

- Lower Division **Tuition and Fees** Full-Time 15 Hour Block:
 - \$82.66 Increase per semester, \$165.32 annually, 2.26%
- Upper Division **Tuition and Fees** Full-Time 15 Hour Block:
 - \$232.66 Increase per semester, \$465.32 annually, 5.76%

The main campus graduate tuition and fee proposal presented is outlined below:

- Base Tuition Increase \$0
- Graduate Premium Increase per Credit Hour \$0
- Mandatory Student Fee Increase 3.43%
- IT Technology Fee per Headcount \$40 Fall & Spring
\$10 Summer

- Apply Graduate Premiums to all Graduate Programs
Impacts 2,045 Students, 39%

- Graduate **Tuition and Fees** Full-Time 12 Hours:
 - \$188.74 Increase per semester, \$377.48 annually, 4.22%

Regent Brown requested five years of tuition data for the University and peer institutions for comparison. The report is to be presented at the Regents' Budget Summit meeting in April 2019. Regent Schwartz recommended data for Central New Mexico Community College (CNM) be included in the report.

The College of Arts & Sciences (A&S) requested approval for a tuition differential to be paid for each credit hour by undergraduate students (\$10) and graduate students (\$50) in the college. Regent Schwartz inquired about the potential of discouraging students from enrolling into A&S programs because of the differential tuition. Mr. Peceny explained the Engineering and Anderson schools currently charge a tuition differential, and A&S is the University's largest school that does not charge a differential tuition. When students majoring in programs offered by the Engineering or Anderson schools take A&S courses, the tuition differential is paid to the Engineering or Anderson school and not to the A&S School. If approved, the generated funds would be used for A&S student support efforts.

- iv. Student Fee Review Board Recommendations (SFRB):
This agenda item was covered in the Tuition Proposal segment of the Main Campus presentation (see item 3. B. iii.)
- v. Athletics:
Eddie Nunez and Nicole Dopson gave the presentation. The Athletics' budget ranks eighth out of eleven in the Mountain West Conference (MWC). Mr. Nunez noted institutional support for the Athletics' budget is 26.3%, and the institutional support for the Athletics department at New Mexico State University (NMSU) is 64.5%. Regent Brown inquired about honoring the scholarships for the discontinued sports programs and its effects on the budget. Mr. Nunez explained the proposed budget details that include history and projections would be presented at the Regents' Budget Summit meeting in April 2019.

The reports are detailed in the E-book. **Regent Brown moved to approve and Regent Schwartz seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**

- 4. **Approval of Software Renewal: Microsoft Licensing for UNM.** Bruce Cherrin and Duane Arruti gave the presentation. Regents' approval was requested for the Microsoft license software renewal for the University. The software cost is funded by the University's IT operational fund. The report is detailed in the E-book. **Regent Brown moved to approve and Regent Schwartz seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**

- 5. Approval of Project Construction on Elks Lodge.** Ava Lovell and Ryan Reynolds gave the presentation. Regents' approval was requested for the project construction on Elks Lodge. The project cost is \$570K and is funded by HSC plant fund. The report is detailed in the E-book. **Regent Schwartz moved to approve and Regent Brown seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**
- 6. Re-approval of UNM-Gallup New Physical Plant & Storage Facility.** Lisa Marbury, Dr. James Malm, Vicente Castillo, and Russell Hiers gave the presentation. Regents' re-approval was requested for the new physical plant and storage facility. The estimated cost is \$2.6M, funded by 2016 General Obligation Bond (\$1.5M), 2012 McKinley County bonds (\$500K), and UNM-Gallup institutional reserves (\$635K). The report is detailed in the E-book. **Regent Brown moved to approve and Regent Schwartz seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**
- 7. Recommendations for Consent Agenda Items on Full Board of Regents' Agenda.** Regent Begay recommended items 4, 5, and 6 on the full Board of Regents' consent agenda.

INFORMATION ITEMS:

- 8. Update on Pi Beta Phi Fraternity Inquiry, Re: 1705 Mesa Vista Rd., NE and 1801 Mesa Vista Rd., NE.** Chris Vallejos and Tom Neale gave a verbal update. Pi Beta Phi residents submitted a letter to the University requesting action to be taken to address the vacant buildings on these properties because of safety concerns. Mr. Neal explained that the University owns the building located at 1705 Mesa Vista Rd., NE. and the property located at 1801 Mesa Vista Rd., NE is privately owned. Regent Brown requested a proposal from Real Estate for the demolition of the building at 1705 Mesa Vista Rd., NE to be presented at the May 2019 F&F meeting. Regent Brown also suggested that President Stokes contact the City of Albuquerque to discuss possible options for the property located at 1801 Mesa Vista Rd., NE.

COMMENTS:

Tony Strati inquired about the reinstatement of the discontinued sport programs by using the FY20 funds granted to the University by the legislature.

Emily Wilks shared personal experiences of living near 1705 Mesa Vista Rd., NE and 1801 Mesa Vista Rd., NE. She commented on the critical need for the University to address the safety concerns.

EXECUTIVE SESSION:

None

Regent Begay moved to adjourn at 1:56 p.m., and Regent Schwartz seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.