

**Minutes of the Meeting of the Board of Regents of the University of New Mexico**  
**BUDGET SUMMIT**  
**April 10, 2015**  
**Student Union Building, Ballroom C**

Members present

Jack L. Fortner, President; Robert M. Doughty, Vice President; Bradley C. Hosmer, Sec. Treasurer; James H. Koch; Marron Lee; Suzanne Quillen; Heidi Overton

Administration present

Robert G. Frank, President; Chaouki Abdallah, Provost and EVP for Academic Affairs; Paul Roth, Chancellor for Health Sciences; David Harris, EVP of Administration, COO, CFO; Steve McKernan, CEO UNM Hospitals; Elsa Cole, University Counsel; Liz Metzger, University Controller; Dorothy Anderson, VP HR; Helen Gonzales, Chief Compliance Officer; Eliseo 'Cheo' Torres, VP Student Affairs; Ava Lovell, Sr. Exec. Officer of Finance and Administration, HSC; Michael Dougher, Sr. Vice Provost and VP Research and Economic Development; Pamina Deutsch, Director Policy Office; Christopher Dyer, Exec. Director UNM Gallup; Alice Letteney, Exec. Director UNM Valencia; Wynn Goering, CEO UNM Los Alamos

Regents' Advisors present

Texanna Martin, GPSA; Rachel Williams, ASUNM; Reneé Delgado-Riley, Staff Council; Pamela Pyle, Faculty Senate

Presenters in attendance

Andrew Cullen, AVP, Planning, Budget and Analysis; Terry Babbitt, AVP Enrollment Management; Kevin Stevenson, Strategic Planner in the Office of the President; Chris Vallejos, AVP Business Planning and Services; Greg Heileman, Associate Provost for Academic Affairs; David Herring, Dean of the School of Law; Daniel Ortega, Dir. International Law Programs, School of Law; Marsha Baum, Professor, School of Law, Chair, AF&T Committee

Others in attendance

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

CONFIRMATION OF PRIOR SPECIAL MEETING IN EXECUTIVE SESSION

The Board of Regents met in closed session on April 10, 2015 from 7:44 to 8:55 AM in the Cherry Silver Room of the Student Union Building for discussion purposes only of threatened or pending litigation as permitted by Section 10-15-1H(7) of the Open Meetings Act (NMSA 1978). Members present were Jack Fortner, Robert Doughty, Marron Lee, Heidi Overton, Suzanne Quillen, Jamie Koch, and Bradley Hosmer. University Counsel joined the meeting. The matters discussed at the meeting were limited only to litigation matters as specified in the notice and agenda for the meeting.

CALL TO ORDER, CONFIRMATION OF A QUORUM AND APPROVAL OF THE AGENDA

Regent President Fortner called the meeting to order at 9:24 AM. A quorum was confirmed. Regent Fortner announced the following modifications to the agenda:

1. Removal, ASAR Committee agenda items #1-Approval of Honorary Degree Candidates, and #4-Approval of Associates of Science in Health Information Technology (Valencia)
2. Removal, HSC Board of Directors agenda items #5-Update on HSC Research Mission, and #6-Review of Turnover of HSC Faculty and Staff
3. ASAR Committee consent agenda items, #3-Approval of Associate of Applied Science in Public Safety (Los Alamos), and #6-Approval of Program Elimination: AA Criminal Justice (Taos) and Secondary Education Certificate (Valencia)
4. Constituent and Public Comment under Part IV.D to be moved to after Part II. Approval of Minutes.

**The motion to approve the agenda as modified passed by unanimous vote (1<sup>st</sup> Koch; 2<sup>nd</sup> Overton).**

APPROVAL OF MINUTES

**The motion to approve the minutes of the March 9, 2015 regular meeting passed by unanimous vote (1<sup>st</sup> Koch, 2<sup>nd</sup> Quillen).**

CONSTITUENT AND PUBLIC COMMENT

Tom Solomon, of 350.org, presented to President Frank and the Board of Regents a letter of request to divest the UNM Endowment from fossil fuel investments, signed by Senator Gerald Ortiz y Pino and five other Senators and three Representatives, along with a 'UNM Go Fossil Free' petition with 3,670 signatures. Mr. Solomon addressed the issue of global warming, its primary cause, and the need for urgent action to convert the energy economy to renewable energy sources; he reiterated that UNM must divest. Regent Fortner directed President Frank to look in to options for further discussions.

Senator Ortiz y Pino spoke in favor of the University divestiture in fossil fuel investments and expressed hopes that discussions would lead to divestment. Regent Koch said the issue needs to come through the Regent committee structure. President Frank said the Regents delegated to the UNM Foundation a few months ago to address the issue, and a subcommittee at the Foundation has been created specifically to look at this. Regent Koch said the Foundation should come to Finance and Facilities Committee when it is ready to give its report. Regent Fortner said this is not just a financial issue, but there are scientific issues that need spirited debate.

David Ritchey, architect on staff to Albuquerque Public Schools, commented in favor of divestment from fossil fuel investments; he said the fossil fuel age is drawing to a close, and it is prudent to be an early divestor, rather than a late divestor.

Staff Council President, Renée Delgado-Riley, spoke about the complex issues addressed at the University and the diverse staff concerns among the nearly 5,000 staff members at UNM. Dr. Delgado-Riley encouraged continued staff involvement to address issues and said UNM Staff matter to this institution and they make a difference.

Faculty Senate President, Pamela Pyle, thanked Regent Doughty for his recent half-day visit to the School of Engineering in the spirit of the Regent Adopt a College for a Day initiative that was born over a year ago. Ms. Pyle encouraged the Regents to continue visiting the colleges to engage with faculty and learn firsthand about programs. She spoke about the high quality of faculty and the value of the education students receive at the University. She encouraged marketing UNM successes to a wider market. Although there are no compensation increases planned for the coming year, it is important for the sustainability and morale of the faculty and staff. On behalf of the faculty, Ms. Pyle stated concern for the use of funds from the health plan reserve to plug the current year budget shortfall. Regent Koch commented to balance the current year budget and fill a \$3.6 million deficit the University had two options, to cut academic programs or utilize funds from the health plan reserve. Regent Koch commented about enrollment declines and potential challenges for next year's budget.

President of GPSA, Texanna Martin, and President of ASUNM, Rachel Williams, spoke about the Student Fee Review Board (SFRB) process and they appreciate the student involvement during the budget process. Ms. Williams spoke about the timeline changes that involved beginning last summer with meeting with the units to understand why they need funding. Thirty-two units requested funding from student fees this year. The funding recommendations are a result of consensus among undergraduate and graduate students, and both presidents encouraged the Regents to approve the recommendations.

APPROVAL OF FY15 RENEWAL OF ANNUAL FINANCIAL STATEMENTS AUDIT CONTRACT WITH KPMG

Regent Hosmer presented the item. The three-year contract with KPMG was approved last year at the March 25, 2014 Board of Regents. The contract involved three, one-year renewal increments. Approval is for the first of the one-year increments.

**The motion to approve the FY15 renewal of the annual financial statements audit contract with KPMG passed by unanimous vote (1<sup>st</sup> Hosmer; 2<sup>nd</sup> Doughty).**

FY16 BUDGET: CONSIDERAION AND APPROVAL OF TUITION & FEE RATES AND COMPENSATION FOR FY2016

President Robert Frank welcomed Regent Marron Lee and welcomed back Regent Jamie Koch. President Frank gave a summary of the 2015 legislative results. Governor Martinez signed House Bill 2 into law yesterday. Of UNM's priorities, there were only \$275 K in vetoes. The \$2.1 million formula funding was approved and the budget scenario is based on that. In August, Administration engaged in a redesigned budget process to enhance dialogue and discussions on the budget and priorities. The expanded process was critical to the University's ability to grapple with a constantly changing funding environment, with changing oil prices and volatile enrollment being critical variables. President Frank thanked all those who were involved in developing the budget proposal. The priorities that emerged at the outset of this process remain the same, strategic investments in student success and in faculty and staff, and right-sizing the University. Each of the new funding initiatives as well as the strategic spending reductions were made within the framework of these top priorities. There are no recommendations for compensation today, but strategic investments in our faculty and staff are part of the budget proposal. Enrollment projections for next year are flat; this is a conservative estimate. For FY16, there will be a different approach to budget allocations. Initially, on July 1, 95% of budgets will be allocated to departments, with the remaining 5% held centrally. Enrollment will be evaluated at critical points in the Fall and Spring and the remaining 5% will be allocated when the numbers are clear. This is an important step toward implementing an agile budget model. There was discussion about how the 5% would be allocated.

Andrew Cullen introduced the FY2015/2016 budget development and a 39-page summary of administration's proposals and methodologies (**Exhibit A**). Page 4 of the summary outlined the proposed tuition and fee increases of 3.0% and 4.66%, respectively, giving a combined increase of 3.37%. The proposed increases would yield on average to a student taking 15 credit hours, an increase of \$150.20 in tuition, an increase of \$67.10 in fees, for a combined increase of \$217.30 on an annual basis. Regent Koch said that during the discussion, tuition and fees should be discussed separately.

Mr. Cullen referred to page 6 and explained that for the current year, a 1.5% decline in enrollment led to a \$3.6 million decrease in tuition and fee revenue. The current year shortfall will be covered by a one-time use of reserves.

Terry Babbitt spoke about enrollment projections (pages 7 through 13) and addressed the variables that influence enrollment: demographics, economics and institutional factors. Regarding demographics, of the number of students available, those graduating from New Mexico High Schools, the University gets about 25%, the largest percentage of any other flagship in the U.S. Institutional decisions affect who is accepted to the University and can limit the ability to increase enrollment. Enrollment risk factors are: improved employment rates, an economic variable, and decrease in legislative lottery scholarship percentage paid (projected at 85-90%). There was discussion about the decrease in lottery funds. Regent Doughty inquired about the projected decrease and any plans in 4 to 5 years. The University covered the 5% decrease last year, resulting in a \$280 K cost. Regent Koch inquired about dorm capacity and revenues generated from the dorms. Applications are down 9%. Chris Vallejos said the break-even is 78% capacity; the University is at about 88% capacity this year. At 90% capacity, about \$5 million funds are generated. The excess funds get transferred to capital for improvement and do not go to I&G.

Regent Koch talked about contingencies for next year if there is an enrollment decline. Regent Quillen commented that efforts toward retention have been successful. Terry Babbitt discussed retention rates and said non-traditional students are more vulnerable. Efforts like the Math Learning Lab (MaLL) have contributed to improved retention rates. Student Regent Overton commented on the importance of keeping in mind how the formula fund affects the budget; it has changed from awarding for credit hours to awarding for outcomes and completions. There was discussion about the formula fund. In the formula, the rate of earning a degree is not awarded, only raw numbers of completions.

Provost Abdallah presented the Academic Affairs proposed budget reductions (pages 16 through 18). The methodology was a 3-part approach: 1) look at staff retirement date, 2) for the non-academic units, review the programs that had funding available to cut without impacting services, and 3) reduce the enrollment growth and non-standard instructional funding, which is centrally held in the Provost Office. Total reductions came to \$1,749 K from both academic and non-academic units, or 1%. In summary, the

goal was to hold academic units harmless and hold graduate assistantships harmless within OGS. Overall the academic units will receive only a .34% reduction to their I&G base allocation. Regent Quillen inquired about the effort to consolidate units. There was request to units to consolidate their course offerings and eliminate courses in areas that would not impact the quality of the academic mission. About 30 units consolidated, resulting in roughly \$150 K savings. There was discussion about the Academic Affairs reserves levels.

Andrew Cullen presented the budget reductions from Administration and the methodology (pages 20 through 23). Overall, the proposed budget reductions from Administration are \$678 K.

Provost presented the list of Academic Affairs new initiatives, requests and allocations (page 24), an overall amount of \$2.195 million. Part of Academic Affairs initiatives request funds to address faculty compaction, \$689 K; faculty promotions, \$300 K; and faculty retention, \$240 K. There was discussion about faculty compaction and introductory courses. Regent Lee inquired as to percentage of students who take introductory courses and what the graduation rate is for students who take introductory courses and how many came out in 4 years. About 40% of students take at least one introductory course; 15-20% take about three courses. If students start in the summer, they can graduate in 4 years.

Andrew Cullen presented the list of Administration and SFRB funding requests, the total amount of \$3.755 million, with pooled fringe benefits of \$734 million, compliance initiatives of \$355 million, marketing and recruitment efforts of \$620 million, and mandatory student fee recommendations of \$1.305 million (page 24).

Regent Fortner called for a 10 minute recess at 11:34 am. The meeting reconvened at 11:58 am.

Dean Cecchi presented the School of Engineering request for undergraduate tuition differential (page 27 through 33).

**The motion to approve the School of Engineering undergraduate differential tuition of \$15 per credit hour passed by unanimous vote (1<sup>st</sup> Koch; 2<sup>nd</sup> Lee).**

Kevin Stevenson requested Regents' approval for the decrease in the tuition differential for the Speech and Hearing Sciences graduate differential tuition (page 27).

**The motion to approve Speech and Hearing Sciences graduate differential tuition rate of \$119 per credit hour, a decrease of \$31 per credit hour from the existing differential rate of \$150 per credit hour, passed by unanimous vote (1<sup>st</sup> Doughty; 2<sup>nd</sup> Hosmer).**

Kevin Stevenson presented the 4-year flat tuition model as recommended by Regent Hosmer (page 35). The model is cost-neutral to provide stability and predictability for tuition and fees and assuming a 3% per year tuition increase, the students would pay an up-front surcharge, and then pay a flat tuition for four years. The model Regent Hosmer recommended included fee stability along with tuition stability, however, the numbers in the model presented at the meeting reflected only tuition numbers. There was discussion about whether similar models at other universities have led to increased graduation rates. Regent Koch said the University benefits and not the students. Regent Overton said predictability is a benefit to the students. There was discussion about whether the models benefit the University or benefit the student. Regent Lee asked how many students graduate in 4 years. About 16% graduate in 4 years.

The proposed four-year guarantee and graduation incentive model recommended by Regent Doughty was presented (page 38). The model proposes 3% annual increase in tuition with a graduation incentive, if the student graduates in 4 years, the last semester's tuition would be credited back to the student as a scholarship. There was discussion about where the funds would come from to pay the final semester scholarship, a UNM cost estimated and projected at \$1.087 million. Administration would set aside funds from the annual 3% tuition increases. There was discussion about need-based versus merit-based scholarships. Regent Overton commented that many who graduate in 4 years are on scholarships that pay almost a full ride. There was discussion about possible future changes to the lottery scholarship that would lead to higher costs to the University. Of the current 4-year graduates, 78% receive the lottery scholarship.

Regent Hosmer said of the two four-year tuition models proposed, each is designed to serve a different purpose. Regent Doughty's proposed model raises very good questions that Regents in principle should address. Should the University invest more to encourage on-time graduation? Regent Hosmer proposed adding more in the budget toward achieving on-time graduation, with the added directive to let Administration come back to the Regents in May as to how they would utilize the funds toward that goal.

**The motion that the Board of Regents increase expenditure in the budget by an amount and ask Administration to come back to the Board of Regents in May with how the funds will be divided between direct monetary incentives and programmatic investments did not pass by a vote of 2 to 5; Regents Hosmer and Overton voted in favor; Regents Fortner, Lee, Doughty, Quillen and Koch voted opposed (1<sup>st</sup> Hosmer; 2<sup>nd</sup> Overton).**

Regent Fortner asked to hear from the student leaders. Rachel Williams, President of ASUNM, thanked Regents for their comments and said she would prefer the funds go toward programs such as CAPS (Center for Academic Program Support) and CEP (College Enrichment Program), because students on a 4-year track do not need a graduation incentive. Texanna Martin, President of GPSA, said she likes the ideas and she would like more discussion and to be able to take the ideas to her constituents for their input. Student Regent Overton said she appreciated Regent Doughty's model, but does not think we can change behavior with a financial incentive, and the funds would be better used elsewhere. There was further discussion.

**The motion to adopt the four-year guarantee and graduation incentive plan proposed by Regent Doughty, and that student tuition for the 2015-2016 term be increased by 3% passed by a vote of 5 to 2; Regents Fortner, Lee, Koch, Quillen and Doughty voted in favor; Regents Hosmer and Overton voted opposed (1<sup>st</sup> Koch; 2<sup>nd</sup> Lee).**

Regent Hosmer commented that Regent Doughty's plan has projected tuition increases, which the Regents are long overdue to consider, and projecting tuition increases has great virtue. Regent Hosmer addressed the question of whether a special tuition should be revenue neutral to the University.

**Regent Hosmer motioned approval of the 4-year flat tuition model that is revenue neutral to the University; the motion was not seconded.**

Kevin Stevenson presented the Branch Campus tuition increase proposals (page 39). There was discussion about the increases proposed by the Branches and those recommended by Administration. The increases recommended by Administration were to address putting all of the Branch Campus tuitions in line with each other, an issue for future discussions. Administration recommended approval of the increases proposed by each Branch.

**The motion to approve the tuition increases proposed by the Branch Campuses passed by unanimous vote (1<sup>st</sup> Koch; 2<sup>nd</sup> Doughty).**

There was discussion about Student Fees and the proposed increases.

**The motion to approve the fees adopted by the Student Fee Review Board and as presented by Administration in the budget scenario passed by unanimous vote (1<sup>st</sup> Koch; 2<sup>nd</sup> Lee). (Exhibit A1)**

**Regent Fortner asked for a motion to recess the meeting for a 30-minute lunch break. Regent Hosmer motioned; Student Regent Overton seconded; the meeting went in recess at 1:36 PM. The meeting reconvened at 2:21 PM.**

Chancellor Roth and Ava Lovell presented the FY2016 HSC Preliminary Budget proposal that was provided in the agenda eBook.

Chancellor Roth provided an introduction to the Board on the UNM Health Sciences Center (HSC) preliminary FY2016 budget presentation. The vision of the UNM HSC was discussed which involves working with community partners to help New Mexico make progress in health and health equality in the State. The HSC

organizational structure was briefly discussed and the departments within the Administration, Health System and Academic Units were identified. Chancellor Roth stated that the entire State is the HSC campus. The UNM Health System clinical encounters include patient care, outreach activities, education, community research, and tele-health sites. A map was presented which shows where the activities occur and the number of individuals served. The strategic initiatives, which drive the budget, were briefly discussed. Strategic goals for the HSC include: providing community-wide solutions to improve public health and health care, building New Mexico's workforce by providing a premier education, fostering discovery and innovation, enabling people and programs to achieve highest potential, working to create a well-integrated academic health center, and celebrating a culture of diversity, integrity and transparency. Chancellor Roth presented a pie chart, which showed the revenues for all UNM HSC components (**Exhibit B**). The total budgeted revenues for FY2016 preliminary budget are \$1.94 billion, which was a 4.2% increase over FY2015 projected revenues.

Ava Lovell presented a PowerPoint with the UNM Health Sciences Center budget planning for FY2016. There are two components to the budget, the UNM Health System, which includes the hospitals, Cancer Center, and all patient care, and the Academic Enterprise, which includes the schools, colleges, research and Administration. The budget was built on financial assumptions of a 5% growth in revenue driven by programmatic changes. The HSC will be opening the 4<sup>th</sup> Street Clinic and the Eubank Clinic and will be expanding women's programs, behavioral health based primary care, and adolescent addictions programs. Other revenue enhancement programs were discussed, which include clinical documentation improvement for ease of practice and some computer assisted coding initiatives. The Health System will be investing in critical pieces of software to aid in revenue generation for the hospital. There is also an increase in the necessary supplies required by the hospital as the volume of patients has increased, specifically commercial and Medicaid patients. The Medicaid Malpractice premium has also increased 19.8%. There will also be additional support on medical services in areas such as Pathology, Obstetrics, Critical Care, Pediatrics, Internal Medicine, and Family Community Medicine.

Ms. Lovell provided a high-level overview of Uncompensated Care and the change that has occurred due to the Affordable Care Act (ACA). In FY2011, the hospital had \$198 million reported in Uncompensated Care. In FY2013, the year before the ACA was implemented, the cost for Uncompensated Care reached \$241 million. The ACA began implementation halfway through FY2014, and the hospital reported a cost of \$229 million for Uncompensated Care. It is projected for FY2015 that Uncompensated Care will be \$122M and projected to be \$126 million in FY2016, which is a significant change. The ACA will be fully implemented in FY2016; however, 12% of all the University Hospital's care will be uncompensated. The ACA was never meant to wipe out all Uncompensated Care but to cover roughly 92%. Ms. Lovell stated that ACA only requires those who have an affordable option to purchase health care or be subject to the personal mandate. An affordable option was defined as 8% of a person's gross income, or 9.5% for family coverage. If their health insurance options are more than that percentage they will not be required to obtain insurance and will not be subject to the personal mandate. The 8% uninsured are those who are part-time employees of small companies without affordable options, low-income individuals with high deductible insurance, those who elect not to purchase insurance and undocumented immigrants. When Medicaid expanded, many of those previously uncompensated care individuals became eligible for coverage.

There was a discussion regarding the expansion of Medicaid. Many of the previous reimbursement components, such as the Federally Authorized Other Supplemental Medicaid Funding, Disproportionate Share, Upper Payment Limits, and SCI have gone away due to the expansion. In FY2015 the projected Medicaid number is \$283 million and projected at \$295 million for FY2016. Ms. Lovell stated that there was an operating loss in FY2014, which was supplemented with the TriWest one-time revenues. Ms. Lovell discussed the Bernalillo County and Sandoval County Mil Levy for UNM Hospital care. The first Mil Levy began in 1978 from the Bernalillo County for \$5M but did not originally include the Adult Psychiatric Center, which it does now. At that time, hospital operational expenses were only \$31 million so the Mil Levy covered 16% of the operating expenses. The Bernalillo County Mil Levy is projected to be \$93 million in FY2016, which would cover 9.3% of the \$1 billion operating expenses.

Information was provided to the Board on the budget of the UNM Health System. Due to the constant fluctuation within health care costs, the budget is re-forecasted every 3 months. Ms. Lovell discussed patient care revenues for the hospital, Medical Group, and SRMC which resulted in a 5.3% change in FY2016. Total projected patient care revenues for FY2015 are \$1.09 billion. Total budgeted FY2016 patient care revenues are

\$1.15 billion. The 5.3% increase in revenue is due to an increase in volume. Total revenue from both Bernalillo and Sandoval County Mil Levy is projected at \$99 million, which is a 0.6% change. The Hospital and SRMC both receive some contracts and grants within the cities they are located for outreach programs, which results in \$3.289 million in revenue. The UNM Health System does receive funding from the state within House Bill 2 for line items that include Carrie Tingley Hospital, Children's Psychiatric Hospital, and the Young Children's Health Center. These are considered Research and Public Service Programs (RPSPs). Total revenues for the UNM Health System for FY2016 are \$1.302 billion, which represents an overall increase of 4.6%.

Ms. Lovell reviewed the expenses for the UNM Health System. House Staff/Post Doc salaries are residents that are completing training at the hospital. The Legislature and the Governor provided more funding to the hospital to add more residents in order to increase the workforce in the State. Staff and other salaries include all staff of the hospitals and Medical Group which will have a slight increase specifically for licensed technical staff. There will be a slight increase in Fringe Benefits for all patient care costs. Facilities costs will also increase, driven by the old facilities, which require higher maintenance costs. Equipment in the hospital is small equipment under \$5 K such as beds and monitors. Depreciation is accounted for at SRMC and UNMH, as well as other operating expenses such as office supplies, laundry, housekeeping supplies and such. There are interest expenses on the bonds for the Pavilion, which is the new part of UNMH, and on SRCM. The HSC will look into bond refunding on those, which is expected to save between \$1 -\$1.3 million per year over the next 20 years. That request will go forward to the State Board of Finance (SBOF) in May. Total expenses for the FY2016 budget are \$1.299 billion, or a 7.7% increase.

There was a discussion regarding the net margin. Last year, the Medical Group brought the hospital up to a positive with the return on the TriWest investment. The hospital had an investment in a company called TriWest, which was sold and the hospital received equity distribution over a three-year period. A chart was presented that represented the TriWest and the Capital Initiatives; in FY2013 TriWest revenue was \$12.678 million, in FY2014 TriWest revenue was \$39 million, and in FY2015 TriWest revenue was \$12 million, for a total of \$64 million. This funding was set aside in capital initiatives for building clinics and other capital initiatives. The return on the TriWest investment cannot be put into salaries or recurring expenses because there is not a recurring funding stream. Those funds were set aside for non-recurring expenses. The Medical Group reserves had been built up prior to starting the new hospital at SRMC. The reserves were required to assist in helping doctors ramp up practices at SRMC. The total bottom line total net margin in FY2014 was \$5.7 million, projecting \$5.5 million in FY2015, and budgeted conservatively for FY2016 at \$470 K.

Ms. Lovell discussed the Academic Enterprise at the UNM HSC. As an academic medical center, all academics are tied in with the clinical practice of the hospital. The academic enterprise budget is based on medical student tuition. Chancellor Roth has decreased the medical student tuition by 1% partially due to the last accreditation which identified that student debt keeps rising every year. There are efforts in place to look at bringing down the medical school tuition. Prior to the decrease, HSC Administration had not increased tuition in 5 years, however the cost of living keeps rising so that is what is contributing to the rising medical student debt. Many students have high credit card debt, loans, and oftentimes parents incur debt for their students.

Regent Overton commented that part of the high costs and rising debt are attributed to resident interview expenses. Medical Students go on an average of 15 interviews and are required to pay for flights, hotels, meals, and other various travel expenses. These trips are required for a student to obtain a residency at a hospital.

Ms. Lovell reviewed the revenues for the HSC Academic Enterprise. The HSC Funding Formula through the Higher Education Department (HED) has increased \$505 K in the budget. The increase in total state funding, which includes the funding for new residents, totaled 1.4%. The Tobacco Settlement Funding, which the HSC relies on for the Poison Center and research, has been holding steady and sustained for FY2016. Salary Expenses for the Academic Enterprise were discussed and include increases for HSC faculty, either a 1% on a contract or adjustment to the 25<sup>th</sup> percentile. HSC staff would only increase per Regents' action. The salary increases apply to non-bargaining unit employees only. HSC utility costs have also increased by 1.85%. There was a discussion regarding the FY2016 increase in State funding. Increases included Internal Medicine Residencies \$535 K, Psychiatry Residencies \$202 K, General Surgery/Family Medicine Residencies \$168 K, Medical School I&G (non-recurring appropriation) \$225 K, HSC Mammography Services \$250 K, Hepatitis C/Project ECHO \$150 K, Native American Suicide Prevention \$200 K, Center for Native American Health \$150

K, and the UNM Pain Center \$50 K. An appropriation was eliminated for FY2016, which was the Out of County Indigent for \$662 K. These appropriations are included in House Bill 2, which the Governor has until April 10 to approve and sign.

There was a discussion regarding faculty compensation and the amount of funding needed to bring faculty in the School of Medicine up to the 25<sup>th</sup> percentile, which totals \$3.27 million, and up to the 50<sup>th</sup> percentile, which totals \$13.36 million. Also discussed were the amounts necessary to get the College of Nursing faculty up to the 50<sup>th</sup> percentile, which totals \$37 K, and the College of Pharmacy faculty up to the 50<sup>th</sup> percentile, which totals \$154K. A 1% faculty increase across all the entire HSC academic enterprise would total \$1.64 million, and a 1% staff increase would total \$815 K. Total fringe increase would total \$515 K.

Revenue within the HSC Academic Enterprise were identified and include a 5.8% increase in patient care, 1.4% increase in grants and contracts, 1.4% increase I&G/State funding, 3.8% decrease in facilities and administration, 0.5% decrease in tuition and fees, and 23.9% change in other revenues, allocations and transfers. Total percentage change for HSC Academic Enterprise revenues totaled 4.9%. Expense increases were identified and included \$474 K in faculty and staff compensation, which was a 5.6% change. Non-salary expense increases included \$135 K, which was a 3% change. The Academic Enterprise does not book depreciation. The net margin for the Academic Enterprise before non-recurring items totaled \$3.391 million. Capital, recruitment, startup, and scholarships total \$4.397 million. The total net margin after non-recurring items totaled \$1.006 million. Reserves will be used for items pledged out for several years. Ms. Lovell presented a chart which depicted revenue trends as well as compensation expenses trends for HSC all components from 2012 through the preliminary budget of 2016. Overall, for all UNM HSC components, revenues totaled \$1.914 billion and expenses totaled \$1.908 billion. The total net margin before non-recurring items totaled \$5.756 million. After non-recurring items were included, the net margin totaled a negative \$536 K.

**The motion to approve the Health Sciences Center FY2016 Preliminary Budget passed by unanimous vote (1<sup>st</sup> Quillen; 2<sup>nd</sup> Overton).**

## **REGENT COMMITTEE REPORTS**

### **FINANCE AND FACILITIES COMMITTEE**

Regent Koch announced that, due to the late hour, Controller Liz Metzger's presentation of the monthly consolidated financial report would come off the agenda. He asked Andrew to introduce the Gallup Branch bond agenda item.

#### **UNM Gallup Branch: Series 2006 and 2007 Bond Refunding**

Andrew Cullen presented the item. The Advisory Board of the University of New Mexico Gallup Branch requested approval for the issuance of approximately \$7.5 million general obligation refunding bonds to refund the Series 2006 and Series 2007 bonds. Based on current interest rates, the college can refund the bonds and generate present value savings of approximately \$562 K or 7.70% of the par amount refunded. Average annual savings, 2016 to 2022, is \$76.3 K.

**The motion to approve the UNM Gallup Branch, Series 2006 and 2007 Bond Refunding passed by unanimous vote (1<sup>st</sup> Koch; 2<sup>nd</sup> Lee).**

### **HEALTH SCIENCES CENTER BOARD OF DIRECTORS**

#### **Approval of UNMH Contract with Precyse Solutions**

Steven McKernan presented the item. This is a three-year agreement for an on-call clinical documentation improvement specialist. Vendor selection went through an RFP process. There were three respondents to the RFP, and based on the selection criteria outlined in the document presented to the Regents, this vendor scored the highest. Total costs for first three years are estimated at \$2.9 million.

**The motion to approve the UNMH Contract with Precyse Solutions, Inc. passed by unanimous vote (1<sup>st</sup> Hosmer; 2<sup>nd</sup> Quillen).**



### The Chancellor's Report

Chancellor Paul Roth gave the presentation and referred to slides provided in the agenda eBook. A report was provided to the Board on the UNM Health System Adult Capacity. This report is to bring information to the Board regarding capacity issues at the UNM Hospital and its ability to admit patients into beds at the hospital. The UNM Health System involves the entire clinical enterprise. Essentially, the Health System manages over 150,000 New Mexicans care over the course of any given year. There is a tiered approach to the delivery, particularly inpatient care. The UNM Hospital is an academic health center, considered tertiary and quaternary level inpatient care, and is the only Level 1 Trauma Center in the region. Many programs are not available in any other hospital in the State. In one month, UNMH typically receives roughly 500 patients that are referred by other New Mexico hospitals, including Presbyterian and Lovelace.

The UNMH has a unique and special relationship with Native American communities in New Mexico. The history of the hospital began as the Bernalillo County Indian Hospital. It was then contracted with Indian Health Service to Bernalillo County in 1952 and, on that basis, has an obligation to continue providing priority access to Native communities in New Mexico. The obligation would be to provide up to 100 beds for native patients when they arrive at the facility. In 1978, the County negotiated with UNM to assume operations of the County hospital. In exchange for UNM to assume the liability and costs associated with running the hospital, the County agreed that they would pass a Mil Levy Tax to help offset the costs for the University for the operations of the hospital.

Total UNM Health System beds total 599; there is an additional 101 bassinets at the Children's Hospital. Slides were presented which depicted the amount of average patients in adult licensed beds by month; and UNM is typically above the maximum safe occupancy amount. The national standard wait time for an emergency department bed is less than 4 hours, which UNM is above. In calendar year 2014, UNMH was unable to accept 529 tertiary care patients due to a lack of available beds; the hospital was on a "code purple" status, or maximum bed capacity, for 90% of 2014.

The factors that determine capacity include, the demand for service, efficiency in managing patient load, effectiveness in discharging patients, and the physical capacity or number of beds. Strategies in place to manage capacity include, maximizing efficiencies, developing full continuum of care, increasing the numbers and types of beds available, and exploring the need for a facility replacement. For maximizing efficiencies, the hospital can develop discharge planning, utilize the new Sandoval Regional Medical Center, expand ambulatory programs, expand behavioral health programs, and ultimately improve the Emergency Department process to expedite service. Developing the Continuum of Care has been a process since 2012 in order to facilitate expedited discharges, and UNMH has been exploring Public-Private Partnerships to create greater efficiencies and better outcomes with private sector providers. Another major goal is to expand the number of beds and the types of beds as there are too few beds to accommodate the statewide patient care needs. There are also many specialties that require special units, such as Oncology, Trauma, Neurosurgery and Cardiac. Chancellor Roth briefly reviewed the Dekker/Perich/Sabatini (DPS) letter regarding the Master Facility Plan and issues with the current facilities such as aged and undersized infrastructure, existing patient rooms not in compliance with current codes and standards, and buildings reaching their expected lifespan. Next steps involve development of the Health System strategic plan, working with KSA on market analysis and recommendations, and updating the current master facility plan.

Information item: UNM Health System Update to include Sandoval Regional Medical Center, Inc. Update  
Steve McKernan presented the update. Materials were provided to the Regents and made available in the agenda eBook.

Regent Quillen left the meeting at 3:50 pm.

### ACADEMIC AND STUDENT AFFAIRS AND RESEARCH COMMITTEE

#### Approval of Masters of Legal Studies Degree

David Herring, Dean of the School of Law, and Daniel Ortega, Director of the International Law Programs in the School of Law, presented the item. This 30 credit hour program is to meet the needs of non-lawyers who can use legal education in their current employment. It is a flexible program the students can

fashion the concentration to the best fit. The Law School benefits with these students in the classroom as they offer different perspectives. The law school can support the program with current staffing. There was discussion about the number of students and class sizes.

**The motion to approve the Masters of Legal Studies Degree passed by unanimous vote (1<sup>st</sup> Hosmer; 2<sup>nd</sup> Doughty).**

Approval of ASAR Consent Agenda Items

Regent Hosmer restated the consent items on the ASAR agenda: Item #3, Approval of Associate of Applied Science in Public Safety (Los Alamos) and Item #6, Approval of Program Elimination: AA Criminal Justice (Taos) & Secondary Education Certificate (Valencia). Regent Hosmer motioned approval of the consent agenda items as stated.

**The motion to approve the ASAR consent agenda items as stated passed by unanimous vote (1<sup>st</sup> Hosmer; 2<sup>nd</sup> Overton).**

Approval of Professor of Practice Policy Language in Faculty Handbook Section B

Marsha Baum presented the item. **Exhibit C** to the minutes displays the red-line changes to the Faculty Handbook, Sections 2.3.14 and 3.4.4, along with a document on the History and Rationale of the changes that were proposed and approved.

**The motion to approve the Professor of Practice Policy Language in the Faculty Handbook passed by unanimous vote (1<sup>st</sup> Hosmer; 2<sup>nd</sup> Doughty).**

Information Item: New Mexico Computer Science 4 All

Due to the duration of the meeting, this information item was not presented.

COMMENTS FROM ADVISORS

Advisors who wished to comment were able to do so during constituent and public comment at the beginning of the meeting.

PUBLIC COMMENT (there were no comments)

VOTE TO ADJOURN

Regent Fortner asked for a motion to adjourn.

**Regent Lee motioned to adjourn the meeting; Regent Hosmer seconded; all were in favor; the motion passed. The meeting adjourned at 4:17 PM.**

Approved:

Attest:



Jack L. Fortner, President



Bradley C. Hosmer, Secretary/Treasurer

Minutes originated by Mallory Reviere and Sara Gurule  
Minutes finalized by: Mallory Reviere

Fiscal Year 2015/2016  
Budget Development

### Overarching Methodology

- Enrollment Decline/Revenue Shortfall



- Strategic Base Budget Reductions

### Overarching Methodology

- New Initiative and Fee Shortfall



- Proposed Tuition and Fee Increase




### Proposed Tuition and Fee Increase

Category	% Increase
Tuition	3.00%
Fees	4.66%
Tuition & Fees	3.37%

Annual Undergrad Resident Student Cost at 15 hrs	
Tuition	\$150.20
Fees	\$67.10
Tuition & Fees	\$217.30

## FY 15 BUDGET RECAP

### Challenges

-  1.5% Enrollment Decline in FY 15
-  Decrease in Tuition and Fee Revenues \$3.6m
  - Tuition-\$2.7m
  - Fees-\$900K
-  Unbudgeted Commitments and Cost Increases \$728K

## FY 15 BUDGET RECAP

UNM Main Campus  
Budget Development  
Fiscal Year 2015

Summary (In Thousands)

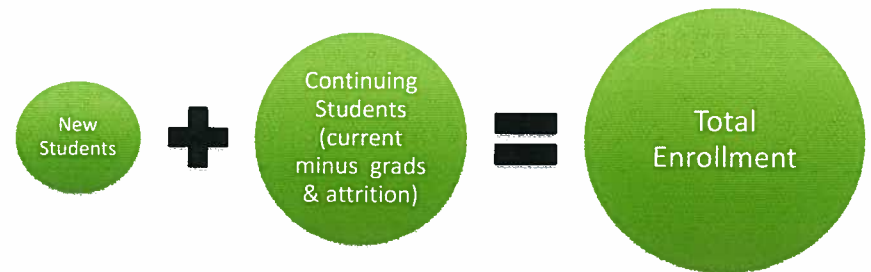
	FY 15 Original Budget	Budget Adjustments	FY 15 Revised Budget
State Appropriation	188,606	0	188,606
Tuition Revenues	134,007	-2,700	131,307
Mandatory Student Fee Revenues	32,202	-900	31,302
<b>One-Time Use of Reserves</b>	<b>1,500</b>	<b>3,846</b>	<b>5,346</b>
Miscellaneous Revenues/Transfers	-28,276	482	-27,794
<b>Total Source of Funds</b>	<b>328,039</b>	<b>728</b>	<b>328,767</b>
Expense Base	328,039	0	328,039
Base Adjustments	0	428	428
Fixed Costs	0	300	300
<b>Total Use of Funds</b>	<b>328,039</b>	<b>728</b>	<b>328,767</b>
<b>Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>

## FY 16 ENROLLMENT PROJECTIONS

- Variables Influencing Enrollment by Magnitude of Impact
  - Demographic
  - Economic
  - Institutional

## FY 16 ENROLLMENT PROJECTIONS

- Enrollment projections are a function of new students plus continuing students minus completers and stop-outs



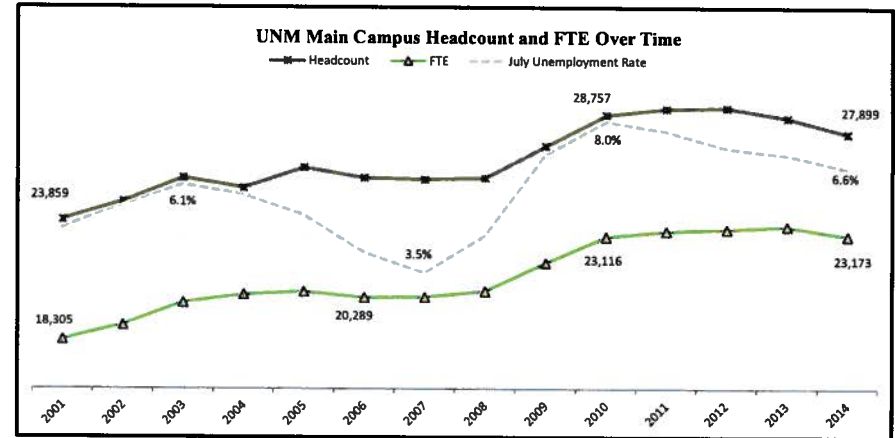
## FY 16 ENROLLMENT PROJECTIONS

- Current demographic data for the primary New Mexico market of high school senior students

	2013-14	2014-15	Difference	% Change
NM High Schools Seniors	20,131	21,147	1016	5%
Albuquerque	5,007	5,398	391	8%
Rio Rancho	1,180	1,271	91	8%
Santa Fe	739	719	-20	-3%
Los Lunas	424	508	84	20%
Las Cruces	1,412	1,444	32	2%
<b>Total Top Feeder Districts</b>	<b>8,762</b>	<b>9,340</b>	<b>578</b>	<b>7%</b>

## FY 16 ENROLLMENT PROJECTIONS

- Economic conditions are paradoxical for college attendance



## FY 16 ENROLLMENT PROJECTIONS

- Institutional role has emphasized regaining beginning freshman enrollment

3.27.15	2014 Final	YTD 2014	YTD 2015	% YTD Change
Applications	12,338	11,192	13,032	16%
Admitted	7,420	6,305	6,990	11%

## FY 16 ENROLLMENT PROJECTIONS

- Beginning freshman increase to the model, maintaining continuation rates, enrolling level number of new graduates, readmits and non-degree students would result in a slight enrollment increase
- Due to improving economic conditions, it is necessary to include a slight decrease of graduate and non-degree enrollments
- Very flat enrollment scenario

	Fall 2014 Census	Fall 2015 Projection	% Change
Headcount	27,889	27,879	-.04%
Student Credit Hours	336,618	336,778	.05%

## FY 16 ENROLLMENT PROJECTIONS

- Current Risk Factors:
  - Improved employment rates
  - Decrease in Legislative Lottery Scholarship percentage paid (Projected at 85-90%)
  - Graduate Enrollment
  - Projections will be updated after fall pre-registration April 20-May 1

## STATE FUNDING OVERVIEW

UNM

NM I&amp;G Funding Formula

Fiscal Year 2016

Summary (In Thousands)

	Main Campus	Health Sciences Center	Total
Funding for Base Operating Costs	94	30	124
Student Credit Hours-End of Course	2,661	411	3,072
Awards	3,500	647	4,147
STEMH	973	532	1,505
At-Risk	1,416	321	1,737
Mission Specific-Research	1,158	1,138	2,296
<b>Total Model Distribution</b>	<b>9,802</b>	<b>3,079</b>	<b>12,881</b>
	76.10%	23.90%	
<b>FY 15-State Appropriation-Pooled</b>	<b>188,606</b>		
5.7% Shaving-Base Reduction	(10,765)		
Model Distribution	12,881		
<b>FY 16 New Money</b>	<b>2,116</b>		
<b>FY 16-State Appropriation</b>	<b>190,722</b>		

## FY 16 BUDGET RECOMMENDATION

### Revenue Shortfall/Budget Reductions

Summary (In Thousands)

	FY 15 Revised Budget	Eliminate One-Time Funding and Balance Starting Base	Fund New Priorities and Requests	FY 16 Budget
State Appropriation	188,606	2,116	0	190,722
Tuition Revenues	131,307	0	4,728	136,035
Mandatory Student Fee Revenues	31,302	900	405	32,607
One-Time Use of Reserves	5,346	-5,346	0	0
Miscellaneous Revenues/Transfer	-27,794	-506	-828	-29,128
<b>Total Source of Funds</b>	<b>328,767</b>	<b>-2,836</b>	<b>4,305</b>	<b>330,236</b>
Expense Base	328,039	0	0	328,039
Base Adjustments	428	-2,852	0	-2,424
Fixed Costs	300	0	725	1,025
Funding Priorities			3,191	3,191
SFRB Funding Requests	0	0	405	405
<b>Total Use of Funds</b>	<b>328,767</b>	<b>-2,852</b>	<b>4,321</b>	<b>330,236</b>
<b>Balance</b>	<b>0</b>	<b>-16</b>	<b>16</b>	<b>0</b>

## ACADEMIC AFFAIRS PROPOSED BUDGET REDUCTIONS METHODOLOGY

### Overarching Methodology

- Strategic reductions
- Hold academic units harmless
- Hold graduate assistantship lines harmless within the Office of Graduate Studies

## ACADEMIC AFFAIRS PROPOSED BUDGET REDUCTIONS METHODOLOGY

### 3 Part Approach

- Look at Staff Retirement data
- Non-academic units: review what programs had funding available to cut without impacting services
- Reduce the enrollment growth and non-standard instructional funding, which is centrally held in the Provost Office

## ACADEMIC AFFAIRS PROPOSED BUDGET REDUCTIONS

UNM Main Campus-Academic Affairs  
Fiscal Year 2016-Summary (In Thousands)

Colleges/Schools/Division	FY 15 I&G Allocation	Base Reduction	% Change
Provost Administrative Units	15,681	797	5.08%
Division of Equity and Inclusion	681	7	1.03%
VP Division of Enrollment Mgt.	5,483	50	0.91%
UNM West	1,924	19	1.00%
Extended University	4,201	333	7.92%
Vice President of Research	92	1	1.00%
Provost Monitoring-UNM Press	249	2	1.00%
Student Affairs	4,638	61	1.32%
<b>Total Non-Academic Units</b>	<b>32,949</b>	<b>1,270</b>	<b>3.86%</b>
University College	2,261	13	0.58%
School of Public Administration	1,253	13	1.00%
College of Fine Arts	11,181	42	0.38%
College of Arts and Sciences	62,992	128	0.20%
Anderson Schools of Management	8,913	17	0.19%
College of Education	14,561	61	0.42%
School of Engineering	15,279	27	0.18%
School of Law	6,319	63	1.00%
School of Architecture and Planning	3,629	3	0.09%
University Libraries	14,133	101	0.72%
Honors College	1,435	10	0.72%
<b>Total Academic Units</b>	<b>141,956</b>	<b>478</b>	<b>0.34%</b>
<b>Total Academic/Student Affairs</b>	<b>174,905</b>	<b>1,749</b>	<b>1.00%</b>

## ACADEMIC AFFAIRS PROPOSED BUDGET REDUCTIONS METHODOLOGY

### Summary:

- Hold academic units harmless
- Hold graduate assistantships harmless within OGS
- It is important to note that overall the academic units will only receive a .34% reduction to their I&G base allocation.
- Requested units to consolidate their course offerings and eliminate courses in areas that would not impact the quality of the Academic mission

## PRESIDENT'S INDEPENDENT OFFICES PROPOSED BUDGET REDUCTIONS METHODOLOGY

### Overarching Methodology

- Reduction of ad-hoc support for external funding requests and programmatic initiatives
- Current vacancies and opportunities for organizational restructuring
- Improving efficiency while maintaining adequate levels of service

## EVP FOR ADMINISTRATION PROPOSED BUDGET REDUCTIONS METHODOLOGY

### Overarching Methodology

- Multi-step approach in identifying budget savings
  - First, identify I&G allocations to "non-I&G" units and/or university-wide fringe benefits.
    - Popejoy Hall \$150,000
    - Ticketing Services \$ 75,000
    - Workers/Unemployment Compensation \$200,000

## EVP FOR ADMINISTRATION PROPOSED BUDGET REDUCTIONS METHODOLOGY

- Second, standardize percent of non-salary expenditures within Administrative units
- Finally, review vacancies as of March 31, 2015
  - Can duties be absorbed by current staffing levels
  - Maintain current service levels
  - Reduce service levels if acceptable to university operations

## ADMINISTRATION PROPOSED BUDGET REDUCTIONS

### UNM Main Campus-Administration Fiscal Year 2016-Summary (In Thousands)

Division	FY 15 I&G Allocation	Proposed Vacancy Budget Reduction	Proposed Non-Salary Expense Budget Reduction	Total Budget Reduction	% Change
Presidents Office	1,496	0	31	31	2.07%
Internal Audit Department	802	0	0	0	0.00%
Univ Communication & Marketing	1,256	0	13	13	1.04%
University Counsel Office	1,167	0	13	13	1.11%
Office of Equal Opportunity	441	0	0	0	0.00%
Alumni Relations	646	0	7	7	1.08%
UNM Compliance Office	278	0	0	0	0.00%
UNM Foundation	321	0	0	0	0.00%
<b>Total President and UNM Foundation</b>	<b>6,407</b>	<b>0</b>	<b>64</b>	<b>64</b>	<b>1.00%</b>
Police Department	3,009	33	0	33	1.10%
Board of Regents	171	0	11	11	6.14%
OPBA	887	0	0	0	0.00%
EVP for Administration Office	818	0	0	0	0.00%
UNM Policy Office	158	0	0	0	0.00%
Safety & Risk Services	1,505	163	29	192	12.78%
Financial Services	7,012	60	0	60	0.86%
Institutional Support Services	35,105	90	0	90	0.26%
Athletics	899	0	11	11	1.26%
Human Resources	1,829	65	0	65	3.55%
Government & Community Relations	167	0	2	2	1.20%
Information Technologies	9,846	150	0	150	1.52%
<b>Total EVP for Administration</b>	<b>61,406</b>	<b>561</b>	<b>53</b>	<b>614</b>	<b>1.00%</b>
<b>Total for Administration</b>	<b>67,813</b>	<b>561</b>	<b>117</b>	<b>678</b>	<b>1.00%</b>

## NEW INITIATIVES, REQUESTS AND ALLOCATIONS

Division	Increase/(Decrease)
UNM West	325
Academic Affairs-Commitments	53
Advisors	140
Faculty Compaction	689
Faculty Promotions	300
Faculty Retention	240
Graduate Resource Center	100
Introductory Studies Courses	100
LoboRESPECT Advocacy Center	106
LoboAchieve	40
GA/TA Tuition Waivers	102
<b>Total for Academic Affairs</b>	<b>2,195</b>
Administration-EMBA and Internal Auc	50
Utilities	333
Property and Liability Insurance	(42)
Pooled Fringe Benefits	734
Compliance Initiatives	355
Information Security/Privacy	400
Marketing and Recruitment Efforts	620
Mandatory Student Fees	1,305
<b>Total for Administration and SFRB</b>	<b>3,755</b>
<b>Grand Total</b>	<b>5,950</b>



## FY 16 MANDATORY STUDENT FEES RECOMMENDATION

**Mandatory Student Fees-Funding Requests**  
**Fiscal Year 2016**  
**Summary (In Thousands)**

	Increase/(Decrease)
Fund FY 15 Enrollment Decline Revenue Shortfall	900
New Mexico Union	168
Library Acquisitions	25
IT Initiatives	106
Center for Academic Support (CAPS)	57
UNM Public Events (Popejoy)	15
Recreational Services	(9)
Global Education Office	(19)
Women's Center	1
KUNM	(7)
Community Learning and Public Service	36
Project for NM GS of Color	(18)
Parking and Transportation	50
<b>Total</b>	<b>1,305</b>

## TUITION AND FEE ALTERNATIVES

- Differential tuition requests
  - School of Engineering Undergraduate
  - Speech and Hearing Sciences Graduate
- Review of current tuition model
- Proposed guaranteed tuition model
- Proposed 4-year graduation incentive model
- Branch Campus tuition increases

## FY 16 PROPOSED DIFFERENTIAL TUITION REQUESTS

<u>Undergraduate</u>	Existing Differential Rate (per credit hour)	Proposed Differential Rate (per credit hour)	Proposed Change (per credit hour)	Administration Recommendation
School of Engineering	\$0.00	\$15.00	\$15.00	<i>Approved</i>

<u>Graduate</u>	Existing Differential Rate (per credit hour)	Proposed Differential Rate (per credit hour)	Proposed Change (per credit hour)	Administration Recommendation
School of Public Administration	\$50.00	\$75.00	\$25.00	<i>Not Approved</i>
Speech and Hearing Sciences	\$150.00	\$119.00	(\$31.00)	<i>Approved</i>



## UNM SCHOOL OF ENGINEERING UNDERGRADUATE DIFFERENTIAL TUITION PROPOSAL



Joseph L. Cecchi  
 Dean, School of Engineering  
 UNM Board of Regents  
 Budget Summit  
 April 10, 2015

## In accordance with UAP Policy 8210:2.2, the School of Engineering proposes an undergraduate differential tuition of \$15/credit hour

Comparison of (AY 15-16) UNM differential tuition to 22 peers (AY 14-15)

Institution	(AY 14-15) Base Tuition/Year	Engineering Differential/Year	Total Engineering/Year
UNM	\$5,006*	\$450*	\$5,456
22 Peer Average	\$7,966	\$1,691	\$9,657
Difference	\$2,960 (59%)	\$1,241 (278%)	\$4,201 (77%)

This differential tuition represents an increase of ~ 9% above the base UNM tuition, compared to an average of ~21% for our 22 peers

**With proposed differential tuition, UNM is still lower than any of our 22 peers**

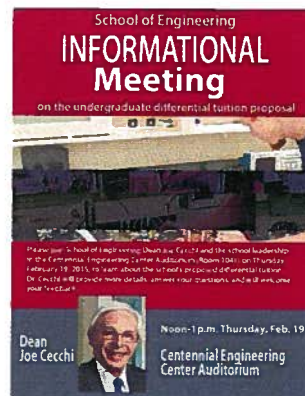
\*assuming 30-36 credit-hours/year – the “15-18 credit hour/semester block”

## How do we rank compared to our peers?

- US News rankings for undergraduate engineering programs lists 13 of our 22 peers above UNM
- This puts UNM near the middle of our 22 peers as far as undergraduate engineering rankings
- This is well above where our tuition and fees (including differential tuition) are relative to our peers

## Faculty and Student Involvement in the Differential Tuition Proposal – Communication and Feedback

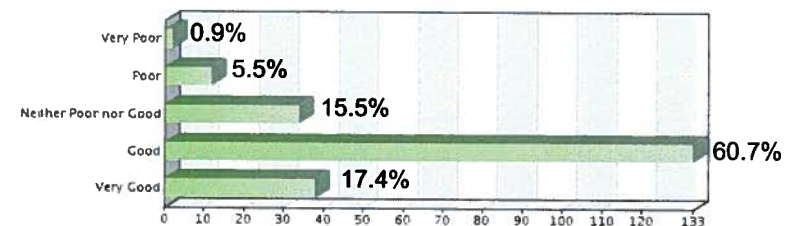
- 7/30/2014 – 10/22/2014 - extensive discussion at School of Engineering Leadership Council Meetings (chairs and associate deans) - Chairs discussed with their faculty
- 11/3/2014 - Proposal finalized and posted online
- 1/14/2015 – Leadership Council develops student communication and feedback plan
- 2/4/2015 – 2/11/2015 – Chairs and associate deans discuss proposal with groups (15-30) of students in each department
- 2/11/2015 – Dean sends provost student feedback
- 2/13/2015 – Dean sends email to all Engineering undergraduates inviting them to Information Meetings
- 2/18-19/2015 – Dean hosts information meetings
- 2/19/2015 – Differential tuition survey invitation sent to students
- 3/1/2015 – Survey closes



## Student Survey: Overall Quality of Instruction

### Question 1

What is your opinion as to the overall quality of instruction at UNM School of Engineering?

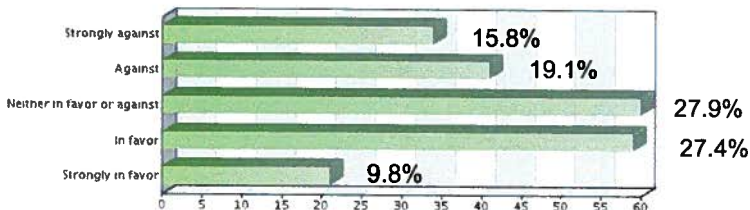


**78% rated School of Engineering overall quality as “good” or “very good”**

## Student Survey: Opinion of Differential Tuition Proposal

### Question 4

How do you feel about the School of Engineering proposal for a \$15/credit hour (\$450/year) differential tuition to be used entirely for undergraduate instructional purposes, including student aid (20%), TAs, advising personnel, faculty (including lecturers), and other operating expenses?



**65% rated proposal as "neutral," "in favor" or "strongly in favor"**

## CURRENT TUITION MODEL

- Students pay tuition for every credit hour 1-14
- Credit hours 15-18 are offered at a discounted flat rate to incentivize larger course loads
  - \$5,007 tuition for 15-18 hours (11% discount)
  - \$5,646 for 12 hours
- 15 hour course loads each semester are critical to graduating in four years, but are only part of the equation
  - 55% of undergraduates take 15 or more credits per semester
  - Only 16% graduate in four years

	Freshman	Sophomore	Junior	Senior	Total
Fall	15	15	15	15	
Spring	15	15	15	15	
<b>Total</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>120</b>

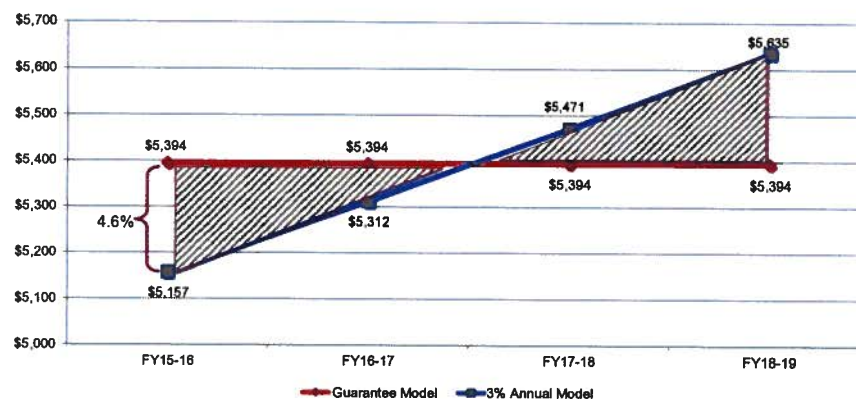
## PROPOSED GUARANTEED TUITION MODEL

- Cost-neutral option that provides stability and predictability for tuition and fees
- Students pay up-front surcharge and receive flat tuition for four years
- Overall cost is equivalent to traditional increase model
  - Cost neutral to students, revenue neutral to university

Tuition Guarantee Model						
	2015 Cohort FY 16	2015 Cohort FY 17	2015 Cohort FY 18	2015 Cohort FY 19	4 Year Average	4 Year Total
Resident	\$5,157	\$5,312	\$5,471	\$5,635	\$5,394	<u>\$21,575</u>
% increase	3.00%	3.00%	3.00%	3.00%	3.00%	
\$ increase	\$150	\$155	\$159	\$164		
Guaranteed Tuition						
Resident	\$5,394	\$5,394	\$5,394	\$5,394		<u>\$21,576</u>
Surcharge						\$237
Standard Tuition	\$5,157					

## PROPOSED GUARANTEED TUITION MODEL

Guaranteed Tuition vs Traditional 3% Increase



## REGENT DOUGHTY'S PROPOSED FOUR-YEAR GUARANTEE & GRADUATION INCENTIVE

- Students on track to graduate in four years would receive free tuition their final semester
  - New full-time freshmen students would be eligible for free tuition in their eighth semester
  - Students beginning their sophomore and junior years would be eligible for partial incentives
- Regents intend to increase tuition 3% per year
  - This provides stability and predictability for students and their families to plan
- Provides a comprehensive suite of student incentives that sets UNM apart from every flagship university in the country

## REGENT DOUGHTY'S PROPOSED FOUR-YEAR GUARANTEE & GRADUATION INCENTIVE

Projected Tuition Increases					
	FY15-16	FY16-17	FY17-18	FY18-19	Total
Tuition	\$5,157	\$5,312	\$5,471	\$5,635	\$21,575
Annual % Increase	3%	3%	3%	3%	12.6%
Annual \$ Increase	\$150.20	\$154.71	\$159.35	\$164.13	\$628
Cumulative \$ Increase	\$150.20	\$304.91	\$464.26	\$628.38	

4-Year Graduation Tuition Incentive Phased	Incentives by Class				
	2012 Cohort	2013 Cohort	2014 Cohort	2015 Cohort	2016 Cohort
Class	Seniors	Juniors	Sophomores	Freshmen	HS Senior
Incoming Freshmen	3372	3471	3089	3200	3300
4-Yr Grad Rate	17%	18%	20%	22%	25%
Est. Eligible Students	573	625	618	704	825
Scholarship Amount	\$0	\$750	\$1,000	\$2,818	\$2,902
<b>Total Cost</b>	<b>\$0</b>	<b>\$468,585</b>	<b>\$617,800</b>	<b>\$1,983,872</b>	<b>\$2,394,150</b>

Lottery Estimate*	\$0	\$187,434	\$240,942	\$1,160,565	\$1,307,206
<b>UNM Cost</b>	<b>\$0</b>	<b>\$281,151</b>	<b>\$376,858</b>	<b>\$823,307</b>	<b>\$1,086,944</b>

\*Lottery Estimate based on 8% of students receiving lottery scholarship and scholarship covering 5% of tuition in FY17, 0% in FY18, 5% in FY19, and 0% in FY20

## FY 16 BRANCH CAMPUSES PROPOSED TUITION INCREASES

The local Advisory Boards, with exception of the Valencia Advisory Board, scheduled to meet April 15, have met and have approved the following increases in resident tuition for FY 15/16. In the future, the Administration recommends implementing consistent tuition rates across the branch campuses: \$75 Resident and \$205 Non-Resident. There are no changes to student fees.

Resident		Branch Campus Proposal		Administration Recommendation	
Branch	Current Tuition	Branch Proposed Tuition	Tuition Increase	Administration Recommendation	Tuition Increase
Gallup	\$60.60	\$64.90	7.10%	\$75.00	23.76%
Los Alamos	\$69.25	\$74.00	6.86%	\$75.00	8.30%
Taos	\$72.00	\$75.00	4.17%	\$75.00	4.17%
Valencia	\$61.30	\$65.75	7.26%	\$75.00	22.35%

Non-Resident		Branch Campus Proposal		Administration Recommendation	
Branch	Current Tuition	Branch Proposed Tuition	Tuition Increase	Administration Recommendation	Tuition Increase
Gallup	\$160.60	\$172.00	7.10%	\$205.00	27.65%
Los Alamos	\$199.00	\$205.00	3.02%	\$205.00	3.02%
Taos	\$187.00	\$195.00	4.28%	\$205.00	9.63%
Valencia	\$170.50	\$184.25	8.06%	\$205.00	20.23%

**UNM Main Campus  
Budget Development  
Fiscal Year 2016  
Summary (in thousands)**

Category	% Increase	Annual Undergrad Resident Student Cost at 15 hrs	
Tuition	3.00%	Tuition	\$150.20
Fees	4.66%	Fees	\$67.10
Tuition & Fees	3.37%	Tuition & Fees	\$217.30

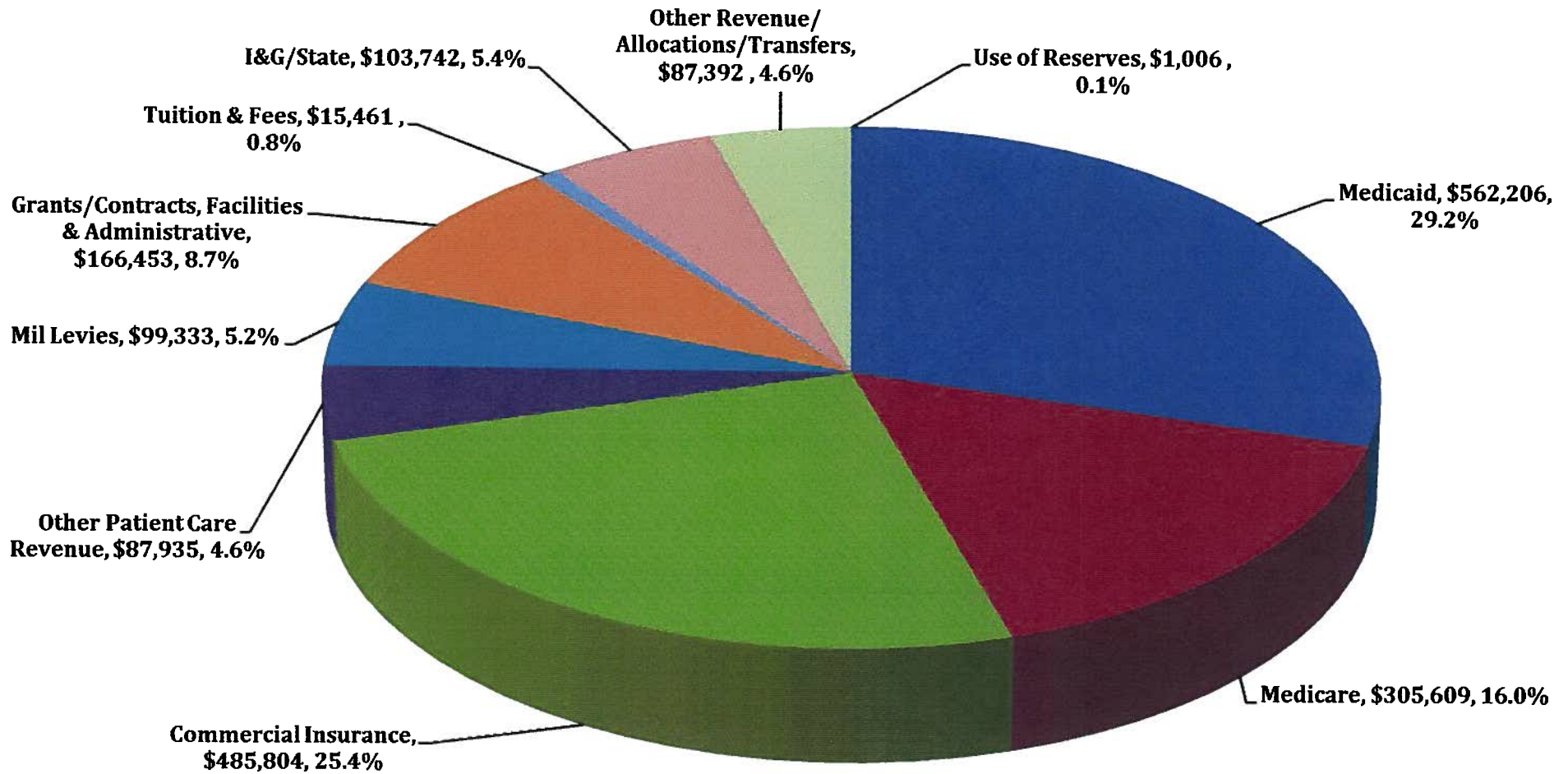
Sources of Funds:	Projected		FY 16 Preliminary
	FY15 Revised	Changes	
<b>State I&amp;G General Fund:</b>			
State Appropriation I&G Pooled Base <sup>1</sup>	188,606		188,606
Main Campus State Appropriation Change: HB2	0	1,610	1,610
HSC State Appropriation Change: HB2	0	506	506
<b>Subtotal State I&amp;G General Fund - FY 16 Budget</b>	<b>188,606</b>	<b>2,116</b>	<b>190,722</b>
<b>Tuition:</b>			
Starting Base	134,007		134,007
Adjustment: Enrollment Increase/Decrease	-2,700	0	-2,700
Adjustment: Accumulated Bad Debt Payoff	0	1,182	1,182
Net Tuition Increase	0	3,546	3,546
<b>Subtotal Tuition</b>	<b>131,307</b>	<b>4,728</b>	<b>136,035</b>
<b>Miscellaneous</b>			
Administrative Overhead	0	130	130
F&A Revenues	21,000	-500	20,500
Land and Permanent Fund Revenue	8,800	0	8,800
Interest Income	800	0	800
Miscellaneous Fee Revenue (Testing fees, Thesis Binding, Library Fines)	192	0	192
Transfer to Student Aid	-11,005	-719	-11,724
Transfer to Plant	-11,533	0	-11,533
Net Other Transfers (F&A, Endowment Investment Income, misc.)	-18,240	526	-17,714
Main Campus Institutional Reserves: One-Time			
- Self-Insurance Reserve <sup>3</sup>	1,600	-1,600	0
- Building Renewal and Replacement Reserves	1,000	-1,000	0
- Administrative Reserves	200	-200	0
- Student-Aid Reserves	146	-146	0
One-Time Use of Reserves	1,500	-1,500	0
<b>Subtotal Miscellaneous</b>	<b>-5,541</b>	<b>-5,009</b>	<b>-10,550</b>
<b>Health Sciences Center Transfers:</b>			
Health Sciences Center Base <sup>2</sup>	-17,503		-17,503
Adjustment: Tuition True-Up	-305	0	-305
Health Sciences Center Formula Workload/Outcomes	0	-506	-506
Health Sciences Center Tuition - Estimate	0	-264	-264
<b>Subtotal Transfers to Health Sciences Center from I&amp;G Base</b>	<b>-17,808</b>	<b>-770</b>	<b>-18,578</b>
<b>Mandatory Student Fees:</b>			
Starting Base	32,202		32,202
Adjustment: Enrollment Decline	-900	0	-900
One-Time Self-Insurance Reserve <sup>3</sup>	900	-900	0
Net Mandatory Student Fee Increase	0	1,305	1,305
<b>Subtotal Mandatory Student Fees</b>	<b>32,202</b>	<b>405</b>	<b>32,607</b>
<b>Total Sources of Funds:</b>	<b>328,767</b>	<b>1,470</b>	<b>330,236</b>
<b>Uses of Funds:</b>			
<b>I&amp;G Allocations and Requests:</b>			
Expenditure Base	295,837	0	295,837
Expenditure Base Reductions - Academic Affairs: 1.00%	0	-1,749	-1,749
Expenditure Base Reductions - Administration: 1.63%	0	-1,103	-1,103
<b>Other Base Adjustments:</b>			
UNM West	325	0	325
Academic Affairs	53	0	53
Administration	50	0	50
<b>Fixed Costs:</b>			
Health Care	0	0	0
Utilities	0	333	333
Property & Liability Insurance	-42	0	-42
Pooled Fringe Benefits	342	392	734
<b>Funding Priorities:</b>			
Advisors	0	140	140
Compliance Initiatives	0	355	355
Faculty Compaction	0	689	689
Faculty Promotions	0	300	300
Faculty Retention	0	240	240
Graduate Resource Center	0	100	100
Introductory Study Courses	0	100	100
IT - Information Security/Privacy/Applications/Software Maintenance	0	400	400
LoboRESPECT Advocacy Center	0	106	106
LoboAchieve	0	40	40
Marketing/Recruitment Efforts	0	620	620
GA/TA Tuition Waivers - expenditure increase tied to a tuition increase	0	102	102
<b>Subtotal Allocations and Requests</b>	<b>296,565</b>	<b>1,065</b>	<b>297,629</b>
<b>Mandatory Student Fee Allocations and Requests:</b>			
Expenditure Base	32,202		32,202
Funding Requests	0	405	405
<b>Subtotal Mandatory Student Fee Allocations and Requests</b>	<b>32,202</b>	<b>405</b>	<b>32,607</b>
<b>Total Uses of Funds</b>	<b>328,767</b>	<b>1,470</b>	<b>330,236</b>
<b>Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Footnotes:**

- UNM State Appropriation base is \$189,147,900. Extended University receives \$541,900.
- The HSC transfer base is net of a \$2.1M transfer from HSC to Main campus and a (\$19.6M) transfer to HSC from Main Campus.  
The transfer to HSC includes HSC generated tuition revenue and State funding formula dollars per agreed upon amounts between HSC and Main campus and does not reflect total dollars generated by HSC. The transfer to HSC could increase or decrease each year per agreement due to incremental changes in tuition generated and/or in funding formula outcomes compared to the previous fiscal year.
- Total FY 15 Use of Self-Insurance reserve is \$2.5M.

# UNM HSC All Components - Revenues

## FY 2016 Preliminary Budget (In thousands)



Note: Includes UNM HSC Academic Enterprise and UNM Health System

**Total Budgeted Revenues \$1,914,941**  
**4.2% Increase over FY 2015 Projected**

## B2: Faculty Ranks and Titles

(Excerpts on Professor of Practice)

*Policy*



### 2.3.14 Professor of Practice

This title may be used to appoint individuals in the School of Architecture and Planning and the College of Fine Arts who have achieved distinction in practice, and who may benefit a professional program at the university by the integration of professional practice with teaching.

Specific titles will be granted with respect to the applicable professional program, "Professor of Practice in \_\_\_\_". Those holding these appointments will not have voting privileges except as described in Article II, Section 2 of the Faculty Constitution. Professors of Practice are not eligible for tenure.

The faculty of each School or College must approve the establishment of these positions. The School or College faculty will develop and adopt criteria for the appointment and reappointment consistent and parallel with faculty at the rank of full Professor, establishing specific guidelines and procedures for awarding these titles and subsequent performance review, including issues of service and teaching.

These appointments may be either full-time or fractional, i.e., less than 100%, when actively engaged in practice. Initial appointments may be granted for a term up to three years, with the approval of faculty within the academic department. Appointments may be renewed in terms of up to three years with the approval of faculty within the academic unit or department.

Full and part-time appointments of those designated Professors of Practice shall not exceed 10% of the FTE tenure/tenure-track faculty of each School or College. These positions may not be created from funding of vacated tenure/tenure-track positions in the professional program.

## B3: Faculty Appointments and Contracts

(Excerpts on Professor of Practice)

*Policy*



### 3.4.4 Professor of Practice

Professors of Practice are chosen by academic units or departments in School of Architecture and Planning and the College of Fine Arts, with approval of the dean, and serve renewable terms of three years.

### 2.3.14 Professor of Practice

This title may be used to appoint individuals ~~in the School of Architecture and Planning and the College of Fine Arts~~ who have achieved substantial national and/or international distinction in practice, who have had a major impact on fields important to the mission of the University, and who may benefit a professional program at the university ~~University~~ by the integration of professional practice within its teaching and research missions ~~with teaching~~. Appointment as Professor of Practice should only be made in exceptional circumstances to meet demonstrable need that cannot be met by regular faculty appointments. The Professor of Practice shall not be a substitute for regular faculty nor shall appointment as Professor of Practice be made as a matter of courtesy.

Specific titles will be granted with respect to the applicable ~~professional~~ program, "Professor of Practice in \_\_\_\_". Those holding these appointments will not have voting privileges except as described in Article II, Section 2 of the Faculty Constitution. Professors of Practice are not eligible for tenure.

The faculty of each School or College must approve the establishment of these positions. The School or College faculty will develop and adopt criteria for the appointment and reappointment consistent and parallel with faculty at the rank of full Professor, establishing specific guidelines and procedures for awarding these titles and subsequent performance review, including issues of service and teaching.

~~These appointments may be either full-time or fractional, i.e., less than 100%, when actively engaged in practice. Initial appointments may be granted for a term up to three years, with the approval of faculty within the academic department. Appointments may be renewed in terms of up to three years with the approval of faculty within the academic unit or department.~~

Full and part-time appointments of those designated Professors of Practice shall not exceed 10% of the FTE tenure/tenure-track faculty of each department, or in the absence thereof, each School or College. For a department of less than 10 FTE tenure/tenure-track faculty, no more than one Professor of Practice shall be appointed. These positions may not be created from funding of vacated tenure/tenure-track positions in the professional program.

### 3.4.4 Professor of Practice

~~Professors of Practice are chosen by academic units or departments in School of Architecture and Planning and the College of Fine Arts, with approval of the dean, and serve renewable terms of three years.~~

Professors of Practice are chosen by department, school, or college, with approval of the dean, and serve renewable terms of three years. Initial appointments may be granted for a term up to three years, with the approval of faculty within the department, school, or college. Appointments may be renewed in terms of up to three years with the approval of faculty within the department, school, or college. These appointments may be either full-time or fractional (i.e., less than 100%) when the individual appointed is actively engaged in practice. Faculty involvement in the decision to appoint the Professor of Practice should be identical to the procedures used in all faculty hires within department, school, or college. Individuals appointed to these positions must be reviewed annually in accordance with Faculty Handbook Section B4.10 Annual Review of Continuing Non-tenure-track Faculty.



**History and Rationale of  
Proposed Faculty Handbook Amendment  
of "Professor of Practice" Title and Appointment**

**History of the Title**

In 2005, the School of Architecture and Planning proposed the addition of the title of "Professor of Practice" to faculty titles available at UNM. After careful review and revision of the proposal by the Academic Freedom and Tenure Committee in consultation with various University stakeholders in 2006 and 2007, the proposal was presented to the full faculty for a vote and was approved in November 2007. Following approval by the full faculty, the Board of Regents unanimously approved the Faculty Handbook provisions in January 2008.

The current version of the Professor of Practice title and appointment sections of the Faculty Handbook provides for appointment to the title in the School of Architecture and Planning and in the College of Fine Arts for three year terms with approval of the faculty in the academic unit or department. With approval of the faculty, each School or College may appoint up to 10% of the FTE tenure/tenure track faculty as Professors of Practice. The limited term appointments are renewable for additional three year terms with approval of the faculty within the academic unit or department.

**History of the Proposed Amendment to Sections B 2.3.14 and B 3.4.4**

In mid-Fall 2013, the Academic Freedom and Tenure Committee was approached by the Department of Communication and Journalism and the College of Arts and Sciences about the need to broaden the applicability of the title "Professor of Practice" into other schools and colleges at the University. During the 2013/2014 academic year, the Academic Freedom and Tenure Committee consulted with the Provost's Office and the Health Sciences Center as well as Faculty Senate leaders about the need for the expansion of the title and about proposal language. To ensure full consideration of the issue and input from all stakeholders and with the installation of new Committee members and the return to campus in Fall 2014, the Academic Freedom and Tenure Committee resumed consideration of the proposal and, after consultation with Faculty Senate leadership, the Committee on Governance, the Faculty Senate Policy Committee, the President's Office, the Provost's Office, and the Office of the Health Sciences Center's Vice Chancellor for Academic Affairs, the Academic Freedom and Tenure Committee finalized language for an expansion of the title of "Professor of Practice" for consideration by the full voting faculty of the University.

**Summary of Proposed Amendment**

The title of "Professor of Practice" may be used to appoint individuals who have achieved distinction in practice and who may benefit the University by the integration of professional practice within its teaching and/or research missions.

The faculty of each School or College must approve the establishment of these positions. The School or College faculty will develop and adopt criteria for the appointment and reappointment, establishing specific guidelines and procedures for awarding these titles and subsequent performance review.

These appointments may be either full-time or fractional (i.e., less than 100%) if still actively engaged in practice. Initial appointments may be granted for a term of up to three years,

with the approval of the faculty within the department, school, or college. Appointments may be renewed in terms of up to three years with the approval of faculty within the department, school, or college. Professors of practice shall not exceed 10% of the FTE tenure/tenure-track faculty of each academic unit or department.

### **Rationale for Proposed Amendment to “Professor of Practice” Title and Appointment**

This policy recognizes that departments occasionally have a demonstrable need or exceptional opportunity to enhance the teaching or research missions through the contributions of people who have achieved distinction in the field. This title enables the appointment of such individuals as a mechanism to enhance program delivery or research. The changes to this policy expand the availability of this title to all disciplines and departments at UNM. The policy also places limits on number and length of appointment and requires regular review to ensure academic quality. The policy also acknowledges position papers published by AAUP on both the importance of tenure-track and tenured faculty and the Professor of Practice title. The AAUP statement “On Full-Time Non-Tenure-Track Appointments” has been upheld repeatedly by the organization and provides extensive detail supporting the importance of tenure and the negative repercussions of growth in non-tenure-track appointments. In summary:

“The AAUP has long held that all full-time teachers, irrespective of their titles, should either be tenured or probationary for tenure, except for those appointed under special circumstances (for example, short-term replacements for faculty members who are on leave). Following from this basic position, the AAUP has been sharply critical of full-time non-tenure-track appointments, pointing to the adverse effects of these appointments for individual faculty members, for students, for academic freedom, and for the academic profession as a whole.”<sup>1</sup>

In a statement on Professors of Practice,<sup>2</sup> AAUP cites common practices related to the Professor of Practice indicating, “They are usually appointed following a national search. Their academic performance is regularly evaluated according to criteria appropriate to their positions. The length of their renewable term appointments is typically five years rather than one year.” The position taken in this policy statement regarding this title leaves departments with flexibility regarding the manner of search and appointment, yet follows the trend of renewable, but not indefinite, appointment and regular evaluation. The cycle to 3 years renewable is intended to meet departmental needs and provide a reasonable cycle for review and reappointment. Additional support can be found in a recent position paper related to the field of Journalism.<sup>a</sup>

Revisions to the UNM title are intended to ensure continuation of the research mission of the university by limiting the percentage of Professor of Practice appointments to a small portion of faculty (no more than 10% of any department). Academic quality is supported through the establishment of rigorous credentials and regular review of performance.

<sup>1</sup> On Full-Time Non-Tenure-Track Appointments. AAUP, 1986, in *Policies & Reports*. Available online at: <http://www.aaup.org/report/full-time-non-tenure-track-appointments>

<sup>2</sup> Professors of Practice. AAUP, 2004, *Policies and Reports*. Available online at <http://www.aaup.org/report/professors-practice>

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<sup>a</sup>A recent position paper produced by three former journalism school deans under the auspices of the Carnegie-Knight Journalism initiative addresses the challenge of providing professional education founded on a solid academic background. This situation mirrors that of many fields which may find the Professors of Practice potentially meaningful additions to the faculty. This paper acknowledges the challenges of the profession yet calls for balancing those with the university mandate. The authors call for raising the standard of education to the graduate level and cite the critical role of research as a component of academic quality.

Educating journalists: A new plea for the university tradition. J. Folkerts, J. M. Hamilton, & N. Lemann, 2013. Columbia Journalism School.