

4-26-2011

Faculty Senate Summarized Minutes, 4/26/2011

UNM Faculty Senate

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FACULTY SENATE SUMMARIZED MINUTES

**2010-2011 Faculty Senate
April 26, 2011**

The Faculty Senate meeting for April 26 was called to order at 3:03 p.m. in the Roberts Room of Scholes Hall. Senate President Richard Wood presided.

1. ATTENDANCE

Guests Present: Training Specialist Dan Byrne (Safety and Risk Services), Executive Dean Jean Giddens (College of Nursing), Deputy Provost Richard Holder, Lecturer Holly Phillips (University Libraries), Director Marc Saavedra (Government and Community Relations), and Governmental Relations Committee Chair Antoinette Sedillo Lopez.

2. APPROVAL OF THE AGENDA

The agenda was approved as written.

3. APPROVAL OF SUMMARIZED MINUTES FOR MARCH 22, 2011 MEETING

The minutes were approved as written.

4. FORM D – PROPOSAL FOR DOCTORATE OF NURSING PRACTICE

Executive Dean Jean Giddens (Nursing) presented the request for a Doctorate of Nursing Practice. This item was deferred from the March 2011 Faculty Senate Meeting due to confusion of approval by the Health Sciences Center Council. Senator Doug Fields (Physics and Astronomy) explained the present role of the HSC Council. The HSCC was requested to review the proposal.

The pilot HSCC is not official whereby they do not have to approve the request. It was thought that it was best for HSCC to vote on a change.

The question was called for immediate vote. Operations Committee Member Melissa Bokovoy (History) stated for the record that the request has gone through all approvals. The HSC Council approval/endorsement was advisory only.

The Faculty Senate unanimously approved the Doctorate of Nursing Practice.

5. PROVOST'S REPORT

Provost Suzanne Ortega reported the following:

- Arts and Sciences Dean Brenda Claiborne has accepted a position at Florida Atlantic University. The interim replacement will be named late in the fall semester. The President and Interim Provost will select the Dean. The search will begin in August or September. Senator Doug Fields stated that the Provost should choose the Interim

Dean. Operations Committee Member Melissa Bokovoy stated that the interim search should begin immediately.

- Provost Ortega is hearing that the Interim Provost is moving too fast. A meaningful search needs at least three to four weeks.
- Doug Fields moved that the Operations Committee should conduct a survey of the Arts and Sciences faculty regarding the timing of the dean search. The motion was seconded and was unanimously approved. Melissa Bokovoy stated department chairs should weigh in. Provost Ortega will need to know as soon as possible. The Operations Committee committed to have input by Monday, May 2.
- The out-of-state tuition waivers for part-time graduate students are problematic. There is no current policy, only a Bursar's note that is procedure driven. The waivers have been a mechanism for transitioning from their first year to establishing residency. It would be limited to two academic semesters. Presently only thirty percent are non-degree status. It would take approximately 18 months to figure out. Undergraduate waivers will be eliminated. The Academic Council has reviewed. The Provost's Office should develop a strategy for other waivers that are vulnerable.

6. FACULTY SENATE PRESIDENT'S REPORT

Faculty Senate President Richard Wood:

- This is an extraordinary time at the University. We are facing a presidential search, a provost search and a search for dean of the largest college at UNM essentially simultaneously.
- Throughout the year, the Operations Committee was focused on three things:
 - The budget in time of crisis and trying to have faculty influence on it and focusing on preserving the academic mission.
 - Preserving and strengthening the faculty roles in university governance.
 - Most importantly, positioning faculty to have strong determinative influence on the search for a new provost and a new president. The dean search was not evident at that time.
- The interim provost search has moved quickly but it had to wait until the announcement of Provost Ortega's intentions. Some people feel that there has not been enough time. The search committee is a very strong, faculty-led committee. President Schmidly discussed at length with FS President Wood. President Wood also consulted with the Committee on Governance and the Operations Committee to determine that right faculty for the search. It has a strong faculty voice with most being research-driven and teaching-driven. Three candidates had to be selected from eleven nominees/applicants. If faculty are to be involved in governance then they will be part-owners of whatever decisions are made. Some people are pleased and some are dissatisfied but that is the nature of the beast.
- The Board of Regents has approached faculty governance for input about what the criteria for the next university president should be. The number of faculty on the search

committee has yet to be determined. The committee will be about 15-17 people.

- This is President Woods' last meeting as Faculty Senate President. President Wood will continue to attend meetings as past-president and as a senator from the College of Arts and Sciences. Professor Tim Ross (Civil Engineering) becomes Faculty Senate President on July 1.
- The BOR have basically signed off on the budget when they determined the tuition increase. The official vote on the budget will be Friday, April 29. The budget is the one presented to the senate at the March 22 meeting. President Wood however, will comment on Athletics being held harmless after a last-minute Friday afternoon deal. Changing the culture at UNM is a long term process.
- The Operations Committee will hold a Special Faculty Senate meeting to discuss the proposed restructure on Tuesday, May 3, 3:30 to 5:00 p.m., here in the Roberts Room.

7. HEALTH SCIENCES CENTER COUNCIL

HSC Council Chair and senator Nikki Katalanos (Physician Assistant Program) presented the following:

Initial charge

HSC Council approved as a Pilot Project of the
Faculty Senate April 2010

Charge:

- To evaluate whether an HSC Council can be an effective mechanism to conduct Faculty Senate business related to the HSC;
- To enhance the role and visibility of HSC faculty in shared governance.

Comparison

Similar

- Elected as Faculty Senators
- Academic & professional degree programs represented

Different

- Have two monthly meetings
- Mostly professional degree programs
- Operate under a 12 month calendar

Initial tasks

- Filled all vacant Faculty Senate positions
- Met first time in June 2010
- Clarified the charge of the HSC Council
- Developed an HSC Council website
- Helped develop survey on faculty governance for HSC campus

Tasks completed: Academic

- Met with FS Curriculum Committee chair and reviewed methods to speed up curricular changes for HSC programs
- Reviewed & approved Doctor of Nursing Practice proposal
- Reviewed & approved combined Dental Hygiene/Dental proposal for Department of Dental Sciences
- Reviewed & approved separation of CT/PET scan curriculum to Radiology Program

Tasks completed: Budget

- Approved adding a tuition differential to Occupational Therapy Program
- Approved a change in tuition differential billing for Physical Therapy Program
- Developed an HSC Council budget (awaiting approval)

Tasks completed: Faculty

- Reviewed & approved proposal for HSC Office of Professionalism
- Reviewed & approved proposal to reorganize HSC administration
- Presentation on HSC Interdisciplinary Program
- Presentation on Information Technology on HSC campus

Tasks completed: Other

- Began review of policies that affect the HSC campus and faculty
- Completed By-laws for the HSC Council

- The Council has made progress and conducted actual business over the last year. The council was able to get all of the School of Medicine Faculty Senate seats filled for the first time in many years.
- There are some significant differences between the business of North Campus and Main Campus, but it is Faculty Senate business nonetheless.

- The HSC Council drafted its internal by-laws:

BYLAWS OF THE UNIVERSITY OF NEW MEXICO FACULTY SENATE HEALTH SCIENCES CENTER COUNCIL

Article I. Name

The name of this organization is the University of New Mexico (UNM) Faculty Senate Health Sciences Center (HSC) Council. Throughout these bylaws, this name is abbreviated as HSC Council.

Article II. Purpose

Section 1. The purpose of the HSC Council is to enhance the role and visibility of the Health Sciences Center faculty in shared governance, and to deliberate and act on behalf of the UNM Faculty Senate in all matters relating to faculty governance and shared governance of the HSC, consistent with the UNM Faculty Constitution, Faculty Handbook, Faculty Senate Bylaws, and with the policies of the Board of Regents and the University. In matters pertaining to faculty governance and shared governance of the university as a whole, the HSC Council shall represent the faculty of the UNM HSC.

Section 2. The HSC Council shall have the right and duty to consider and advise on behalf of HSC faculty over

- a) Institutional aims and strategic plans of the HSC;
- b) Organizational structure and creation of new departments and divisions;
- c) Major curricular changes and other matters that, in the opinion of the Chancellor for Health Sciences or of the Faculty, affect the HSC as a whole;
- d) Matters of general concern or welfare for HSC faculty.

Section 3. The foregoing purposes do not supplant the rights and responsibilities of faculty within their respective academic units. Rather, the HSC Council shall serve as a forum and voice for the HSC faculty as a whole in representing the interests of HSC Faculty to the Board of Directors and Office of the Chancellor for Health Sciences as well as to the UNM Faculty Senate.

Article III. Membership

Section 1. Voting members of the HSC Council shall be:

- a) All duly elected faculty senators representing the academic units of the HSC
- b) Two at-large members elected by the faculty of each of the academic units of the HSC (School of Medicine, College of Nursing, College of Pharmacy) who need not be members of the UNM Faculty Senate.

Section 2. Non-voting ex officio members of the HSC Council shall be:

- a) The Chancellor for the Health Sciences Center
- b) The Vice-Chancellor for Academic Affairs
- c) The Provost or Associate Provost of UNM
- d) The President of the UNM Faculty Senate

Article IV. Officers

Section 1. Officers of the Council/Executive Committee

- a) The Senate shall elect the following officers and representatives to a two-year term:
 - 1) Chair
 - 2) Chair-elect
- b) The Executive Committee will include the immediate past Chair and current Chair of the HSC Council, whether or not they are members of the Senate and the current elected Chair-elect who must have at least one year remaining on his/her Senate term.

Section 2. Duties of Officers

- a) Chair
 - 1) Serve as chairperson of the HSC Council
 - 2) Establish priorities and set agenda for the HSC Council meetings

- 3) Represent the Faculty before the Regents, Administration and other groups by attending requisite functions and committee meetings
- 4) Report back to the HSC Council any relevant information gained from these meetings relating to or affecting HSC faculty
- 5) Appoint Council members to *ad hoc* committees as necessary to conduct Council business.
- 6) Serve as Chair of the Executive Committee
- b) Chair-elect
 - 1) Serve on the Executive Committee
 - 2) Perform the duties of the Chair in the absence of the Chair
 - 3) Assist the Chair in representing the faculty before the Administration, the Regents, and other groups as required
 - 4) Oversee HSC Council committee appointments
- c) Immediate Past-Chair
 - 1) Serve on the Executive Committee

Section 3. Duties of the Executive Committee

- a) Call special meetings of the HSC Council as needed
- b) Meet with the Chancellor of the HSC when issues of urgency occur
- c) Assist the Chair in establishing priorities and in setting the agenda for meetings

Section 4. Election of Officers

- a) The election of the Chair-elect shall be conducted at the June meeting of the HSC Council. At the discretion of the Executive Committee, the election may be conducted electronically.
- b) The election shall be chaired by the past-Chair of the HSC Council.
- c) The officers shall take office on September 1 of the year of the election.
- d) If the Chair-elect does not complete his or her term of office, the Executive Committee will arrange for the HSC Council to elect a replacement at the earliest opportunity.

Article V. Meetings

Section 1. The HSC Council shall be held monthly. The Executive Committee may call additional meetings as needed.

Section 2. A quorum shall consist of 25% of the voting membership.

Article VI. Committees

Section 1. HSC Council Committees will not replace any existing UNM Faculty Senate Committee *per se*.

Section 2. Standing Committees of the HSC Council

- a) HSC Policy Committee
 - 1) The charge of this committee is to review HSC policies and/or other policies that directly affect HSC faculty.
- b) HSC Curriculum Committee
 - 1) The charge of this committee is to review and recommend to the HSC Council on curricular requests prior to final approval by the UNM Faculty Senate.

Section 3. *Ad Hoc* Committees of the HSC Council

- a) Nominating Committee
 - 1) The charge of this committee will be to serve only at the yearly elections.
- b) The HSC Council shall appoint other *ad hoc* committees as needed.

Article VII. Parliamentary Authority

Section 1. The parliamentary authority of the HSC Council is the current edition of Sturgis' *Standard Code of Parliamentary Procedures*.

Article VIII. Amendments to By-laws

Section 1. Changes to the by-laws require notice to the membership at the previous meeting.
Section 2. Amendments require two thirds (2/3) vote of the full membership, which may be conducted electronically.

Article IX. Implementation

These procedures will be deleted from the by-laws after the first year.

1. In the first year after the approval of these by-laws, a Chair of the HSC Council will be elected for a two-year term.
 2. In the first year after the approval of these by-laws, the HSC academic units will elect two at-large members, one of whom will be elected for a one-year term. Thereafter each unit will elect one new at-large member annually.
- Senator Howard Snell (History) moved that the HSC Council be made permanent. The motion was seconded. Senator Doug Fields commented that making the council permanent without bylaws is backwards. President Wood stated that the council has the above mentioned bylaws for the internal workings of the council but the bylaws that integrate the council in the senate structure still need to be developed. Those bylaws would require approval by the Policy Committee, Operations Committee and the full senate. An approval of this motion would be the endorsement of the concept. HSC Council Chair Katalanos stated there is precedent with the establishment of the FS Policy Committee. The Policy Committee was created and the slots were filled. The first charge to the committee was to develop its formal charge for approval consideration by the senate.
 - The Faculty Senate voted to unanimously endorse the HSC Council being made permanent. The Faculty Senate will vote on formally making the council permanent when the implementation and incorporation bylaws are presented for consideration.

CONSENT AGENDA

CONSENT AGENDA TOPICS

8. FORMS C FROM THE CURRICULA COMMITTEE

The following Forms C were approved by voice vote of the Faculty Senate:

- Revision of Chemistry Minor, College of Arts and Sciences
- Revision of Major in BA of Dance, College of Fine Arts
- Revision of Minor in Dance, College of Fine Arts
- Revision of MFA in Dance, College of Fine Arts
- Revision of Concentration in MA of Theatre and Dance, College of Fine Arts
- Revision of BA in Design for Performance, College of Fine Arts
- Deletion of Concentration in MS and PhD in Chemistry, College of Arts and Sciences
- Revision of Concentration in MA of Art History, College of Fine Arts
- Revision of Major in BA of Theatre, College of Fine Arts
- Revision of Instrumental Concentration in BA of Music Education, College of Fine Arts
- Revision of BA in Music, College of Fine Arts

- Revision of Minor in Peace Studies, College of Arts and Sciences
- New Minor in Arts Management, College of Fine Arts
- Deletion of Minor in Administrative License, College of Education
- Deletion of Minor in Leadership for Organizational and Community Learning, College of Education
- Deletion of Minor in Instructional Leadership, College of Education
- New Minor in Educational Leadership, College of Education
- New Dual MA in Latin American Studies and Public Health, College of Arts and Sciences
- Revision of Positron Emission Tomography Certificate, Radiology, School of Medicine

9. SPRING 2011 DEGREE CANDIDATES

The Spring 2011 Degree Candidates were approved by unanimous voice vote of the Faculty Senate.

AGENDA TOPICS

10. UPDATE ON LEGISLATIVE RELATIONS AND OUTCOMES

Governmental Relations Director Marc Saavedra and GRC Chair Antoinette Sedillo Lopez reported the following:

- Director Saavedra explained that there have been six cuts since 2009 to UNM's budget by the legislature totaling 20%. It does appear the economy is stabilizing.
- We will not be back to 2008 funding levels until 2014. New Mexico is among 29 other states in the same situation. If the LFC recommendation would have been accepted, UNM would have experienced another \$10 million in cuts. The average cut to Higher Education has been four to six percent.
- Governor Martinez line-item-vetoed a law that would have required UNM to report monthly, its Federal grant dollars to the legislature.
- Revenue has increased by about four percent. Fiscal Year 2012 was a very tough session especially with having to replace stimulus dollars.
- Next year UNM should focus on waivers, retirement solvency, the lottery scholarship solvency, the capital outlay funding and failure of the General Obligation Bond as well as the funding formula.
- There will be a special session on redistricting in August or September. The UNM area may lose a seat as a seat is moved to the West side.
- The Legislative Finance Committee (LFC) will also be evaluating the Health Sciences Center.
- Director Saavedra concluded by presenting the following:



2011 Regular Legislative Session Summary

- Most recent economic consensus reporting predicts a state budget deficit between \$260 million and \$450 million.
 - FY 12 Legislative Finance Committee (LFC) budget recommendations:
-

➤ **LFC - Legislative Finance Committee Recommendation:**

- Formula Funds Enrollment Growth only - \$6,096,118
 - Instruction and General (I&G) budget recommendation start from FY11 revenue consensus allotment reductions as the new base.
 - Main Campus reduced by 3.8%
 - Health Sciences Center 0.9%
 - Tobacco Settlement reduced by 36.2% (Funds both I&G and RPSPs)
 - Tuition Credit
 - In-state – 3.1%, Average full-time student will pay \$100.00 more a semester
 - Out-of-state – 9.5%
 - Tuition Waivers – Pro-rated amount of the tuition waivers cut – \$2,274,338
 - Special Projects – Cuts ranged from 5 to elimination based on various LFC criteria
 - ERB – Employer/Employee swap of 1.75% on top of the 1.5%
 - Equipment Renewal and Replacement (ER&R) – eliminated from the funding formula and deletes funding for FY 12
-

➤ **HAFC - House Appropriations and Finance Committee:**

Budget hearing for higher education department and institutions was on Thursday, February 10th, both the DFA and LFC presented their proposed budgets to the committee, and the institutions had an opportunity to express their concerns. UNM made the following comments:

- Support the DFA recommendation
- Request flexibility between RPSPs and Instruction and General (I&G)
- The University administration supports a strong and solvent retirement fund for our educational retirees and plans to continue to engage during this session in the debate over ERB contributions and distribution
- Strongly recommends the development of 3 new funding formulas, one for two-year institutions and one for research and comprehensive institutions, which differentiate between the missions of the different institutions in New Mexico rather than the current one-size-fits-all formula

December 2, 2010

REVENUE

Dannette Burch, Cabinet Secretary-Designate, DFA
Duffy Rodriguez, Cabinet Secretary-Designate, TRD

ISSUES FOR HEARING Updated Consensus Revenue Estimates

Prepared by
Thomas Clifford, Chief Economist
Julie Anna Golebiewski, Economist, Leila Burrows Economist

SUMMARY:

- FY11 recurring revenue is up by \$56 million from the October forecast and is now up by \$16 million compared with the July estimate but down by \$143 million compared with the post-session forecast.
- After \$151 million of allotment reductions already implemented, FY11 revenue is \$37.4 million less than appropriations. After closing FY10, an additional \$74.5 million of reserve transfers was authorized to cover the FY11 shortfall.
- If no further adjustment is made to FY11 appropriations, the FY11 ending balance in General Fund reserves would be \$235 million, 4.5 percent of recurring appropriations.
- FY12 revenue was revised up by \$41.7 million. The shortfall between FY12 revenue and the cost of current services is \$214.9 million, assuming a continuation of current cost-saving measures.
- Recurring revenue growth is forecast at 7.6 percent in FY11 and 4.4 percent in FY12. Roughly half of the FY11 increase is due to revenue enhancement legislation passed in the 2010 session. Absent this legislation, FY11 growth is forecast at 3.8 percent. Details of this calculation are provided in Table 2.

Table 1
December 2010 Consensus General Fund Recurring Revenue Outlook
(Dollar amounts in millions)

	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>
Post-session estimate	\$4,831	\$5,107	\$5,591	\$5,790	\$5,988	\$6,128
July 2010 revisions	-\$12	-\$159	-\$161	-\$95	-\$64	\$38
October 2010 revisions	-\$5	-\$40	-\$81	-\$103	-\$109	\$154
December 2010 revisions	\$4	\$56	\$42	\$21	\$12	\$20
December 2010 consensus	\$4,799	\$5,164	\$5,390	\$5,613	\$5,827	\$6,057
Annual amount change	-\$520	\$166	\$226	\$225	\$212	\$250
Annual percent change	-9.8%	7.6%	4.4%	4.2%	3.8%	3.9%

House Bill 2, General Appropriations Act:

Language that was removed from the Bill:

Page 235

Line

9 Section 12. Authority to Reduce Allotments.

10 A. During fiscal year 2012, the department of finance and administration shall regularly
11 consult with the legislative finance committee staff to compare revenue collections with the
revenue

12 estimate. If a general fund consensus revenue forecast projects that revenues and transfers to the
13 general fund, including all transfers authorized pursuant to Section 13 of the General

Appropriation Act

14 of 2011, will be insufficient to meet general fund appropriation for fiscal year 2012, the
governor,

15 with the approval of the state board of finance and after review and an opportunity to comment by
the

16 legislative finance committee, shall reduce general fund allotments to all agencies, funds,
programs and

17 other recipients that receive a general fund appropriation in Section 4 of the General
Appropriation Act

18 of 2011, pursuant to the following guidelines:

19 (1) the aggregate of all the reductions in allotments shall equal the amount of
20 the projected deficit,

21 (2) the reductions shall apply proportionately to all agencies, funds, programs
22 and other recipients, and to all programs and categories within agencies, that receive a general
23 fund appropriation in Section 4 of the General Appropriation Act of 2011, except that no

March 17, 2011 (Revised)

Highlights of HAFB Substitute for HB2 et. al., the General Appropriation Act with Senate Finance Committee (SFC) Amendments

Revenue. Projected FY12 recurring revenue is \$5.39 billion, up \$226 million, or 4.4 percent over FY11. This reflects steady growth of major revenues plus a strong increase in corporate income taxes as the economic recovery gathers momentum. The mid-session review of revenue estimates by economists at DFA, TRD and LFC indicates no change except a \$36 million increase in FY11 non-recurring revenue due to an extraordinary tax payment in January.

HAFB action presumes passage of two bills that boost FY 12 revenue: HTRC substitute for HB607 as amended in SFC and in SFL limits annual film credit payments to \$50 million, provides for a laddered schedule of refunds and increases recurring revenue by \$23.3 million, and SB626 delays a distribution increase from the Fire Protection Fund and raises \$1.3 million.

SFC Amendments. The Senate Finance Committee amendments reduce general fund appropriations by \$5.6 million, mostly offset by increases in appropriations from other state funds. The most significant item stems from application of a TRD administration fee of 3.25 percent to the food and medical gross receipts tax hold harmless distribution to cities. This allows a \$4.4 million reduction in the general fund appropriation to the Taxation and Revenue Department.

SFC amendments increase FY12 general fund appropriations \$7.6 million, including \$1 million to reduce the waiting list for services to the developmentally disabled, \$1 million for early childhood education, \$800 thousand to reduce cuts to the higher education formula non-resident waiver, \$1.3 million for savings from agency unemployment rates, \$500 thousand to reduce savings from reorganization and \$380 thousand for the Department of Cultural Affairs.

At the request of the Executive, \$25 million of FY12 appropriations in Section 5 pursuant to HAFB amendments (contingent on passage of HB 607, film) are rolled into Section 4.

HAFB Amendments. Contingent on passage of HB607 or similar legislation, a new Section 5 appropriates \$25 million in FY12 as follows: \$6.5 million for Medicaid, \$3.5 million for Health, \$3.1 million to CYFD, \$3.5 million for Corrections, \$900 thousand for State Police and \$7.5 million for schools.

Recurring Appropriations. HB2 and HB1 make FY12 recurring general fund appropriations of \$5.431 billion, 4.4 percent greater than the adjusted operating budget for FY11. The FY12 appropriations are \$153 million, or 2.7 percent, below the FY11 operating budget adjusted to include \$380 million of one-time federal stimulus funds.

FY12 recurring appropriations prioritize core government services including education instruction, healthcare and the judiciary.



Report
to
The LEGISLATIVE FINANCE COMMITTEE



Higher Education
New Mexico State University & University of New Mexico
August 11, 2010

Report #10-10

including Santa Fe and New Mexico Junior College, receive little state subsidy for these courses due to high property tax values.

Not all tuition and mill levy revenue is included in the credit calculations. For example, UNM's higher tuition for certain professional and graduate schools is not taken into account when calculating the credit. Some mill levy revenue is purposefully excluded.

The State waives an estimated \$60 million in out-of-state tuition, but has not targeted those waivers to ensure institutions attract higher quality students that are likely to stay in state. NMSU accounts for an estimated \$23 million and UNM \$20.7 million. Tuition waivers are provided for Texas residents living within 135 miles of New Mexico, athletes, and tuition reciprocity with other states among others. In some cases tuition waiver policy puts New Mexico residents at a disadvantage. Out-of-state students can have their higher tuition waived if they work as a graduate teaching or research assistant, but in-state students performing the same job receive no additional subsidy. Waivers are not targeted to high need degree fields either.

Course "taking" is funded, but not course completion, resulting in the state potentially paying millions for dropped courses. Over a three-year period NMSU and UNM generated about \$58.4 million in formula funding for SCH never completed by students. This difference in formula funding accounted for between five to seven percent and totaled an estimated \$7.1 million at NMSU for SCH generated in FY09 and almost \$12.4 million at UNM alone. Assuming similar completion trends statewide, the total instructional workload funds would be about \$43.6 million less. The LFC and HED may want to have institutions report actual completion rates and funding value to obtain better estimates.

The State does not incentivize degree production, nor monitor quality outcomes of existing programming and degrees they produce. A performance fund did receive appropriations, but the amounts institutions could earn appeared too low compared to other funding adjustments. In addition, about \$2.5 million in unspent performance funding was swept as part of solvency actions taken by the Legislature.

Efficiency measures are not considered, including on-time degree completion and reducing excessive student credit hours (SCH). UNM and NMSU graduates earn on average about 150 SCH, or 15 percent in excess of what is required for graduation. Both Texas and Arizona have moved to incentivize efficient time-to-degree completion rates by restricting state funding for excess SCH.

The State has hundreds of line item appropriations for research and public service projects without a comprehensive plan for their need, use or expected outcomes. These may or may not fit into the universities' research agenda and in some cases these small pools of funding are insufficient to achieve the scale necessary to implement high quality research. The limiting nature of specific appropriations also makes finding unrestricted matching funds available for major federal grants difficult.

In some cases research and public funding goes unused as a result. During this evaluation, UNM-Main identified over \$570 thousand in special appropriations that may need to revert to the general fund. This amount may be reduced depending on the results of UNM working with the Department of Finance and Administration (DFA) to finalize the amount. NMSU identified and reverted about \$157 thousand

The research universities must demonstrate results of research activities, particularly for high cost fields, and contributions toward improved employment and economic development. Research activities at NMSU and UNM help New Mexico fulfill three essential needs – innovation and new knowledge, advanced training, and job creation. Participation in research activities by students has other potential benefits, including entering higher-wage degree fields, higher overall academic performance, and remaining in-state to contribute to New Mexico's economy. Better coordination and targeted strategic investments would help position UNM and NMSU to foster centers of research excellence. The availability of high-quality research units increases New Mexico's competitive position to attract high quality students and increase economic activity.

The State, UNM, and NMSU do not regularly assess employment rates of graduates. Degree fields that typically yield higher paying jobs have lower in-state employment rates. As shown in the appendix, National labs employ many graduates from New Mexico institutions; however they tend to employ more of the lower degree levels.

Recommendations

Higher Education Department

- Develop and implement a strategic master plan for higher education as required by state law and use the plan to develop policy goals for educational excellence and improving cost-effective degree production; research excellence; workforce and community; and productivity. The plan should include specific and measurable outcomes and performance targets; include educational cost-sharing goals between the state, students and local taxpayers; identify physical and instructional capacity of the system and centers of excellence; and provide a framework for a new funding formula.
- Use the master plan to consider changes in the funding formula. The changes should provide incentives for cost-effective services; greater completion rates and on-time degree production; exclude duplicative or unnecessary degree programs from funding; and boost funding for identified centers of excellence.
- Identify the difference in funded SCH versus completed SCH statewide and report the results to LFC no later than November 1, 2010.
- Work with the Department of Finance and Administration and institutions of higher education to identify other unspent special appropriations that should revert to the general fund. UNM should revert its unspent funds.

Legislature

- In a cost neutral manner, modify tuition waivers currently benefitting UNM and NMSU to target broader out-of-state markets, increase the quality of the student body, and to provide tuition discounts for New Mexico students pursuing graduate education in selected fields. Waivers should be capped.
- Consider funding formula changes to provide incentives for cost-effective services; greater completion rates and on-time high quality degree production; exclude duplicative or unnecessary degree programs from funding; and boost funding for identified centers of excellence.
- The Legislature should consider adding employment rates of graduates as explanatory measures in the General Appropriation Act, as is currently required of two-year institutions.



STATE OF NEW MEXICO

REPORT OF THE
LEGISLATIVE FINANCE COMMITTEE
TO THE FIFTIETH LEGISLATURE
FIRST SESSION

JANUARY 2011

FOR FISCAL YEAR 2012

VOLUME II

LEGISLATING FOR RESULTS:
APPROPRIATION RECOMMENDATION

Currently, New Mexico supports 14 programs that allow out-of-state tuition students to pay in-state tuition, generally as an incentive to attend a particular institution. Although not specified in statute or rule, institutions are held harmless for providing these tuition waivers through a reduction of their tuition revenue credit, resulting in a significant general fund increase. It is unclear why the difference between out-of-state tuition and in-state tuition is credited to the institution. The cost of educating these students is no different than educating resident students. For FY12, these waivers are expected to have a general fund impact of almost \$85 million, an amount significantly greater than what is spent on need-based student financial aid programs for New Mexico students. The Legislature and executive should consider the public policy implications of whether the general fund should pick-up the cost of waivers and whether the state should continue to pay more than \$85 million for a program that has merit but greatly exceeds what the state pays in financial aid for its own students to attend New Mexico institutions.

The recommendation reduces two waiver programs for FY12. The nonresident waiver provides for any nonresident student to take up to six credit hours and pay in-state tuition. This includes students from other states and countries taking distance learning classes who may never set foot in the state. The recommendation reduces funding for this waiver by 50 percent, reducing the general fund recommendation by \$6.1 million. The nondiscrimination waiver applies to any student who attended a high school in New Mexico for at least a year and received a diploma or who has earned a general education development diploma (GED) in state. These students are to receive the same tuition or financial aid opportunities as resident students, regardless of immigration status. The statute does not direct what is being waived and how the amounts are determined. Of the \$10.5 million waived annually, \$8.6 million, or 82.3 percent, is claimed by Central New Mexico Community College. The recommendation reduces funding for the nondiscrimination waiver by 40 percent, resulting in a general fund reduction of \$4.2 million.

The formula provides funding for equipment with a cost greater than \$1 thousand. The practice of funding equipment requires significant data collection and analysis yet accounts for only 1.2 percent of I&G. The committee recommends the equipment renewal and replacement (ER&R) component be eliminated from the funding formula and deletes funding for FY12.

Concerns persist regarding the number of research and public service projects supported from the general fund and the lack of associated accountability and performance outcomes. A 2008 evaluation of selected research and public service projects suggested the need for improved strategic planning, program management, and program results. Of the four-year institutions, the University of New Mexico has made strides in addressing these concerns but continues to have difficulty eliminating and reducing programs. The recommendation reduces funding for research and public service projects by \$9.9 million from the FY11 appropriation as adjusted, consolidates a number of individual budget lines, and moves a modest number of projects into the I&G line at the Health Sciences Center. This reflects reductions of 5 percent for statewide projects and certain projects with statutory requirements; 10 percent for research projects, public service projects, and the preschool-to-college (P-20) pipeline; 15 percent for I&G-related projects and academic projects receiving start-up funding; and 50 percent for projects that duplicate activities of HED, other state agencies, or other programs within the higher education budget. Projects of \$60 thousand or less, some duplicative programs, and special project expansion funding are eliminated. The committee again recommends enhanced HED emphasis on oversight and accountability of these projects and higher education budgets overall. In 2008, the Legislature provided \$50 thousand and an additional full-time-equivalent employee to enhance HED capacity to engage in research and public service project oversight and, in 2007, the Legislature provided an additional full-time-equivalent employee for the Higher Education Department to engage in institutional audits. It appears these FTE have been assigned other responsibilities within the department. The department should return these staff to the responsibilities for which they were funded to improve agency oversight and compliance.

The University of New Mexico Health Sciences Center (UNM HSC) recommendation includes a reduction of \$1.8 million, or 3.1 percent from the HSC I&G line, reflecting similar reductions to all institutions and a prorated reduction for the elimination of ER&R. The recommendation also includes \$400 thousand for the Bachelor of Arts/Medical Doctor program. The recommendation limits reductions to the HSC research and public service lines with statewide responsibilities and moves a limited number of lines into I&G. While UNM HSC closed FY10 with \$43 million of net operating income, revenues for FY11 are somewhat sluggish and balances are expected to be down. HSC should be able to use the indirect costs portion of federal funding to assist with the overall operating costs. HSC had an FY10 ending fund balance of \$63.2 million, and although a large portion is restricted to certain uses, some amounts remain for HSC to use for general purposes.

The New Mexico School for the Blind and Visually Impaired and the New Mexico School for the Deaf are primarily kindergarten-12 schools and since FY09 have received reductions similar to the institutions of higher education, rather than the lower cuts experienced by public schools. For the state's special schools, the committee recommends budget reductions of 3.3 percent for FY12.

- Chair Sedillo Lopez stated that the Legislator and Higher Education Forum last year was a success. The goal was to establish and strengthen relationships.
- This year there will be dialogs rather than a forum. Faculty Senators will receive an invitation sometime in the Fall semester
- The Governmental Relations committee is working on a toolkit for faculty to use to host coffees with their legislators.
- The GRC will do some advance work with the ERB and with the legislature. It is a very overwhelming issue. The GRC will also work on the alternative retirement plan since there are so many faculty that participate.

11. UNM FOUNDATION

UNM Foundation President Henry Nemcik presented the following:

- President Nemcik explained the theme of the current campaign “Changing Worlds.” The theme was to highlight faculty and students.
- The mission of the Foundation is to raise funds and invest funds for the University. The Foundation does not raise budget money. Most of the dollars they raise (98%) are restricted for purposes determined by the donor.

Changing Worlds Campaign Totals:

<u>Fiscal Year</u>	<u>Non-Endowed Gifts</u>	<u>Endowment Gifts</u>	<u>Total Gifts</u>
2009-10	\$65,111,440	\$8,718,882	\$73,830,322
2008-09	\$79,971,788	\$10,505,300	\$90,477,088
2007-08	\$63,266,750	\$21,774,795	\$85,041,545
2006-07	\$53,977,771	\$18,307,681	\$72,285,452

Annual Funding Transferred to the University of New Mexico:

<u>Fiscal Year</u>	<u>Non-Endowed Gifts (Cash)</u>	<u>Endowment Spending Distribution</u>	<u>Total Transfers</u>
2009-10	\$14,898,545	\$15,409,388	\$30,307,933
2008-09	\$29,753,046	\$15,294,369	\$45,047,415
2007-08	\$23,745,908	\$14,085,493	\$37,831,401
2006-07	\$21,559,173	\$12,328,534	\$33,887,707

Note: "Cash" gifts were not as popular in FY2009-10 as a result of the economic conditions. Deferred giving was the favored means for giving.



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12. EDUCATION RETIREMENT BOARD RESOLUTION ENDORSEMENT

President Wood presented a resolution that was previously passed by the UNM Staff Council regarding changes to the ERB. It was moved that the Faculty Senate endorse the following resolution, it was seconded and there was no further discussion. The Faculty Senate voted to unanimously endorse the Staff Council resolution.

Staff Council 2011-Resolution #4 - Response to ERB and NM House and Senate increases in UNM Employee Retirement Contributions.

Authors: Robert Christner, G 14 and Elisha Allen, G 16-19

Executive Committee

Presented to the Council on April 19, 2011

Council Action: _____

1. **WHEREAS** the State of New Mexico has been severely impacted by the economic recession; and,
2. **WHEREAS** these events have negatively impacted the solvency of the Educational Retirement Board pension plan; and,
3. **WHEREAS** the NM State Legislature has **NOT** met its obligation to address the solvency of the fund; and,
4. **WHEREAS** the State of New Mexico has introduced a temporary ERB Swap increase two years ago to balance the state budget; and,
5. **WHEREAS** The State of New Mexico did not follow through with the promise to sunset the swap after two years; and,
6. **WHEREAS** the 2011 Legislative body is voting to further increase ERB employee contributions without addressing the solvency concerns of the ERB through a "Retirement Swap" that effectively imposes a tax on New Mexico's education workforce, reducing take home pay; and,
7. **WHEREAS** employees do not have the choice of whether to contribute to the fund nor see any increased benefit as a result of increased contributions to the fund, making this swap effectively a new payroll tax; and,
8. **WHEREAS** many employees in New Mexico's educational workforce cannot afford this reduction in take home pay and could lose their homes, ability to pay for health insurance, or worse, as a result of this unfair tax imposition; and,
9. **WHEREAS** a committed and capable workforce is the foundation of any organization; and,
10. **WHEREAS** compensation and benefit packages are important components in attracting and retaining high quality, motivated employees; and,
11. **WHEREAS** demands on higher education have grown with increasing enrollment during the recession, and lower state funding levels have forced New Mexico's education workforce to take on significantly more work with fewer staff and less compensation, causing stress and overtime; and,
12. **WHEREAS** the employees of the University of New Mexico have been active participants in cost containment efforts including retirement swap contributions, a hold on salaries and cost of living increases for more than 3 years
13. **NOW, THEREFORE**, be it resolved, that the UNM Staff Council finds ongoing use of ERB retirement swaps to be an unacceptable means of addressing state budget deficits that adversely affects the mission of the university and the employees who support that mission
14. **NOW, THEREFORE**, be it also resolved, that the UNM Staff Council calls on the Governor and the New Mexico State Legislature to discontinue the use of retirement swaps after FY12, and to live up to the State's obligation to address solvency issues that exist within the ERB.

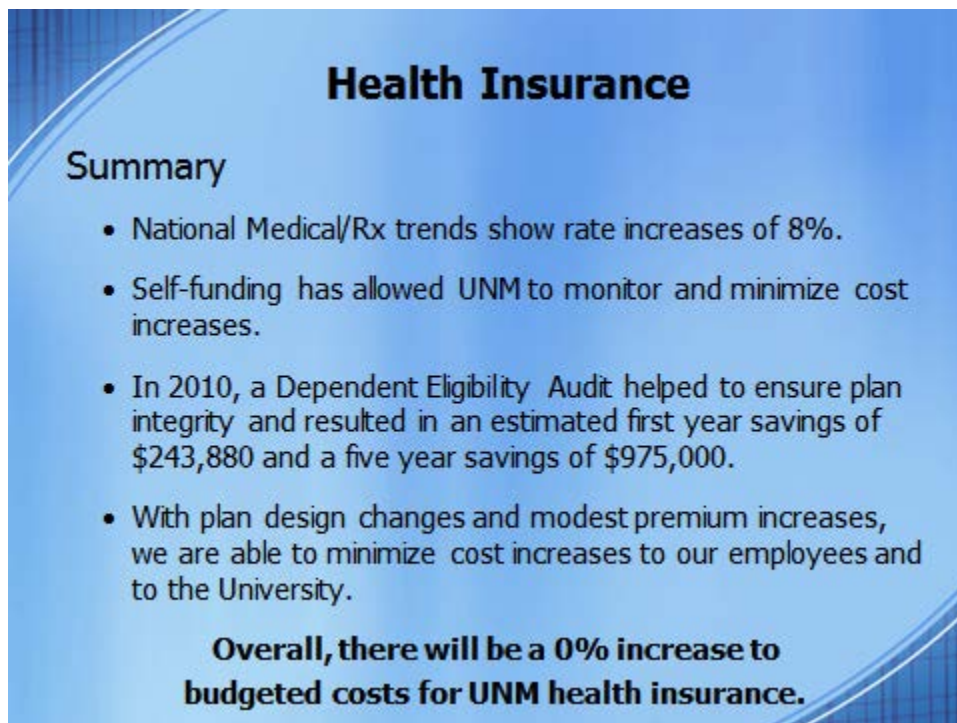
13. RISK MANAGEMENT REQUIRED TRAINING

Training Specialist Dan Byrne (Safety and Risk Services) reported the following rationale behind the requirement for faculty and staff to take annual online training:

- Safety and Risk Services mission to ensure a safe work environment and to maintain compliance with a myriad of state and federal safety regulations.
- Basic Annual Safety Training is the manner in which SRS communicates with the entire campus as a whole.
- In 2010 the trainings were added as requirements to the performance reviews.
- The training is to also save on insurance premiums and lost productivity.
- Civil Rights is a state law and UNM must show compliance.
- The Ethics module was an Internal Audit Recommendation
- Violence in the workplace has become a concern in recent years.

14. CHANGES TO HEALTH INSURANCE BENEFITS

Vice President Helen Gonzales (Human Resources) presented the following update of the changes to the health insurance benefit provided at UNM.



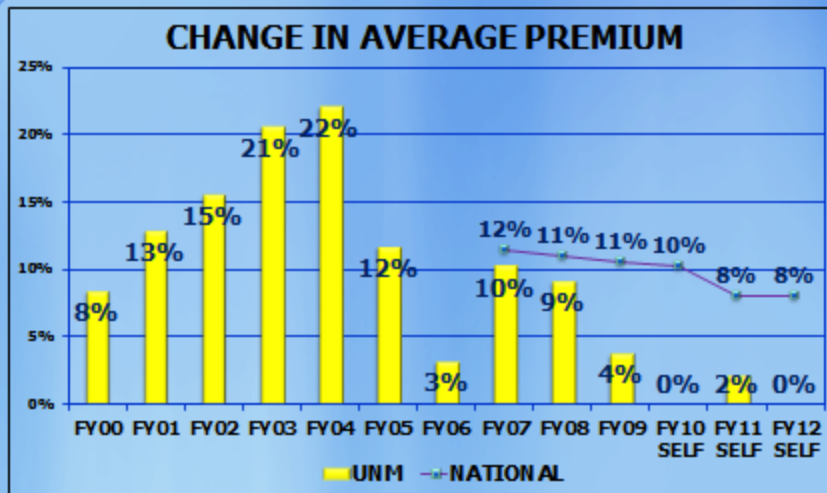
Health Insurance

Summary

- National Medical/Rx trends show rate increases of 8%.
- Self-funding has allowed UNM to monitor and minimize cost increases.
- In 2010, a Dependent Eligibility Audit helped to ensure plan integrity and resulted in an estimated first year savings of \$243,880 and a five year savings of \$975,000.
- With plan design changes and modest premium increases, we are able to minimize cost increases to our employees and to the University.

Overall, there will be a 0% increase to budgeted costs for UNM health insurance.

Increase in Health Premiums



Health Plan Strategy

1. Realign Premium Structure to Reflect Expense Utilization.

- Base premiums on expense utilization between coverage tiers (Emp Only, Emp & Spouse, Emp & Child, and Emp & Family).
- Base premiums on expense utilization of population between each carrier (i.e., Lovelace and Presbyterian).
- Align premiums based on expense utilization between active and early retiree populations.

Health Plan Strategy

2. Move Away from an HMO Model to a Consumerism Model Based on the New Reality of Health Care Design.

- Base plan design on cost of each network (i.e., LoboCare, In-Network, and Out-of-Network).
- Use co-pays for higher frequency services (i.e., primary and specialist office visits, urgent care). Lab work and x-rays are covered in co-pay.
- Use coinsurance for lower frequency services (i.e., inpatient hospital, outpatient surgical procedures, and high cost diagnostics).

Health Plan Strategy

3. Promote Consumerism and Value-Based Decision Making.

- Reduce total out-of-pocket maximums by combining LoboCare and In-Network out-of-pocket maximums.
- Combine deductibles for LoboCare and In-Network.
- Patients can use both the LoboCare Network and In-Network for services without meeting multiple deductibles and out-of-pocket maximums.

Plan Design

Enhancements

- Dependent coverage to age 26 irrespective of marital status or other coverage accessibility.
- Preventive Services that previously required a co-pay will no longer require a co-pay.

*UNM is able to absorb the increased cost of enhancements with savings and plan design changes.

Health Insurance Cost Impact

Active Employee Premiums

- 3800 employees will realize a \$6-\$30 decrease per month
- 1850 employees will realize a \$8-\$32 increase per month

Under age 65 Retiree Premiums

- 526 retirees will realize \$9-\$26 increase per month
- 74 retirees will realize \$50-\$92 increase per month

Health Insurance Impact to Retirees

Under age 65 Retiree

- Premium contributions will shift 5%.

Typical contribution:

	Employer Paid	Retiree Paid
Current Allocation	60%	40%
Fiscal Year 2012	55%	45%

- Premiums will incrementally shift 1% per year for FY13-FY17.
 - Premium shift is not associated with any potential increases attributable to rising premium costs.
- By FY 2017, a typical premium contribution will be 50/50.
- This will result in reduced GASB45 unfunded liability.

FY12 Health Plan Costs

Administrative Costs	\$ 3,628,000
Medical Claims Costs	\$42,501,436
Pharmacy Claims Costs	\$10,684,549
Stop Loss Insurance	<u>\$ 2,265,000</u>
 Total Self Insured Cost	 <u>\$59,078,985</u>

*Health Care reform requires insured plans to have admin costs no greater than 15%.

UNM admin costs are only 6%.

FY12 Health Plan Funding

Premium Funding	\$55,000,000
Investment Earnings	\$ 135,000
Rx Rebates	\$ 720,000
Health Care Reform ERRP Funding	\$ 850,000
FY11 Premiums Over Claims/Reserve	<u>\$ 2,373,985</u>
 Total Self Insured Cost	 <u>\$59,078,985</u>

Dental & Vision Insurance Costs

Dental Insurance Costs

Premier Plan: No Cost Changes
Basic Plan: No Cost Changes
No Plan Design Changes

Vision Insurance Costs

No Cost Changes
No Plan Design Changes

*Retiree allocation of premiums will shift 5%.

15. NEW BUSINESS AND OPEN DISCUSSION

One item was raised:

Senator Zachary Sharp (Earth and Planetary Sciences) asked that the Faculty Senate should make a formal statement regarding allowing firearms on campus. A Texas University recently

passed a law allowing it.

President Elect Tim Ross said the Operations Committee will address the issue at an upcoming meeting.

16. ADJOURNMENT

The meeting was adjourned at 5:42 p.m.

Respectfully submitted,

Rick Holmes
Office of the Secretary