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### University of New Mexico Board of Regents Minutes for June 10, 2016

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**Minutes of the Regular Meeting of the Board of Regents of the University of New Mexico  
June 10, 2016  
Student Union Building, Ballroom C**

Members present

Robert M. Doughty, President; Marron Lee, Vice President; Jack L. Fortner, Secretary Treasurer; Ryan Berryman; Bradley C. Hosmer; Suzanne Quillen

Administration present

Robert G. Frank, President; David Harris, EVP of Administration, COO, CFO; Paul Roth, EVP and Chancellor for Health Sciences; Chaouki Abdallah, Provost and EVP for Academic Affairs

Regents' Advisors present

Michelle Coons, UNM Foundation; Daniel Perea, Parent Association; Glenda Lewis, GPSA; Kyle Biederwolf, ASUNM; Stefan Posse, Faculty Senate

Others in attendance

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

CONFIRMATION OF PRIOR SPECIAL MEETINGS IN EXECUTIVE SESSION

The Board of Regents met in closed session on Friday, April 22, 2016 from 10:02 to 10:52 AM in the Roberts Room 204 of Scholes Hall on Main Campus. The meeting was held in closed session under the following Open Meeting Act (NMSA 1978) exception: discussion and determination where appropriate of limited personnel matters, as permitted by Sections 10-15-1H(2). Members present in person were, Jack Fortner, Ryan Berryman, Marron Lee, Robert Doughty, and Bradley Hosmer. Regent Suzanne Quillen joined the meeting telephonically. President Robert Frank and University Counsel were present. The matters discussed were limited to those specified in the notice and agenda for the meeting. There were no matters upon which action was taken.

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

Regent President Robert Doughty called the June 10, 2016 regular meeting of the Board of Regents to order at 9:03 AM. A quorum was confirmed.

**The motion to approve the agenda passed by a unanimous vote with a quorum of Regents present and voting (1<sup>st</sup> Berryman; 2<sup>nd</sup> Hosmer).**

APPROVAL OF MINUTES

Regent Doughty asked for a motion to approve the minutes of the May 13, 2016 regular meeting of the Board of Regents.

**The motion to approve the minutes of the May 13, 2016 regular meeting passed by a unanimous vote (1<sup>st</sup> Berryman; 2<sup>nd</sup> Fortner).**

THE PRESIDENT'S ADMINISTRATIVE REPORT

President Robert Frank presented his administrative report to the Board and stated that the University has been working hard during the summer on initiatives that were discussed in the Spring. First was the implementation of the position control program to better manage positions. Second was scrutinizing all upper administrative positions.

Last summer NMSU organized an extensive survey to address how to reduce administrative costs. They looked at all administrative costs of other schools. Across the survey, we learned that administratively UNM is a fairly lean university. Generally, UNM was among the most efficient of those universities but we are still looking at where we can reduce administrative costs. An area for improvement is administrative process, such as purchasing banner modules and better management of paperwork through the University. Communication & Marketing Programs as well as Main Campus Information Technology are being reviewed for efficiencies. The results will come to the Regents as the reviews are completed.

The University is working to create a consistent identity and message about the great work done at UNM. The goal is to bring together the message of UNM and tell it more emphatically. The efforts will aid in student, faculty, and staff recruitment, as well as with alumni engagement and donor relations.

Last year the Board of Regents approved the engagement of 160over90, a national branding and marketing firm. They have been working with UNM behind the scenes over the last six months. Six months ago, the Board approved a motion to encumber \$1 million towards the branding efforts. The motion required that a plan be developed to create videos, ads, banners, and a view book to send to potential students. President Frank invited Argy Maniatis, Director of University Marketing, to present a high level plan for the branding initiative.

Ms. Maniatis presented information on the University branding efforts and stated University Communications & Marketing (UCAM) has been working with the agency, 160over90, as well as other units across campus, including the HSC and Alumni Relations, to build a strong foundation for the institutional brand.

A video was presented to the Board and meeting attendees on branding efforts that have been underway since January 2016. Ms. Maniatis added there have had 50+ training sessions with various departments, vendors, faculty, staff, and students across campus to give them the proper information and tools to implement the brand. Overarching marketing trends in Higher Education have been reviewed, specifically the recruitment of undergraduate students. The average person has an eight second attention span, down from 12 seconds in 2000; a goldfish has a nine second attention span. Approximately 40% of people abandon a webpage if it takes more than 3 seconds to load, and 55% of page views last less than 15 seconds. There is a finite amount of time to make a distinct impression and grab the attention of those the University wants to attract. For interaction, face to face interactions will dip a bit, and social media and websites will rise. Traditional media such as print advertisement, newspapers, magazines, and billboards will take a steep decline due to analytics. Mobile is extremely important to Millennials; Millennials are between the ages of 18 to 35. Approximately 53% of Millennials would rather lose their sense of smell than their technology. Between 18 to 24 year olds, 77% of them reach for their phone when bored and 52% check their phones every 30 minutes or less. About 79% use their phone while watching television, including multiple devices such as phones or tablets. Research predicts that by 2020, network-smart devices will hit 25 billion units, up from 900 million in 2009. Technology is playing a key role in marketing, as Millennials are the demographic being targeted as undergraduate students.

Ms. Maniatis reviewed higher education advertising budgets, which have increased more than 100% over the past 15 years. Most universities have used outside agencies for branding efforts, and this is the first time UNM has partnered with a branding agency. Marketing budgets for higher education vary widely. The Agencies fees include research, data collection, design, and media strategies. On the low end, institutions are spending from \$350K to \$2.5 million. UNM is one year into the four-year contract with 160over90 and is toward the bottom at \$500K. UNM is projected to finish FY16 at spending less than \$250K to push the message out in the marketplace. If they were to get approval from the Regents, UNM would be in alignment with other institutions, it would put 4.8% into traditional advertising such as billboards, television, magazines, and newspaper. Digital advertising includes social media, apps, streaming, and websites. Experiential marketing includes working with the Alumni Association for events. Printing and production will include an undergraduate view book and a video.

Digital media is important because it can measure and focus the target on a specific audience. For success metrics, UCAM would work with institutional partners across campus to look at overall impressions, number of clicks, click-through rates, total video views, and engaging particular audiences.

Regent Quillen inquired how they will measure impressions. Ms. Maniatis stated that they have been doing digital media for the past year and shared some statistics on how they've been successful promoting UNM. Certain areas on websites can be measured looking at Google Analytics. From June through September 2015, the click-through rates for ads on social media increased 358%. The University's name is getting out there, targeting specific audiences who are looking for higher education. Impression is awareness and that is how the target is reached. UNM needs this commitment to stabilize admission rates, increase community awareness and perception, and promote/tell the story of the institution.

Regent Berryman inquired if the budget was based on previous success we've had on specific mediums and media. Ms. Maniatis stated it is in alignment with some overarching marketing trends presented earlier, and looking at assets currently built and worked on in the past year with the agency. There has to be a comprehensive plan to target undergraduate students and increase community awareness. There are geographic regions targeted including California, Colorado, Florida, Nevada, New Mexico, and Texas. Traditional advertising is usually more expensive and harder to measure, so the effort is to get into the digital realm because it is easier to monitor.

Regent Hosmer inquired if the metrics and internet tools can aid in shaping internet behavior and focus sharply on target audience. Ms. Maniatis stated that they are working in alignment with enrollment to use all brand and marketing advertising to target specific audiences. The undergraduate view book will go out to perspective students to showcase the institution. There is ongoing effort to update websites so there is a cohesive brand experience for perspective students. President Frank emphasized branding does not stand alone but is a support vehicle, promoting raised awareness of the University, and therefore affects everything done at the University.

President Frank clarified the Board of Regents approved, at its September 2015 meeting, \$1 million from the Regents' Endowment Fund to go toward funding the implementation of the branding program, and he requested the Regents confirm the monies can now be spent.

Regent Marron Lee commented that after reviewing minutes from prior Finance and Facilities (F&F) Committee and full Board of Regents meetings, the actions at the time were contingent on the Regents' future approval.

Regent Lee motioned approval.

Student Regent Ryan Berryman agreed and provided background: the item came to the F&F Committee and it was motioned by Regent Koch to take \$1 million out of the Regents' Endowment Fund. Regent Berryman added there is still the need to develop a strategy for sustained, long-term funding as it's obvious the \$1 million will not provide that.

Regent Doughty asked if there was a second. Regent Hosmer seconded the motion.

**The motion to approve spending of the \$1 million that was already earmarked in the Regents' Endowment Fund to go towards implementation of the branding program was approved unanimously (1<sup>st</sup> Lee; 2<sup>nd</sup> Hosmer).**

PUBLIC COMMENT (no comments)

#### APPROVAL OF REVISIONS TO RETIREE ASSOCIATION BYLAWS

Kathy Guimond, President of the Retiree Association, presented the item, and requested, on behalf of the association, approval of several revisions to the Retiree Association bylaws. The primary reason for the revisions is operational efficiency of the membership committee. The revisions were approved by the Retiree Association board at its April meeting. University Counsel has also reviewed the revisions and found no issues.

**The motion to approve the Revisions to the Retiree Association Bylaws passed by a unanimous vote (1<sup>st</sup> Fortner; 2<sup>nd</sup> Lee).**

#### REGENT COMMITTEE REPORTS

##### CONSENT DOCKET

Items listed on the Consent Docket requiring Board of Regents approval:

##### Health Sciences Center Committee (HSCC) – Consent Items

- a. Request for the Nomination to the UNM Hospitals Board of Trustees - Mr. Erik Lujan
- b. Request for the Approval of the UNM Hospitals Equipment Disposition – May 2016 report

##### Finance and Facilities Committee (F&F) – Consent Items

- a. Approval of Disposition of Surplus Property for Main Campus - May 2016 report
- b. Approval of Annual Renewal of Maui Lease

**The motion to approve the Consent Docket items requiring Board of Regents approval passed by a unanimous vote (1<sup>st</sup> Lee; 2<sup>nd</sup> Fortner).**

#### HEALTH SCIENCES CENTER COMMITTEE

##### Approval of the UNM Hospitals Contract with GE Healthcare

Ava Lovell presented the item. This will be purchase of equipment to upgrade the operating room vascular and endovascular suite (Room F). The GE Discovery System equipment provides technology that will decrease the amount of radiation and contrast needed to properly image procedures as they are performed. There were three respondents to the RFP. The total cost is \$1.5 million. The source of funds is the UNM Hospital capital budget.

**The motion to approve the contract with GE Healthcare passed by a unanimous vote (1<sup>st</sup> Fortner; 2<sup>nd</sup> Doughty).**

##### Overview of the Health Sciences Center Office of Financial Aid (information item)

The item was not presented. Presentation of the material moved to the August meeting.

##### HSC Financial Update (information item)

Ava Lovell presented the HSC financial update for the ten month period ending April 30, 2016 and referred to the report that was included in the agenda eBook.

Student Regent Berryman inquired about the contingencies balances on page 3 of the report. The fiscal YTD versus the budget YTD, showing negative \$1.6 million in contingency revenue and negative \$1.9 million in contingency expenses. Ms. Lovell responded contingency expenditures are budgeted so that

additional expenditures will have received approval in the budget approval process. Specifically, \$2.2 million of contingent revenue and \$1.95 million of contingent expenditures were in the budget. The contingency is needed primarily due to volume unknowns. If there is more volume, then it will generate more revenue and expenses, and it is the expenditure levels that technically cannot be spent unless there is budget authority from the State.

#### ACADEMIC / STUDENT AFFAIRS & RESEARCH COMMITTEE

##### Approval of Form C: Commercial Driver's License for Taos

The CDL program is intended to prepare students with the knowledge and ability required to pass the CDL written and driving skills test, help students become safe and knowledgeable entrants into the commercial vehicle driver work force, and provide short-term workforce training certificates that meet industry standards and earn and industry-recognized credentials for the truck driving industry. UNM-Taos is currently operating as a preferred training provider for Werner Transportation and is partnering with the Taos County Government. The program is a 15-hour program, providing lecture, lab and driving experience.

Regent Hosmer commented it is a sound proposal, and there is clearly a market for it and it will benefit students.

**The motion to approve the Form C, Commercial Driver's License for UNM-Taos passed by a unanimous vote (1<sup>st</sup> Hosmer; 2<sup>nd</sup> Fortner).**

##### Residential Living Requirements (information item)

Regent Hosmer requested the item be deferred to the Finance and Facilities Committee's next meeting for review, at which time better data will also be available.

#### FINANCE AND FACILITIES COMMITTEE

##### Capital Project Approval: UNM CERIA Cryogenics Lab Equipment Modification

Chris Vallejos made the presentation. Regents' approval was requested for the UNM CERIA Cryogenics Lab Equipment Modifications capital project. The scope of the project is to relocate the existing cryogenic electric freezers to adjacent space and install new cryogenic, liquid nitrogen (LN2) freezers in their place. The total project budget is \$803,186 from three funding sources; \$384,186 from the National Science Foundation Grant, \$350K from FY17 BR&R (Building Renewal and Replacement), and \$69K from FY15 reserves from the College of Arts and Sciences. This project will ensure the long term preservation and security of the Division of Genomic Resources of the Museum of Southwestern Biology, which is a leader in these samples.

Regent Lee inquired if there is energy savings associated with the capital project. Mr. Vallejos confirmed there is energy savings associated with the project. There are two efficiencies that will be gained. If power was lost they could only keep powered for two days but with upgrade that time frame increases to 20 days to preserve samples. They also have 60% reduction in electricity because of the modernization of these freezers.

**The motion to approve the capital project, UNM CERIA Cryogenics Lab Equipment Modification, passed by a unanimous vote (1<sup>st</sup> Berryman; 2<sup>nd</sup> Dougherty).**

##### Approval of the UNM-Los Alamos Campus Mil Rate Resolution

Dr. Cindy Rooney, CEO of UNM – Los Alamos (UNM-LA) Branch Campus made the presentation. Regents' approval was requested for the UNM-LA Branch Campus Mil Rate Resolution to move forward with a mil levy election.

UNM-LA is currently at a one mil, which is what was approved in 1980. From 2008 to 2015, UNM-LA has seen increased student head count and credit hours by 30% but is facing decreased State revenue. UNM-LA would like permission to move forward with an election for a one mil increase to the voters of Los Alamos County. This is currently the only UNM Branch Campus at one mil; the others are operating at a two mil rate.

Regent Lee inquired how many previous attempts have been made to increase the mil levy rate, and what is being done differently to assure the mil levy passes. Dr. Rooney responded there have been two prior failed attempts; 2010 and 2013. Those prior two attempts were both for two mil, the current request is for a one mil. In 2013, they lost by 246 votes. They began doing things differently in 2013 to become a better member of the community and recruit more directly from the local base. Prior to 2013, they had activities in Bernalillo, NM and all of those activities have ceased. Some of the resistance from the local taxpayers was that they felt they were supporting operations in Bernalillo, NM. They have done a significantly better job partnering with local schools through dual credit. They currently have a working group with two members of the local

public school board, two members of the UNM-LA Advisory Board, and community leaders to review dual credit in the community.

They have also partnered with local schools on Community Internship Collaboration where Junior and Senior students go to UNM-LA campus, take a one credit-hour class preparing for the work place. They work in local businesses for up to 60 credit hours, and it is supported by the Los Alamos National Lab (LANL). UNM-LA is working with the LANL to meet their workforce needs. LANL indicated they expect 30% replacement of workers in the next 5 years. It is far more than the scientists; it is also office support, technical trades, draftsmen, and welders.

Regent Berryman inquired if a mil levy increase could help alleviate future tuition increases. Dr. Rooney confirmed and stated in the past they had to cut several positions while consistently increasing tuition. They do not want to continue to increase the costs to students.

Regent Berryman moved for approval and reiterated Regent Doughty's point brought up at the Finance and Facilities Committee meeting that it still requires approval from the voters.

Regent Doughty seconded and stated his position is that if the local voters in Los Alamos County want the mil levy, it is their decision, not his.

**The motion to approve the UNM-Los Alamos Campus Mil Rate Resolution passed by a unanimous vote (1<sup>st</sup> Berryman; 2<sup>nd</sup> Doughty).**

#### Approval of the UNM-Valencia Campus General Obligation Bond Issuance

Dr. Alice Letteney, CEO of UNM-Valencia Campus, made the presentation. The UNM-Valencia bond counsel, Katherine Creagan of Modrall Spering, and John Archuleta and George K. Baum, were also in attendance to address questions. The voters approved the GO Bond in 2014 for the entire \$16 million and the UNM-Valencia Advisory Board, understanding the local community and size of UNM-Valencia campus, wanted to split it into four parts. Additionally, the capital mil rate remained at 0.85 mils. The Board of Regents has already approved the first phase of \$4 million; most of those projects will be completed by September 2016. The second \$4 million that UNM-Valencia is requesting Regents approval on will go toward several projects such as IT infrastructure upgrades to meet UNM standards, security enhancements for upgraded cameras, sustainability improvements to install solar modules, and other infrastructure renewal projects for electrical, mechanical, and plumbing upgrades. The UNM-Valencia Advisory Board decided to split the \$16 million bond into four parts as it is a small campus. The Regents approved the first \$4 million bond sale in September 2014, the bonds were sold in June 2015, and the Advisory Board approved this current \$4 million sale of bonds on May 3, 2016.

Regent Berryman requested Dr. Letteney elaborate on the \$16 million GO Bond and when that came to be. Dr. Letteney responded they looked at their campus plan for the next several years and at infrastructure needs, as buildings have aged. There are four buildings on campus that were part of the original 1986 campus buildings, and these need refreshment. Infrastructure for IT is continuously ongoing. They have just completed a chiller building to help balance heating and cooling. The plan was to go to the voters and let them know that they have invested 70% of their capital expenditures from their funds, and they want to keep their campus updated. That was the argument they took to the voters and they listened to them.

**The motion to approve the UNM-Valencia Campus Obligation Bond Issuance passed by a unanimous vote (1<sup>st</sup> Berryman; 2<sup>nd</sup> Doughty).**

#### HSC Program Reductions FY17 (information item)

Dr. Roth presented the item and referred to several slides that were included in the agenda eBook. Dr. Roth commented the title of the item should have been Tuition Reductions and not Program Reductions. As background, HSC has adopted what President Frank and the Provost are implementing on Main Campus, the RCM model (Responsibility-Centered Management). The HSC has utilized this model for a couple of decades, starting with the School of Medicine in 1994. Several years ago, working with EVP David Harris and Provost Abdallah, we determined the amount of formula funding we would all accept, as a default on what the HSC educational programs generated, to be somewhere around \$18 million. For current fiscal year 2016, if tuition is added to that, when you add both together, it was about \$29.5 million. The HSC received \$20.4 million of those dollars. This is a way to show how these funds flow back and forth between Main Campus and the HSC. An additional \$10 million goes to Main Campus to pay for services the HSC receives, services such as utilities, Physical Plant department (PPD), and campus police. For fiscal year 2017, there will be a reduction of about \$2.4 million which was committed to Main Campus to help with the deficit. Dr. Roth outlined how the HSC managed the \$2.4 million reduction under the RCM method. If a college were to receive less tuition, the college would have to manage with that reduced revenue. For Nursing and Pharmacy, we said to the Deans, and Medicine and Population Health, the extent to which you can manage

that reduced revenue in your operating budgets, without cutting your programs, then do so. We know this is only a two-year situation, so take the rest of those balances out of your reserves. Whatever the colleges could not accommodate by either absorbing the reduced tuition in their operating budget or from balances that have accumulated up to this point, the HSC would subsidize those differences in each of the colleges.

Dr. Roth referred to a slide outlining the FY2017 tuition cuts in the four colleges. There is also an office of Interprofessional Education, which the deans committed 5% each from their different colleges to support this effort to create programs and experiences for health sciences center students to learn together, because that is how they will practice, as a team. The School of Medicine had to pull \$684K from balances; the College of Nursing, \$450K; the College of Pharmacy \$306K. Those balances reside in each of the academic departments. The College of Population Health is a new college and did not have balances; it received \$268K from HSC to fill the gap. Dr. Roth showed a similar slide for FY18, how the \$2.4 million tuition cut would affect the respective colleges. Regarding incremental State cuts. The hope is there will not be continued reduction in state funding to the universities in New Mexico. This is a big unknown and would certainly affect financial planning for fiscal year 2018. None of the programs could continue to be able to absorb that reduced tuition in their operating budgets, some will have to find revenues from other sources, others will be able to pull from reserves. For example, in the School of Medicine, there is the phrase, shared services, and this is a program not too dissimilar to what President Frank is looking at doing across the University. Dr. Roth discussed shared services as a way to address the cost side.

New tuition dollars will be important for the College of Population Health because it will be enrolling its first freshman class in FY18.

There's a commitment to return back to the previous financing, but if for whatever reason that does not happen, programs will be compromised. There would have to be class size reductions, freezes in faculty hires, there would be serious problems with respect to even maintaining the current programs within those colleges. In spite of the ability to maintain existing levels of services in each of the colleges and the ability to absorb the reduced tuition, with regard to handling the tuition cuts, Dean Ridenour, Dean of the School of Nursing, was hoping to grow the college. Hopefully by FY19, finances will be different and the Dean will be able to accommodate that growth.

Regent Suzanne Quillen commented with respect to the College of Nursing, there are about 25,800 RNs in New Mexico, 9,000 of those hold jobs in Albuquerque. It's about the fourth largest occupation in Albuquerque. Last year, the US Registered Board Nurse Workforce Report ranked the states with letter grades on how they were doing for expansion to meet this deficit in our states and in our country. Twelve states were given a grade of 'F', and New Mexico was one of them. Governor Martinez took note of this and in 2015 signed a bill to expand nursing faculty, and a year before she gave about \$1 million additional to support that. Last year, there were 79,000 qualified nursing students across the country that could not be admitted due to faculty shortages. New Mexico was one of those states. To say that we are held to where we are, really sets us back years. The average age for our faculty for nursing is 55, the professor age is 62. It takes a long time to recruit to meet demands. We are admitting only 65 new students in the Fall. We have huge demand, and this has to be one of the biggest economic drivers in workforce in our state, if not the country. Physical Therapy is the same way. In southern NM they are offering \$29,000 sign-on bonuses to cover the shortage of Physical Therapists. In the big picture of the whole university, how did we look at priorities and how did we leave nursing out, a program that was given additional funding from the Governor to address this dire need that our state is in?

Regent Marron Lee commented this had been brought up at the last board of regents meeting and at the Finance and Facilities Committee meeting, and inquired the decision as to which programs were to accommodate this agreement between Main Campus and the HSC, an agreement that was made months ago. Dr. Roth responded the process that was implemented was the one that is used routinely with respect to tuition or any form of revenue increase or reduction. A new process was not created for this. This is how budgets are managed on a routine basis. Dr. Roth confirmed it was his decision to ensure the process was implemented in a consistent manner.

Regent Lee said months ago there were discussions and understanding reached that at the time that the \$2.4 million would be covered by reserves. EVP David Harris said at the time, during first discussions in late February and early March, during discussions with HSC leadership and looking at the HSC financial books, it appeared there were more than adequate balances in all the academic units, and based on that, the request to help Main Campus on a short-term basis was made. Dr. Roth said at the time he would like to help but needed to see to what extent. EVP Harris said, clearly in his opinion, since it's a 2-year agreement only and a non-recurring type of commitment, it could come from reserve balances. The discussion was not to that detail.

Regent Doughty inquired about cuts across the board, not just those in the nursing program. EVP Harris responded that probably every program in the state that was funded with state dollars, with the exception of public education, received reduced appropriations this year. The revenues disappeared literally in a one-month period and the legislature had to do drastic things. They reduced the allotment to higher education in a much steeper way than other areas, most likely because the legislature assumed tuition would be increased to replace those state dollars, and clearly that has not happened across the state. Dr. Roth added the HSC was cut too. Comparatively speaking, it didn't hurt the HSC as much as it hurt Main Campus, and on that basis, the president and EVP Harris made the request for support for two years. After analysis, the decision was made that support could be given for two years.

Dr. Roth referred back to Regent Quillen's comments, it is absolutely true there is a shortage of nurses and this will hamper the ability to increase the workforce and provide more nurses for the State of New Mexico. Dr. Roth mentioned other programs got cut, for example engineering and this may also effect graduation numbers. Nobody is wrong in any of the statements recently made. The way HSC manages its budget is different from the way Main Campus maintains its budget. There was discussion about future scenarios. Dr. Roth said it would be foolish to not be prepared for further cuts in revenues. If worse comes to worse, and the State continues to cut, then that would be a compounding effect. EVP Harris said it would be foolish and short-sighted to start gutting programs anywhere in the University if the problem is temporary. There are obvious risks, but given history, it would be foolish and short-sighted to start cutting everything when the belief is things are going to turn around.

Regent Lee stated appreciation to those looking at shared services, what is being done at Main Campus, looking at ways to consolidate, stream line and find savings and redundancies. This is very important. Also, the pipeline of students to the HSC rests at Main Campus. Besides recruitment outside for the Medical School, we are one systemic unit that has the same goal, that which to provide the best education for the citizens of this state. Dr. Roth agreed and said that is why the decision to support Main Campus was made. The majority of students do come from Main Campus. Students come also from other higher ed institutions in the State.

Dr. Roth said that he heard what Regent Quillen said, that there will be an impact from not being able to grow nursing and other programs like physical therapy.

Regent Quillen commented that maybe Mr. Harris is correct and this is a temporary problem, but the programs that do have demand and bring revenue are getting hurt and it's going to be hard to rebound from that. We've never seen a priority list across the whole University. We've asked for it many times. Where is the demand? In the private sector, when you get cut, which we get cut every year by Medicaid and others, you have to make priorities. I don't know why we should be different in higher education. Some programs that don't have the demand, maybe we have to let go of them until the demand comes back. It seems illogical to not give the programs that have huge demand for our state enough money to expand. Especially now when we are facing a decrease in our customer base, our students.

Provost Abdallah responded. Most of the reserves reside at the lowest possible level, including the faculty reserves and the units and departments, so we are similar to the HSC in that. Regarding the cuts, academic affairs took a higher percentage cut, more than \$2.4 million in discussion. Provost said he did exactly what Dr. Roth did, and that was to look at units, and some that don't have demands were cut. We are not going to be able to offer Italian, for example. We are in the same position, and we are not able to do the same things as were doing before. When we try to live within our budget, we look at reserves, at demands, potential growth, and other criteria and created a very detailed chart for every program. Not all programs got cut the same way, in fact we tried to accommodate most of the cuts at the administrative level or at the units that are not teaching. We tried to be very strategic in all of our cuts. Regarding the budget and how we are funding higher education right now, Provost does not share Mr. Harris' optimism that this is temporary. The way the University's cost structure is going up, including a lot of the funding mandates, including increases in benefits, these are making our product much more expensive. So unless we are able to generate the money, either from tuition, through enrollment or raising tuition in a predictable manner, and/or from the state and/or from other resources, I think we are going to be here in two and three years, talking about cutting really necessary programs. With all of the comments, hopefully the conversation to be about how we are going to plan ahead for the next fifteen or twenty-five years, because we have a lot of headwinds, not just in this state but across the United States. Berkeley is facing similar problems, so is Illinois, so is Louisiana. Everyone is facing similar problems, at it's not in their case because the price of oil is going down. It is because the cost for everything else within the state, meaning the budget for higher education is being reduced because everything else is going up and therefore institutions of higher education are being asked to carry more. And now we have to carry the financial burden of branding which we did not have to do before.



Student Regent Berryman commented it seems that Main Campus' approach has been to spend either department reserves or the central reserve, increase tuition to offset cuts. Provost commented more than \$2 to \$3 million in positions has been cut in the last year or so. Regent Berryman continued that at HSC, tuition for the School of Medicine was reduced by 1%, but that had a minimal impact. What is the status of the reserves at HSC and why that approach wasn't used? Dr. Roth said that Ava Lovell could give a more detailed presentation of where the balances do reside. There are large balances in the hospital. Those funds are restricted for the purposes of hospital use, so those funds cannot be pulled out for academic programs. That leaves the balances that reside in each of the colleges and in the academic units. Regent Berryman inquired the status of the HSC central reserve. Ms. Lovell confirmed the HSC has the same mandate to maintain the reserve balances are at 3% of I&G (Instruction and General), and currently the HSC is barely making that on the I&G. The other reserves on the academic side are largely committed, due to chair packages, recruiting packages, and three-year plans. So this money is set aside. In the College of Nursing, reserve balances may be designated for scholarships only, so those funds cannot be spent on anything else. Regent Berryman inquired the balance of available reserves. There was discussion about being very close to the 3% mandate. There was discussion about reserve balances.

Regent Brad Hosmer commented the discussion has been enlightening about the budget impact as a whole. It would have been useful to have had this degree of understanding of the impact before the budget and tuition increase discussions took place. This needs to be kept in mind for next year's budget and tuition increase discussions, the need to look at penalties and costs of decisions made. This forces us to look at what little flexibility we have for income.

President Frank responded and commented that each year since he has been president there have been cuts, with only one year of raises. Every year, there has been discussion about changes in higher education. In Dr. Roth's area, in the HSC, there are cataclysmic changes. We have to do business differently. President Frank agreed with Provost, that funding will probably not get better. The model is such that the State keeps taking more of its share away from the University and the University has to go to the students. We are at a point where students cannot give much more. We have to do business differently. The silo model doesn't work anymore. To address that, there has been a major change on the focus for the budget process. The focus now is on the generation of the student credit-hour and it's driven by that. Where students enroll is where the tuition dollars are going to go. It's an entirely different model. Right now, there is a challenge in the integration of HSC and Main Campus. This year, nursing joined academic partnerships in an innovative model. They are going through an innovative and dramatic change that is going to grow the program. Until recently, there hasn't been space to educate some of the HSC students, and that space issue is being addressed. Regent Quillen made an important point that we need to pay attention to where the opportunities are. This has been an excellent conversation and we need to have more of it.

#### Scope of Analysis of Duplication of Efforts (information item)

Andrew Cullen, AVP for Planning, Budget, and Analysis, and Dorothy Anderson, VP Human Resources, made the presentation. Mr. Cullen discussed what Administration has been doing to manage more effectively the University's largest expense category, labor. This effort in large part due to the enrollment decline that the University experienced in Fall and Spring, as well as the State budget reduction. At the direction of President Frank, the Hiring Review Process (HRP) Committee was formed, members include VP Anderson, AVP Cullen, and Amy Wohler (President Frank's Chief of Staff), along with members from the Budget Office, Provost Office, and various offices across campus. They have been working together to review and scrutinize every position that is hired on Main Campus. Through those efforts in the Fall, approximately 44 positions were eliminated equating to approximately \$1.7 million in savings. Those dollars helped meet the reduced expenditure and revenue level to move into FY17. The cleanup process resulted in another 213 positions being eliminated. When a department would like to hire for a position at UNM they do so through the Banner HR Module. What was learned is there was a real disconnect between the data that was in that module and the actual data occurring in budgets across campus. The HRP with scrutinized each and every position coming forward for hiring. The data in the two Banner modules was cleaned up so that they are now in sync.

Prior to a posting going out, which really initiates the hiring process, an HRP form is presented to the committee. Along with that, there are rules in place that do not allow for positions to be budgeted/hired above mid-point. Factors like business need, project grade, level, and salary are looked at and whether or not there are opportunities to consolidate duties with other positions within that department, school or college, and also shared service opportunities. They feel this is a very effective process to administer and is essentially position control. Mr. Cullen believes that if they keep the process in place, scrutinize every position that comes up for hiring, and keep the data clean between the HR Banner module and Banner Finance, they could identify more opportunities for savings and result in good hiring decisions. Those savings could then be reinvested in those departments, or within the larger initiatives as directed by the Regents. HSC will be folded into the HRP in the upcoming weeks.

Ms. Anderson discussed the progress of the consolidation efforts currently underway for administration functions between UNM and HSC. They began with a list of key administrative functions, approximately nineteen. When they drilled down deeper, ten of those were already well consolidated and managed by UNM Main Campus. A University-wide review of the IT department is underway, looking at Main Campus IT and also departments that IT services. The review stemmed from the KSA Study completed last year. They brought forward recommendations and TIG was the consultant selected to work on implementing those recommendations. Communications and Marketing is also under review for possible consolidation. Steve Sloate was selected and his review will be based on a stakeholder's perspective; what are the needs and how do we best meet the needs of the various constituent groups. A review on position level and organizational structure will be conducted. The Financial area is an area to look at due to the significant number of positions both at Main Campus and HSC and the possible duplication and fragmented opportunities. An external consultant will review those positions to ensure they are appropriate. There are also seven high-level strategic roles between HSC and Main Campus. Since a strategic title is very broad, it is often used as a catch all for an individual that does a tremendous variety of services for a lead position. Those positions will be reviewed to ensure they are performing consistent with the titles and salaries. HSC Legal Counsel has transitioned and Elsa Cole, University Counsel on Main Campus, will oversee both Main Campus and HSC Legal Services. Both Main Campus and HSC Compliance Offices are being reviewed by Amy Wohler to see if there are opportunities for consolidation to gain more efficiencies. The timeline is aggressive and meetings with AON, the selected consultant, have begun. AON is familiar with UNM and understands how UNM is set up with the HSC. They have done compensation and benefits work for the University, and can begin immediately. VP Anderson expects all of the efforts to be completed by the end of July 2016 for review in August 2016, with plans to implement by September 2016.

Regent Berryman inquired the ultimate goal, to label this administrative overview as a success, if it is to have everything managed by Main Campus. He believes they should respect the differences between the two. President Frank stated that is not the ultimate goal, and there are very unique functions across the University. It would be inappropriate to think that everything would be managed by the Main Campus as the HSC is very distinct. They want to look at functions and distinctions, and clarify those to understand what is distinct and what the missions are.

VP Anderson stated that Human Resources is currently operated by Main Campus, but she has a team that Ava Lovell with the HSC works very closely with that are totally focused on HSC. VP Anderson meets with them twice a year to show them they are supporting them and making sure their needs are being met.

Regent Quillen inquired about letters that were sent out to several employees and what the selection process was. VP Anderson responded the review included employees earning \$85K and above. Within that group there were 21 employees who are on typically annual contracts. If an employee receives an annual contract, they are given a title and salary that entitles that to them for the course of the year which would be July 1 through June 30. Since they were reviewed positions, they wanted to ensure that all titles and salaries were appropriate. They needed to have safe guards in place. The intent is if there is a decision made to change their title or salary, they would be provided a separate notice indicating that. Those individuals that are not on contract did not receive a notice because they are not under the same criteria.

Regent Lee inquired if they expect to see cost savings from these efforts. VP Anderson responded they expect to see better alignment and hope to see cost savings. Other functions may require additional review, but those presented were the focused areas.

President Frank commented that while they expect to see cost savings he does not believe they will be staggering. But the hope is to have UNM running as lean and as efficiently as possible.

#### Monthly Financial Report (information item)

Liz Metzger, University Controller, made the presentation and referred to the April 30, 2016 Monthly Consolidated Financial Report included in the agenda eBook. There are two months left in the fiscal year. As of the end of April, the consolidated institution is at a positive balance of \$30.8 million. The graph broke out each separate campus balance that makes up the \$30.8 million; Main Campus was \$10.2 million, Branch Campuses was \$1.3 million, and HSC was \$19.2 million. Of the \$19.2 million, approximately \$13 million was for Clinical Operations. The difference between the revenues and expenditures is a positive \$15.7 million within the I&G exhibit. The last portions of state appropriations will come in May and June. Summer tuition revenue is not reflected. Summer tuition is anticipated to be between \$2.5-3 million, and it will put the University closer to their revised budget amount for pooled tuition. This report reflects the revised budget numbers which were approved by the Regents at the last meeting; including cuts and adjustments to revenues. The Auxiliaries are being tracked and a plan is being developed for those that may have unbudgeted deficits. A report will be presented at the next meeting.

#### PUBLIC COMMENT (no comments)

COMMENTS FROM REGENTS' ADVISORS

Michelle Coons, Chair, UNM Foundation Board of Trustees, provided the Foundation's quarterly report for end of March 2016. The report was included in the agenda eBook. The Presidential Scholarship Dinner was held in April and there were over 475 guests representing over 117 majors. It was the 40th anniversary and they exceeded their goal to have 40 new scholarships. There is a total of 481 Presidential Scholars receiving scholarship money. Over the 40 years, they have 4,410 Presidential Scholarship Alums. The New Horizons Luncheon was held with over 175 guests. Tom Popejoy Society is for individuals who have given over \$50K in a period of time, with 250 guests. Calls were made by students to the new UNM donors. President Frank has established an Advancement Council to further enhance the collaboration and programming between organizations across campus. Last year 420 emails went out to more than 3 million individual email addresses. There are over \$106 million in pending bequests; donors have included UNM in their will. They believe they will meet their \$80 million goal. The campaign is at \$827 million in gifts in support of scholarships, patient care, and research. Almost \$688 million has been in cash donations. The goal has been set to strive for \$1 billion in private support by the end of 2020. There are four new Foundation trustees; Gary Dushane, Judge Bill Lang, Greg Foltz, and Dr. Cheryl Fulsome.

Daniel Perea, President, UNM Parent Association, provided an update on the associations recent activities. The marketing of the University Parent Association 2015 Holiday Ornament was successful, and raised \$3,900 in ornament sales. The 2016-2017 student scholarship application opened with a deadline of July 1, 2016. To continue fundraising efforts for the scholarship fund, the annual golf tournament will be held on September 30, 2016 at the UNM Championship Golf Course. The Parent Association participates in New Student Orientations and hosts a reception each Tuesday evening to welcome new parents. One recent initiative is the High School Outreach Program, the goal is to be an advocate and help promote the University's values and help increase enrollment. The Parent Association intends to target feeder high schools in the surrounding metro area and meet with PTAs and other social high school parent associations. Efforts will be focused on recruiting students by means of building relationships with parents of high school students, as well as help them understand UNM's economic value and the resources available to help their students succeed.

Kyle Biederwolf, President, ASUNM, ASUNM, provided his first report to the Board. There were 46 applications for ASUNM 12 positions, so a lot of hires have taken place. ASUNM is working on several initiatives during the summer. Mr. Biederwolf will Chair the Student Fee Review Board working alongside GPSA President Glenda Lewis. They will have preliminary recommendations by November 4th and are working with Departments to ascertain their needs and wants. They are forming a Student Regent Selection Committee from the Undergraduate level. They plan to work directly with the student governments at NM Tech and NMSU as well as with the UNM Government Relations Office to discuss solvency for the Lottery Scholarship.

Glenda Lewis, President, GPSA, provided her first report to the Board. GPSA is in the middle of filling three executive committees. They have hired a Chief of Staff, Deputy Chief of Staff, and Office Manager. The Graduate Summer Scholarship ended June 16th. They are currently in the middle of compiling a new Graduate Student Orientation Packet that will be going out. Ms. Lewis introduced the GPSA Chief of Staff, Marc Narvaez. Mr. Narvaez introduced himself to the Board and added that he received his undergraduate degree from Stanford University and is working towards a Master's Degree in the College of Education.

Renée Delgado-Riley, President-Elect, Staff Council, provided a report on behalf of President Danelle Callan. Staff Council held its annual luncheon on June 2nd with 1,700 staff in attendance. The Lobo Burrito event will take place in July. Administrators will be serving breakfast burritos. Staff Council will begin a new leadership and mentoring program, they are incorporating it into their strategic plan. In May, Staff Council approved the creation of the Karen Redskin Legacy Scholarship named after a former Staff Council President battling cancer. The council is working with the UNM Foundation on a sustainable funding model for the scholarship. On May 11, Staff Council passed two resolutions; one on the UNM Seal and one regarding shared government. The hope is that Staff Council will continue to be engaged in conversations regarding issues facing the University. Staff and Staff Council are appreciative of the \$550 one-time payout approved by the Regents.

Stefan Posse, President, Faculty Senate, provided his final report to the Board. Faculty Senate had a number of requests for engagement and it was appreciated. There was wide-ranging feedback from Faculty regarding the live-in requirement, with diverse opinions that were overall positive. Faculty sees the value in it as it could enhance graduation rates. There were concerns about the major financial impact that could be posed on some students. Their recommendation is to present a Residential Scholarship to help offset costs to students with financial needs. Faculty Senate would like Administrative efficiencies to be further explored. Reducing administrative lines could put significant administrative burden on Faculty and the University.

**VOTE TO CLOSE THE MEETING AND PROCEED IN EXECUTIVE SESSION**

The vote to close the meeting and proceed in Executive Session passed unanimously (1<sup>st</sup> Lee; 2<sup>nd</sup> Fortner). The meeting closed at 11:18 AM.

1. Discussion and determination where appropriate of threatened or pending litigation pursuant to Section 10-15-1.H(7), NMSA (1978)
2. Discussion and determination where appropriate of the purchase, acquisition or disposal of real property pursuant to Section 10-15-1.H(8), NMSA (1978)
3. Discussion of strategic or long-range plans of public hospitals, pursuant to Section 10-15-1.H(9), NMSA (1978)

**VOTE TO RE-OPEN THE MEETING**

The vote to re-open the meeting passed unanimously (1<sup>st</sup> Fortner; 2<sup>nd</sup> Doughty). The meeting re-opened at 12:35 PM.

Regent Doughty certified that only those matters described in the closed session agenda were discussed in closed session and there was no item upon which the Board of Regents needed to take action.

**ADJOURN**

The motion to adjourn the meeting passed unanimously (1<sup>st</sup> Fortner; 2<sup>nd</sup> Lee). The meeting adjourned at 12:36 PM.

Approved:

Attest:



Robert M. Doughty III, President



Jack L. Fortner, Secretary/Treasurer