

The University of New Mexico
Board of Regents' Meeting
April 9, 2013
Student Union Building Ballroom C
Meeting Minutes

Members present: President Jack L. Fortner, J.E. Gene Gallegos, Bradley C. Hosmer, Conrad D. James, James H. Koch, Suzanne Quillen, Heidi Overton (Quorum).

Administration present: President Robert Frank, Provost Chaouki Abdallah, Executive Vice President David Harris, Chancellor Paul Roth, Vice President Josephine de Leon (Equity and Inclusion), Vice President Paul Krebs (Athletics), Sr. Executive Officer Ava Lovell (Finance and Administration), Vice President Eliseo Torres (Student Affairs), Interim Vice President Jewel Washington (Human Resources), Interim University Counsel Lee Peifer.

Regents' Advisors present: President Amy Neel (Faculty Senate), President Mary Clark (Staff Council), President Caroline Muraida (ASUNM), President Marisa Silva (GPSA).

Regent Fortner called the meeting to order at 9:02 a.m.

I. Confirmation of a Quorum; Adoption of the Agenda, Regent Fortner

Motion to approve the Agenda passed unanimously. (1st Gallegos, 2nd Overton)

II. Approval of Summarized Minutes of the March 11, 2013 BOR meeting, Regent Fortner

Motion to approve the minutes of the March 11, 2013 meeting passed unanimously (1st Gallegos, 2nd Koch).

III. President's Administrative Report, Regent Fortner

President Frank stated that he looks forward to working with the Regents in the afternoon on the budget.

Comments from Regents (none)

Public Comment, specific to agenda items

Cynthia Stewart commented on Retiree Health Care Benefits and negative impact on the pre-65 group in regards to it being age discrimination as the pre-65 group has been singled out.

Beverly Burris commented on Retiree Health Care Benefits and negative impact on the pre-65 group stating that many retirees may not be able to afford health insurance at all.

Corrine Sedillo commented on the proposed tuition increases. She thinks the increases seem rather large and she would like to voice her concern and asks the board to reconsider increases for tuition.

Carol Stephens commented on Retiree Health Care Benefits and presented the Regents with some materials on how to lessen the burden on pre-65 and reduce costs based on financial advice given by the Harvard Business Review to make systematic investments in prevention.

Barbara Gabaldon commented on Retiree Health Care Benefits and stated that it is important for UNM to preserve benefits but that the burden should not fall on the pre-65 retirees.

Ilse Biel Graduate Student commented on the importance of the funds for the GA/TA/RA lines and thanked on behalf of GPSA the Board and Administration for the \$280,000 made available for the program. She encourages the university to continue such a program because of the positive effect it had on the recipients and benefit the departments at UNM.

IV. Regent Committee Reports (reports are included in BOR E-Book)

Finance and Facilities Committee, Regent James H. Koch, Chair

Consent Items:

Motion to approve consent agenda items 1, 2, 3, 4 & 5 passed unanimously (1st Koch, 2nd Gallegos).

1. Monthly Consolidated Financial Reports
2. Disposition of Surplus Property for Main Campus on list dated 3/15/2013
3. Contract Approvals: Bruce Cherrin
 - a. Financial Services – FY 2013 Audit Contract Approval
 - b. UNM Athletics – Daktronics
 - c. UNM Information Technologies – Microsoft Corporation
4. Approval of Lease of Real Property – UNMH Addiction and Substance Abuse Clinic 2600 Yale Blvd. SE
5. Approval of Third Amendment to Lease of Real Property for UNMH Eye Clinic 1600 University, NE

Action Item:

6. Approval of Naming Requests
 - a. Establishment and Naming for Dr. Anthony T. and Eileen K. Yeung Center for Endoscopic Surgery
 - b. New Tennis Facility
 - c. Lobo Field Bullpens

Motion to approve the Naming Requests passed unanimously (1st Gallegos, 2nd Koch).

Breda Bova (Chair, Naming Committee) gave the presentation. This request is for the establishment and naming of the Dr. Anthony T. and Eileen K. Yeung Center for Endoscopic Spine Surgery. Dr. Yeung and his family made a very generous gift to HSC and we are asking for approval of naming the center. The next request is in regards to the new tennis facility in which the McKinnon Family made a very generous donation to UNM. They are asking that the new tennis facility be named the McKinnon Family Tennis Center. The Kennedy family also made a generous donation to UNM and would like to name a court at the McKinnon Family Tennis Center, the Jack and Susan Kennedy Family Court. The next is to name one of the Baseball Bullpens the Tate, Branch, Dodge, Jeep, Chrysler Bullpen. It will be at the southeast area of Lobo Field because Tate, Branch, Dodge, Jeep, Chrysler is in Hobbs and Hobbs is in the South East corner of NM.

7. Approval of Los Alamos Campus Mill Rate Resolution

Motion to approve the Los Alamos Campus Mil Rate Resolution passed unanimously (1st Koch, 2nd Gallegos).

Dr. Cedric Page (Director, UNM Los Alamos Branch) gave the presentation. This request is for the approval of the Los Alamos Campus Mil Rate Resolution later this year. In the last 5 years, UNM LA has received a 38% decrease in state appropriation along with a 14% increase in enrollment. They have addressed these changes by ramping up efforts to obtain more grants and contracts and have been successful along with a tuition increase. These new grants have allowed the campus to start new programs appreciated and expected by the community. While grants will

deplete in about 3 years, they feel that it would be an opportune time to reach out to the local community for support given the decline in state support for programs. Dr. Steve Borickter, (Chair, UNM LA Advisory Board) commented that UNM LA has a 1 Mil Levy, which is the lowest of all UNM branch campuses and was required to start the branch 30 years ago. They had not yet increased that local support so they are requesting the Board of Regents approval to move to 3 Mil, a 2 Mil request to the voters in September. The present level of funding is inadequate for sustainability of the campus and its vision. They have developed a strategic plan and engaged many member of the local community to create a vision that aligns well with the community of Los Alamos. The newly created Los Alamos Committee for Higher Education has begun the process of preparing for the Mil Request and has begun communication to the community. Per the request at the F&F Meeting regarding the support of the local elected officials, they have gathered verbal support from all seven county counselors of Los Alamos County.

8. Approval of Retiree Health Care Task Force Report and Recommendations

Motion to approve the Retiree Health Care Task Force Report and Recommendations died on the floor with no second (1st Koch).

Fran Wilkinson (Co-Chair, Retiree Health Care Task Force) stated that the committee has worked together to develop a recommendation that honors UNM's commitment to provide viable retiree health care. They realize that by some standards, UNM's retiree health care may seem generous but they remind the BOR that a major component that attracts and retains UNM employees despite UNM's salaries being far below national averages is the benefit package UNM offers. Many retirees have stated that having continuing affordable health care was an important factor in planning for and determining their retirement date rather than waiting longer to retire. An initial proposal was brought before the Audit Committee on March 8, which recommended reductions in UNM's Accrued Actuarial Liabilities (AAL) from 40% to 50% with a 2% VEBA and did not separate the blended pool of actives and retirees. The Audit Committee gave a new mandate to reduce the post-employment AAL by at least 50% and far more while phasing the changes over a 3-year period and preserving the current pre-65 salary tiers. The recommendation does do that but working with the UNM consultant actuaries, the university would need to move from the blended pool to the separate retiree experience as they called. The proposal reduces UNM's AAL by 52.5%. At the F&F Committee meeting Regents added a plan design change for a high deductible plan for pre-65 retirees coupled with GAP insurance that would cover the high-deductible cost. The task force has not had the opportunity to review or discuss any UNM retiree specific information connected with such a plan in order to analyze the impact that the high deductible with GAP insurance may have on retiree health care benefits. Therefore, in consultation with task force members we cannot recommend for or against such a change until the committee has been able to study and discuss its implications. Such a change is not part of the current recommendation and they ask the Board not to derail the collaboration that has gone into this process. It is not that the committee opposes this change but that they have not had time to study it fully.

Hans Barson (Co-Chair, Retiree Health Care Task Force) stated that many people recognize the difficulties that are faced by UNM, and by procuring and paying for health care. We cannot endorse at this time the high deductible plan with gap insurance for the reason that there has not been studied. There are certain exclusions and limitations of such a gap plan that could negate its promised benefits, which raises concern, so it needs to be digested by the committee. Finally, in regards to a comment made earlier, as we are proposing moving toward a pre-funding model, both UNM and employee dollars, the university needs to guarantee that the benefit promised in the future is going to be there and that it is a wise investment for both the institution and individuals.

Mike Duran (Chief Operations Officer, Human Resources) presented the recommendation that was accepted and supported by the F&F Committee. Mr. Duran reviewed the Retiree Health Care Task Force charge, which included revisions to the recommendations following review at the Audit Committee on March 8. This included reducing the AAL by at least 50%, phase in changes over several fiscal years, preserve current pre-65 retiree premium salary tiers, consider design plan changes such as the high deductible health plan and bring forward a clear description of the VEBA Trust. The revised scenario was presented to the F&F Committee on April 5. Table 1 of the recommendation includes a phasing in plan of 3 fiscal years in which the VEBA percentage begins at 1% and rises to 2% by the 3rd fiscal year and an AAL decrease of 52%. Additional Regent's recommendations include a high deductible plan and Gap insurance for Pre-65 retirees. Table 2 represents the Pre-65 Retiree salary tiers and proposed shared health care premiums. Mr. Duran stated that the VEBA Trust is a vehicle to fund the future liability of Post Retirement Benefits. The current structure of the VEBA Trust is that UNM and Retirees will fund it equally. The VEBA Trust will subsidize UNM's portion of the premiums for Post Retirement Benefits upon solvency. Employees will be considered opted-in unless they exercise their option to opt-out of the plan. The VEBA Trust will go into effect January 1, 2014. Employees hired prior to 1/1/2014 who do not opt-out will receive premium subsidy at the highest subsidy level. If they opt-out and then opt-in, they will receive premium subsidy based on VEBA service credit earned. They may opt-out at the initial enrollment period or at a subsequent open enrollment period. If they opt-out, they will have a one-time opportunity to opt-in during open enrollment five years following opt-out election.

** The item was brought back to the table at 3:00PM for discussion per Regent Gallegos.

Motion to approve the Retiree Health Care Task Force Report and Recommendations with the understanding that the Task Force will make further study on the high-deductible, Gap insurance plan and adjust the plan to mitigate the impact on the pre-65 retirees passed unanimously (1st Gallegos, 2nd Koch).

Regent Gallegos presented a 3-part motion. First, with the budget to go into effect for FY 2014 that we adopt what is table 2 by the task force recommendation, which involves a three-year ratcheting down of the University of New Mexico portion, might say the employer portion, of the cost as opposed to the retiree portion. Second, that because of the impact that will have on presently retired not yet 65 retirees there be some mitigation or safety net, but you can calculate to save them harmless. Third, that the question of the VEBA trust and the restructuring the insurance plan, such as increasing the deductible, increasing the co-insurance and so forth, be further studied and thoroughly investigated, and brought before the audit committee in order to give guidance to the administration. It would include the cost to the university along with the cost of sharing the retirees premium cost. Regent Koch requested the Gap insurance be included in the motion. Regent Gallegos agreed that would be part in parcel of trying to examine the plan so that it is a less costly plan.

Regent Fortner restated the motion for clarification that we are going forward with this with the understanding that we are going to tweak the cost to the pre-65 retirees. And, going out to market to see if the Gap proposal Regent Koch recommended would be viable part.

EVP Harris stated that because the VEBA is relatively complicated and the Internal Revenue Service must sanction it, that it will take some time as Regent Gallegos indicated for us to assemble the information and bring it back before the Audit Committee. We have been advised that it can take as long as six months. The Regents need to understand, as Andrew Cullen indicated, that there is a cost of implementation embedded in the budget that you have just reviewed it would be our intention to implement this with the advent of the policy year on July 1 upon recommendation of the Task Force.

Amy Neel stated that she is not sure what advantage going ahead with the three-year decrease of UNM contributions will have without any other part of the plan in place, and I am confused on how you can hold pre-65 retirees harmless because this primarily targets pre-65 retirees.

President Fortner requested that there be a way to tweak the plan regarding the pre-65 retirees so the burden would not be so severe.

EVP Harris stated that he does not believe that the plan is to put only that one component in place but the total plan that had been presented this morning by the task force and shifting the burden internally.

President Frank stated we would work with the Task Force to examine ways to mitigate which is something we had in the back of our minds already so you are simply instructing us to do what we would have done already.

Regent Fortner believes that one of the reasons this died for lack of second earlier is because the Regents did not have the information and we realize that that issue can at least be looked at. Also in talking to EVP Harris, he thought it was a catastrophically bad decision. He convinced me of the importance of doing it now cause otherwise we're going to be looking at a \$200 million unfunded mandate.

EVP Harris stated that in two years the occurred liability could be upwards of \$200 million it would really damage UNM's financial well-being.

Fran Wilkinson stated that it went from \$152 million last year to \$162 million this year, and we are hearing possibly \$175 million next year, so if this does die today we cannot look at it again until next year. In terms of the task force looking at ways to mitigate to the pre-65 impact we would be delighted to do that. A couple of options that come immediately to the top of my head; one is a longer phasing period on that, and another, our original proposal that came out of the task force and went to the Audit Committee that was later changed had a blended pool of active and pre-65 retirees which was a much lower premium than the non-blended option that we came up with after we met with the Audit Committee. Those are just a couple possibilities we would really need to talk about it in the committee and task force we do not want to come up with off the cuff.

Regent Fortner stated that the public comments earlier on Retiree Health Care were compelling and addressing the pre-65 issue would address their concern.

Fran Wilkinson stated that there are 5000 actives and there are only 750 pre-65 retirees so she agrees that the task force needs to mitigate the impact on the pre-65 group.

Regent James suggested looking at different salary tiers and adjusting those in order to reduce the burden on the retirees that have that final salary that is lower than someone who retired at a six-figure salary.

Fran Wilkinson stated that the Task Force did look into that but kept them as is because of the short turn-around time to obtain information and go forward. They discussed adding a higher tier or changing those tiers in some way because the \$35,000 tier is the final and lowest tier.

Hans Barson stated that the Task Force specifically looked at making the tiers for the retirees match the tiers for the actives however; it did not get UNM as far as we wanted to in terms of reduction in accrued liability and saving UNM money. It is better for the retirees but it costs a little bit more.

Regent Gallegos confirmed that by changing the employer's share that we are going to be reducing the unfunded liability.

Information Items:

9. Contract Information
 - a. PPD Engineering – Utility Master Plan
10. Semi-Annual HSC Financial Presentation

Health Sciences Board, Regent Suzanne Quillen, Chair

Action Items:

1. Request for Tuition Differential, Occupational Therapy Graduate Program

Motion to approve the Request for Tuition Differential, Occupational Therapy Graduate Program passed unanimously (1st Quillen, 2nd Gallegos).

The Occupational Therapy Graduate Program is requesting a tuition differential. The program currently has a significant gap between expenses and I&G funding. The tuition differential will help offset costs. It will begin in Fall 2013 and will be set at \$140 per credit hour each semester. The program is ranked high nationally and requires a lot intensive hands-on training for accreditation, which in turn makes it a costly program to run. The program has had a budget shortfall in the past few years, which has been supported by the School of Medicine. In order to stabilize and grow the program and remain responsible the program needs to have enough budget to cover the costs. The tuition increase would not affect enrollment or applications.

2. Request for Approval of College of Nursing Graduates

Motion to approve the College of Nursing Graduates passed unanimously (1st Koch, 2nd Hosmer).

College of Nursing Degree Candidates	
Doctoral and MFA Degree	1
Master's Degree	22
Bachelor's Degree	
RN-BSN	22
BSN	48
Total	93

3. Request for Approval of College of Pharmacy Graduates

Motion to approve the College of Pharmacy Graduates passed unanimously (1st Hosmer, 2nd Gallegos).

College of Pharmacy Degree Candidates	
Doctor of Pharmacy Degree	86
Total	86

4. Request for Approval of School of Medicine Graduates

Motion to approve the School of Medicine Graduates passed unanimously (1st James, 2nd Gallegos).

College of Nursing Degree Candidates	
Doctoral Degree	66
Master's Degree	24

Bachelor's Degree	58
Total	148

5. Request for Approval of Manual R. Cristobal to Sandoval Regional Medical Center, Inc.

Motion to approve the Manual R. Cristobal to Sandoval Regional Medical Center, Inc. passed unanimously (1st Koch, 2nd Gallegos).

6. Request for Approval UNMH Equipment Disposition

Motion to approve the UNMH Equipment Disposition passed unanimously. (1st Overton, 2nd Koch)

Information Items:

7. Request for Approval of UNMH Contract with Siemens Medical Solutions, USA, Inc.

Academic/Student Affairs & Research Committee, Regent Jacob Wellman Vice Chair

Action Items:

1. Approval of Spring 2013 Degree Candidates

Motion to approve the Spring 2013 Degree Candidates passed unanimously (1st Hosmer, 2nd Gallegos).

UNM Degree Candidates	
Doctoral and MFA Degree	417
Master's Degree	762
Bachelor's Degree	2624
Associate's Degree	208
Total	4011

2. Approval of Posthumous Degree for Kenneth Lindemann

Motion to approve the Posthumous Degree for Kenneth Lindemann passed unanimously (1st Hosmer, 2nd Gallegos).

3. Approval of C1187-New AS Computer Science (LA)

Motion to approve the C1187-New AAS Computer Science (LA) passed unanimously (1st Hosmer, 2nd Gallegos).

Dr. Kate Masingale made the presentation. There is a slight realignment to the AAS Computer Science Degree. UNM LA has had an AAS in Computer Science for many years which is largely transferable because the use many of the same 100 and 200 level courses that UNM does in Computer Science. UNM LA has decided to more fully align a complete transferable degree that has the first 2 years in computer Science at our campus the on difference is and entry-level course, which UNM is developing for Main Campus, and they have a capstone course.

4. Approval of C1080-New (BIS) Bachelor of Integrative Studies

Motion to approve the C1080-New (BIS) Bachelor of Integrative Studies passed unanimously (1st Hosmer, 2nd Gallegos).

Tracy Skip (Director, University Studies) gave the presentation. This request is for the University College to refine/realign the Bachelor of University Studies program into a Bachelor of Liberal Arts and a Bachelor of Integrative Studies. This realignment allows for more faculty mentoring involvement with the students and a Senior Capstone project. This is a substantial increase in the curriculum for the University Studies Degree.

Audit Committee, Regent Gene Gallegos, Chair

1. Summary Audit Committee Meeting 3/8/2013

Regent Gallegos provided a summary of the Audit Committee Meeting held on 3/8/2013. At this meeting, four UNMH audits were considered and approved. The entry conference for the annual outside audit took place, KPMG will audit the university and its units, and Moss Adams will audit the clinical areas and the cost will be as it is under a 3-year contract, \$917,000. The rest of the committee time was spent on a lengthy discussion of the Retiree Health Care report.

Comments from Regents' Advisors (reports received are included in BOR E-Book)

Faculty Senate, President Amy Neel. Dr. Neel brought forth a list of the top professors at UNM. Which include all the professors at UNM who educate nearly 30,000 students. This is who it takes to advance the knowledge and promote creativity in dozens of fields, serve the community, advance economic development in UNM and to make the world a better place. Dr. Neel commended the new President, the Provost, deans, administration and staff. She mentioned the many efforts in place to advance student success at UNM and believes that these changes are worth having students pay an extra 200-600 per year that it will cost to fund these efforts. She is again advocating for compensation of all faculties for 2013-2014 and asked the Regents to seriously consider the new tuition plan and to support the efforts of UNM to move NM forward.

Staff Council, President Mary Clark Ms. Clark discussed the Staff as Students event run twice a year by staff council to register staff members and give them advisement so they can become students at UNM. Ms. Clark strongly encouraged the Regents to adopt the tuition proposal and commented that it is important for UNM to change the way the university has done business in the past. President Frank is moving the university in the right direction encouraging students to succeed. UNM is set to move in a very positive direction and be the university of this century. Ms. Clark has never seen a more cohesive group working together, students, staff, faculty and administration, to make UNM the best university it can be.

GPSA, President Marisa Silva Ms. Silva introduced supporting documents including a presentation that detailed a timeline and an overview of the SFRB process, which begins annually in the Fall and complies in accordance with University Policy 1310. This year was a successful SFRB process. They appreciate the support of President Frank and the Office of Planning, Budget & Analysis in adopting a slightly revised model from last year's policy 1310. Voting recommendations must be taken through a super majority 6 out of 7 votes. The SFRB is comprised of two Graduate or Professional members, 5 undergraduates as well as alternates. Most of the recommendations were unanimous. The SFRB began interfacing with applicants in November 2012 and all candidates completed a 17-page application outlining their current use of student fees as well as additional sources of funding, and an itemization of any increase. They allotted several one-time awards, which come from reserves. Including a \$10,000 support to TEDx ABQ who will be giving a presentation to UNM in September 2013.

ASUNM, President Caroline Muraida Ms. Muraida spoke to some of the processes of the SFRB. They began with a very thorough discussion about what is the nature of a student fee. What should students be paying for through student fees. They provided a detailed presentation of the SFRB timeline and process and a detailed explanation of decreases, increases and no awards as well. All supporting documents are also available on ASUNM and GPSA websites as well.

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V. Public Comment

Laura Comer represented over 1000 members of the university community, students, faculty, staff and taxpayers in calling for UNM to divest from fossil fuels.

Jim Delapojature commented on urging of UNM to divest from fossil fuels.

Alma Rosa Silva Bañuelos (Director, LGBTQ Resource Center) commented that LGBTQ Resource Center has become the leader at UNM for LGBTQ affairs. She presented a history of the Resource Center and its current efforts. Ms. Silva Bañuelos stated that she is the only professional staff for the LGBTQ Resource Center and she is requesting for a one-time allocation for professional support staff. Students William Campeo, Ariel Sheer and Eli Caucins spoke on behalf of the LGBTQ Resource Center and the support it has provided them.

VI. Vote to close the meeting and to proceed into Executive Session

Motion to proceed into Executive Session passed unanimously at 12:10 p.m. (1st Koch, 2nd Fortner).

VII. Executive Session 12:10 p.m. – 1:23 p.m.

- A. Discussion and determination where appropriate of limited personnel matters pursuant to Section 10-15-1.H (2) NMSA (1978).
- B. Discussion and determination where appropriate of threatened or pending litigation pursuant to Section 10-15-1.H (7) NMSA (1978).

VIII. F. Vote to re-open the meeting.

Motion to return to open session passed at 1:24 p.m. (1st James, 2nd Fortner).

- C. Certification that only the matters described in Agenda item VII. were discussed in Executive Session and, if necessary, final action with regard to those matters will be taken in Open Session.

Motion to certify that no action was taken in executive session passed. (1st James, 2nd Fortner).

IX. Reconvene

Action Item:

X. FY 2014 Budget-RegentsMain Campus

Motion to approve the unblocking of tuition with a 6.6% increase and partial unblocking of fees, accepting the SFRB recommendations with the exception of the Athletics fee to be at \$907,000, as well as a 3% faculty compensation increase, a 1% staff compensation increase and a one-time staff compensation supplement of \$1000 passed with Regents Fortner, Koch, Gallegos, Hosmer, and Quillen voting yea and Regents James and Overton voting nay (1st Gallegos, 2nd Koch).

President Frank: The University has developed an innovative budget presentation that focuses the budget in a way that has not previously been focused, driving student success. We believe this is important because when a budget aligns with student success it focuses the university on the thing that is most important, moving students toward graduation. The sad fact is that today only 15% of the students that enter UNM graduate in four years. This is a trend that has changed dramatically over the years for a number of various reasons. Only 46% of our students will graduate within 6 years. In NM, we are at the bottom of national statistics at our graduation rate. It is a state crisis and a national crisis. So we have to take this very seriously in our state. And so we believe that this budget aligns with the state priorities, and we believe that the University of New Mexico needs to be the state leader in doing something very dramatic and innovative. The budget we're

proposing aligns with a number of steps we've taken within the university to focus on student success. So we're coming to you today with a big proposal. We are asking a lot of you and our students today but we believe it is the right time to ask a lot and we believe that you are the right Board of Regents to ask a lot of and these are the right students to ask a lot of. This is a great university, it has great potential, so this is the right moment to try and take a big step. If we don't take this big step I despair what will happen. This is a plan that has been developed over 6 months by a group of our leaders. It has our student leadership, faculty leadership and administrative leadership. It was put together in a set of layers of these groups working together on both the expense side and revenue side. This isn't just a plan that came together in a week, we've put it together by thinking what are the challenges, what are the opportunities and how can integrate it. One of the most important things I think it does is focuses our students on graduating in four years and graduating with much less debt.

What we are focusing on here are investments. We have made a series of investments in this university that enhance our performance. The Board of Regents appointed me president of this university on January 4, 2012. In February 2012 Provost Chaouki Abdallah came to Kent, Ohio where I was provost at that point and he brought several of his key members of his provost team. We spent a whole day talking about what we could get off the ground quickly that could begin to focus on student and leadership changes here at the University of New Mexico. So we spent a day, they looked at some of the things we were doing at Kent State, we looked at some of the things that were happening at UNM, and we looked at things that were going on across the nation and said how can we accelerate performance quickly, and effectively and make changes. So that's about 15 months ago. First of all we said what can we do with the issues that are going on with the faculty. At that point UNM was already losing faculty and at that point we said how can we grow and retain faculty. How can we retain that list of faculty that Dr. Neel gave Regent Koch. We knew we were losing our best faculty so how can we retain those faculty knowing that we had budgetary tough times still ahead of us.

Also, we knew that we weren't getting the best and brightest students, they were leaving NM to go to other places so what differences could we make? There was an effort at that point already to start the honors college, but we wanted to make sure that it accelerated and pushed it forward. More importantly, we wanted to make sure that every honors student in NM was invited to the University of New Mexico. Also, UNM had a paltry number of international students. We didn't have an international presence on this campus. We didn't have an international office. Today we have an office in Beijing. We have three staff working for us in Beijing, China and we're recruiting students in the People's Republic of China. We did not have a way to address the fact that many students came to us with totally deficient math skills. Since then we have established a Math MaLL, which is capable of taking students who come on this campus and are math deficient and brings them up to skills in one semester and moves them on to entry-level math here at UNM. That required us to do several things; we had to create a physical place for them to take this class, identify a software package, find the faculty and teach them how to use that software package. Mark Peceny (Dean, College of Arts & Sciences) and the math faculty came together and agreed to do it and adopted it. We had to run a pilot program and implement it, we have done all of those things so when you talk about universities not moving quickly, our university did all that from February of last year (2012) until now. That is moving very quickly, most businesses can't move that quickly; our university did all of that.

We have also implemented the Foundations of Excellence. we went to the University of South Carolina and brought the Gardener program here they've been here all year. We've had 200 faculty and staff look at how we welcome a student to this university. From how we send them a letter, how they start all the entry process, and they are writing a series of 10 reports that are going to look at everything we do to bring a student to this university. In the next few weeks, we are going to look at how we have to change all of our entry processes of a first year student's experience at UNM. It is going to be a cataclysmic fundamental change of a first year student

here at UNM. We've also looked at the Lobo Achieve program. The Lobo Achieve program is part of our early alert program that will try to identify students at risk.

Finally, we have the Lobo Early Start program which will let at risk students be admitted to the university early so that they get special tutoring. We know that if we admit these students and give them summer exposure to the university, we can take students that can get abysmal ACT scores and give them exposure to math and English programs, and those students can go forward and graduate. They would normally fail at UNM but with these kinds of programs these at risk students will become graduates. So we have been able to demonstrate that we can take at risk students, many of them minority students, and make them successful graduates. We have implemented many student success programs in the last year, which is an extraordinary record of success, mostly by the Provost's office that has brought people from all across the university to implement these programs. These things require resources, they require reallocating of resources away from other programs. They require day and night implementation efforts and require people. Now the people working on these programs are bone tired because they have been expending themselves without additional hires. There's a point when you wear out doing this and there is a point where you have diminishing returns. I would suggest we're probably reaching some of those points pretty quickly.

We have also started a listening campaign when I came here in June 2012. I went out and met with every community that the university engages with. I met with the Academic community and with the communities outside of UNM and I asked, what do you think UNM should do better? I've talked to you many times about what we've heard. We heard that they love the UNM, but they want more from UNM. Most of what we heard is that they want their children to graduate from UNM. They want their students to succeed here. Then we started talking about how do we make the university more successful in UNM 2020. We reported to you on that several times, we've talked about what will we become in the year 2020. In May, we are going to bring a report that will show you our seven goals, and how each of those goals will set accountability points for our seven major operational areas. Those outcomes will be driven with report cards; you will be able to see where we are going in each area. We've collaborated to change the very models and methods of how we're operating the university that focus on accountability and transparency of operation.

For the last 6 months, this transparent and inclusive group has had multiple meetings, vetted different models and brought six different budget models on the table. Those models were all discussed before they brought this one model. The Strategic Budget Leadership Team, Tuition and Fee Team and Student Fee Review Board were among the efforts with student, faculty and staff leadership.

President Frank requested the ASUNM, GPSA and Faculty Senate President to comment in regards to their participation in the process.

Caroline Muraida: Every year the ASUNM President has the good fortune of being a part of this shared governance process. This year in particular we have had the exciting opportunity to engage in the budgeting process with a new president. With that we carried on our responsibilities as SFRB with our own revisions and processes, and brought our recommendations to the SBLT in early March. All the while we had been meeting with the T&F Team that included representation from Faculty and Staff since early October. While recent developments have been just that, recent, the conversation has been open and we have been happy to sit at the table as student leaders providing contributions and criticisms.

Marisa Silva: I would like to reiterate what ASUNM President Muraida's comments in that we have been a part of the budgeting process throughout the year. We did convene a meeting of the SFRB yesterday in order to run by them these potential new tuition plans. We as all students are concerned about a few constituencies that we don't want to get lost in the shuffle, for example

Freshman. President Frank has already spoken about the intersections of the foundations of excellence. We recall from AVP Babbitt's presentation that financial reasons are primarily why a freshman will not continue a second semester here at UNM, so we would like to see protections in place for them. We similarly would like this board to take into advisement the situation of students already operating under catalogs that require 128 credits or more for their degree completion. The SFRB was supportive of measures that would incentivize student success, we recognize that our annual funding per the State Legislative process is contingent upon these new exit measures and measures of success and certainly, the messaging will take some time to convey to the greater constituents. In addition, protections on the graduate level so that that cost does not spike for students nearing their dissertation and PhD. And lastly the SFRB did ask us to express that any new model we would like it to fall in accordance with policy 13.10 which would allot the first body to see any potential increase in fees would be that body itself in our annual process that begins every fall.

Amy Neel: I have been a part of the T&F Team for 2 years and want to highlight the intense and extensive study that UNM has undertaken to understand its student finances and sticker cost vs. what students actually pay. As well as what students pay to attend our peer or competitor institutions. I think it's unprecedented how much concern that we have given to make sure that our most financially vulnerable students will not be affected by any increases, while still paying for an incredible value that they are going to get from this institution.

President Frank: We're asking you to do a very tough thing today. We are prepared to be accountable for the execution of the program that we are asking you to approve. We are prepared to do it in a way that will help students graduate in a timely manner, and provide them with a great value for their education, and we believe that the students will benefit from the program. They will move through here in a way that will help them move onto the working world in a much more faster and expeditious manner.

President Frank asked Provost Abdallah to discuss some of the investments on the expenditures side included in the budget model.

Provost Chaouki Abdallah: Last year I presented the Iron Triangle to show that we needed to break that triangle in order to achieve access, while keeping the cost manageable and increasing quality. Last year the Regents invested in student success initiatives and in faculty. Last year we achieved an increase by 2% in third semester retention and achieved a 1% increase in graduation. In perspective that is only 30 students but each degree at UNM costs about \$70,000 to graduate so by graduating 30 more students we are saving both the institution, student, parents and the state a lot of money. We are on our way to achieve even better than 2% this year of retention for the third semester and even more than 1% increase from last year, we are on the right track. Including things like the Foundation of Excellence, increasing the number of advising, reallocating resources and many of the other initiatives being done by our staff and faculty. Last year I presented the Regents with a 5-year Academic Plan. The first year has been achieved and we hired more than 80 faculties. This year we scaled back the Academic Plan, due to pressures in other areas, but I ask that the Regents continue to support it. Last year he requested money for equity pay for faculty, there were more than 300 faculties that we were able to give equity adjustments and we were in the 20% for our full professors in salary. This year we are up to 24%, and on Associate Professors we went up from 16% to 24%. And in Assistant Professors, which is where we mostly compete with other institutions, we went up from 26% to 33% in salary so those investments are also starting to pay off. Last year I came to the Regents with stories about faculty UNM was losing and how much retention we have to do and unfortunately we are not able to do a lot more because we are still in the same situation, having to retain and counter offer them. As we move forward and look at the full picture I would like you to look at the value of the UNM degree, and how much a UNM degree is worth versus a one year cost or a two year cost and I believe that with the plan they are proposing the value of the degree and education will go up. I urge the Regents to help us continue on the path that you put us on last year.

Andrew Cullen: Reviewed the list of expenditure categories proposed for the upcoming fiscal year 2014. The first area is a recurring, base compensation increase for faculty and staff. Decoupling those raises at 3% increase for faculty and 1% increase for staff, GA's and TA's. To lessen the difference we are proposing a \$1000 pay supplement for staff similar to what was done last year, funded from balances within the administration. The second area is the Academic Plan year 2 of 5. With most money going to hiring faculty, promotion, distinguished faculty, dealing with compaction issues and faculty retention dollars. The Global Education Office has real revenue generating possibilities for UNM. If international students come in and pay full load of out-of-state tuition, just under \$20,000, this initiative will be paid for if we can bring in 50 international students. Approximately \$1.3M will go to Student Aid/Need Based Aid tied to undergraduate increase and \$306,000 tied to the graduate increase, a total of \$1.6M. This could fund in its entirety the increase for 2450 students if we chose to do so, which is significant need-based aid to offset the Tuition increase. On the revenue side, UNM only received \$2.4M from the state on the workload outcomes process. We were hoping for more. The unblocking of our current tuition process generates about \$8M. We are also choosing to fund on a one-time basis \$3M in recurring expenditures to accumulate that money throughout the year. We felt it was important to put any and all incremental dollars this year into the new programs we have reviewed and fund on a one-time basis, \$3M once again. The SFRB is led by ASUNM President Caroline Muraida and co-chaired by GPSA President Marisa Silva. The fee recommendation made by the SFRB has been carried over and approved by the SBLT in its entirety. It includes various appropriations to the recipients of these dollars with accordance of the SFRB. It also allocates minimum wage funds to those organizations that employ students and pay that minimum wage. At the recommendation of Regent Koch it also includes dollars for athletics to get them up to a level equal to our peers within the Mountain West Conference. We did that largely in part to show the ramifications of that proposal. Just as we generate additional tuition dollars through this modified block proposal, we generate additional fee dollars. The fee per credit hour is not increasing this year; we generate more fees because we are charging fees on hours 13, 14 and 15, which had not been the case previously. The result is we generate additional dollars, when we subtract out what the students recommended, when we subtract out what Athletics is being recommended at by Regent Koch we come up with an amount in reserve of about \$800,000. In honoring the students request we were proposed that those monies remain in reserve and that that they be discussed as their overall processes this year.

Regent Overton: Can we discuss Libraries and Athletics? So you said the SBLT was supporting the SFRB recommendations? Can you explain to me the differences between what the SFRB recommended in regards to Libraries and Athletics and the new change that you just proposed?

Andrew Cullen: The SBLT is supporting the SFRB recommendation. No change regarding the Library, the students felt pretty strongly that libraries should be funded with I&G funds and in fact under this proposed model they are. Last year the libraries were funded to the tune of \$460,000 with one-time funds, so we all agreed the need was there and we wanted to fund it, however we did so on a one-time basis. This year we actually include a similar amount of \$466,000 on a permanent basis in this plan from I&G funds. That's absolutely consistent with what the students wanted.

For Athletics, the SBLT followed through on what the students recommended through their process. And again at the encouragement of Regent Koch we put in that increase to bring us up to the peers of the Mountain West Conference.

Regent Overton: So when you say the increase, that increase is referring to the increase that comes if we accept the new model of student fees?

Andrew Cullen: Yes, the new model results in the additional generation of student fees. These additional revenues cover the recommendation of the SFRB, would cover that increase to athletics and would still leave about \$800,000 in reserves.

Regent Overton requested ASUNM President Caroline Muraida to comment on what the SFRB position was on increased revenues of fees under a new tuition and fee model.

Caroline M: As per policy 1310, which outlines the responsibilities and duties of the SFRB, any additional revenue generated through the charging of fees goes first to the SFRB to process the information and allocate it through our processes meaning that all applicants will be given the same treatment, it also controls for year to year changes. There's variability, responsibility, integrity in our process and as such we chose to allocate any additional revenue from this year into our reserves to be subject to our review in the fall.

Regent Overton: I would like to clarify, so the amount that you've recommended in SFRB recommendation is different than is in this recommendation, right, it is about a \$900,000 difference?

Caroline M: Right, a difference going towards Athletics, and we have our reasoning for the SFRB recommendation as it is without any sort of amendments.

Andrew Cullen referred to Terry Babbitt to discuss the tuition plan.

Terry Babbitt: This is our innovative and an integrated strategy to try and improve graduation rates. Beginning with student aid and gift aid at UNM we understand that averages don't dictate the plight of every single individual student. In relation to our peers, at ASU their tuition, fees and books are about \$9,400 the average gift aid, grant money, not student loans or self-help, is \$5,500. At the University of Arizona it's also over \$9,000 for tuition, fees and books, their gift aid on average per student is \$6,200. At UNM where we have grant programs and gift aid that allow our students to have access. The tuition, fees and books are \$6,450 and the average grant aid is \$7,689. So in this instance on the average students actually have money left, a refund. So the story is they have more resources in the tuition charges here, and peers have less gift aid available than we do. They are also needy schools. The average number of UNM students on Pell Grants is 38%, at Arizona State University it is 38% and at University of Arizona it is about 32%. So their students are in a similar situation.

Regent Fortner: The graph makes it look like UNM students are getting more money in aid than it costs to go to school.

Terry Babbitt: That is correct on average. About 8,000 of our students who have a lottery scholarship, a Pell Grant, different types of grant aid actually receive more gift aid than what we charge in tuition, fees and books. This is 8,000 out of 22,000 undergraduate students. The additional money potentially goes towards other costs of attendance including living/dorm costs. The present tuition is \$6,050 but it goes up to \$6450 when you include the average cost for books. This is National Center for Education statistic, it is a year behind so we can compare with peers.

Regent Gallegos: Is the only way to increase the 4 year graduation rate is to charge higher tuition?

Terry B: That is not the concept that I am going to present. The only way to increase 4-year graduation rates in my view is a very integrated approach. It is not just one approach; it's not all the initiatives that were mentioned or the initiatives that have been started. It also takes things like this integrated together, and the tuition structure is one tool that I am presenting.

Regent Gallegos: For example, if you take a slice of students that came in with an ACT of 24 or better and a 3.0 GPA in high school, what is their 4-year graduation rate?

Terry B: It is a lot higher than 15%, their 6-year graduation rate goes up substantially when you get around a 24 it gets to 55% on the 6th year. So selectivity on almost every instance will increase your rates but what the foundations and principles that we have started our work on is also access. We do have an admission preparation component to the integrated strategy where we have students that are challenged and need extra preparation as President Frank mentioned that we are going to support and give them an ultimatum to go to summer school but to maintain access, and economically that number right there that you mentioned cuts out half the freshman class or probably 1500 students.

Regent Gallegos: Well the only thing that I have seen in the presentation so far is supposed to enhance graduation rate is unblock tuition and raise the cost.

Terry B: We will show the concept of why we believe in our model.

Regent James: I continually hear that the cost of education here at UNM is too high but I think that we've done a tremendous amount of work to provide grant and aid to help students to deal with the tuition, fees and books and again maybe part of the discussion that we need to have is how to transition this university away from this commuter type of a situation towards more students living on campus.

Terry B: At two institutions we are regionally compared to, they actually pay after grant aid \$3,919 at ASU and \$3,030 at U of A, and a UNM student on average gets \$1239 in refund. So the concept Regent Gallegos was referring to is not just increasing tuition to help students graduate, we wanted to take an integrated, strategic approach to everything at our disposal to help students, in particularly the 4-year graduation rate which has been 12-15%. On student course loads hours 1-21 for an academic year, the amount of hours they have registered for, we have at 15 credit hour load 8000 students and at the 12 credit hour load 6,870 students. So the problem is these 12-14 credit hour loads because it is going to take them over 5 years to graduate.

Regent Gallegos: Do you have any data on how many of those taking 12 hours are working, and that is why they are taking 12 hours?

Terry B: A lot of our students do work; we have different surveys that indicate the amounts of work. We have very traditional freshman that we just surveyed in the foundations of excellence component, we had a thousand respondents and very few of them were working. So I think we have a very broad mix of students from traditional freshman, some work a lot and many don't work as much, to students who do commute and work a substantial number of hours.

Regent Fortner: Terry, assuming that it is 128 credit hours to graduate and the idea is that we want people to graduate in a timely manner if you average 12.8 hrs per semester you will graduate in 5 yrs. If you average 14.2 hrs you will graduate in 4 ½ yrs. And obviously if you take 16 hrs a semester you will graduate in 4 yrs but I would guess that you don't have the same students taking 12 hrs every semester. A student who is taking 12 hours in his first semester and then maybe his 4th or 6th semester trying to figure out his course load. And if they are pre-med the time when they take their hardest biology class they are going to take 12 hrs and so what I'm trying to figure out is, we don't want to punish the people who are being wise, who at least 1 or 2 semesters are going to take 12 hours and they are going to make it up taking 18 hrs. There is nothing wrong with someone who graduates in 4 ½ or 5 years right?

Terry B: I think that if that was the case and if I was confident that all of our students were doing that then it would absolutely be fine but the problem is 15% of them are and doing what you are suggesting and graduating in 4 years.

Regent Fortner: But I'm not using the 4 year plan, I don't like the 4 year plan. But let's be more realistic of 4 ½ or 5 year plan, because a 4 year plan works great for the BA/MD people. Their classes are all set, and they are always going to get into the classes they need. But that is not true for people who change majors, and it is acceptable to change majors, or the people who want to graduate in 4 ½ or 5 years. So my question is, are we penalizing these people who want to graduate in 4 ½ or 5 years because the 5 year is still an acceptable measure right? If every one of our students graduated in 5 years, we would be happy.

Terry: We would, our 5 year rate is 37%, but the point is that no one is acting on this even with these being free credit hours. I understand that there are variables, and there are students doing different things but 15% 4 year rates, 37% 5 year rates and 46% 6 year rates. Everyone has to improve. And we can't improve with this high a percentage of students at the 12 hour rate. And we certainly are basing this on the need for completions, outcomes, graduations, to help us with funding, as well in the new state funding formula because it is based on graduation numbers.

Regent Fortner halted for the reception for former Regents Abeita and Wellman. Recess starting at 12:10pm and will convene after lunch. Regent Fortner called the meeting to order at 1:24pm.

Terry: We are trying to incentivize students to move from taking 12 hours to 15-18 hours with the tuition model to take more credit hours. It currently costs the same amount of money to take 12 through 18 hours and the strategy we are trying to propose is that we move from a block to a modified block. Several of our peers have gone away with block but it is a big change, so what this proposal does in the green is students pay for 12, 13 and 14 hours and then on the 15th hour rate they actually get 16, 17 and 18 hours free just as they did in the old block, the modified block. One of the considerations that came out of the Tuition and Fee Team after discussion is that we have to start unblocking tuition. It hasn't had the impact that it was supposed to have; you're paying for 12 credit hours you get 6 more free and I've showed you the data that our students are still in the 12 hour mark. So strategically we would like to encourage a rate that is actually less at the 15, 16 and 17 credit hours, actually costs less to take those hours than it does at the 12 credit hours. So in order to do that you have to structure a model that has some tuition increases and some tuition decreases. Essentially the way it works is we have a tuition increase for part time hours so this \$235.25 is a tuition increase so students at 6 hours pay \$200 more and students at 3 hours pay \$300 more and that's an increase all the way up to the part where it's unblocked. So your biggest increases are right in here and what you try to model that with is a decrease at hours 15-27 or however many they take is actually a decrease credit hour cost with no change in fees. It's not a tuition decrease overall because we've unblocked these hours, we're paying for these hours extra but we propose it in a way that 12 hours of tuition and fees actually cost more right here at this figure than the 15 hours or the 18 hours. They are actually less per hour but the whole rate of taking 15 hours, because you're now charging for 12, 13 and 14, is about 8% higher at the 15 hour load, and about 8% higher at the 18 hour load. Those are where you are trying to encourage the \$480 increase.

Regent Gallegos: Right now if you take 15 hours and pay \$6050 tuition that is \$400 an hour right?

Terry: Yes.

Regent Gallegos: So what your saying is the \$400 then on top of that if your taking 15 or more hours you add another \$166 to it but if you're taking 12 you add \$235 to it?

Terry: We start a base of \$201 per credit hour, for the tuition part per semester, so on a semester basis we've increased these hours at the part time level. We're charging for these hours 13 and 14 and the total cost for 15 hours when you charge for those for the year is \$6500 so it's a \$486 increase of about 8%. What we've done by increasing the cost of the part time hours is made that cost higher so it's actually about \$300 higher around \$6800 to take 12 credit hours and that increase is about 13.56% increase \$820 dollars. So what we've tried to do is say for less money you're going to get 15 hours or 18 hours compared to 12 hours.

Regent Overton: Can you also explain how the fees fit into this?

Terry: There is no fee increase so the fees are \$50.99 a credit hour so that makes this total around \$285 per credit hour for these hours in here just like you are the tuition. The fee increase is not a huge amount at 15 credit hours but it is some fee increase obviously. The total new revenue from fees ended up being about \$2M.

Regent Gallegos: Just so it is clear does the student taking 12 hours pay the same amount for student fees as the student taking 15 hours in this proposal?

Terry: The fees go up with the hours except for hours 15-18

Regent Gallegos: How does that have any connection with the theory behind this that you're getting more courses so you pay more for the hours otherwise it is free. How does that relate to student fees?

Terry: It is really just the unblocking strategy of when you unblock these hours to unblock the tuition part and not the fee part is even more complex, I'm not saying it couldn't be done but it's really a matter of unblock the hours that's an hourly rate and unblock the fees that's an hourly rate.

Regent Overton: My concern about doing them together is that we have current policy of what student fees are and how they are defined and so wrapping it up into this new model change in effect changes the policy that we have on board. So in my opinion you can't do it at the same time you have to change your student fee policy if we are going to accept this presentation. It needs to be separated. Terry requested Andrew Cullen to speak to the current student fee policy.

Andrew: The overall philosophy that on a per credit hour basis there is a cost associated with that. There is a cost associated with instruction, there is a cost associated with our students being on campus and taking advantage with. The Student Fee Review Board policy is just that it's a policy for the SFRB.

Regent Overton: But I am talking about the definition of a student fee and how it is defined by policy, currently it is defined as a full time student pays full time student fee. So we're talking about changing the fee policy.

Andrew Cullen: I guess I would say our definition of a full time student is 12 hours and we know that doesn't get them graduated in four years.

Regent Overton: So then does this model change, are we in effect trying to change the definition of a full time student with this model?

Andrew Cullen: No.

Regent Overton: So then there is no reason to change a full time student definition of student fee. Right? My opinion.

Andrew: I think the whole philosophy on unblocking the tuition and fees is that we can't offer those courses for free. That is the difficulty of it. As I look at what the SFRB does, they make a recommendation to the administration. There is no definition of what a student fee is, I know our students have attempted to quantify or qualify that in some way, if you were to go to 15 different universities you would find 15 different examples of what's funded with fees and what's funded with tuition. So that's something we need to work through this summer and I know President Frank has committed to do that.

Regent James: One point of clarification, so currently the fee rate per student credit hour is 50.99 and that is this same rate for each credit hour no matter if you are at 1 through 5 or 10 and it's only as we go to 13, 14 and 15 where there is 0 student fees, is that correct?

Terry: Yes it is the same rate, it is one rate.

Fortner: It is unblocking of the fees too right?

Terry: Yes.

James: So we are not changing the rate of student fees. We're simply charging for the tuition, for those hours that had previously not been charged so we're not changing the fee rate structure, we're not changing how the fees are being administered we're simply changing the tuition policy.

Terry: That is the primary idea. The entire concept really focuses around the block has not worked for its intent of free credit hours as an incentive so regardless of the other stuff, that this is complex but the problem is we have not done anything to encourage higher course loads. I understand individuals are individuals with different circumstances and what this does is start to modify the block. Some schools that go outside of the block they start to do a little piece each year. This is a step in modifying the block but really the bottom line is it costs you less to take 15 or 18 hours than it does 12 hours even though there are increases it actually costs you less to take those number of courses.

Regent Gallegos: As the economists would say, you would use pricing to signal what behaviors or outcomes you want so are we signaling here that it is preferable for a student who otherwise can't afford it unless he or she works that they go into debt? That they take out loans so that they can take 16 or 17 hours?

Terry: I think we have tried to demonstrate that we have financial aid that we're going to support students with \$1.6M if that's their circumstance and also there is also quite a bit of grant aid already. What we're really saying is we're not focusing on the punitive side although this is character change, culture change; however you want to say it and maybe you can use the word punitive. If we can encourage them to take that extra 3 hours at the cost that we're describing they are going to graduate a lot quicker the data is they are going to graduate a year or 2 years or more earlier and it is going to save them the estimates we used \$30,000 a year, \$12,000 a year you can use any figure you want in terms of how much they're saving by graduating early but we think this encourages them in the right direction. We do have other financial support mechanisms that we've been talking about in addition to the financial aid, in addition to the grants that are already there. We have collaboration with the credit union where we are going to be able to do micro-lending opportunities, emergency financial aid loans. It is a centralized financial support structure that we have never had before that we are going to be implementing to account for emergencies. Regent Gallegos the kinds of things you've mentioned students may encounter, working, life, difficulties.

Regent Gallegos: Isn't there less funding in store for Pell Grants, Congress is cutting those funds?

Terry: That is always a concern. The budget on a federal level and particularly financial aid that I pay close attention to there's actually a plan to increase Pell Grants under President Obama's plan the cuts may end up being that there is not an increase I don't find that in a federal communities that they are going to let Pell Grants be cut that much but it's always a possibility it's on the table in discussion.

President Frank: We are concerned about the future of Pell Grants, but I must remind you that today we're losing faculty on a daily basis through counter offers. We brought this proposal to you today is for two reasons. One, we believe it channels our students into a route that will increase their student success and two, it also allows us to raise money to address a compelling need to keep faculty here at UNM. We have looked at every other way to do it and there is simply no other way to do it, you cannot find a balanced method that addresses these simultaneously. If we do not find a way to do this we will continue to lose our faculty we will simply have no competitive faculty to be a research university, we will become a community college. And so for you as Regents, you face the challenge, do you want to have no great faculty to be a research university or let them all go away and we can become the university of I don't know. The types of universities that we are now competing with are at levels that are dismal at best. We're four years without raises and before that we were already competing with a set of universities that weren't research universities. We have found ways to address our most needy students with financial aid so I think we have addressed the needy quite compellingly. I believe this presentation has been quite powerful in my mind in addressing each and every of those types of issues especially the most powerful issue that NM faces, to move from being the 49th of 50th state in student graduation in the country. We are at the bottom of the nation. If we don't do something we will remain at the bottom of the nation. We have no grounds not to act.

Regent Gallegos: There is no disagreement that the faculty and staff salary increases are needed. It seems to me that when you face a need like this you do not only look at one place to find that revenue. For year 2011 the Regents were asked to and approved a tuition increase of 7.9%. Let's talk about unrestricted because that's the funds that we're talking about, the I&G state appropriation. The financial statement for year end 2011 shows that revenue exceeded expense by \$28.8M. Year 2012 we were asked to approve a tuition increase of about 4.9% the audited financial statements showed that revenue exceeded expense at the end of that year by \$30.5M. When faced with a budget you would expect to review how prior budgets came out. What was the outcome? What happened by raising tuition and so forth? We've had no presentation in that regard. We have no information other than to say you just can't do it. When we talk about the large sums of reserves, unexpended balances that are in various departments of the university, we've had no information about that except it's committed. We ought to have a fair investigation of that and maybe we will be convinced that those funds are not available. But most of that is untouched. We also know that we've had an auxiliary reserve fund, bookstore, parking and so forth yield revenue beyond expense. We only have half the budget, just this small slice and we only look in one place, student's pocket books when we want more money. I need to be convinced that there are no significant funds being held in various pockets around this university that can be used for these purposes. Maybe when we have a complete presentation and examine it we will be convinced, no those funds are not available. But we only get the picture that's brought to us, a small picture, here is your choice, and there is no other choice year after year. So for my part until all other sources and resources are really brought forward, laid out and thoroughly examined I don't think that we should be making budget decisions.

Regent Fortner: As I understood, Gene is saying that there is a reserve, revenue in excess of expenses, of \$28.8M on year and the next year about \$30.5M in the unrestricted funds, state appropriation, I&G?

Provost Chaouki Abdallah: There are reserves in academic units they've grown over a couple of years when we were not hiring. This past year those reserves went down by 20% and we are on track to deplete all of the reserves that are in the academic units right now in 3 years. And the

reason those reserves are where they are is because when we hire faculty we need to commit for 2 or 3 years for start-ups and other things. More importantly than this however, those are one time moneys, once they are gone they are gone. And therefore if we go down by 20% this year and next year we go down by another 20% and so on after 3 years if we were to use them for recurring expenses once they are gone we are back to the same issue. The reason those reserves were built up is because we were not hiring.

And let me say one more thing about the whole discussion, the whole point of this was not really to focus on just how much we need today, the whole point was that we are on a track today to increase graduation and increase the success as you saw with the investments you made with the last few years. Our graduation rate was going down, our faculty were leaving, and we had many empty slots. So we can choose to look at the cost of what we are doing or we can look at it being put back into these initiatives. We can slow down these initiatives or invest in them. But the ultimate goal in 3 years from now is to increase graduation rates, or we can stay the same. So from where I'm sitting in Academic Affairs I know there is money we are investing heavily into these initiatives that we talked about and most importantly we're paying for it, if not today, tomorrow in counter offers or we let faculty go. Last year when you gave me the million dollars to do the equity adjustment and so on I was able to retain 25 faculties. But I am not able to retain those faculties, so if it goes forward and we don't get money for retention then this year we will have fewer faculty as well as eventually what's going to happen is these courses at the beginning and all of the resources that we're putting in are going to be going away.

Regent Koch: I think the Regents need to take a position on the two portions of the budget, President's Office Initiatives and Academic Affairs. Faculty and staff salaries have been a topic for the past several years. I am not sure what it will do to the increase but by adopting those two portions of the budget, we immediately send a message to faculty and staff. Regents have to make a stand in regards to those areas. That takes care of salary increases and then we can move on to other areas.

President Frank: At F&F Andrew Cullen provided a chart summarizing all your previous tuition and fee history and its 1.3% when you correct for inflation over the last five years. I would also like to emphasize what the Provost said, that all of the University's reserve account for one-time dollars and the average cost for a Natural Science faculty startup package is \$600,000. So all of the faculties we have brought in over the last few years have a price tag of about \$600,000. Even though it seems like a lot of money sitting in reserves each one of those faculties has a startup package that we have to spend out over the next three years. Looks like a lot of money on the books but we are going to burn through that money as they start those labs up. It is also one-time dollars so it does no good for raises.

Regent Hosmer: It has been made clear to me that part of the solution to bringing UNM up to the standards that NM can and should expect is to encourage students and student's families to make a longer term decision about what their course load should be. I acknowledge that there will be some students who simply cannot handle 15 credit hours for many reasons. However, I think it is a universal truth, in my opinion, that people tend to act the way you expect them to act, and UNM has signaled for a long time that it considers 12 hours to be a normal course load and students have responded to that. I believe that it is built into the current proposal that UNM is saying lets change because it is in your interest to take a heavier course load. There will be many exceptions but for the great central tendency, I agree with the university that a 15-hour course load should be the standard. How that is best achieved, we do not know. A proposal has come forward that by graduated tuitions and I am willing to accept that as a working proposal to come back in a year and ask if it worked and how can we refine it. However, I agree that something should be done to improve the average course load of the students here in their interest in cutting their long-term costs down and improving the entire function of the university. Two separate issues, first is increasing course loads for reasons related to the academic apparatus, and the second is funding the entire university to a level that we should expect from it.

Regent Fortner: So if we partially buy into this block, I say partially because we do not buy into the fee increase because that is setting \$2M into a reserve. Instead, we look at the athletic fees and say ok, we are not going to put that \$2M into reserve but we are not going to include the fee as part of the block and then we look at the fees including something to address what Regent Koch proposes. How does that work in terms of a percentage increase?

Andrew Cullen: To Regent Overton's point, what we would essentially want to do is keep this unblocking of the block in place with student fees but reduce the amount of fees from \$50.99 to somewhere in the \$45 range. This would ultimately generate \$600,000 to \$700,000 dollars, the amount of money necessary to fund the students SFRB recommendation. Moreover, the initial calculations that they have run suggested it would come down at the 15 and over the 8% would come down to somewhere around 5.5% to 6%. We only need \$527,000 just to honor the SFRB recommendation.

Andrew Cullen: \$8M is essentially what makes our I&G plan work. What Regent Koch is suggesting is that we fund this \$4.2M and \$4.9M but one key component we've discussed several times is the need based aid. I don't know that the administration would recommend forgoing that. The other sections in the funding recommendations are just flow through dollars. The \$2.8M it comes to UNM and goes right back to ERB to fund our retirement, the same with \$1.387M. The \$600,000 VEBA by us more or less delaying this \$440,000 goes up to \$1.5M. So we would actually lose money on that proposition. The whole idea with the VEBA is that it was going to be more employee contributed than employer. So by us delaying it until January it affects I&G it's more money the employer needs to come up with.

EVP Harris: I don't think we've delayed it till January it's off the table.

Regent Koch: Yes, the VEBA was defeated, we had the debate on that on what we're trying to do with that. And it was defeated. I don't know how you can say that it wasn't as far as I am concerned, maybe they need to come back with a different proposal but right now that can't be built into this budget. So as far as I'm concerned that is not in this budget, even though we didn't vote on it we did vote on it. That's not in here now, it's out.

Andrew Cullen: That was the point that I was trying to make. It is going to cost us a lot more about another \$700,000 in this scenario.

President Frank: It costs us a lot of money that you didn't approve it. It was a very expensive vote you just took.

EVP Harris: It was a vote you didn't take that was very expensive.

Andrew Cullen: So the \$197,000 is for the Police Department security, we've had unfortunately several instances on campus. So point being if we only fund the President's Office Initiatives and Academic Affairs we forgo a number of very important initiatives that are in our plan. If we have to revisit fees, we have to revisit fees but to make these types of decisions here is difficult.

Regent Overton: As I understood your alternate proposal if we still charge a fee at every credit hour, still unblock the fees, then the total number of fees goes down so you don't know what that would do to the total percentage increase of someone taking 15 or 18 credit hours.

President Frank: There is \$2M in the fund right now if you take half of it and sent it to athletics then we fund half of it to the students does that solve the problem?

Regent Overton: It could but it is still a percentage increase that may not be necessary if it will sit in a reserve fund for a year. Maybe we don't need that percentage increase.

President Frank: I'm saying we would find a mechanism not to charge the students that 1 point. That becomes an uncharged point to the students.

Andrew Cullen: Instead of having this reserve of fees do we adjust the overall rate for fees on a per credit hour basis down from \$50.99 to something less it actually comes down to around \$45. Follow through on the same methodology of unblocking the block and charging just as we would tuition for credit hours 1-15, 16-18 are blocked. Reduce the rate to somewhere around \$45 don't generate \$2.2M instead generate \$600,000 that we would then fund the SFRB initiative.

President Frank: Discount the overall fee rate, have enough money to generate the money for the athletic fee that Regent Koch is requesting, that we don't charge students as much. So the motion the Regents would pass would be the same, they would instruct us to discount the fee rate accordingly, we would then calculate what the fee rate would be, it would be a discounted rate, the fee rate would drop to students we would then pass move it to \$4M and we would let you know what the discounted rate would be so everybody wins.

Regent Gallegos: Wouldn't this be that what you're saying even if you keep the unblocking but you would reduce the rate so that instead of generating \$1.7M over the review board. It would generate only \$1M over the review board.

President Frank: But we're doing that by dropping the overall fee rate total so we're just not charging as much fees. So the fees might go from \$51 to \$49. There will be a little tiny increase.

Regent Overton: Can I make a request to get two different sets of numbers, one would be under what you just said we're operating under the premise that the extra money to athletics is going to be accepted and that has not been decided upon yet. It would be helpful to have one model that would show what the new number of fees per credit hour would be if we went with what was recommended by the SFRB and one model that if we went with that model plus what Regent Koch has recommended for the increase to athletics alone. To see those two in parallel before we vote on one.

President Frank: Well I think you have to make a decision today so you are just going to have to hash this out now.

Regent Overton: That's fine so then I think that's the discussion we have.

President Frank: the other alternative is we're just talking about this principle whether you want athletics in or out you can decide that right now. You are just talking about whether it's going to be \$51.55 or \$49.99 I don't think that's material to your conversation.

Regent Overton: I think it is very material to the conversation. It merits discussion, where that extra \$900,000 would go.

Regent Fortner: It merits a conversation, I'll give you my sense I think that athletics needs the money and that's where I hope it goes I think Regent Koch is there I think you represent the students accurately and you think their recommendation is golden. We believe it's a recommendation and for that I say respond.

Regent Overton: Can I yield a few moments for the SFRB chair to fill us in on any gaps from their perspective.

Marisa Silva: We have already crunched some data. The SFRB has met this entire year in good faith even withstanding the \$50 increase unilaterally by this board last year in March. To this end we have tried to be supportive of messaging and acting in good faith in meetings with the

Athletics department. We see the Athletics department as an invaluable member of this community. However the SFRB serves the entire student body and there were 27 additional applicants. I would like to point out highlights of UNM as it compares to the peers in the Mountain West. There is one argument that must be addressed is that athletics needs more funds if you look at this we represent a very healthy medium in terms of both student support and institutional support our program is not necessarily hurting. We are having wonderful success it's a very valuable program but I think it would be very precipitous and irresponsible to allocate additional funds if we have already approved and recommended as a board the continuation of the \$50 increase from last year. If we were to approve an additional \$33 per full time enrolled student depending on how the funding is that would amount to a doubling of the athletics fee in 2 years and an increase is not of grave necessity at this time.

Regent Koch: We are not above them, I have the numbers. Air Force Academy total including fees total \$23M. University of Wyoming total including fees \$13M. Boise total \$9M. UNM total \$6M. These are from all sources. University of Nevada \$8M. UNLV \$20M. Fresno State \$19M. San Diego State \$20M. Colorado State \$12M. San Jose State \$11M. These are all funds from state and NM is \$6M.

Marisa Silva: I would like to point out that our source is cited freely. These are numbers that these institutions reported in 2011 to the NCAA and they are freely available.

Regent Overton: I would like to VP Krebs that we appreciate Athletics, you have done an excellent job especially with the academics of our student athletes, we do recognize that and appreciate your time. I would like to support the student recommendation that was made by the SFRB made to support the number that they recommended to the Athletics department with the understanding that President Frank had stated that we are going to re-evaluate the student fee structure, who gets student fees and how that process works. It's a good time to support the students on the initiatives.

Regent Gallegos: On the SBLT recommendation on student fees there is a line item for \$800,000 reserves is that essential to the SBLT recommendation. So we could adopt if it were the sense of the board the SBLT recommendation less the \$800,000.

Andrew Cullen: That table added the \$1M that assumed the unblocking and left \$800,000 unallocated. It is not our recommendation, we put that in there at the urging of Regent Koch. When we concluded our recommendations we did not have any additional funding for Athletics when we met with the F&F Board Regent Koch asked to model what would happen if we put Athletics up to \$4M.

Regent Gallegos: The \$800,000 would be generated if we were to adopt the President's recommendation on unblocking. If you left out the \$800,000 reserve then you lower by a few dollars and that is where you're coming from.

VP Paul Krebs: If I could make a few comments, to Marisa's point we have engaged in very healthy, constructive dialogue all year long with the students. Currently our students Athletes graduate 16% higher than the student body. When you look at state and university funding and student fees we get \$2M less than the average of our peers. We believe we deserve more funding and support. We generate 80% of our own budget through revenue, more than anybody else in our conference. We're doing things the right way, our students are tremendous representatives in this community, and it is difficult for us to maintain a championship caliber program without additional support from the university. We require all of our students to take 15 credit hours; we have summer school funding, bridge programs and better ratios of mentoring and advising.

Regent Hosmer: I believe that is true this is a unique gap between the student body and Athletics, which is attributable to the activities of the area. I think he is quite right and I support the

statement that they are entitled to as much support as we are able to provide, if we support a good product by reinforcing it this is an opportunity.

Andrew Cullen: So what we've looked is just those group of students that we're talking about that 8% effective increase for students taking 15 hours and above, it's 8% currently as we propose if we were to go ahead and reduce the fees to Regent Fortner's point from the \$2.2M to the \$600,000 or just that amount of money to fund the SFRB recommendation that 8% would come down to about 5.1% effective tuition and fee increase if we were to fold back in the \$900,000 for athletics the 8% comes down to 6.6%. So a 6.6% effective tuition and fee increase for our proposal on the I&G side plus SFRB plus Athletics. And even lower at 5.1% with just the SFRB request.

Regent Overton: Could it be inferred that if we did \$450,000 to Athletics the percentage increase would be right in between 5.1% and 6.6%?

Andrew Cullen: It would be 5.85%

Regent Gallegos: I understand and appreciate the efforts of the SFRB, but it is a recommendation and it's up to us to make a decision. If it is in order I would move that we adopt the recommendations of the SFRB except that we include an increase of \$970,827 for Athletics.
Regent Koch seconded.

Regent Fortner opened for discussion.

Caroline Muraida: We have provided from our own research of both revenues and expenses from Athletic Departments in our conference based on 2011 data from USA Today. This highlights that there is a lot of data that has not been fully examined. We researched data this morning when we became aware of the change in recommendation for an increase to Athletics. I want to reiterate that students support Athletics, we appreciate the value Athletics brings to the university. In a similar fashion we support Student Health, we support CAPS. If we want to talk about Academics and students graduating at higher rates across the university there are applicants to the SFRB that contribute to that directly that aren't receiving substantial increases. CAPS is the Center for Academic Programs and Support, our tutoring program that has received national accolades across the country. I don't want to deviate from the actual point at hand but I do want to make it very clear that we support a re-evaluation of our contribution to athletics in a meaningful and thorough fashion and we don't believe that it can happen in this room right now thoughtfully. That is the student's standpoint.

Andrew Cullen: The 6.6% is the overall I&G plan plus funding student fees honoring the SFRB recommendations about \$550,000 and \$900,000 for Athletics.

Regent Fortner: There is a motion on the floor to accept the SFRB recommendations with the exception of the Athletics fee to be at the \$950,000. I had written down here that if we unblock tuition and partially unblock the fees that we can do those things at about 6.6% increase. So what I would do to Regent Gallegos is offer a friendly amendment to your motion that would put tuition at about 6.6% which does unblock tuition, partially unblocks fees and accepts the SFRB recommendation with the exception of the Athletic fee. Do you accept this amendment to your motion?

Regent Gallegos: Subject to the record showing that the increase would be \$907,000 for Athletics not \$950,000 and that would include a 3% increase in compensation for the faculty, a 1% increase for staff and a one-time staff compensation supplement of \$1000 each.

Regent Fortner: Why don't we just accept that as your amendment to your motion. Do you accept that Regent Koch. That is the new motion on the floor.

Regent Hosmer: I ask my colleagues and the administration for next year to come forward long in advanced before the budget deliberations with a basis for deciding student tuition that is rational, policy based and takes the best estimates of the future we can make. But takes student tuition out the subject at the closing end of the budget issue.

Regent Overton: Requested that Regent Koch explain why he arrived at the current number of \$907,000 for Athletics from student fees.

Regent Koch: I took all the schools within our conference and the total average of student fees and arrived at a figure that moves UNM to the average.

Regent Fortner: We often talk about the mission of the university and the mission of the university cannot always be described in one sentence because we have a lot of missions. One of our missions is to educate students who might not have an opportunity to get an education but for something the university does. That but for might be for Regents or Athletics scholarships. In this case it is providing an education for student athletes who might not otherwise get an education or afford. I imagine that Craig Neel will continue the academic emphasis that Coach Alford did.

Regent Overton: It is difficult to understand the nature of a student fee. I was hoping to fund the athletic request at half \$450,000, and that is ok if we can't do that this year. But if we do move forward and this passes I would request that in the future we work closely with Athletics to come up with more funding opportunities. Coming in at the end and adding a large increase to Athletics I think is difficult for students to accept. I appreciate your comments Regent Fortner but I would strongly ask that the administration come up with more creative ways to fund athletics, this is the second year in a row that this has happened.

Marisa Silva: I wanted to ask a question that was asked over and over about the potential tuition unblocking but that has not been asked for this potential increase for Athletic fees and with all due respect to Athletics what is the value of adding what would amount to a doubling of the Athletics fee in 2 years. We as a board were very encouraged that the Office of the President and Budget Office has committed to re-evaluate the applicant pool this summer. Especially looking towards the eminent future towards the shadow modeling of the Responsibility Center Management that it's also impending for the coming year. We feel that would be a more deliberate and measured way by which to ensure equity among these applicants because if we are going to be talking about benchmarking we should consider the equity amongst other applicants. If we are going to use the Mountain West to benchmark the Athletics fee what about the Student Health and Counseling Center that serves all students. What about the Center for Academic Programs and Support that contributes to the academic success and the nature of our mission of UNM which is primarily academic. President Fortner stated that yes we have many missions and we are a very diverse community here at UNM but if you were to sum it up into one word I would say it's academic. And to precipitously allot almost \$1M to one applicant out of 28 I don't think is in keeping with an academic mission for all students. \$1M would be a 1% raise for faculty who have gone along with staff 4 years without a raise. That is essential to our academic mission; these are our advisors, mentors, professors, lecturers, deans. I would urge you to please consider the voice of students; it has been hard enough for us to communicate the \$50 increase that that was permanent in nature. It's been hard enough to communicate that with our constituents in one year. And the messaging will not be positively received it will be very cloudy and very contentious to say that we are doubling the fee for one applicant in 2 years.

Caroline Muraida: At the F&F meeting when asked about whether or not students would support the unblocking the tuition particularly an item of fiduciary responsibility. I was questioned directly whether my stance was a personal opinion. I am going to use that anecdote moving forward today that students all 23,471 that Marisa and I represent between the two of us do not support this increase in Athletics at this time. I encourage you to contextualize this one decision

with the same amount of thorough review and benchmarking analysis as all the other applicants as well. And that is what we have been charged with as a SFRB and I think as students if I may my presentation is not on a smart phone device I hope I can maintain your attention for the rest of it but I just want to be clear students do not support this increase and that is not a personal opinion that is a professional one.

Regent Gallegos: Is there a change in non-resident tuition?

Andrew Cullen: No change on non-resident tuition.

Motion to approve the tuition and fee increase of 5.6% at the Los Alamos Branch and 5.8% at the Taos Branch passed unanimously (1st Koch, 2nd Gallegos).

Andrew Cullen: Typical in years past we have to get your approval on the tuition and fee increases for the four branches. Good news regarding Gallup and Valencia, they are proposing no tuition and fee increase for this year. Los Alamos is proposing a 5.6% increase and Taos a 5.8% increase due to the compensation increases for faculty and staff.

Motion to approve the increase for differential tuition at the Anderson School of Management (1st Koch, 2nd Gallegos).

Andrew Cullen: Differential tuition for the Anderson School of Management (ASM). The ASM is proposing a \$15 increase for ASM graduate resident from \$159 to \$174, for graduate non-resident from \$165 to \$180. For non-ASM a \$7 increase from \$75 to \$82.

UNM Health Sciences Center

Motion to approve the FY14 Preliminary Budget of the HSC passed unanimously (1st Quillen, 2nd Gallegos).

Chancellor, Dr. Paul Roth gave an introduction on the FY2014 Preliminary Budget for the Health Sciences Center. He reviewed the UNM HSC Organizational Chart and discussed the Environmental Assessment regarding Research, Education and the Health System. Dr. Roth also discussed the possibility of reinventing Academic Health and that we assure continued integration and balancing of our three missions. That we lean and that funds flow. That we integrate a seamless IT System and advance health equities and workforce needs.

Dr. Richard Larson (Executive Vice Chancellor) presented the Board with the Strategic Plan of the Health Sciences Center. In regards to UNM 2020, the HSC has been tasked with enhancing Health and Health Equity in New Mexico. The objectives are: deliver an integrated HSC academic and service model by 2014, improve public health and population health to the populations we serve by 2014, become recognized as the premier health care choice for NM by 2015, become recognized as top institution for translation of our research into clinical and educational practice by 2015 and build the workforce of NM by providing a premiere and innovative education by 2015.

HSC Strategic Planning Process is aligned with the UNM plan. There has been large effort to incorporate both UNM HSC Academic Enterprise and UNM Health System planning. We have developed a new Vision, Mission and value statement and established goals with strategies and tactics with metrics included for each tactic and the overall vision. In addition, we have identified incidental costs. The Vision is that HSC will work with community partners to help New Mexico make more progress in health and healthy equity than any other state by 2020.

The Mission of HSC is to provide an opportunity for all New Mexicans to obtain an excellent education in the Health Sciences. We will advance health sciences in the most important areas of human health with a focus on the priority health needs of our communities. As a majority-minority state, our mission will ensure that all populations in New Mexico have access to the highest quality health care.


The UNM Health Sciences Center's most important value is a steadfast duty to improve the health of all New Mexicans. We will serve our patients and the public with integrity and accountability. We will strive as an institution and as individuals to recognize, cultivate and promote all forms of diversity; to fully understand the health needs of our communities; and to advance clinical, academic, and research excellence. We are committed to perform our duties with compassion and respect for our patients, learners, and colleagues; and always to conduct ourselves with the highest level of professionalism.

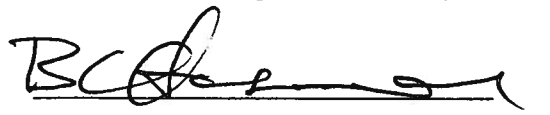
In order for HSC to realize its Vision and Mission, they will achieve the following goals: Integrate the Health System/Health Sciences Center strategic plans, services, approaches and policies, improve public health and health care to the populations we serve by 2014, become recognized as the Premier Health Care Choice for New Mexico by 2015, become recognized as top institution for translation of our research into clinical and educational practice by 2015 and build the workforce of New Mexico by providing a premier and innovative education by 2015.

Ava Lovell (Senior Executive Officer, HSC Finance and Administration) presented the FY2014 Budget Planning. She discussed the preliminary budget revenues for FY14 including: Tuition & Fees, I&G/State Funding, Grants & Contracts, Sales & Services, Commercial Insurance, Medicare, Medicaid, Other Patient Care and Mil Levies. She presented a map of New Mexico's uncompensated care by county totaling \$221.6M with the largest county being Bernalillo at \$180.7M and broke down the costs of physicians and facilities. Ms. Lovell discussed the assumptions of the UNM Health System in regards to the revenues and expenses and compared the prior year, current year and next year along with the FY14 preliminary budget. The HSC Academic Enterprise was discussed in terms of the revenue assumptions. There is no proposed tuition increase and one request for the approval of tuition differential for Occupation Therapy. There was an increase in state funding totaling \$4,262,700 or 4.8% but due to sequestration an decrease in contracts and grants of 4.8%. The expense assumptions for the Academic Enterprise do not include any budgeted salary increases, include a 2.25% ERB increase on all salaries, include an increase of 10% in group health insurance and the possibility of a one-time salary supplement for faculty. Ms. Lovell discussed the various amounts required to reach the 50th percentile for faculty, reviewed the average compensation for 5 years and discussed the current sources of School of Medicine faculty compensation and attrition rates per year. She reviewed prior year, current year and next year comparisons for the Academic Enterprise in revenues and expenditures. In conclusion, she reviewed all components of the HSC FY14 preliminary budget.

XI. Adjournment

Motion to adjourn the meeting passed at 4:37 p.m. (1st Gallegos, 2nd Quillen)


Jack L. Fortner, President


Bradley C. Hosmer, Secretary/Treasurer