Minutes of the Regular Meeting of the Board of Regents of the University of New Mexico
March 13, 2017
Student Union Building (SUB), Ballroom C
Executive Session-Cherry Silver Room
Main Campus

Members present
Robert M. Dougherty, President; Marron Lee, Vice President; Jack Fortner, Secretary Treasurer; Tom Clifford; Brad Hosmer; Suzanne Quillen; Garrett Adcock

Administration present
Chaouki Abdallah, President; Paul Roth; Chancellor for Health Sciences Center; Craig White, Provost and EVP for Academic Affairs; David Harris, EVP of Administration, COO, CFO; Elsa Cole, University Counsel; Richard Larson, Executive Vice Chancellor for Health Sciences; Dorothy Anderson, VP HR; Liz Metzger, Controller; Ava Lovell, Sr. Exec. Officer of Finance and Administration, HSC; Dana Allen, VP Alumni Relations; Gabriel López, VP Research; Eliseo 'Cheo' Torres, VP Student Affairs; Paul Krebs, VP Athletics; Amy Wohletz, President's Chief of Staff

Regents' Advisors present
Glenda Lewis, President GPSCA; Kathy Guimond, President Retiree Association; Danelle Callan, President Staff Council; Pamela Pyle, President Faculty Senate; Kyle Biederwolf, President ASUNM

Presenters in attendance
Jason Strauss, CEO Lobo Energy, Inc.; Chris Vallejos, AVP ISS; Norma Allen, Assoc. Dir. University Budget Operations; Joe Cecchi, Dean School of Engineering; Nicole Dopson, Financial Officer, Office of the Provost

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

CAL. TO ORDER, CONFIRMATION OF A QUORUM, ADOPTION OF THE AGENDA
Regent President Rob Dougherty called the meeting to order at 10:06 AM and confirmed a quorum. There were no amendments to the agenda; Regent Dougherty asked for a motion to adopt the agenda.

The motion to adopt the agenda passed by unanimous vote (1st Lee; 2nd Fortner).

APPROVAL OF MINUTES
There were no corrections to the minutes of the February 14, 2017 regular meeting or to the minutes of the March 2, 2017 special meeting; Regent Dougherty asked for a motion to approve the minutes.

The motion to approve the minutes of the February 14, 2017 regular meeting and the March 2, 2017 special meeting passed by a unanimous vote (1st Fortner; 2nd Lee).

THE PRESIDENT’S ADMINISTRATIVE REPORT
Acting President Chaouki Abdallah opened his report with comments on recent activities around the University’s focus on the Academic Mission, including strengthening partnerships with the national labs with a recent meeting with the new Sandia National Labs management team; the School of Engineering was awarded a $7 million research grant from the Air Force Research Lab (AFRL); and the AFRL announced plans to move its Technology Engagement Office to Innovate ABQ. In the area of Research, over the last 5 years UNM researchers have received 16 National Science Foundation CAREER awards, making a total of 54 since 1995. Professor Tiffany Lee of the Native American Studies program is part of a $1 million, multi-university study designed to examine the effect Indigenous-language immersion schools have on Native American student success, both in the classroom and beyond. The Department of Biology is continuing its Post-baccalaureate Research and Education Program (PREP), thanks to a five-year, $2 million grant from the National Institutes of Health (NIH). President Abdallah gave a legislative update and spoke briefly about the status of recent House Bills, including HB2, HB202, HB237, and HB412. The President closed with the reaffirmation that UNM promotes a culture of trust and respect. President Abdallah announced a third campus town hall scheduled for March 28.

After the President’s administrative report, there was discussion about International Students. Additionally, Regent Clifford requested periodical updates from the VP Research, more specifically overviews of research programs in each of the different colleges in order to have a better understanding of UNM’s overall research, policies and plans. President Abdallah responded the VP for Research is finalizing the strategic plan for Main Campus in collaboration with Health Sciences which already had a strategic plan.

PUBLIC COMMENT (no comments)
ADVISORS COMMENTS (no comments)

COMMENTS FROM REGENTS

Regent Dougherty introduced Garrett Adcock:

“We have a new regent here today, Garrett Adcock, he’s our new student regent. He is currently a law student at UNM and he did that also while he played football. He has an excellent GPA, is on the dean’s list, he got a bachelor of science, graduated summa cum laude here from UNM in Biology in 2015 with a 4.03 GPA with many honors, five academic scholarships, top GPA for the football team for every time he was here, Mountain West Football All Academic First-Team, Mountain West Scholar Athlete, the list goes on and on, one of three national finalist for the Wuerfel Trophy for Fall 2016, presented to college football player who best combines exemplary community service with athletic and academic achievement. Really, the list goes on and on, but it is a pleasure and I want to be the first to welcome Garrett as a student regent. You’ve got big shoes to fill and I think you will do a great job, and I certainly welcome you and I’m certain the rest of the Board of Regents welcome you, so welcome to the Board of Regents.”

Regent Dougherty also recognized David Harris, recently appointed to the Association of Public & Land-grant Universities (APLU) Board of Directors:

“In December 2016 David Harris was appointed to the Association of Public & Land-grant Universities (APLU) Board of Directors and serves on the Council on Business Affairs, comprised of the senior finance and administrative professionals at APLU member institutions. The Association of Public and Land-grant Universities (APLU) is a research, policy, and advocacy organization dedicated to strengthening and advancing the work of public universities in the U.S., Canada, and Mexico. With a membership of 235 public research universities, land-grant institutions, state university systems, and affiliated organizations, APLU’s agenda is built on the three pillars of increasing degree completion and academic success, advancing scientific research, and expanding engagement. The association’s work is furthered by an active and effective advocacy arm that works with Congress and the administration as well as the media to advance federal policies that strengthen public universities and benefit the students they serve. So David, on behalf of the Board of Regents, I want to recognize you and congratulate you on this really great appointment.”

Regent Clifford relayed other news for the campus community on behalf of the HSC Committee:

“There is mixed news in the sense that we have a couple of our deans who are leaving and we want to acknowledge their great service to the University of New Mexico.

Nancy Ridenour, who has been dean of our College of Nursing since 2008, will become the next dean of the Goldfarb School of Nursing and president of the Barnes-Jewish College in St. Louis. She is set to start in that role on September 1. Dean Ridenour has made tremendous strides in expanding our College’s enrollment, and implementing a statewide bachelor’s of science in nursing curriculum and in growing our endowment and enabling us to double the College’s advanced practice nursing programs, all of which are really important programs for the State of New Mexico. Our congratulations to Dean Ridenour, we will miss her, but this is a great set of accomplishments and we owe her a debt of gratitude.

In addition, Lynda Welage has been named dean of the University of Minnesota’s College of Pharmacy, and will be overseeing the professional and graduate programs on those campuses. Since joining our College of Pharmacy, Dean Welage has overseen the development of innovative educational and practice models, as well as the growth of the College of Pharmacy’s very impressive research program. On the clinical front, she launched the Medication Therapy Call Center to optimize medication therapy management in underserved rural communities. Under her leadership, the college has completed a strategic plan, updated the PharmD curriculum and launched a dual PharmD/MS program in pharmaceutical sciences and has led a successful accreditation effort. So thank you very much to those two deans.

Two of our faculty at the HSC have recently been named Women of Influence in New Mexico by NM Business Weekly. That’s an honor. They were chosen from a pool of approximately 250 nominees who will be honored at a luncheon in early April, and that includes Martha McGrew, Executive Vice-Dean of the School of Medicine, and Jamie Silva-Steele, RN, MBA who is currently President and CEO of Sandoval Regional Medical Center, Inc.

We also have awardee of the Clinton P. Anderson Award from the New Mexico Chapter of the American Lung Association, and that is Dr. Lana Melendres-Groves, Assistant Professor in the Department of Internal Medicine, and another awardee is Dr. Donna Upson is an Associate Professor in the Department of Internal Medicine and a pulmonologist at the Veterans Administration Hospital.

Also, Dr. Howard Yonas, was selected to receive Louis Gorin Award for Outstanding Achievement in Rural Health Care given by the National Rural Health Association. Dr. Yonas is our Chair of the Department of Neurosurgery and has made
tremendous strides in improving access to neurological research for 30 hospitals around New Mexico, so a very important source of support for the other medical facilities around the State.

Finally, Rosalyn Nguyen, Associate University Counsel in the Office of University Counsel, but she serves on the Health Sciences side, was inducted as a Young Alumni Honoree into the UNM Anderson School of Management Hall of Fame.

So congratulations to all those honorees on behalf of the Regents; we are really proud of the work you are doing; you really make UNM an outstanding institution.

ELECTION OF OFFICERS
Regent Doughty clarified that by state statute election of Board of Regents’ officers is the second Monday in March.

Regent Doughty asked for nominations for President; Regent Marron Lee nominated Rob Doughty for President; Regent Fortner seconded the nomination; Regent Doughty called for a vote on the motion; the vote was 7-0 in favor; the motion passed.

For Vice President, Regent Doughty nominated Marron Lee for Vice President; Regent Fortner seconded the nomination; Regent Doughty called for a vote on the motion; the vote was 7-0 in favor; the motion passed.

For Secretary, Regent Doughty nominated Jack Fortner for Secretary Treasurer; Regent Lee seconded the nomination; Regent Doughty called for a vote on the motion; the vote was 7-0 in favor; the motion passed.

REGENT COMMITTEE REPORTS

CONSENT DOCKET
Regent President Doughty presented the consent docket. There were no questions or any request to remove an item from the consent docket. There were no questions or requests to remove items from the Consent Docket.

1. Health Sciences Center Committee (HSCC) Consent Item, Regent Marron Lee, Chair
   a. Approval of Nominations to the UNM Medical Group, Inc. Board of Directors
   b. Approval of Nominations to the Lovelace UNM Rehabilitation Hospital Board of Directors

2. Finance and Facilities Committee (F&F) Consent Items, Regent Marron Lee, Chair
   a. Approval of Appointment of Erica Jorgensen as Non-Positional Board Member to the Lobo Development Corporation Board
   b. Naming Committee Request for Approval to Name the Antoine Predock Architectural Studio at 300 and 308 12th Street NW exterior space, the “Antoine Predock Center for Design and Design Research”

The motion to approve the Consent Docket Items passed by a unanimous vote (1st Lee; 2nd Fortner).

HEALTH SCIENCES CENTER COMMITTEE

Approval of the UNM Hospitals Contract with Cyberonics, Inc.
Ava Lovell presented the item. The request is for approval to purchase the Vagus Nerve Stimulation Therapy System for use in the Operating Room. The system is surgical implanted devise that delivers pulsed electrical signals to the vagus nerve which helps patients with epilepsy achieve long-term seizure control. Cyberonics is the sole provider of the stimulators and purchases were made under a sole source procurement in prior years. The previous contract amount FY16 expenditures were $1.1 million. The contract term is for one year, the current year estimated cost is $1.3 million based on prior year usage. The contract reflects a 10% savings over list price.

Regent Clifford inquired if the HSC is able to use its hospital network to find out what others are paying for this technology. Ms. Lovell responded they are members of a large purchasing group, Novation, which is used for pricing data.

The motion to approve the UNM Hospitals Contract with Cyberonics, Inc. passed by a unanimous vote (1st Clifford; 2nd Fortner).

HSC Financial Update (information item)
Ava Lovell presented the material that was provided in the agenda eBook. The report is for 7 months, or 58% of the year. All of the spring tuition has been booked which gives 94%. This is 10% above last year which is being driven by the increase in nursing enrollment facilitated by the New Mexico Nursing Education Consortium (NMNEC) and academic partnerships.
Transfers are a little bit lower and so are other expenses, primarily due to holding off on discretionary items. If the $6 million tuition and the advance tuition is taken out, there would be about a $1.6 million bottom line favorable for I&B at the end of January. For unrestricted research, there is an elevation on the State and Local appropriations, which is cigarette tax, favorable at about $500K. Some programs like project ECHO are spending down funds that came in last year. Most of clinical operations benchmarks are at 58% of the year; salaries are somewhat higher than last year to meet volume increases and there were 4.5-5% raises to keep nurses and hospital staff jobs competitive. Supply costs are also higher than last year to meet volume demand. Overall, the bottom line of clinical operations is $804K positive, of which $168K is the hospital and $636K for the rest of clinical operations. The spring tuition that was booked in January will be spent down over the rest of the year.

Regent Hosmer inquired regarding the drawdown in the 2nd quarter of cash-on-hand if there was anything significant to report on that. Ms. Lovell responded this is probably due to timing issues of delay in expected funds coming in and payments going out. There are no revenue cycle problems. There was brief discussion about the accounts receivable and brief comments on uncompensated care dependent upon outcomes in congress.

Regent Clifford commented patient revenue is up 6% and salaries and benefits are up about 9%. Ms. Lovell responded various factors at play, including anticipated larger reductions in Molina revenues contingency, and this was met with spending cuts, but the actual Molina reductions were not as extreme as anticipated. Other factors were the increased volumes and expenditures to meet increased volumes. Regent Clifford urged going forward paying close attention to the expense line item.

FINANCE AND FACILITIES COMMITTEE

**Contract Approval: UNM Division of Human Resources - Dental Health Plan Administrative Services**

Bruce Cherrin and Joey Evans presented the contract for the Dental Health Plan Administrative Services. The contract is a re-bid and they received two, Delta Dental and Blue Cross Blue Shield. The contract is for administrative services. The incumbent was Delta Dental; the University has been with that vendor for many years. The benefit plan begins in July.

Regent Clifford's concern regarding benefits is that it is an area they may need to look to save money in the future from a budget standpoint. It needs to be a part of the budget review. He inquired if they already locked in the FY18 plan. Mr. Cherrin responded the University is self-insured and the contract was for only the administrative portion. EVP Harris clarified the benefit structure had not been determined yet.

Regent Quillen inquired about the detailed plan they had to reduce their ASO by 20% and put 20% at risk, she stated it was a broad statement and inquired what it was based on. Mr. Evans responded that with Delta Dental's proposal, they have offered a network strategy to save the total plan of approximately $800K over the next fiscal year. The dental plan is only $7 million in total it is a little too good to be true to see $800K in savings. So with that offering they are willing to put 20% of their ASO fees at risk if we are not able to achieve 20% savings on a claim per claim basis with the network strategy they are looking at implementing. The network strategy is no disruption to patients. It is an overall win for the University as well as the employees.

Regent Quillen does not understand how that is a strategy for a large reduction of their ASO. If they approve this contract that would be worth tracking as it does not seem possible. Mr. Evans responded they are still in the process of negotiating the final wording that will be in the agreement and they use their Benefits Consultant from Aon to assist in how that will be tracked and measured to ensure they are abiding by their guarantee.

Regent Quillen stated she has never seen 20% at risk and would like specifics on how they propose to reduce costs by 20% before they sign. She inquired if their rates went up. Mr. Evans said rates did not go up and they were able to negotiate a slight decrease in ASO fees. For clarification, they are not reducing their ASO fee by 20%, but they are willing to put 20% of the ASO at risk if they are not able to save 20% on a claim by claim basis.

Regent Quillen inquired about the plan on how they are saving the University 20% per member, per month as it is not laid out. Mr. Evans responded the way the network guarantee works is Delta Dental has two networks, the premier and PPO network. A lot of the premiere dentists participate in the premiere network so in general if an individual is under the premier network and a dentist accepts PPO patients then the reimbursements are based on the PPO rate rather than the premiere rate. That is how they are proposing the 20% differential.

Regent Clifford inquired how that 20% discount compared to what they've seen in the past. Mr. Evans can provide more detail. Delta Dental's reimbursement schedule is based on a maximum allowable charge that Dentists agree to rather than a discount off of bill charges. Those are based on analysis done behind the scenes by both benefits consultant and Delta Dental. The 20% is based off of a differential between the two networks Delta Dental offers and the reimbursement rates
between the premiere and the PPO network. If a premiere dentist gets $100 the PPO reimbursement is $80; that is the 20%. Regarding the contract, it has an option to renew and they could go a maximum of 8 years under procurement. The ASO fee they are quoting is $2.94 per employee, per month it will be a potential 10% increase on that ASO fee after they’ve locked it in for two years. Current plan design will remain the same as it is competitive and cost effective for the University.

Regent Quillen inquired what the Delta Dental plan had to offer that Blue Cross Blue Shield did not. Mr. Evans responded the major concern for the committee was network disruption, currently the BCBS network is not as robust as the Delta Dental network, and they were concerned employees would no longer have access to their dentists.

The motion to approve the contract for the Division of Human Resources Dental Health Plan Administrative Services with Delta Dental passed by an unanimous vote (1st Doughty; 2nd Fortner).

Contract Approval: Cogeneration Turbine Unit #1 Engine Overhaul
Bruce Cherrin and Chris Vallejos presented the contract for the Cogeneration Turbine Unit #1 Engine Overhaul. The contract is for the 2005 cogeneration turbine for major maintenance that needs to occur every 30,000 hours. They have had this maintenance agreement with the manufacturer since 2005. It is over $1 million. It is the third overhaul on this unit.

Regent Lee stated they have established this as standard and not out of the ordinary but is benchmarked usage and required for proper maintenance.

The motion to approve the Contract for the Cogeneration Turbine Unit #1 Engine Overhaul passed by unanimous vote: (1st Doughty; 2nd Fortner).

LOBO DEVELOPMENT CORPORATION - MEETING OF THE MEMBER
Regent Doughty called the Lobo Development Corporation "Meeting of the Member" to order at 10:58 AM. The motion to approve the minutes of the Lobo Development April 8, 2016 meeting of the member passed unanimously (1st Fortner; 2nd Lee).

Regent Clifford inquired if Lobo Development has an audit committee and if there is Regent representation. Mr. Vallejos stated the Lobo Development Corporation Board of Directors has two Regent members. There is no separate audit committee for Lobo Development; they are a component unit that goes through the same process the University goes through.

Regent Doughty turned the gavel over to Regent Jack Fortner, Chair of the Lobo Development Corporation Board of Directors.

Regent Fortner asked Chris Vallejos to present the External Audit report for FY15-16. Mr. Vallejos stated there were no findings in the audit. There was one prior finding that was resolved from the previous year. They follow the same auditing procedures as the rest of the University. The University Controller is also apprised of all the different transactions that are going on through the Lobo Development Corporation as it is a component unit.

Regent Clifford requested a representative from the University Controller’s Office be represented in the audit to ensure all areas are looked at on these audits. Regent Doughty clarified the request would apply to Lobo Development Corporation and Lobo Energy, Incorporated.

The motion to approve the External Audit for FY15-16 for Lobo Development Corporation passed unanimously (1st Clifford; 2nd Lee). Regent Doughty adjourned the Lobo Development Corporation "Meeting of the Member" at 11:02 AM.

LOBO ENERGY, INCORPORATED - MEETING OF THE MEMBER
Regent Doughty called the Lobo Energy, Inc. (LEI) “Meeting of the Member” to order at 11:02 AM. The motion to approve the minutes of the Lobo Energy, Inc. April 8, 2016 meeting of the member passed unanimously (1st Lee; 2nd Fortner).

Jason Strauss, CEO of Lobo Energy, Incorporated presented the External Audit for FY15-16; Lobo Energy received a clean audit with no findings.

The motion to approve the External Audit for FY15-16 for Lobo Energy, Inc. passed unanimously (1st Lee; 2nd Fortner).
Jason Strauss, CEO of Lobo Energy, Incorporated presented an update on the Energy Conservation Program. Lobo Energy is tasked, along with the rest of the University, to reduce the consumption of energy on campus to save funds as well as be sustainable. The ultimate task for energy conservation is to reduce energy consumption while they are dealing with the load creep that happens in all of the buildings; all the office machinery is defined as load creep. They are dealing with the constant increase of rates external to campus, which has allowed them to remain low because they are able to produce their own energy at a much cheaper rate than the outside market. They continue to build new buildings with no increase to funding, while still dealing with the decreased efficiency in the older buildings. A review of total avoided percentage by performance year was discussed regarding the energy conservation program that began in 2008. They are right on par with where they were last year and he anticipates they will be somewhere around 26-27% avoided use for our entire campus, including all of UNM including Branch Campuses. The percentage is a summary of every meter in all of the buildings benchmarked against it, and they take all the factors that roll into that into a single unit and that equals the avoided use percentage. Since the program began they have avoided 21.7% in total use.

Regent Clifford inquired about the estimates; the baseline is not easy to calculate as upgrades are done. He is unsure what they are taking credit for. Mr. Strauss responded they take every building and meter and baseline year, before they began the program, and they have the exact usage that was there and then the substantial changes that occurred, such as buildings staying open longer. Those are calculated in e-cap software which is the highest energy star rated energy system in the marketplace. They are comparing energy consumption against itself for all buildings. In the first four years they were using an outside vendor.

Regent Lee stated it would be helpful for discussions to take place with Regent Adcock and Regent Clifford regarding Lobo Energy.

The avoided cost over 9 years was at $45 million gross avoided cost, with a $33 million net. They anticipate $7 million avoided cost this year. For the 10 year projection, they anticipate $56.8 million gross avoided cost gross and $43 million net avoided cost. Avoided cost does not mean they have those funds in an account but rather that means they are that amount less in debt they would have had to come up with to pay for utility costs.

Regent Doughty adjourned the Lobo Energy, Inc. “Meeting of the Member” at 11:14 AM.

Regent Doughty reconvened the Board of Regents regular meeting at 11:14 AM.

Monthly Consolidated Financial Report (information item)

Liz Metzger presented the monthly consolidated financial report for the University that was included in the agenda eBook. The financial report is as of January 31, 2017 which is 7 months into the fiscal year. Ms. Metzger provided highlights; the first regarding the current projected shortfall in the pooled tuition. Currently it has been estimated the University will be $1.5 million short in the budgeted FY17 tuition and fees. That is primarily due to student credit hours. The second was a follow up to last month’s presentation, the I&G exhibit is continuing to be affected by the big swing in investment income, which is reflected in the other revenue line item. They are rebounding but there is a time lag on how it appears on the financial reports. The report only shows investment income through the end of December. A graph was presented on the consolidated result of operations and the various campuses; bottom line is about $60.1 million to the good which is made up of the three campuses including Main Campus totaling a $49 million balance to the good, HSC is $7.8 million to the good, and Branch Campuses are $2.4 million to the good. A big part of the Main Campus finance is the influx of spring tuition, which will be spent over the course of the semester. Another graph illustrated revenues and expenses for the I&G exhibit, which is where the pooled tuition, fees, and investment income are represented, and was at a $59 million result of operations to the good at the end of January 2017.

Regent Clifford inquired about the current projection for the end of the year relative to what was budgeted, specifically for Academic Affairs I&G projected a $3.6 million use of reserve, and inquired if that was in addition to the amount that was budgeted. Ms. Metzger responded EVP Harris and Provost White will provide an update on projected balances as far as current fiscal year and looking forward to next fiscal year.

BIT Progress Report on FY17-18 Budget Development (information item)

EVP David Harris and Provost Craig White presented the item, a progress report provided on the FY17-18 budget development. The material was included in the agenda eBook.

EVP Harris stated they have provided budget updates to the ASAR and F&F Committees. They are talking about what they are doing with respect to the budget development for next fiscal year. EVP Harris and Provost White have been leading the effort but they have a very broad Budget Leadership Team (BLT). Since the recession in 2009, this format has been used of a broad based administrative team which attempts to identify where they sit currently and those items that they would be presenting in April. This year they have deviated and organized into sub-committees including: FY18 Budget Development,
New Revenue Models, Tuition and Fee Modeling, Cost/Reallocation Committee, Long-Term Strategic Planning, and Branch Campuses. A scenario has not yet formulated not knowing what is going to happen with the Legislature, they will be doing that after adjournment. New spending requests have been the focus. Regarding new revenue models, the focus has been on how they can better maximize online education as they feel it is a new revenue opportunity that has not been fully developed at UNM. Regarding tuition and fee modeling, they are looking at better ways to streamline the tuition model. Regarding cost reallocation, they are looking at areas where they could affect savings on the expenditure side of the budget. A draft FY18 budget recommendation summary spreadsheet was presented and on the revenue side they are projecting a 7% reduction from the original appropriation the fiscal year started with, it includes the 5% cut the University absorbed in the fall and they are planning on another 2%. President Abdullah indicated they hope to only absorb a 2% reduction but things are uncertain pending the Legislature concluding. The House Bill 2 and Tax bill will be delivered to the Governor before the day concluded. They are unsure if vetoes may occur. With respect to tuition, they have had a decline in the second semester due to student credit hour decline. The tuition model is generated based on student credit hours taken. They are projecting a 3% reduction in tuition next year. Mandatory student fees reflect the bond issue the Regents approved last week. Miscellaneous revenues are projecting a slight increase in investment income. On the revenue side, they are projecting a $16.4 million reduction in revenues that would be available for expenditure.

Provost White reviewed the expenditures and their goal is to make up the $11.6 million gap/shortfall during this year’s budget process. There were several changes to the budget for the current fiscal year reflecting the cuts made based on last year’s outcomes. They are building the mandatory student fees for the bond issuance into the budget. There will be increases in fixed costs to health care which will be taken into account in terms of where they need to be working against. The Department of Justice compliance is being built into the budget based on outcomes last year for compliance issues, incremental costs. Faculty promotions are always going to be an incremental cost each year. They will continue to discuss UNM Press and the subsidy needed from I&G to fund that unit.

Regent Clifford inquired what groups are represented on the BLT, and stated they need to look at their benefit plans very carefully if they are not locked down for FY18. He also inquired about the 3% decrease in tuition and how much of that is what they’ve already seen. He also inquired about foreign student enrollment. EVP Harris responded the Deans, faculty, staff, and students are represented on the BLT. They are also projecting a 4.1% increase for group health insurance with no change in benefits. Regarding tuition, he believes $1.5 million the amount they absorbed in the second semester and the rest is a realignment they are building into the budget. President Abdullah added they are not assuming any major changes in international students but if that decreases they will take it into account in the tuition budget realignment.

EVP Harris stated regarding student fees, they had a decrease in student fees in the fall due to decreased enrollment. They’ve increased the basic fee by 0.7% next semester. Regarding reserves, they will not use reserves until they reduce spending first.

Regent Hosmer stated it would be helpful to see the operational impacts behind the deficits.

**Differential Tuition Proposal - School of Engineering Information Item**

Joe Cecchi presented the item, information was provided on the School of Engineering Differential Tuition request that was included in the agenda eBook. The rationale for the SOE differential tuition request is based on the fact that revenues have not kept pace with the cost to delivering high quality research driven graduate engineering and computer science degree programs. It has become more difficult to recruit and retain outstanding research-active faculty who are successful in bringing in external research funding, they are the foundations of excellence in our graduate programs. They also face challenges in recruiting high quality graduate students. While they are working towards their MS or PhD, they are carrying out the research and working closely with faculty. Unique among UNM’s graduate programs 70-80% of graduate students are funded by their companies, Teaching Assistantships, or by a tuition stipend support from research faculty contracts. The SOE differential tuition request proposed a $100/credit hour fee to be phased in over two years. The average course load for their students is typically 6 credit hours per semester, 12 credit hours per year or an increase of $1,200 per year. The SOE graduate programs are the only programs not to have differential tuition. The SOE faculty are supported by the state I&G budget by $16 million per year but these faculty generate more than $33 million per year in external research contracts and grants. They are leveraging the state I&G budget by more than a factor of 2. Only 20-30% of graduate students are unsupported, they have included a 20% financial set-aside in the proposal for those students. The main financial impact would be on the faculty research contracts and grants.

A comparison with the present SOE tuition and average over 22 peers was presented. It would be 24% below the AY16-17 engineering tuition average of the peers. That places UNM 15th in tuition among 23 schools; however, UNM ranks 10th in annual research per faculty and 12th in current US News graduate program rankings. Faculty are competing in a national market for graduate students even they have to provide tuition, mandatory fees, and a stipend to be competitive; the average stipend is $27,330 per year. The stipend incurs facilities and administrative charges for the Research Office of almost $14K. The total cost for supporting a graduate student in SOE on average is over $45K. With the increase in
differential tuition, the total cost per student would rise to $46,358 which represents a 3% increase. A slide illustrated the comparisons for MS and PhD post graduate salaries. SOE MS students earn $30K more and SOE PhD students earn $12K more. The proposed graduate differential tuition for SOE would be the third lowest at UNM. All of the differential would be allocated to graduate educational expenses. They believe it will generate $1.2 million and will be used for need-based financial aid, recruitment and retention of faculty, TA/RA/GA, graduate student recruiting, and operating expenses. There have been extensive discussions regarding the request and it was presented to faculty. They understand the importance.

Regent Clifford inquired if they have discussed the request with students.

Dean Cecchi stated they have had some discussions with students but President Abdallah advised since the burden falls heavier on faculty that they focus on faculty outreach as they will mostly be the ones bearing the cost. The unsupported students will get all of their increase covered by the 20% set aside financial aid.

Differential Tuition Proposal - School of Law (Information item)
President Chaouki Abdallah presented the item for Daniel Ortega. Information was provided on the School of Law Differential Tuition request. The material was included in the agenda eBook.

President Abdallah stated this is to support a Master’s Degree in Legal Education. The Law School currently has differential tuition and the request is asking to apply the differential tuition to those students who are in the Master of Law program. The program was taken to the Regents, HED, and State Board of Finance where it received approval. This is meant for non-lawyers who are professionals in other areas to work in companies to be the first examiners of legal issues. It is not to allow them to practice law or take the Bar exam. The students are intended to be experts at some level but not to give legal advice in front of the court, but rather vet some of these issues beforehand.

Regent Clifford questioned if these students are going to receive the same benefits as other law students such as taking the Bar exam, should they pay the same tuition. He would like the students’ feedback on this request.

Regent Lee stated they need to have more information on the program as she can see it in conjunction with another degree, but as a freestanding degree is more of a paralegal degree; she has concerns about the program. President Abdallah responded the program has already been approved and in existence, it is not unique to UNM. These concerns are valid and they can address them. The request is to see if the students should be treated the same when they are in the program.

Regent Lee stated if the differential tuition does not happen the program will not be self-sustaining.

PUBLIC COMMENT
Michelle Melendez Elevelle; Nkazi Jingdile; Antionette Sedillo Lopez of Enlace Comunitario; Margani La Galván; Leah Strimel of Junto Coalition; and Dr. Kristine Swozzi, all spoke in favor of the Pathways to a Healthy Bernalillo County Program and urged the Regents to support increased funding for the program to $2 million, a funding level recommended by Bernalillo County. They also spoke in favor of the signing of the MOU with Bernalillo County.

ADVISORS’ REPORTS

Kyle Biederwolf, ASUNM President, reported on recent and upcoming ASUNM activities. Mr. Biederwolf welcomed Student Regent Adcock and looks forward to working with him. They are discussing the fiscal climate and doing all they can to have a student voice in that. Mr. Biederwolf sits on BLT and other ASUNM representative sit on other committees. They have a town hall scheduled to discuss a potential tuition increase and the fiscal climate overall. They are encouraging students to attend the President’s Town Hall. April 8th is Spring Storm and Fiestas for students. They are in the middle of ASUNM President and Vice President Elections; they have four candidates for both positions.

Glenda Lewis, GPSA President, reported on recent and upcoming GPSA activities. Ms. Lewis stated GPSA attend Graduate Studies Day with Dean Coonrod at the Legislature, and they were able to network with other NM graduate students. She noted UNM has the most progressive research in the State. Ms. Lewis reiterated Spring Storm on April 8th and GPSA will participate in community service at Sanchez Farms in the South Valley. They have three presidential candidates for GPSA. Voting will be held on April 7th.

Pamela Pyle, Faculty Senate President, reported on recent and upcoming Faculty Senate activities. Ms. Pyle stated she saw many young students on campus to see a show at Popejoy Hall, which is a great opportunity for students to have an experience on campus. This community relies on UNM and UNM does a lot for the community. The interactions people have with the faculty and research happening on campus does change lives. The research and creative works that are constantly percolating at UNM are the energetic cells that push the state forward. It is extremely short-sighted to neglect
higher education at this time, support is essential for UNM's growth. It is her hope that Regents, as appointees of the Governor, might be able to share this perspective in the most vigorous manner. Ms. Pyle was happy to hear Regent Clifford's highlight of academic achievement. She asked the Regents to encourage those in government to view UNM as a priceless resource.

Regent Clifford requested Ms. Pyle's comments be sent to the Regents via email.

Aaron Cowan, Staff Council President-Elect, reported on recent and upcoming Staff Council activities. Mr. Cowan stated there are a lot of difficult choices UNM faces, given the State budget. Staff is worried about the impact these choices could have on programs, services, community partnerships, students, and jobs. There are no easy solutions, but before decisions are made he reminded the Regents the importance of staff to the success of students, faculty, educational programs, and research. Over the past several years, staff have taken on more job duties, assignments, and roles to assist in the trimming of budgets. Staff are vital to UNM's mission and vision and it is estimated if we don't receive a tuition increase on some level we could stand to lose 112 jobs, including faculty and staff. Staff Council is happy to provide data on staff morale. Cost of living is going up each year while pay remains stagnant, staff have accommodated these challenges because they love what they do and believe in the mission of the institution.

Regent Clifford inquired about the 112 potential job cuts and which scenario. Mr. Cowan stated they have received that information from more than one source.

**VOTE TO CLOSE THE MEETING AND PROCEED IN EXECUTIVE SESSION**
The vote to close the meeting was unanimous (1st Lee; 2nd Fortner.) The meeting closed at 12:27 PM. Regents Doughty, Clifford, Fortner, Hosmer, Lee, Quillen and Garrett Adcock were present at the closed session luncheon.

**VOTE TO RE-OPEN THE MEETING**
There being no executive session items, Regent Doughty asked for a motion to re-open the meeting. The motion to re-open the meeting passed unanimously (1st Lee; 2nd Fortner). The meeting re-opened at 12:36 PM. The doors to the Cherry-Silver room were opened.

**ADJOURN**
Regent Doughty asked for a motion to adjourn the meeting. The motion to adjourn the meeting passed unanimously (1st Lee; 2nd Fortner). The meeting adjourned at 12:37 PM.

Approved:  

Attest:

Robert M. Doughty III, President  
Jack L. Fortner, Secretary/Treasurer

Minutes originated by Mallory Reviere and Sara Gurule; finalized by Mallory Reviere.