

**NORTHERN NEW MEXICO COLLEGE
SPECIAL MEETING OF THE BOARD OF REGENTS
APRIL 7, 2011**

I. CALL TO ORDER

A special meeting of the Board of Regents of Northern New Mexico College was held on Thursday, April 7, 2011 in the Boardroom of the Montoya Administration Building on the Espanola Campus. Regents present: Michael P. Branch, Alfred Herrera, and Cecille Martinez-Wechsler. Regent Branch reported that the Board had a quorum. Regents Feliberto Martinez is traveling and will return to Espanola late tonight, and Rosario (Chayo) Garcia is out of town due to a death in the family. Board President Michael Branch called the meeting to order at 1:02 p.m.

Northern New Mexico College staff present: Dr. Nancy Barceló, President; Dr. Anthony Sena, Provost and VP of Academic Affairs; David Schutz, Interim VP of Administration; Domingo Sanchez, Interim Chief Financial Officer; Susan Pacheco, Chief of Staff; Nancy O'Rourke, Human Resources Director; Dr. Ken Dvorak, Director of Distance Education; Dr. Jan Dawson, Assistant Provost for Academic Support/Registrar's Services; Ryan Cordova, Athletic Director; Stephanie Amedeo-Marquez, Interim Director of Assessment and Accreditation; and Josephine Aguilar, Assistant to the President and Recording Secretary. Also present were approximately 45+ faculty, staff, and students. Others present: Chris McGuinness, reporter with the Rio Grande Sun; Phil Parker, Staff Writer with the Journal Santa Fe and photographer with the Journal; reporter/cameraman with KOB Channel 4; and John Ingram, Field Representative for AFTNM.

II. APPROVAL OF AGENDA

Regent Branch stated that Item III(B) Approval of proposed tuition rates and other fees will be a discussion item at this time because he prefers that the entire Board be present to address this issue and take action. He also suggested that approval of Item V(A) under New Business be moved up on the agenda because David Schutz has to be in Santa Fe to attend a Higher Education meeting later this morning. **Regent Herrera moved to approve the agenda as amended. Motion carried unanimously.**

V. NEW BUSINESS

A. Approval of Contract for the Heating System Replacement Project at the El Rito Campus.

The contract for the Heating System Replacement Project at the El Rito Campus is an ARRA Stimulus funded project. Mr. Schutz stated that the reason this issue is on the agenda is because the College wants to expedite the construction program in order to meet deadlines committed to by the stimulus program. The Regents received the Bid Sheets prior to the meeting reflecting detailed information from the three contractors that bid the project--two from Albuquerque and one locally. The low bidder is Cross Connection, Inc. in the amount of \$438,252.00. Mr. Schutz provided a copy of a Change Order and a copy of the contract between Northern and Cross Connections (attached). The engineer's cost estimate for the project is \$388,000, so the low bidder is about 12% higher, which Mr. Schutz stated is reasonable. Mr. Schutz stated he attributes the higher bidders to the fact that the contractors would have to dispatch crews from Albuquerque on a daily basis and their travel costs and lodging costs drove the overall cost upward. Mr. Schutz checked the references and financial statement of Cross Connection and recommended that the College enter into a contract with Cross Connection.

Regent Cecille Martinez moved to approve the contract between Northern and Cross Connection, Inc., for the Heating System Replacement project at the El Rito Campus. Motion carried unanimously.

Concerning the Change Order, Mr. Schutz stated the College wanted to reduce the overall contract amount by about \$50,000 in order to have a comfortable contingency fund. He stated the contractor's employees will be staying in one of the units at the El Rito Campus and some of the base bid items in the original drawings have been deleted.

Regent Herrera moved to approve the Change Order as presented. Motion carried unanimously.

III. FINANCIAL REPORT

A. Fund Balance Report and Status Update by Domingo Sanchez.

Mr. Domingo Sanchez, Interim Chief Financial Officer, shared with the Regents the Expenditure Reduction Plan for FY 11 (2010-2011). A copy of this plan is attached. A summary of Mr. Sanchez's presentation follows:

- Staff has completed a lot of the work on the fund balances. A complete analysis of the fund balance was necessary in order to complete the operating budget for the current fiscal year (2010-11). Staff went back to the FY08 Audit, which was an unqualified audit, and took FY09 numbers to obtain correct fund balances for beginning of FY10. Entries will be verified by Kardas, Abeyta & Weiner, P.C. Mr. Sanchez stated that the College started the FY10 year with close to zero fund balance in the unrestricted accounts. This is reflected in the audit.
- Prepare the budget for the current operating year with correct numbers in order to meet with HED to discuss specifics and answer questions and give them an operating budget that meets the required reporting format.
- Staff reviewed FY11 (2010-11) operating budgets by department and the preparation of reviewed budget schedules for the current year operating budget.
- NNMC's analysis of FY11 revenues and expenditures has been extremely important in order to respond to concerns regarding the institution's solvency and current financial position.
- An analysis of existing revenues and expenditures has identified a potential current year budget shortfall of approximately \$1,000,000 if action is not taken immediately. Administration and financial staff met to discuss and address this issue. Critical financial, programmatic and staff resources necessary to complete the operation of the current fiscal year were identified, prioritized and agreed upon. In addition, further cost-saving measures that can be reasonably implemented before the end of the current fiscal year will be continually assessed and implemented. With this in mind, and with limited time before the end of the current fiscal year, the administration has developed the following "Expenditure Reduction Plan" to be implemented immediately:
 1. Reduce budgeted line items in Academic, BR&R Plant and other Institutional expenditures to address only critical operational expenditures through the end of the current fiscal year. The estimated cost savings of this action is approximately **\$455,000**.
 2. Analysis of existing revenues to date reflects an increase in revenue line items originally budgeted for the current fiscal year. The estimated revenue due to this item is approximately **\$110,000**.
 3. Bookstore returns have been identified and requests for refund payments rather than credits have been identified for the current fiscal year. The estimated reimbursement of this item is approximately **\$56,000** (numbers are conservative).
 4. Shift ER&R expenditures for the distance learning control room to ARRA Federal Stimulus funding to reduce current year operational expenditures. Doing so will reduce the amount

available for Academic expenditures for distance learning from approximately \$144,000 to about \$47,974 as originally intended. The estimated cost savings of this action is approximately **\$96,026**.

5. Shift allowable operational expenditures from I&G to federal indirect cost for the current fiscal year. The estimated cost savings of this action is approximately **\$100,000**.
6. Implement furloughs for staff and faculty for the last five pay periods of the fiscal year. The plan calls for administrative staff to take a 1.92% reduction in pay (40 furlough hours/2080 work hours per year) over the remainder of the fiscal year. This would be accomplished by taking the two remaining holidays of the fiscal year without pay in an effort to minimize the impact on the daily operations of the College. The three (3) remaining furlough days would require the College to close its operations one day each pay period over the remaining pay periods of the fiscal year. Doing so will minimize the impact of furloughs to the College and its employees by reducing their pay by only one day per pay period. Faculty would not be furloughed but will also receive a 1.92% reduction in salary over the remaining five pay-periods of the fiscal year in lieu of furlough days. The estimated cost savings of this action is approximately **\$170,000**. (Mr. Sanchez stated this is a conservative target; the College has made this estimation with three months left in the fiscal year.)
7. Eliminate probationary personnel in positions deemed non-critical, effective the end of the current pay period. The college has currently identified five non-critical staff positions in this area. The estimated cost savings of this action is approximately **\$28,800**.
8. Eliminate temporary personnel in positions deemed non-critical, effective the end of the current pay period. Positions currently identified as non-critical include three positions serving the Main Campus. The estimated cost savings of this action is approximately **\$5,000**.

Mr. Sanchez's report states that the Regents, administration and staff recognize that this goal is ambitious, but also achievable. Doing so will require the support, commitment and discipline of all collect staff, faculty and program participants between now and the end of the fiscal year. NNMC also recognizes that it will be necessary to continue many of these reductions as the College prepares for and enters into the upcoming fiscal year. Additional cost-saving measures have already been identified that will be incorporated in the preparation of NNMC's FY12 (2011-12) operating budget.

Because the College is doing this so late in the fiscal year, Mr. Sanchez stated the College has an advantage in that it already knows what the expenditures and revenues will be like. Mr. Sanchez noted that funding from the state to Northern has been reduced every year for the past three years. In terms of reserves, there is a 3% reserve requirement so on about \$10M the College will need about a \$300,000 reserve. The College will not know until this is all over with to know what kind of reserve percentage it will have. Mr. Sanchez stated that with the reduction plan being proposed and if the College lives within the revenues for the current year, the College is solvent based on what he has seen so far.

Mr. Sanchez stated that he and other financial staff will go to Santa Fe to talk to HED after this meeting to make sure that areas and concerns HED raised in the past submissions are addressed before the operating budget is finalized. He hopes that by next week documents will be formalized based on these discussions. For the most part, the work is about 95% complete. The Operating Budget for FY12 is due May 1.

Going into FY12 there is an understanding up front that spending will need to be toned down throughout the year. Regent Herrera stated that the most difficult issue to deal with is furloughs and how it impacts employees. He stated he understands the reality of preparing a budget and legally living within our means. He thanked the finance staff for all the work accomplished up to this point.

Mr. Sanchez stated that the finance staff had to use spreadsheets to identify authorized positions in the budget. A helpful management tool is needed through Banner regarding the identification of authorized positions. In the future, Banner will be set up properly to extract financial reports as needed in a timely

manner. College staff will work with NMHU on two issues: 1) security on banner, and 2) kinds of financial reporting to give to the Board on a regular basis.

Mr. Sanchez report that a Furlough Bank has been established to assist employees who make \$25,000 or less per year. Because of the generous donation of many employees who volunteered to take six furlough days instead of five, there is now enough hours to help the employees who fall in this category. He stated you do not often see this generosity in other organizations.

A document (three pages of signatures) was presented to Board President Branch and Administration from concerned faculty, staff, students and community members requesting that the Board & administration negotiate with the Northern Federation of Education Employees #4935 regarding furloughs, salary cuts and reduction in force.

B. ~~Approval~~ Discussion of proposed tuition rates and other fees by Tony Sena.

At Regent Branch's suggestion this item was changed from approval to discussion. Dr. Anthony Sena presented the final recommendations of the Effective Resource Utilization Committee (ERUC) at the regular Board of Regents meeting held in El Rito on March 17, 2011. A new handout reflecting the same information presented on March 17 is attached. Based on the recommendations from the ERUC, an AQIP institutional committee, Dr. Sena stated it is clear that the College will need to raise tuition. The state has recommended raising tuition for the lower division courses by at least 9.25%. For the upper division courses, the state has recommended a minimum of 3.1% increase. The state has already taken credit for these percentages. Discussions have been taking place since 2009 about bringing NNMC into line with what HED has been requesting and that is to have one unified rate for tuition. At the present time, NNMC is the only four-year institution that has a divided rate (lower and upper division rates). The discussions have centered as to whether or not to bring the unified rate in one period (next year) or graduate it over a period of years. The following recommendations from the ERUC are for the Board's review and consideration at this time:

1. Recommendations for tuition:

i. New Mexico Resident:	
a. Current lower division rate = \$44.01/cr.	b. Proposed lower division rate = \$62.80
b. Current upper division rate = \$97.28/cr.	b. Proposed upper division rate = \$100.45
ii. Non-New Mexico Resident:	
a. Current lower division rate = \$102.05/cr.	b. Proposed lower division rate = \$146.25
b. Current upper division rate = \$412.00/cr.	b. Proposed upper division rate = \$425.45
iii. No Change in 500+ level courses	
Note: *The proposed changes are being recommended in consideration of an AQIP report, two-years earlier, that had significant student input which favored moving to a unified rate (one tuition rate for all courses) within a 5-year period. Since this was two-years past the progress towards a unified rate is being proposed to occur within three-years (now, effective for FY 2012 and followed by an equal increase for FY 2013 and, similarly for FY2014).	
Given the current financial exigency the ERUC also acknowledges that the BOR should consider moving to a single unified rate (\$100.45 for all courses immediately.	

Dr. Sena stated the single unified rate would allow NNMC to become comparable to peer institutions (ENMU, WNMU, and NMHU) and to offer the same type of services to students that these institutions

offer (counseling, advising, etc.). The fact that NNMC has such low rates has prevented the College from being able to provide adequate student services, to be able to deal with problems when there are financial exigency such as we have now, and to look at potential raises for faculty and staff.

President Barcelo stated that Dr. Sena and Frank Orona, Dean of Students Services, will be meeting with the Student Senate tomorrow, April 8, to get their input on this issue. Dr. Sena added that even with these increases NNMC would still represent the lowest in the state and probably among the lowest, if not the lowest, throughout the Western United States. He provided comparison rates with current (2010-11) UNM Branch Tuition as follows:

UNM-LA	Resident	\$53.50/credit	Non-resident through 6 credits	\$53.50/credit
			Non-resident 7+ credits	\$136.00/credit
UNM-Taos	Resident	\$62.00/credit	Non-resident through 6 credits	\$62.00/credit
			Non-resident 7+ credits	\$156.00/credit

With regard to the budget, Dr. Sena stated that currently (this year) \$1.6M comes to the College from tuition. The instructional division alone takes over \$6M to operate, so obviously tuition cannot pay for all of instruction. If the College goes with the \$62.80 rate for lower division, the College would generate a little over \$2M instead of \$1.6M. If the college goes with the unified rate, the College would generate a little over \$3M and this is after all the percentages the State takes credit for. At Regent Branch's request, Dr. Sena will provide information at the next Board meeting regarding the impact the tuition increase will have on the number of student credit hours.

Questions/concerns/comments voiced at the meeting are summarized as follows:

- Registration was supposed to start on Monday, April 11, so registration will be postponed and will start on Monday, April 25, instead. A few days will be needed to enter required information in banner.
- The lower division tuition increase is significant for students in career technical programs.
- There is a concern amongst some faculty that there is no transparency concerning the budget.
- People should not compare NNMC to UNM because UNM is 25 times bigger than Northern and their budget is about 200 times larger than Northern. NNMC's funding comes at the lower division rate; Northern does not have masters or doctoral programs to bring additional revenue to the school. In order for students to understand the tuition increase in dollar amounts, it was pointed out by a staff member that raising tuition by 8% at UNM raises tuition by about \$200. Raising tuition at NNMC by 9.25% is \$4.00 per credit hour. In a 30 year span, Northern has raised tuition by a total amount of \$9.03. The staff member also pointed out that Northern's fees are reasonable.

IV. OLD BUSINESS

A. Approval of appointments to the Labor Management Relations Board.

Board President Branch stated that the Board adopted a Resolution in October, 2006 to establish a local Labor Management Relations Board (LMRB). There are currently vacancies (three members) in the LMRB that need to be filled.

At the Board meeting held March 22, Tim Crone, President of NFEE #4935, recommended Diane Wood to represent the union groups at Northern. Ms. Wood has indicated she is willing to serve in the LMRB. Regent Branch suggested the name of Clarence V. (Porky) Lithgow to serve in the LMRB and represent the Regents and Administration. He stated that Mr. Lithgow has a great deal of experience, has a good

reputation, and is willing to serve again in Northern's LMRB. No other nominations came forward from the Board. Once approved, these two board members will name the third member of the LMRB.

Regent Cecille Martinez moved to approve the nominations of Ms. Wood and Mr. Lithgow to serve on the LMRB, seconded by Regent Herrera. Motion carried unanimously. Because there are some PCCs that need to be heard and resolved, Regent Branched suggested that Administration contact these two individuals immediately and ask them to expedite the appointment of the third member to the LMRB.

VI. PERSONNEL MATTERS

A. Discussion: Furloughs.

As mentioned in Mr. Sanchez's fund balance report and status update above, the College is proposing to implement a number of cost cutting measures, one being the implementation of furlough days in order to avoid having to enact a Reduction in Force. Furlough days will be unpaid days in which the campus will be closed. Employees will not be able to use leave of any kind for the furlough days. Town hall meetings with faculty and staff were held on Wednesday, March 30, to discuss this issue with employees and to answer any questions they might have. Furlough days will include two holidays and three days, to be taken on Fridays. The Business Office will be calculating the reduction amount that will be reflected in the employees' pay checks for the furlough days; this information will be provided to each employee. President Barcelo stated it is important to note that one of the reasons the College has proposed furloughs and not a salary cut is because salary cuts would affect retirement.

The discussion that took place is summarized as follows:

1. Concerns related to grants in terms of providing scholarships, meeting timelines, etc., was raised. The freeze in spending created problems and concerns by employees who manage grants. Staff in the finance department has worked long hard hours to finalize the FY11 budget and on documents necessary for auditors to complete the FY10 Audit. In doing so, regrettably some employees did not have access to their budgets and/or have not been able to process paperwork. Dr. Sena explained that the College gets grants, but acquisition of funds is on a reimbursement basis. Scholarships, salaries, etc., are supported with state institutional monies, which may create cash flow problems. Capital outlay projects are also handled on a reimbursement basis. The College should be back to normal soon because many banner and financial infrastructure issues are being corrected/improved. President Barcelo thanked everyone for their patience during this fiscal operations recovery plan phase.
2. Questions were raised on how the furloughs days will affect employees who work part-time and on the classes held on Fridays. President Barcelo stated these questions and concerns are being addressed with clarifications provided to employees in the near future.
3. Improve transparency and communication related to budget issues. It was suggested that the budget be posted on the College's web site so everyone has access to this information. Regent Branch stated the College is working towards fixing a problem that has existed prior years with the banner system, financial reporting, etc. It has been a difficult time, but the College is facing this problem openly, and working towards providing information and updates to employees. Dr. Sena stated that all the budget information (from the legislature and from the business office) was made available to all the ERUC members. He stated that Dr. Mellis Schmidt made a comment about two weeks ago that this has been the most transparent year ever. The effort that President Barcelo has made has been as transparent as possible.
4. A concern was raised that many students do not know when Board of Regents meetings are taking place. Ten days before a regular meeting takes place an internal broadcast is sent out to all faculty, staff, and some students with the tentative agenda; however, not all students are on this general broadcast. In the future, agendas will be sent to the broadcast designated for students at Northern. In addition, agendas are also posted at both campuses and are available in the President's office at both campuses.

5. All programs are being looked at carefully. The College has had the liberty for the past years of having many small classes. Regent Branch stated HED and DFA have raised questions regarding low enrolled programs because they will not fund them if they cannot pay for themselves. Low and poor performing programs and auxiliaries are being reviewed for revision, consolidation and possible elimination as we go into Fiscal year 2012.
6. It was suggested that the College enforce an energy savings policy (efficient vehicles, heating and cooling control issues, turning lights off in vacant offices and classrooms, etc.) in order to save money.
7. Northern has come a long way, considering its size and limited resources, and has many good stories to tell. Any type of hostility and bad press does not help the institution move forward in a positive way.

The Board thanked everyone present for attending the meeting and expressing their concerns. All concerns will be taken into consideration. Regent Branch invited everyone present to attend future Board meetings at the Espanola and El Rito Campuses to get informed on budget and other issues.

VII. ADJOURNMENT

Regent Cecille Martinez moved to adjourn the meeting. The meeting adjourned at 3:25 p.m.

APPROVED: April 19, 2011

Josephine Aguilar, Recording Secretary

/s/ Michael P. Branch

Michael P. Branch, Board President

/s/ Alfred Herrera for Cecille Martinez

Cecille Martinez-Wechsler, Secretary