



NEW MEXICO STATE UNIVERSITY BOARD OF REGENTS
SPECIAL MEETING MINUTES
April 5, 2021 at 10:00am

Regents of New Mexico State University

Chair Ammu Devasthali, Vice Chair Dina Chacón-Reitzel, Secretary/Treasurer Arsenio Romero, Christopher Saucedo, Neal Bitsie

Non-Voting Advisory Members - ASNMSU President Mathew Madrid, Faculty Senate Chair Julia Parra, Employee Council Chair Joseph Almaguer

University Officials - Chancellor Dan E. Arvizu, Ph.D., President John D. Floros, Ph.D., Provost Carol Parker, J.D., Vice Chancellor Ruth A. Johnston, Ph.D., Senior Vice President Andrew Burke, Ed.D., General Counsel Roy Collins III, J.D.

MINUTES

A. **Call to Order**, *Chairwoman Ammu Devasthali*

1. **Confirmation of Quorum and Roll Call**

Chairwoman Devasthali called the meeting to order at 10:03am.

The Chief of Staff confirmed that all the members of the Board, Chancellor Arvizu, President Floros are present in the board room.

Those present virtually were:

Vice Chancellor Johnston – Present

Provost Parker – Present

Vice President Burke – Present

General Counsel Collins – Present

B. **Public Comment**, *Associate Vice President Justin Bannister*

Associate Vice President Bannister confirmed that there were a few individuals signed up for public comment. Public comment is provided so members of the community have an opportunity to give input to the NMSU Board of Regents. Each individual addressing the Board is asked to state their name and keep their comments to within three minutes. A reminder is given when 30 seconds remain. The first individual who signed up for public comment is a former member of the Board of Regents, Deborah Hicks.

Ms. Hicks stated, “I am a business owner in Hobbes America for serving in engineering and also a parent as most of you know of a recent graduate. I stand before you today as a licensed professional engineer and survey intern and in support and in favor of differential tuition. And, if I may digress for a moment, I'm sad that I was unable to be a part of the very first or second board meeting where you all are meeting in person again, but it's a pleasure to stand before you today and I truly hope not to haunt you forever. So with regards to do a differential tuition the Board of Regents began having these conversations in about 2015 and 2016, specifically with regard to the College of Engineering and through that time the

Advisory Board, which I was an ad hoc member until, most recently, I believe on the Advisory Board for the College of Engineering. So this is a discussion that we've had for many, many years. As I stand and support for the differential tuition, the reasons for that is because we want to number one, we want to make sure that we have the capability to hire world class faculty for our College of Engineering. Many, many years ago, when I graduated from New Mexico State, and so did Trace, we were actually ranked in the top 50 College of Engineering in higher education. The second reason that I stand in supportive differential tuition is for the laboratory equipment and the actual true learning experiences that the students have. For Michaela, she was able to graduate with skills utilizing current up to date Trimble software and Trimble equipment, 3D scanning and so forth. She was skills ready to begin her career in surveying and was able to graduate with her LSI as well. So again, I stand before you in support of differential tuition for the College of Engineering because we want to have world class faculty. We want to have prepared skilled graduates that are using the current up to date equipment that is available in our communities, professional engineering and surveying. Thank you once again for the opportunity stand before you on this side and I look forward to seeing you soon."

Associate Vice President Bannister reported that the next person who signed up for public comment is Taylor Freques.

Taylor Freques stated, "I'm currently a student in College of Engineering from the Engineering Technology Department as well as a staff member for the Aggie Innovation Space. I'd like my voice to be heard in regards to differential tuition for the College of Engineering. NMSU is home to me. I spent my childhood summers here on campus, participating in swimming camps, tennis camps, and basketball camps. My afternoons, once done with school, were often spent here on campus doing homework in my Mother's office. I've had the pleasure of being involved with NMSU since my youth and I now have the pleasure of starting my career and earning my engineering degree from here. Growing up in Las Cruces I've seen firsthand what it means to be granted admission into NMSU. For many people, including myself, this university holds an opportunity for students to become better people than we were yesterday. NMSU composter this opportunity by being committed to quality. The root of this quality begins with the hiring of individuals responsible for teaching. In my time here as a student I've had core engineering courses taught by adjunct professors or temp hires. It is difficult to learn when these people aren't committed to the university and lack the qualifications of industry experience. What incentives are we offering these individuals? My time and money are valuable and every student here deserves to be taught by a full time qualified experienced faculty member. Students speak amongst themselves, "which professor should I take?" These adjunct professors and temp hires put extra strain on students. We may wait a semester for a different professor, delaying degrees, drop the course, or worse failed the course. I have incurred all of these situations to the point where I flat out refused to take the class until someone different was in place, but not all students have this luxury. I have lost time and money because of this. Engineering degrees depend on accreditation and this accreditation falters every time we put a subpar individual responsible for teaching these core courses. This isn't just a concern of mine and other current students, but it affects the alumni of the College of Engineering. It's jeopardizing past, current and future students. The ramifications of losing accreditation cannot be measured so take this responsibility seriously. The first step in fixing a problem is admitting you have one. We cannot continue to sustain the quality of our engineering program on this course we've set. If we start here, dig our heels in and say no, the next generation of students and the ones after that will enter a far better program than as it stands today. We should aspire for greatness in this institution. It is for these reasons that I support the implementation of differential tuition. It's a small price to pay when considering the great positive impact it will bring to the Engineering Program. Times are hard for everyone. I wouldn't want responsibility for making the difficult decisions this university has to face. But I also know that the greatest challenges can bring out the greatest opportunities. If I have learned anything, it is the power of one person, one person can change the world. Thank you for your time."

Associate Vice President Bannister reported that the next person who signed up for public comment is Natalie Kellner.

Natalie Kellner stated, "I come before you as a proud parent of four recent NMSU graduates, two of whom are graduates of the College of Engineering. Today I'd like to share with you the wealth of opportunity engineering students currently have to achieve dream jobs and life changing futures. First, many students early on, have the opportunity to interact with faculty, one of whom encouraged my daughter to pursue a career in engineering. Other students benefit from tutoring and peer mentoring provided by students, like my children, which improve retention and graduation rates for both the student being mentored and the mentor. I can't tell you how many times, my daughter received thanks from other students for her assistance. Second, engineering students benefit from the opportunity to learn from the faculty. Faculty with government and industry relationships and a wealth of funded research to set a high bar for academic success and provide an open door for assistance. This environment drives engineering program esteem and advances student retention and social mobility. Research and service programs, such as a concrete lab, bridge inspection program and capstone projects, serve regional and national demand and are vital components of undergraduate education at NMSU. Third, engineering graduates have the ability to hit the ground running in the workforce, through a wide variety of experiences and employers actually tell us that NMSU graduates are strong and resilient. Many, like my children, maintained jobs while going to school, learning to balance personal and professional assignments, as expected in the workplace. Now, believe me, as a parent of four children who wants attended NMSU at the exact same time I understand the cost of education. But NMSU is among the best in the nation of providing scholarships and aid, which significantly reduces the net price. Some might say students can't afford differential tuition; however, what engineering students really can't afford is to lose access to high quality faculty, support services, research, mentoring and internships, and to the most important outcome multiple offers at procedures companies a promising and rewarding career and a financially secure future. That's why NMSU Engineering Programs can't be compromised. While the tiny investment for individual students in a bright future, differential tuition is vital to providing highly respected graduates benefiting industry, the region and the country. Thank you for the opportunity to share these insights with you as you evaluate what is truly in the best interest of enabling engineering student success."

Associate Vice President Bannister reported that was everyone who signed up for public comment.

C. Approval of Agenda, Chairwoman Ammu Devasthali

Chairwoman Devasthali entertained a motion to approve the agenda. Vice Chairwoman Chacón-Reitzel made the motion to approve. Regent Romero seconded the motion. All were in favor. No one opposed.

D. Action Items

1. Financial Report for Fiscal Year Ended June 30, 2020, Senior Vice President Andrew Burke, Ed.D.

Vice President Burke introduced John Kennedy and his colleague from KPMG to present the audit and financial statements that are being requested to be approved to be issued with an unmodified opinion. John Kennedy introduced Suzette Longfellow, who is his colleague and will be presenting with him on the audit results for June 2020. They met with the audit committee on March 19th with a more detailed report. What is being presented today is a summarized version. This presentation is later than a normal presentation. Normally, they would present in the January meeting. The reason they are not this time is due to funds on NMSU end. The work was scheduled and completed in October 2020 relative to the basic audit of the financial statement for the university. The one thing that was a pending matter that we weren't able to complete at that time was related to the CARES

ACT funds. NMSU received \$14 million of CARES ACT funds and \$7 million of that was spent this year. As part of the audit process and their contract with the state, they are required to audit those funds, which is called a single audit. The federal government was supposed to put up guidance for them to complete that audit, but that guidance was not received until December 23, 2020. Because they were waiting on that guidance they did not get to start test work on that special unique funding until 2021 and that audit was completed in in March of 2020. There wasn't a fining relative to a late audit report because the circumstances were out of everyone's control. At this point, the audit has been completed. We submitted the package to the State auditor's office on March the 22nd. They've now reviewed that final reporting package and submit and provided a release letter to them, which then allows them to come to you today results.

Suzette Longfellow reported that the campus audit, which includes the financial statement audit and single audit, they audit the component units, the NMSU Foundation and Arrowhead Center that audit and tests work was completed in the normal timeframe and the audit reports for those two entities were submitted to the State auditor in October of 2020 for their review and were in fact issued and released in January of this year. All of those audits continue to stay on normal schedule, as they were not recipients of this special CARES ACT funding that created the delay in the single audit for main campus. They also conducted their annual audit and test engagements for KWGTV and FM stations and that test work typically takes place it in October - November timeframe and it's completed in December, such that it's submitted to the corporation for public broadcasting via their online system and that was timely issued. They have done their review and have not indicated there were any need for any changes to the reports that were issued. Lastly, they do agreed upon procedures for the NCAA and these are specific procedures of the NCAA asks all division one universities to complete. They do that for NMSU in the December timeframe, and that was also completed and issued in December of 2020. The bulk of the work that was done was done in a normal timeframe. The single audit that had the unique piece because of the cares act funding that was received and spent that required a slightly different timeline for completion for this past year.

John Kennedy reported that there are unmodified opinions for all of the audits that we conducted the ones that. An unmodified opinion is also called a clean opinion, which means the financial statements are fairly presented in accordance with generally accepted accounting principles. They took no exception to what NMSU presented. There were no significant unusual transactions other than the CARES ACT. There were a few modest audit adjustments. They found everything to be in accordance with generally accepted accounting principles. For their purposes, they conduct certain procedures to address any material, what might be considered material, such as fraud or illegal acts, who interview people, sample transactions. They do various things such as, talk to your attorneys, look at various committees of correspondence and nothing came to our attention to report to you relative illegal acts or fraud. They had nothing unusual in these required areas in terms of subsequent events to discuss. They did not identify any compliant non-compliance with laws and regulations, no significant difficulties in conducting the audit, even in remote environment. It was a smooth process. They are independent of NMSU. There were a couple of audit adjustments. They go through the financial records and identify things that might need to be adjusted. The top has been known about for many years and is related to the landfill. What it means is that there is a requirement in the accounting literature that you would accrue costs for closing the post closure costs for a landfill and you would normally accrued those as you're using the landfill. NMSU did not do that. NMSU decided to basic expenses costs as you actually incur the post closure cost. There's an adjustment here that potentially would be a million dollars, that you should have. An additional million dollars on NMSU's books for future costs relative to closing that landfill and they have this adjustment every year, so it's nothing unusual about this particular item.

Suzette Longfellow stated the second adjustment that's there relates to the Foundation and this is a common past audit adjustment that they have every year. This is specifically related to the alternative investments that the Foundation invests in and the timing in which they receive the evaluation data for those investments. There's always a lag basis between the data that Merrill Lynch reports provides versus when those actual investments have an audited statements that are provided. The dollars are typically very small, but they show what the effect is of that timing difference of recording the alternative investments as of June 30 2020 at the actual fair value. Not a significant dollar amount and not an unusual adjustment because all organizations would see some element of a timing difference here as it relates to alternative investments. On the Arrowhead audit, they had a corrected audit adjustment. This was \$12,000 and it related to over recording of rental income for the Genesis property, the leases that are related to the Genesis rental income. It's something that management has corrected with new procedures to ensure that that type of a situation does not reoccur moving forward. It was not a remediated item at the time they conducted the audit, but they put some good procedures in place to ensure that that will not happen again. This is reflected in the audited financial statements of Arrowhead. The significant deficiency or control deficiency that's related to that corrected audit adjustment and the fact that they're were not strong enough controls at the time of conducting the audit to prevent something like that occurring, but what management has put in place now in the way of corrective actions would likely not have that issue repeat itself so. It's something that management took very strongly. They wanted to make sure they addressed it right away. It is not expected that they would see these types of matters rolling forward in future years. The fact that it says status and remediated is just because at that point in time of the audit it wasn't corrected but it's since been corrected. With regards to the prior year, the 2019 audit, there was an audit finding for the Foundation. It was 2019-001 and had to do with some of the challenges that were encountered in that year's audit in reporting and implementing a new accounting and reporting standard that was specific to not for profit organizations. Due to some transition of staff, team members at the Foundation and the significance of that new accounting reporting standard, there were a lot of control issues that were identified during that year's audit. That has been resolved and was not repeated in any way during the 2020 audit and, in fact, that Foundation on went very well for 2020.

John Kennedy stated that the first item is a significant risk for every audit that they conduct. In every audit they design their audit approach to at least address the potential for management over rider control. They're looking for specific things. In connection with their audit approach they look at the design and implementation of certain controls that NMSU has, internal controls put in place. They specifically look at journal entry controls and even will test some journal entries. They're looking for the proper support documentation and approvals of those controls. They test IT controls over passwords, for instance, make sure NMSU has proper controls over those. They conduct various inquires with individuals, test transactions, and significant estimates. The end result of all that is that they did not identify any circumstance where they felt management had over ridden controls. Nothing was identified that needs to be reported to you here. NMSU participates in the states pension plan, so the ERB pension plan. The state conducts all their procedures. They identify amounts and share those amounts with NMSU. The plan is underfunded. When it's underfunded there's a liability to put additional monies into that fund. The State tells you what your share of that unfunded liability is. This is the bottom part is the grey pension liability number. That's a history of your unfunded liabilities, as allocated to you by the state for the last four years. It's gone from \$507 million in 2017, then went up to \$715 million in 2018, \$792 million in 2019, and this year it dropped to \$487 million. There are some specific reasons for that, but to the expenses, it does cause some wild fluctuations on expenses. as well, and you can see, looking across. Expenses went from \$38 million to \$105 million to \$170 million and this year a negative expense number of \$168 million. What that does is last year in the income statement NMSU showed operating expenses with the

university of \$600 million and this year it's only \$360 million dollars, so it looks like there's wild fluctuations in the way NMSU manages the university, the way NMSU spends money, the way NMSU's operating business and the truth is that's not the case. None of this impacts the budget and has minimal impact to the way NMSU manages business, but it does make the financial statements look unusual.

Suzette Longfellow stated that they conducted their single audit for FY 2020 over two major programs this year. The first one being the student financial assistance cluster, which is one that they have routinely tested over the years at NMSU and the secondary one is that CARES ACT funding that they spoke about, which was specifically called the Higher Education Emergency Relief Funds, or the HEERF, which has a specific CFDA number of 84425. That is the one that was mentioned early on in the presentation that was the core reason for the delay in being able to complete the audit because of the guidance from the Federal Government on how to audit that program, along with all other carriers acceptable funding programs was quite delayed from what would be this normal timeframe. Once they receive that data, they were able to conduct the audit and they are issuing an unmodified or clean opinion for compliance for both of those two major programs. They do have one finding, but it is what they would often referred to as "other matter of finding" or "finding that is required to be reported" only for state audit purposes. It's all the way in the very back of the reporting package. It has to do with the student financial aid program and enrollment reporting, which is a particular special test that are required to do the audit. In the case of the work that they did, there was 1 out of 40 students that they tested for enrollment reporting where there was not a status change that had been properly reported to the NFLDS and that's a federal branch that tracks all of the data for the status changes of students. Not a significant or recurring type systemic matter, but something that, for state auditor will purposes, they are still required to put in the reporting package. No other findings on student financial assistance and no findings on the Higher Education Emergency Relief Fund.

Regent Romero inquired about there is any information about whether or not the net pension liability finding will have an affect on NMSU when it comes to bond ratings and interest rates. John Kennedy answered that boundary agencies are familiar with these sorts of fluctuations and they're able to eliminate the noise from that when they evaluate financial health. By and large, they have not seen significant impacts from these sorts of things because many states have the same problem and have the same results. NMSU's has been a little bit more of a wild ride than most. They have not seen significant impacts bond rating test results. Vice President Burke stated that the bond rating companies look at ratios that eliminate pension fund. There are two primary bond rating agencies, Moody's and Standard and Poors. Moody's tends to look more seriously at pension liability and they are waiting to see how they will incorporate that into their analysis. It's a transaction liability that significantly impacts their financial statements. That's more of a responsibility of the state. Vice Chairwoman Chacón-Reitzel stated that legislature made an additional allocation to the pension fund as well. How will this be affected next year? Vice President Burke stated that the legislature increased the employer contribution to ERB by 1% with the idea that over time there's a threshold that they meet. As John was trying to point out in his table, where it went from 500 to 750 million as a liability for NMSU share and then drop back down to 500. So there's this threshold that they hit or go over or go under and it significantly impacts their liability. The idea is with the ERB employer contribution increase hopefully they'll be able to avoid that in the future. It's difficult to predict. John Kennedy included that it depends on the rates of return on investments. The crossover test measures, based on the assets that are in the plan today and for contributions and benefits promised, is there enough there to pay all those features benefits if NMSU slips under that crossover test, it shows NMSU run out of assets before the benefits are paid out, the accounting is punitive. That punitive accounting is what caused the jump from 2017 to

2018 in terms of that liability. It's important to make sure there are adequate resources in the plan. In theory, the 1% increase should help to continue to drive that liability down to because they are more money in, but also trying to make sure that the assets continue to earn well. NMSU has anticipated that the assets will bring a return of 7.25% long term. That's the rate they're using, so if for some reason NMSU starts slipping below that they could find the situation of failing that crossover test again and the liability pops back up. Therefore, it's hard to predict.

Chairwoman Devasthali stated this year was tough because the CARES ACT funding delayed the audit and exit conference. Looking into the future for any potential or anticipated funding, is there anything NMSU can do proactively to reduce possible delays? John Kennedy stated that the guidelines that are there right now address what will need to be done relative to these new charges of money. There is no significant changes there. Suzette added that they would also await any additional guidance that could be forthcoming. There is always an annual compliance supplement update that the office of management budget puts out every year. These past two years, both for 2020 and for 2019, were delayed in putting that out. In 2019 had nothing to do with the CARES ACT funding, but there were just some overhauls that were being done and it took some time to get it put out. Hopefully that will not be a repeat delay for FY21 because there are nuances that they make changes and it might not even be the CARES ACT funding, it could be student financial assistance or R&D programs where they changes to testing requirements. They will stay abreast to any changes. NMSU receives updates from the Department of Education and is proactive in looking through that data. The firm also receives that data and looks at it. It's important that everyone stay on top of that data.

Chairwoman entertained a motion to approve. Regent Romero made the motion. Vice Chairwoman Chacón-Reitzel seconded the motion. All were in favor. No opposed.

2. Tuition and Fee & Budget Guidelines, Senior Vice President Andrew Burke, Ed.D.

Vice President Burke proceeded in presenting recommended FY-21-22 tuition and fee rates, plus sources and uses for each NMSU campus, additional fee request for engineering and nursing at the main campus. In terms of the budget approval process, the goal is to balance instruction in general I&G sources and uses for each campus, the Las Cruces and the Community colleges. At your next meeting in May, the budget approval will incorporate state appropriation and other revenue changes for functions, such as research, public service student aid and auxiliary, athletics, and then New Mexico Department of Agriculture. They are recommending and asking for approval of a tuition fee increase a percentage increase to establish a pool of compensation dollars, outline some strategic investments that they're recommending, show the results of their required fee recommendation from the Student Fee Review Board. In 2015 was the last time there was a structural change made to the tuition and fee rates where they introduced the Flat 15 or the full time rate at 15 hours. The percentage increases over the last 8 years that were approved are shown in the slide.

President Floros reported that in FY19 they had a 3.5% tuition increase. This was the first year that the Chancellor, and President came in. They realized that they had a significant amount of scholarships, that the previous administration had promised, which was for a period of four years. Every year since that year, an additional amount of money went into scholarships and they didn't understand nor model how much that would be because they hadn't started at that point. They went the first year and didn't know how many students it'll attract or how many of those kinds of students they will have. That was the first year they experienced a significant deficit in their budget. That year they went to the Board of Regents showing that roughly it would take about 7% to make their budget balanced, but they decided to go with three and a half. They decided to figure out

a different way to resolve the rest of the amount, which they eventually did. In FY20 they had a much bigger deficit, primarily because of scholarships. They were talking about a 12% or 9% increase, but decided that they can't go that high, so they agreed upon 6%. That left a deficit, but they found other ways to cover. In FY21, they were talking about another 6%, but decided on 3%. Everything looked ok until the pandemic hit the state budget really fell into the abyss. They had to cut their budget by \$11 million on top of the other deficit that they had before. Every unit in the university has experienced significant cuts. Nothing like 1% or 2%, some units and most of their academic units experienced a 3.75% because they wanted to preserve academics. Other units that were more critical in their minds, for example, student success and library only had a 2% cut and a few other units got very small cuts, but the majority of the units received a 5% or 6% or 10% or in some cases 50% cuts for some units and, obviously, whatever little strategic funding they had it all went to work of serving the deficit. They had no strategic investments this past year, so that was 100% cut. Although the average is 2.4, which is roughly what most academic units are going up, for the last several years, they had to make a lot of deficit that was not part of their plan to begin with. Nevertheless, they know that everybody's suffering during this pandemic and they're willing to continue to tighten their belts as much as they can. They coming to the Board from the tuition and fee side with a 0% increase. In the future they will be coming with certain increases, but this year is not a good time. As an institution, they are providing more aid to their students than tuition, fees, books, and supplies. This institution continues to be the least expensive institution in the state and one of the least expensive research institutions in the country. They need to pay attention to the quality of education they provide to our students, so that they're competitive when they go out there and seek jobs and competitive in doing their own jobs, so they continue to succeed. Students have voted to not raise fees, but have decided to increase funds to some units partly because they needed it to survive other cuts and partly because the students had some reserves that they could use for this year. The Academic Service fee used to be called the Distance Learning fee. Historically they had charge \$35 per credit for all online courses. When the pandemic hit, they went virtual and online for all courses. They didn't raise or apply that fee to anyone else at that time. When the fall of 2020 came, they knew that students would be taking online and hybrid classes or a few face to face. They decided to hold the fee for the students who registered online. As this has taken place, they have changed a lot of software, processes, and systems. They are now gearing to becoming an institution that has a lot of services they didn't have before. They decided to buy Zoom in January 2020, two months plus before the pandemic hit. That's what the distance education fee would have covered so they could do distance education with online students. They use those softwares for all students and some students use Zoom even if it is face to face. The fee changed to \$25 per credit hour in the spring semester because of complaints from students who registered for online classes who had to pay the fee realized that those students who did not register for online classes did not pay the fee. The fee was issued to students taking online and hybrid courses. As they move forward, they want to further reduce the fee to \$20 and apply it to the rest of the students. This will bring in additional revenue and the average student will pay less than the \$25 per credit hour. NMSU is in desperate need for these additional funds. This fee will begin this summer and Fall of '22. We already have in place many of the processes, software, and systems. They have collected feedback from colleges and different students. They have also reached out to faculty and student leadership. There are 5 large groups that they want to use the fee for. Two of those groups is what they used to use the fee on: Academic Technology group, including staff and students who understand technology, software, and computer equipment, and this is about \$2.5 million in expenses. The other group is the College Academic Support Services, which was about \$1 million that they were providing to individual academic colleges to cover their own expenses when it comes to online education. This provides staff, students, and services in computer classrooms and institutional labs in terms of software and hardware. That needs to increase to \$2 million. The other entities that are listed are new things that they have invested and will continue to invest. One being the Academic Assessment and Analysis,

which is something they've never done before. They have a desperate need to assess their teaching methods to understand student outcomes and use that data to design new courses, curricula, educational methodology, and improve student success, that is for \$250,000. The other two groups that they did not invest in before, but need to right now are digital library services (\$800,000) and further informational technology in terms of software and licenses (\$1 million) that faculty and students are using extensively now. UNM charges \$50 per term for every student, plus \$35 per credit for upper level courses. UTEP has 2 different fees and together they make up \$36.50. Texas Tech charges \$23.50. University of Arizona charges \$38 for the first 6 hours.

Chancellor Arvizu reported that the branch campuses have had an existing online fee of \$25 and only applied to those students who are fully online. When the pandemic happened, the DACC waived the fee entirely. The branch campuses would like to do something similar and apply it to a broader set of students. What they are proposing applies to most students. The DACC is reducing to \$10. In terms of net revenue, Carlsbad and Grants it would be a wash. There is a little bit of an increase of \$287,000 extra. Alamogordo would have a reduction, which is partly due to the drop of enrollment.

President Madrid reported that ASNMSU stands in support of this because it's competitive and the scope of things that would be supportive as a result of this fee change is increasing. President Madrid cautioned everyone on is the spirit of transparency because from the students' perspective this change in fee makes a lot of sense. Students should know very clearly their money is going and what exactly this manifests as. ASNMSU stands in strongly support of the library, for example. Students having that knowledge that the library is one of the many things that would see increase of support, as a result of this is a very good thing.

Chair Julia Parra reported that Faculty Senate did an informal poll. There were 36 of 66 faculty members on site. 31 agreed, 2 disagreed, 3 abstained, so overall Faculty Senate agreed with this change. Chair Parra personally agreed. As someone who teaches people how to teach online and with her dissertation studies on the impact of learning how to teach online. On in person teaching, this makes a lot of sense. They would want to make sure to support their university, as they have seen this major shift in thinking, teaching, and learning and they will want to maintain that positive direction.

Vice Chairwoman Chacón-Reitzel stated that currently the university is looking at making some major changes in IT and wonders how the changes that are coming and what the plan is for the IT programs are for across campus. How bad is it looking? In the past it's been mentioned that a due diligence study would be done to look at their IT needs and consider all of that. The time frame was through the December, maybe May through August at some point in there that they would have this information. What are they laying out for the university, so that they have that information under their belts to consider? They are due for stimulus 2 money that was mentioned. There's the second tranche at their Finance Committee was presented that the additional money could be used for IT? How will that play into this formulation? Vice Chairwoman also requested information on tranche 3.

Chancellor Arvizu stated that it's very clear that they need to make investments in ICT. They experienced a cyber breach in their Foundation and another one later. Both have been managed. They point out their vulnerabilities and will need to be proactive. It will require an investment and the size of that is to be determined. How to fund that is something that they actively consider. They just received HEERF 2 funds and have the ability to spend the part that goes to the students. The remaining part of it they are still getting guidance from the federal government on how that can be spent. They are expecting that they can spend it for things like ICT enhancements or anything totally impacted by the COVID health crisis. They are in a budget deficit and need to fill in some gaps. For

example, there is a 1.5% compensation increase that was contemplated by the legislature and that is not fully funded, so they will have to find additional funds. There is an opportunity to fund it out of HEERF 2 and not yet clear on what will happen with HEERF 3. That could be a significant amount as well and that will be given the kind of flexibility that they're talking about in HEERF 2, which would greatly improve their financial condition if they have the flexibility, but they're not sure how much flexibility they have. It's possible that revenue reductions or losses are allowed in HEERF 2. These proposals are their way of trying to get ahead of that, recognizing that HEERF money, whether it be two or three is one time money and the needs that they have our recurring needs.

Vice Chancellor Johnston reported that they are underway with the due diligence on ICT. They have hired a budget fiscal specialist, who has done this work at other universities and will be looking at the business model as well as understanding the gaps. This Friday they will have a report from the 3 CIOs, 2 are higher education CIOs and the other is an industry CIO. They will need investment and don't know how much that will be. Vice Chancellor Johnston stated that course fees are normal and very low compared to other universities. Because it is an ongoing cost it's expected that that will have to be increased. HEERF is beneficial and they can put money into cyber, equipment, putting technology in some rooms and computer setups. That's one time money though. It doesn't address the salaries, which are pretty low and because of that they have retention issues. They don't have career development in place for most staff. There aren't escalators for their software.

President Floros reported that in HEERF 1 half of the money, just over \$7 million, went directly to students. What is meant by 'directly to students,' is it is in their pockets. They can do whatever they want. This is not for them to pay tuition and fees. They can do whatever they want. The amount of money that the average student applied for that aid was about \$1000. The other half primarily went to cover a lot of the expenses they had starting last March all the way to through this year to right now, from materials that they needed, equipment, tents, other things for classrooms, testing, research, software, hardware. The second package they devoted another equal amount to students and is going out right now, another \$1,000. Within one year the students will have received between \$5,000 and \$6,000 each. They have a lot of academic technology and services and supporting classroom facilities. They reconfigured 40-42 classrooms so they go out through wi-fi for the same class they are holding face to face. If they didn't have this money they wouldn't be able to have this capability. Also included are singage, sanitization, water bottle and filling stations, masks, and construction barriers. There are 1300 sanitization stations. Also included are office support for remote work: microphones, webcam, security software, laptops, software hardware. They experienced a sizable lack of revenue this last year. For example, they couldn't have full capacity in the dorms. A lot of the money has gone to cover lost revenue. They want every unit within the university to come forth with proposals on how they will use the money. They have reserved an amount of dollars based on what proposals come forward. They have to fulfill COVID-19 and federal government requirements as well as NMSU's strategic plan. They are looking for proposals from \$50,000 to \$750,000.

Regent Romero asked how are they making students aware of the HEERF funds. President Floros answered that they make them aware through official notifications to each student from Financial Aid, public announcements, social media. Only half of the students applied for those funds. Some students said they didn't need the money and give it to someone else. That's how they were able to give that much to each student.

Regent Romero asked how this academic service fee apply to dual credit courses. President Floros stated that there are some exceptions to who gets the fee. There are some classes who don't use any of those technologies such as, thesis, clinical, and dual credit.

Regent Saucedo asked what the difference is between NMSU-O and an online course. President Floros stated that NMSU-O are programs that are fully online. This was instituted 2 years ago. Some of those programs may require you to show up in person a few times. Some classes are online, but not necessarily in a fully online program. Chancellor Arvizu added that NMSU-O is an online curriculum and requires a different pedagogy. Online classes would be better called 'remote learning' because they are not part of a fully online program. Online classes are more expensive than face to face classes. A third of the money is spent on pedagogy, another third on technology, and the other third in advertising. They are ramping up that part of our instruction without compromising the face to face immersion learning.

Regent Saucedo asked who will decide what courses are remote, hybrid, or in person. Also, would students have the ability to choose and would they know going in? President Floros stated they're learning a lot about distance education or remote learning. They're learning a lot about their educational activities because they now have the processes, systems, software, and the people to start looking into the data. Their students are changing. President Floros stated that by this next fall, every student should be able to come and go to face to face class. If things progress with the virus and vaccinations, they should be able to accommodate all students. They want to provide students the flexibility to have remote or hybrid classes. As to who decides, that is a complex set of data. The student will have a say so. They will have to figure out if they have the right people to teach those classes. Some people are better at teaching in person. Others understand the pedagogy, methodology, and the ways to have a much more effective way to teach remotely. The Provost is working with faculty, deans, and department heads to figure out what their composition of classes will look like this next semester. President Floros' first concern is to provide the students with what they want, so to some sense, the student is in charge of those decisions. As a university their response to students' needs and wants is of high quality. Chancellor Arvizu added that they are letting each campus make their own decision locally. Conditions are different at each campus, so they will have a better understanding of what needs to happen. The branch campuses went totally online in the Fall 2021.

Vice Chairwoman Chacón-Reitzel stated that the total for HEERF II was \$27.7 million and \$7 million of that will go to students. The difference is \$20.6 million that could be used for technology costs associated with the transition to distance education faculty and staff trainings and so an additional 20 million is coming under HEERF III. What is the estimated amount for HEERF III and how that will be divided between students and the institution? Chancellor Arvizu stated that the estimates the best that they have them is that higher education funds for all of higher education across the country is \$39.6 billion. Their best estimate on how much they will get is \$52,370,000, which includes the university part, student part and another special provision in her called MSI, minority serving institutions. Of that, \$23.9 million is for the institutional portion. \$25.3 million goes to students. \$3.1 million also goes to the institution. Combined of all three HEERF bills is \$97 million. President Floros stated that in regards to HEERF II, they have allocated \$7 million to students and \$7.5 million to major items in lost revenue. That leaves them with \$13 million for everything else they want to do. Chancellor Arvizu stated that they are trying to look at this strategically and from a system perspective.

Chairwoman Devasthali stated that in the binder on page 129, it shows tuition rate change and required fee 0%. When they are talking about academic services fee, that goes into effect for Summer and Fall of '21. Students start registering for courses on April 8th. Technically there is an increase this year. The concern is that this past year has been such a difficult year for everybody, but in particular for students because not only did they not have on campus jobs, which they would have

had if campus was open. And for those that went home and had families that could support them, they couldn't find jobs because restaurants and businesses were closed. They all had expenses that they could not meet and just because they have provided some funding to the students that had no strings attached, they could basically use it for whatever they wanted the suspicion is that many of them did use it for living expenses. If they say they want to show real concern and compassion for students, they should be true in not raising any fees tuition or academic services fee for the year. It is understood that they have lots of needs, and understand that academic services fee is definitely something that they should look at seriously. Differential tuition is something that most of them would not disagree with. Chairwoman Devasthali would hate to do that this year. The academic services fee is a new fee and while they say that those students who were paying \$35 will now pay less and now pay \$20 then divide it amongst all the students. This is not revenue neutral. They are getting \$4 million by doing it this way.

Regent Romero asked that if we didn't do this fee, what's currently in place, the \$35 fee for online courses, is there an estimate what revenue would bring in if they kept things as is. President Floros answered that they don't know exactly what will happen in the fall. They hope that enrollment will be the same as last fall. If they apply it to mostly everyone, they will know mostly what the revenue will be. If they don't and only apply it to online or remote or hybrid, they won't have a good way of guessing what that revenue will be. Yes, they project revenue, but this comes with a huge increase in expenses. They are covering some of those expenses with HEERF funding, but they cannot cover all of it. HEERF is limited as one time money. They didn't reduce the number of student employees. Most of the university is open. They didn't lay off a lot of those students. Some worked remotely. Students will get roughly \$50 million or so, which is about \$6,000 per student.

Regent Saucedo referenced page 134 in the binder for academic services fees. President Madrid talked about transparency. Regent Saucedo asked that they walk through it and highlight how the money will benefit all students and what that will mean for each student's \$20. Even with the 2% budget cut that they provided to the library because the increases in prescribed journals and other series, it's increasing by 8 to 9 to 10% per year. The library had to make a really tough decision to cut about 800 different journals from their prescription. This is very costly to NMSU because they are a research university and need to have access to those journals. So this support, for \$835,000, the hope is it will bring back quite a bit of those kinds of journals in a digital form. For example, the academic technology fee, they are using that money to pay staff that they have on now, and they need more. They have to increase the staff who serve all those things and student workers, which they have plenty and they also need to increase those. Also software licenses have been limited and they want to expand that. Adobe for example, you can get the reader free, but have to pay for the rest of the software. Also to make their network as safe as possible and cybersecurity. This pandemic pointed out that students don't have access to hardware, software, wi-fi, hotspots, etc. That will be subsidized. They will make a dent in what they need.

Regent Bitsie stated that a lot of the uncertainty is stemmed and routed from is the uncertainty of the fall semester, and they can be planning for a normal conventional semester, but they really at the end of the day, don't know what it's going to look like. This academic service fee has the potential to help the university and increase the budget. Hesitation comes from enrollment. If enrollment goes up, then the academic service fee is successful, but if it goes down that's where the hesitation comes from and could be harmful. Chancellor Arvizu stated that they are just now collecting preliminary numbers for the fall. They believe that they are on track to be on par to where they were last year with incoming freshmen. That's true for the main campus and not true for the branch campuses. They are expecting some serious headwinds there because of cost and access. Cost is the biggest issue at the community colleges, certainly in the two year programs. Underserved and

underrepresented core groups are disproportionately disadvantaged in today's environment. They know that the branch campuses are at a different place, but based on everything they know at this point they look like they're on track for incoming freshmen. President Floros added that applications are a little down, but it's still early on. Acceptance rate is up. Orientation is significantly up, which is a good indication of the interest of the people. Orientation payments are huge increases. Housing applications are 5% higher. Overall enrollment will be about where they were last year, but with maybe a little increase. They don't know how many students will be face to face and how many will not.

Vice Chairwoman Chacón-Reitzel stated that before they go to students with an increase they need to think about that additional money and it sounds like it'll be more available to use because there will be more flexibility built into it. Student employees who on campus were able to continue employment, but many other students were not employed on campus and went home or tried to find service or hospitality jobs. The make up of the student body is 67% Pell eligible, which speaks to the employment of their families. Also, the employment rate in New Mexico is the 1st or 2nd highest in the nation. The affordability and timing of these increases, academic services fee and tuition increases, is to consider. All of the increases need to be considered.

Chairwoman Devasthali asked why HEERF funds can't apply to these fees. President Floros stated that it does and they are using those funds to cover those expenses. The fees that they are collecting will be for the years ahead. Some things that they used the HEERF funding for is large amounts that they have to make initial investments. Some things that they will continue to make as well. Chairwoman Devasthali stated that they should be able to use HEERF funds to plug those gaps right now for this year and next year. Chancellor Arvizu stated that there's a lot of uncertainty about the fall. The risk that they run by delaying a decision is that they lose flexibility that they presently count on and don't have. Then they are in a much more difficult challenging condition to try to fill gaps. If they delay that decision then it's possible that they could use this money. They are anticipating that they know, just barely kind of looked at the tip of the iceberg, in terms of what changes are going to be required to put them fully functional in a post-pandemic world. They can more than likely get by without it, but it will be challenging and they will have to hope they get the flexibility that they need and resources to fill the gaps. They are coming to the board with what the gaps are and how they might fill those. President Floros added that there are some things they cannot use HEERF funds for. They are going to hire people to run networks and software packages, unless they're directly COVID related they can't cover it. They cannot use HEERF funding for library related expenses.

Regent Saucedo asked how many students paid the \$35 fee in Fall 2020 and is looking for how many students will pay this fee for the first time. President Floros stated that for Fall 2020, they kept it to online students who traditionally registered for online classes, 15% of students. This semester they charged \$25 and it affected 85% of students.

Chairwoman Devasthali entertained a motion to address the item.

Vice Chairwoman Chacón-Reitzel moved a no pass on the academic services fee for this year. Regent Saucedo seconded the motion. Vice Chairwoman Chacón-Reitzel stated this academic services fee is critical to the university going forward, but it's extremely bad timing at this point with the stress the students, families, and economy is under. Also, with \$57 or \$50 million more dollars and some of it can be spent for IT and loss of revenue. President Madrid stated that they went into their own reserves so they wouldn't raise fees to students. Regent Romero asked if they do this as a no pass, what will the fee be? President Floros stated that the current fee is \$25.

The Chief of Staff did a roll call vote to not approve the academic services fee that proposed in the presentation.

Regent Bitsie – No

Regent Saucedo – Yes

Regent Romero – Yes

Regent Chacón-Reitzel – Yes

Regent Devasthali – Yes

Provost Parker proceeded in presenting for differential tuition. NMSU started looking at this in 2015. There are about eight criteria that universities have relied on as the basis for need for differential for different programs. Nursing and engineering hit every single one of the criteria that are involved in these decisions. One is a higher than average cost of delivery or the instruction. Another is an aspect relative to higher salaries for the faculty. There are expensive accreditation standards. There are often methodological components such as, laboratories and the equipment that they require. They generally require clinical or experiential learning opportunities; again expensive those tend to engender much lower student faculty ratios. There are often licensure requirements. They have to make sure their pedagogy is aligned with the life Insurance needs. They also have prescribed curricula. There's little room for less expensive electives in the curriculum. The students in these programs tend to have higher than average starting salaries and in the case of nursing and engineering, each one of those hits all eight of those criteria. Compared to other programs, nursing and engineering has a much higher cost of delivery. Their two programs fit this national profile. These data are from a national study called the Delaware costs study. They participate in that and fall right in line with what the other universities experience. They have inexorably experienced trends that are impacting these programs. There is a three year trend analysis, proposals, and supplement material charts with figures that show the disaggregated breakdown of cost of delivery by different sectors of students, undergrad lower division, versus undergrad upper division, versus graduate etc are included. These trend have slowly indicated retrenchment of state support and in the case of New Mexico, their funding formula used to directly count a higher cost of delivery for nursing and engineering. A few years ago that was reconfigured when they moved more to a performance based and away from a cost based funding formula. That reduced the amount of money that they received from the state for these costlier programs. They have experienced increasing competition for students in these programs. The cost of the accreditation continues to climb. What's different if the capacity at NMSU. For the first time truly understand what is driving the costs in these programs. They have invested a very large amount of time in creating a much more robust data infrastructure than they have had available in the past. The three trend analysis provides a focused view of the cost of delivery. It doesn't reflect the full budget. This reflects their direct costs of putting the students and the faculty together in the learning environment and the students coming away with credit hours on their transcripts. Gross revenue for these three years reflects the tuition, the sticker price of their tuition and fees. The second chart entitled 'discount' shows interplay between the institutional scholarships that President Flores was referring to earlier. This the scholarship program where when they came in in 2018 and they realized they didn't have the cohorts that would be coming in each subsequent year for a four year period. Those had not been baked into the budget. Each year they've had to invest more millions of dollars in the budget to the point where now in the final four year of this program that they're about to close. They are now stabilizing an investment of about \$25 million a year for institutional scholarships. Those do not include lottery, Pell, Foundation scholarships. In addition to the institutional aid, this discount also counts the reduction in tuition rates that many students enjoy. For example, they have a military tuition right, discobary rate for Mexican students, 135 mile discount for students in the border region of the adjoining states. This is

what yields the net tuition and fees that the President displayed on charts earlier. The gross, which is the sticker price, is reduced by the discounts and institutional aid and that yields the third number and net revenue. The discount is going up. The instructional cost is the direct cost of instruction. It's largely faculty salary, but it's not 100% of all faculty salary. It's the salary that can be attributed to the cost of delivering. For example, if a faculty member obtained a research grant and that grant helped subsidize or buyout, as they say they're teaching time, that amount of their salary is not counted. It also accounts for any contingent faculty, adjuncts. It accounts for direct cost of instructions, such as materials in laboratories or staff that are dedicated primarily to producing the course. Most programs they show a positive number. In the case of Nursing, all three years they were below zero. In 2019 the negative number for nursing was \$1,620,000. In 2020 the negative number was \$831,329. In 2018 it was similar. There is the same criteria in the engineering program. There was a drop in enrollment probably due to the drop in international students, who tend to pay full ride. The discount trend is the same. There is an increase in institutional aid. In total, the discount as a university exceeded \$52 million. The revenue in engineering has been declining. They don't grow enrollment to keep paying for the scholarship program you see the reversal in the trend, and so are our revenues going down there, the net revenue our costs. Revenues are going down. Costs have been relatively stable. It was holding its own, but in 2020 it reversed by \$527,682, which is probably attributed to downturn in international student enrollment. The proposals that the two units put forward generate badly needed money, but they're relatively modest in essence what these proposals would do is offset the 3.75% cut that they experienced this year and that will be permanent in fiscal year 22. Approval of the tuition differential merely moves them back to that profile that they saw in fiscal year 20. If they don't have tuition differential by 2022, the data will indicate that they will be farther in the red because they would reduce their budget by 3.75. Regionally they remain the lowest retail sticker price in the region relative to UTEP and UMN. Those sticker prices do not include the institutional aid and the other discount rates they have.

Vice Chairwoman Chacón-Reitzel stated that these proposals have come before the board in the past. One of the reasons it was resisted in the past is because some of their peer universities have been doing it and they have looked at it with a critical eye, so do they want to go there? Also, is this the time we really need to do it? Is there any other way to support these programs, so that they're not going in the red and without having them go to students and ask for differential tuition. Chancellor Arvizu stated that this request is different from the academic services fee because this one is clearly that cost of instruction is more than it has been. The track record for completion and placement is very good. All of their engineers get placed and this year there were several offers per graduate. That means they are very marketable and their salaries is very compelling in different ways. The market speaks to what those costs ought to be. They need to worry about the quality of instruction, which is dependent on the investment that they're making. There are exciting things on the that are going to require that we have excellent engineering program, nursing program, tele-health, AG modernization, and things that relate to industries of the future STEM careers are going to be extremely important going forward. This is an area where they don't want to under invest. They're different because there is a different demographic of student that they're serving and the cost that are added to the burden on students are recovered for the nature of the degree they're getting.

Chairwoman Devasthali asked that if this passes, when does it go into effect? It will be in the Fall. Will that at that point, whatever the revenue is from that raise that'll make up for the seven 3.75 that? President Floros stated that it won't make all of that up, but it will help. Vice President Burke stated that on page 137 it shows the slide of what they request they act on. Provost Parker stated that the last page of each of the proposals contains the proposed initial budgets for 2022 and 2023. In the case of engineering with the phase in at the lower rate. Fiscal year 22 the differential generates 460,000 in total. By fiscal year 23 when the full amount of \$39 goes into effect, it will

generate \$767,000. Similarly in the case of nursing, in fiscal year 22 it would generate a mere \$176,822 and by fiscal year 23 it would generate only \$366,840. This would allow nursing to hire back positions that they had to eliminate because of the 3.75% budget reduction. Because of the really tight connection between accreditation and the student faculty ratio if they cannot add instructors, they cannot grow enrollment in nursing. In the case of electrical and computer engineering hopefully hire a permanent department head that department.

Vice Chairwoman Chacón-Reitzel stated that at the legislature, they were able to get some other resources that were taken away from at that mid year session. How might the additional resources impact the university and in regards to this specifically? Chancellor Arvizu stated that they pushed for additional funding for nursing at the legislature. They didn't get it. They did get capital outlay money, but it isn't the kind of operating funds that they'll looking for. The swap money was to restore their operating budget. Had they not gotten that, there would have been additional cuts. They only took most of the cuts in fiscal year 21 and anticipating there would be more in 22. What didn't happen was that they got new revenue estimates from the budget office and the legislature was able to apply more money into funding and as a consequence, the cuts that we had anticipated in 22 did not occur. They replaced a swap and operating funds, which meant we just didn't have to cut anymore. The differential fee at UNM is 50% of stated tuition costs, so they added 50% addition. These programs cost more. They have constraints to faculty student ratios.

Regent Romero acknowledged that he is hearing they should be able to add more staff and supplement programs less. How will this affect the other colleges and is there a benefit? President Floros stated the cuts and what they're asking them to do now are two different things. The cuts that they implemented when pretty much across the board of all colleges was the same, 3.75 for every single of the College. Other units had more or less. This kind of change in tuition by adding this on top of regular tuition will go directly to its own college. The college is in control of what they will do with that money. No other college will benefit from that. Provost Parker stated that these programs are falling short. Every time we offer those programs money has to come from elsewhere and I & G is made up of state support. They get less of it than we used to for these programs, and it also is made up of tuition and fees that students in other programs pay. The question becomes, 'Who subsidizes the cost of the benefit the students get out of graduating with this degree?' Should it be the student in Fine Arts who doesn't enjoy the kind of salary prospects upon graduation probably that the engineers and the nurses do? If you go back and look at that Delaware Cost Study graph at the beginning, fine arts is in the middle and not inexpensive to deliver. Most of the time when a university chooses to subsidized something from an equity perspective, you don't want to the students who can go out and earn six figure income, shortly after graduating. There is concern in the case of nursing because they aspire to introduce a car and a doctoral program certified nurse anesthetist. That is extraordinarily expensive and it would require a very significant and high tuition differential if they move forward with that proposal. This has been recognized as a responsible, equitable, justifiable position to take by research universities who have been doing this for more than a decade.

Dr. Reddi stated that they passed with accreditation the last two cycles. There was a serious concern that they are not putting enough faculty members in front of students. As they prepare for the next round of accreditation, they need to address that concern now. After that time, they lost even more faculty. They need to put faculty members back.

Regent Bitsie stated that his major is engineering physics, which is under the College of Engineering. While at NMSU, he has gravitated more toward the physics department for one reason. When he goes to his mechanical engineering courses the faculty to student ratio is high, maybe 50 to 1. In his

physic courses, he gets that. His classes don't have more than 10 students. Had that not been the case when he was a freshman, he would have been more invested in the engineering department. This differential tuition will be seen by the students much more readily and quickly.

Regent Saucedo supports differential tuition and it makes sense. It is appreciative that the funds will go directly to their programs. It would be good to look at other programs. It is not simply looking cost of program, Education is an example. They wouldn't be more competitive by increasing the price. Computer Science could benefit from differential tuition.

Chairwoman Devasthali stated that there were some comments from nursing and engineering students. Some nursing students were not in favor. Provost Parker responded that the main concern is that students want to make sure that the revenue that's generated stays within their program and is not subsidized off to other programs.

Chairwoman Devasthali entertained a motion. Regent Saucedo moved that the Board approve the differential tuition proposal for the College of engineering and the nursing program as described, on page 137 of their material. Regent Romero seconded the motion.

The Chief of Staff took the roll call vote:

Regent Bitsie – Yes

Regent Saucedo – Yes

Regent Romero – Yes

Regent Chacón-Reitzel – Yes

Regent Devasthali – Yes

The Chief of Staff confirmed the motion passed.

Regent Bitsie made a motion for a 10 minutes recess. Regent Romero seconded. Meeting went into recess at 1:15pm.

Chairwoman Devasthali called the meeting back into order at 1:25pm.

Vice President Burke proceeded in presenting Budget Guidelines. They have a goal of balancing their sources and uses of their I&G budgets for the Las Cruces campus and community colleges. In terms of sources of funds, the legislature provided us roughly 3.8 million in I&G in state appropriated new money. That includes the add back for the CARES ACT as well as some formula funding dollars, about half a percent, then they redistributed some and made a few schools hold harmless and they ended up with the \$3.8 million number. Written in the house bill includes a 1.5% salary increase or compensation increase, which represents \$2 million and it's a portion of what they need for I&G, but it's a much larger portion than what they've received in the past. They also have a couple of other items that they're showing as sources of funds fringe benefit adjustment for this year, as well as a small adjustment to other sources that equals \$920,000. They are not anticipating a change in enrollment. There is a 0% tuition and fee increase. In terms of uses of funds, compensation equals about \$4 million, an investment in Foundation of \$938,000 based on the agreement that was signed by the board in the in December. They have strategic investments that they've set aside related to their strategic leads goals that are detailed to some degree, \$1.25 million. Also, they are proposing to invest in graduate assistant scholarships, which we traditionally have not done in the past of \$500,000. They are recognizing all of the cuts they needed to make, except for \$2.3 million in the sources and uses. The differential tuition and they're showing it as a source. When engineering and nursing are combined with both the undergrad and graduate, it totals to \$727,000. That amount is

also shown as a use of funds going to the program and college. The sources of funds related to the academic services fee will be removed and in terms of sources and uses, it will remain balanced. The fringe rate, a rate that they negotiated in December, will likely go up in the future given the ERB contribution increase. They think state legislature will provide funds to offset it. For faculty and staff compensation to build a pool of 1.5%, plus fringe that that represents \$2.4 million. They have a minimum wage increase on January 1 to \$11.50 an hour, which requires non-exempt staff a schedule to increase salaries for certain employees by \$260,000. They include faculty promotion in tenure for current faculty of \$400,000. They've set aside a quarter of a percent for faculty and staff market equity salary adjustments. On the faculty side, it's more market. On the staff side, it could be compression to bringing up salaries in their pay grade. They have a student minimum wage increase. They typically side aside amounts for their 4 goals of their LEADS 2025 strategic plan. The amounts total up to the \$1.25 million. The NMSU-O hourly rates are \$80 higher than the in-state rate, part of that was to build in the services on the academic side related to technology. Requesting approval for the sources and uses that would allow them to continue to build the budget with a 1.5% compensation increase, no tuition and required fee increase for their base tuition and fees and including the approved nursing and engineering differential tuition allocated back out to those programs in college.

Vice Chairwoman Chacón-Reitzel asked what some of the examples are for each of those categories. President Floros stated that they have had those there for many years and have never been able to invest in it because they have always had to use it for budget cuts so far. The first year they came they had about \$500,000 in student success and \$400,000 of that went into one single software service that they bought that has been helping them with enrollment and retention issues. With student success related, they collect a lot more data and understand a lot about their prospective students and existing students and how they perform. They want to extend this to graduate students. For the first time in the university's history, they have collected a lot of data from a lot of different sources. Many of those aren't free and have to pay a subscription to collect that data so they can compare themselves to other universities. In terms of research, their supportive graduate students is not where it is supposed to be. They don't pay their graduate students as much as their competition. They don't support them with other benefits like paying for their tuition or health insurance. In terms of 'build a robust university,' they have a lot of initiatives that helps with improving the timing of our process. For example, signing documents and how quickly we can do electronically now. It's possible that some of that will go towards improving HR or IT processes. In terms of outreach and extension. They have not been able to put any strategic investments in that area for three years now. One of the things they need is to figure out how they can collect data so that they can document all the things that they do.

Vice President Burke reported that Alamogordo is struggling a little with budget cuts. They're hoping to use lost revenue to help offset. In the adjustments to their budget and state appropriation money that they received. They are hoping to add some part time instruction and anticipating traveling a little bit more after the pandemic. Each of the community colleges has a 0% tuition and fee increase. Dona Ana has a little more of I&G appropriation increase and more considerable faculty and staff compensation increase. They're also requesting to make a minimum wage adjustment. They have a lot of student employees, setting aside their faculty promotion and tenure fund. At the Grants campus, they will be able to use state appropriation to fund one or two faculty positions. Tuition and fees are at 0%.

Chairwoman Devasthali entertained a motion to approve the budget guidelines. Vice Chairwoman Chacón-Reitzel moved to approve. Regent Saucedo seconded the motion. All were in opposed. None opposed.

3. **Auxiliary-Housing Rates**, *Senior Vice President Andrew Burke, Ed.D.*

Vice President Burke proceeded to present on auxiliary housing rates. In 2017 the university went out for a large bond issue, \$20 million was in that bond issue to renovate Juniper Hall. There were also dollars to renovate other facilities within the housing stock to improve appearance and functionality. There was a rate proposal plan that was approved that ran FY18 – FY21, which included predetermined increases that the board approved to help them be able to get the appropriate bond rating and good interest rates to issue those bonds. Juniper Hall was built and has been well received. The four year rate plan has expired as of this fiscal year proposing that they do something similar and establish a four year rate structure that provides the ability to increase rates up to 3%, which they would consider a cap each year as needed for inflation and if they were to need to increase more than 3% they would come back to the Board. They're asking for this because they have debt service to pay off, the more recent bond, as well as others. Juniper Hall is proposed at just under \$6,000. In compared to other institutions that they looked at, they are at the lower end because the range is between 4600 and 9800 dollars. When they look at the apartment complex comparisons they're a little bit closer to the high end of their peers, in most cases, but we're still within range.

Regent Bitsie stated that Tom Ford and Sutherland is not increasing, but RGH is 80 years old which is next to 20 years older than those ones, but yet that one is increasing by 3%. Why is that? D'Anne Stuart stated that in the bond issuance that they received to build Juniper and then invest in some of their other facilities, RGH was in that pot of money, so they have done some renovations to RGH. They were one of their priority facility because they serve first year students. The other houses are those little cinderblock houses on South campus have not invested in those. They believe they're at the top of the market without doing some renovation. They will be offering those little houses to single students. Primarily those have been reserved for groups or family housing. They're going to see if there is a market for those, but they have to be careful of that price point because they have been desired because of the low price point. As they start to renovate they've got to see what the market will bear there. They do feel like it's not appropriate to raise those given that there has been no investment in recent years and those facilities.

Vice Chairwoman Chacón-Reitzel asked if it could be less than 3% in future years. Vice President Burke stated that yes, it could be less than 3%. They wouldn't come for approval unless it exceeded 3%. Vice President Burke reported that it runs right around CPI, 2 ½ - 3%. They are incurring escalating operating costs related to utilities, material costs, general services, and compensation increases.

Regent Romero asked for history on what the typical increases are for housing. D-Anne Stuart stated that they went through a stabilization period. They brought in consultants and were looking at some steep adjustments. They showed that they were 20% below where their housing rental rate should be. What they did was increase efficiencies. They came up with a financial philosophy or rate structure philosophy. They don't want to give in on compensation. When there is an annual increase, they have to fund all of that themselves. When you see that there's that line for sources and uses for I&G, that doesn't cover them. They employ a lot of resident assistants and resident directors. Those are live on staff that support their students. Utilities is a big one as well. They don't want to give on the reserves they have set aside and that goes into address maintenance, replenishment, furniture, etc. Historically, they would cut into staffing and maintenance areas. This year they were hit with a large utility cost. The cost of supplies and materials have grown.

Vice Chairwoman Chacón-Reitzel asked how we compare to the local market for housing. In this year with the pandemic, they de-densified the freshmen dorms to 2/3 occupancy. Prior to the pandemic, their occupancy was high. Their occupancy was up to about 95%. If they're able to have a conventional fall semester, their occupancy would go back up and that they would use HEERF funding to cover lost revenue for the occupancy that dropped. D'Anne Stuart stated that in 2017 they tried to right size some of their housing and took their Greek housing and another family housing offline. They have an overabundance of inventory in family housing, but in their residence halls and student apartments they stay up around 90 plus percent in occupancy and those facilities. Chamisa runs at almost 100% and is the highest priced and newest facility. They see a high demand for the on campus apartments because of proximity and having the programming that takes place. They built Juniper. Their first year was tricky because they didn't know if the facility would come online in time for the start of the semester. Then they moved into COVID. They have intentionally de-densified and they have a plan to permanently de-densify Garcia because it's a large facility until they have a replacement plan for that. They want to stay competitive locally with their peers and balance that with the appropriate operations. It's about affordability, but not cutting into places where they need to be making that investment.

Chairwoman Devasthali entertained a motion. Regent Saucedo moved to approve the four year structure as proposed. Regent Bitsie seconded the motion. All were in favor. None opposed. Motion passed.

4. Auxiliary-Meal Rates, Senior Vice President Andrew Burke, Ed.D.

D'Anne Stuart presented a new contract with Sodexo, which falls under the master collaboration agreement. They focus on two areas within their residential dining, COVID recovery and redesigning their board plans. Those are meal plans that are required of first year students living in those residence halls. Historically they offer two plans; a premium plan and a lower plan. They are implementing a new plan that came about from feedback from students and parents when they implemented the residential requirement for first year for first year students. This plan is for local students that still will be eating in their dining hall, but are spending some evenings at home with their parents and eating. Under this partnership with Sodexo, they are adding these new subscriptions or clubs such as, the Beverage Club (unlimited drip coffee, fountain drinks, etc), Tech Club (50% off robot delivery, etc) and food club (50% off concession meals, etc), and some others.

Chairwoman entertained a motion to approve the auxiliary meal rates. Regent Romero made a motion to approve the 21-22 meal rates. Vice Chairwoman Chacón-Reitzel seconded the motion. All were in favor. None opposed. Motion passed.

5. Auxiliary-Parking Rates, Senior Vice President Andrew Burke, Ed.D.

Vice President Burke stated they are requesting a 6% increase, which ranges between \$2.50 - \$16, to parking permits. The rates have remained flat for 2 years. They transferred less than they would have liked from parking in FY20 for parking lot repairs and upgrades. They're anticipating not being able to do that for this particular COVID pandemic related fiscal year. The annual increase is expected to yield a little under \$60,000 and use for increased costs of doing business and cover shortages. The total rate increase for faculty and staff is \$7.50, outer lot employees is \$4.50, commuter students and campus residents is \$4. Also, there is a motorcycle and special rate.

Chairwoman entertained a motion to approve the auxiliary rates. Regent Romero motioned to approve the 21-22 auxiliary parking rate. Regent Saucedo seconded the motion. All were in favor.

None opposed. Motion passed.

E. Informational Items

1. Appointment of Regent Committee Members, Chairwoman Ammu Devasthali

Chairwoman Devasthali proceeded in naming the members of the Board of Regents standing committees and the chairs of each of the committees, in addition, naming regent members of the affiliated entities and other committees and organizations, where the Board has representation.

Regents Financial Strategies Performance and Budget Committee, Regent Neal Bitsie will replace Regent Dina Chacón-Reitzel and Regent Christopher Saucedo will replace Debra Hicks and will be chair.

Regents Audit and Risk Committee, Regent Arsenio Romero will replace Debra Hicks as a voting member and Chairwoman Ammu Devasthali remains as Chair.

Regents Student Success Committee, Regent Neal Bitsie will replace Luke Sanchez and Regent Arsenio Romero remains on the committee and continues to serve as Chair.

Regents Real Estate Committee, Chairwoman Ammu Devasthali continues to serve on the committee and Regent Dina Chacón-Reitzel remains on the committee and continues to serve as Chair.

Arrowhead Center Board of Directors, Regent Dina Chacón-Reitzel replaces Chairwoman Ammu Devasthali and Regent Neal Bitsie replaces Luke Sanchez.

Honorary Degree Selection Committee, Regent Dina Chacón-Reitzel replaces Debra Hicks and Chairwoman Ammu Devasthali continues to serve on the committee.

New Mexico Higher Education Regions Coalition, Regent Christopher Saucedo replaces Luke Sanchez and Regent Dina Chacón-Reitzel will continue to serve.

New Mexico State University Foundation, Chairwoman Ammu Devasthali continues to serve as the regional representative.

F. Adjournment, Chairwoman Ammu Devasthali

Chairwoman Devasthali entertained a motion to adjourn. Vice Chairwoman Chacón-Reitzel made a motion to adjourn. Regent Saucedo seconded the motion.

Meeting adjourned at 2:29

Meeting Minutes Approved on May 14, 2021 by the New Mexico State University Board of Regents.



Ammu Devasthali
Board of Regents Chair



Arsenio Romero
Board of Regents Secretary/Treasurer