

**NORTHERN NEW MEXICO COLLEGE  
SPECIAL MEETING OF THE BOARD OF REGENTS  
APRIL 29, 2013**

**I. CALL TO ORDER**

A special meeting of the Board of Regents of Northern New Mexico College was held on Monday, April 29, 2013 in the Boardroom of the Montoya Administration Building on the Espanola Campus. Regents present: Michael P. Branch, Alfred Herrera, Cecille Martinez, and Feliberto Martinez. Also present were Lisa Salazar Co-Student Representative to the Board of Regents. Regent Rosario (Chayo) Garcia could not attend the meeting. Board President Michael Branch called the meeting to order at 9:05 a.m.

Northern New Mexico College staff present: Dr. Nancy “Rusty” Barceló, President; Domingo Sanchez, VP of Finance and Administration; Dr. Anthony Sena, Provost and VP of Academic Affairs; Ricky Serna, VP of Institutional Advancement; Frank Orona, Dean of Student Services; Bernie Padilla, Director of Human Resources; Dr. Myrna Villanueva, Assistant Provost for Academic Development and Acting Dean, College of Education; Henrietta Trujillo, Director of Financial Operations; Alexandra Williams, Senior Financial Analyst; and Josephine Aguilar, Assistant to the President and Recording Secretary. Others present: Louis McGill, Reporter with the Rio Grande Sun; Terry Last, Reporter with the Journal North; and about 20 other people in attendance (staff, faculty, students, and community members).

**II. APPROVAL OF AGENDA**

Board President Michael Branch requested that Executive Session take place at the beginning of the meeting to discuss limited personnel matters. **The final agenda was approved as amended.**

**III. EXECUTIVE SESSION**

Regent Cecille Martinez moved that the Board enter into Executive Session pursuant to Sections 10-15-1(H)(2) of the Open Meetings Act to discuss limited personnel matters. **Regent Feliberto Martinez, Regent Cecille Martinez, Regent Alfred Herrera, and Regent Branch moved in the affirmative to adjourn into executive session at 9:05 a.m.** The open meeting reconvened at 10:14 a.m. Regent Branch reported that no action was taken in executive session.

**IV. PUBLIC INPUT**

The individuals that requested to address the Board of Regents (list attached) were invited one by one by Regent Branch to address the Board. Issues and concerns brought up consisted of: tuition increase, pay parity as it relates to adjunct faculty, the fence forum, the Child Development Center, Commercial Kitchen, La Tiendita Café, and the Spanish Colonial Furniture Making Program. Other issues brought up where related to public and private partnerships and other ideas to help generate revenue.

**V. OLD BUSINESS**

**A. Policy 2140 Revisions by Ricky Serna.**

Mr. Ricky Serna stated that at the last Board meeting Regent Garcia raised a concern regarding Policy 2140, Use and Possession of Alcohol on College Property. The concern was the liability surrounding the institution purchasing alcohol for a public event, and the distribution that could lead to significant individual and societal harm. The Board approved the policy pending a formal change to the language that would reduce the potential for alcohol-related harm while allowing for the legal, safe, and responsible

use of alcohol. Only a vendor with a legal license can purchase and serve alcoholic beverages at a College function. Mr. Serna provided a copy of the revised language (copy attached).

**Regent Cecille Martinez moved to approve Section 2140 as revised and presented. Motion carried unanimously.**

## **VI. FINANCIAL REPORT**

### **A. Approval of Fiscal Watch Report for quarter ending March 31, 2013.**

Mr. Domingo Sanchez VP for Finance and Administration, briefly went over the fiscal watch report for the quarter ending March 31, 2013. Based on the successful submission of the audits and the progress made in terms of preparing reports and getting information to the Higher Education Department (HED), HED pledged its support to remove the College from submitting monthly fiscal watch reports. Approved fiscal watch reports are now submitted on a quarterly basis.

Mr. Sanchez stated that the Statement of Net Assets reflects cash and cash equivalents at \$101,301 at the end of March, which is dangerously low in terms of money in the back when there are bills to be paid and payrolls to cover. He stated the College is able to manage with the state appropriation received at the beginning of the month and requests for reimbursements on the Federal side.

Total Liabilities and Net Assets are at \$37M. Of this amount almost \$33M is associated with capital assets. Total current liabilities total to about \$2M. There is a negative fund balance that is reflected in the report of about \$300,000. This negative fund balance was revealed at the completion of the audit. The College had to identify an additional \$300,000 in FY14 budget savings.

In the Summary of Operating and Plant Funds, the revised budget reflects the overall budget in terms of revenues at \$28M and expenditures also at about \$28M. The beginning fund balance of about \$3.4M includes all the different capital accounts. The actuals in the third column of the report in terms of revenues versus expenditures, the College brought in about \$21M and spent about \$22M. Regent Herrera pointed out an error, a negative in the state appropriations revenues, which Mr. Sanchez stated will be corrected.

The Comparison of Operating and Plant Funds is a comparison of actuals in the current year to actuals reported the previous year in March, 2012. Last year total revenue collected was \$20.4M, compared to \$21.8 collected this year at the same time. The College spent about \$18.1M last year, compared to \$22.3M this year. With projects coming to an end, the amounts in Plants Funds will not fluctuate in the current year.

**Regent Alfred Herrera moved to approve the Fiscal Watch Report for the quarter ending March 31, 2013 as presented with a correction/change in the State Appropriation on the revenue side. Motion carried unanimously.**

At the request of Regent Branch, Mr. Sanchez further explained why Northern was placed on Fiscal Watch. Mr. Sanchez explained that when the College converted to Banner in 2005 there were many difficulties getting the financial system information together to do the audit, which resulted in the audit being two years late. The primary issue for placing the College on fiscal watch had to do with the inability to reconcile, get timely audits, and to provide reports to HED on a timely basis. The College did not have the level of staffing to keep up with the volume of work that was required to catch up. When this happened, the College received a letter in 2007 from HED placing the College on fiscal watch. This status requires that the College submit monthly reports to HED as opposed to other institutions that are

not on fiscal watch that get to report on a quarterly basis. Now that the College has completed the audits and finished most of the accounting clean up that is required, HED agreed to take the College off monthly fiscal watch reporting and allow to submit only quarterly reports. HED wanted to come to Northern this spring to do a programmatic audit of operations but has not been able to find someone in their staff to carry out the audit. Mr. Sanchez is confident the results of that audit will be favorable, which will release the College from the formal fiscal watch label the College has had for a number of years.

President Barceló stated that it is important to get off fiscal watch. The work that has been done to move the College in that direction in a short amount of time has been incredible. The Legislature has been very supportive in this regard, and hopes that the reception in the Governor's Office will, in the near future, be the same.

*(At this time the Board took a short break at 11:07 a.m. The open meeting reconvened at 11:20 a.m.)*

## **B. Approval of FY14 Operating Budget.**

Regent Branch reported that he and Regent Herrera attended a finance committee meeting on Saturday, April 27, 2013 at which time the FY14 Proposed Operating Budget was reviewed and discussed in detail. The handouts Mr. Sanchez presented at the meeting are attached: 1) A slide presentation of the operating budget with a budget overview summary, tables of tuition and general fees, and pie charts breaking down the budget by departments, 2) the Proposed Operating Budget in the format required by HED, and 3) a budgeted salary summary report of authorized positions at the College.

### **a. Proposed increase in tuition and student fees structure.**

Mr. Sanchez's stated that the budget development process took about five weeks during the month of March and April. Although time consuming, the process proved to be efficient and more transparent than in past years. At the hearing true expenditures for the different line items were identified and the day-to-day operations for each department were reasonably captured. Everyone was told that the College was going to try to leave the base budget alone. All managers (Director, Deans, Chairs, and others) left their session with two documents: 1) staffing list that identified all positions in their department and 2) a reasonable base budget in order to operate their departments.

Mr. Sanchez stated the budget is very tight and at the end the budget process, a determination had to be made to see how to cut additional dollars to achieve a balanced budget, recognizing that the College did not have fund balances to lean on to help in building the budget. When the departments get their budgets back, after approval by the Board of Regents, they will see a reduction in supplies. However, they will also see that the overall numbers went up. The reason for this is that a fair share allocation for internal charges (postage, motor pool, computer tech support, phone system) increased everyone's budget. Mr. Sanchez stated the College took into consideration the following issues when preparing the budget:

#### **Budget Overview:**

- Establish reasonable base budget amounts.
- Simplify budget structure and reduce number of funds. (Mr. Sanchez explained that when doing clean up in order to complete audits went back as far back as 2005 when the College transitioned from POISE to the BANNER accounting system. About 280 funds that were in the books were reduced to 55-60 funds within the operating budget being presented today.)
- Shift operational expenses to available fund balances, if available and allowable.
- Repurpose existing positions to enhance IT Department. (The College needs to focus on the demands within the IT Department in terms of keeping up with technology and ability to provide a secure network.)

- Implement class enrollment thresholds for making a class to provide funding for faculty parity.
- Eliminate management and staff positions.
- Shift Colonial Arts Program to Continuing Education.
- Shift Sostenga Farm Program to Grant funding.
- Eliminate Sostenga Tiendita and Commercial Kitchen.
- Eliminate Childcare Center.
- Evaluate Auxiliary Operations to eliminate reliance on I&G funding.

**Tuition and General Fees (proposed increase):**

<u>Current Tuition</u>	<u>Proposed Increase</u>		<u>ENMU Current</u>	<u>NMHU Current</u>	<u>WNMU Current</u>	
CREDIT HOURS	12	12	12	12	12	
Tuition	1,205.40	1,374.00	\$114.50/hr.	1,462.20	1,326.72	2,157.36
Athletic Fee	25.00	50.00	Flat Fee			
Activity Fee	18.00	36.00	\$3/hr. – Max \$36			
Student Service Fee	100.00	120.00	\$10/hr. – Max of \$120			
IT Fee	60.00	240.00	\$20/hr. – Max of \$240			
Registration Fee	5.00	25.00	Flat Fee			
Bldg. & Equip. Renewal Fee		120.00	\$10/hr. – Max \$120			
Library Student Fee		15.00	\$1.25/hr. – Max \$15			
Security Fee		15.00	\$1.25/hr. – Max \$15			
Online Access Fee	25.00	35.00	Flat Fee/over 3 hours			
<b>TOTAL</b>	<b>1,438.40</b>	<b>2,030.00</b>		<b>2,175.00</b>	<b>1,752.00</b>	<b>2,157.36</b>
Total Fees	233.00	656.00		712.80	425.28	557.16
Total Fees per credit hour	19.42	54.67		59.40	35.44	46.43

<u>Type of Fee</u>	<u>Current</u>	<u>Proposed</u>	
Late Registration Fee	5.00	35.00	Flat Fee
Course Fee	*	*	*Specific to Course taken
Interactive Video Fee	300.00	0.00	\$25 per on-line credit hr. – minimal activity
Media Fee	300.00	0.00	\$25 per on-line credit hr./3 hrs. or more
Web Course Fee		360.00	\$30 per on-line credit hr.
Lab Fee	20.00	75.00	Flat Fee
Deferred Payment Plan Fee	25.00	25.00	Flat Fee
Late Payment Plan Fee	10.00	10.00	Monthly Fee
Graduation Fee	50.00	100.00	Flat Fee
Additional Diploma	7.50	7.50	Per Diploma
Transcript Fee - Unofficial	2.00	2.00	Per Transcript
Transcript Fee - Official	5.00	5.00	Per Transcript
Course Fee Field Experience	50.00	50.00	
Fingerprinting Fees	20.00	20.00	One-time fee
Background Check Fee	65.00	65.00	One-time fee
Capitol Challenge Fee	40.00	40.00	
Standard Nurse Testing Fee	112.50	112.50	
CPR Fee	27.00	27.00	
Institutional Testing Fee (LDCE Exam)	20.00	20.00	Per Test
Capstone Text - Business	25.00	25.00	Per Test
Placement Test Fee	10.00	20.00	Per Test
GED Testing	12.00	20.00	Per Test
TO DISCUSS: Parking Fee			

The pie charts presented by Mr. Sanchez reflect the following amounts. These amounts support the numbers reflected in the Proposed Operating Budget:

- Combined Revenues for the upcoming year - \$33,745,145
- Unrestricted Revenues - \$20,617,753
- Restricted Revenues - \$13,127,392
- Revenues match Combined, Unrestricted and Restricted Expenditures
- Transfers In/(Out) - \$952,997
- FTE Positions – 284

Regent Branch stated that in the 10 years he has been a Regent of Northern, this has been the most comprehensive and detailed financial information that has been presented that gives the Regents a real opportunity to make judgments. President Barceló stated that an important guiding principle was how to protect the academic core of the institution so that students can have the kinds of courses that they need to make progress toward their degree. The issues being addressed were of a historical nature that surfaced once the four audits within a span of 16 months were complete. The College now has a clear picture on where it currently stands financially and how to proceed moving forward.

Regent Herrera stated this has been a difficult but necessary process for everyone involved. Input into the budget process and bringing forth transparency did not exist to the extent that it exists now. Also, in discussions in Finance Committee meetings Regent Herrera has brought up the need for accountability on part of the Board and part of the College. There are some things the College has to adhere to as an institution. He stated there has not been a fund balance over the years, which is not a good thing for any institution. The expectation of HED is to budget only what is there. If there is a negative fund balance, this has to carry forward. The College has been playing catch up for the past few years. Some decisions were difficult to make, however, the Board also looked at the future and the vision of the institution. He stated these decisions will have a far-reaching positive affect on what we do at the institution. Regent Herrera pointed out that legislators did an amazing job of supporting the institution and trying to help with some of the needs of the College. The legislature supported and approved the faculty parity, but subsequently was vetoed by the Governor. This negatively impacts the College's ability to do the kinds of things it needs to do as an institution.

Regent Alfred Herrera presented the Board's recommendation as follows:

1. Sostenga is made up of three operational components; 1) Tiendita Café; 2) Commercial Kitchen; and 3) The Farm. Based on discussions the Tiendita will remain closed as recommended and the Commercial kitchen will be formally closed under Sostenga but will likely come forward under Melissa Velasquez's leadership as a Hospitality Program and the Board wants to preserve the use of the equipment and facilities for that purpose. The Farm is going to transition to a grant for the upcoming year without I&G funding and the Regents will direct respective parties, through the President, and to prepare an academic/business plan to integrate the activities of the farm with classroom curriculum so as to establish a direct link between the programs and credit received by students for participating academically in farm activities;
2. The Childcare Center will be allowed to continue operations for the upcoming year under fiscal watch status. The operations of the Child Care Center will be increased from a 9-month operation to a 12-month operation. A new rate structure will be developed and enrollment will be opened to all members of the community to ensure that all 30 slots are marketed and filled. As part of this initiative, the refunding of any money out of this program will no longer be allowed.

The Childcare Center will also transition to the College of Education and managed by the Dean of Education in order to assess the potential of integrating the Childcare Center with early childhood development curriculum if feasible. The Dean of Education will also be directed to prepare an academic/

business plan for Board consideration by fall of 2013 in order to determine the future direction of the Daycare Center in next year's budget cycle.

3. The Board will direct Staff to reduce budgeted expenditures for the upcoming fiscal year by 2.5% in an effort to build financial reserves and to prepare for the possibility of unforeseen expenditures or revenue shortfalls. The Board will also direct the Vice President of Finance and Administration to provide quarterly updates on the progress of expenditure reduction efforts and the results achieved by departments under their respective Vice Presidents;

4. The Board will direct the Vice President of Finance and Administration, through the President, to shift the \$125,000 recommended for Faculty Parity in the Provost's budget to an unallocated reserve until mid-year. The Provost will be directed to identify possible opportunities within the Academic Structure and Funding Formula framework that would allow for the sustainability of the recurring cost associated with the request for Faculty Parity. The Provost recommendations are to be presented before the upcoming 2014 legislative session in order for the College to better prepare its repeated request for Faculty Parity; and

5. The Colonial Arts program is to be integrated into the continuing education program. This is an effort to identify any programs within the College that are negatively impacting our ability to generate funds or impacting our funding through the HED funding formula at the state level.

6. Make a consorted effort to reduce expenditures for the upcoming year, but at the same time that the College also needs to have major efforts in increasing the revenue side. There are many areas work on, but the main area to look at is increasing the enrollment at the College, but at the same time getting the word out. That there be an increase in the advertising or overall marketing plan of the College which will increase our ability to maintain level enrollment if not have a slight increase in enrollment, which will drive dollars for the institution.

**Regent Alfred Herrera moved that the Board formally approve these recommendations (No. 1-6). Regent Feliberto Martinez voted yes, Regent Cecille Martinez voted yes, and Regent Branch voted yes. Motion passed.**

Mr. Sanchez stated he will take the recommendations of the Board as presented and make sure they are implemented.

**Regent Cecille Martinez moved to approve the proposed increase in tuition and student fees structure as presented. Regent Alfred Herrera voted yes, Regent Feliberto Martinez voted yes, and Regent Branch voted yes. Motion passed.**

Regent Branch responded to some of the issues brought up by the public at the beginning of the meeting. He stated the College has been working on faculty parity for a number of years. The College values and depends on adjunct faculty and will adjust salaries for all employees as resources become available. Public and private collaborations are normally formed by individual Directors, Deans, and Chairs and ideas for forming these collaborations are always welcomed. Regent Branch stated he finds it hard to believe that some individuals think there is no transparency. In 2012 the President, Regents, and some faculty and staff met with legislators (more than ones), area superintendents, faculty senate, pueblo Governors and/or tribal representatives, city government, community health stakeholders, etc., to discuss their needs, the needs in the community, and the College's response to them. The fence proposed on certain parts of the campus is part of the security measure from the GO Bond monies. The final design/decision on the fence has not been presented to the Board. Regent Branch understands that the fence will be decorative and welcoming where boundary markings are needed.

Regent Branch stated developing and following a structure where there is a chain of command within the institution is important. In the past, a disgruntle employee would go directly to the President, when there is a Provost and several VPs to take care of some issues. This is not the way to do things and should not be permitted. Communication can always improve; however, it is incumbent upon Directors, Deans, and Chairs to disseminate information all the way down to employees in their departments. Dr. Barceló stated that even though the College has implemented a number of things to improve communications, even in terms of re-organizing, the College will continue to address the issue of improving communications throughout the campuses.

**A. Approval of Budget Adjustment Request.**

Mr. Sanchez stated that the middle column of the FY14 Proposed Operating Budget reflects adjusted estimates for the original FY13 budget. These estimates were completed over the weekend and the Budget Adjustment Request (BAR) documents for signature are currently being completed.

**Regent Alfred Herrera moved to approve the Budget Adjustment Request as discussed and presented by Mr. Sanchez for the FY13 budget. Motion carried unanimously.**

**VII. ADJOURNMENT**

**Regent Martinez moved to adjourn the meeting. The meeting adjourned at 12:52 p .m.**

Josephine Aguilar, Recording Secretary

APPROVED: May 30, 2013

/s/ \_\_\_\_\_  
Michael P. Branch, Board President

/s/ \_\_\_\_\_  
Cecille Martinez-Wechsler, Secretary