



TO: UNM COMMUNITY
FROM: ROBERT G. FRANK, PRESIDENT
SUBJECT: UNM COMPENSATION FUNDING STRATEGY
DATE: 4/4/14

UNM faculty and staff compensation increases have been, and will continue to be, a priority for the Administration. On March 28th, the UNM Board of Regents (BOR) approved staff and faculty compensation increases of 2% and 3%, respectively, contingent upon the University Administration developing a plan to fund them from sources other than tuition. Thus, our task over the past several days has been to identify a means to fund the compensation increases, while retaining the critical elements of the Provost's Academic Strategic Plan. A proposal to this effect was prepared and presented to the BOR Finance and Facilities Committee this morning.

We have done our best to find the required funds without major impact to programs or employees. The proposal to the BOR Finance and Facilities Committee included a plan design change to UNM health benefits, in addition to the funding for compensation received from the State Legislature and program contributions through Results Oriented Management (ROM). Since open enrollment will run from April 23rd through May 14th, and each employee who uses the UNM medical plans will be required to re-enroll, it is important that we share information as it becomes available with the UNM community.

While additional compensation will result in more money going into employees' base pay, we realize there are other contributions that may offset the amount in take-home pay, including the second of a two-year ERB increase and VEBA. The benefits consultant retained by UNM presented a straw-man scenario to the committee this morning, which will go before the full BOR on Tuesday, April 8. I can assure you that we, too, will continue to evaluate this proposal and explore every available option to maximize the benefit to the employee, while keeping

premium increases as low as possible. There will be three options for health care plans instead of two, so that employees can select the best plan for themselves and their families. The plan will result in employees' health care premiums rising much less than previously anticipated. However, co-pays, co-insurance, deductibles, and the out-of-pocket maximum will increase. Therefore, employees will be affected differently, depending on their health plan usage.

We will be able to increase employees' base salary for the coming year, while continuing to provide comprehensive benefits to our employees and their families. Specifics of the plan will be presented in more detail at Tuesday's meeting. Pending a decision from the BOR, we will have extensive briefings with the faculty and staff later in the week to explain the changes to the group benefit plan. Faculty Senate has reserved Woodward 101 at 3:30 pm on Thursday for a General Faculty meeting to which all staff are invited. Communications will continue from my office and Human Resources, which will be conducting a number of informational and instructional sessions, as well as offering an online module to assist employees throughout the process.