

STAFF AND COMPENSATION COMMITTEE MEETING and AGENDA

(Committee Members: Chair Stephen Barrett, Heather O'Loughlin, and Mark Semmens)

SUB Ballroom
Wednesday, May 31, 2006
4:45 – 6:00 p.m.

Note: The Board of Regents may take action on any item on the committee agendas, with opportunity for Public comment.

- a. Approval of minutes of the March 2, 2006 committee meeting (pg. 2)
- b. ITEM 131-116-R0506 – Revisions to BOR Policies 711.1 & 711.2 (*Employment contracts and pay guidelines for non-faculty administrators and professionals*) The BOR through this proposed policy delegates to the Commissioner of Higher Education the authority to approve employment contracts and pay adjustments in accordance with approved pay guidelines. (pg. 4)
- c. Discussion of contract approval procedures for head coaches.
- d. Discussion of CUPA salary survey (*College and University Professionals Association for Human Resources*)
- e. ITEM 131-111-R0506 – Revision to BOR Policy 804.1 (*Authorization of administrative positions for the self-insured group insurance plan*) The proposed revision would increase by .5 (one-half) the number of full-time equivalent positions authorized to the Commissioner of Higher Education for administration of the self-insured group insurance plan. The current authorization is 3.5 full-time employees (the proposal authorizes up to 4.0 positions). (pg. 26)
- f. Discussion of titles for the chief executive officers of the two “stand-alone” Colleges of Technology in Great Falls and Helena. A change from the current title of Dean to the title of Chancellor is under consideration.
- g. Public Comment

MINUTES

STAFF AND COMPENSATION COMMITTEE

Thursday, March 2, 2006

The Committee convened at 3:30 p.m.

Committee Members Present: Regent O'Loughlin, and Regent Semmens Acting Chair

Committee Members Absent: Regent Barrett, excused

Also Present: President George Dennison, President Geoff Gamble, Chancellor Dick Storey, Chancellor Frank Gilmore, Chancellor Ron Sexton, Chief Legal Counsel Catherine Swift, Rosie Keller, Mark Bruno, Pam Joehler, Susan Briggs, Craig Roloff, MaryEllen Baukol, Bob Durringer, Commissioner Sheila Stearns, Kevin McRae, Jim Foley, Teresa Branch, and Bill Muse

- a. Discussion of draft guidelines for "Board of Regents employment contracts" and "Montana University System employment contracts."

Kevin McRae noted this project has been ongoing for some time in an effort to meet the diverse needs and interests of all the campuses. **Mr. McRae** explained the options presented in this item, as well as the recommendation that the Commissioner be the final approval in the interest of a system-wide focus on equity, market factors, and other impacts. He added some information about coaches' contracts, indicating they were expressly excluded from the policy that limits contracts to one year. The Board has the authority to approve multi-year contracts for coaches, but has chosen not to do so. On the few occasions where they were asked, the Board declined. The options presented here do not apply to coaches. **President Gamble** said staff is making a decision that is taking the system away from the vision of the Board, and asked where the Commissioner fit into this plan. **Commissioner Stearns** indicated they had consulted with various of the CEOs as well as other states, and have struggled with this item. Option A has the advantage of using an incremental approach. If there is an anomaly for market reasons, and there is good documentation with an offer in hand, her office will support it on the Agenda so that it doesn't jump out at the Regents as a huge percentage increase. **Commissioner Stearns** said she has a lot of faith in the CEOs. There has been a vision of a system, although it has been hazy. She is concerned that OCHE not be overwhelmed by the amount of work that could result from this change. She would like to use the OCHE at some threshold to check for big disparities and obtain explanations for them. This is something they already do. **Commissioner Stearns** believes this is a good way to go but has concerns about unintended consequences. The Board would retain approval of 60 to 80 contracts, while most other states do not have Board approval of staff items. She did want the Board to understand that her office would do the same level of scrutiny they now do, but would not do a more detailed evaluation.

Chair Semmens recommended taking this in component pieces, and suggested the Committee recommend to the Board they proceed with Option A. **Regent O'Loughlin** agreed.

Chair Semmens indicated the next level is the terms of the contracts. **Mr. Kevin McRae** referred to Page 583 of the Agenda, under Roman numeral I. The Commissioner will approve increases up to 15%, and the Board will approve those above that limit. He commented that some retention issues exceed that level, and he asked for direction from the Board and the CEOs on what threshold they would approve. He said the board retains approval of annual increases and bargaining. Refer to the noted page for other details of this proposed policy. There was discussion on the need for signing bonuses and the general use of them throughout the country. **Commissioner Stearns** indicated some possible language might be incorporated to cover signing bonuses. **President Dennison** was concerned about the 12-month eligibility requirement for increases, and thought that six months would be better, while three months would be best. He also did not see a reason for the 15% limit. **Chair Semmens** indicated the Commissioner needs to understand there are instances where she needs to take items to the Board. **President Gamble** indicated the percentage might not give the full picture, since a low paid employee could receive a huge percentage increase, while it would be a low dollar figure. **Chair Semmens** recommended changing the language to the greater of a certain percentage or certain dollars. **Doralyn Rossmann**, Chair of the Professional Counsel at MSU suggested they might consider pro-rating eligibility and grant one twelfth for each month served up to the 12 months.

Chair Semmens asked Mr. McRae if the next part is intended to give more flexibility that does not already exist, or if it simply memorializes what does happen. **Mr. McRae** explained that non-base performance bonuses have no policy either prohibiting or authorizing. This is intended to set some guidelines on what is reasonable, and who is eligible. There is the possibility it might encourage campuses to utilize these bonuses more often since the rules will be clearer. **Chair Semmens** indicated if that is the case, they need to carefully evaluate it. Resources remain fixed, which means that someone else will need to get less to fund these. **Mr. McRae** said there were four items presented, with number four being the non-base performance bonus item. **President Dennison** asked about the dates included, and Mr. McRae indicated those will be cleaned up as they proceed. **Kevin McRae** further explained the policy before the Board envisioned a scenario where for recruitment only, there might be two-year contracts subject to approval by the

Commissioner. Coaches would not be included in this. LeRoy Schramm had believed that multi-year contracts did minimal good for retention. **Mr. McRae** indicated his office saw some logic in that, and wanted to be careful with multi-year contracts. **Chair Semmens** asked that they hold off on the multi-year contracts at this time, to put in place pro-rating raises, using the percentage as well as the dollar figure, and signing bonuses. He also recommended no annual effective date for bonuses, and that bonuses be addressed in the next draft. **Chancellor Sexton** questioned why Letters of Appointment were excluded. **Mr. McRae** explained they are implicitly temporary positions, and more precarious than contracts. They will therefore remove the first sentence of the last paragraph on page 500 that refers to Letters of Appointment.

Chair Semmens next took up multi-year contracts. He asked if it was believed they were appropriate only for recruitment, or for recruitment and retention. **Professor Shannon Taylor** indicated that Bozeman had worked on a pilot program for multi-year contracts for the adjunct professors last year. They were supported by faculty and they have used them to great advantage. One of their best adjuncts received a better score for borrowing money with the multi-year contract. **Professor Taylor** indicated that without their professional staff they would be unable to do their jobs. He believes that multi-year contracts would retain some of those staff what would go elsewhere in the Gallatin Valley. In their area it is very important to have this tool since their salaries do not compete with the going rate in private industry. **Commissioner Stearns** believes they need some latitude on multi-year contracts, but she has concerns about them. Buyouts are costly, and there needs to be funding in place to cover that possibility. She also doesn't want multi-year contracts to become regarded as an entitlement. They should also be limited to particular fields that are hard to fill. **Mr. McRae** reiterated this policy applies to professional and administrative positions, and not coaches. **Catherine Swift, Chief Legal Counsel** advised that to balance the risk between the employee and the employer more evenly, a liquidated damages clause could be written into the policy and it would be for an amount equal to actual damages caused by an employee who leaves before the end of the contract. The penalty could be graduated by time spent on the job. **Ms. Swift** will work on this before the May meeting. **Chair Semmens** said no action would be taken on this item at this meeting, but requested input to OCHE with recommendations so it can be ready for approval at the May meeting. He asked further if there should be different requirements for coaches, or should they simply be included in the general policy above. **President Gamble** believes coaches' contracts are so different that they couldn't be included here. **Chancellor Sexton** disagreed on offering multi-year contracts to coaches, especially for the smaller campuses. He indicated he had fired coaches for not meeting the philosophy of the campus, or not keeping up graduation rates, but not for losing games. He would rather offer multi-year contracts to his professionals. **Chancellor Storey** indicated the coaches at Western do more than coach. He would appreciate having flexibility with their coaches, especially since there is one he might lose at this time. **Chair Semmens** asked if they then thought the policy should be applied to all positions, with the flexibility to apply as needed. **Chancellor Storey** said they should use multi-year contracts very cautiously. **Chancellor Gilmore** said he was not necessarily in favor of multi-year contracts for coaches. With limited use, he would like the flexibility to use them for faculty. **President Dennison** noted it will differ based on the needs of each campus. He argued strongly for multi-year contracts for coaches since they recruit student athletes who will be expecting that coach to be on board during their time at school. Loss of coaches causes problems with lower graduation rates for athletes, and the loss of scholarships. NCAA has requirements for academic progression rates. Further, some contracts are written so that coaches pay the full amount of the contract if they do not complete it. **Chair Semmens** recommended not distinguishing between administrators and coaches, but to use multi-year contracts in circumstances where the market dictates, and there is a demonstrated need. **President Gamble** requested a look at the data before a decision is made on this. He also believes it is unfair for the head coach to receive multi-year contracts if administrators do not. **Chair Semmens** noted that at the policy level, there should be a broader definition rather than distinguishing between types. He also requested that more data be gathered on usage for other professionals and administrative fields. **Regent O'Loughlin** felt that contract professionals were not leaving under contract, while athletic coaches did not seem to have the same incentive. She also did not see the need to extend multi-year contracts to other contract professionals, unless it could be demonstrated they improved the data. **Chair Semmens** indicated staff would look into this over the next four to six weeks, and he requested the Board have the information before the May meeting, including research on coaches and other professionals. He indicated he wanted to have this item completed at the May meeting.

Public Comment

Professor John Brower from Montana Tech of The University of Montana identified himself as the President of the newly formed faculty association. He talked about inequities perceived to exist at Montana Tech.

END PUBLIC COMMENT

The Committee meeting adjourned at 5:42 p.m.

ITEM 131-116-R0506

**Approval of revised BOR Policies 711.1 and 711.2;
Employment instruments for professional and
administrative employees; Criteria for Board of Regents
contracts (non-faculty)**

THAT:

The Regents revise Policy 711.1 to create a Montana University System employment contract for most non-faculty contract professionals, with contracts subject to the Commissioner's approval, and; Revise Policy 711.1 to retain the concept of a Board of Regents employment contract for approximately 70 professionals and administrators, with contracts subject to the Board's approval.

EXPLANATION:

The proposed policy revisions, and related compensation guidelines will:

- (1.) improve the ability of MUS managers to recruit and retain capable employees in a timely manner, and;
- (2.) make the Board agenda more efficient by reducing the number of individual contracts subject to Board action, with a new annual reporting procedure on the status and trends of contracts.

ATTACHMENTS:

Proposed revisions to BOR Policies 711.1 and 711.2

For ease of readability the proposed new policies appear first, followed by the policy language to be replaced as noted with a ~~strikethrough~~ symbol.

ITEM 131-116-R0506

Preface:

The revisions to BOR Policies 711.1 and 711.2 would:

- *Delegate to the Commissioner the authority to approve employment contracts and pay adjustments for most non-faculty administrators and professional-level contract employees.*
- *Retain the current maximum term of one year for most contracts.*
- *Continue the current exclusion of coaches from the policy coverage, allowing campus chief executives to submit proposals to the BOR for multi-year contracts for head coaches.*
- *Require BOR approval for certain contracts covering roughly 70 senior administrators, legal counsel, staff in the Office of Commissioner of Higher Education, and head coaches.*
- *Provide criteria by which to set or adjust salaries.*

For ease of readability the proposed new policies appear first below, followed by the versions to be replaced, which are noted by a strikethrough symbol.

MONTANA BOARD OF REGENTS OF HIGHER EDUCATION
Policy and Procedures Manual
SUBJECT: PERSONNEL
(NEW) Policy 711.1 – Montana University System employment contracts (non-faculty)

1. Delegation of Authority:

The Board of Regents, pursuant to its constitutional authority to supervise and manage the Montana University System (MUS), hereby delegates to the Commissioner of Higher Education the authority to approve employment contracts offered to certain employees by Presidents, Chancellors, and Deans of the Colleges of Technology in Helena and Great Falls. MUS employment contracts in this policy cover non-faculty professional employees who are not on the MUS Staff Compensation Plan, and administrators who are not covered by a Board of Regents employment contract as provided in Regents Policy 711.2.

2. Accountability:

a. Campuses shall submit the terms and conditions of tentative MUS employment contracts to the Commissioner. Presidents are authorized to coordinate the submitted items on behalf of affiliated campuses. The submitted information should identify the employee's name, position title, department or program, proposed salary, position funding source, date of hire, and proposed duration of the contract. Upon the Commissioner's approval, the President, Chancellor, or appropriate College of Technology Dean shall be authorized to sign the approved contract into a binding agreement.

b. The Commissioner will prepare an annual report to the Board of Regents in November summarizing the status and trends of MUS employment contracts.

c. Salaries will be administered in accordance with guidelines approved by the Board.

d. In all cases for new and continuing employees, salary levels and guidelines shall be established with a goal of maintaining a balance between recruiting a high-quality workforce and recognizing the reality of scarce salary resources.

e. Montana University System employment contracts and letters of appointment (section 5) may include a notation that makes employment contingent upon continuation of external funding. If anticipated funding is not forthcoming, an employee hired through a contract or letter of appointment with such notation may be terminated at any time during the expected term of the contract upon 15 working days written notice.

3. Eligibility:

a. Employees eligible for hire through an MUS employment contract are non-faculty professional and administrative employees who perform work that is autonomous in nature or involves policy-making authority.

b. Tenure track faculty, student employees, classified employees, coaches, employees covered by a collective bargaining agreement, and employees covered by a Board of Regents employment contract (Policy 711.2) are excluded from this policy.

c. Not all positions exempt from the overtime provisions of state and federal wage statutes are appropriate for MUS employment contracts, however, positions must be exempt from the overtime regulations to be eligible for MUS employment contracts.

d. Eligibility for an MUS employment contract is not determined solely on the basis of the employee's job title or his/her supervisor's job title. Relevant factors include job duties and responsibilities, decision-making authority, and the essential business needs of the employer.

4. Terms and conditions:

- a.** The maximum term of a contract is one year.
- b.** Except in situations involving termination for cause or loss of funding for the position, professional and administrative employees hired through MUS employment contracts shall be given written notice of intent not to renew their contracts at least thirty (30) days prior to expiration during the first year of employment; three (3) months prior to expiration during the second year of employment; or five (5) months prior to expiration during the third or subsequent years of employment with the institution.

In the event the initial term of employment contract for a newly hired employee is for less than six (6) months, the employee shall be entitled to at least thirty (30) days written notice of non-renewal prior to expiration in both the first and second years of employment. Such employee will be entitled to at least three (3) months notice prior to expiration during the third year, and five (5) months prior to expiration during the fourth or subsequent years of employment.

5. Letters of Appointment:

- a.** A Letter of Appointment is an employment contract issued to administrative employees or professional employees whose appointments are temporary and/or funded through means not available from year to year. Non-tenurable faculty members are also eligible for a Letter of Appointment. In all cases, the appointment is for the fixed term specified in the Letter of Appointment, not to exceed one year. Employees hired through a Letter of Appointment have no right to continuous employment beyond the fixed term of the letter. The eligibility requirements articulated in Section 3 of this policy also apply to Letters of Appointment.
- b.** Letters of Appointment may include a notation that makes employment contingent upon continuation of funding. If anticipated funding is not forthcoming, an employee hired through a Letter of Appointment with such notation may be terminated at any time during the expected term of the contract upon 15 working days written notice.
- c.** Except in situations involving termination for cause or lack of funding, employment of employees hired by a Letter of Appointment automatically ends without notice at the end of the specified term.
- d.** Campuses shall submit to the commissioner by October 1 each year a list containing the names, positions, dates of employment, and salaries of all employees employed through a letter of appointment in the previous 12 months.

e. Aside from the annual report referenced in part 5d above, campuses are not required to submit terms and conditions of a Letter of Appointment contract to the Commissioner for prior approval.

No agent of the Board of Regents or Montana University System executives may make commitments or promises to any employee to extend employment beyond the maximum term authorized in this policy. Any such promises, whether written, oral or implied, are invalid and unenforceable.

MONTANA BOARD OF REGENTS OF HIGHER EDUCATION
Policy and Procedures Manual
SUBJECT: PERSONNEL
(NEW) Policy 711.2 – Board of Regents employment contracts

1. The following positions shall be hired through a Board of Regents employment contract:

- Commissioner of Higher Education
- Deputy / Associate Commissioner
- President
- Vice President
- Provost
- Vice Provost
- Chancellor
- Vice Chancellor
- Deans of the Colleges of Technology in Helena and Great Falls
- Legal Counsel
- All other Commissioner's staff employed under contracts

2. Board of Regents employment contracts:

a. Employees in positions referenced above shall be issued a Board of Regents employment contract specifying salary and other terms of employment. Board of Regents employment contracts are for a maximum of a one-year period and must be signed by the applicable President, Chancellor, or the Commissioner of Higher Education, and be approved by the Board of Regents. For the Commissioner and Presidents, the procedures for two-year contracts and certain other conditions are governed by BOR Policy 702.5 (Appointment; Executive Contracts; Commissioner and Presidents).

b. Except in cases of mid-contract termination for cause or loss of funding, full-time employees hired through a Board of Regents employment contract shall be given written notice of intent not to renew their contracts at least thirty (30) days prior to

expiration during the first year of employment; three (3) months prior to expiration during the second year of employment, or; five (5) months prior to expiration during the third or subsequent years of employment with the institution.

c. All other terms and conditions of employment shall be outlined in the contract.

3. Limitations: No agent of the Board of Regents may make commitments or promises to any employee to extend employment beyond the maximum term authorized in this policy. Any such promises, whether written, oral or implied, are invalid and unenforceable.

4. Salary adjustments for executives working under Board of Regents employment contracts are subject to guidelines approved by the Board.

Salary guidelines for non-faculty contract employees

(These administrative guidelines are not contained in BOR Policies 711.1 or 711.2, however, positions subject to those policies will be subject to these salary guidelines.)

All requests for salary adjustments shall adhere to the following parameters.

The Board of Regents has authority to approve requested salary adjustments for employees working under Board of Regents employment contracts (Policy 711.2).

The Commissioner has authority to approve requested salary adjustments for employees working under Montana University System employment contracts (Policy 711.1). All requested salary adjustments of greater than twenty (20) percent without a corresponding increase in assigned duties and responsibilities (a promotion) shall require Board of Regents approval.

I. Across-the Board Salary Adjustment

A. Definition: An annual percentage or flat dollar amount salary increase, at least in part intended to be distributed equally among eligible employees.

B. Amount: The Board of Regents shall establish the amount of any across-the-board adjustment.

C. Eligibility: Employees eligible for across-the-board increases shall typically have been employed in their current position at least six (6) calendar months prior to the effective date for implementation.

D. Effective Date: The Board of Regents shall establish the effective date for implementation of the across-the-board salary increases for eligible employees.

E. Documentation Required: With input from OCHE staff, members of the Board of Regents Staff and Compensation Committee shall determine what, if any, documentation will be required (e.g., fiscal impact assessment, etc.).

F. Merit Salary Increases: Campuses may elect to award merit salary increases to employees using funds for across-the-board salary adjustment authorized under this policy. Merit increases will be based upon performance evaluations and may be available to an employee who demonstrates outstanding performance in a recent evaluation indicating the employee is above the average rating established by the campus.

II. Retention Salary Increase

A. Definition: Retention salary increases allow the Montana University System to retain an employee with valuable knowledge, skills or abilities that are vital to the achievement of the University's mission or strategic goals; and whose resignation would have a significant adverse impact on the accomplishment of critical and/or urgent projects.

B. Amount: Retention salary increases may be permanent or temporary base adjustments or a onetime or periodic lump sum amount that is not added to the employee's base salary. The amount requested shall be supported by relevant salary comparison data from CUPA and/or other sources deemed relevant by OCHE staff, in consultation with the employing unit.

C. Eligibility: Normally, only those individuals employed at least three (3) full contract terms shall be eligible for a retention salary adjustment. An individual employee may normally receive no more than one (1) retention salary adjustment in any two (2) consecutive year period.

D. Documentation Required: A retention increase request shall be accompanied by:

1. Explanation of the adverse impact if the employee resigns, and a summary of the employee's value to the institution;
2. Relevant salary survey data, including the job titles and descriptions of duties for positions used for comparison purposes;
3. Existing salary relationships among positions with similar responsibilities and in supervisory hierarchies within the campus and Montana University System;
4. Budget availability, funding source and long-term impact on tuition;
5. Evidence the employee has higher-paying opportunities with other employers.

III. Internal Equity

A. Definition: A salary adjustment for an employee performing similar work under similar working conditions requiring a comparable level of knowledge, skill, or ability in order to resolve inequities. The fact that a retention salary adjustment is granted to one or more employees on the same or another campus may not be used as the sole justification for additional internal equity salary requests. Other relevant factors to be considered include: merit and length of service of the employee; market-based considerations; statutory protected class considerations; pay compression or inversion in existing pay relationships on a campus.

B. Amount: The amount requested shall be supported by salary comparison data from within the Montana University System, along with relevant salary comparison data from CUPA and other sources deemed relevant by OCHE staff in consultation with the employing unit.

C. Eligibility: Normally, only those individuals employed at least three (3) full contract terms shall be eligible for an internal equity salary adjustment.

D. Documentation Required: An internal equity increase request shall be accompanied by:

1. Explanation of the inequity;
2. Position and salary comparisons within the Montana University System that confirm an internal equity problem; and
3. Budget availability and funding source.

IV. Non-base Performance Bonus

A. Definition: Non-base building compensation for exemplary service or contribution beyond the scope of the employee's regular job responsibilities and expectations.

B. Amount: Typically, the amount of a lump sum bonus may not exceed 10 percent of the employee's annual base salary or \$5,000, whichever is less.

C. Eligibility: Employees must have been continuously employed in their current position for at least twelve (12) calendar months and shall not have received a lump sum bonus in at least the most recent 12-month period.

D. Criteria: The following job performance criteria shall be used to further determine eligibility:

1. The work significantly exceeds standard expectations in terms of quality, quantity, creativity, initiative, and effort;
2. The employee shall have maintained a consistent level of exemplary job performance during the term of their employment with the Montana University System, as evidenced by regular performance evaluations;
3. The efficiency, effectiveness, revenue generation, and/or cost savings efforts of the campus and/or University System are measurably enhanced by the employee's documented work; and
4. The employee's accomplishments occurred within the prior 12-month period.

E. Documentation Required: Written documentation addressing the above-described eligibility criteria shall be submitted to the Commissioner, along with the requested dollar amount.

V. Recruitment Bonus

A. Definition: Non-base building compensation awarded upon approval of an employee's initial contract in the Montana University System when the campus chief executive officer verifies the "signing bonus" is necessary to secure the hire.

B. Amount: Typically, the amount of a recruitment signing bonus may not exceed 10 percent of the annual base salary in the employee's initial contract or \$5,000, whichever is less.

Nothing in these salary guidelines shall be construed to mean that an employee is entitled to any type of salary adjustment at any time, nor shall any provision in these

guidelines be construed to mean that any individual is entitled to employment beyond the term of their existing contract, or as provided for in Board of Regents policies.

Proposed policy deletions:

~~SUBJECT: PERSONNEL~~

~~Policy 711.1 – Employment Instruments; Professional and Administrative Employees~~

~~Issued November 19, 1998; Issued December 30, 1998~~

~~Board policy:~~

~~1. All employees of the Montana University System except those excluded in Subsection 6 shall be hired through a University System professional employment contract or a letter of appointment in accordance with this policy.~~

~~2. Montana University System Professional Employment Contracts~~

~~a. Professional and administrative employees holding permanently budgeted positions shall be issued a Montana University System professional employment contract specifying salary and other terms of employment. Employees other than those holding permanently budgeted positions may be issued a Montana University System professional employment contract and when the contract is approved by the Board of Regents the employment shall be governed by this section.~~

~~b. Montana University System professional employment contracts are for a maximum of a one year period and must be signed by the applicable President, Chancellor, or the Commissioner of Higher Education, and be approved by the Board of Regents.~~

~~c. Except in situations involving termination for cause or loss of funding (see Section 4), professional and administrative employees hired through a Montana University System professional employment contract shall be given written notice of intent not to renew their contracts at least 30 days prior to expiration during the first year of employment, three (3) months prior to expiration during the second year of employment, or six (6) months prior to expiration during the third or subsequent years of employment with the institution in a full-time position.~~

~~3. Letters of Appointment~~

~~a. Employees not hired through a Montana University System professional employment contract shall be hired through a letter of appointment signed by the campus chief executive officer or the Commissioner.~~

~~b. Letters of appointment are for a specified period and are not to exceed one year. There is no restriction on the number of successive one-year letters of appointment which may be granted to an individual. However, in no case does an employee hired~~

through a letter of appointment have a right to continuous employment beyond the one year period. Except in situations involving termination for cause the employment of employees hired by a letter of appointment automatically ends without notice at the end of the specified term or the end of the one year period, whichever occurs first.

~~4. Funding Contingency: Montana University System professional employment contracts and letters of appointment may include a notation that makes employment contingent upon continuation of external funding. If anticipated funding is not forthcoming, an employee hired through a contract or letter of appointment with such notation may be terminated at any time during the expected term of the contract upon 15 working days written notice.~~

~~5. Limitations: No agent of the Board of Regents may make commitments or promises to any employee to extend employment beyond the maximum one year term authorized in this policy. Any such promises, whether written, oral or implied, are invalid and unenforceable.~~

~~6. Tenure track faculty, student employees, classified employees, coaches, Presidents and the Commissioner are excluded from paragraphs one through five of this policy.~~

~~7. No later than October 1 of each year, the Presidents shall submit to the Commissioner a list containing:~~

~~a. The names, positions, dates of employment, and salaries of all employees employed through a letter of appointment in the preceding fiscal year.~~

~~b. The names and positions of all employees employed pursuant to a Montana University System professional employment contract for any part of the preceding fiscal year, who during that year received salary in excess of the amount listed on the Board of Regents' staff item in which the employee's contract salary was listed. The list should state for each person thereon both the previously approved salary, the amount by which the employee's compensation exceeded the previously listed salary, and the reason for the difference.~~

~~The Commissioner shall thereafter make available these lists, along with similar information from the Commissioner's Office, to the Regents.~~

~~SUBJECT: PERSONNEL~~

~~Policy 711.2 – Criteria for Board of Regents Contract; Non-faculty Personnel Effective July 7, 1994; Issued September 28, 1994~~

~~Board policy:~~

~~1. Administrative employees with substantial policy-making authority and professional employees are eligible to receive a Board of Regents employment contract upon~~

~~recommendation of the university president and the Commissioner and approval of the Board of Regents.~~

~~2.~~

~~a. Each university shall develop a policy defining the specific criteria for receipt of a Board of Regents employment contract in order to:~~

- ~~1) provide for consistent treatment of similar positions throughout the university;~~
- ~~2) maintain the number of Regents' contract employees at the minimum necessary for efficient operation; and~~
- ~~3) distinguish between administrative and professional employees. Both universities should coordinate their policy development efforts through the Commissioner's Office in order to achieve as much system uniformity as is practical.~~

~~b. A university may change an occupied position from a Regents contract position to a classified position if such position does not meet the criteria established in university policy. The employee shall be provided the same notification required in policy 711.1 prior to any such involuntary change in employment status. The employee's salary will be set in accordance with the state pay plan rules.~~

~~c. A change in employment status may be a condition of a transfer or promotion to a new position.~~

Staff and Compensation Committee

Board of Regents
May 31, 2006

Employment contracts

*Proposed policies and guidelines
for hiring and paying non-faculty
administrators and contract professionals.*

BOR Policies 711.1 & 711.2

ITEM 131-116-R0506

Submitted by:
Office of Labor Relations and Human Resources
Commissioner of Higher Education
Montana University System

Rationale for Item 131-116-R0506; **Proposed revision to Regents Policies 711.1 and 711.2**

The Staff and Compensation Committee directed the Commissioner of Higher Education in March 2006 to draft certain policy changes governing the use of individual employment contracts. One major change is a proposed delegation of authority by the Board of Regents (BOR) to the Commissioner to approve most employment contracts in the Montana University System (MUS). The Committee also recommended the use of general pay guidelines in conjunction with the proposed delegated hiring authority. This report contains draft revisions to contract policies and pay guidelines as directed by the Committee, with additional recommendations by the Commissioner, for the Committee's review and action on June 1, 2006.

About 800 non-faculty employees in the Montana University System (MUS) are hired through individual employment contracts. These contracts cover administrators and certain other professional-level employees. The contracts specify salaries, terms, and other conditions of employment. Almost all contracts have a maximum term of one year and are subject to renewal or non-renewal upon expiration.

Under proposed policy revisions (*see BOR ITEM 131-116-R0506; Staff and Compensation*), campuses would submit proposed staff items and contract matters to the Commissioner as they have in the past. The change would be that most items would not have to advance to the BOR meeting agenda for action. There would be two types of employment contracts: (1) an "MUS Employment Contract" covering most administrators and professionals, approved by the Commissioner as delegated by the Board, and; (2) a "Board of Regents Contract" covering roughly 70 administrators and

professionals who would remain subject to BOR approval. The contract and salary information would be available to the BOR and the public in an annual report from the Commissioner.

Staff and Compensation Committee members have discussed two primary reasons to delegate this contract approval authority to the Commissioner:

Effective hiring (“let managers manage”)

The delegation of authority would improve the timeliness of contract approvals. Currently, when a campus executive offers a contract to a new employee, the employee may wait weeks or months until the next BOR meeting to learn whether his or her hiring is approved. The new policy would provide a faster turnaround on contract approvals.

The related pay guidelines also would improve the timeliness of salary adjustments. Currently, if a valuable MUS employee has an out-of-state job offer in hand, the campus chief executive may request a tentative retention adjustment in effort to keep the employee in Montana. But the employee then must decide whether to take the out-of-state offer, or to decline it on the chance the BOR will approve a retention adjustment within a few weeks or months. The time span between BOR meetings currently can mean the difference between keeping and losing a good employee. Under the proposed changes with delegated authority, managers in the MUS would have better tools for recruiting and retaining capable employees.

Efficient BOR meeting agendas (“lighten the load of staff items”)

The delegation of authority would lighten the load on the BOR meeting agendas by 700 to 900 staff items annually. Currently, the Regents vote on all initial hires and contract renewals.

For perspective, the vast majority of the 7,600 employees in the MUS are not hired through BOR action. The Regents long ago delegated to administration

the authority to hire employees into positions on the classified MUS Staff Compensation Plan, which covers the majority of employees in the system. The load of staff items on the BOR agenda would be lighter under the proposed changes, but the Regents and the public would retain access to salary and contract information. The Commissioner's annual report on the status and trends of employment contracts would be intended to maintain sound communication and accountability.

In summary, the revisions to BOR Policies 711.1 and 711.2 would:

- Delegate to the Commissioner the authority to approve employment contracts and pay adjustments for most non-faculty administrators and professional-level contract employees.
- Retain the current maximum term of one year for most contracts.
- Continue the current exclusion of coaches from the policy coverage, allowing campus chief executives to submit proposals to the BOR for multi-year contracts for head coaches.
- Require BOR approval for certain contracts covering roughly 70 senior administrators, legal counsel, and contract employees in the Office of Commissioner of Higher Education.
- Provide criteria by which to set or adjust salaries.

A related side note ...

The BOR also votes on approximately **2,000 faculty contracts** each year. Faculty contracts are not covered by BOR Policies 711.1 and 711.2. The Regents could, if desired, lighten the staff item agenda by another 2,000 names annually through similar delegation for faculty contract approval.

For ease of readability the proposed new policies appear below, followed by the policy language to be replaced, noted with a strikethrough symbol.

MONTANA BOARD OF REGENTS OF HIGHER EDUCATION**Policy and Procedures Manual****SUBJECT: PERSONNEL****(NEW) Policy 711.1 – Montana University System employment contracts (non-faculty)****1. Delegation of Authority:**

The Board of Regents, pursuant to its constitutional authority to supervise and manage the Montana University System (MUS), hereby delegates to the Commissioner of Higher Education the authority to approve employment contracts offered to certain employees by Presidents, Chancellors, and Deans of the Colleges of Technology in Helena and Great Falls. MUS employment contracts in this policy cover non-faculty professional employees who are not on the MUS Staff Compensation Plan, and administrators who are not covered by a Board of Regents employment contract as provided in Regents Policy 711.2.

2. Accountability:

a. Campuses shall submit the terms and conditions of tentative MUS employment contracts to the Commissioner. Presidents are authorized to coordinate the submitted items on behalf of affiliated campuses. The submitted information should identify the employee's name, position title, department or program, proposed salary, position funding source, date of hire, and proposed duration of the contract. Upon the Commissioner's approval, the President, Chancellor, or appropriate College of Technology Dean shall be authorized to sign the approved contract into a binding agreement.

b. The Commissioner will prepare an annual report to the Board of Regents in November summarizing the status and trends of MUS employment contracts.

c. Salaries will be administered in accordance with guidelines approved by the Board.

d. In all cases for new and continuing employees, salary levels and guidelines shall be established with a goal of maintaining a balance between recruiting a high-quality workforce and recognizing the reality of scarce salary resources.

e. Montana University System employment contracts and letters of appointment (section 5) may include a notation that makes employment contingent upon continuation of external funding. If anticipated funding is not forthcoming, an employee hired through a contract or letter of appointment with such notation may be terminated at any time during the expected term of the contract upon 15 working days written notice.

3. Eligibility:

a. Employees eligible for hire through an MUS employment contract are non-faculty professional and administrative employees who perform work that is autonomous in nature or involves policy-making authority.

b. Tenure track faculty, student employees, classified employees, coaches, employees covered by a collective bargaining agreement, and employees covered by a Board of Regents employment contract (Policy 711.2) are excluded from this policy.

- c.** Not all positions exempt from the overtime provisions of state and federal wage statutes are appropriate for MUS employment contracts, however, positions must be exempt from the overtime regulations to be eligible for MUS employment contracts.
- d.** Eligibility for an MUS employment contract is not determined solely on the basis of the employee's job title or his/her supervisor's job title. Relevant factors include job duties and responsibilities, decision-making authority, and the essential business needs of the employer.

4. Terms and conditions:

- a.** The maximum term of a contract is one year.
- b.** Except in situations involving termination for cause or loss of funding for the position, professional and administrative employees hired through MUS employment contracts shall be given written notice of intent not to renew their contracts at least thirty (30) days prior to expiration during the first year of employment; three (3) months prior to expiration during the second year of employment; or five (5) months prior to expiration during the third or subsequent years of employment with the institution.

In the event the initial term of employment contract for a newly hired employee is for less than six (6) months, the employee shall be entitled to at least thirty (30) days written notice of non-renewal prior to expiration in both the first and second years of employment. Such employee will be entitled to at least three (3) months notice prior to expiration during the third year, and five (5) months prior to expiration during the fourth or subsequent years of employment.

5. Letters of Appointment:

- a.** A Letter of Appointment is an employment contract issued to administrative employees or professional employees whose appointments are temporary and/or funded through means not available from year to year. Non-tenurable faculty members are also eligible for a Letter of Appointment. In all cases, the appointment is for the fixed term specified in the Letter of Appointment, not to exceed one year. Employees hired through a Letter of Appointment have no right to continuous employment beyond the fixed term of the letter. The eligibility requirements articulated in Section 3 of this policy also apply to Letters of Appointment.
- b.** Letters of Appointment may include a notation that makes employment contingent upon continuation of funding. If anticipated funding is not forthcoming, an employee hired through a Letter of Appointment with such notation may be terminated at any time during the expected term of the contract upon 15 working days written notice.
- c.** Except in situations involving termination for cause or lack of funding, employment of employees hired by a Letter of Appointment automatically ends without notice at the end of the specified term.
- d.** Campuses shall submit to the commissioner by October 1 each year a list containing the names, positions, dates of employment, and salaries of all employees employed through a letter of appointment in the previous 12 months.
- e.** Aside from the annual report referenced in part 5d above, campuses are not required to submit terms and conditions of a Letter of Appointment contract to the Commissioner for prior approval.

No agent of the Board of Regents or Montana University System executives may make commitments or promises to any employee to extend employment beyond the maximum term authorized in this policy. Any such promises, whether written, oral or implied, are invalid and unenforceable.

MONTANA BOARD OF REGENTS OF HIGHER EDUCATION**Policy and Procedures Manual****SUBJECT: PERSONNEL****(NEW) Policy 711.2 – Board of Regents employment contracts**

1. The following positions shall be hired through a Board of Regents employment contract:

Commissioner of Higher Education
 Deputy / Associate Commissioner
 President
 Vice President
 Provost
 Vice Provost
 Chancellor
 Vice Chancellor
 Deans of the Colleges of Technology in Helena and Great Falls
 Legal Counsel
 All other Commissioner's staff employed under contracts

2. Board of Regents employment contracts:

- a. Employees in positions referenced above shall be issued a Board of Regents employment contract specifying salary and other terms of employment. Board of Regents employment contracts are for a maximum of a one-year period and must be signed by the applicable President, Chancellor, or the Commissioner of Higher Education, and be approved by the Board of Regents. For the Commissioner and Presidents, the procedures for two-year contracts and certain other conditions are governed by BOR Policy 702.5 (Appointment; Executive Contracts; Commissioner and Presidents).

- b. Except in cases of mid-contract termination for cause or loss of funding, full-time employees hired through a Board of Regents employment contract shall be given written notice of intent not to renew their contracts at least thirty (30) days prior to expiration during the first year of employment; three (3) months prior to expiration during the second year of employment, or; five (5) months prior to expiration during the third or subsequent years of employment with the institution.

- c. All other terms and conditions of employment shall be outlined in the contract.

3. Limitations: No agent of the Board of Regents may make commitments or promises to any employee to extend employment beyond the maximum term authorized in this policy. Any such promises, whether written, oral or implied, are invalid and unenforceable.

4. Salary adjustments for executives working under Board of Regents employment contracts are subject to guidelines approved by the Board.

Salary guidelines for non-faculty contract employees

(These administrative guidelines are not contained in BOR Policies 711.1 or 711.2, however, positions subject to those policies will be subject to these salary guidelines.)

All requests for salary adjustments shall adhere to the following parameters.

The Board of Regents has authority to approve requested salary adjustments for employees working under Board of Regents employment contracts (Policy 711.2).

The Commissioner has authority to approve requested salary adjustments for employees working under Montana University System employment contracts (Policy 711.1). All requested salary adjustments of

greater than twenty (20) percent without a corresponding increase in assigned duties and responsibilities (a promotion) shall require Board of Regents approval.

I. Across-the Board Salary Adjustment

A. Definition: An annual percentage or flat dollar amount salary increase, at least in part intended to be distributed equally among eligible employees.

B. Amount: The Board of Regents shall establish the amount of any across-the-board adjustment.

C. Eligibility: Employees eligible for across-the-board increases shall typically have been employed in their current position at least six (6) calendar months prior to the effective date for implementation.

D. Effective Date: The Board of Regents shall establish the effective date for implementation of the across-the-board salary increases for eligible employees.

E. Documentation Required: With input from OCHE staff, members of the Board of Regents Staff and Compensation Committee shall determine what, if any, documentation will be required (e.g., fiscal impact assessment, etc.).

F. Merit Salary Increases: Campuses may elect to award merit salary increases to employees using funds for across-the-board salary adjustment authorized under this policy. Merit increases will be based upon performance evaluations and may be available to an employee who demonstrates outstanding performance in a recent evaluation indicating the employee is above the average rating established by the campus.

II. Retention Salary Increase

A. Definition: Retention salary increases allow the Montana University System to retain an employee with valuable knowledge, skills or abilities that are vital to the achievement of the University's mission or strategic goals; and whose resignation would have a significant adverse impact on the accomplishment of critical and/or urgent projects.

B. Amount: Retention salary increases may be permanent or temporary base adjustments or a onetime or periodic lump sum amount that is not added to the employee's base salary. The amount requested shall be supported by relevant salary comparison data from CUPA and/or other sources deemed relevant by OCHE staff, in consultation with the employing unit.

C. Eligibility: Normally, only those individuals employed at least three (3) full contract terms shall be eligible for a retention salary adjustment. An individual employee may normally receive no more than one (1) retention salary adjustment in any two (2) consecutive year period.

D. Documentation Required: A retention increase request shall be accompanied by:

1. Explanation of the adverse impact if the employee resigns, and a summary of the employee's value to the institution;
2. Relevant salary survey data, including the job titles and descriptions of duties for positions used for comparison purposes;
3. Existing salary relationships among positions with similar responsibilities and in supervisory hierarchies within the campus and Montana University System;
4. Budget availability, funding source and long-term impact on tuition;
5. Evidence the employee has higher-paying opportunities with other employers.

III. Internal Equity

A. Definition: A salary adjustment for an employee performing similar work under similar working conditions requiring a comparable level of knowledge, skill, or ability in order to resolve inequities. The fact that a retention salary adjustment is granted to one or more employees on the same or another campus may not be used as the sole justification for additional internal equity salary requests. Other relevant factors to be considered include: merit and length of service of the employee; market-based considerations; statutory protected class considerations; pay compression or inversion in existing pay relationships on a campus.

B. Amount: The amount requested shall be supported by salary comparison data from within the Montana University System, along with relevant salary comparison data from CUPA and other sources deemed relevant by OCHE staff in consultation with the employing unit.

C. Eligibility: Normally, only those individuals employed at least three (3) full contract terms shall be eligible for an internal equity salary adjustment.

D. Documentation Required: An internal equity increase request shall be accompanied by:

1. Explanation of the inequity;

2. Position and salary comparisons within the Montana University System that confirm an internal equity problem: and
3. Budget availability and funding source.

IV. Non-base Performance Bonus

A. Definition: Non-base building compensation for exemplary service or contribution beyond the scope of the employee's regular job responsibilities and expectations.

B. Amount: Typically, the amount of a lump sum bonus may not exceed 10 percent of the employee's annual base salary or \$5,000, whichever is less.

C. Eligibility: Employees must have been continuously employed in their current position for at least twelve (12) calendar months and shall not have received a lump sum bonus in at least the most recent 12-month period.

D. Criteria: The following job performance criteria shall be used to further determine eligibility:

1. The work significantly exceeds standard expectations in terms of quality, quantity, creativity, initiative, and effort;
2. The employee shall have maintained a consistent level of exemplary job performance during the term of their employment with the Montana University System, as evidenced by regular performance evaluations;
3. The efficiency, effectiveness, revenue generation, and/or cost savings efforts of the campus and/or University System are measurably enhanced by the employee's documented work; and
4. The employee's accomplishments occurred within the prior 12-month period.

E. Documentation Required: Written documentation addressing the above-described eligibility criteria shall be submitted to the Commissioner, along with the requested dollar amount.

V. Recruitment Bonus

A. Definition: Non-base building compensation awarded upon approval of an employee's initial contract in the Montana University System when the campus chief executive officer verifies the "signing bonus" is necessary to secure the hire.

B. Amount: Typically, the amount of a recruitment signing bonus may not exceed 10 percent of the annual base salary in the employee's initial contract or \$5,000, whichever is less.

Nothing in these salary guidelines shall be construed to mean that an employee is entitled to any type of salary adjustment at any time, nor shall any provision in these guidelines be construed to mean that any individual is entitled to employment beyond the term of their existing contract, or as provided for in Board of Regents policies.

Proposed policy deletions:

SUBJECT: PERSONNEL

Policy 711.1 – Employment Instruments; Professional and Administrative Employees

Issued November 19, 1998; Issued December 30, 1998

Board policy:

~~1. All employees of the Montana University System except those excluded in Subsection 6 shall be hired through a University System professional employment contract or a letter of appointment in accordance with this policy.~~

~~2. Montana University System Professional Employment Contracts~~

~~a. Professional and administrative employees holding permanently budgeted positions shall be issued a Montana University System professional employment contract specifying salary and other terms of employment. Employees other than those holding permanently budgeted positions may be issued a Montana University System professional employment contract and when the contract is approved by the Board of Regents the employment shall be governed by this section.~~

~~b. Montana University System professional employment contracts are for a maximum of a one year period and must be signed by the applicable President, Chancellor, or the Commissioner of Higher Education, and be approved by the Board of Regents.~~

~~c. Except in situations involving termination for cause or loss of funding (see Section 4), professional and administrative employees hired through a Montana University System professional employment contract shall be given written notice of intent not to renew their contracts at least 30 days prior to expiration during the first year of employment, three (3) months prior to expiration during the second year of employment, or six (6) months prior to expiration during the third or subsequent years of employment with the institution in a full-time position.~~

3. Letters of Appointment

~~a. Employees not hired through a Montana University System professional employment contract shall be hired through a letter of appointment signed by the campus chief executive officer or the Commissioner.~~

~~b. Letters of appointment are for a specified period and are not to exceed one year. There is no restriction on the number of successive one-year letters of appointment which may be granted to an individual. However, in no case does an employee hired through a letter of appointment have a right to continuous employment beyond the one-year period. Except in situations involving termination for cause the employment of employees hired by a letter of appointment automatically ends without notice at the end of the specified term or the end of the one-year period, whichever occurs first.~~

~~4. Funding Contingency: Montana University System professional employment contracts and letters of appointment may include a notation that makes employment contingent upon continuation of external funding. If anticipated funding is not forthcoming, an employee hired through a contract or letter of appointment with such notation may be terminated at any time during the expected term of the contract upon 15 working days written notice.~~

~~5. Limitations: No agent of the Board of Regents may make commitments or promises to any employee to extend employment beyond the maximum one-year term authorized in this policy. Any such promises, whether written, oral or implied, are invalid and unenforceable.~~

~~6. Tenure track faculty, student employees, classified employees, coaches, Presidents and the Commissioner are excluded from paragraphs one through five of this policy.~~

~~7. No later than October 1 of each year, the Presidents shall submit to the Commissioner a list containing:~~

~~a. The names, positions, dates of employment, and salaries of all employees employed through a letter of appointment in the preceding fiscal year.~~

~~b. The names and positions of all employees employed pursuant to a Montana University System professional employment contract for any part of the preceding fiscal year, who during that year received salary in excess of the amount listed on the Board of Regents' staff item in which the employee's contract salary was listed. The list should state for each person thereon both the previously approved salary, the amount by which the employee's compensation exceeded the previously listed salary, and the reason for the difference.~~

~~The Commissioner shall thereafter make available these lists, along with similar information from the Commissioner's Office, to the Regents.~~

SUBJECT: PERSONNEL

**Policy 711.2 - Criteria for Board of Regents Contract; Non-faculty Personnel
Effective July 7, 1994; Issued September 28, 1994**

Board policy:

~~1. Administrative employees with substantial policy-making authority and professional employees are eligible to receive a Board of Regents employment contract upon recommendation of the university president and the Commissioner and approval of the Board of Regents.~~

~~2.~~

~~a. Each university shall develop a policy defining the specific criteria for receipt of a Board of Regents employment contract in order to:~~

~~1) provide for consistent treatment of similar positions throughout the university;~~

~~2) maintain the number of Regents' contract employees at the minimum necessary for efficient operation; and~~

~~3) distinguish between administrative and professional employees. Both universities should coordinate their policy development efforts through the Commissioner's Office in order to achieve as much system uniformity as is practical.~~

~~b. A university may change an occupied position from a Regents contract position to a classified position if such position does not meet the criteria established in university policy. The employee shall be provided the same notification required in policy 711.1 prior to any such involuntary change in employment status. The employee's salary will be set in accordance with the state pay plan rules.~~

~~c. A change in employment status may be a condition of a transfer or promotion to a new position.~~

ITEM 131-111-R0506: Approval of revised BOR Policy 804.1; Self-insured group insurance plan

THAT: The number of full-time equivalent employees authorized for self-insured group benefits administration in the Commissioner's Office be increased from 3.5 to 4.0 (increased by .5 full-time equivalent positions).

EXPLANATION: Research into the most comparable peer benefits organization (State Employee Group Benefits Plan) indicates, with careful planning and direction, that additional staff resources could be used to negotiate efficiencies with health care providers and yield savings to the self-funded plan that would more than pay for the .5 FTE.

The group benefits office also has absorbed the oversight of the new federal Medicare Part D subsidization payment that is slightly more than \$1 million annually.

ATTACHMENTS: Proposed revision to BOR Policy 804.1

ITEM 131-111-R0506

MONTANA BOARD OF REGENTS OF HIGHER EDUCATION
Policy and Procedures Manual

SUBJECT: COMPENSATION

Policy 804.1 - Self-insured group insurance plan
November 18, 1999; Issued December 10, 1999

Board policy:

The Board of Regents hereby authorizes the Commissioner of Higher Education and the respective administrations of the six campuses to establish a self-insured (Administrative Services only) group insurance plan. The plan will be administered by the Commissioner of Higher Education with the assistance of recommendations from an inter-unit advisory committee. The plan will be administered as an enterprise fund in the state fund structure contingent upon the group plan reserves being allowed to retain interest earnings.

All costs associated with the administration of the plan shall be paid from insurance premiums collected and interest earned on reserve balances. All other interest earned plus premium tax savings shall be credited to the plan reserves. Reserve balances shall be retained and carried over from year to year.

The Commissioner of Higher Education shall be authorized up to ~~3.5~~ **4.0** full-time equivalent employees to provide administration of the plan. In no case shall administrative costs exceed the amount of premium tax savings that would be incurred under a conventional group plan plus any interest earned on reserves. It is the intent that the plan be more cost efficient than conventional insurance.

History

Item 43-901-R0684, Authorization to Establish a Partially Self-Insured Group Insurance Plan for Montana University System Employees Including All Authorized Affiliated Group Employees; Commissioner of Higher Education, June 12, 1984. (Rescinded); Item 51-901-R0686, Authorization to Establish a Partially Self-Insured Group Insurance Plan for Montana University System Employees including all Authorized Affiliated Group Employees; Commissioner of Higher Education (Revised), June 20, 1986, April 26, 1990, and November 18, 1999.