



MINUTES

**Montana Board of Regents
ADMINISTRATIVE, BUDGET AND AUDIT OVERSIGHT
UM-Helena COT
Tuesday, May 20, 2008**

DISCUSSION AND ACTION

Commissioner Sheila Stearns opened with update on the 6-Mill Levy campaign leadership, announcing Doug Mitchell as the new campaign manager.

a. Discussion of Present Law/Pay Plan Budget Proposal

Tyler Trevor presented the 2008 Finances Update from the Campuses. This used NCHEMS data, IPEDS data, comparing MUS to peers.

President Geoff Gamble, MSU-Bozeman, spoke about reallocation as part of the normal budget process. He stated that although the campuses are thinly funded, they are doing remarkable things. Gamble listed examples from all the MSU campuses, ranging from additional majors and minors, master's programs, certificate programs, PhD programs, as well as termination of some programs.

President George Dennison, UM-Missoula, also spoke to the issue of reallocation.

1. Reallocation for survival. The level of state support during the first 2 biennia of this century threatened program reductions and reductions in force, with some campuses limiting salary increases.
2. Reallocation for new programs. This included the creation of new academic programs, doctoral, bachelors, certificates programs and the establishment of the American Indian Student Services
3. Reallocation for enhancement. The campuses redirected parking revenues for bus service, dependent and employee fee waivers, and had a security camera system installed.

Dennison stated the implementation of the College Affordability Program made no provision for new programs but provided funds for current services. The need to enhance services in order to maintain quality and enrollments requires attention.

Present Law Pay Plan.

Mick Robinson stated we need to move the present law budget estimates into the Executive Planning Process.

1. Assumes the State will fund the increase in cost for the resident and WUE students.
2. Assumes resident enrollment will remain steady.

Assumptions: Salary increase 4%; Health insurance 7%; Promotions and merit increases are campus specific and are in addition to the 4% salary increase; Termination costs are campus specific.

The Montana University System (MUS) will begin meeting with the Gov Budget office soon to begin the process.

The regents expressed interest in the proposals in response to the governor's 20X10 Project.

Regent Taylor asked if O&M projected costs – remembering that buildings that were built with special funds, with the agreement that the O&M would not be funded by the state.

Mr. Robinson stated there was a process that addressed Regent Taylor's concern of making sure the agreements would be followed for buildings that were built from funding sources other than State funding, with the agreement that O&M costs would also need to be derived from other funding sources.

75% of costs are for personal services on the campuses. Expenditures are increasing 5.3%, with a total increase of \$21.5 M for the first year of the biennium. There is a total increase of \$ 62,675.046 for the biennial present law request. Mr. Robinson stated there would be a consistent process for all the campuses. There will be a similar process for the 5 agencies. Federal appropriations have not and most likely will not increase.

Discussion:

- Agreement made with the Ag Task Force regarding the way to fund the overhead of MSU.
- The agencies also have the opportunity to meet with the Governor's Budget Office.

b. Discussion of MUS Long Range Building Priorities

Mick Robinson explained the Long Range Building Program Recommended priorities for the 2011 biennium. Each campus has a detailed list of deferred maintenance projects. Robinson also showed a listing of campus requests for spending authority. Mr. Robinson explained MUS has \$89 M on the LRBP list, and to understand this total may not be funded.

Mr. Robinson explained the MUS energy conservation projects and explained it may take capital investments in order to achieve the 20X10 goals.

c. Discussion of MUS Initiatives

Mr. Robinson explained the presentation of the MUS Initiatives, Montana University System Biennial Budget Planning – 2010 – 2011. Initiatives were taken from the strategic plan:

Proposed Priorities:

- Full funding of Present Law Adjustments & Pay Plan.
- Initiatives (taken from the strategic plan).

Discussion:

- Results from the Recruitment and Retention Task Force showed that all of the campuses are less than competitive in salaries.

- The community colleges have been included in several ways, including the 2% salary pool, the 2-year education priority and the community college budget request.
- The targeted financial aid is specific in purpose. The intent is to encourage those who have not participated in higher education to now do so and to consider attending a two-year institution for the first 2 years of their education, then go on to the four year campuses.

Commissioner Stearns stated the legislative interim committee made a trip to UM to look at research programs. The legislators expressed a real interest in the number of people campuses' research is able to employ with their businesses. OCHE supportive of the initiatives.

Commissioner Stearns explained the Taylor Plan is a non-for-profit business that would like to have the State invest money into their plan, then provide financial aid for students.

Regent Christian requested additional information on the affects of treating graduate non-resident student as resident students; the impact on the state, the system and positive cash-flow.

Commissioner Stearns responded that OCHE and the campuses would get information on the WUE and WICHE students, and pointed out that the research graduate students are earning low wages, yet producing impressive and outstanding work with their research.

Mr. Robinson explained the OCHE proposed initiatives.

President Jim Cargill explained the student management system for the community colleges would enable them to advise and track the students more effectively.

Dennison and Gamble explained the UM and MSU initiatives of the campuses, with much emphasis on student retention and success.

Regent Barrett stated the Board of Regents need to determine what percentage of tuition should fund the initiatives.

Commissioner Stearns said the campus executives need some flexibility in the reallocation of funds.

Mr. Robinson stated the MUS was in a better position now as compared to 2 years ago and cautioned the campuses to be careful about tuition increases.

Regent Christian stressed the importance of quality, balancing it with the present law adjustments.

Regent Barrett recommended the Budget Committee continue to work on the initiatives and budget prior to the May BOR meeting in order to provide recommendations at the May BOR meeting.

Public Comment:

Eric Burke, MEA-MFT expressed appreciation for the Board of Regents' response to the Retention and Recruitment Task Force recommendations. He appreciated the Board of Regents engaging in discussions regarding pay plan and salary issues and urged the group to also address the erosion of the Montana retirement system compared to peer states, dependent tuition waivers, and the needs of the community college system.

Meeting adjourned at 12:30.

Posted on

Approved by the Board of Regents on

(Date)

(Date)

Sheila M. Stearns
Commissioner of Higher Education
and Secretary to the Board of Regents

Stephen Barrett
Chair, Board of Regents