MINUTES
Montana Board of Regents
The University of Montana-Missoula
July 20, 2010

Tuesday, July 20, 2010

Roll call indicated a quorum present.

Regents present: Chairman Clay Christian, Vice-Chair Janine Pease, Regents Lynn Hamilton, Steve Barrett, Todd Buchanan, Teresa Snyder, and Angela McLean. Commissioner Sheila Stearns *ex officio* was also present. Governor Brian Schweitzer, *ex officio*, was represented by Dan Villa. Superintendent of Public Instruction Denise Juneau, *ex officio*, was excused.

Regent Barrett moved approval of the May 27-28, 2010 minutes and the June 24, 2010 conference call minutes. Motion passed 6-0, with Regent Pease absent from the room at this time.

Chairman Clay Christian introduced the new student regent, Teresa Snyder. He summarized priority projects for the MUS, reminded the board that campus budgets would be presented at the September board meeting and the Recruitment and Retention Task Force will meet for the purpose of developing recommendations prior to the legislative session.

INFORMATION

a. Level II Memorandum

Deputy Commissioner Sylvia Moore explained that the Level II memorandum is a two-step process. The commissioner’s office reviews the requests and prepares the Level II memorandum to share with the academic officers at all the campuses. That memorandum is shared as information at one BOR meeting and is acted upon at the next. OCHE staff may suggest that programs should not be advanced or may ask campuses to work together to bring forward collaborative requests. A conference call with the BOR Academic, Research, and Student Affairs Committee has become a routine part of the review process and allows the committee to raise questions or recommend changes or withdrawals prior to the full BOR meeting when a vote on the Level II memorandum is called.

Regent Steve Barrett said may want more discussion and information on the Level II memoranda at future meetings, depending upon how well he thinks the current process is working.

b. Policy 201.7, By-Laws of the BOR, Revision

Legal Counsel Cathy Swift explained that OCHE has been working on changes to the bylaws. Some of the changes are required because the by-laws are no longer accurate, are outdated, or need pragmatic changes to reflect the board’s current procedures. She
requested feedback from the board to enable this information item to be brought to the board for approval at the September meeting.

Regent Hamilton recommended including the “job description” for each committee in orientation material for new regents.

c. Fall Statewide BOR Listening Tours - Update

Commissioner Stearns informed the board of communication efforts state-wide that will occur this fall in which the intent is to get feedback across Montana about making better use of the two-year colleges across the state and which is included in the College!Now agenda. Priority MUS initiatives will be included in the discussions. Commissioner Stearns and Superintendent of Public Instruction, Denise Juneau, will be speaking jointly to two K-12 teacher conferences on goals both systems are working collaboratively on.

Regent Janine Pease recommended communication with the Board of Public Education (BPE) and local school board members related to requirements and expectations for graduation and college preparation.

**ACTION**

a. Proposed Changes in Perkins IV State Plan; OCHE ITEM 148-101-R0710

Deputy Commissioner Mary Moe said the Perkins law requires any changes in the State Perkins Plan to come to the Board of Regents (BOR) for approval. She clarified that most of the changes are editorial changes that were oversights in the original state plan and changes in percentages in the amounts of the grants. Dr. Moe said the major focus of tech prep is the creation of pathways between high school and college and to expedite the progress in a pathway toward a degree. The recommended changes in the State Plan minimize the detail in the reporting. The changes will go through the public hearing process in fall 2010.

Regent Pease moved approval of item a. Motion approved 7-0.

b. Tuition and Fees for Gallatin College Programs; MSU-Bozeman ITEM 148-2004-R0710

Deputy Commissioner Mick Robinson explained the need to develop a tuition and fee schedule for these programs. He said the proposal submitted is the most appropriate proposal to move forward, given the guidelines MSU is required to work within.

President Waded Cruzado explained the name Gallatin College Programs, which is consistent with College!Now guidelines for regional hubs and which is important to meet the requirements for expansion. The name also parallels the naming of the Bitterroot Valley College Programs. She said guiding principles will be to maintain a predictable cost level for transition students; recognize the unique demographic profile of workforce development students as compared with traditional students; avoid mandating fees for ancillary services that non-traditional students often do not need or do not use; and to satisfy bond indenture requirements. President Cruzado told the board the fees include
fees for activity-based services, health services, and fees related to the repayment of building-related debt.

Discussion followed regarding the following topics:
- Whether or not students pay a fee for developmental courses.
- Tutoring is free in the developmental courses.
- The development services referenced in the documentation is for a tutoring lab.
- Will developmental education be provided at both campuses?
- The 12 credit flat spot will be the same as other classes on both campuses.
- If there is a program fee, then there will not be a course fee.
- Concern that the courses may cost the students more than when MSU-Great Falls COT offered the courses.

Regent Barrett moved approval of item b. Motion approved 6-1, with Regent Hamilton voting no.

c. Modify Current Inventory of Fees Due to Increased Transportation Expense; MSU-Bozeman ITEM 148-2005-R0710

Chairman Christian explained this increase is a result of the cost for the campuses to replace the vans, and in some cases taking two vehicles instead of one.

d. Modify Current Inventory of Fees Due to Increased Transportation Expense; UM-Missoula and UM Western ITEM 148-1005-R0710

Regent Barrett moved approval of items c & d. Motion approved 7-0.

e. Policy Revision 501.1, MUS Honor Scholarships; OCHE ITEM 148-104-R0710

Ms. Swift explained that the revisions reflect two changes that streamline the application process and make it more administratively efficient. She said the Montana Guaranteed Student Loan Program (MGSLP) can predict the number of scholarship relinquishments and if they are given the authority to “over-offer” the scholarships, they can secure other top students who otherwise would not have been offered the scholarship in the first round. Also, while students used to apply through their local schools, they can now apply directly to MGSLP on-line.

Regent Buchanan moved approval of item e. Motion approved 7-0.

CONSENT

a. Professor Emeritus of Horticulture: Gough; MSU-Bozeman Item 148-2002-R0710
b. Professor Emeritus of Earth Science: Locke; MSU-Bozeman ITEM 148-2003-R0710
c. Staff; MT Tech ITEM 148-1500-R0710
d. Freight Elevators Replacement Proposal; UM-Missoula ITEM 148-1003-R0710
e. Increase Project Authority to Replace Elevators; UM-Missoula ITEM 148-1004-R0710
f. Increase Authority for HPER Renovation and Construction; MT Tech ITEM 148-1501-R0710
Regent Barrett moved approval of the consent agenda. Motion passed 7-0.

Community Colleges
a. Update on Regent/Trustees Workshop on June 1
b. Other Major Issues

Chairman Christian said community college tuition and fees have sometimes been questioned. At the June 1 meeting, the regents conveyed to the community colleges that the vote goes both ways to commitment for access and affordability. He said the regents and the trustees will continue to communicate to understand the roles of the community colleges and the Board of Regents.

Dr. Moe reminded the board that OCHE will begin reviewing BOR Policy 209.1, which is timely because accreditation standards address that the institutions understand the roles of governance.

Commissioner Stearns told the regents that she and Tom Gibson recently visited Miles City, Glendive and Sidney regarding a group of citizens that is working with Dawson Community College for the purpose of providing dual enrollment, higher education and workforce training. She said the Sidney citizens’ workgroup is also interested in working together with MSU-Bozeman and MSU-Billings to meet the needs for graduate and continuing education. Commissioner Stearns has appointed a task force that will review what additional links should be made to meet needs in the Sidney area.

Regent Barrett referred to the discussion of fees for the Gallatin College Programs and said that until there is another funding mechanism for two-year campuses, the local mill levy is one that is simply unavailable. He added that the board will need to look at a statewide funding mechanism if they are considering expanding into other regions in the state. Regent Barrett said it is important to have a plan by the 2013 legislative session.

Regent Hamilton made the following recommendations: Consider bringing in an external consultant to look at the MUS fees matrix. Specifically she said we need to: look at funding and apply a student-focused tuition differential rather than a campus-focused tuition differential; address the K-12 funding equity issue and; address the issue of students who are paying vastly different rates for very similar services; as well as figure out a way to deliver associate and other degrees across the state in a manner that is economically efficient for students and the state.

Commissioner Stearns said her office and the regents will examine Regent Hamilton’s recommendations and will focus on more need-based aid and the need to be more strategic about need-based aid.

President Dennison stated that there needs to be an incentive for K-12 to participate in dual enrollment. Nationally, all other states provide annual number belonging (ANB) FTE funding.
Commissioner Stearns told the board that many states believe dual enrollment is a win-win for both higher education and K-12. She emphasized the importance of making sure the courses offered are indeed at the higher education level. Dr. Stearns reminded the board that the main goal of College!Now is to create regional hubs to serve the communities across Montana and to get more commonality in how dual enrollment and distance education are delivered. She said when the regional hubs are identified in College!Now, students will know what their options are, regardless of how remote their location is. She emphasized that this will encourage quality, access, and affordability across Montana.

**Employee Appeal**

Chairman Christian explained that the BOR appeal process allows for employees to appeal decisions. Today’s decision is whether or not the board wants to hear the appeal at a future date or whether they want to uphold the decision of the commissioner and the campus. Chairman Christian requested a motion to hear the appeal; upon lack of a motion, he noted the board had determined to not hear the appeal and, therefore, the decision of the commissioner was upheld.

**OCHE Operational Review**

Commissioner Stearns distributed the OCHE work plan document for 2009-2010 which is aligned with the MUS Strategic Plan. She pointed out the student success goal and the transition of MGSLP to a financial aid center.

Deputy Commissioner Robinson distributed two Legislative Fiscal Division charts with the first chart showing the upcoming biennium fiscal challenges facing Montana. The calculated budget gap is estimated to be 10% overall, but does not include any pay plan estimate for the next biennium. He told the board that the present revenue estimate is less than the adjusted base computation. The Legislative Finance Committee has set a target of adjusted base, less 5% as the starting point for Appropriation Subcommittee deliberations.

Mr. Robinson explained the 2nd chart groups MUS appropriations into the various “budget building blocks” (adjusted base, present law adjustments and current services). The final budget level in this document, created by Pam Joehler, legislative fiscal analyst, is a full 13% below the total estimated general fund cost line.

Mr. Robinson recognized that the board will need to address the one-time-only funding for the current services. The board also needs to give guidance on how to proceed in the legislative process. He said the Education and Local Government Sub-committee will be meeting August 18 to discuss potential options for reducing expenditures. Since the governor’s office may not be participating in the legislative budget process, Mr. Robinson asked for guidance from the board and cautioned the board that they need to be mindful to not create a double reduction, with the legislature recommending one way and the governor’s office recommending another. He noted that there will be significant impact on personnel if there are budget reductions at the levels under discussion.

Dan Villa told the board that Legislative Services has the prerogative to develop
suggestions, but that the governor’s office will proceed as they have in past years in the development of an executive budget.

Commissioner Stearns informed the board that negotiating on a federal level is still occurring with discussions of the possibility of the continuation of some form of federal stimulus funding.

Pam Joehler, Legislative Services, said Legislative Services chose to inform people of the exact funding level the legislature will be using as a base budget. She said agencies will be required to submit the 5% reduction plan to the legislature and stressed the importance of presenting reduction information that is meaningful. Ms. Joehler clarified that, although the MUS is not a state agency, they will still be required to submit a reduction plan. She added that Legislative Services will need to know what the Board of Regents plan is and if the board will be considering tuition increases to fill the funding gap.

Regent Hamilton commented that, in the past, if the MUS was funded below the base budget, then they would use the other revenue source of tuition and fees to balance the MUS base budget. She said the board varied from that process when the College Affordability Plan (CAP) agreement and tuition freeze was in place, but she recommended that the board move forward in consideration of using tuition and fees again to maintain the MUS base-level of funding. Regent Hamilton said the board will need to decide if they plan to work from a 5% budget reduction or if they plan to work from the MUS Strategic Plan.

Mr. Robinson said discussions on the role of tuition will need to occur as they go forward with the legislative session.

Commissioner Stearns asked if it is appropriate to say that the BOR will not discuss tuition until after the legislative session. The regents concurred.

Regent Hamilton told the board the tuition component had always been part of the pay plan discussion, but that resulted in a downward spiraling of state funding, and now that has evolved to people thinking of tuition as part of more than just the pay plan.

Regent Buchanan recommended having discussion on the tuition component and other possible revenue sources and stressed that he is reluctant to consider using tuition to back-fill. Chairman Christian concurred.

Regent Pease said Montana has crossed over the threshold to where students and parents are paying a higher percentage of the cost of education than the state is.

Regent Barrett added that there need to be some incentives to the campuses for the things they do well that support the Board’s strategic goals.

Discussion followed on the following points:

- Cost savings from removal of academic programs are minimal, and that the largest costs in the system are salaried and wages, employee benefits health insurance and retirement contributions.
• The importance of a state-wide campaign on the value and quality of education and the vast array of what the MUS is doing.
• The importance of financial aid as a priority in the MUS.

Deputy Commissioner Moore said her efforts for the next year will continue to focus on quality. Her office will help campuses focus on alignment of resources with their Strategic Plans, including determining what they do best and what they can stop doing. She also will work with the campuses to help them prepare for the new accreditation review processes. Dr. Moore said the campuses are adapting to the new direct loan conversions and will be working with the MGSLP as that office continues its transition to serve as a financial aid center.

Dr. Moore reminded the board of the importance of continuing to engage faculty. She again stressed the importance of graduate programs and recommended that the board and the MUS continue to promote our research record because of all the benefits it provides to the state.

Deputy Commissioner Mary Moe spoke on the transfer initiative and common course numbering and the goal is to complete all the disciplines by the fall of 2011.

Dr. Moe said the dual enrollment guidelines are nearly complete and those will be brought to the September BOR meeting for approval. She explained the importance of using the two-year colleges as the delivery system because they are located all across the state, doing so is part of the regional responsiveness in the two-year mission, it breaks through the stereotype that two-year campuses don’t provide the full transfer mission, and the tuition differential makes it more affordable. Dr. Moe said she is now working on the definition of a region, which is not necessarily bound by geography. She said the goal is that in July 2011, the full community college mission will be at all of the two-year campuses in the MUS and they will all serve as the regional hubs. The colleges of technology will also be renamed to reflect the expanded mission.

Dr. Moe explained some concerns of concurrent enrollment programs, one of which is that in some cases, not all students enrolled in these programs were taking those courses for college credit. She stressed the importance of not allowing students to enroll in these courses for the sole purpose of filling up the class size. She stated that she is working on creating a set of guidelines to address this concern. She will then follow up with the creation of a committee of some finance officers to look at the funding model, to address concerns of students who may not take a class because of an inability to cover the cost. Dr. Moe said this vehicle will make higher education more affordable and accessible. She clarified that the community and college programs within MSU-Northern and UM-Western will be two-year regional hubs.

Tyler Trevor, Associate Commissioner for Planning, Technology, and Communication, told the board that any campaign on the value of higher education needs to include the students. He added that final recommendations from the Regents’ Workgroup will be brought to the September BOR meeting.

Kevin McRae, Director of Labor Relations and Personnel, reminded the board that 50% of the employees in the MUS need to be recruited for nationally and internationally,
which is a challenge since the MUS typically pays 70 - 80% of the national average. He said he will be working with the Recruitment and Retention Task Force to address continuing challenges within the university system.

Public Comment: Doug Coffin, UM Faculty Association, said it is necessary to look for alternative funding. He also encouraged advocacy by leadership on the campuses.

The meeting recessed at 12:15 PM.

12:30 PM Executive Session Alumni Board Room, 3rd Floor UC

- Annual Evaluation of President Cruzado *(deferred from May BOR meeting)*
- Annual Evaluation of Commissioner Stearns *(deferred from May BOR meeting)*

2:00 PM BOR Retreat and Self-Assessment

The meeting adjourned at 4:00 PM.

**Approved by the Board of Regents on**

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Date

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

Clayton Christian
Chair, Board of Regents