



MINUTES
Montana Board of Regents
Montana Tech
Student Union Building – Copper Lounge
September 19-20, 2012

Wednesday, September 19, 2012

Roll call indicated a quorum present. Regents present: Chairman Angela McLean, Regents Todd Buchanan, Joe Thiel, Paul Tuss, Jeffrey Krauss, Pat Williams. Commissioner of Higher Education Clayton Christian, *ex officio*, was present. Ex officio members Governor Brian Schweitzer and Superintendent of Public Instruction Denise Juneau, were absent. Regent Major Robinson, Vice Chair, was excused.

The Board meeting convened at 8:15 AM.

The board met in executive session for the purpose of individual privacy. The Executive Session topics included:

- Annual Evaluation President Royce Engstrom, UM
- Annual Evaluation President Waded Cruzado, MSU
- Campus Regents' Professor Nominations
- Campus Honorary Degree Nomination – MSU-Bozeman

The business meeting reconvened at 10:40 AM.

Regent Jeff Krauss moved approval of the 2012 minutes from the May 24-25 meeting, and the June 28, August 6, and September 4 conference call meetings. Motion approved 6-0, with Regent Major Robinson being excused from the meeting.

Regent Todd Buchanan requested having some future discussions pertaining to university system insurance issues, referencing the September 4 conference call meeting.

Regent Angela McLean noted that UM-Missoula President Royce Engstrom handled the recent issue regarding a law professor at the University of Montana that was in the news appropriately and stressed the need to support and embrace academic freedom. Board recognizes that academic freedom either exists or it doesn't.

System Issues, Reports, and Action

- Legislative Session Preparation

Associate Commissioner Tyler Trevor spoke on the multitude of interim committee hearings that the commissioner's staff has been actively participating in since the last legislative session, most notably the Education and Local Government Committee (ELG). Mr. Trevor noted the primary topics addressed with the ELG committee are affordability, student financial services, enrollment, and covering in detail the legislative initiatives for the MUS which the board has approved. In addition, the commissioner's



office also monitors numerous committee hearings and conducts communication with legislators. The system initiatives have been worked on for an extensive period of time, with full discussions with the board at the majority of meetings the past year, and which the board approved in the May 2012 meeting. Mr. Trevor noted that details of the initiatives continue to be fine tuned.

- Smart Buildings Initiative – Action Plan Report

The presentation and action was deferred to the November 2012 board meeting.

Regent Buchanan requested moving the staff and compensation consent Items a-i to the following day for discussion.

CONSENT AGENDA

Staff and Compensation Items

- a. UM-Missoula *ITEM 156-1000-R0912*
- b. MT Tech *ITEM 156-1500-R0912*
- c. UM-Western *ITEM 156-1600-R0912*
- d. Helena College UM *ITEM 156-1900-R0912*
- e. MSU-Bozeman *ITEM 156-2000-R0912*
- f. MSU-Bozeman Extension Service *ITEM 156-2400-R0912*
- g. MSU-Northern *ITEM 156-2800-R0912*
- h. MSU-Billings *ITEM 156-2700-0912*
- i. OCHE *ITEM 156-100-R0912*
- j. Professor Emeritus of Agronomy: Bergman; MSU-Bozeman *ITEM 156-2001-R0912*
- k. Professor Emeritus of Mathematical Education: Burke; MSU-Bozeman *ITEM 156-2002-R0912*
- l. Professor Emeritus of Forage Science: Cash; MSU-Bozeman *ITEM 156-2003-R0912*
- m. Professor Emeritus of Animal Science: Gagnon; MSU-Bozeman *ITEM 156-2004-R0912*
- n. Professor Emeritus of Marketing: Reilly; MSU-Bozeman *ITEM 156-2005-R0912*
- o. Professor Emeritus of Humanities: Sexson; MSU-Bozeman *ITEM 156-2006-R0912*
- p. Professor Emeritus of Mathematics: Swanson; MSU-Bozeman *ITEM 156-2007-R0912*
- q. Professor Emeritus of Mathematics: Walker; MSU-Bozeman *ITEM 156-2008-R0912*
- r. Policy Revision 713.2, Return to Work; OCHE *ITEM 156-101-R0912*

Administration, Budget, and Audit Oversight Items

- a. Renovation Authority Request to Replace Stairs; *MT Tech ITEM 156-1501-R0912*



- b. Authorization to Expend Student Equipment Fees; MSU-Bozeman
ITEM 156-2009-R0912
- c. Increase Authorization to Renovate Wilson Hall Writing Center; MSU-Bozeman
ITEM 156-2011-R0912
- d. Authorization to Execute Lease for Human Resources Department; MSU-Bozeman
ITEM 156-2013-R0912
- e. Authorization to Remove Real Property; MSU-Billings
ITEM 156-2701-R0912
- f. Revision of BOR Policy 901.9 Campus Affiliated Foundations; OCHE
ITEM 156-103-R0912
- g. Operating Agreement Between College of Great Falls and MSU Alumni Foundation; MSU-Bozeman
ITEM 156-2020-R0912
- h. Amendment to UM-Western Lease of The Montana Center for Horsemanship; UM-Western
ITEM 156-1601-R0912

Academic, Research, and Student Affairs Items

- a. Level II Items (From June Submission)
- b. American Indian Heritage Day Resolution
- c. MRPIP Candidates; OCHE
ITEM 156-102-R0912
- d. Center for Faculty Excellence; MSU-Bozeman
ITEM 156-2019-R0912

Two-Year and Community Colleges Items

No Consent Items

Administrative, Budget and Audit Oversight Committee Meeting

INFORMATION

- a. Audit Reports
 - 1. KUFM-FM Public Radio – June 30, 2011 – Unqualified
 - 2. Flathead Valley Community College – June 30, 2011 – Unqualified

There was no discussion on the audit reports.

- b. Geothermal Mine Water for Natural Resources Building; MT Tech

Chancellor Donald Blacketter noted that MT Tech is ready to move forward with Phase II of the U.S. Department of Energy geothermal grant. Phase 2 involves the insertion of a heat exchanger into the mine waters, which will enable the heat from the warm waters to heat the Natural Resources Building.

- c. DRAFT Policy 970.1, Biennial Allocation of State Funding to Montana University System Campuses



Deputy Commissioner Mick Robinson noted the DRAFT policy would allocate funds to the two flagship campuses. Those two campuses, in turn, would then delegate the appropriate funds to their respective campuses. Following feedback from the board, this will be brought forth to the November or January board meeting for approval.

DISCUSSION

Review of MUS Budget Metrics & Questions

- Terms and Definitions
- Budget Metrics Overview
- Enrollment and Revenue
- Instructional Expenditures
- Operating Budget Ratios
- Cost per Completion

Deputy Commissioner Robinson noted this information sets the framework for the campus budget presentations to the board. He explained the board will be taking action on the budgets for the educational units, research agencies, community colleges, tribal assistance program, one-time-only research funding, and funding for different programs within the commissioner's office. The budgets as presented include all the tuition and state funding that the university system receives; the community college information includes the local mill levies. The six-mill levy information is included for the university system.

Regent Jeff Krauss asked about the community colleges column and requested information from the commissioner's office about the Auxiliary Fund dollar amounts in lieu of declining enrollment. Deputy Commissioner Robinson will get the information to Regent Krauss.

Deputy Commissioner Robinson noted current unrestricted expenses, salary and benefits costs, FTE expenditures, recognition of the role of tuition and fees, and the relationship of enrollment to the campuses' allocations. He urged caution on the level of non-resident subsidies provided to resident students, as the non-resident students are a positive contributor for those campuses in providing additional resources. He noted that campus CEO's will provide additional information in their campus budget presentations.

Associate Commissioner Tyler Trevor noted dashboard indicators pertaining to the operating budget ratios and showed comparisons and contrasting of campus trends and why those changes are occurring. He acknowledged that some campuses classify employees differently and that the board needs to look at the overall trends over a period of years for each campus.

Commissioner Christian recommended looking at the trends for each school, which indicates what directions each institution is going.

Regent Krauss urged the board to look at the totality of each campus and the trends.



Associate Commissioner Trevor spoke on the cost per completion dashboard indicator in which the campuses were asked to describe trends related to their campuses and to address what the forces are behind the trends. He added that this is part of the national agenda with the goal of producing more completions and doing so more efficiently. Mr. Trevor noted that this indicator includes certificates, two-year, baccalaureate, and professional degrees which are packaged together because of how campuses operate. He noted that expenditures have increased over the past four years, but completions have increased as well.

Regent Buchanan requested data depicting where completion rates are growing the fastest. He noted that these investments and funds should be funneled to campuses with the most success and completions. Associated Commissioner Trevor will get the information to Regent Buchanan.

- MSU Campuses and Agencies
 - MSU-Bozeman; including Gallatin College and Agencies (AES, ES, FSTS)

MSU President Waded Cruzado noted the MSU initiatives are aimed at benefiting students – time to completion, need-based financial aid, investment in faculty and staff via centrally funded development opportunities, and promoting efficiency and effectiveness in administrative processes. She pointed out that MSU encourages students to take at least one additional class above the 12 credit threshold.

- MSU-Billings; including City College

Chancellor Rolf Groseth noted the close relationship between the enrollment trend with the regional economy. City College at MSU Billings enrollment has nearly doubled in size, while the main campus has remained flat.

- MSU-Northern

Chancellor James Limbaugh noted enrollment projections, and said MSU-Northern is working on a recruitment and retention plan. He reported that the campus will be conducting program reviews of all campus programs. Chancellor Limbaugh said faculty and staff have created a “can do” environment filled with enthusiasm, utilizing student guides, upkeep support on campus, and phenomenal support from the community.

- Great Falls College MSU

Dean Susan Wolff noted strategic enrollment planning efforts targeting specific enrollments, implementation of a marketing campaign, encouraging transfer options upon completion of the two-year degree, and the adjustment of programs and services. She addressed the impact of unfunded mandates.

Questions of MSU campuses



Regent Paul Tuss asked what role the Billings campus can play in response to the energy boom in eastern Montana. Chancellor Groseth responded that the Billings campus will need to make some adjustments, educate the local community, develop new programs that support students going directly into energy-related careers.

Regent Thiel asked Chancellor Limbaugh about the program review process. Chancellor Limbaugh explained the process his campus is currently using, how they are using an accelerated approach, looking closely at core programs, and then assessing if they are offering what current generation students and the local workforce need.

Dean Wolff noted they are trying to diversify the economy in their communities and train people for future needs.

Campus Budget Presentations

- UM Campuses and Agencies
 - UM- Missoula; including Missoula College, Bitterroot College and FCES

President Royce Engstrom noted the intentional inclusion of the board's strategic plan by UM campuses when setting their own strategic plans. Campus efforts have focused on classroom instruction, student success, working with K-12 regarding college preparation, and students might not otherwise attend college, such as first-generation students and veterans. He stressed the critical role of non-resident students because they contribute a substantial subsidy to resident students.

Commissioner Christian noted that UM's numbers are slightly different than the other campuses because they include the Missoula College in with the information submitted.

- Mt Tech of UM: including Highlands College & Montana Bureau of Mines and Geology

Chancellor Donald Blackketter noted that MT Tech utilizes salary supplements of non-state dollars to remain competitive. He stressed the campus made significant progress toward College!Now, recruiting efforts and dual enrollment.

- UM Western

Chancellor Richard Storey noted the critical role of non-resident students to the campus. He pointed out that UM Western has increased enrollment again this year due to low tuition and fee structures. The campus has expended more focus on two-year enrollment and degrees. A large number of students reference Experience One as the primary reason to attend UM-Western.

- Helena College UM



Dean Daniel Bingham noted that the expenditures per FTE are due to increased enrollment without increased state funding support. Current enrollment trends indicate that more students are taking fewer credits.

Questions of the UM Campuses

Discussion followed on what campuses are doing related to performance-based budgeting. President Engstrom responded that they have not found a model they would like to use yet and deferred to the board for guidance.

Regent Buchanan encouraged campuses to incentivize students to take increased course loads when granting waivers or scholarships.

Commissioner Christian noted that the only way to impact the overall cost for students is to work on the time to degree completion.

Chair McLean reminded the board to be mindful of possible unintended consequences of decisions.

Campus Budget Presentations

- Community Colleges
 - Dawson CC

President Jim Cargill noted the effect of the energy boom to eastern Montana and challenges faced, such as decreased enrollment.

- Flathead Valley CC

President Jane Karas acknowledged a slight decrease in enrollment and pointed out that non-resident FTE comprises less than 4% of their total FTEs.

- Miles CC

President Stefani Hicswa noted challenges of continual decreased enrollment and that she is working with campus personnel on how to deal with the level of decline and the necessity to keep services in place.

Questions of Community Colleges

Regent Tuss asked President Cargill why he spoke of expecting decreased enrollment due to the energy development, yet Cargill listed a projected increased enrollment in his reports.

Regent Buchanan expressed strong concern regarding the trend of continual decreased enrollment for both Dawson and Miles Community Colleges for several years in a row.



President Cargill responded that he would like to get the energy companies to fund the classes they need to train the workforce.

Regent Buchanan said the board promotes community colleges as being very flexible in meeting the workforce needs. He strongly stressed that if enrollment is decreasing, then the budget allocation needs to decrease accordingly.

Commissioner Christian encouraged MCC and DCC to find a way to reinvent what they do at their campuses and to be realistic. He stressed the need to have an aggressive plan to retract and reduce. He requested that Presidents Hicswa and Cargill take a serious, hard look at realistic enrollment projections. Commissioner Christian questioned the enrollment numbers submitted by DCC and said it is critical for the campuses to remain fiscally sound, rather than simply "hanging on." He recommended the presidents work with their trustee boards. Commissioner Christian questioned the enrollment numbers submitted by Dawson Community College and directed President Cargill to submit a revised budget with the correct numbers and to be acted upon at the November Board of Regents meeting.

Chair McLean stated a great sense of urgency and concern for DCC and the level to which the campus operation has declined. She suggested that DCC and MCC present a reinvention plan, including constructive opportunities, to the regents at the November 2012 meeting to clearly convey to the BOR and the state of Montana plans for reinvention.

Regent Krauss instructed DCC to send the realistic enrollment figures to the commissioner's office the week of September 24. Regent Krauss added that it was painful to hear of the dire situation at DCC.

ACTION

- a. FY 2013 MUS Operating Budgets; OCHE *ITEM 156-105-R0912*

Deputy Commissioner Robinson explained that Item 156-105-R0912 is what the board will be acting on the following day. He explained the different programs in the commissioner's office including insurance, federal programs, Montana Guaranteed Student Loan program, Talent Search and GEAR UP.

- Definitions of Montana University Systems Funds/Accounts
 - All Funds Summary
 - State Funds Summary
 - Bud 300 – Current Unrestricted Revenues
 - Bud 200 – Current Unrestricted Expenses
 - MUS Operating Budgets – System Summary Information and Campus Specific Information
- b. Authorization to Execute an Energy Performance Contract for University Center: UM-Missoula *ITEM 156-1001-R0912*



Rosi Keller, UM Associate Vice President for Administration and Finance, requested authority to conduct an Energy Performance Contract for the University Center.

- c. Authorization to Renovate Dining Hall Facilities; MSU-Bozeman *ITEM 156-2010-R0912*

Terry Leist, MSU Vice President of Administration and Finance requested authority to proceed with architectural designs for improvements to dining hall facilities. Mr. Leist noted that potential bonding would only be involved if the campus proceeded with the construction project.

- d. Authorization to Renovate Atkinson Quadrangle; MSU-Bozeman *ITEM 156-2012-R0912*

MSU Vice President Terry Leist requested spending authority to proceed with renovation projects at the Quadrangle Residence Hall. The \$1.2M will be financed by Renewal and Replacement (R&R) funds from auxiliary operations.

- e. BOR Policy 940.13 Revision – Tuition Waivers; OCHE *ITEM 156-104-R0912*

Deputy Commissioner Robinson noted this discussion has occurred for several years regarding the strategic use of tuition waivers. He drew attention to the designated (mandatory) waivers. He said language in the policy reflects the strategic use of resident and non-resident student waivers, but it is necessary to have some parameters set for the level on non-resident waivers.

Commissioner Christian explained that this allows the campuses to maximize non-resident students and gives campuses more flexibility to manage their campuses according to guidelines. He noted that these are the guiding principles and the dollar amount can fluctuate depending on enrollment and tuition costs. Deputy Commissioner Robinson and Budget Director Frieda Houser in the commissioner's office will work with the campuses regarding how to address the various scenarios.

Regent Thiel recognized and agreed with the intent, but questioned how to ensure compliance. Commissioner Christian shared that concern, but stressed the need to let the campuses and the commissioner's office work through various potential scenarios. He assured the board that his office will work closely with the campuses to assure compliance with the policy.

Regent Krauss clarified that the intent is to not place an exact dollar amount on it based on the 2013 budget, but to also be mindful of the extent that non-resident tuition covers the cost of education.

Commissioner Christian noted this came as a result of a Legislative Audit in which this discrepancy was pointed out. He assured the board that athletic waivers are included with the academic waivers in the 2%.



Presidents Engstrom and Cruzado spoke in support of the item, noting that this is about increasing the number of non-resident students at the universities.

Regent Buchanan suggested that when giving a tuition waiver or discount, the campuses require the students to take more than 12 credit hours in order to qualify.

Public Comment

Marco Ferro, MEA-MFT, spoke in support of compensation for contract faculty. He urged the board to dedicate and prioritize funding toward contract faculty.

Dr. Mark Mattix, MT Veterinary Association, spoke in support of the Cooperative Program in Veterinary Medical Education item to be heard the following day. (ITEM 156-2004-R0912) He supported continuation of the WICHE program and expressed concern of attaching any pay-back mechanism.

Dr. Ed Grady, Butte vet, spoke in support of the veterinary medicine item to be acted on the following day.

Dr. Terrill Todd, President of MT Veterinary Association, spoke in support of the veterinary medicine item to be acted on the following day and cautioned the board against including a pay-back requirement.

On behalf of ASUM (Associated Students of the University of Montana), students Zach Brown and Bryn Hagfors presented President Engstrom with the Barbara Hollman Administrator of the Year Award, which received a unanimous vote by the student representatives. The students spoke of President Engstrom's leadership and his accommodation to working with students.

The meeting recessed at 5:45 PM.

Thursday, September 20, 2012

Academic, Research, and Student Affairs Committee Meeting and ACTION

ACTION

- a. Cooperative Program in Veterinary Medical Education; MSU-Bozeman
156-2004-C0812

MSU Provost Martha Potvin explained that this request is for a potential cooperative program between MSU-Bozeman and the Washington State University Veterinary School that would be contingent upon funding. With this arrangement, students could complete the first year of the veterinary medicine program on the MSU-Bozeman campus.



Board discussion and questions addressed how to ensure more students return to Montana to practice veterinary medicine following completion of the program; whether or not to include some form of pay-back mechanism; how to manage funding for this program which is extensive and uncertain; support for the program; and consensus about unintended consequences.

Regent Buchanan requested the formation of a taskforce to explore options and to be chaired by Regent Thiel.

Commissioner Christian told the board that states that have tried the pay-back mechanism have struggled with implementation of the pay-back method and have had limited success with a pay-back mechanism. He cautioned the board against creating any unintended consequences.

Regent Krauss noted support for the program, but cautioned the board to be mindful of the market, which may mean the students don't return to a rural area right away, but perhaps at a later time.

Regent Williams was supportive of this effort, but stressed the difficulty of funding this high cost program and the uncertainty of legislative funding allocations to support the program.

Chair McLean spoke in support of this proposal but expressed concern about creating a mechanism that might be prohibitive in nature and with unintended consequences. She requested including one of the veterinarians that spoke during public comment on the taskforce.

Public Comment:

Margo Colalonia, Director of WICHE Student Exchange Programs, noted a strong relationship between WICHE and MT. She assured the board that there is ample capacity within the existing WICHE student exchange program to accommodate the additional number of students referenced in the veterinary medicine proposal; the limiting factor has been the scarcity of state funds to support additional students rather than the scarcity of seats or capacity within the WICHE program. She also stated there is currently only one, rather than numerous, existing cooperative veterinary programs (outside of WICHE) within the western states and referenced a recently established program between Utah and Washington State University. She explained that WICHE students get preferential acceptance into the WICHE veterinary program. She noted that the existence of a separate state program cannot guarantee students will return to their state or go to rural areas; high student debt load and low rural salaries drive Doctors of Veterinary Medicine (DVMs) to more lucrative, urban practices. Serving in a rural area is often prohibitive when having to pay off high student debt. Ms. Colalonia also addressed the issue of a lack of state input into the selection process; this past year all WICHE states were offered the opportunity to participate in the veterinary admission/selection process. Montana was the only state that chose to not have a representative - the veterinary medicine advisor on the MSU campus chose not to participate. She added that ultimately the final choice of admission must be up to the



admitting program rather than the sending state since the institution's accreditation is at stake. Finally, she commented on a recent National Academy of Sciences study that found there is not a shortage of DVMs nationwide, but rather a geographical distribution problem; suggesting a MRPIP type of program may be a more effective way to directly address the issues of rural practice shortages and high student debt load.

President Waded Cruzado urged support of this program to meet the needs of rural Montana.

Dean Jeff Jacobson, MSU College of Agriculture, noted MSU has the capacity and expertise in place to offer this program if it is funded.

Regent Buchanan moved approval of ITEM 156-2004-C0812. Motion passed 6-0.

Regent Buchanan suggested adding another legislative initiative pertaining to reducing the time to degree. He noted his preference to create a track for options for students to expedite the time it takes them to complete their degree along with offering financial incentives to do so.

Regent Krauss supported Regent Buchanan's suggestion and recommended utilizing unused capacity during the summer months on the campuses.

Commissioner Christian agreed with the importance of the time to degree and noted this has been discussed numerous times by the board. He reminded the board that the timeline for submitting funding requests for inclusion in the executive budget has passed. Commissioner Christian stressed that the board and university system can still work on the time to degree initiative without it necessarily having to be included in the executive budget.

Board members spoke in support of the time to degree concept but expressed concern of trying to add this to the executive budget this late in the process.

President Engstrom added that there would be additional costs in vamping up a complete summer program, but those costs could be included in a legislative proposal if this goes forward.

Chair McLean suggested that Regent Buchanan convene a group to explore this and to possibly include this for discussion at the October planning session.

Commissioner Christian will devote staff time to this and suggested selecting a few programs already in place.

INFORMATION

- a. Level I Memorandum
- b. Affordability Taskforce/ Student Financial Services Update- Tyler Trevor, Ron Muffick



Associate Commissioner Tyler Trevor updated the board on the legislative initiative the board discussed at several prior board meetings and had approved focused on student aid and services. He noted that goals include increasing tuition assistance, developing a coordinated and collaborative approach to financial literacy and increasing centralized default prevention efforts for students. Mr. Trevor told the board this is the first system-wide effort on distributing funds to campuses. He noted changes have occurred at the Commissioner's office that reflect the importance of this initiative. These include moving the Student Financial Services employees directly into the commissioner's office, implementing a collaborative approach to veteran's services, and system-wide efforts.

c. MUS Veterans Initiative: Summary- Ron Muffick

Ron Muffick, Director of Student Financial Services, OCHE, reported on efforts expended on the Veterans Initiative thus far. A workgroup has been formed to ensure the MUS is a veteran friendly system. The workgroup is addressing issues veterans are dealing with, working with veteran's experts, and developing coordinated approaches to academic counseling, academic support and financial literacy services. Director Muffick noted that the workgroup is exploring best practices from the American Council on Education to determine what services are available and where possible gaps may lie.

Regent Krauss serves on the workgroup and spoke in support of the efforts.

d. Sexual Assault Prevention- Update on Campus Education Efforts

Ron Muffick presented a summary on sexual assault prevention efforts on the campuses throughout the system, which include a mandatory tutorial for students on some campuses, planning for faculty and staff training, and planning for improvements on the campuses. Mr. Muffick played a video for the board members entitled PETSA (Personal Empowerment Through Self Awareness).

Panel members from the University of Montana, Vice President of Student Affairs Teresa Branch, Dr. Christine Fiorte, and Dr. Donielle Wozniak, and Montana State University member Dean Matthew Kyras were available for questions and addressed the goal to create a campus culture where sexual assault is not tolerated. Panel members stressed that the flagship campuses are working closely with their affiliated campuses on efforts to educate and inform students and faculty and implement prevention efforts, including addressing the role of alcohol in sexual assaults.

Regent McLean requested that the commissioner's staff work with the campuses to address the alcohol issue.

- e. Online State Authorization Update
- f. BOR Policy 303.7 Report - Online Learning
 - Policy 303.7- Policy
 - Policy 303.7- Summary Transmittal
 - Policy 303.7- Annual Report
- g. Accreditation Reports Update



h. Update on Collaborative Ph.D. in Materials Science – Dr. Neil Moisey

Regent Buchanan gave an update on the MT Tech proposal and the attached AAAS report. He stressed that MT Tech is required to submit financial information, a needs assessment report, and a business plan to the board prior to further consideration. This information was previously requested by the board, but none of the information has been given to the board to date. Regent Buchanan spoke on the high level of resources that would be needed for this proposal. Regent Buchanan said the discussion will move forward once the requested information is received and reviewed. He said if this passed in the future, then he would expect the local business community to provide financial support for the program.

Regent Thiel suggested structuring programs collaboratively to share resources across the system. He noted more information, such as where the campus would get funding to support this and a business plan, are needed before this can be considered.

Regent Krauss noted information still needed before considering this includes a business plan and ongoing budget solutions.

Regent McLean noted that the first written proposal pertaining to this PhD proposal that ever came to the board was in August 2012. She said the AAAS report strongly stressed the need for more resources, faculty, staff, technology, with clear expectations as to who would contribute to what.

Commissioner Christian reported that Governor Brian Schweitzer notified him that he included the MUS present law increases and pay plan funding in the executive budget. If the legislature accepts the executive budget, then the governor's preference would be for the university system to freeze tuition.

**Two-Year Education and Community College Committee – AND ACTION
INFORMATION**

a. High School to College Pathways MCIS Presentation

Deputy Commissioner John Cech, explained that the Pathways project is a partnership with OPI (The Office of Public Instruction), the Department of Labor, and the commissioner's office. Shaunda Hildebrand, Department of Labor, showed the Montana Career Information System website, which lists career paths for students, for students to know what courses to take throughout high school to prepare them for a particular career of choice. The website includes information on career fields, financial aid, and campuses that offer the career programs of choice.

TJ Eyer, OPI, and Wes Feist, OCHE, noted that this is available to all high schools in Montana. Once a student enters information on a preferred career, suggested courses are shown for that particular career.



Dr. Cech noted that the website also gives a recommended sequence of college courses.

b. Helena College UM Renaming Presentation

Dean Daniel Bingham gave a presentation on things Helena College has done leading from the official name change approval up to the unveiling event. He chose to hold the renaming event soon after the board approved the new names to maintain the momentum that had generated. The renaming included incorporation of the new colored logo.

Annie Connole, Strategies 360, gave a brief update on the statewide rebranding process, which will occur parallel to the individual campus rebranding unveiling events. She highlighted the importance of the local communities in this campaign. Ms. Connole noted additional efforts include creating an interactive two-year website, a portal driving prospective students to information on programs, financial aid, and transfer opportunities.

c. Comprehensive Mission Expansion Update & Next Steps

Deferred to the November BOR meeting.

d. Report on Sustainable Energy Technician Multi-Campus Program

Panel members Dean Susan Wolff, Great Falls College, Marsha Riley, City College of Billings, Mike Lehman, Great Falls College, John Garic, Highlands College, and Larry Stryzic, MSU-Northern, gave a presentation on the collaborative Wind Montana Project, which was made possible by working collaboratively on a joint grant whose goal is to develop and integrate an early college program in industrial technology. The campuses will establish programs in sustainable energy at all the campuses involved. Collaborative efforts include academic partnerships and business sponsorships.

ACTION

Two-Year and Community College Committee 2013 Work Plan;
OCHE *ITEM 156-106-R0912*

Regent Thiel noted the Work Plan for the committee focusing on creating a comprehensive mission, rebranding, transfer, workforce development, and a framework of accountability. Other areas to focus efforts on include time to degree, student success, unique workforce challenges across the state, how to attract more adult learners, remediation, and the use of data for decision making.

Deputy Commissioner Cech noted the committee will also work on increasing graduation rates for students who have started at community colleges, granting credit for prior learning, and stackable credentials.



Commissioner Christian spoke in support of two-year developmental education and the need to make this work, to find ways to get students in the appropriate place.

Regent Thiel moved approval of ITEM 156-106-R0912. Motion passed 6-0.

Regent Buchanan spoke on concerning challenges in the community colleges in eastern Montana. Commissioner Christian will make a trip to eastern Montana to meet with both community colleges about strong concerns and the need for them to reinvent.

COMMITTEE REPORTS, DISCUSSION & ACTION

a. SYSTEM CONSENT AGENDA

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- c. Increase Authorization to Renovate Wilson Hall Writing Center; MSU-Bozeman *ITEM 156-2011-R0912*
- d. Authorization to Execute Lease for Human Resources Department; MSU-Bozeman *ITEM 156-2013-R0912*
- e. Authorization to Remove Real Property; MSU-Billings *ITEM 156-2701-R0912*
- f. Revision of BOR Policy 901.9 Campus Affiliated Foundations; OCHE *ITEM 156-103-R0912*
- g. Operating Agreement Between College of Great Falls and MSU Alumni Foundation; MSU-Bozeman *ITEM 156-2020-R0912*
- h. Amendment to UM-Western Lease of The Montana Center for Horsemanship; UM-Western *ITEM 156-1601-R0912*

Academic, Research, and Student Affairs Items

- a. Level II Items (From June Submission)
- b. American Indian Heritage Day Resolution *Attachment #1*
- c. MRPIP Candidates; OCHE *ITEM 156-102-R0912*
- d. Center for Faculty Excellence; MSU-Bozeman *ITEM 156-2019-R0912*

Regent Thiel moved to approve the consent agenda, with the exception of staff and compensation consent items a-i. Motion passed 6-0.

Chair McLean noted that Regent Major Robinson requested creating a group to develop trigger points for compensation purposes for the campuses and the commissioner's office.

Associate Commissioner Kevin McRae, explained consent items a-i. He said that in September 2011, the BOR authorized the salary adjustments for the biennium, which includes the items listed below. This includes fall rosters plus tenure award recommendations from the campuses.

Staff and Compensation Consent Items

- a. UM-Missoula *ITEM 156-1000-R0912*
- b. MT Tech *ITEM 156-1500-R0912*
- c. UM-Western *ITEM 156-1600-R0912*
- d. Helena College UM *ITEM 156-1900-R0912*
- e. MSU-Bozeman *ITEM 156-2000-R0912*
- f. MSU-Bozeman Extension Service *ITEM 156-2400-R0912*
- g. MSU-Northern *ITEM 156-2800-R0912*
- h. MSU-Billings *ITEM 156-2700-0912*
- i. OCHE *ITEM 156-100-R0912*

Regent Tuss asked MSU President Cruzado about the 47.2% increase requested for Tricia Binford's coaching contract. President Cruzado explained that Ms. Binford is an outstanding coach who has received multiple offers from other institutions and that President Cruzado wanted to keep this caliber of coach at the MSU campus.



Regent Buchanan told the board that he would not support the passage of any of the staff and compensation consent items. (a-i)

Regent Tuss moved approval of staff and comp consent items a-i. Motion passed, 5-1, with Regent Buchanan voting against the motion.

b. Academic, Research and Student Affairs

Action was taken during the committee meeting.

c. Administration, Budget and Audit Oversight Committee Report

ACTION

- a. FY 2013 MUS Operating Budgets; OCHE *ITEM 156-105-R0912*
- Definitions of Montana University Systems Funds/Accounts
 - All Funds Summary
 - State Funds Summary
 - Bud 300 – Current Unrestricted Revenues
 - Bud 200 – Current Unrestricted Expenses
 - MUS Operating Budgets – System Summary Information and Campus Specific Information

Regent Buchanan moved approval of item a, with 2.5% of the entire budget to be set aside to be used for specific priorities, commencing with FY13. Regent Buchanan expressed a need to implement the reallocation of 2.5% to be used for specific initiatives immediately, indicating that the Board has the authority and responsibility to capitalize on the initiatives the Board has identified as priorities. The subsequent discussion centered around performance-based funding, which would place a higher priority on stated Board of Regents priorities, and whether such a plan should be implemented for the budget currently before the Board.

Commissioner Christian clarified that the budget shown is for FY13 and that the executive budget referenced is for the biennium beginning FY15. He noted that setting aside a percentage to be used for specific initiatives may be a good idea, but the timing is not right, as the budget cycle is already underway and the long process of budget development, including the board's input, has already taken place. He noted that the development of the budget is a two-year process. A discussion of this nature needs to take place further ahead in the process. He suggested that discussions on Regent Buchanan's proposal take place to apply to the 2015 biennium.

Regent Krauss noted that a performance-based process is not about cutting, but about making this state better through higher education. He indicated willingness to consider alternatives. He stated he would be voting no on the budget as this is the first time he has seen it and because it is based on tuition increases.



Regent Thiel requested clarification on whether the MUS can carryover funds or spending authority to be used for purposes other than what is in the budget. He stressed it is important for the process to be followed. Deputy Commissioner Robinson explained the legislative appropriations provide biennial authority. He noted that campuses do have limited authority to move funds into reserve funds (to be expended in a later biennium). He noted there is a small amount of flexibility for the campuses. He said if the board chooses to do this in the future, it is important to clarify if the decision is for current unrestricted funds or for restricted funds.

Regent Thiel emphasized it would be extremely difficult to reduce the budget at this time. He suggested discussing the different options at the October 23 planning meeting, and that any decision to reallocate funds for specific priorities would be for FY2014.

Regent Tuss requested more information on what performance-based funding is, what it impacts, and how it works.

Regent Williams questioned the Board's authority to determine funding priorities after legislative appropriations are made. MUS Chief Legal Counsel Cathy Swift clarified that the Montana Constitution gives the university system authority to set priorities for the system and expend appropriated funds in accordance with those priorities.

Regent McLean recognized the idea has merit but agreed that the timing is not right. She noted the \$12,000,000 impact the proposal would have on the budget and stated she believes the board needs to wait until after the legislative session to have discussions on what direction the board wants to go. She said it is critical to have clear vision, vetting, and understanding before making a decision such as this because of the significant impact on the campuses.

Regent Thiel said the campuses have very thorough processes for allocating funds and that deserves recognition. He said he is loath to make this change to the budget so late in the process; too much work has gone into it thus far. He requested having future discussions focused on the possibility of setting aside a certain percentage of the budget to be put toward the priorities. He suggested the commissioner's office work with the board on whether to do this for FY14-15.

Regent Williams cautioned the board against setting aside the 2.5% of the budget for priorities because he did not think the legislators would not be willing to provide a pool of money to be used at the discretion of the university system.

Regent Buchanan's motion (with 2.5% reallocation for BOR initiatives) failed in a tie vote, 3-3, with Regents McLean, Thiel, and Tuss voting no, and Regents Buchanan, Krauss and Williams voting yes.

Regent Thiel moved approval of Item 156-105-R0912 as presented. Motion passed 4-2, with Regents Buchanan and Krauss voting no.



President Cruzado and Provost Perry Brown told the board it would be highly detrimental to students if there was a budget reallocation at this time.

- b. Authorization to Execute an Energy Performance Contract for University Center: UM-Missoula *ITEM 156-1001-R0912*

Regent Thiel moved approval of ITEM 156-1001-R0912. Motion passed 6-0.

- c. Authorization to Renovate Dining Hall Facilities; MSU-Bozeman *ITEM 156-2010-R0912*

Regent Tuss moved approval of ITEM 156-2010-R0912. Motion passed 6-0.

- d. Authorization to Renovate Atkinson Quadrangle; MSU-Bozeman *ITEM 156-2012-R0912*

Regent Thiel moved approval of ITEM 156-2012-R0912. Motion passed 6-0.

- e. BOR Policy 940.13 Revision – Tuition Waivers; OCHE *ITEM 156-104-R0912*

Regent Krauss moved approval of ITEM 156-104-R0912.

Regent Buchanan requested reconsideration of the implementation of an increased credit load as part of the changes to this policy. Regent Krauss clarified his motion's intent is to maximize revenue to the MUS campuses, help attract out-of-state students, and to find the ideal student mix for our campuses. Regent Krauss did not think this was the time to implement an academic requirement to the policy.

Motion passed 6-0.

e. Two-Year and Community College Report

Action was taken during the committee hearing.

Student Appeals

Chair McLean noted the three student appeals on the agenda. Each of the regents has received the commissioner's decision and the written appeal, with supporting documents, submitted by the student. She explained that the board would address each appeal separately and clarified that the issue before the Board is solely to determine whether to hear the appeals at a later meeting. BOR policy does not require the Board to entertain the appeals if they are satisfied with the commissioner's review and decision. She added that, if the regents do not wish to hear a specific appeal, it is not necessary to make a motion. Chair McLean noted that a lack of action on the board's part will signify their decision not to hear the case.

- a. Student Appeal #1



There was no motion to entertain this appeal. There being no motion to hear this appeal, the request that the board entertain this appeal is denied. The commissioner's decision is upheld.

b. Student Appeal #2

There was no motion to entertain this appeal. There being no motion to hear this appeal, the request that the board entertain this appeal is denied. The commissioner's decision is upheld.

c. Student Appeal #3

There was no motion to entertain this appeal. There being no motion to hear this appeal, the request that the board entertain this appeal is denied. The commissioner's decision is upheld.

Public Comment

Hannah Dysinger, MTAS, spoke on the value of MT Tech.

Provost Perry Brown notified the board that UM was just awarded a grant to address sexual assaults.

The meeting adjourned at 1:50 PM.

Approved by the Board of Regents on

Date

Date

Clayton T. Christian
Commissioner of Higher Education
and Secretary to the Board of Regents

Angela McLean
Chair, Board of Regents