

MINUTES OF THE BOARD OF REGENTS  
OF HIGHER EDUCATION  
MONTANA UNIVERSITY SYSTEM

DATE: June 21-22, 1989

LOCATION: Conference Room  
Montana University System  
33 South Last Chance Gulch  
Helena, Montana

REGENTS Lind, Hurwitz, Mathers, McCarthy, Redlin,  
PRESENT: Clouse  
Commissioner of Higher Education Carrol  
Krause

REGENTS Kaze  
ABSENT:

PRESIDENTS Koch, Carpenter, Merwin, Norman, Tietz,  
PRESENT: Provost Easton

PRESIDENTS None  
ABSENT:

Minutes of Wednesday, June 21, 1989

Chairman Lind called the regular meeting of the Board of Regents to order at 1:05 p.m. Roll call was taken and it was determined a quorum was present. Also present were Community College Presidents Don Kettner and Howard Fryett, and Center Directors Lerum, Capdeville, Freebourn, and Johnson. Mary Ellen Baukol represented Director Will Weaver.

Chairman Lind introduced newly-appointed student Regent Vickie Rae Clouse from Northern Montana College, and welcomed her to the Board. Ms. Clouse was appointed to serve a one-year term, replacing Regent Lee Ann Riley as the student representative on the Board.

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Next Chairman Lind introduced Dr. Francis J. Kerins, who has agreed to serve as the interim President of Northern Montana College. The Chairman expressed the Board's appreciation to Dr. Kerins for his willingness to serve in this capacity, necessitated by President William Merwin's leaving the System to take a presidency in New York State.

Chairman Lind called for additions or corrections to the minutes of the last meeting. None were stated, and the minutes of the May 4-5, 1989 meeting were ordered approved.

Vocational-Technical Committee

Report on Vocational-Technical Education Technical Committees

At Deputy Commissioner Brady Vardemann's request, Ms. Sib Clack, Director of Federal Vocational Grants of the Vocational-Technical System, and Dr. Gus Korb, Northern Montana College, reported on the progress of the technical committees previously authorized by the Board. By federal mandate, five initial committees were established to advise the Board on establishment of model curricula for occupational programs in Montana.

Dr. Korb distributed and reviewed material developed by the committees, and reviewed the process through which a national search was conducted to solicit the materials and task list established for curricula development.

Update on Federal Legislation (Carl D. Perkins Act)

Deputy Commissioner Vardemann explained the Carl D. Perkins Act is undergoing the normal process for reauthorization at the national level. Staff has been very active in this process throughout the state and in

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contact with congressional leaders. Because of the radical changes being considered, a report at this time was felt appropriate.

Ms. Clack reviewed a written report (on file) outlining the proposed changes in H.R. 7, which was originally introduced to reauthorize the existing legislation. However, major amendments have been proposed which would change the thrust of the Perkins Act to address primarily three concerns that arose in public hearings and studies since the first of the year. Ms. Clack reviewed the five major changes proposed which will dramatically revise the way Perkins monies will be allocated to, and administered by, individual states. Included is a reduction in the amount of monies allowed to provide administrative costs to the sole state agencies; they are still responsible for how the money is spent, but have less control. Another change that causes consternation is that in an effort to streamline the process and force cooperation among programs, proposed amendments to H.R. 7 abolish the State Council of Vocational-Technical Education; the equivalent council for the Job Training Partnership Act; the council for the adult education act; the council for the Vocational Rehabilitation Act; and the Job Service council. A super council is proposed, answerable to and appointed by the governor of each state.

Ms. Clack also reviewed a memorandum dated June 8, 1989 on points of issue with H.R. 7 reauthorization of the Carl D. Perkins Vocational Education Act of 1984 (on file), and responded to Regents' questions, specifically those related to the position of Montana's delegation on the proposed

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amendments, and the timeline for implementation of the changes if the legislation is amended as proposed.

Commissioner Krause stated the intent is to address some of the problems created by these changes in the funding study which the Montana Legislature and the System will continue at the conclusion of the Special Session in the fall.

By-Laws and Policy Committee

Action Agenda

Item 18-005-R1077, Fee Waivers; Montana University System (REVISED) was reviewed by Chief Counsel Schramm. The item implements the legislative change made by the 51st Legislative Assembly, and clarifies the Board's discretion on conditions under which fee waivers will be granted. One policy change is in the eligibility section of the veterans' fee waiver. That section has been broadened to provide that a veteran needs only to be a present resident of the state to obtain the fee waiver. The second change provides inclusion of a new fee waiver for surviving spouses and children of Montana fire fighters and peace officers killed in the course and scope of employment.

Dr. Schramm requested the minutes reflect that while there is no effective date provided on the changes, for ease of administration he asked the changes take effect at the beginning of Fall Term 1989. With that understanding, he recommended the item be approved.

On motion of Regent Redlin, Item 18-005-R1077 was approved effective Fall Term 1989.

Capital Construction Committee

After appropriate review and discussion, the following actions were taken:

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Item 63-702-R0689, Increase in authorization for Improvements to Cisel Hall Parking Lot; Eastern Montana College. Mr. William Lannan explained this item was inadvertently omitted from the original agenda, but was mailed as an addition to the Capital Construction Committee agenda. On motion of Regent McCarthy, the item was approved.

On motion of Regent McCarthy, Item 63-101-R0689, Purchase of Real Property; University of Montana and Item 63-102-R0689, Tennis Court Renovation; University of Montana were approved.

On motion of Regent Redlin, Item 63-103-R0689, Expansion of Authority to Install Smoke Detectors in Family Housing and Residence Halls; University of Montana and Item 63-114-R0689, University Center Leases; University of Montana, were approved.

On motion of Regent Hurwitz, Item 63-201-R0689, Authorization to Install a Lighting and Staging Suspension Grid in Breeden Fieldhouse; Montana State University, was approved.

On motion of Regent McCarthy, Item 63-202-R0689, Increased Project Budget Authorization for Roof Replacements - Hannon Hall and Grant Chamberlain Complex; Montana State University, was approved.

On motion of Regent Redlin, Item 63-701-R0689, Purchase of Real Property; Eastern Montana College, was approved.

Curriculum Committee

Submission Agenda

Item 63-802-R0689, Authorization to change the degree title of A.S. in Computer Technology to A.S. in Computer Information Systems and the minor in

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Information Processing Technology to minor in Computer Information System; Northern Montana College, was briefly reviewed by President Merwin, NMC. The item is an effort to bring the terminology of an extant degree at Northern Montana College into terminology of current practice. The item was received for consideration at the September 1989 meeting.

Action Agenda

Deputy Commissioner Vardemann presented Item 61-8502- R0988, Approval of Proposal to Establish an Occupational Therapy Assistant Program; Great Falls Vocational- Technical Center and reviewed the information contained in her memorandum to the Commissioner dated June 9, 1989 (on file) sent with the agenda materials. The proposed program is a two-year certificate program consisting of eighty semester hours. The proposal was originally submitted to the Board in December 1988, and was viewed as appropriate to institutional role and scope and as desirable to the Great Falls area and in Montana. The proposal was deferred for action at that time until funding levels for higher education were established by the 1989 legislative session. The Center was directed to seek specific funds from sources other than state appropriations. The Center has obtained a federal grant to initiate the program subject to Regental approval.

Ms. Vardemann stressed the importance of the program to Montana with the current emphasis on rehabilitation in the health care delivery system. The original proposal has been substantially refined and includes extensive involvement by the Great Falls medical community.

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Ms. Vardemann responded to Regents' questions on cost of the program as projected in the proposal presented, anticipated enrollments, local support, availability of similar programs in the state, employment opportunities, and starting salaries of graduates of the program. It was explained it is the type of program the Regents may consider at some future time for designation of the AAS degree. With the possible exception of expansion into the Billings location at some point, no other occupational therapy assistant program is contemplated within the System.

Chief Counsel Schramm noted this discussion ties indirectly to an issue the Board will probably be dealing with in the next few months -- the transfer of property between the Great Falls school district and the vo-tech center in Great Falls. That vo-tech property is still technically the property of the local school district. Negotiations are under way to purchase the property and assume the bond payments. Money was appropriated for that purpose by the 51st Legislative Assembly. The school district has requested that space continue to be made available in the center for the district's special education program for a "few years." Unfortunately, that program is in the same space the center wishes to use for the occupational therapy program.

On motion of Regent Redlin, Item 61-8502-R0988 was approved.

Item 62-204-R0389, Local Government Center; Montana State University was reviewed by Commissioner Krause. The Center was established with a \$402,000 grant from the W. K. Kellogg Foundation. The Center is

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an interdisciplinary program that provides assistance to local government entities. Funding will be derived from the Kellogg grant through 1990, contracts and fees for workshops, and technical assistance. MSU will provide some direct support for a fractional portion of the costs of staff.

The University of Montana expressed some concern that it provides similar services to some government entities. Conversations have occurred among the faculties at MSU and the University of Montana to assure cooperation on future efforts. Approval of this item does not grant a unique thrust in this area to Montana State University. There is a very real, demonstrated need to provide these types of training for local government entities, and the services provided by the Center are probably essential if Montana's small towns and cities are to move forward and survive.

President Tietz, Montana State University, noted one correction to the item. The direct support indicated for the director and staff is now provided by fees from services. He also emphasized the Center enhances existing programs to rural counties where technical assistance is otherwise fairly costly, including engineering services for road and bridge building, rerouting of irrigation systems, etc. President Tietz added that last year approximately 1,000 county officials utilized the program, and he believed over the course of the next several years the fees for services would be regulated on such a basis the Center will basically cover its own cost. He urged the item be approved.

After discussion, on motion of Regent Redlin the item was approved.

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Commissioner Krause began discussion of Item 62-502-R0189, Bachelor of Science Degree in Technology and Business Development (with a special Emphasis on Minerals and Energy Resource Management); Montana College of Mineral Science and Technology, reviewing the Board's discussion a year ago to withdraw authorization for Montana Tech to offer its business program effective Fall 1990. That decision was made based on the Board's decision that with limited financial resources available to the System, it was necessary to focus the role and scope of the institutions more specifically than they were, and Montana Tech should focus on mineral engineering efforts. Montana Tech believes the proposal before the Board for action is within the scope of that mandate and has a totally different focus than the undergraduate business program scheduled for elimination.

Commissioner Krause continued the present proposal has components which relate it to the engineering programs, providing the means whereby a student at Tech can obtain a degree in business and technology, and also providing a support base for the engineering programs. There is no question engineering graduates need access to business courses. Tech also argues that single focus institutions become extremely high cost institutions and are subject to the vagaries of the cyclical nature of, in this case, the mining and petroleum industries.

Dr. Krause explained his recommendation for approval of this program is based on several factors. While he is adamant that role and missions be focused for all the units, this program will be sharply focused with options in finance, management and accounting and

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maintain the strong emphasis in the mining and engineering fields. Whether the proposal is approved or not, Tech will require approximately the same business faculty to support its associate degree transfer program and the minor previously approved. An important difference between this proposal and the two accredited business programs approved at MSU and UM is that those programs do not have the specialization of focus this program is limited to. If approved, the Board should do so with the caveat that those emphases not be developed in the future.

President Norman, Montana Tech, spoke to allay the perception that approval of the degree would be controversial within the System. He elaborated on the interaction with other campuses in its development in order to avoid any perception that this is an attempt to re-establish a traditional business administration degree. Withdrawal of Tech's authorization to offer an undergraduate business administration degree has adversely affected Tech's enrollments, resulting in a loss of approximately \$1 million because budgets in the System are enrollment driven. Montana Tech's ability to respond to the needs of its constituent place bound students has been severely curtailed. In addition, to meet accreditation standards in mining and engineering programs, certain business faculty have to be retained.

Montana Tech is asking the Board to approve what it considers to be a different response to those issues, but is not asking for reinstatement of the business administration degree, although the temptation to do so was extreme. The technology and business development degree has been two years in the making, and

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has been carefully designed to fit what the Board and Montana Tech believe to be appropriate for Tech's role and scope mission, addresses accreditation and constituent needs, and provides a method for Tech to remain competitive with its peer institutions in the nation.

Vice President David Toppen, Montana Tech, summarized key components of the program, illustrated with a hand-out (on file), highlighting the objective of the program, providing a curriculum summary, corporate and industrial supporters, and the faculty complement required because of ABET requirements in mining and engineering programs but which may actually result in some programs being underpopulated with students. This program fulfills a special need created by a cadre of faculty that is, because of the cyclical nature of the mining industry, at times underutilized by providing them the opportunity to teach business courses to Tech's constituent students. Speaking to resources, Dr. Toppen noted of particular importance is the Butte-Silver Bow Business Incubator resource which will provide developmental laboratory environment, and the \$15,000 for faculty development provided by private industry. The importance of the contributions to Montana's economic recovery made by Montana Tech students and graduates to the Butte-Silver Bow Development Center, the only municipally owned and operated business development center in the United States, was also discussed by Dr. Toppen. Dr. Toppen spoke also to the high level of support for the technology and business development program at Montana Tech by the academic vice presidents and others at all units of the System. He urged the program's approval.

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Discussion by Regents included a strong statement of the importance of the proposal to Montana Tech by Regent McCarthy, numbers of students who might be interested in the program and what it would contribute to Tech's stability, the high cost nature of a single thrust institution, and the public and the legislature's perception that too many duplicated programs exist in the System. Approval of this proposal would only be granted in recognition of not only the need, but that it can be justified from both a cost and an educational standpoint, and that approval is in the best interests of the System.

Hearing no further discussion, the Chairman called for a motion. Regent McCarthy moved that Item 62-502-R0189 be approved. The motion carried, with Regent Redlin voting no.

Budget Committee

Item 63-801-R0689, Authorization to establish a student health service fee; Northern Montana College was presented by President Merwin. NMC is the only unit that does not have a student health center. That issue has been studied over the past four years; an all student referendum to establish a very modest student health center was approved by an 80% plurality in April 1989 with 21% of the student body voting. The cost is \$10 per quarter hour, \$30 per year per student, which will raise approximately \$30,000. The program will be offered in cooperation with the County Health Nurse with some participation by the NMC bachelor of science in nursing program.

Heather Ross, President, Associated Students, Northern Montana College, and Trish Williams, NMC student, spoke in support of the proposal.

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Jack Noble, Deputy Commissioner for Management and Fiscal Affairs, stated he would support the item, but would caution the students that health care costs are escalating nationwide at an exorbitant rate. Once implemented, such a service is very difficult to discontinue. Maintaining the center may necessitate a dramatic increase in a mandatory fee which will be assessed to all students.

The limited nature of services available at the Center was discussed by Mr. Byars, NMC, and President Merwin. Health counseling will be a valuable service, but the medical services will be limited. NMC has the lowest mandatory fee schedule of any unit of the System, and the addition of this \$10 fee will not adversely affect that rating.

On motion of Regent Clouse, Item 63-801-R0689 was approved.

Item 63-603-R0689, Authorization to transfer \$100,000 from the 1967 Physical Education Indenture reserve to the 1966 Housing and Dining Indenture; Western Montana College of the University of Montana was reviewed by Deputy Commissioner Noble. He explained this is the fourth transfer into this indenture to meet bond indenture requirements. The problem with the 1966 Indenture was created in part when elimination of programs occurred two years ago which negatively impacted dormitory residence. A refinancing which would combine the two indentures, resulting in one strong indenture as opposed to the present situation of one weak and one strong indenture, is contemplated. That action has occurred on all other campuses, and has been successful. On motion of Regent Hurwitz, the item was approved.

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Addition to Budget Committee Agenda

Mr. Noble distributed copies of Item 63-3001-R0689, Resolution of the Board of Regents of Higher Education of the State of Montana Approving the Issuance by Flathead Valley Community College District of \$6,495,000 General Obligation School Building Bonds, Series 1989, an addition to the agenda. Mr. Noble explained Chief Counsel LeRoy Schramm has worked with bond counsel for this issue to reword the resolution to assure the official statement and the financing of the facility at FVCC state clearly no obligation for the issuance is assumed by the state of Montana or the Board of Regents. No obligation for payment of the bonds is accepted by the Board of Regents through this approval. The indenture is a local general fund indenture, and the liability resides strictly on the property holder within the community college district.

On motion of Regent McCarthy, the item was approved.

Item 63-003-R0689, Program Transfers - Formula Driven; Fiscal Year 1990; Appropriation - HB 100; Regent Approved Operating Budgets; Montana University System, was reviewed by Mr. Noble. He explained three campuses submitted program transfers which would move money appropriated in HB 100 between programs. The transfers for each campus are set out on the schedules attached to the item. All budgetary decisions have not been made, and the approval sought in this item is for preliminary budgets. HB 100 authorizes the Board of Regents to transfer appropriations between programs within each fund type. The Commissioner is authorized to approve budget amendments and transfers between programs not to exceed 2% of the agency's budget

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at fiscal year end. MSU is requesting preliminary approval to transfer approximately one-half of one percent of its budget; UM approximately one percent of its budget; NMC approximately 3.86% of its total budget. Mr. Noble added approximately the same percentage of NMC's budget has been transferred over the last several biennia because the formula generated budget has never quite reflected the expenditure patterns of NMC.

Representatives of each of the campuses were present to respond to Regents' questions. It was explained that historically funds have been shifted among programs at fiscal year end. The formula budget approach has been viewed as a mechanism to equitably drive a budget; it has not been used as a method by which the monies have to be expended. With retrenchment proposals being brought forward on some of the campuses at this time, questions may arise as to what the formula provided in the area from which funds are removed, and what did it not provide in the area to which the funds are being moved. The insufficient funds provided by the legislature to the System in the pay plan would account for most transfers of funds. The remainder could be a combination of administrative decisions on individual campuses.

On motion of Regent Redlin, the item was approved.

1989-90 Operating Budgets

Item 63-001-R0689, Operating Budgets, 1989-90; Montana University System, was reviewed by Mr. Noble. He called attention to the large red volume distributed at the beginning of the Budget Committee meeting. The book satisfies the appropriation act requirement that the Regents approve an all funds budget as a condition of authorization of expenditure by encompassing an all-inclusive snapshot of the entire operating budget for each campus.

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The small red bound booklet is a summary of state appropriated funds. The preamble contained in the item is consistent with previous years and provides approving authority to the Regents for budget amendments and program transfers with the exception of year end transfers which are approved by the Commissioner's office to accommodate budgets at the close of the fiscal year.

Mr. Noble reviewed the schedules contained in the booklet which summarize the comparative schedules of budgetary increases by agency; program expenditures; funding; scholarships and fellowships by category; changes in FTE employees; expenditures by program and by object budgeted for 1989-90; detail of operating costs and funding; expenditures by program and by object for 1988-89 (estimated); etc..

Mr. Noble called attention to schedule 3, the comparative summary of funding of current unrestricted operating funds for FY 1989-90. Of the \$8 million plus increase, the state general fund provided 52%; tuition and fees and scholarships and fellowships provided the other 48%. Due to the decline in property values in Montana, the millage account has been eroding over the last several years. The education trust fund interest is a new revenue category. It was a "one-time fix" and will not be a continuing revenue flow.

Mr. Noble reviewed the remaining schedules, and responded to Regents' questions. Schedule 4 has been reformatted to segregate discretionary fee waivers from mandatory waivers. The new format should provide better tracking of mandatory fee waivers. If a campus

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incurs more mandatory waivers in any one year than was anticipated, the budget amendment process can be utilized to provide increased authority for those waivers so the campuses' ability to provide discretionary waivers is not diminished.

Mr. Noble concluded his review noting this booklet provides a quick reference for the Board which will enable Regents to answer most of the questions asked regarding the operating budgets of the University System. He noted that even though the System seems to have a lot of conflicts in the legislative process, there is very little change in the expenditure patterns either by campus or by program over the biennia. The one exception is that illustrated in schedule 10. The most significant trend line since 1981-82 is the decline in the millage money as a percentage of total budget, and the increase in tuition and fees as a percentage of total budget.

Item 63-7001-R0689, Operating Budgets 1989-90; Montana Vocational Technical Centers; Fire Services Training Center, received a similar review by Mr. Noble. The narrative in the front of the booklet provides authorization for all fund groups summarized in the booklet, and provides the same budget amendment and transfer authority as reviewed earlier by Mr. Noble for units of the University System.

Mr. Noble noted the principal change in this document is the addition of responsibility for the Fire Services Training Center. The legislature assigned that entity to the Board of Regents in the 51st Legislative Session, and its budget summary and authorization is contained in the vo-tech budget document.

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The vocational-technical centers actually suffered a 1.1% decrease in funding, principally resulting from decreases in enrollments and levels and amounts of services previously provided by local school districts. The 28.3% increase in institutional support shown on schedule 2 reflects the relative success of the effort to enable the centers to carry on their functions as state agencies, although it does not completely replace services previously supplied by local school districts.

Mr. Noble commented on the effort put into the budgetary process to obtain the 55.3% general fund amount for the centers. Regardless of that effort, the bottom line continues to reflect a constant level of funding resulting in a 0.9% decrease. The University System faces some very difficult contract negotiations with center employees with that level of funding.

Mr. Noble reviewed the remaining schedules, commenting on implementation of a fee schedule for the centers to supplement their operation similar to that of the University System. He also noted the legislative requirement that while funds were appropriated for lease payments to local school districts for vo-tech properties on July 1, 1989, no payments will be made unless the Board of Regents has title to the properties. The yearly bond payment amount will be appropriated by the legislature and paid to the districts under a lease agreement. The outstanding obligation for bond payments on those facilities will continue to be the responsibility of the local school districts until the bonds are paid off. When the bonds are paid off, the facilities will belong to the state of Montana.

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Item 63-1001-R0689, Operating Budgets 1989-90; Montana Community Colleges was reviewed by Mr. Noble. Montana law requires the Regents approve the operating budgets of the community colleges. The responsibility for making internal changes resides with the local Boards of Trustees.

Mr. Noble briefly reviewed the schedules contained in the item, noting most increases are largely enrollment-related. Schedule 3 shows derivation of funding. The 5.5% increase in general fund, while slightly above that of the University System, is still relatively low. Tuition and fees provide 78.8% of the increase in revenue. Efforts are being made in the budgetary process so that increases in tuition and fees will not directly offset mandatory tax levies, thereby reducing incentives to adjust fees.

At the conclusion of discussion, Regent McCarthy moved approval of Item 63-001-R0689, Item 63-7001-R0689, and Item 63-1001-R0689. The motion carried unanimously.

#### New Business

##### Committee Appointments

Chairman Lind noted with the appointment of Regent Clouse, committee assignments need to be revised. Regent Redlin was appointed to replace Regent Riley on the Curriculum Committee. Regent Clouse was appointed to serve on the By-Laws and Policy Committee, Capital Construction Committee (replacing Chairman Lind), and Telecommunications Committee. Regent Clouse also becomes a member of the Board of Directors of the Montana Higher Education Student Assistance Corporation by virtue of her position as student Regent.

The Funding Study Committee members will be Chairman Lind, and Regents Mathers and Redlin.

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Chairman Lind also requested the By-Laws and Policy Committee develop a policy on appropriate terms for post-retirement contracts and bring it forward to the full Board for action.

Paul Douglas Teacher Scholarships

Item 63-002-R0689, Paul Douglas Teacher Scholars, 1989-90; Montana University System was presented by Bill Lannan, Director of the Montana Guaranteed Student Loan Program. Julie Ann Williams, Troy High School, is this year's recipient of the scholarship, with S. Melisa Hawley, Powder River County High School, and Heather Marie Colbert, Broadwater County High School serving as alternates. Mr. Lannan explained the allocation from the Department of Education was not sufficient to allow more than one new recipient to be named and still provide funds to the eleven previous recipients who have requested renewal of their awards. If funds remain constant, there will be sufficient funds to award three scholarships in 1990-91. As the responsible state agency, the Board of Regents must approve selection of Paul Douglas Teacher Scholars. Mr. Lannan recommended approval.

On motion of Regent Redlin, the item was approved.

Confirmation of Gubernatorial Appointments to Local Executive Boards

On motion of Regent Clouse, the following gubernatorial appointments to local executive boards were confirmed:

University of Montana

Arlene Breum

Montana College of Mineral Science and Technology

Truxton Fisher, replacing Margaret Leary

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Northern Montana College

Elinor Wink, replacing Maggie Moffet

Report on Montana "TRACKS" Program; American Indians in Education

Commissioner Krause briefly explained Montana is one of eight states who has won a national competition based upon its plan to help increase the number of minority students who graduate from college with bachelor's degrees. The grant was provided by the State Higher Education Executive Officers (SHEEO). Rene' DuBay, Montana Talent Search Director, was primarily responsible for writing the grant, and the office is quite pleased to be a recipient.

Deborah LaCounte has been appointed to fulfill the responsibilities of the grant, which include the long term goal of enhancing minority enrollments. This requires development of a data base, requiring cooperation of the Office of Public Instruction and various tribal councils.

Ms. LaCounte presented an Abstract on the TRACKS proposal (on file), explaining the makeup of the Montana Indian population, and the goals of the TRACKS project. In order to realize its unique goals, and to assist the task force advising the project coordinator, it is necessary to adopt a definition of American Indian for data collection purposes. Ms. LaCounte distributed a proposed definition recommended by the task force which states:

"Indian means any individual who (1) is a member of a tribe, band, or other organized group of Indians (as defined by the Indian tribe, band, or other organized group),

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including those tribes, bands, or groups terminated since 1940, and those recognized by the State in which they reside, or who is a descendant, in the first or second degree\*, of such member, or (2) is considered by the Secretary of the Interior to be an Indian for any purpose, or (3) is an Eskimo or Aleut or other Alaskan Native."

\*First degree refers to parents; second degree refers to the individual's grandparents.

After discussion, on motion of Regent McCarthy, the above definition of American Indian was approved for data collection purposes as set forth in the proposal before the Board.

Approval of Contract Between the Board of Regents and the Superintendent of Public Instruction

Deputy Commissioner Vardemann reviewed the contract sent with the agenda materials for administration and supervision of K-12 vocational education programs, services, and activities allowed by federal law. The contract currently in effect expires June 30, 1989. Changes include insertion of a phrase regarding timeliness of compliance regarding civil rights and other required activities, and change in the term of the contract from two to three years. The Superintendent of Public Instruction has signed the new contract. On motion of Regent Redlin, the contract was approved.

Statement of Appreciation to President Merwin, NMC

Chairman Lind stated his appreciation and that of the full Board to President Merwin for service to the Montana University System. He stated when Dr.

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Merwin interviewed for the presidency of Northern Montana College he was given the charge of broadening public awareness of NMC throughout the state, and to focus the role of the College as a vocational institute of some note. He has more than lived up to those expectations, and the Board is appreciative of that, and his many other contributions during his term of office.

#### Commissioner's Report

Commissioner Krause reported on the WICHE Commissioners meeting he attended this month. A significant accomplishment of that meeting was the successful culmination of some months of effort to convince the University of Colorado to freeze its veterinary medicine fee for five years at \$18,400. The fee had escalated at an alarming rate over the last several years, and Colorado's response enacting legislation for the five year freeze resolved an issue that was very troublesome to the WICHE Commission.

#### Council of Presidents

President Carpenter, Eastern Montana College, expressed his appreciation and that of EMC to Dr. Donald Habbe for his contribution in working with the Commissioner's office as interim Deputy Commissioner for Academic Affairs. He and the other presidents also wished President Merwin well as he embarks on his new career in New York State.

President Tietz reported on the very successful National Collegiate Rodeo Finals held at Montana State University which played to capacity houses for four nights running last week, and welcomed the Wally Byam Airstream convention to MSU's campus later this month.

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President Merwin expressed his appreciation to Chairman Lind and all members of the Board, and to the Commissioner and all members of his staff, for the support given to Northern Montana College and to him personally.

President Donald Kettner, Dawson Community College, reported on a joint endeavor sponsored by Mid Rivers Coop and U S West to provide a fiber optics network in Eastern Montana. The network will provide audio and visual capability to teach classes at remote locations to be received on all sites on the network. The network provides exciting opportunities for the future, and Mid Rivers Cooperative should be commended for allowing this two-way fiber optic network to be provided at no cost other than \$16,000 for equipment. The future capability to provide services to rural schools is an exciting component of the program.

The Board of Public Education, Office of Public Instruction, Faculty Association, and Montana Associated Students had no report.

Regular Agenda

On motion of Regent Clouse, the following items were approved:

- Item 63-100-R0689, Staff; University of Montana  
(WITH ADDENDUM)  
(Includes 8 post-retirement contracts)
- Item 63-104-R0689, Resolution Concerning the Retirement of Frank B. Bessac, Professor of Anthropology, College of Arts and Sciences; University of Montana
- Item 63-105-R0689, Resolution Concerning the Retirement of Joseph Epes Brown, Professor of Religious Studies, College of Arts and Sciences; University of Montana

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- Item 63-106-R0689, Resolution Concerning the Retirement of Robert R. Dozier, Professor of History, College of Arts and Sciences; University of Montana
- Item 63-107-R0689, Resolution Concerning the Retirement of Professor Chris Field, Department of Geography, College of Arts and Sciences; University of Montana
- Item 63-108-R0689, Resolution Concerning the Retirement of Horst Jarka, Professor of German, College of Arts and Sciences, University of Montana
- Item 63-109-R0689, Resolution Concerning the Retirement of Robert Kiley, Professor of Art, School of Fine Arts; University of Montana
- Item 63-111-R0689, Resolution Concerning the Retirement of Manuel A. Machado, Jr., Professor of History, College of Arts and Sciences; University of Montana
- Item 63-112-R0689, Resolution Concerning the Retirement of Robert G. Schipf, Professor of Library Science, Mansfield Library; University of Montana
- Item 63-113-R0689, Resolution Concerning the Retirement of Richard K. Smith, Professor of Finance, School of Business Administration; University of Montana

University of Montana 1988-89 Faculty Roster  
(SUBMITTED FOR INFORMATION PURPOSES ONLY)

- Item 63-200-R0689, Staff; Montana State University (As amended on page 1 to delete the contract for Donna D. Gollehon, and with Addendum)
- Item 63-201-R0689, Post-Retirement Employment Contract; Alvin G. Fiscus; Montana State University
- Item 63-202-R0689, Post-Retirement Employment Contract; Richard McConnen; Montana State University

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Item 63-300-R0689, Staff; Agricultural Experiment Station  
Item 63-400-R0689, Staff; Cooperative Extension Service  
Item 63-500-R0689, Staff; Montana College of Mineral Science and Technology  
Item 63-510-R0689, Degrees, on Recommendation of the Faculty, May 1, 1989; Montana College of Mineral Science and Technology  
Item 63-501-R0689, Staff; Montana Bureau of Mines and Geology  
Item 63-600-R0689, Staff; Western Montana College of the University of Montana  
Item 63-601-R0689, Post-Retirement Contract; Alan G. Zetler; Western Montana College of the University of Montana  
Item 63-602-R0689, Post-Retirement Contract; Ralph V. Kroon; Western Montana College of the University of Montana  
Item 63-700-R0689, Staff; Eastern Montana College  
(Includes 2 post-retirement contracts)  
(WITH ADDENDA (2))  
Item 63-800-R0689, Staff; Northern Montana College  
Item 63-900-R0689, Staff; Office of Commissioner of Higher Education

The meeting recessed at 4:30 p.m. The Board of Regents reconvened at 4:45 for the evaluation of Commissioner of Higher Education Carrol Krause.

Evaluation of Commissioner Krause

Commissioner Krause made an opening statement to the Board, thanking the Board for the support it has given him particularly over this last difficult biennium. He spoke to the detrimental impact the economic climate in Montana has had on the development of the higher education system in Montana. Though the past legislative session is viewed by many as the most successful the System has had in some time, even combined with rather onerous tuition increases, the System ranks approximately 45th nationally among higher

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education systems. Dr. Krause reported on positive events of the past legislative session, and improvements to the System which will occur as a result of Regents' actions. Those included legislation which will enable the System to retain 100 percent of indirect costs, adoption of admission standards and a core curriculum, the improved capabilities of the tribally controlled community colleges resulting in increased accreditation status for those institutions, and being awarded the grant through SHEEO to fund the "TRACKS" program which will allow development of a data base to assist in attracting and maintaining Native American students in higher education institutions.

Dr. Krause spoke of the dedication and commitment of staff of his office, noting also how the number of staff have been reduced through legislative action from 24 a few years ago to the present 13. More work is being accomplished with many fewer people, partly because it has been thrust upon them, but a cap will have to be considered on how many more additional responsibilities they can assume. This is particularly true in the financial and collective bargaining areas.

Commissioner Krause commented on the tremendous impact on the workload of the staff caused by the effort to incorporate the vocational-technical centers into the System as mandated by statute by the 50th Legislative Assembly. The Fire Service Training School was assigned to the Board of Regents by the 51st Legislative Assembly, and this will create an additional impact on existing staff. He mentioned also his involvement in the Water Resources Advisory Council, extensive involvement in the state's telecommunication

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efforts, and the University System funding study which will continue through the coming biennium.

Commissioner Krause applauded the Regents' action taken at its June 1989 workshop appointing a planning committee to chart the System's course through the next several years. While it will require a great deal of effort on the part of the Regents and all staff in the Commissioner's office, it is of primary importance to the System. Role and scope issues will have to be addressed of course, but the primary thrust must be develop the strategy to enter the next legislative session, and to have a comprehensive plan to sell that agenda to the legislature before the session begins. There must be a total commitment to generating additional revenues for the System. Commissioner Krause commented on the state's establishment of a highway trust fund because of its commitment to a safe, efficient highway system. Citizens of the state were aware of the potholes in the highways; they have to be made aware the same potholes exist in the higher education system, and find a way, working with the governor's office and the legislature, to improve the commitment to the state's educational system. This will only occur if additional revenues are realized, and the Board of Regents must be vocal advocates of this need.

Commissioner Krause stated his biggest disappointment was the decision on governance of the vocational-technical centers. He urged the Regents to continue efforts to obtain a facilities planner. Spending \$50,000 on that position would probably save \$500,000 to \$1 million a year. If Montana State University becomes a unionized campus, there will have

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to be an additional labor relations person in the Commissioner's office. There would be no way to stretch present staff to cover that additional responsibility even though everyone in the office with the capability to do so is helping in that area.

Commissioner Krause concluded his report, again commending his staff for the tremendous amount of effort they are expending to keep abreast of current tasks, and expressed the hope they will be able to complete the many and varied efforts they are currently involved in, and address the additional efforts necessary to prepare for the next legislative session.

Chairman Lind commented on the System's inability to secure revenues sufficient to bring it anywhere near its peer institutions' funding in neighboring states. Given that economic recovery is probably not a realistic immediate response, he asked the Commissioner to comment on how he would chart the course to accommodate the multiple problems this has created, and will create.

Commissioner Krause replied he did not believe the System would be successful in realizing a larger share of present state revenues. The legislature has the option to increase those revenues through several means, which he enumerated. But that also is probably not realistic. He stated he was not optimistic that in the short term there would be tax reform. The economy may increase to at least the level that inflationary increases can be obtained, but it will not overcome the twenty-five percent deficit the System now faces. Commissioner Krause stated he believed the Board will have to reduce the System even more. With present

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resources, the System cannot continue to maintain quality without a reduction of offerings . It can be done for a short period of time because the System has many dedicated people who have accomplished miracles. A look at faculty and staff turnover trends is revealing.

Commissioner Krause reiterated what he told the Board four years ago -- the System will probably have to shrink by about twenty-five percent. Charting the course for the future, the best predictions possible will have to be made on what realistic future revenues will be, and an agenda developed to try to obtain the level of funding necessary to operate the System. After that data is gathered, the programmatic reductions that will have to be made will have to be decided on. The structure of the System could be changed; fewer options could be offered; enrollments could be capped; or a combination of those options could be adopted. Even if the efforts to increase revenues are partially successful, Commissioner Krause stated the System will have to be reduced. Alternatives considered in the past will have to be revisited. Caution will have to be exercised not to eliminate the critical mass that allows the System to continue, even in a reduced state, and difficult decisions will have to be made.

Commissioner Krause also spoke at some length on the benefits of merging campuses, but merging them to a much greater extent than has been accomplished at this point at the Dillon campus. He stated his goal is not to reduce expenditures through mergers in order to return money to the general fund, but rather to reduce amounts expended for instance in the business office and the registrar's office, and utilize those funds for student services and instruction.

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Chairman Lind concurred with the Commissioner's statements that the ability to continue to maintain a quality System has diminished steadily over the last several years, and that the System will probably have to be reduced. Faculty salaries have improved to a slight degree, but administrative salaries must now be addressed. Commissioner Krause stated he believed the System is bankrupt, but is unwilling to admit it.

Discussion was also held on the failure of the System to obtain legislation to implement a college savings tuition program. That should be added to the agenda of the recently formed planning committee.

Hearing no further questions directed to the Commissioner, Chairman Lind stated the next series of questions will involve matters of personal privacy which outweigh the public's right to know. He stated unless the Commissioner wished the open meeting to continue, the meeting would be closed. Commissioner Krause requested the meeting be closed.

The evaluation of the Commissioner continued in closed session, followed by an executive session of the Board.

Minutes of Thursday, June 22, 1989

Chairman Lind reconvened the meeting of the Board of Regents at 9:10 a.m. The same members were present with the exception that Vice President Toppen attended in the absence of President Norman, Montana Tech.

Collective Bargaining Committee

Commissioner Krause noted the Board had been briefed on three tentative collective bargaining agreements, and action on those is appropriate.

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On motion of Regent Mathers, the tentative agreement with the Montana Public Employees Association was ratified.

On motion of Regent McCarthy, the tentative agreement with Teamsters and United Food and Commercial Workers was ratified.

On motion of Regent McCarthy, the tentative agreement with International Association of Machinists and Aerospace Workers was approved.

University of Montana Retrenchment Report

Chairman Lind stated the UM retrenchment report would be made in the following manner: The UM administration will present its report, followed by comments by the Retrenchment Committee. Campus comments and public comments will then be heard, on the individual programs, followed by discussion by the Board. The same format will be used to receive Northern Montana College's retrenchment report.

President Koch, University of Montana, Professor Ron Perrin, Chairman of the Retrenchment Committee, and Acting Provost Don Spencer presented the administration's report.

President Koch stated as the 1989 Legislative Session progressed it became apparent the budget that would be provided the University of Montana for the 1989-90 biennium would not be sufficient for UM to meet all of its financial commitments. A particularly crucial development was the legislature's decision not to include UM faculty and many UM staff in the omnibus state pay plan. This decision, which was not consistent with past legislative actions, had a \$1.1 million adverse impact on UM's biennial budget.

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President Koch explained how the increasing prospect of retrenchment prompted open campus discussions of the criteria that should apply to any retrenchment procedure. Both in verbal presentations and in writing he had indicated he did not believe it would be appropriate once again to deal with a financial shortfall either by across the board cuts, or by cutting the most vulnerable faculty and positions. Both of those strategies have been pursued in the past at UM, but have had arbitrary effects on programmatic quality. Neither strategy allows UM to focus its energies and increase quality, nor address UM's strengths, mission, or fiscal future. Nor would either of those strategies enable UM to move to eliminate the probationary status currently experienced in several important professional programs.

President Koch referred to and reviewed the written University of Montana Retrenchment Plan, adopted June 2, 1989, (on file) which calls for focused cuts of entire departments and programs in preference to cuts that would lead UM to attempt to continue all of its existing programs. He stated a University that is funded at 66 percent of its peer institutions on a per student basis cannot attempt to be all things to all people.

President Koch explained that formal retrenchment procedures at UM are controlled by the Board of Regents/University Teachers Union collective bargaining contract. Such a plan was developed, and called for termination of approximately \$1.6 million in people and programs. If implemented, the plan will enable UM to achieve four important goals: (1) to pay

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negotiated salary increments of faculty and staff; (2) to invest an additional \$300,000 in the Mansfield Library over the 1989-91 biennium; (3) to retain all tenure line first and second year faculty members except in those departments or programs marked for retrenchment; and (4) allow reinvestment of faculty positions in and strengthen the remaining academic programs in 1991.

President Koch stated the single plan presented to the Board today is the product of negotiation and compromise. While the plan was endorsed and adopted by the retrenchment committee and by the administration, it does not follow that every committee member or President Koch himself favors every item of the plan. It must, however, be considered as a whole. The Board must examine and inspect the entire plan, but President Koch stated he believed there are only three items that require Regents' action: (1) the proposed termination of the Department of Communication Sciences & Disorders and the degrees in the department; (2) termination of the Department of Religious Studies and the degrees in that department; and (3) the commitment to reaffirm that UM's inter-collegiate program should remain in the Big Sky Conference and be supported at a level that will enable UM to remain competitive.

President Koch stated before he presented specifics of the plan he wished to commend the Retrenchment Committee, and particularly its Chair, Professor Perrin, for its herculean efforts and diligent service. All members gave tremendous amounts of time to their duties, and all faced the moral dilemma of how one makes a "Sophie's choice", a life or death decision

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among one's own children. The committee performed extremely well in a very difficult situation. The committee's report was endorsed unanimously by the Faculty Senate at UM, an almost unheard of event. Both the committee and the administration adhered to both the word and spirit of the collective bargaining contract, and in so doing provided a superb example of shared governance in operation. All involved in the process hope that never again will this painful though necessary section of the contract be utilized. None of the programs recommended for termination or reduction is inappropriate for the flagship university of the state. They are programs both UM and the state need and should be able to support. None is of low quality. The plan, then, is a deliberate attempt to narrow the focus of the University of Montana in order to preserve and promote quality. Since UM is funded according to a formula based on the number of student credit hours generated by the University, it had to take into account the fiscal impact of each recommendation on a future UM. It would have been tragic for UM to eliminate programs that serve so many students that their disappearance would cause a serious reduction in UM's budget and force retrenchment once again in two or four years in the future. The recommendations recognize this imperative, but also pay heed to other criteria such as the centrality of a program to the University's mission, quality, inter-dependence with other programs, cost, research, and public service.

President Koch then reviewed specifics of each of the recommendations on the school of education, summer school, physics and astronomy, intercollegiate

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athletics, anthropology, religious studies, office of research administration, salary increment savings, communications sciences and disorders, and reductions and reorganizations in nonacademic areas.

Speaking at some length on the decision to terminate the communication sciences and disorders department, President Koch stated this decision is a particularly painful recommendation, symbolizing the unfortunate funding level of the University compared to its peer institutions in neighboring states, and the particular difficulties experienced at institutions in Montana in financing health related programs. These programs are expensive and are involved in public service and outreach, providing needed health care throughout the state. The funding formula compensates only for the credit hours generated, and does not provide compensation for the extensive health care and free service and clinical activities such departments are traditionally involved in. The state faces a dilemma in its funding of this program, and such programs as pharmacy and physical therapy.

President Koch noted the call of the special legislative session now in progress has been expanded to consider the possibility of obtaining one year's additional funding for the CS&D department. If that is successful, the program could be funded through the second year of the biennium. The recommendation would then be made to terminate the program in August 1991, rather than August 1990. It would also provide the legislature an opportunity to review how it will fund all health related programs in the System in the future. He asked the Board consider his recommendation

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of termination of CS&D in August 1989 be conditional at this time, awaiting the outcome of legislative action.

Professor Ron Perrin, Chair of the Retrenchment Committee, then described the process followed by the committee in developing the retrenchment plan, discussed the proposal itself, and concluded with general thoughts concerning retrenchment. He explained the process of consultation utilized with all parties affected by the recommendations under consideration by President Koch, and those added by the committee, leading to the committee's alternative to the President's proposal.

Speaking to two recommendations in the joint proposal, Professor Perrin stated the committee recognized the quality and significance of the CS&D program. The services it provides to the state of Montana are vital. Yet in the committee's judgment, the internal damage to the programs, enrollment, and the overall academic mission of the University are relatively less than what would occur with the elimination of other programs which it seriously considered and finally rejected. The University of Montana is first and foremost an academic institution. In the best of times the faculty welcomes the opportunity to serve in a social welfare role. But these are not the best of times. If the state of Montana recognizes its obligation to provide such services, then it must make a long range commitment to fund such services. They ought not come at the expense of the University's obligation to offer the people of Montana nationally competitive programs in post secondary and graduate education.

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Similar considerations of cost and centrality lie behind the recommendation to reduce the amount of state funding which support the programs in intercollegiate athletics. The faculty recognize and take pride in its student athletes and their coaches. This recommendation does not represent an attempt of the committee to find an easy way out of present difficulties, and it must not be interpreted as an act of vindictiveness.

Professor Perrin concluded with some brief thoughts on what has happened on UM's campus in the past few weeks. If anything positive emerged from this trial, it surely must be the reaffirmation of the University of Montana's long standing commitment to the democratic process of shared governance. Civility prevailed throughout the process. This should demonstrate to everyone across the state that the U of M is not just an institution of higher education, it is a rare community of higher education. He personally noted the exceedingly fortunate occurrence that they had in the presence of President Koch a person who understood this, and was dedicated to its preservation. But retrenchment is a difficult and trying process under any circumstances. Given the circumstances facing the University of Montana, retrenchment is not only difficult and trying, it is extremely frustrating as well, particularly when funding is so sensitively based on enrollment shifts that if UM was funded for the students now actually attending the University, rather than those it had earlier, roughly half the budget shortfall would be met. It is frustrating to retrench when the only way to do so is to default on some of the

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responsibilities set forth for the University in the System's role and scope statement. He spoke also to the University's frustration on what it perceives as lack of parity in funding per student between the University and Montana State University. Finally, it is frustrating to retrench while the state of Montana maintains a structure for higher education which systematically disadvantages both its university campuses. The University faces a severe budget shortfall, and sees no other way to meet it than to propose a retrenchment plan.

Campus and public comments were heard on the Communication Sciences and Disorder recommendation.

Mona Jamison, attorney and lobbyist, representing the Association of Speech, Language and Hearing, introduced campus representatives and other affected constituents of the department who spoke eloquently against elimination of the program. Ms. Jamison questioned whether today's hearing was a fair one if, as announced, the vote on the recommendation would be taken at this meeting. She urged the Board to delay its vote to allow time to consider the facts presented in testimony today, and seek a different resolution than elimination of such a vital program.

Testimony against elimination of the program included comments on how the retrenchment process occurred; the excellence of the program; its unduplicated status; and the vital services provided to the state in consultation to agencies, clinicians, and in providing continuing education to those who currently practice in the state and to clients communicatively impaired; and the extremely high percentage of graduates of the program who practice their profession in

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Montana. Testimony was also presented on how the department interacts with elementary and secondary education to enable the state to meet the mandate of Public Law 99-457 which mandates services to all children age 3 and older in 1992. The department provides essential services to the University needed to meet "reasonable accommodation standards" as mandated by Section 504 of the Rehabilitation Act of 1973 amended 1986, providing counseling of deaf students, sources of specialized tutoring for handicapped students, and a source of interpreters for the hearing impaired. Imposition of a "super tuition" was considered if it could maintain the program. Testimony elicited that probably no more than \$30,000 per year could be raised through that funding source.

Parents of children served by the program praised the clinical aspects of the program, noting many of them had moved to Missoula to avail their children, who are hearing and/or speech impaired, of the only source of help for those children available in the state.

Physical Therapists of Montana presented a petition (on file) in support of maintaining the program. The petition stated the program has 100 percent job placement, and cannot provide enough graduates for Montana's need even with the program in full operation.

Legislative representatives testified in support, noting 80 percent of legislators voted in favor of expanding the call of the current special session to include emergency funding for CS&D. This was cited as a measure of legislative support for this program, but the Board was cautioned there is hostility towards the Board

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for the manner in which System resources are requested and expended. Legislators present committed to introducing legislation in the next session to change the funding mechanism for higher education, and also suggested the Regents consider moving money among the campuses, and renegotiate collective bargaining contracts, in an effort to put additional revenues into the University to sustain CS&D and the athletic program.

Superintendent of Public Instruction Nancy Keenan also testified on the importance of the CS&D program to K-12 education in Montana, and urged the Board to retain the program.

Many other persons with varying degrees of speech and hearing disabilities who had received help from the CS&D department pleaded the program not be eliminated. If the program is eliminated, not only will an essential academic program be lost, but also a health service program that is used by over 600 persons yearly.

The Hill-Burton Grant on the clinic building was discussed. When that grant was accepted, the University accepted the obligation to provide twenty years of care to people who cannot pay for services. The grant was received in 1978; ten years remain of that commitment. The amount of the penalty will have to be negotiated with the federal government when this facility is no longer a clinic serving the public, and may far exceed the savings realized through elimination of the program.

Sentiments of the student body were expressed by the Chairman of the Organization for Academic Excellence. Tuitions have been increased dramatically, and services reduced. Students wish to make clear their

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dissatisfaction with these actions. Students believe no one is willing to take responsibility -- President Koch blames the Regents; the Regents blame the legislature; the legislature shifts the responsibility back to the Regents. Students were dismayed when retrenchment proceedings on campus were scheduled in buildings which were not handicapped accessible. By actions which will be taken today, a statement will be made to those citizens of Montana who have special needs. They will either be told they are valid members of our society, or they will be told the state cannot afford them. It is not that it would be nice if CS&D could be saved; it must be saved.

After many others had testified to the importance of the program to their lives, their frustration with its proposed elimination, the implied commitment to students in the program that will be severed through its elimination, and additional negative results of CS&D's elimination, public testimony was closed.

Chairman Lind assured those who had testified that their presentations had not gone unheard. Responding to a previous statement of Ms. Jamison's, Chairman Lind stated since President Koch and the Retrenchment Committee made their recommendation, and even prior to that, Board members have received virtually thousands of communications in support of the CS&D program. He wished to assure all constituents of the program that the Board, neither collectively nor individually, has determined in any other meeting or fashion what the fate would be of any of the programs slated for elimination or reduction. While there have

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obviously been discussions about the process and the merits of each of those, no where, at any time, has the Board made decisions on any of the recommendations. The Board is here today to listen, and to try to determine if there are alternatives available. He thanked all present for the time and effort expended in attending today's meeting. The Board recognizes the emotional hardship this entailed for many, and also recognizes the asset this program is to the state. The Board is faced with very complex and difficult decisions.

President Koch responded to comments made in testimony regarding alleged increases in administration. Data supports his statement there has been no such increase during his term at the University. Speaking to "reasonable accommodation for handicapped students," budget adjustments have been made to meet the University's legal obligations in that area. Questions on that could be addressed to Dean Barbara Holmann or to the Disabled Students Services Office, which did not exist in 1986.

Professor Perrin responded to discussions held earlier as to what extent all of the members of the retrenchment study committee had actually approved the document. He referenced minutes of the meeting and the memorandum to committee members soliciting corrections, and elaborated on how in his judgment, and that of other committee members, the misunderstanding occurred.

#### Religious Studies

Paul A. Dietrich, Chair of the Department of Religious Studies, presented written testimony on the consequences of the recommended decision to eliminate Religious Studies and on some of the problems associated

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with the retrenchment process (on file). If this recommendation is adopted, for the first time in 65 years there will be no curricular presence at the University of Montana in the study of religion. According to the current mission, role and scope statement, the department of religious studies at UM is the only department offering the only religious studies major in the Montana System. As the flagship liberal arts institution in Montana, it is entirely appropriate that a core subject matter of the humanities be located at Missoula. Student enrollment patterns at UM correspond to national trends -- students want courses in religious studies. Elimination of the program will not save the University money. Professor Dietrich also reviewed his perception of the problems with the retrenchment process as contained in the written testimony

Professor Ray Hart spoke also to the importance of the religious studies program to the core of the University, commenting religion will not go away -- what will be lost is that intelligent literacy that we have a right to expect of our citizens who are trained at the University. Documents provided the retrenchment committee and letters in support of continuation of the program were also submitted (on file).

#### InterCollegiate Athletics

Harley Lewis, Director of Athletics, University of Montana, began testimony by publicly applauding President Koch who in this very difficult time for the University of Montana has publicly and privately defended the academic and non-academic

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programs of the University. He expressed particular appreciation for the President's efforts to keep the athletic department as competitive as possible with the Big Sky Conference, and for his request to the Board to reaffirm that membership and competitiveness. That needs to be behind the athletic department. Retrenchment processes contribute nothing to the University, and have occurred too frequently in the last several years.

Mr. Lewis stated his position that athletics is the "other side" of education. It is not central to the strict academic mission of the University, but is adjunct to it. Athletics impact education, and are a major player in service. Athletics provide the University with visibility to students and the state, provide an educational base for coaching and motor skills, and provide a foundation for attitudes for competition which contribute to the quality of life. Athletics is one of the major avenues through which citizens of the state make contact with higher education and the University of Montana. A great deal of effort and time is expended to make that contact work.

Mr. Lewis reviewed athletic programs that have been eliminated in recent years, including men's baseball, golf, skiing, swimming and wrestling. On the women's side, gymnastics, swimming, and skiing have been eliminated. The University currently has six programs for both men and women; the minimum number necessary to maintain membership in the Big Sky Conference and in the NCAA. Any further reduction in the level of offerings will effectively eliminate athletics at UM as it exists now.

Athletics is funded at the lower middle level

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of the Big Sky Conference in football, both basketball programs, and women's volley ball, providing some opportunity through that focus for Conference success. The remainder of the sports program is funded last or near last in the Big Sky Conference, and have little chance for success. During the past six years, the athletic department has experienced a \$324,000 reduction in state funding, compromising any reasonable expectation of success. The problems that will arise if the additional \$150,000 reduction is approved, and if the athletic department is not able to locate substitute revenues, is that the University will not be able to be competitive in any sports field. The athletic program needs a guarantee of a certain funding level if it is to be an effective contributor to the University. It needs an affirmation of support from the Board.

Mr. Lewis concluded with comments on the enthusiasm and support of constituents of the University's athletic program, and the monetary and other contributions they make to the overall success of the University.

At Mr. Lewis' request, several supporters of the University's athletic program voiced their concerns with the proposed cut in the program, stating they believed it would negatively impact alumni contributions, tarnish the image of the University, and detract from the overall university experience students have a right to expect. Some also expressed concern with the proposal that additional funding for athletics be solicited from outside sources. This could lead to a lowering of standards for student athletes. Gifts to the University's foundation may be impacted. The Board

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was encouraged to reaffirm its statement of support for the University's athletic program adopted in 1973, and reject the recommendation of the retrenchment committee.

Regent McCarthy stated it was her understanding that the retrenchment proposal being considered would not have to be adopted if the University Teachers Union would forgo one year of its negotiated 2-1/2 percent increase. She asked if that had been discussed by union representatives with the retrenchment committee. Dick Barrett, President of the UTU, responded that request had been made by various constituents of certain programs. The position of the UTU is that it would always be willing to listen to proposals. However, the union believes the Regents are in violation of the contract now, and renegotiation cannot be considered.

Chairman Lind called for other comments on the retrenchment proposal as presented by the UM administration.

Mr. Barrett, representing the UTU, stated the UTU endorsed and concurred in the position taken by the Faculty Senate.

Hearing no other comments, the meeting was opened for discussion by the Board.

Chairman Lind asked the Commissioner to review his view of where the System now stands from an economic standpoint, and where it might realistically be headed.

Commissioner Krause repeated comments made in his evaluation report to the Board in yesterday's

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meeting regarding the serious dilemma faced by the University System. The interim funding study conducted jointly by the legislature and the University System demonstrated the two universities are funded at approximately 70 percent of their peers. Typically the System receives between 21% to 23% of the state general fund budget. Unless there are very substantial changes in revenue sources for the University System and the state as a whole, there is little potential to receive an increase in funding. Under the current level of funding there is an approximate 25 percent deficit to operate all existing programs. Probably the System has only begun to see the kinds of curtailments that will have to be made if the legislature can not be convinced to increase the state's revenue base. While the Board of Regents can not presume to tell the legislature exactly how that can be done, the Board must be as strong a proponent for higher education as it can be and encourage a revenue base increase. Commissioner Krause stated he was not optimistic the revenue base will be increased in the short term. He believed the Board will be faced with substantial reductions in programs throughout the System. He stated also he did not believe the University of Montana has a choice in its retrenchment proposal, nor does the Board have a choice, other than to give serious consideration to the administration's recommendations. Clearly the \$1.5 million must be reduced to reach the budget level under which the University must operate. The luxury to take no action does not exist.

Commissioner Krause then responded to comments made during the testimony on the

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recommendations regarding disparity of funding between the two universities. This is partly the result of a misperception, created primarily because of the mix of high cost programs on the respective campuses. Looking at the total budget, the two universities are funded within \$20 per student. There are variations in categories of the budgets, but the overall gross budget numbers are very close. It is important not to divide the two universities by establishing the perception that funding is so disparate.

Commissioner Krause concluded by recommending the Board provide itself some flexibility on the CS&D program in the event legislative efforts to delay its termination are successful. However, firm action on the retrenchment recommendations is necessary, albeit exceedingly distasteful.

Chairman Lind commented the remarks of the Commissioner are not what anyone likes to hear, but the Board felt it should be heard. He reviewed the Board's commitment to improving faculty salaries, knowing when it did so that if those increases were not funded, the problems facing the System today would arise. Specific language exists in the collective bargaining agreement acknowledging full time faculty positions may be required to be reduced if sufficient state funding was not received to fund the negotiated peer adjustments for faculty. A decision was made to preserve the quality of instruction students deserve, and if that meant reductions in programs, that action would be taken. The public is becoming aware of the kinds of dollars it takes for the System simply to become competitive with its peers in providing basic academic, as well as

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athletic, programs. The proposed elimination of the CS&D program is extremely painful. Every means of retaining that program will be explored -- public or private resources, super tuition. Meanwhile, the Board will also explore every option to convince the legislature in the next session that the System needs more dollars, or it will be dramatically different in the next years. He asked members of UM administration to respond to the statement made in earlier testimony that eliminating the religious studies program will not save money, and if there are alternatives to elimination of the CS&D program. He also asked UM administration to respond to the Hill Burton grant issue, and if the serious problems with accreditation of the pharmacy program at UM had been known during the retrenchment review, would that have changed the recommendations.

Provost Habbe responded in President Koch's absence. None of the choices are good. But through a conscientious and agonizing process on campus, these were the "least worst" alternatives a group of hard-working, rational, committed people could develop. There are always options and alternatives, but these recommendations are believed to be in UM's best interest. Concerning the pharmacy program, the Commissioner's statements regarding the future of the entire System are extremely relevant. The retrenchment recommendations before the Board are systematic of problems that face not just the University of Montana, but the entire System and the state. This is indeed the first of many such decisions the Board will be faced with. UM is awaiting a report from the American Council on Pharmaceutical Education. It is important not to anticipate the outcome of the

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report; however, having participated in the review, Dr. Habbe stated there may be another set of difficult choices to determine if that program has become too expensive.

Dr. Habbe responded to the issue of super tuition for CS&D. He reviewed contingency plans called for due to budget shortfalls in previous years. The CS&D program and the religious studies program were on those lists also. Through negotiations and realization of some revenues, those programs were preserved. Extraordinary tuitions were imposed on pharmacy, physical therapy, and architecture. A super tuition for CS&D was considered and rejected at that time. One of the difficulties is the economic level normally achieved by at least immediate graduates of that program. At the end of deliberations on super tuitions approximately two years ago, Regents directed that no further super tuitions be imposed in the System until a study of the true costs of all programs was conducted.

Acting Vice President Spencer, UM, responded negotiations are underway with the federal government on the amount of the Hill Burton grant that will have to be repaid. This will be one of the close out costs of the program if the program is eliminated, but no dollar figure is available now.

Dr. Spencer elaborated on UM's consideration and rejection at this time of elimination of the Pharmacy program. In summary, it was decided this would be a devastating blow to another component of the health community of the state, and would be counterproductive to the University because of the budgeting mechanisms.

Speaking to elimination of religious studies,

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Dr. Spencer said that decision had not so much to do with numbers of students taking the course, but the number of majors enrolled, and those attracted to the University to study religious studies. It was unanimously recommended to the President that the academic study of religion continue as contained in the retrenchment proposal; it was agreed that could occur without the program being a stand-alone one. Dr. Spencer explained how the committee and the President perceived money would be saved through reductions in faculty and support positions, library allocations, etc.

In discussion of elimination of CS&D, Regents sought and received answers to questions of how requirements of Public Law 99-457 would be met; how local schools would meet requirements to provide speech and hearing services; how the University would meet its legal and academic assistance obligations to handicapped students; how UM would fulfill its obligation to students now enrolled in the program and anticipating graduation; and whether any money gained (1990-91 biennium) by the University through increased enrollments would be allocated to the athletic program for a short term gain.

Chairman Lind asked the Commissioner to prioritize the retrenchment recommendations, based on testimony received, and the remote chance of obtaining additional revenues.

Commissioner Krause stated the two top priorities constituting actual retrenchment are elimination of CS&D and religious studies. If one could be salvaged, he would recommend that action on Communication Sciences & Disorders. The recommendations

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on education , anthropology, the summer school, etc., while demanding acknowledgment by the Board, do not involve tenured faculty and are not in the literal sense retrenchment. Alumni, boosters, the foundation, etc., will have to be asked to do even more, and they do a great deal now, to sustain the athletic program. There is some small hope of obtaining some funding for CS&D from the special session of the legislature; perhaps a small amount could also be raised from outside sources. Dr. Krause stated his recommendation, based on those considerations, would be that the Board adopt the retrenchment plan as presented, with the caveat on the CS&D recommendation that it not be eliminated until August 1991 if additional funds are found. The recommendation to eliminate it would continue; the time of elimination would be put forward one year and perhaps the program could be reinstated.

Dr. Krause stated action must be taken today that makes it clear the System is retrenching. This is necessary because of contractual obligations and the need to stay within the retrenchment procedures. Dr. Krause also spoke to the earlier suggestion of Senator Van Valkenburg suggesting each campus contribute "a little bit" to the University. That is not realistic. All units are cutting; Northern Montana College is retrenching; MSU and EMC made deep cuts over the last two years. Transferring money from other underfunded units is not a solution.

Regent Mathers noted that regardless of the constitutionality of Regents transferring money among units of the System, in practice it is viewed with extreme hostility by the legislature and its staff. The

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System is budgeted by agency, and such transfers are viewed as technically breaking the law.

MOTION: Hearing no further discussion, Regent Mathers made the following motion: Move that the Board in its collective judgment find that retrenchment is necessary and therefore approves the University of Montana's retrenchment plan as presented to the Board by President Koch in the areas of religious studies and communication sciences and disorders, including all indicated staff reductions. The program eliminations shall be effective August 1990, except that in the case of communication sciences and disorders, if sufficient additional funding is made available, elimination of that program will be made effective August 1991.

Regent Mathers stated it is very distasteful to make such a motion, but he saw no other route for the Board to take. He concurred with the Commissioner's statements that there will be many more such difficult decisions in the next four years unless the legislature takes it upon itself to address the tax problems in Montana.

Provost Habbe requested clarification on the contingency aspect of the motion. He understood it was intended to incorporate the recommendation of the Commissioner made earlier. It is important to be very clear to students and faculty as to exactly what will occur. If the motion passes as made, are obligations terminated to the students?

Dr. Krause responded there are approximately seven days remaining to obtain additional funds from the legislature, and explore other sources. The motion states the program is terminated August 1990. Notice

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to that effect is given by the motion. If within the next week revenues are found to fund the program the second year of the biennium, elimination of CS&D will occur August 1991. The Board will not have to reconvene; one of those two actions will occur.

Commissioner Krause also held out the hope that when the University System funding study is continued, a different method of funding high cost programs is a high priority agenda item. If the legislature responds positively, then notices on CS&D could be rescinded. Whether faculty and students will remain in a program under such threat is unknown.

Regent Redlin requested and received clarification that if the amount of money raised was short only the amount that could be raised through a super tuition, the Board would have the opportunity to utilize that option.

The question was called on Regent Mather's motion. The motion carried unanimously.

Discussion was called on the recommendation in the retrenchment report regarding the athletic program at UM. Chairman Lind asked Provost Habbe to speak on the University's pledge to make every effort to make up the shortfall, and its concerns on erosion of the base funding.

Provost Habbe explained the varied aspects of the athletic proposal, certainly one is the reduction of the \$150,000 of state funding. Second is to address the cost issues of the athletic programs. Of primary importance is the request to the Board that it reaffirm its statement made in 1973 that it wishes UM and MSU to remain competitive in the Big Sky Conference, with the

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University pledging every effort to sustaining virtually current level funding for the athletic program, even in view of the loss of the base funding. Dr. Habbe stated he would prefer President Koch have the opportunity to respond to specifics, but he believed it was the president's intent to make every effort not to destroy the athletic program. The reaffirmation is requested because the University believes athletics is an important part of the University; it believes the Big Sky Conference is an appropriate conference for UM to participate in; and the statement of support adopted by the Board in 1973 is a reasonable statement which has worked well for the University. The arguments heard earlier against private funding and outreach are valid.

Chairman Lind noted reaffirmation of the athletic programs was discussed at the June 1989 workshop. In that discussion, all units of the System were instructed to remain competitive in their respective conferences. Administrators were instructed to use their best efforts to initiate cost saving measures in their individual conferences.

Responding to President Koch's request, and to make the workshop discussion official by action, Regent McCarthy move the following statement be reaffirmed with the caveat above that the reaffirmation pertains to all units of the System, not limited only to UM and MSU:

Reaffirmation of Action Taken by the Board of Regents on October 19, 1973

The Board of Regents agree to fully support the presidents and athletic directors of Montana State University and the University of Montana in their attempts to reduce the costs of the Big Sky Conference. The Board approved the following statement:

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That intercollegiate athletics at Montana State University and the University of Montana be funded in a manner that will provide a budget sufficient to allow both institutions to be competitive in the Big Sky Conference; that the Board consider the budget totals, numbers of scholarships provided, and number of intercollegiate sports being supported by the other institutions in the conference; that such funding be derived from the following sources in such percentages as deemed advisable, giving due regard to the sources and percentages of support being received by the other participants in the conference:

1. Fee waivers granted by the Regents for in-state, as well as nonresident students, up to the maximum conference allowable totals.
2. State funding.
3. Other Income (defined as gate receipts, guarantees, concessions, programs, TV, radio rentals, etc.)

Regent Redlin stated for the record that while she supported the importance of remaining competitive in athletics, it is also important to remain competitive in academics. If progress is made in the academic areas, she would want to see progress in the athletic programs. If that does not occur, athletics will need to suffer equally, and unfortunately in some instances, unequally.

Regent Mathers and Chairman Lind echoed Regent Redlin's statement; it is not possible to segregate any one specific area and state it will not be adversely affected. The total impact of all programs on the University System will be under scrutiny; however,

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the Board wishes to make a strong statement that it does not desire to see academics and athletics pitted against one another.

The question was called on the motion to reaffirm the Board's statement of 1973. The motion carried unanimously.

Chairman Lind concluded discussion and action on the UM retrenchment proposal, stating the required actions on religions studies, communication sciences & disorders, and the athletic program recommendation have been taken. While the remainder of the UM retrenchment recommendations do not require Board action he asked for the concurrence of the Board on those recommendations.

MOTION: Regent McCarthy moved the Board concur and approve the other recommendations contained in within the University of Montana retrenchment proposal submitted by the administration and the retrenchment committee. The motion carried unanimously.

Chairman Lind stated the Board assumes the University of Montana, through its administration and the Commissioner's office, will continue to seek whatever avenues it can to develop alternatives and proposals to find resources that might be contributed to the programs affected by the retrenchment actions.

Provost Habbe referred back to comments made earlier regarding the summer school program recommendation that it be moved to a self-supporting basis. Dr. Habbe stated his understanding on behalf of the UM administration is that if other means of funding are found to be feasible, the Board agrees they should be pursued. This would also apply to the other affected programs Chairman Lind concurred that is the Board's intent.

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At this point, Chairman Lind was excused and Regent Mathers assumed the chair.

Northern Montana College Retrenchment Report

President Merwin, Northern Montana College, distributed and reviewed a packet of materials pertaining to the review (on file). Briefly, he explained the booklet "Academic and Support Services Program Review" instituted on April 11, 1989 was developed when it became evident NMC would not be funded by the 51st Legislative Assembly at a level that would sustain present operations during the biennium. He underscored the appreciation of NMC to the legislature for the \$500,000 transition money provided. Those funds were intended for and will be allocated entirely to fiscal year 1990.

President Merwin explained the retrenchment plan is more than that -- it is a plan for reduction and reallocation. NMC has three goals in the process: (1) balance the budget, (2) reinvigorate the campus, and (3) reposition NMC on the market place. President Merwin elaborated on each of the goals. The program review provides a rationale process to accomplish the stated goals. The process was described to all faculty and a great number of students at NMC on May 24, 1989.

The plan being presented today is a composite plan for balancing NMC's entire budget, and contains the proposed reallocations and reductions.

On May 22, 1989, a state of retrenchment was declared by President Merwin with the Executive Committee of the Montana Federation of Teachers of Northern Montana College. A memorandum to the NMC Federation of Teachers dated May 22, 1989 (on file)

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outlining this participative, analytical process was included in the packet of materials and was reviewed by President Merwin.

President Merwin also explained that only three tenured faculty are affected. They will be encouraged to exercise their rights under the collective bargaining contract.

Next President Merwin reviewed his memorandum to the Reduction, Retrenchment & Reallocation Committee dated June 20, 1989 (REVISED 2:00 p.m.) (on file). The memorandum represents a compromise. NMC's collective bargaining process is considerably different than that of the University of Montana. It provides the president much more authority as well as responsibility. President Merwin stated he attempted to treat the process as one which would reach consensus; however, he was not required to go back to the Faculty Senate for a vote on the proposal. The best he could hope for was what was received -- a measure of consensus.

President Merwin spent some time elaborating on each of the eleven agreements achieved during the June 19, 1989 deliberations by the RRRC working with President Merwin and his executive staff. The agreements deal with (1) affected tenured faculty; (2) guarantee of availability of affected courses to students; (3) freeze of NMC president's salary; (4) elimination of Native American counselor/recruiter position; (5) reduction of computer center staff; (6) elimination in FY 91 of rodeo and swimming teams; (7) vacancy of Director of College Library position in FY 90-91; (8) vacancy of Director of Enrollment Management position 10/1/89 thru FY 91; (9) funding of Great Falls

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initiatives at Malstrom and Great Falls Vo-Tech Center; (10) agreement on 3 of scheduled 7 tenured faculty positions to be retrenched (RRRC would not agree to total elimination of any academic degree program); (11) proportion of instructional positions and non-instructional positions (nearly equivalent).

President Merwin spent some time on the RRRC's vehemence that NMC should never retrench faculty, and then reallocate resources to Great Falls. That is extremely controversial in Havre. He described the dilemma. NMC lost 150 FTE enrollments in 1987-88. That is just now affecting the funding in 1990-91. Those must be recovered this year, or the Board will be told again that NMC is down \$500,000 because the transition money does not go into the base. NMC must grow; all energies of the institution must be directed towards producing that enrollment growth.

After extensive negotiation, the total reduction proposed in this plan is 7.16 FTE from instruction (\$329,000); from the non-instructional side, 8.33 FTE positions (\$316,000).

Next President Merwin reviewed the attachments to the June 20, 1989 memorandum setting out expenditure reductions required to balance budgets for the FY 90-91 biennium; current unrestricted operating budget FY 1991; current unrestricted operating budget FY 1990; and factors used in building FY 1990-91 biennium budget. While underscoring the reductions, President Merwin noted there are increases in the budget for recruitment, nursing, business, teacher education, equipment, middle technology, and the library. He stated he believed one of the reasons the plan received

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the acceptance that it did is that growing areas of the institution stand to gain something as a result of the reductions and reallocations. The painful part is these gains are at the expense of other programs.

Section 4: Retirement as stated on the expenditure reductions attachment received some discussion. President Merwin explained the letter of retirement is anticipated before June 30, 1989. If it is not received, the position will be added to the retrenchment list. Commissioner Krause noted that contingency will have to be part of any motion made on the plan.

Summarizing, President Merwin stated NMC will be reducing its budget by \$652,992 in 1991, resulting in over \$900,000 in cuts over the two year period. That is significant. NMC will implement the faculty 6 percent raise as per the collective bargaining agreement; it will implement all classified employee raises; the figure includes the amount to give faculty the 2.5 percent increase. Realizing that is being contested, if it is determined it does not have to be paid, the budget reductions would be reduced by \$70,000 in FY 90 and \$140,000 in FY 91.

President Merwin concluded his report on the optimistic note that accepted applications for admissions at NMC are up 50 percent over last year. The summer program looks to have the highest enrollment in the institution's history. NMC is "coming back". He stated his hope that the plan presented today will position NMC in the marketplace, allow balancing of the budget, and energize those programs that need to be energized.

Acting Chairman Mathers called for further discussion.

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NMC students present supported the process and the recommendations, regretting the need, but asserting they were arrived at fairly. Vice President Jerry Brown spoke briefly to the seriousness of the cuts at Northern, and how deeply they are felt by administrators, faculty and students.

Chief Counsel Schramm referenced the difference in the collective bargaining agreements at Northern and at UM, which was mentioned earlier. From his reading of NMC's agreement it appears the president has the discretion to implement these procedures without Board approval. Commissioner Krause interjected while technically that is correct, dealing with terminations of tenured faculty it is desirable to request Board approval.

MOTION: Hearing no further discussion, Regent McCarthy moved that the Board in its collective judgment finds that retrenchment at Northern Montana College is necessary, and therefore approves the Northern Montana College Retrenchment Plan as presented by President Merwin in the areas of industrial arts, geography, and the itinerant vocational program, including all indicated staff reductions, but not including the recommended freeze on the Northern Montana College president's salary. The program eliminations and reductions shall be effective July 1 1990.

The motion carried unanimously.

The meeting adjourned at 5:10 p.m. The next regularly scheduled meeting of the Board of Regents will be held on August 3-4, 1989, in Helena, Montana.

