

MINUTES MINUTES

Montana Board of Regents of Higher Education

Regular Meeting

November 16-18, 2005

Montana State University – Bozeman

PO Box 172440

Bozeman, MT 59717-0001

WEB PAGE ADDRESS: <http://www.montana.edu/wwwbor/>

BOARD OF REGENTS MEETING

THURSDAY, November 17, 2005

The full Board convened at 10:10 a.m.

ROLL CALL

Roll Call indicated a quorum present

Regents Present: Stephen Barrett, Mike Foster Vice Chair, Lynn Hamilton, Kala French, John Mercer Chair, Mark Semmens, and Lila Taylor. Also present was Commissioner Sheila M. Stearns.

Regent Absent: Governor Brian Schweitzer ex officio excused, and Linda McCulloch ex officio excused
Representing Governor Brian Schweitzer: Ms. Jan Lombardi, Education Advisor

APPROVAL OF MINUTES

 Regent Foster moved **APPROVAL** of the Minutes of the September 21-23, 2005 Regular Meeting in Billings, MT

 The Minutes were **APPROVED** unanimously on 7-0 vote.

SYSTEM ISSUES

a. Discussion with representatives from Stanford Research Institute and Ligocyte about the Montana University System role in promoting economic growth.

President Gamble passed out a supplement from the local newspaper showing data on students staying in Montana. He introduced Valerie Wagner as one of those graduates. **Ms. Wagner** said she works for Stanford Research Institute in Helena, which is based in Silicon Valley. The firm is involved in creating software for the cutting edge of industry and defense. Their products are used worldwide, and SRI chose to put the branch in Helena due to the high quality graduates available, as well as the quality of life in the area. Several MSU graduates are employed at the Helena facility. The Regents were impressed with the quality of Ms. Wagner's personal academic accomplishments, and were pleased to see that her undergraduate research opportunities led to an excellent position.

President Gamble next introduced Dr. Robert Goodwin, President of Ligocyte for the past six years. **Dr. Goodwin** indicated they had recently moved their offices into the new Tech Park and they have 46 employees. Ligocyte has been in discussions with the FDA to do their first human studies. They hire graduates from MSU, and currently have 19 of them. They also hire undergraduates for internships because of the quality these students bring from MSU. **Dr. Goodwin** compared his own education at UCLA with that received by the students at MSU. The MSU graduates are already skilled in lab techniques using the same equipment used at Ligocyte. **Dr. Goodwin** said they also license technology from research done at MSU, and have invested more than \$1mil in the last few years in the campus. When looking for a location for the company, Bozeman was chosen for the mix of its fine research campus, jet capacity airport, and ski resorts.

b. Roundtable with local members of state legislature and representatives of Governor Schweitzer, Senator Baucus, Senator Burns, Congressman Rehberg: Discussion: what are the one or two major changes we would like to effect in Montana and how do we work together to achieve these goals?

Present for the Roundtable were Representative John Sinrud, State Senator Gary Perry, State Senator Bob Hawks, Jan Lombardi from the Governor's office, Melanie Brock from Senator Baucus' office, John Gerard from Rep. Rehberg's office, Misty Pilcher of Senator Burns' office, and State Rep. Brady Wise.

Chair Mercer explained that the Montana University System wanted to be good collaborators, and asked those present at the Roundtable to point out one or two goals from the Long Term Goals list that could be set as goals for the state of Montana which all could agree on and then pursue. **Rep. Brady Wise** indicated that what the Montana University System was doing in his district was fantastic, with research, intellectual activity, and economic activity. There is what some consider to be too much prosperity, which is basically due to the campus in Bozeman. He noted however, that students are hitting the wall on tuition costs, and those that complete school are entering the work world with high debt. Those that graduate in lower paying fields are financially crippled. He asked that the Board address the issue of affordability. **Chair Mercer** replied that affordability is a very important issue to the Board. He believes the solution will be found in growing the economy. If people are making more money, the tuition will be more affordable. He indicated this would also be discussed the next morning. **Misty Pilcher** from Sen. Burns's office reported that Labor Appropriations had come out of conference the previous day. They restored funding for Perkins, GearUp, and others. She also noted that Senator Burns is dedicated to growing the economy. **Ms. Pilcher** reminded the system that they will need to formulate their needs for the next session as soon as possible. **John Gerard** from Rep. Rehberg's office offered further update information regarding Reauthorization, and said it continues to be an uphill battle. **Melanie Brock** reported that Senator Baucus supports making education more affordable for students, and is supporting most provisions of the Reauthorization Act. **Jan Lombardi** carried the Governor's thanks to all who were involved in his Energy Summit. She also noted that the Governor likes "big ideas," and there is a "good idea" link on his web site. **Ms. Lombardi** said the Governor is clear that the state did not get here overnight, and the funding challenges won't be solved overnight. The conversations in their office are to bridge the gaps between first and last, access and affordability, economic development, and offering resources to make the University System most efficient. She indicated the Governor's office wants to help the system with financial resources to solve the transfer issues. State **Senator Bob Hawks** indicated that in the committees on which he serves, higher education is a high priority. With tremendous change in the technical fields, he believes Montana needs to provide students with the thinking skills to adapt between the fields, with writing and communication. Pomona College uses PAC, which is Perception, Analysis, and Communication. **Sen. Hawks** said Pomona is now expanding PAC into 32 skill sets, which are incorporated into the curriculum. He indicated this is for average students, not just the outstanding ones. Further, he believes there is no need to promote the system since the word is already out. State **Senator Gary Perry** said that in the next legislative session, everyone will need to be creative because the school funding issue will make the budget tight. He believes there needs to be an overhaul of the entire tax system, including a sales tax, and he hopes the University System will support that issue. Also important to Montana is education, especially vocational technical education since there are a lot of high school graduates without the skills to continue in the various fields that are needed in the state and country. Not all are destined for four years of higher education and beyond. He does not believe that this need is being adequately addressed in Montana. The citizens of Montana are fighting for their economic lives, while competing with China. **Sen. Perry** said he is in engineering and manufacturing, and he sees this country slitting its own throat by exporting jobs to China, and this is a big issue with him. He believes it to be a national security issue. He indicated there can be "clean" manufacturing industries, and "clean" mining in Montana. These are issues that need to be addressed. **Sen. Perry** admitted that there is high tuition in Montana, and he has helped students through school with part time jobs over the last several years. He asked those that had left the state for lower tuition, and then returned to complete their education at home why they came back. They indicated that the quality education is in Montana. One student who graduated in engineering, married, bought a new car, and had \$20,000 educational debt. He pointed out that the student debt was the value of the new car. **Sen. Perry** believes they need to place value on the quality of the education in Montana. Another issue is the problem on the Indian reservations with unemployment and non-completion of school. He believes this needs to be addressed and solved. **Rep. John Sinrud** indicated he agreed with Senator Perry on the cost of education, as he still has education loans he is paying off. He also found that his degree did not make a change in his job. He agrees that Montanans get high value for the dollar in education, and it helps to raise all the boats in the state. As far as the University System helping the State, he recommended working on cleaning the water in the extraction of methane or natural gas. He believes that if this country can put a man on the moon, someone must be able to clean the water. He indicated further the need to help eastern Montana economically. Before 1972, agriculture was the basic industry of the state. By 1985, while moving away from that industry, Montana was at the bottom of the totem pole in wages. Mining and agriculture have not been replaced by a new industry, and he believes the state needs to start moving. **Rep. Sinrud** said there should be no more fighting over coal bed methane, but the state should simply do it.

Chair Mercer noticed that they constantly receive offers of help from the Congressional Delegation, and updates on what is happening in D.C., but they never ask for help from the Montana University System. He thought it was probably due to the historical approach, but he reiterated the Board wants to know how the system can help them too. **Chair Mercer** commented on the perceptions presented on the operation and management of the system, and indicated they will need to follow up on those issues. **Representative Brady Wise** noted there is a great deal of stress due to uncertainty about funding issues. He suggested one way to help fix that major part of state government operations, is to figure out how to get young teachers graduated without great debt. Teachers have a great burden with debt. He noted that last year on a trip to Mexico, he met a young couple from Las Vegas. They were teachers who had left Montana to work in Nevada so they could pay their loans. This is a serious

problem in the school finance situation. They need 800 to 900 new teachers every year. Without debt, the salaries in Hysham and Libby are more affordable for them. **Rep. Wise** also mentioned the high cost of books. Students now look at \$1000 a year for books. He suggested such approaches as open source textbooks, electronic delivery, and open copyright. **Regent Barrett** replied that the Board has been wrestling with the textbook issue. However they need to prioritize where they will focus their energies. They also must pay attention to the issues of the cost of operating the system, and efficiency, but can't lose sight of the real issue. The data suggests that the Montana University System operates efficiently compared to the peers, but outside factors keep rising. The true objective is to raise the tide for all boats. He believes everything else is just a band-aid approach. **Regent Foster** recalled that the Board had attended the bioscience conference at the end of the September meeting to hear world class scientists talk about what Montana can and does do. It requires a partnership involving higher education and the legislature, the Congressional delegation, and the private sector. He said that combination brings about amazing things. University System faculty are doing research on methane water purification, and although it doesn't receive a lot of press, it is a big deal. That is the type of idea that needs to be partnered. **Regent Semmens** believed the most important thing was to raise income levels to close the wage-tuition gap. Educational level is the strongest indicator of the income level. These are market realities, and he said they need to have an open and direct dialogue on the cost of education, pointing out how much is paid by the State and how much is paid by students. Montana spends less than her peers. **Chair Mercer** asked what kind of difference there was with Wyoming having only one campus while Montana has a multi-campus system. **Regent Semmens** indicated one campus is more efficient, but they are spending 40% more than Montana spends. The Legislature chose two indicators for reports in the PEPB. The first is state support for education on a per capita basis, and the second is appropriations as a percentage of income. Montana has committed less and less of the state income to education. Affordability is critical, and **Regent Semmens** indicated the Board wants to continue this dialogue with legislators and others to figure out how to solve it. **Chair Mercer** commented that if one of the goals was to graduate teachers with less debt, the University System option would be to lower the cost with larger classrooms, or lower quality teachers, or to increase tuition for other students. It would be concluded they needed more state dollars. If they tried to provide a tax credit for debt for teachers, that would also cost state dollars. There is no money available. He believes therefore they must find ways to grow the economy. **Chair Mercer** noted that if the time in school can be shortened, it also lowers the cost. He asked if increasing income levels would be a good goal, or if it would be realistic, and if so if those at the table would want to work with the system on that goal. **Senator Hawks** said that retention should also be on the table. **Senator Perry** said they need ambassadors to go to the schools to show exciting possibilities for the future. **Regent Hamilton** noted they are having those conversations in P-20 and the Indian Education for All committees. They also believe it is necessary to get the message out that college is possible. Organizations are coming together to develop that message and to show students how to make it happen. **Rep. Sinrud** asked how the system measures success. **Regent Semmens** explained that the campuses follow up on whether graduates are employed in their own field, the average income, and whether or not the employers are satisfied. 92% of two-year graduates are moving on in the state and increasing their income. **Rep. Sinrud** asked if the system was approaching those whose parents are not college educated and find the system too cumbersome, and if they were trying to increase the knowledge base to make it easier. **Regent Hamilton** indicated there are two programs in Montana doing that, one being sponsored by SAF with Montana Career Information System, and there is new program, the Annual College Goal Sunday. **Jan Lombardi** proposed they further discuss this issue at the Board of Education meeting in January. She indicated she would pull together a panel to look at some of the areas where they need to focus their energies. There is an interagency focus in the state to look at what happens to the graduates, and what kinds of jobs they obtain. **Regent French** said there is a change in her generation, and they expect more money. She hopes they can be ambassadors to business people to prepare them that this is coming. **Regent Foster** noted they need to remember to put in the mix that two-year education is an excellent option to consider. **Rep. Wise** recommended they look at more than wages as a metric of success. He noted that in Montana it is about equity. It is not just about putting individuals in place for high salaries, but creating the businesses that will pay those high salaries.

Chair Mercer thanked the panel for the good dialogue. He asked the representatives of the Congressional Delegation to ask their bosses to meet with the Board. He said he wanted to be able to look at them and let them know the Board wants to help them in any way possible. **Chair Mercer** asked Jan Lombardi to ask the Governor, as Chair of the Board of Education, to call an emergency meeting of the Board of Education to solve the funding issue for K-12, which is not reaching conclusion by the legislature. **Ms. Lombardi** indicated she would take the message to the Governor, but she wanted to reinforce that the Court asked the Legislature to solve the problem and the Governor is letting them work it out.

The meeting recessed for lunch at 12:05 p.m.

The Board reconvened at 1:45 p.m.

DISCUSSION WITH CAMPUS Leaders (President Geoff Gamble, Chancellor Ron Sexton, Dean Dan Bingham)

President Gamble reported on their Michael Malone Historical Series of lectures. He also said they are trying to offset tuition with endowed scholarships. They closed their \$10M campaign for scholarships with \$21M. They realized an additional \$6M going directly to students through wages or tuition assistance. **President Gamble** does

not believe they are doing enough to communicate to the public their accomplishments, and he has decided to issue an RFP to bring an outside expert to streamline the processes and communicate to the public what they are doing. Student leadership is supportive.

Justin Cross reported for Interim President Ralph Lenhart. He has been at Dawson Community College for 13 years. Their greatest challenge is maintaining the balance between meeting needs and their fiscal constraints.

Chancellor Sexton indicated they are considering how to strengthen the relationship with the Local Executive Board. He looks forward to closer collaboration with them. His most important concern as they work through the Allocation Model is that they have fallen so far behind in base salaries for faculty, that unless they make the commitment, a 6% pool will be necessary over the next six years to recruit and retain.

Dean Daniel Bingham expressed the same concerns with finances and faculty issues. He reported that about a year ago they received a grant, and now have an internship program to develop a manufacturing program around their aviation program. They are also extending fire sciences training for western Montana. Since they don't have a lot of resources, he believes it is best to leverage what they do have. They have their first RN cohort program this year, and it will double in '06. He said the number of people interested in the program is staggering. They are leveraging a partnership with St. Peters Hospital, and share a new training facility to keep their own costs down. **Dean Bingham** is concerned, and urged the Board to look at the articulation of programs.

Regent Semmens said there is a lot of misunderstanding in the public on the funding of the system. He believes they need to work something into the funding model to bring in the Local Executive Boards to help with this issue. **Regent Hamilton** asked if the "next generation technology" at MSU-Billings would help with the problems of rural education. **Chancellor Sexton** indicated it might be able to help. **Regent Hamilton** asked if it was something that needed to be discussed statewide on the IT infrastructure and IT services. **President Gamble** indicated he played a role in Washington when they linked all the campuses from K through 20 with fiber optics. It is a very laborious process, but is wondrous when complete.

Commissioner Stearns introduced Tom Gibson who was recently hired by her office to address this very issue. His position is funded for this biennium by the Shared Leadership Goal of promoting access through distance learning.

Chair Mercer indicated he hoped the idea of the statewide infrastructure did not get lost. **Commissioner Stearns** expressed her appreciation to Chancellor Sexton for his reminder to consult the Local Executive Boards. The turnover is fairly significant right now, and she suggested it might be possible to meet with all of them before the July Board meeting, and then have them sit in on the Board meeting. **Regent Foster** asked the campuses if they made recommendations to the Governor's office, or if they had no participation. **Chancellor Gilmore** reported that his campus in every case makes recommendations, which are sometimes followed and sometimes not. **Regent Barrett** said he found out that the campuses can make recommendations, but there is the same open application process as for the Board, and anyone can apply. **Jan Lombardi** indicated that Patti Keebler is the Appointments Coordinator for the Governor, and she has a place on the web site to submit an interest to serve on any of the Boards or Commissions in the State. Recommendations can also be made through that system. The Coordinator looks at the entire pool of applicants, comparing for qualifications, diversity, regional representation, generational representation, race and ethnicity.

END DISCUSSION WITH CEOs

Following a ten-minute break, the Board reconvened at 2:20 p.m.

ADMINISTRATIVE/BUDGET ITEMS

- a. Report from the Associate Commissioner for Fiscal Affairs
 1. Audit Reports

Regent Semmens gave a brief update on the Audit Reports as shown in the Report from the Associate Commissioner.

2. Athletic Report (Action Item)

 **Regent Semmens** **MOVED APPROVAL** to submit the Athletic Reports at the January meeting in the future, with the next report due in January 2007.

Regent Foster indicated he looked at other than fiscal aspects of the athletic reports, such as resident and non-resident athletes. This is an important issue to him. Since the Budget Committee focuses on the fiscal aspects only, he believes there needs to be another way to address the other issues. **Regent Semmens** agreed, and reported that student athletes show better graduation rates and GPAs than the general student population. 61% of athletes are residents, and 39% are non-residents. He indicated that data is in the report as presented. **Regent Foster** said there is a wealth of information in the reports, but he doesn't expect the Budget Committee to spend a lot of time on those other things. He also didn't want to take up time in the full meeting on those issues. **Chair Mercer** was sure the Board would have no problem with the Academic / Student Affairs Committee looking at the report from a different aspect. **Regent Hamilton** said that over the years they have seen how the small campuses have trouble supporting student demands and requirements of the group they are in. She believes they could bring this discussion into the ASA Committee and it probably would be of interest to the Student Affairs Officers. However, they would need to know what the objective of the conversation would be. **Regent Barrett** noted that student athletes are 1500 out of 30,000 plus population. They have a bigger picture to look at than that group

alone. **Commissioner Stearns** commented that the reports are a little clinical, and that perhaps the campuses could add a summary that puts more of a human face on it in the future. She asked if that would work for Regent Foster, and he indicated it would.

 Motion **APPROVED** unanimously on 7-0 vote.

3. Fall Enrollment Numbers and HB 2 Reversion Calculations

Regent Semmens gave a summary report on the enrollment shortfall and the reversion of state dollars, along with the loss of tuition dollars. He noted that the Community Colleges had a more severe problem than the University System. The reversions are biennial and may change over the next year. **Chair Mercer** asked if they receive extra money when they have extra students, and Pam Joehler replied they did not. Since the system loses money with a decline in enrollment, **Chair Mercer** said he believes they need to get the Allocation Model into a corridor of enrollment so they don't need to revert dollars. **Pam Joehler** indicated HB 2 specifically forbids supplemental funds for more students, and they discontinued paying for extra students three sessions ago.

4. MSU-N Deficit Update

Regent Semmens indicated the Committee was satisfied that the deficit would be dealt with in two years time.

5. **ITEM 129-102-R1105** – Approval of proposed Governor's Postsecondary Scholarship Program Policies

Regent Semmens noted that Montana Guaranteed Student Loan Program will be very active evaluating the allocation of these scholarships, the statutory constraints, the portion with honors, the portion at large, the portion for need-based, and the portion for two-year only education.

 Regent Semmens **MOVED APPROVAL** of Item a.5.

Regent Hamilton asked how MGSLP would disseminate the information about the scholarships around the state.

Bruce Marks said it will be a difficult process, but they will use public service announcements, campus counselors, newspapers, etc. **Jan Lombardi** reminded the Board that even the merit-based portion of the scholarships has the need-based component.

 Motion **APPROVED** unanimously on 7-0 vote.

b. **ITEM 128-2702-R0905** - Authorization to Execute Purchase of Property; Montana State University-Billings

Regent Semmens gave a briefing on the Committee presentation. The price is the market reality. The Committee was impressed with the case made by MSU-Billings to purchase this property. They were also impressed with the community and its support of the purchase. They demonstrated their support with the collection of \$500,000 in three week's time, which is one third of the purchase price. **Chancellor Sexton** will try to get the match up to half. **Regent Semmens** indicated that Mr. Connell, President of Kairos Development Corporation had presented another property to the Committee, which would require substantial costs to remodel it to be usable. There was no support from the community or the campus for that property.

 Regent Semmens **MOVED APPROVAL** of Item b.

 Motion **APPROVED** unanimously on 7-0 vote.

c. **ITEM 129-2005-R1105** – Authorization to Renovate Portions of Cooley Lab; MSU-Bozeman

d. **ITEM 129-2007-R1105** - Authorization to Renovate Portions of the Physical Plant's Shop/Office Buildings; MSU-Bozeman

e. **ITEM 129-2008-R1105** - Authorization to Negotiate a Site Lease Agreement with the USDA; MSU-Bozeman

g. **ITEM 129-1602-R1105** - Grant of Easement to the City of Dillon for operation and maintenance of an existing sewer line and to create a public right-of-way providing access to persons whose properties front on Vigilante Drive on the north side of Vigilante Park; The University of Montana-Western.

Grant of easement for emergency ingress and egress for two lots owned by National Affordable Housing Network (NAHN) to permit filing and amended subdivision plat.

 Regent Semmens **MOVED APPROVAL** of Items c., d., e, and g.

 Motion **APPROVED** unanimously on 7-0 vote.

f. **ITEM 129-2801-R1105** - Authorization to Establish a Mandatory Lewistown Building Fee; MSU-Northern

Regent Semmens recalled that this item was delayed at the last meeting since there had not been any thorough student input on the fee. However, there is no formal student leadership in Lewistown, but there is overwhelming support from the entire community. It is contemplated the fee will be approximately \$54 per credit, but can go as high as \$70 per credit. The Committee was swayed by the willingness of the residents of Lewistown to share the load, including \$1,000,000 for purchase and renovation of the building.

 Regent Semmens **MOVED APPROVAL** of Item f.

Regent Hamilton asked how this particular fee related to other distance learning fees. **President Karas** replied their students who attend in Libby pay a building fee, and FVCC makes annual payments on the building. The City owns that building, but the campus pays for it and the renovations. **Regent Hamilton** wanted to know what planning is being done for the educational needs in rural communities. There is a lot on the Internet, and partnerships with school districts, but there is a cost to do it. She wonders what value should be placed on distance learning, and what would be a reasonable portion for the state to pay, and for the students to pay. **Chair Mercer** said it is a good idea to determine where the need is, and what the cost is. However, Lewistown has shown the community support needed to fill in when the system does not have the dollars. **Chancellor Capdeville** said they are happy that Lewistown is a success story. They started small there, and the community has stepped up to the

plate. They raised \$1M to renovate the building. He indicated they did not intend to continue the fee forever, but needed the assurance of it to get started. Further, he believes Lewistown will be capable of participating more fully down the road.

✔ Motion **APPROVED** unanimously on 7-0 vote.

i. Allocation Model Review – Update

Regent Semmens indicated the committee has been proceeding with guidance from the Board. **Craig Roloff** talked about the PowerPoint Presentation he had given to the Budget Committee on the work done in their recent retreat. There were about 20 people working for two days. The conceptual model was built on the foundation of creating a target of total net revenue, state support and student portion for each campus. Each would be unique based on an analysis of like peers, and would consider the classification of each institution, mix of programs, size, and other factors to give guidance to the relationship between the different campuses. They proposed an enrollment corridor, which would protect each campus from an abrupt loss of state funding due to enrollment decline, and deemphasize the importance (and reward for) each new student FTE added to an institution's enrollment. Funding would not be lost unless enrollment dropped below the floor of the corridor, nor would funding be gained until it went through the ceiling of the corridor. He expected the analysis to show revenues per student to be larger at the four-year campuses than at the two-year campuses, but the state support per student to be less at the four-year than the two-year campuses. **Mr. Roloff** told the Board they will need to set a number of policies with the new Allocation Model. He said the committee hoped to receive the approval of the Board for the general concept, to continue on the time line shown on page 9 of the presentation, and to begin the independent peer analysis. He indicated the first set of recommendations would be brought to the Board in January, and the process must be done step by step since the policies must be set as they move along. **Regent Semmens** told the Board they needed to give guidance to the group, and reaffirm that differential tuition is important. He also noted that the group had identified a priority fund as a small piece of the puzzle. The Regents' Priority Fund probably needs a bigger slice, which according to Dennis Jones should be ½% to 1%, or about \$750,000 to \$1.5 mil per year. This is what is done in other states. It will need to be phased in, but then can be used for the Board's priorities. **Chair Mercer** asked what would be accomplished with this approach, and asked if there was not a smarter way to cut to the chase. He suggested allocating the known contribution from the State in the simplest manner, and then working with the rest. He said differential tuition takes from one set of students and gives to another set. He asked if the fee waivers could be phased out so they could recoup some of the money. **Regent Semmens** responded that Chair Mercer might find that the formulas will be very close to what he is talking about. **Mr. Roloff** explained to the Board that the peer analysis would not be used to establish aspirations for the campuses, but only for guidance.

Regent Semmens asked the Board if the added support for the Regents' priorities should be included, and if need-based aid should be kept out of the priorities. **Regent Hamilton** indicated the need-based aid should be included since the Colleges of Technology came into the system with budgets but no additional appropriations. Montana now has the highest cost two-year education in the country. **Chair Mercer** disagreed with taking dollars from one campus to lower the cost at another. He believes the State needs to provide the money for those institutions, and if they mask the issue it will damage the whole system. **Regent Hamilton** said the flagship campuses have the capacity to generate tuition from non-residents, and it is a lot like a business model. Some products are more attractive and sell at a higher price. In another sector, they may need to sell at less than cost. The system already has fee waivers where they transfer dollars from one student to another, and super tuition in specific programs where dollars are there from students and outside to pay for them. She said it was recommended to the Board that if they would go to a program pricing structure, they could offer reduced costs to teachers. **Mr. Roloff** indicated the group would proceed if the Board gave them the go ahead, and it will be regimented with a step by step approach. They will bring well-prepared policy element decisions to the Board on a regular basis. They will also illustrate the impacts and choices. **Mick Robinson** said he wanted to have one simple formula, which was not based entirely on FTE. They will start with the '07 base, and everything else which might use corridors, will fall into policy and legislation, and will not go into a complicated formula. The only way to make changes would be additional funding, change in Board policy, or peer data sufficient to convince the Board or the Legislature there should be an adjustment. He said it would be helpful to determine the Legislative strategy, and to explain where the MUS is as a system and as units. Although the group will be working on a lot of detailed information, the final product will please the Board. **Regent Semmens** said that by virtue of the process, the Board will be required to give clearer guidance on Policy Issues. Other states charge the highest price at the flagship campuses, with a middle rate at the other four-year campuses a low rate at the two-year campuses. The Regents will have the opportunity to say everyone should pay the same, or there should be differential tuition. He suggested that if they get that far in two years, they might find there will be massive increases at the flagship campuses, and it will need to be phased in over a period of up to 15 years.

✔ The Board directed the committee to continue working as outlined, and include .5% to 1% of the system budget as a set-aside option for Regents' Priorities, as well as a possible set-aside for need-based aid. A proposal will be presented at the March, 2006 meeting.

j. Review of MSU Student presentation entitled "Funding Issues at MSU Bozeman – An Introduction" OCHE Response

Regent Semmens said progress had been made, and the Board would hear from students the following day.

k. Review federal relations activities in the university system
Regent Semmens gave a quick update on the presentation to the Committee.

Following a ten-minute break, the Board reconvened at 3:50 p.m.

h. Biennial Budget Process Review – Update

Ms. Pam Joehler reminded the Board they are now into the new biennial budget process. She indicated they will need to make a decision on the Present Law adjustments to meet the budget timeline. She gave a PowerPoint presentation showing the details. Ms. Joehler said the budget assumptions reflect enrollment changes, inflation for liability insurance, library acquisitions, and utilities. Regular inflation of 3% was allowed for general operating costs. There is also 3% for the pay plan in each year. The figure for termination is what the campuses expect to actually pay during the two years, but some unfunded liability will remain.

i. Budget Initiative Proposals

Mr. Dave Gibson explained that the Proposal as presented tied in the Strategic Plan, the PEPB indicators, MUS Campus Quality Indicators, and Shared Leadership initiatives. The three main goals in OCHE are transferability, Indian Education for All, and the Data warehouse. **Chair Mercer** suggested the title should better reflect the proposed ideas. Each of the CEOs pointed out the first and second choices on their lists. **Regent Semmens** suggested weeding some items out by seeing if they could be done as part of the general services budgets. He asked that the new ones to be presented to the Governor's Office and the Legislature be those to be fully funded by the State because they are a benefit to the entire state. He mentioned the county partnership idea as being one of those. **Regent Semmens** said it would help the Board if the campuses would identify those items, and those that would be shared with tuition, and those partnered with industry and then prioritize them. He said that MPACT should move forward, but the retention pool would be more of a system issue. Also to be included would be the Data Warehouse, and the transfer issue. He offered guidance to Mick Robinson to look at about \$5M or \$6M for the two sides, and \$5M or \$6M for system issues, for a total of about \$15M for the biennium, as a starting point for further winnowing down by the Board.

The meeting recessed at 5:10 p.m.

FRIDAY, November 18, 2005

The Board reconvened at 8:45 a.m.

WORKFORCE DEVELOPMENT ITEMS

a. Establishing speech pathologist undergraduate and advanced degree programs.

Regent Foster said in the Committee meeting there was a speaker from Shelby who explained what the needs are, how many speech pathologists there are in Montana, typically who they are employed by, and other helpful information. The big push is whether to start up a program in Montana. There used to be a program, but it was discontinued. Provost Muir provided more information and said The University of Montana-Missoula is seriously considering re-starting the program. They are now in the process of putting together what it might look like, and the cost analysis. At the end of the discussion, Dr. White from MSU-Billings said MSU-Billings might be interested in being a collaborative partner in the program. The Committee responded very positively to that suggestion. It is a very expensive program, but these campuses are being responsive to industry needs as the Board has requested. The Committee will meet in January to hear an update from UM and MSU-Billings to find out where they are in their efforts. This is a good example of where a couple units of the system partner up, or at least have the potential to do so. A number of letters were received by the Commissioner's Office and the Regents supporting the program. No action was needed on this item.

b. **ITEM 128-106-R0905** – Charter to formalize the Two Year Council

 Regent Foster **MOVED APPROVAL** of Item b.

 Motion **APPROVED** unanimously on 7-0 vote.

d. Review options and establish priorities for physician training and rural location incentives/education.

Regent Foster reported the Committee recommended the formation of a working group to put together a plan on how to approach the needs as addressed in the white paper presented by Dave Gibson.

 Regent Foster **MOVED APPROVAL** to form the work group to put together a plan on how to approach these needs.

 Motion **APPROVED** unanimously on 7-0 vote.

END WORK FORCE DEVELOPMENT

STUDENT REPORTS

See attached student reports

Applications from four students will be forwarded to the Governor for the now vacant Student Regent position. Those students are Bovard Tiberi (recommended by MAS), John Meyer, Heather O'Loughlin (recommended by MAS), and Vinnie Pavlish.

END STUDENT REPORTS

STUDENT PRESENTATION ON RESIDENT TUITION AND FEES

Bovard Tiberi and **Deepu Philip** gave an abbreviated presentation on their follow-up on Funding Issues at MSU-Bozeman. The complete presentation is available on-line with the Meeting Agendas. Their research found that the Board of Regents' Regular Meeting–November 16-18, 2005–BOZEMAN 2/17/2006 5:29 PM

number one reason for the increase in tuition is the flat state funding. It was pointed out that there is now a dramatic difference between FTE and headcount. They will continue to piece together the various aspects of research costs and funding, which they originally thought were the main problem. Their current conclusion is that higher tuition is due to many factors. The students will give their final report on this issue at the January, 2006 meeting. **Mr. Tiberi** thanked the Board for listening to the students' concerns on this issue. **Chair Mercer** asked the students to continue their work on this, and to put their findings into a format, which the Board could use to explain the cost of tuition to the citizens of Montana.

Following a ten-minute break, the Board reconvened at 10:40 a.m.

ACADEMIC / STUDENT AFFAIRS ITEMS

a. **ITEM 129-109-R1105** - Writing Proficiency Policy

 Regent Hamilton **MOVED APPROVAL** of Item a. as **amended** adding bullet point 3. under Item G. to read as follows: "Provide for the evaluation and analysis of a writing proficiency requirement that includes a uniform system to collect and report student data. The Criteria will be developed by the P-20 Committee. Data will be collected and summarized beginning Fall 2007. Each unit of the MUS will submit the data to OCHE. OCHE will share the data with K-12 partners by February of the following year."

Regent Semmens indicated he supported this item since his concerns had been addressed, and the policy is not a barrier to entry into the Montana University System. He believes the goal of the policy was and is to be sure high school students are better prepared. **Regent Barrett** concurred, but has significant concerns about diminishing the policy.

 Motion **APPROVED** unanimously on 7-0 vote.

 Regent Hamilton **MOVED** the Board of Regents **support creation** of a Writing Proficiency Implementation Committee to be appointed by the Leadership Group through the auspices of the P-20 committee. The committee will be made up of 4 representatives from the P-12 community and 4 representatives from the postsecondary education community. The formal charge to the Committee will be approved by the Leadership Group: Commissioner Stearns, Superintendent McCulloch, Jan Lombardi, Education Policy Advisor to the Governor, and Steve Meloy, Executive Secretary of the Board of Public Education.

 Motion **APPROVED** unanimously on 7-0 vote.

b. Review of the transfer information on the Montana University System website

Regent Hamilton reported that the Committee had reviewed the transfer information on the Montana University System website. There was general consensus that the site was user friendly, and contained a great deal of detailed information. While the primary audience is students, it is anticipated it will also be used by faculty and staff as they advise students. Regents with comments or questions should send them to Deputy Commissioner Barber as the site is still under construction in many areas.

c. Discussion of the "next steps" in the transfer arena

Regent Hamilton asked Deputy Commissioner Barber to speak about this item. **Deputy Commissioner Barber** then introduced **Ms. Karen VanDaveer** of Montana Tech, who is the Director of the Nursing Program, and her colleague **Ms. Danette Melvin** who is a faculty member in the Nursing Program at Montana Tech. **Deputy Barber** reminded everyone about the Transfer Audit process, and how difficult it was to craft policies to respond to that audit. He worked with the group that worked on the policy to respond to requests for a uniform licensed practical nursing curriculum. The Legislative Audit Division request was triggered by a long history of previous requests to do something about nursing. Everyone in the Commissioner's Office knows it was a very hard process, and that the committee met every Tuesday afternoon for weeks to get this done. The reason the policy succeeded was because of these two women. The work group that struggled with this project was made up of Directors from all of the licensed practical nursing programs in the system, and also Directors of all of the nursing programs in the State, and a representative from the State Board of Nursing. Ms. VanDaveer and Ms. Melvin came to every meeting prepared to get something done. They brought massive amounts of information about nursing programs throughout the country, as well as documents on how this might work. They also brought possible language to help craft the curriculum. Without their efforts this would not have been accomplished. **Deputy Barber** indicated they thought they were there for some other reason, but they actually were there to receive the Montana University System Excellence in Citizenship awards for 2005. **Chair Mercer** asked Regent Foster to present the awards due to his involvement in this and his interest in health care. **Regent Foster** said he attended a couple of these meetings, and this is very fitting. These are the two individuals who made sure it happened.

d. **ITEM 128-2701-R0905** - Associate of Applied Science degree in Radiologic Technology, Montana State University-Billings College of Technology

 Regent Hamilton **MOVED APPROVAL** of Item d.

Regent Foster recused himself on this item since his employer had contributed to the program.

 Motion **APPROVED** unanimously on 6-0 vote with Regent Foster abstaining

e. **ITEM 128-301-R0905** Certificate program in Licensed Practical Nursing, Flathead Valley Community College

 Regent Hamilton **MOVED APPROVAL** that the Montana Board of Regents authorize Flathead Valley Community College to begin offering the pre-nursing coursework described in **ITEM 128-301-R0905**. That coursework is set out in semesters 1 and 2 in the proposed curriculum information contained in the Level II

documentation. The Board also gives Flathead Valley Community College permission to offer the Introduction to Nursing course described in the curriculum information. In addition, the Board of Regents requests that Flathead Valley Community College include this Item on the May 2006 agenda of the Board for action, assuming that the institution has had a decision from the Montana State Board of Nursing concerning the appropriateness of its Licensed Practical Nursing curriculum and the qualifications of its nursing faculty.

 Motion **APPROVED** unanimously on 7-0 vote

f. Report on the Montana State University Rural Nursing Partnership in North Central Montana

Mr. Rolf Groseth reported that the Pilot program was successful, however, cost is an issue and they have no plans to expand to another community

g. Continued discussion of textbook costs

Regent French reported that the Committee discussed possible follow-up steps on the textbook conversation. Those steps could include a requirement that campuses publicize the required the ISBN number for each text, that the campuses request debundling of textbooks, that faculty evaluations include a question on how much the textbook is used in class, and that there be a resolution to support the bookstores' efforts to work with the industry. **Regent French** said she hoped that the Board would require the ISBN number be published before the fall semester.

 No action was required on item g.

END ACADEMIC / STUDENT AFFAIRS ITEMS

STAFF AND COMPENSATION ITEMS

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

Associate Commissioner Mick Robinson gave a brief history behind this issue, indicating the key in making any changes is that the Board has statutory authority over hiring. In finding a tool for the Board to delegate some of this authority, the concept is to create two categories of contract. The first would be to retain the traditional Board of Regents contract for top-level executives, creating a pool of 50 to 60 individuals. The other category would cover the 750 remaining individuals now on Board contracts. This will be some type of system contract. **Mr. Robinson** said the Committee talked about the concept of designating as CEOs the Commissioner, Presidents, Chancellors, and Deans of the two stand alone colleges of technology, and they envision a system where these CEOs would retain their current practice and procedures to negotiate and offer contracts without submitting them to the Board, but only to their immediate supervisor. There was some concern from the Chancellors that their effectiveness on campus might be eroded by this arrangement. **Regent Hamilton** asked if there had been discussion of broadband pay for this process, to which **Mr. Kevin McRae** indicated they did not envision that concept for the contract group. However, as they look at the contracts, they want to make sure there is a system of checks and balances to prevent pay levels getting too far afield. No decision was made at this meeting on the approval authority, and the Committee will return to the March meeting with Plan A and Plan B including options on the approval authority.

d. **ITEM 129-108-R1109** – Revision of Policy on Executive Compensation

 **Regent Mercer MOVED to RESCIND** the item approved at the September, 2005 meeting and to take up item d. as an entirely new proposal.

 Motion **APPROVED** unanimously on 7-0 vote.

Regent Semmens reviewed the purpose of the action in September. In consideration of internal equity, he was asking to lower the percentage of the average for Presidential compensation from 100% to 90%. This item will also allow for a variation in pay for the Chancellors, with a band of 75% to 90% of the Presidential pay. This would be decided by the Presidents based on time, responsibility, and other standard factors. Also included in this item is the inclusion of the Deans of the two stand-alone colleges of technology. The Committee recommended adding Section 5. to the Policy with the following language: 5. If the CHE and the President, in consultation with the CEO of a given campus, determine that there are insufficient financial resources at the campus or office to fully implement this item for the year beginning October 2007, they may agree to defer it to October 2008.

 **Regent Semmens MOVED to ADOPT** item d. as amended

Regent Foster requested information on the use of Foundation money. **Regent Semmens** indicated that in the survey, 3 of the 9 campuses show Presidential salaries are partly funded with Foundation money. It is not a bonus, nor is it deferred compensation, but actual salary. He indicated that both the letter and the spirit of the policy passed in September were to use a survey of the salary and market compensation levels. Although **Chair Mercer** had preferred the Foundation dollars be excluded, **Regent Semmens** believed this was self-deluding. The MUS Foundations are supporting their campuses to the fullest extent possible. If anything was taken from the Foundations to pay the Presidents, it would necessarily be taken from students. At this time, South Dakota is looking to replace Foundation funds with state funds. **Chair Mercer** indicated he would not support the Policy since the Foundation dollars are to be included in the survey for the average. He also thought the new number 5 created a difficulty for the campuses. **Regent Hamilton** indicated she would not support this item. She said she supports the importance of paying higher wages, and believes a peer average is appropriate. However, these individuals are not state officials, but rather state employees. She was not convinced the system had the resources to reach these wages. **Regent Barrett** said he would support the item. He believes there is no logic in changing position

from the last meeting when he supported Chair Mercer on his Policy, because he sees that if nothing is done now, it won't happen for a very long time. He reminded the Board that when the Policy was passed at the last meeting, no survey had yet been done. **Regent Semmens** said they will not raise tuition to pay for these increases. He believes that skilled managers will deal with them wisely, and since Chair Mercer had invited amendments at the last meeting, he was hoping the Board would support this policy. The Faculty Senate representative thanked the Board for discussing this issue in an open forum. Faculty would support this policy. They believe that measuring to outside standards, with a range of pay is a good idea. There needs to be performance and merit metrics included. They also believe that all sources of income should be considered. **Regent Hamilton** asked how this policy would solve the problem of low pay. **Regent Semmens** replied that the policy would raise compensation from 65% to 90% of the average for the peer states. The Compensation Committee will continue looking at this policy and will bring forward changes as needed. **Regent Foster** viewed Chair Mercer's move at the September meeting as bold and conceptual. He was appreciative that Regent Semmens was willing to take time to devote energy to a more scientific approach. However, one thing that doesn't sit right with him is the Foundation portion. The idea is to let the free market determine the cost, but he believes some things distort the market and fair competition is lost for free compensation. He indicated that if someone would move to strike the foundation funding he would support the policy, while he was ambivalent on the new number 5. **Regent Semmens** said he was puzzled about the inclusion of the Foundation dollars being a problem. The truth of the matter is that it is salary, no matter what the source.

 Motion **APPROVED** on 6-1 vote with Chair Mercer dissenting.

Regent Semmens noted that the Committee will continue to work on the issues of titles of Deans. CUPA data is being used for equity, and staff will look at this data and report back.

Commissioner Stearns said she had received a reorganization plan for MSU-Bozeman Administration and Finance. The Staff and Compensation Committee will be informed about this plan at their January meeting. Two personnel changes related to the plan will be placed on the January Consent Agenda.

END STAFF AND COMPENSATION ITEMS

PUBLIC COMMENT

Kelly Paul, Student Union President at MSU-Northern told the Board that it is difficult for students to find companies in Montana that pay good salaries. He asked if a list could be prepared for the students to use in locating possible employers. **Regent Foster** said that is something their Committee has discussed. He thinks the system needs to be diligent in this, and requested that Dave Gibson look at this situation and report back to the Workforce Development Committee with some way for Montana businesses to get access to MUS students.

Regent Barrett asked what Kelly Paul was majoring in, to which he responded Automotive. **Regent Barrett** noted that at the Community Breakfast at the Billings meeting in September, a car dealer had stood and said he couldn't find anyone to fill that kind of job. **Chancellor Capdeville** commented that over 80 companies go to their campus every spring to interview students for jobs.

END PUBLIC COMMENT

CONSENT AGENDA

Staff Items:

- a. **ITEM 129-1000-R1105** - Staff; The University of Montana-Missoula
- b. **ITEM 129-1500-R1105** - Staff; Montana Tech of The University of Montana
- c. **ITEM 129-1600-R1105** - Staff; The University of Montana-Western
- d. **ITEM 129-2000-R1105** - Staff; MSU-Bozeman
- e. **ITEM 129-2001-R1105** - Professor Emeritus of Education upon **Kenneth Bruwelheide**; MSU-Bozeman
- f. **ITEM 129-2002-R1105** - Professor Emeritus of Entomology upon **Wendell Morrill**; MSU-Bozeman
- g. **ITEM 129-2003-R1105** - Professor Emeritus of Education upon **Gloria A. Gregg**; MSU-Bozeman
- h. **ITEM 129-2004-R1105** - Professor Emeritus of Education upon **Richard Horswill**; MSU-Bozeman
- i. **ITEM 129-2300-R1105** - Staff; Ag Experiment Station
- j. **ITEM 129-2400-R1105** - Staff; Cooperative Extension Service
- k. **ITEM 129-2700-R1105** - Staff; MSU-Billings
- l. **ITEM 129-2701-R1105** - Professor Emeritus of Spanish upon **Theodore Jensen**; MSU-Billings
- m. **ITEM 129-2800-R1105** - Staff, MSU-Northern
- n. **ITEM 129-2850-R1105** - Staff; MSU-Great Falls College of Technology

 Regent Barrett moved **APPROVAL** of items a. through n.

 Motion **APPROVED unanimously** on 7-0 vote

Labor Agreements/Other Items

- a. **ITEM 129-101-R1105** - Approval of Governor's Appointment to the Motorcycle Safety Advisory Commission
INFORMATION ITEM only
- b. **ITEM 129-104-R1105** - Approval of Appointment to the Student Loan Advisory Council; Montana Guaranteed Student Loan Program - Bruce Marks
- c. **ITEM 129-105-R1105** - Approval of Governor's Appointments to Local Executive Boards
- d. **ITEM 129-107-R1105** - Approval of Tentative Agreement with International Union of Operating Engineers;

Bozeman Motor Pool

e. **ITEM 129-110-R1105** – Approval of Tentative Agreement with AFSCME, MSU-Northern

 Regent Semmens moved **APPROVAL** of Items a. through e.

 Motion **APPROVED unanimously** on 7-0 vote

Administrative/Budget Items

a. **ITEM 129-1601-R1105** - Authorization to Expend up to \$120, 000 of Student Computer Fees; The University of Montana-Western

b. **ITEM 129-2006-R1105** - Authorization to Expend Computer Fees; MSU-Bozeman

 Regent Semmens moved **APPROVAL** of items a., and b.

 Motion **APPROVED unanimously** on 7-0 vote

With no further business to come before the Board, the meeting adjourned at 12:45 p.m.

Mailed to the Board of Regents on

Approved by the Board of Regents on

(Date)

(Date)

Sherry Rosette
Board Secretary

John A. Mercer
Board Chair

MINUTES OF THE COMMITTEE MEETINGS

WEDNESDAY, November 16, 2005

The Budget and Audit Oversight Committee convened at 10:00 a.m.

Committee Members Present: Regent Mark Semmens Chair, Regent John Mercer, and Regent Lila Taylor

Others Present: Alan Peura, Bill Muse, Bob Duringer, Bruce Marks, Cathy Swift, Chancellor Alex Capdeville, Chancellor Frank Gilmore, Chancellor Ron Sexton, Chuck Jensen, Commissioner Sheila Stearns, Craig Roloff, Dan Bingham, Dan Carter, Darrel Hammon, Dave Gibson, Dean Mary Moe, Dick Storey, John Cech, Kevin McRae, LeRoy Schramm, Maggie Peterson, Mark Bruno, Mary Ellen Baukol, Mick Robinson, Pam Joehler, President Geoff Gamble, President George Dennison, Rolf Groseth, Rosi Keller, Susan Briggs, Terri Iverson, and Tom McCoy.

a. Report from the Associate Commissioner for Fiscal Affairs

1. Audit Reports

Associate Commissioner for Fiscal Affairs, **Mick Robinson** gave a brief update on the Audit Reports. OCHE had a good audit, with recommendations to look at areas to strengthen policies and procedures. The University of Montana had two recommendations; improve internal audit, and improve grant monitoring. Montana State University concurred on their one recommendation on monitoring federal grants and controls.

2. Athletic Report

Mr. Robinson requested the Committee move the date for reporting on Athletics to the January meeting in the future. **Regent Mercer** moved recommendation of this change, with the next report to be due in January 2007.

3. Fall Enrollment Numbers and HB 2 Reversion Calculations

Ms. Pam Joehler gave an overview of the report which showed lower than expected enrollment at UM. HB 2 has a reversion requirement for the University System and the Community Colleges. At this point, the report shows a reversion of \$632,000. **Chair Semmens** indicated the costs at Missoula and Butte were substantial, and asked how they would deal with these shortfalls. **President Dennison** indicated two parts were missing. They had a climb in the number of resident students, with a continued decline in upper division resident students. This is due to the cost. He noted that MPACT will help that situation. Although they saw a decline between fall and spring, they did not expect to see a decline between spring and fall. This happened several years ago, and is due to the decline in non-resident students. They will use their contingency funds, and hope to recover next year. **Chair Semmens** indicated he was surprised that the community colleges and the two-year campuses also had enrollment misses on the downside, especially since they have been the fastest growing segment. **Regent Mercer** suggested that while they are working with government finance, it would be beneficial if plain terms could be used, such as indicating the number of people served, not just the FTE. He asked if Montana Tech had a fund to cover their shortfall, or if it would require a transfer. **President Dennison** indicated Tech has a fund, and plans to deal with the issue. **Regent Mercer** also asked for comment from the community colleges. **President Darrel Hammon** noted that the actual numbers at Miles Community College are down a bit. They have a contingency fund, and they had anticipated the shortfall. They are working with Bozeman, and two plus two, which has helped them. They looked at 31 high schools in their area to determine where the students were coming from. Many of those schools are not sending students, many of which are going to Dickenson and others to the east. Miles' one recruiter was ill in February, and their numbers fell. They were able to reduce some expenses, but at their institution it doesn't matter if they have 400 or 500 students because of the basic expenses. **Chair Semmens** indicated he was concerned about Northern. **Chancellor Capdeville** noted they had planned on a shortfall of more than they are experiencing. They have put some programs on a moratorium. He does worry about how they will sustain Northern and still right size it.

4. MSU-N Deficit Update

5. **ITEM 129-102-R1105** – Approval of proposed Governor's Postsecondary Scholarship Program Policies

Mr. LeRoy Schramm is Chair of the three-member counsel appointed by the Governor to oversee the scholarship program. The other two members are Clarena M. Brockie of Harlem and Dolores Colburg of Billings. **Mr. Schramm** indicated the memo from Bruce Marks lays out the work on the policies, and how they now stand. He suggested to the Board there are two things they should note for future reference. First, the appeals process ends at the Commissioner. Second, the council will be watching the 110 merit-at-large scholarships. These will be selected by the Commissioner, and a list will be provided to the Board. **Mr. Schramm** indicated it is likely they will receive several thousand applications, and it will be a very time consuming effort. There will be quite a workload for the Montana Guaranteed Student Loan Program which will make the resources available to evaluate the applications. If the Legislature continues to fund these scholarships, there will be about 2500 each year with 2/3 available for two-year students, and the balance for four-year students. **Mr. Schramm** indicated this was the most substantial contribution to students that he has ever seen. In response to a question from Regent Mercer, **Mr. Schramm** indicated these scholarships will piggyback onto the honors scholarships since they are both selected from lists provided by the schools. The first person receives the Honors Scholarship which is the most valuable, and the next in line will receive this one. They will not double up on these two scholarships, in order to ensure the

widest possible distribution. There are 180 school districts and each one will provide one renewable \$1000 scholarship for two-year education, and one renewable \$2000 scholarship for four-year education. The first year there will only be one \$1000 scholarship per district. There are also 500 two-year scholarships that are need based, with 100+ in health, 200 in technology, and 180 in general. The third group is at-large through the Commissioner. 70 of those are \$1000 for two year education, and 40 are \$2000 for four-year education. These numbers are set by statute. The first year \$500,000 will be awarded, and from then on it will be \$1.5 mil.

Regent Mercer moved the Committee recommend accepting the Recommendation to the Full Board. The motion was unanimously adopted.

b. **ITEM 128-2702-R0905** - Authorization to Execute Purchase of Property; Montana State University-Billings
Dean John Cech indicated that more than 10,000 people commute to Billings each day, and more than 80% of jobs require some college. The College of Technology has partnerships with campuses, oil refineries, health care, and the high tech industry. The Shiloh corridor is very important and the location of this property was well supported by the community. They will take an intercap loan, and use the \$525,000 donated by the community to purchase the property. This will leave a balance of \$1 mil. They intend to pay that off with timber sales in the amount of \$250,000, revenue from vending machines in the amount of \$50,000, and continuing ed for \$50,000. The financed portion of \$625,000 would require a payment of \$77,000 per year. If they are able to raise \$750,000, they could lower that payment to \$60,000. To alleviate future parking issues, the campus has negotiated with the Faith Chapel Church which has a parish of 4200 people, to permit the Church to use the campus parking on weekends, while the campus will use the church parking during the week. In addition to the Billings Chamber of Commerce endorsing the acquisition, the following individuals stood up to speak in support of the item: Marilyn Clover, realtor, Bruce Parker of First Interstate Bank, Wendy Keating former Director of the Department of Labor, and Michael Sanderson of Sanderson Engineering, Inc. **Regent Taylor** commended the campus for its accomplishment over the last three weeks to garner support from the community. **Regent Mercer** indicated he would like to see all the campuses in the state follow the lead of MSU-Billings College of Technology to obtain matching funds from the local community on projects such as this.

c. **ITEM 129-2005-R1105** – Authorization to Renovate Portions of Cooley Lab; MSU-Bozeman

d. **ITEM 129-2007-R1105** - Authorization to Renovate Portions of the Physical Plant's Shop/Office Buildings; MSU-Bozeman (pg. 425)

e. **ITEM 129-2008-R1105** - Authorization to Negotiate a Site Lease Agreement with the USDA; MSU-Bozeman (pg. 427)

g. **ITEM 129-1602-R1105** - Grant of Easement to the City of Dillon for operation and maintenance of an existing sewer line and to create a public right-of-way providing access to persons whose properties front on Vigilante Drive on the north side of Vigilante Park; The University of Montana-Western.

Grant of easement for emergency ingress and egress for two lots owned by National Affordable Housing Network (NAHN) to permit filing and amended subdivision plat.

Regent Mercer moved the Committee recommend adoption of items c., d., e., and g. as a group
Committee accepted unanimously

The meeting recessed at 11:55 a.m.

The Committee reconvened at 2:20 p.m.

k. Review federal relations activities in the university system

The two main campuses provided an overview of their federal relations and initiatives.

f. **ITEM 129-2801-R1105** - Authorization to Establish a Mandatory Lewistown Building Fee; MSU-Northern

Regent Mercer commented that \$70 per credit was high, but was apparently worth it to the people in Lewistown.

Chancellor Capdeville agreed it was worth it, and they work closely with hospitals and nursing homes in that community, and there are other opportunities available. **Regent Taylor** indicated she was very concerned about this fee, and asked that the Board look at it in a couple years to see how it is working. **Chancellor Capdeville** noted this fee may be high, but there are other fees these students do not pay.

Regent Mercer moved recommendation to adopt to the full Board.

The Committee accepted the recommendation.

i. Allocation Model Review – Update

Mick Robinson noted that at the recommendation of the Board at the September meeting, they had moved forward with the study of the allocation model to develop something new, that would be workable and equitable.

The PowerPoint presentation given today was a conceptual proposal of the allocation model. He asked for comments and concerns and questions from the Board. This proposal will be refined. They held a retreat to work on the model, and finalized the objectives at that retreat. All campuses participated in the retreat, and worked very hard. Bob Kelley of D.A. Davidson in Great Falls served as an independent business observer at the retreat and made many useful comments to the committee. Dennis Jones provided his "First Principles" as guidance to the Committee: 1) focus on financing the state system rather than the narrower issues of allocating state funds; 2) the model should be transparent as to the policy choices to be made by the Board of Regents and the Legislature & Executive Branch; 3) the model should provide a framework to simultaneously deal with allocation of state revenues, tuition revenues and rates, and student financial aid; 4) the model should have a specific component dedicated to furthering the Regents' strategic priorities, and allocated by the Regents to campuses for these

purposes; 5) the model should reward – not punish – institutions for aggressively seeking revenues from sources other than students or the state; 6) the model should protect institutional viability a. by not creating conditions under which institutions have to adjust quickly to substantial changes in funding, b. buffering the effects of enrollment changes (especially decreases), but not avoiding those effects; 7) ideally, the model should provide incentives for institutions to collaborate as units within a system, rather than compete as free-standing entities.

The foundation of the new Model Concept developed is: the establishment of targets for total net revenue, state support, and student contribution for each campus; and the creation of an Enrollment Corridor, which protects each campus from an abrupt loss of state funding due to enrollment decline, and deemphasizes the importance of each new student FTE added. **Mr. Robinson** went through the concepts included, and it was noted that the Board will be required to adopt policies as various aspects of the model are accomplished. The model will most likely need to be phased in over a period of time. Target levels of revenue for each campus need to be established, as well as appropriate enrollment corridors, determination of appropriate ratio of state/tuition funding on each campus, and the amount of money to be placed in the Regents' pool, with a timeline to accomplish these.

Further details can be seen in the presentation available on-line.

Regent Mercer asked where the money might come from to fund the Regents' priorities, and need-based assistance, since there are not sufficient state dollars to fund the system. He supported the enrollment corridor concept to prevent reversion of funds to the State. **Regent Mercer** said he had thought the Model would take the state dollars that are known, and distribute them in a given way. Once the budgets were determined, it would then be decided what the tuition would need to be. He expected the status quo would be preserved with the current funds, and they would then indicate to the State it would cost a certain amount to buy down the cost of tuition. **Mr. Robinson** noted the Committee had considered those points.

m. Public Comment

Mr. Connell, President of Kairos Development Corporation made a presentation to the Board on an alternate property which his company was willing to sell the Billings College of Technology. It is located near the main campus in an area with the most depressed prices per square foot. **Chancellor Sexton** indicated the cost to remodel the building to make it usable was prohibitive, especially since the building had no windows. It was the consensus of faculty after tours of the property that it was not workable due to the structure, design, and layout. Although Mr. Connell insisted this property would be the best buy, there was no support for it from either the campus or the community.

Regent Mercer **moved** the Committee recommend adoption of the proposal to purchase the Shiloh property with the **stipulation** that 1/3 of the cost be covered with non-state funding.

Regent Mercer did not believe that the 6.4 acres would be sufficient for the campus needs, and asked why they had not looked for a larger place.

The committee agreed unanimously to recommend to the full Board.

j. Review of MSU Student presentation entitled "Funding Issues at MSU Bozeman – An Introduction" OCHE Response

Mr. Deepu Philip, Graduate Student explained the reason they are doing the study is that next year, tuition again will rise by \$400. Students want to know the reasons. A lot of progress has been made in this study, and he wanted the Board to know that they are not blaming anyone in this. He said they had very productive meetings with President Gamble, Jim Rimpau, and Tom McCoy after the meeting in Billings. They have also met with Mr. Mick Robinson. It was decided the students would give their revised presentation to the Board on Friday.

Following a ten-minute break, the Committee reconvened at 4:15 p.m.

h. Biennial Budget Process Review – Update

Chair Semmens indicated that the full discussion will be delayed until Friday before the full Board due to time constraints today. **Associate Commissioner Mick Robinson** noted in reference to the memo he had just handed out that it was important to keep in mind this meeting was the first step in a long budget process. Important to take a high level look at the current services. He asked for general from the Board. Ms. Pam Joehler indicated this is a very quick calculation of the budget, and they figures will be refined before the January meeting, with more to follow that meeting. If there is a reversion due to decreased enrollment, they will be starting with a smaller budget base than they would otherwise. The presentation is for a status quo budget. The figures in this budget do not include anything for the Commissioner's Office or the Research Agencies. Those figures will be available at the January meeting. The assumptions used were with the current budget, with corrections in the 06-07 budgets to reflect enrollment changes, and special inflation adjustments for liability insurance, library acquisitions, utilities, and a regular inflation factor 3% for general operating costs, and a 3% pay plan estimate for each year. Also included is an enrollment growth adjustment for 08-09. One important assumption is that state funds will be appropriated at the same ratio as the fiscal 2007 revised budget, which is about 38%. In FY07 the base operating budget for educational units totals about \$332 mil. In FY08 the budget will increase about \$27 mil, with about \$10 mil of the increase will be from state funds, and \$17 mil from tuition. In FY09 the budget would increase an additional \$24 mil, and about \$9 mil will be funded from state funds, and about \$15 mil from tuition.

i. Budget Initiative Proposals

Ms. Pam Joehler provided a summary handout on the proposals received from the campuses. **Regent Mercer** made some comments about the summary, proposing that perhaps the Legislators and policy makers could show

the University System how to do these things for less money. He was not sure the debate was proceeding the way he wanted. He asked if there was anyone else to assist in funding these proposals, and if these were the total costs. **Regent Mercer** also wanted to know which proposals would be done in place of something being done currently on the campuses. **Chair Semmens** indicated that in the proposals which the Board had requested, there were six common themes that could possibly be done by the Montana University System hand-in-hand with the Governor's Office: 1) the development of new programs in high demand fields; 2) retention; 3) need-based aid; 4) distance learning; 5) internal quality enhancement; and 6) recruitment. Another group of initiatives which would be a benefit to the state should not be financed by the students. **President Dennison** indicated they had aimed at having no more than three initiatives per goal. They spoke to all the issues except oil and gas. They understood that the partner for the initiatives did not need to be addressed at this time. Among the items that should be funded entirely by the State is the Academy of Science and Math since it benefits the entire state. **President Dennison** indicated they would also be taking on two red counties, one with an Indian Reservation, and one without. This also should be borne by the State, and not by the students. He noted it was absolutely necessary to keep salary out of the common law, since it is not funded the same way. Associate Commissioner for Fiscal Affairs **Mick Robinson** indicated it would be mechanically separated. However they thought it was important to include it now for the potential impact on funding. At the request of Chair Semmens, each of the CEOs indicated which of their initiatives were most important to them. The CEOs will review their initiatives, separating them by those that will be shared with the State, that that should be funded entirely by the State, and those that will be done in place of things already being done on the campuses. The proposals will be refined before the January 2006 meeting.

END BUDGET COMMITTEE

The Committee adjourned at 5:24 p.m.

DRAFT Minutes of
The Academic & Student Affairs Committee

Wednesday, November 16, 2005

Committee Members: Chair Regent Lynn Morrison-Hamilton, Regent Mike Foster, Regent Kala French and Regent Stephen Barrett

Regent Lynn Hamilton, Committee chair, called the meeting to order at 10:00 a.m.

a. Roll Call

All committee members were present.

b. Review and Adoption of Agenda

Regent Barrett moved to approve the agenda. Motion carried.

c. Approval of minutes from the September 21, 2005, meeting of the Committee

Regent Barrett moved to approve the minutes. Motion carried.

d. **Portion of the Meeting Devoted to Topics of Concern to Both Academic & Student Affairs Officers**

1. **Action: ITEM 129-109-R1105:** Writing Proficiency Policy – Deputy Commissioner Roger Barber Commissioner Sheila Stearns, responding to concerns expressed by the K-12 and Native American communities, among others, worked with her P-20 colleagues to revise the draft of the writing proficiency policy that was presented at the September meeting of the Board of Regents. The key change is the addition of the word "full" in paragraph A, to read:

"Any student seeking **full** admission to a four-year degree program at Montana State University-Bozeman, Montana State University-Billings, Montana State University-Northern, The University of Montana-Missoula, Montana Tech of the University of Montana, and The University of Montana-Western must satisfy a writing proficiency standard."

Students who do not meet that standard can still be admitted to a four-year program, but on a provisional basis, as set out in paragraph D of the revised policy.

Although the revised policy still causes concerns for some groups, the Board of Public Education supported the revised policy at their November meeting, and Commissioner Stearns recommended its adoption by the Board.

Regent Hamilton thanked the Commissioner for her hard work and opened the floor to comments.

Bud Williams, Deputy Superintendent of Public Instruction, stated that the Office of Public Instruction (OPI) was pleased to endorse the compromise proficiency policy. He thanked the Commissioner and her staff for moving writing forward in Montana. Linda Peterson distributed amendments that OPI would like the Board to consider.

Deputy Commissioner Barber said that the Chief Academic Officers voted unanimously to implement the policy on their campuses, in good faith, if it is adopted. However, they also voted unanimously to go on record against the revised policy, since, in their opinion, it is a step backward and only describes the current situation on the campuses. The Chief Academic Officers preferred the September version of the policy that included writing proficiency as an admission criterion. Provost Dooley elaborated, saying that

the academic officers view lack of writing ability, not the assessment tool that identifies the deficiency, as the barrier for students. He said that the right to higher education is already guaranteed to all students at one of Montana's fine two-year open-admission campuses, and that students are given the best chance of success by being steered to the appropriate program. In addition, he believes that retention and graduation rates will be adversely affected by the compromise policy.

Regent Foster was impressed with Commissioner Stearns' work in reaching a compromise that will enable moving forward, but wants to monitor the effectiveness of the policy.

Regent Barrett expressed concern regarding the need to provide remedial coursework at the university level to students admitted on a provisional basis, and asked what the objections to the original policy were. Deputy Superintendent Williams said that OPI questioned the reliability and validity of the writing assessment tools, not only the Montana University System writing assessment, but also the ACT and SAT writing tests.

Regent French has been working with college freshman, and said that writing skills are definitely an issue. She was prepared to vote in favor of the original proposal, and will support the compromise position, even if it only represents a small step forward.

Regent Hamilton pointed out that both the K-12 and higher education communities agree that students' writing skills need improvement to ensure success in both higher education and in the work force. This proposal will provide structure for a partnership between K-12 and higher education, and could be a model for addressing other concerns. Dean Mary Moe said that she witnessed a degree of discussion and cooperation between high school and college educators at the writing proficiency project scorer training sessions unprecedented in her experience. The achievements of the project over the last seven years will be wasted without the buy-in of the K-12 community, and the compromise policy enables building on these gains.

Ellen Swaney suggested that professional development for teachers recognize the cultural and linguistic differences that can make writing in standard American English difficult for Native American students. Regent Foster asked about programs available for non-Native English speakers (i.e., some international students). Provost Muir said that students are able to reach the required language standard through non-credit English-as-second-language programs. These programs are also available to Native American students.

Regent Barrett, with acknowledgement for the political acumen of Commissioner Stearns and the expertise of Dean Moe, moved to adopt the writing proficiency policy as proposed. The motion carried.

The amendments proposed by OPI were discussed. Commissioner Stearns said that the suggested amendment to paragraph D (to provide support and assistance to prepare students for full admission status at a four-year MUS institution) is unnecessary because these mechanisms are already in place on the four-year campuses to assist students who are admitted under various exemptions.

Regent Barrett moved to accept OPI's proposed amendment to paragraph E, and the addition of paragraph I. Deputy Commissioner Barber said that the proposed amendment to paragraph E (provisional status will not be indicated on transcripts) is unnecessary. Only academic information, not admission information, is included on transcripts. He also suggested that the proposed paragraph I (establishing a data system to evaluate the writing proficiency policy) would fit into the policy better under paragraph G, and that it be rephrased to fit that section.

Regent Barrett amended the motion to include accepting only amendment I, as paragraph G.3, to read as follows:

"Establish a uniform system to collect and report student data related to writing proficiency to provide evaluation and analysis of the writing proficiency requirement."

Linda Peterson was pleased that the amendments were considered by the Committee. She agreed that the amendment to paragraph E was not needed, and wanted to emphasize the importance of the support and assistance for provisionally admitted students, that was suggested as an amendment to paragraph D.

The motion carried.

At the suggestion of the disability officers, Regent Barrett moved to amend paragraph E. 3 to add ". . . if no accommodation was provided at the time of the test." Motion carried.

Regent Hamilton suggested that the Committee respond to the Board of Public Education recommendation to establish an implementation committee with the following resolution:

The Board of Regents supports the implementation process for the Writing Proficiency Policy suggested by the Board of Public Education. That process is as follows:

- An Implementation Committee will be appointed by the Leadership Group. For the record that Group is made up of Linda McCulloch, Superintendent of Public Instruction for the State of Montana; Shelia M. Stearns, Commissioner of Higher Education for the State of Montana; Jan Lombardi, education policy advisor for Governor Brian Schweitzer; and Steve Meloy, executive secretary of the Board of Public Education.

- The Implementation Committee will be made up of four (4) representatives from the P-12 community and four (4) representatives from the postsecondary education community.
- The charge for the Implementation Committee will be approved by the Leadership Group.
The Board of Public Education motion that the resolution refers to was ". . . to refer to the P-20 Committee the establishment of a joint implementation committee to follow this policy through completion. . ."

Regent Barrett moved to adopt the resolution, incorporating the Board of Public Education motion for clarification. The motion carried. The amended policy and the resolution will be presented to the full Board.

2. Review of the transfer information on the Montana University System website
Deputy Commissioner Barber invited comments on the new transfer pages. He noted that there are still links that are under construction, but he is working with the campuses to complete that information. The campuses have been asked to create a prominent link to the transfer pages from their websites.
The target audience is primarily intended to be students, although the information will also be a resource for the Board and others who need to interpret and explain the new policies. Jan Lombardi said that some of the language seemed directed more to advisors than to students and suggested that Regent French might be able to help with rephrasing from a student perspective. Regent French agreed. She said the website is similar to what she had in mind, but she would also like to see a print brochure that registrars could distribute to students.

The Committee broke for lunch with the Leadership Montana class from 11:45 until 2:30.

3. Discussion of the "next steps" in the transfer arena
Deputy Commissioner Barber said that the policies adopted in response to the transfer audit were a good first step, but that a long-term commitment to improving transferability of credits throughout the system is needed. The number one budget initiative for the Commissioner's Office for the next biennium is furthering transferability through an improved data system and additional staff to analyze that data.
Although a common general education core has been suggested for the two-year campuses, Deputy Commissioner Barber said that it would be premature to create such a core until the General Education Council is formed. The Council will review the MUS core and the specific courses that fulfill that core, and that review needs to be completed before work is done on any other general education core. He also asked the assembled campuses for additional nominations for the Council, since he has a modest number of names at this point.
Regent Hamilton suggested that a good place to start devising common curriculum, similar to the new LPN curriculum, would be the other programs that the audit specifically targeted. Deputy Commissioner Barber emphasized that this work cannot be done by the two-year campuses alone. As with the LPN workgroup, the involvement and buy-in of the four-year campuses is necessary, too.
Provost Dooley said that it would be helpful to have a set of strategic goals regarding transfer; tasks could then be selected based on the goals. He asked if the Regents would be comfortable asking the academic officers and the Commissioner's Office to draft goals for the Regents' review. Regent Foster supported this idea and Regent Hamilton asked that goals be prepared for the March 2006 meeting.
As an informational item concerning transfer of credits, Deputy Commissioner Barber also announced that a revision to Board Policy 301.5 regarding transfer of credits may be prepared for the January or March meeting.
4. Discussion of possible activities for the Academic and Student Affairs Committee
Regent Hamilton suggested a review of the P-20 policy audit, and Regent Foster would like to look at the differences between admissions policies across the System.
5. Reports carried over from the September 2005 Committee Meeting – Deputy Commissioner Roger Barber
Deputy Commissioner Barber said that these reports are primarily informational, but also provide an opportunity for the Regents to consider what kinds of reports would be most useful to the Committee and to the Board. The individual reports were reviewed, observations were made and questions answered regarding specific data. The reports, and any formal suggestions or decisions, are set out below:
--College Preparatory Program Report
--Distance Learning Report
--Credit by Exam Report
Regent Barrett made a motion to change the Distance Learning and Credit by Exam reporting requirements from annually to biannually. Motion carried. The College Prep report will continue to be presented annually, and at the request of Regent Semmens, the academic progress of the cohort reported on this year will be tracked over the next several years.
--Diversity Report
Regent Barrett appreciated the new, condensed format of this report as well as the ability to look at more detailed data for each campus on the web. Ellen Swaney also appreciated the new format.
--Quality Report
Deputy Commissioner Barber noted that when the quality definition was adopted last year, the goal was a

system-wide quality report in addition to the campus-by-campus reports. He asked if such a report would be meaningful considering the loss of detail that would entail. Regent Foster favors the campus reports. Regent Hamilton suggested the addition of short campus narratives to explain some of the information in the reports. Deputy Commissioner Barber will continue to refine the report.

e. **Portion of the Meeting Devoted to Chief Academic Officers**

1. Level I memorandum – Deputy Commissioner Roger Barber

Deputy Commissioner Barber presented the Level I memorandum for the Regents' information. The Regents had no questions or concerns about the memorandum.

2. Level II Items

--**Action: ITEM 128-2701-R0905:** Associate of Applied Science degree in Radiologic Technology, Montana State University-Billings College of Technology

Regent Barrett moved to forward this item to the full Board. Regent Foster abstained because his employer made a financial contribution to the program. Motion carried.

--**Action: ITEM 128-301-R0905:** Certificate program in Licensed Practical Nursing, Flathead Valley Community College

Under the Board of Nursing/Board of Regents joint approval process, the Board of Nursing gave preliminary approval to the program, authorizing the campus to initiate the pre-nursing courses, the Introduction to Nursing course and to hire a nursing program director. The Board of Nursing will review the final nursing curriculum and the faculty qualifications in April. Deputy Commissioner Barber suggested that the Regents approve the elements the Board of Nursing has already approved, with the Regents' final program approval to occur at the May meeting, contingent on Board of Nursing approval. Regent French made the following motion:

That the Montana Board of Regents authorizes Flathead Valley Community College to begin offering the pre-nursing coursework described in Item 128-301-R0905. That coursework is set out in semesters one and two in the proposed curriculum information contained in the Level II documentation. The Board also gives Flathead Valley Community College permission to offer the Introduction to Nursing course described in the curriculum information. In addition, the Board of Regents requests that Flathead Valley Community College include this Item on the May 2006 agenda of the Board for action, assuming that the institution has had a decision from the Montana State Board of Nursing concerning the appropriateness of its Licensed Practical Nursing curriculum and the qualifications of its nursing faculty.

Motion carried.

3. Report on the Montana State University Rural Nursing Partnership in North Central Montana – Rolf Groseth and Elizabeth Nichols

Dr. Groseth distributed an Executive Summary of the project and a paper version of a Power Point presentation on the project. This pilot project was conducted collaboratively by MSU-Bozeman College of Nursing and MSU-Northern Department of Nursing in rural North Central Montana. The program successfully graduated seven students with associate degrees in nursing; all seven passed the RN licensure exam and are currently working. The Executive Summary included eleven recommendations for future implementation of similar programs. Copies of the summary are available from MSU-Bozeman.

f. **Portion of the Meeting Devoted to Chief Student Affairs Officers**

1. Continued discussion of textbook costs

Regent Hamilton apologized for the uproar caused by the draft textbook resolution included in the Board materials. It was intended to generate discussion, she said, and that certainly happened.

Bookstore management in attendance was Bryan Thornton, UM-Missoula; Jeni Luft, Montana Tech; and Mark Frisby and David Knickerbocker, MSU-Bozeman. Bruce Morton, Dean of Libraries at MSU-Bozeman, and Stephen Hochheiser, Thomson Learning representative, were also present.

Dean Morton responded to the suggestion in the draft resolution that one copy of every required textbook be put on reserve in the campus library. He had three objections to this suggestion:

- a. It is impractical—they don't have the shelf space or the staff to comply.
- b. It's pedagogically unsound because it doesn't provide sufficient access to the materials for all students.
- c. It violates the spirit, if not the letter, of the fair use provisions of copyright law.

Mark Frisby distributed a response to the draft resolution. The Committee agreed to discuss the resolution if there was time following Mr. Hochheiser's remarks.

Mr. Hochheiser was invited to speak by Bryan Thornton because Thomson Learning has been working creatively with the UM Bookstore to find solutions to the increasing cost of textbooks. Mr. Hochheiser said that course materials aren't just textbooks anymore, but that as an industry they have not done a good job sharing information about these new materials, which include software, on-line tutoring and test banks. The new tools that are available can increase student success, but if they aren't aggressively integrated into the class, students may not use them and are resentful of the cost. His company doesn't bundle unless they are contractually obligated to do so. Instead, professors are free to choose the specific tools they need from the range of course materials available. Although Thomson Learning publishes

approximately 300 titles as low cost alternatives, professors don't necessarily choose the lowest price materials.

Unlike trade books, textbook costs are in development, not in production, resulting in little savings when choosing e-books. Mr. Hochheiser said that large numbers of faculty consider the copyright date of a textbook, preferring to use newer texts even if the actual information doesn't change (e.g., mathematics) because applications and the way in which a subject is taught do change.

Mr. Hochheiser applauded UM-Missoula for piloting a new model for delivering instructional materials that will begin next fall. They are the only campus in the country to try this new approach, charging each student a fee for the use of intellectual property to spread the costs more equitably among students. Mr. Hochheiser offered to be an ongoing resource to the Montana University System and invited questions.

Regent French had several questions, and the answers are in italics:

- What is the shelf life of a textbook? *Three-four years, down from four-five.*
- Are authors who want to revise their texts ever turned down? *Sometimes; authors are also allowed to keep older editions in print if they choose.*
- Don't publishers always try to sell the "Cadillac" version of course materials? *No—it depends on the teaching style; they do "consultive selling."*
- Many bundles come with InfoTrac, which is available in the campus library. Why should students have to pay extra for this? *It's only part of the bundle if the professor requests it—maybe the professors don't know what's available on campus. He'll counsel faculty not to include it when it is available elsewhere.*

Regent Foster complimented Regent Hamilton for drafting the resolution. He wondered what other states are doing in this area, what the Regents' authority is in regards to textbook costs, and asked to continue the discussion at the next meeting.

Regent Barrett suggested starting simply by including an evaluation of course materials as part of the faculty evaluation.

Regent Hamilton asked who publishers inform when changes have been made to a textbook. In the past, faculty have been informed of new editions; now bookstores and students are also asking for information regarding what has changed from previous editions. Thomson Learning is the only publisher currently providing that information to bookstores and students.

Mr. Hochheiser said that in other states, opposition to the high cost of textbooks is often used as a political stance, resulting in some discussion in the legislature but little action. To his knowledge, Montana is the only state talking about this at the Regent level.

Discussion of the draft resolution was deferred to the March meeting. Regent French asked to make some final comments since her term ends in December.

- She encouraged adoption of a policy requiring disclosure and publication of ISBN numbers for all required textbooks.
- She suggested gathering information from students regarding whether or not they are actually using assigned texts.
- She suggested debundling and encouraging faculty to use InfoTrac and LexisNexis instead of textbooks.

g. Other business

Regent Foster thanked the *Exponent* for their October 20 article regarding the core curriculum.

h. Public Comment

No additional comments were offered.

i. Close

The meeting adjourned at 5:15 p.m.

Submitted by Cathy Doyle

END ACADEMIC / STUDENT AFFAIRS COMMITTEE

THURSDAY, November 17, 2005

**Staff and Compensation Committee
Minutes**

The committee convened at 8:15 a.m.

Committee Members Present: Chairman John Mercer, Regent Mark Semmens, and Regent Steve Barrett

Also Present: Chancellor Capdeville, President Gamble, President Dennison, Chancellor Gilmore, Jim Foley, Maggie Peterson, Bill Johnston, Chancellor Sexton

a. Minutes of 9/21/05 committee meeting

 Regent Semmens moved **APPROVAL** of the Committee Minutes from the September 21, 2005 meeting

 Motion **APPROVED unanimously** on 3-0 vote

b. Discussion of draft guidelines for “Board of Regents employment contracts” and “Montana University System employment contracts.”

Mr. Kevin McRae gave a brief background leading to the proposed changes in Regents Contracts. The draft document had been shared with the CEOs and the HR Officers. Regents Contracts would be limited to the Commissioner, Deputy Commissioner, Associate Commissioners, two Presidents, the Provosts, and Vice Provosts. The balance of those now on Regents Contracts would be covered by a different category of Montana University System employment contract. This approach would delegate a certain level of authority to the CEOs to manage and enter into a contract between administration and the employee, but would require annual reports to the Board. The Commissioner, Presidents, Chancellors, and two Deans would retain their authority to negotiate contracts, but would present them for approval to their immediate supervisors instead of the Board. The Commissioner would submit OCHE contracts to the Board Chair for approval. The committee envisions retaining flexible year-to-year contracts, and those for longer than one year will need to be approved by the Commissioner. They hope to have an integrated package for the Board in March which will include the contract types, and salaries and salary change guidelines. There will be further discussion on head coaches, academic administrators, and others not covered by this contract type. Under the proposal the Board would approve 50 to 60 contracts instead of 800. **Regent Semmens** asked if there were unusual increases if they would go to a higher level for approval, and Commissioner Stearns indicated that would be quite appropriate. **Chair Mercer** envisioned an employment corridor similar to the enrollment corridor discussed by the Budget Committee, and anything raise going beyond the ceiling of the corridor would need special approval. **Mr. McRae** indicated that could be incorporated into the salary guidelines. **Regent Semmens** indicated he had understood that multi-year contracts would also be taken up at this meeting. **Mr. McRae** said there will be a comprehensive look at all the contracts at the March, 2006 meeting. **Regent Semmens** believes the coaches should be included in the group of administrators. There was discussion of the notice period that should be required, as well as what can be done to retain current employees if new ones are brought in on better contracts. The committee also discussed the treatment of coaches, and whether it was wrong to send them packing if they did not win the title as is done in the entire industry, versus giving them longer contracts with regular notice like all other contracts. It was pointed out that the system should not be put in the position of buying out coach’s contracts when they move on. **Mr. McRae** noted the current contracts require 30 days notice the first year, three months the second year, and six months in the third year and thereafter. This policy does not include coaches. **Chair Mercer** thought perhaps the contract for coaches could be adjusted to the season rather than AY or FY. **President Dennison** agreed with the approach, and had argued for a minimum of three-year contracts for recruitment, since these coaches are the ones that recruit the athletes. These students choose to play for that particular coach. He said it will be important in the new rating from the NCAA on how long they keep the athletes, and how many graduate. He would envision an annual review of the coach, with a constant three-year horizon that would need to be specifically renewed. **President Gamble** indicated he liked the approach. Flex contracts can be great recruiting tools, even if they are not always used.

Chair Mercer mentioned one difference in the new approach is that currently Chancellors can submit their staff items directly to the Board, but under the proposal, they would need to present them to the Presidents. **Chancellor Sexton** said that they can make this work, but asked what the CEOs are actually permitted to do. He told the Committee they could make decisions and policies that prevent the Chancellors from doing their jobs. He assumed had had been employed to hire and recruit. The perception on campus of what a CEO can do is important. He also wanted the ability to extend these contracts to current employees as well as recruits. **Chair Mercer** asked if they now submit their new hires directly to the Commissioner. **Chancellor Sexton** indicated the items move through the main campus to the Commissioner. **Commissioner Stearns** noted they are proposing they go as far as the President and stop. **Chancellor Sexton** indicated he feels diminished as a CEO if the items go to the President, rather than the Board. His authority on campus is jeopardized. **Regent Semmens** said he was struggling to understand how that would jeopardize his authority, since they now come through the President and the Board. He did not understand how cutting off the top level would change anything. **Chancellor Sexton** insisted it does change the reality. **Chancellor Gilmore** noted that in some cases, whether justified or not, having a Regents’ contract actually has a small amount of status associated with it, and that would be taken away. **Chancellor Capdeville** said he sees the President as a viable part of the approval process. He saw the bigger question as making it clear the Board has the final responsibility for hiring and firing, and eventually some may have to take appeals to the Board, no matter what kind of contract they are on. He also put himself on the record as supporting the multi-year contracts. **Chancellor Sexton** said he was concerned about decisions he had made and President Gamble approved, being appealed beyond him and up to the President. They are hoping it gives them leverage to overturn his decision. He offered there are a number of hirings that should rest with the CEOs, such as faculty. **Chair Mercer** noted they were running short on time and requested Kevin McRae continue working on this issue and create alternatives based on the comments made today. He asked the committee to meet with Jan Lombardi to work on it as well. He would expect to have something at the March meeting.

c. Update on executive salary survey.

d. **ITEM 129-108-R1109** – Revision of Policy on Executive Compensation

Items c. and d. were covered together in the following conversation.

Regent Semmens explained the proposed amendments to this policy would lower the rate for Presidents from 100% to 90% of the peer average, provide greater flexibility to establish the pay level for Chancellors with a rate of 75% to 90% of the Presidents salary, and extend to the Deans of the two stand alone Colleges of Technology. That rate would be 60% to 75% of the Presidents salary. The proposal also changes the effective date from July 1 to October 1, and the biennial survey would become annual. **Regent Semmens** also noted that since the Board had already adopted the Budgets for the following year, if the CEOs were not able to fund these raises in October of 2006, they could be deferred for one year. **Regent Barrett** said he was supportive of these changes. His one question was whether the ranges gave ample latitude. He asked for comments on whether the percentages should be wider or narrower. **Chair Mercer** took issue with the foundation dollars being included in the survey. **President Gamble** indicated he thought the bands were adequate as a starting point. **Chancellor Gilmore** said he would be retiring before too long, and he did not believe they would be able to find anyone willing to take his place for his current salary, or for the amount proposed by the Committee. Faculty Representative **Shannon Taylor** said that faculty support the idea of using the external standards. He indicated too that leeway in a range is good to acknowledge merit. They do worry about where the money will be found, because the cost often rests with students. **Chancellor Capdeville** said he thought the ranges were fine, and suggested taking a hard look at some of the campuses and their ability to delay the increases. It would not reflect the quality of the job being done. **Chair Mercer** again requested the foundation dollars be removed from the calculation. **Mr. McRae** indicated that for the total of nine salaries surveyed the average is \$212,274, including the foundation supplements. If those supplements are removed, the average is \$178,570. 90% of the amount with the Foundation dollars is \$190,037, and without it is \$160,713. The Presidents are now making \$145,543. He also noted that in doing the survey they found that faculty at MSU are making 98% of the average for the same peer group, and faculty at UM are making 99%. **Commissioner Stearns** indicated that South Dakota who now funds the President's salary with a supplement from the Foundation will be approaching the Legislature and the Governor to make it entirely state funding due to the drawbacks. She hoped the Board would support these changes. **Chair Mercer** said he did not believe the Foundation dollars should be included in the mix since the Board of Regents had already ruled out using Foundation dollars to supplement the salaries of the system Presidents. **Regent Semmens** said he believes that the policy adopted at the previous meeting would be based on the \$212,000. Whether the sources include Foundations, those are W2 salaries. If they are to be intellectually honest, compensation is how much one receives, not the source. It does not reduce the responsibility of the State. **Regent Barrett** agreed, and noted that although Chair Mercer was correct in his reasons for not including the Foundation dollars, but he believed the University System had to be competitive. He also said this will make setting salaries consistent, and gives flexibility to the CEOs. He understood that the policy passed at the last meeting was meant to use the \$212,000 figure and he will support this item.

Regent Semmens moved to recommend the changes in the Policy to include the Foundation figures and if there are insufficient funds, a campus may delay implementation until October 1, 2007.

The Committee agreed, with Chair Mercer dissenting.

END STAFF AND COMPENSATION COMMITTEE

The Committee Adjourned at 9:35 a.m.

END OF COMMITTEE MEETINGS