



MINUTES

Montana Board of Regents Montana State University-Billings Student Union Building Ballroom September 23-25, 2009

Wednesday, September 23, 2009

Roll call indicated a quorum present.

Regents present: Regent Stephen Barrett, Chair, Regent Clay Christian, Vice Chair, and Regents Lila Taylor, Lynn Hamilton, Janine Pease, Todd Buchanan, and Robert Barnosky. Commissioner of Higher Education Sheila Stearns, *ex-officio*, was present. Superintendent of Public Instruction Denise Juneau, *ex officio*, was represented by Joyce Silverthorne. Governor Brian Schweitzer, *ex officio*, was represented by Dan Villa.

Regent Clay Christian moved approval of the August 3, 2009 and August 26, 2009 conference call minutes. Motion passed 7-0.

Chancellor Ron Sexton welcomed the board and introduced Tyler Harris, president of the Associated Students of MSU-Billings, who spoke on the value of his experience at MSU-Billings and the belief in the future of higher education.

Comments by Chairman Steve Barrett

Chairman Steve Barrett explained the MSU-Bozeman presidential search process and that the search committee is in the process of interviewing candidates for the position. This has been a high priority for the regents.

Chairman Barrett stated that Regent Todd Buchanan has been chairing the regents' Reform and Reinvention Workgroup, which is addressing changes in the Montana University System.

Administrative, Budget and Audit Oversight Committee

Chairman Clay Christian explained the process that will be used for the campus budget presentations. The focus of the presentations is the current unrestricted funds.

MSU Campuses [Operating Budgets Plus Campus and Agency-Specific Agenda for Action and Information]

- MSU-Bozeman
 - Agriculture Experiment Station
 - Extension Service
 - Fire Services Training School

MSU-Bozeman

President Geoff Gamble, MSU- Bozeman, gave the budget presentation for the MSU-



Bozeman campus and agencies. He said that both college enrollments and retention rates have increased during the recession. He said their campus not only attracts high achieving students, but also provides high quality tutoring services for students. He noted that Montana receives state funding at 71% of peer institutions. Montana will continue to try to do more with less.

Budget goals for MSU-Bozeman

- Sustain library acquisitions
- Increase online courses and degree programs
- Enhance access to summer session courses
- Place writing and math learning centers in residence halls

University strengths:

- Innovative, nationally acclaimed core curriculum
- Continually improving retention rates
- High career placement rates
- Quality interdisciplinary degree programs

Challenges:

- Maintaining a level of academic and research excellence
- Meeting the two-year education need of the Gallatin Valley
- Preserving base level funding for all campuses

Ag experiment Station

President Gamble said the program scope of the Agricultural Experiment Station is to conduct research on local and global issues in plant and animal agriculture and natural resource systems. He noted that the personnel expenditures constitutes 92% of the experiment station's expenditures and that they literally have no room to reduce their budgets without affecting personnel.

Strengths:

- Active and competitive research
- Fundraising and LRBP funding
- Animal Bioscience Building
- Wheat stem sawfly federal stimulus projects

Challenges:

- Faculty and staff recruitment and retention
- Flat federal funding
- Very poor field equipment.
- The mechanism of federal funding is essentially flat

MSU Extension Service

President Gamble said the mission is to extend the presence of the state land grant university to all corners of Montana through applied research, educational outreach and public engagement.



Priorities:

- Concentrate on core program areas of agriculture and natural resources, consumer science, community development and 4-H development
- Create new strategic plans for long-term sustainability of programs

Challenges:

- FY10 budget reduced by 5%, resulting in downsizing of two positions, vacancy savings of six positions and three positions moved to grant funds
- Stagnant to declining federal appropriated funding
- Lack of full funding to cover present law adjustments
- Increasing overhead assessment for institutional support and physical plant
- Payout of termination costs for long term employees

Fire Services Training School

President Gamble said the Fire Services Training School exists to build the capacity of local government emergency services.

Strengths:

- Lower community fire insurance premiums
- Reduction of state cost for wildfires
- Montana developed performance based curriculum that serves Montana well

Challenges:

- Steady increase in demand from local responders for assistance
- Fuel costs increased by 31% in the past year

MSU-Billings

- MSU-Billings COT

Chancellor Ron Sexton explained that expenditures at MSU-Billings are the lowest of the four-year campuses within the MUS, with 46% of money invested directly into instructional costs.

Strengths:

- Increased retention trends
- Increased enrollment, with the COT enrollment growing from 492 to nearly 1,500 in ten years
- Higher continuation, transfer, retention and graduation numbers
- Continued success in addressing overall educational attainment in region
- Training at Montana Women's Prison

Challenges:

- Competitive salaries to recruit and retain faculty and staff
- Growth in part-time students, with attendance, administrative and other



challenges

- Meeting the expectations of 21st century learners
- Doing more with less
- Reorganization and redesign of the university
- Anticipate enrollment growth of 4-5%

Goals:

- Increased educational attainment
- Economic development
- Increased efficiency and effectiveness

MSU-Northern

Chancellor Frank Trocki explained that MSU-Northern has a modest increase in enrollment this fall semester. He added that financial restructuring has enabled MSU-Northern to eliminate the negative fund balance in the unexpended plant, and to significantly reduce the negative fund balance in auxiliary services.

Strengths:

- Excellent student/faculty ratio
- Technological and professional programs that have gained regional and national recognition
- Enrollment growth through new marketing and recruiting strategies
- Increased retention efforts

Challenges:

- Increase enrollment to 1600 by 2013
- Competition with other universities
- Develop and maintain effective student life for all students
- Develop articulation agreements with selected nationally accredited post-secondary institutions
- Facilities are inadequate and/or outdated.

MSU-Great Falls COT

Dean Joe Schaeffer said enrollment at MSU-Great Falls College of Technology continues to increase, with a 14% increase from last year.

Strengths:

- Making specialized programs and initiatives for target groups
- Progress in improving effectiveness and consistency of resource allocation

Challenges:

- Being responsive when capacity is filled and resource reallocation requires closure
- Doing more with less



- Due to lack of personnel, it is difficult for the smaller institutions to be as innovative as the larger campuses

Deputy Commissioner Mick Robinson said increased enrollments were expected with the decreased economy. He asked for guidance from the board on what threshold the regents are comfortable with regarding committing tuition dollars for the purpose of meeting the needs of increased enrollments. How sustainable is the enrollment increase on the campuses and, if not sustainable, how should the MUS make good investment decisions with those additional tuition dollars or “freedom reserves” because the campus budget enrollment targets have been achieved? He asked if the regents preferred to invest those funds in base spending or how they wished to manage that money.

Dean Schaffer responded that MSU-Great Falls COT only releases the money for other use if they meet their enrollment projections.

Commissioner Stearns stated that the campuses may not be able to invest in the community at the same rate as in the past due to budget constraints.

Community Colleges

Dawson Community College

President Jim Cargill spoke on the unique situation in northeast Montana compared to the rest of the state. He said eastern Montana is different from the rest of the state and that the recession has not hit them as hard as it has in some parts of the state. Dawson has experienced an increase in resident students, but a decrease in non-resident students.

Strengths:

- Slow, steady enrollment increase
- Affordable
- Good access
- Good support for underprepared students
- Excellent facilities
- Community support

Challenges:

- High expenditure per student caused by capacity with Dawson having the ability to increase an additional 500 students without adding faculty or running into problems with space
- Demographics
- Decrease in middle school enrollments
- High out of state competition

Following the presentation, Commissioner Stearns told the board that Dawson Community College is subsidizing non-resident tuition, which may be contrary to BOR policy. Regent Christian agreed that the campuses cannot subsidize non-resident tuition. Regent Lynn Hamilton said the “Grow Eastern Montana” that was approved at the May 2009 meeting was approved specifically for Miles Community College as a pilot program.



Flathead Community College

President Jane Karas said Flathead Valley Community College has seen a large increase of nearly 40% in enrollment.

Strengths:

- Ability and willingness of faculty and staff to respond to enrollment increase
- Ability to respond to community needs
- Transfer program
- Partnerships with K-12 school districts, business and industry
- Continuing education, workforce and contract training

Challenges:

- Providing services
- Meeting equipment and technology needs, and maintaining competitiveness of salaries
- Faculty workload due to increased enrollment
- Increased instructional expenses

Miles Community College

President Stefani Hicswa clarified that the Miles Community College numbers do not include the dual enrollment students. Expenditure per student has decreased 3% from last year while the instruction budget was increased by 4%.

Strengths:

- Strategic decision-making
- Distance education
- Locally elected board oversight
- Small class size

Challenges:

- Competitive salaries
- Turnaround time for program development
- Deferred maintenance
- Demographics

Commissioner Stearns asked to what extent do the faculty and staff interact with Tom Gibson, Director of eLearning, about new on-line programs and look at the offerings throughout the state. President Hicswa replied that they have worked closely with Tom Gibson and are well aware of the concern of duplication. President Hicswa told the board that it is too early to tell what the effects are from the Grow Eastern Montana program because spring semester was completed by the time the pilot project was approved and the campus recruiter is currently in the midst of the recruiting schedule.



Agenda for Action and Information]

UM-Missoula

- UM-Missoula COT
- Forestry and Conservation Experiment Station

President George Dennison said UM-Missoula projects a 3.4% enrollment growth, which is the largest increase The University of Montana-Missoula has seen. He said they will serve the increased resident students, but that there are no additional funds to do so. President Dennison told the board that the UM-COT has nearly reached its capacity. He clarified that the budget as presented includes the work they are doing in the Bitterroot Valley, including temporary classrooms and the increased bus service going back and forth between Missoula and Hamilton.

Strengths:

- Continued growth in resident enrollment
- Focus on student success
- Responsive programs
- Modernized facilities
- Research
- World class faculty

Challenges:

- Recessionary impact on out-of-state enrollment
- Improving 4-year graduation rates
- Access
- No state support for resident growth
- Preparing for the pending shortfall in the FY12/13 biennium

Forest & Conservation Experiment Station

Strengths:

- Provides leverage for an internationally recognized research program
- Graduate degree program

Challenges:

- To move more strongly into climate change activities, especially monitoring, mitigation and adaptation research

Deputy Commissioner Robinson asked about the non-resident tuition issue and whether or not the campuses have seen evidence of how that impacts the resident attendees. President Dennison responded that they have not thoroughly analyzed the issue yet, but their conclusion is that the freshman class enrollment is up. It is the continuing students that did not increase as much. President Dennison said it is possible the economic situation has contributed to some of the decreases in return students.



MT Tech of UM

- MT Tech COT
- Bureau of Mines and Geology

Chancellor Frank Gilmore said expenditure per student is 3.4%. He told the board that MT Tech has seen a 3.9% increase in enrollment. Freshman enrollment is down but enrollment overall is up because of transfer students.

Strengths:

- Largest enrollment in MT Tech history
- New natural resources building
- Increase in private fundraising
- Mid-term grade intervention

Challenges:

- Recruitment and retention of faculty and staff
- Aging facilities and deferred maintenance
- Demand for additional class sections
- Montana Math and Science Academy
- Residence halls over capacity
- Parking

Bureau of Mines and Geology

Strengths:

- New programs established by the 2009 legislature
- New natural resources building
- Widespread usage of information continues on ground-water information and publication downloads

Challenges:

- Staffing for HB52 Ground-Water Investigation Program with uncertain future base funding
- Continuation of funding for aquifer-test data as obligated by HB304 and HB831
- Decline of general-fund-supported FTEs

UM-Western

Chancellor Richard Storey said expenditure per student has increased by 4.6% and enrollment has increased 7.5%. Chancellor Storey told the board that the savings from the installation of the wood-fired boiler needs to be paid back to the Department of Environmental Quality to help pay back a bond and that UM-Western gets back 12% of the savings.

Strengths:

- Experience One
- Dedicated faculty, staff and students
- Successful accreditation reviews



- Sustainability efforts
- Affordable and accessible

Challenges:

- Compensation and recruitment
- Increase degree completion
- Identifying new markets

UM-Helena COT

Dean Daniel Bingham explained the COT mission is to support workforce development needs and to promote lifelong educational goals of learners. Dean Bingham said UM-Helena COT's enrollment has increased 22%. He said students are taking higher credit loads. Dean Bingham told the board many of the students are place-bound and are not interested in attending elsewhere. He said his campus uses their trade programs a great deal when making changes on their campus.

Strengths:

- Focus on student success
- High enrollment
- Better campus facilities
- Comprehensive portfolio of programs
- Access

Challenges:

- Competitive salaries
- Perception of two-year education
- Funding for program growth and instructional equipment
- Funding for professional development

Regent Christian commended UM-Helena COT and MSU-Great Falls COT on their high level of efficiency. Dean Bingham replied that part of the efficiencies of UM-Helena COT are because of their work with UM-Missoula.

Office of the Commissioner of Higher Education (OCHE) [Operating Budgets Plus Campus and Agency-Specific Agenda for Action and Information]

OCHE

Frieda Houser, OCHE Budget Director, explained the budget schedules for the system summaries and OCHE budgets. Frieda Houser said this is the beginning of FY10 which is an important distinction because of how the legislature appropriates funding and that any money unspent from FY10 can be carried over to FY11, with the exception of the agencies that receive annual appropriations. She stated that this year is different than past years, though, because of the federal stimulus funding received that has been deposited in the current unrestricted fund. Federal funding is typically considered as restricted funding, however, for this biennium federal stimulus funding was appropriated for the university system to continue ongoing operations and to mitigate tuition increases for resident students. Ms. Houser said the community colleges received some stimulus funding intended for construction projects and these have been properly budgeted in the plant fund. She said the majority of state



support, however, goes to education support. She clarified that the campus budget reports include all scholarships, and partial and full waivers. She reviewed the OCHE operating budgets and referred to the detailed budget schedules for each program.

ACTION

- a. MUS Operating Budgets Summary ITEM 144-101-R0909
- b. Authorization to Construct Bus Storage Facility; UM-Missoula ITEM 144-1003-R0909

President Dennison explained this item is for authorization to construct a storage facility for buses.

- c. Proposed Land Acquisition by Donation; MT Tech ITEM 144-1501-R0909
Supporting Material #1 Supporting Material #2 Supporting Material #3
Supporting Material #4
- d. Authorization for Expansion to the Health, Physical Education and Recreation (HPER) Building; MT Tech ITEM 144-1504-R0909 Supporting Material

Chancellor Gilmore explained this item was delayed from the May 2009 Board of Regents meeting. The campus has reworked the plan since that time and MT Tech has agreed to put in \$160,000 from auxiliary funds into the project and would like to use Inter-cap loans of \$2.7 million to be paid back over a 15 year period of time. He said the new fee for the students will now be \$64.80 per semester. Chancellor Gilmore told the board this facility is extremely important to the students.

Jennifer Bickler, President of MT Tech student body, urged regental support of the facility. The current facility is overcrowded and has not been properly maintained. She said she realizes the current economic situation, but stressed that this project needs to be done to help meet the needs of the current student body.

Regent Christian said he received a large number of letters sent by the students in support of the facility.

Regent Barrett said he was bothered by this project because this is essentially a 3% tuition increase for the students for 15 years. He realized the students are earnest, but he still has concerns with obligating students over the next 15 years to pay for this.

Chancellor Gilmore responded that MT Tech did put auxiliary money into this and they don't have another alternative for this.

Regent Hamilton asked what the students would do if this is not done.

Ms. Bickler replied that there are two facilities in Butte that the students can access off campus. For those accessing facilities off campus, the cost is generally \$30 per month, plus an annual fee of \$60.



Regent Robert Barnosky asked if the faculty and staff share this facility. Chancellor Gilmore replied that faculty and staff do use this facility and do not have to pay a fee for the usage.

Commissioner Stearns asked if faculty and staff have to pay for the use of these facilities on other campuses. President Dennison said faculty and staff do pay fees at UM-Missoula, as they also do at several of the other campuses. She asked if MT Tech had considered requiring faculty and staff to pay a fee too and if not, why not. Chancellor Gilmore responded that they had not considered that option because this is a compensation issue for the faculty and staff in times of pay freezes.

President Dennison told the board that this happened on the UM-Missoula campus before and that the project contained a fee for 20 years. President Dennison said a limited number of alumni are allowed to use the facility, but are required to pay a fee to use it as do faculty and staff. President Gamble said MSU-Bozeman also had this on their campus with a 20 year payment.

- e. Construct ADA Modifications; MSU-Bozeman ITEM 144-2007-R0909 Supporting Material

Mick Robinson clarified this project would use an InterCap loan to finance this project over a number of years.

- f. Tennis Facility Repair; MSU-Billings ITEM 144-2704-R0909 Supporting Material

Chancellor Sexton explained that this project was necessary because a windstorm blew down the tennis bubble. He said they looked into replacement options and found that replacing the entire unit is the best way to go. This is a more advanced facility and is more energy efficient.

- g. MUS Trust Land Issues

Commissioner Stearns explained a recent meeting of the land board in which they discussed the trust lands management funds for the common schools, and particularly for MSU-Bozeman and MT Tech. Commissioner Stearns said some campuses within the university system receives nearly \$500,000 per year in income from income of the trust lands, particularly MT Tech, MSU-Bozeman and UM-Western being the main beneficiaries of the funds. She said a legal case, brought about by Montanans for the Responsible Use of the School Trust (MonTrust) in 1999 addressed the full market value for the cabin sites and river and lake front properties, ultimately proving that the State of Montana was not living up to its obligations to get full market value. It is clear with the new reappraisals that the full value is not being developed or accrued to the beneficiaries, of which some Montana campuses are included. Commissioner Stearns expressed great concern about this. She told the board the Montana University System has engaged an attorney, Professor Greg Munro, UM-Missoula law school, to represent the interests of the university system in this issue. At Monday's land board meeting, the majority of attendees were the lessees because of their concern that their leases may rise precipitously. It is a contentious issue and she requested guidance of the regents.



Regent Barrett said he thinks the Land Board understands their obligations quite clearly. He said that while the law is quite clear, the reappraisals and some of the impacts have created some anomalies. This issue will come before the land board again. Whether the MUS has to take court action or not remains to be determined yet.

Dan Villa, Governor's Education Policy Advisor, said the governor is interested in this issue. Mr. Villa said Governor Schweitzer did not like the reappraisal bill last year and did not sign it. The land board will be looking at what data points they need to change and will come back to address it yet.

Commissioner Stearns explained that the 2009 reappraisal is what brought the issue to the attention of the lessees. Commissioner Stearns said the cabin lease holders think the 2003 appraisals were also too high. Commissioner Stearns told the board that MonTrust said this goes against the Supreme Court's ruling. She said 3.5% has been held to be too low and the cabin site leases have not gotten up to the 3.5% level.

INFORMATION

- a. Proposed Revision Policy 940.12.1, Annual Fee and Tuition Approval; Disclosure of Total Cost of Attendance; Montana University System

Regent Christian stated that in the future, he requests that fees be tied more closely to program approvals.

Deputy Commissioner Robinson said this proposed policy revision is for clarification and that it is important that the policy statement of 940.31 remain in the policy. He said the board will continue to look at these every two years at the May Board of Regents meeting. Section B was already demonstrated in the approval of the wind turbine program in May 2009. He said that if a new program is going to be developed and is going to have an impact on the facility involved, then that information or projection needs to be included at the time the program is brought forth for approval. This policy revision includes some definition language comprised by a workgroup that addressed fees. Deputy Commissioner Robinson requested that the campuses send him any recommendations they may have on this policy revision. He also clarified that the proliferation of fees should be avoided and the incorporation of mandatory general fees into tuition levels should be more commonplace in the future.

Regent Hamilton asked what mechanism is in place in the system office to determine if a fee is appropriate or not. Deputy Commissioner Robinson responded when that occurs, he discusses it with the campus prior to the item coming to the regents. Once he has given his recommendation, the campuses decide if they are still going to submit it to the board and the board has the final decision.

Regent Christian said this is discussing how to evaluate new fees. He approved of this policy change to help in aiding discussions on how to evaluate fees, whereas new fees would have to be brought forth with the program approval request.

- b. Legislative Audit Update



Deputy Commissioner Robinson explained the campuses will be having legislative audit meetings soon. Two issues raised by the state auditor include a “disclosure” issue, regarding the ability of campuses with foundations to allow the campus foundations to manage endowments, which the foundations have been doing for many years. Deputy Commissioner Robinson said this was an issue with the audits and the audit division was unclear about statutory direction and has asked the attorney general for an opinion. The Attorney General has not decided yet if he will give an opinion or not. Deputy Commissioner Robinson said other issues in the audits related to sub-funds, internal controls, a negative fund balance, tuition waivers, and a technical issue.

CONSENT

- a. Authorization to Name The University of Montana Native American Center to the Payne Family Native American Center; UM-Missoula ITEM 144-1004-R0909 Attachment
- b. Operating Agreement Between UM-Western and UM-Western Foundation; UM-Western ITEM 144-1602-R0909
- c. Fire Services training Advisory Council; MSU-Bozeman ITEM 144-2012-R0909
- d. Paint Existing Auxiliaries Facilities; MSU-Bozeman ITEM 144-2011-R0909
- e. Renew Lease-Joseph M. Hartmann Memorial Ranch; MSU-Bozeman ITEM 144-2009-R0909 Attachment
- f. Lease for Western Transportation Institute; MSU-Bozeman ITEM 144-2010-R0909 Attachment
- g. Expend Computer Fees; MSU-Bozeman ITEM 144-2006-R0909
- h. Expend Computer Fees; MSU-MSU-Great Falls COT ITEM 144-2851-R0909
- i. Expend Student Equipment Fees; MSU-Bozeman ITEM 144-2008-R0909
- j. Expend Student Equipment Fees; MSU-Great Falls COT ITEM 144-2852-R0909

Regent Christian asked Presidents Hicswa and Cargill if there is any law or policy that prohibits spending local levy money on tuition and whether those funds sufficient enough to cover those subsidies? Regent Christian added that he did not think the tuition subsidies should come from state funds. President Hicswa said she did not believe there is anything in the local levy laws that prohibit that, but she would try to get the answer to Regent Christian the next day.

The Board recessed to the Missouri room for executive session at 5:30 PM.

- Litigation Report
- Naming of Building
- Completion of President Dennison Evaluation

Thursday, September 24, 2009

The meeting reconvened at 8:30 AM.

Reno Charette, Director of American Indian Outreach, MSU-Billings and Native American



students presented the gift of a blanket to Chairman Steve Barrett.

General Reports

- Office of Commissioner of Higher Education (OCHE)

Commissioner Stearns called the board's attention to two reports, one of which was the annual report on outside governing boards sent to the regents in August 2009. This report identifies the governing boards on which our administrators are serving. She noted that administrators are engaged in many more public service activities than are reflected on this report, as the report includes only the private for-profit governing boards and those for which our administrators are compensated. Commissioner Stearns reminded the board that all of this service has been expressly approved by herself, as per Board of Regents' policy.

Commissioner Stearns stated that secondly, also as per Board of Regents' policy, her office prepares a bi-annual report on the MRPIP program, which is the Montana Rural Physicians' Incentive Program, a statutory program of which you are all aware and which provides repayment of education loans for doctors practicing in underserved areas of the state. She said this report is being finalized and will be sent out the following week.

Commissioner Stearns informed the regents that Sarah Elkins and Bill Macgregor, Director of Transferability, OCHE, were recently awarded the Governor's Award of Excellence for the outstanding work on the transferability initiative. Dan Villa commented on the transferability initiative as one of the legacies of the Montana University System.

Commissioner Stearns notified the board that the Montana Guaranteed Student Loan Program (MGSLP) reached a new low rate for loan defaults. Their loan default rate was down to 2.2%, which is one of the lowest rates in the entire country.

- Regents Workgroup Update

Regent Buchanan, chairman of the Regents' Reform Workgroup, told the board that the group held an organizational conference call meeting and has scheduled an October 20, 2009 meeting to be held in Helena. He said the committee, including six citizen group members, will be working on reform initiatives in the university system. Regent Buchanan told the board that with the current economic environment, it is imperative to do something, to acknowledge what we are doing well and to identify what we can improve.

Associate Commissioner Tyler Trevor stated that he is working on a survey to allow faculty, staff, students, high school counselors, principals, the Office of Public Instruction (OPI), and staff to submit ideas. He said he has received numerous positive responses and will now look for themes that can possibly be addressed.

Commissioner Stearns mentioned the book "Crossing the Finish Line" which focuses on degree completion and states that higher education must fundamentally re-think the pricing and operation of public colleges. She said that, given the rising pressure on state budgets, higher education must learn to do more with less.

- Campus Issues - MSU-Billings and MSU-Billings COT



Stacey Klippenstein, Vice Chancellor for Student Affairs, MSU-Billings, spoke on the H1N1 flu response by the campuses. He said it is important for higher education to talk about H1N1 because of the media attention, the parents and students, since the H1N1 flu can affect that population as well. Awareness is heightened because of the close quarters of college students. Dr. Klippenstein said most campuses are following the Center for Disease Control (CDC) guidelines specific to higher education which outline what higher education should do with sharing information, how they should act and react and how to prevent the spread of H1N1 flu on campuses. The vice chancellor distributed information on the CDC guidelines to the board.

Staff and Compensation Committee

Commissioner Stearns clarified in response to a newspaper article, that there was no funding available for pay increases for all employees, except a \$450 bonus for those making \$45,000 or under. She clarified that she had not said the bonus was for only non-union people, as the newspaper stated. The bonus is for all employees making \$45,000 and under.

Kevin McRae, Director of Labor Relations and Personnel, OCHE, explained the presidential recruitment process and said recruitment of presidents, chancellors and commissioner will be part of long-term planning. Therefore, this is a good time to take a look at employment policies and to decide if they fit our current and future needs. He requested that the regents look at the employment-related policies and provide guidance for possible revisions for the November board meeting.

Regent Christian suggested making some of the policies more general in nature and to simplify and condense others.

Regent Hamilton requested that the regents consider contract timelines in conjunction with the evaluation process occurs into account when considering the policy revisions.

INFORMATION

Current President/CEO-related personnel policies

- a. Commissioner of Higher Education; Appointment (204.2)
<http://mus.edu/borpol/bor200/204-2.pdf>
- b. Commissioner of Higher Education; duties (204.3)
<http://mus.edu/borpol/bor200/204-3.pdf>
- c. Presidents; Appointments (205.1)
<http://mus.edu/borpol/bor200/205-1.pdf>
- d. Presidents; duties and responsibilities (205.2)
<http://mus.edu/borpol/bor200/205-2.pdf>
- e. Chancellors; duties and responsibilities (205.2.1)
<http://mus.edu/borpol/bor200/205-2-1.pdf>
- f. Appointment; Executive Contracts; Commissioner and Presidents (702.5)
<http://mus.edu/borpol/bor700/702-5.pdf>
- g. Commissioner and Board Performance Assessment and Compensation Procedure (705.1)
<http://mus.edu/borpol/bor700/705-1.pdf>



- h. Performance evaluation; presidents (705.2)
<http://mus.edu/borpol/bor700/705-2.pdf>
- i. Annual Commissioner's Performance Review (705.4)
<http://mus.edu/borpol/bor700/705-4.pdf>
- j. Board of Regents Employment Contracts (711.2)
<http://mus.edu/borpol/bor700/711-2.pdf>
- k. Position Descriptions: Executive Officers (750)
<http://mus.edu/borpol/bor700/750.pdf>
- l. Service on outside Governing Boards (760)
<http://mus.edu/borpol/bor700/760.pdf>
- m. Presidents' Salaries (802.6)
<http://mus.edu/borpol/bor800/802-6.pdf>
- n. Salaries of the Commissioner of Higher Education and Campus Chief Executive Officers (802.8)
<http://mus.edu/borpol/bor800/802-8.pdf>
- o. Executive perquisites (805)
<http://mus.edu/borpol/bor800/805.pdf>

MUS Employee Benefits Update

- URx prescription drug plan
- "Gold Standard" Program

Deputy Commissioner Robinson identified these items as areas that he and Paul Bogumill, Director of Benefits, OCHE, have been working on. He explained that the university system is seeing a large amount of cost increases because of the national debate on healthcare insurance and healthcare. In response to the uncertainty of the time, healthcare providers are increasing their costs.

Mr. Bogumill is responding in two ways, one of which is a program he developed, URx, which began as a university system pharmacy plan for the purpose of staying ahead of the cost of prescription drugs. The UM-Missoula School of Pharmacy has partnered with this program to manage the prescription costs. Deputy Commissioner Robinson explained that the university system has shared this URx program with the state benefit plan. The benefit plan will begin on January 1, 2010, because their benefits plan goes from calendar year to calendar year, whereas the MUS will begin July 1, 2010 to coincide with the MUS benefits schedule, which goes according to the fiscal year. The decision was made to let the state begin earlier than the MUS start date because of the large amount of savings expected. The MUS will get information to employees as the implementation date gets closer.

Deputy Commissioner Robinson also explained the Gold Standard Program, which has now been changed to the name "Quality Care Choices" and which provides a win/win for employers and employees and helps to keep the benefits costs down for both the MUS and the state of Montana.

CONSENT

Staff Items

- a. UM-Missoula ITEM 144-1000-R0909



- b. MT Tech ITEM 144-1500-R0909
- c. UM-Western ITEM 144-1600-R0909
- d. MSU-Bozeman ITEM 144-2000-R0909
- e. MSU-Billings ITEM 144-2700-R0909
- f. MSU-Northern ITEM 144-2800-R0909
- g. MSU-Great Falls COT ITEM 144-2850-R0909
- h. Authorize Request for Employee Participation in Company under Policy 407; MSU-Bozeman ITEM 144-2005-R0909
- i. Regents' Professor Emeritus of Biological Sciences: Fred Allendorf; UM-Missoula ITEM 144-1001-R0909
- j. Professor Emeritus of English: Phillip R. Fandozzi; UM-Missoula ITEM 144-1002-R0909
- k. Professor Emeritus of Music: Roger Dale McDonald; UM-Missoula ITEM 144-1005-R0909
- l. Professor Emeritus of Chemistry and Geochemistry: Douglas A. Drew; MT Tech ITEM 144-1502-R0909
- m. Professor Emeritus of Liberal Studies: George Waring; MT Tech ITEM 144-1503-R0909
- n. Professor Emeritus of Education: Linda Reiten; UM Western 144-1601-R0909
- o. Professor Emeritus of Art: Michael H. Peed; MSU-Bozeman ITEM 144-2001-R0909
- p. Professor Emeritus of Art: Anne Garner; MSU-Bozeman ITEM 144-2002-R0909
- q. Professor Emeritus of Art: Harold S. Schlotzhauer; MSU-Bozeman ITEM 144-2003-R0909
- r. Professor Emeritus of Statistics: Robert J. Boik; MSU-Bozeman ITEM 144-2004-R0909

Public Comment

Doug Coffin, University Faculty Association, University of Montana – Missoula spoke on behalf of bargaining and the value of faculty and staff during difficult economic times.

Presentation by and Discussion with Dennis Jones, President of The National Center for Higher Education Management Systems (NCHEMS)

Topic: Strategic Finance and Outcomes-Based Allocation Possibilities

Commissioner Stearns introduced Dennis Jones, President of The National Center for Higher Education Management Systems (NCHEMS), explaining that he founded the NCHEMS, and is a national expert on transition in higher education.

Mr. Jones gave a presentation, "Responding to the Imperative to Increase Productivity." He spoke on President Obama's expectations that by 2020, America will have the highest proportion of college graduates in the world. He said it is imperative to maintain access by serving an increasing number of students and to maintain affordability for both students and the state. He told the board that Montana should invest the federal stimulus funds in developing more cost-effective ways of doing business. Mr. Jones said campus funding comes from many sources, including state, students, federal stimulus dollars, endowments, and private donors.



Mr. Jones stressed that the economic recovery in the country will be slow. He said the research institutions are the ones that get squeezed during an economic downturn because there is a mindset that they have the option of getting money from other sources. He made the point that it is going to be difficult to get any more money from tax revenue in Montana. Every state in the country has a tax structure that will not support the current services budget. He said the stimulus package is not the answer for most states and public institutions, but it could slow the impact and allow time to make adjustments. Mr. Jones said the difference with Montana is the extremely low share the state provides, which is a policy decision and choice that Montana has made. He explained that Montana has remained quite flat for many years in the rate of contribution by the state and as the state share of contribution has decreased, the student share has increased proportionality. He said Montana is now at the point where the students are paying the larger share of costs for higher education. He said when the state becomes the junior partner in contribution, it creates a very different on-campus phenomenon. Montana already spends so very little on their students that we already get the most bang for the buck.

Mr. Jones said need-based financial aid should be a state-wide program instead of an institution based program and that needy students at four-year institutions are very different from needy students at the two-year institutions. He said the economy in Montana is changing; Montana is becoming less dependent on agriculture, transportation and utilities, but more dependent on business and health services. Mr. Jones said he does not expect state budgets to return to their prior levels because there will be economic recovery without employment recovery.

Mr. Jones gave the following recommendations: build cost effective systems; change the academic production function; reduce leaks in the pipeline; reduce the demand each student places on the system; don't let the students drop a class and re-enroll, drop the class and re-enroll; get funding for the amount of credits completed, not the number the students enroll in; get the students to stay in college once they are in; students need to know it is the same math course whether taken at the 4-yr campus or the 2-yr campus; and centralize some student support services for efficiencies.

Commissioner Stearns commented that some of the regents are concerned about how freely students can drop and add classes. She asked Mr. Jones how to get to more degree completions with the available dollars spent. He recommended building cost-effective systems by effective collaboration among institutions, and more efficient use of existing resources, thus, both institutions are fiscally rewarded for collaborating. Mr. Jones added that being productive is about how you use people, not about the cost of buildings and technology.

Short-term actions: be clear about goals and accountability measures with degree production and fiscal sustainability; create a coherent financing plan; align policies regarding appropriations to institutions, tuition, and student aid policies; invest more state appropriations in institutions that contribute most to student access and success; protect need-based financial aid; mandate increases in instructional productivity; reduce credits to degree, and use the savings widely.

Long-term actions: refocus on institutional missions; require certain programs to be self-supporting; administer need-based aid as a state, not an institutional function; tackle



developmental education on a statewide basis; adopt a strategy for course redesign on a system-wide basis; inter-institutional collaboration, and retrofit buildings for energy efficiency.

Workforce Development and Two-Year Education Committee

INFORMATION

MOA Update

Deputy Commissioner Mary Moe said Dennis Jones' presentation aligned well with the strategies for two-year education the regents endorsed through their resolutions in May and August. Those strategies were developed as a result of the "learning year" activities of the Making Opportunity Affordable (MOA) project funded by the Lumina Foundation. Earlier in September, Montana submitted a proposal to Lumina for an MOA implementation grant centered on those strategies. We will not hear whether Montana has been selected as one of the five states for implementation grant funding until late November. Deputy Commissioner Moe stated that it is important at this point for the board to identify its priorities in pursuing these initiatives, with or without MOA funding. After consulting with the two-year education leadership, Deputy Commissioner Moe provided an analysis of importance, feasibility, and priority of each strategy.

With respect to strategy 1, bringing the full two-year mission to all two-year campuses, Deputy Commissioner Moe emphasized that:

- Bringing the transfer mission to the "embedded" colleges of technology is a high priority. To address concerns about erosion of four-year enrollments and duplication of four-year course offerings at the co-located two-year campuses, the "regents MUS transferable core," should be the initial program of study. That is high-priority and low-cost. Ideally, the transfer mission would be introduced in a way that attracts adults to postsecondary studies. Being an MOA implementation grant state would be very helpful in identifying those strategies.
- Bringing ABE/GED completion programs to all two-year campuses is a key strategy to increase adult enrollments and completions. The Office of Public Instruction (OPI) has expressed enthusiasm for leading this portion of the project.
- Increasing adult enrollments and completions is the biggest challenge facing Montana. Lumina's help with consultants and funding for pilot programs to address this challenge would be very helpful. Deputy Commissioner Moe recommends holding off on any action in this area until we hear whether we got the Implementation Grant.

Strategy 2 is to establish the two-year colleges as "hubs" responding to regional needs for workforce development and higher education opportunities. Of particular urgency is the need to create statewide protocols for dual enrollment.

Strategy 3 is to coordinate approaches to curriculum in order to ensure readiness, focus students on degree completion, and create a quality brand. Deputy Commissioner Moe said that our progress with dual enrollment and the virtual community college in particular depend on our moving forward with aligning foundational requirements for workforce programs and creating a focused subset of the MUS transferable core that the regents recognize with a credential and track for quality assurance.



Strategy 4 is to improve technology infrastructure to expand access and increase efficiency. This will involve bringing all MUS-affiliated colleges onto the same information enterprise system. She explained that The University of Montana has offered to provide infrastructure to Dawson as they have done for UM-Helena. This does not create a virtual community college, but it lays the foundation for one. Deputy Commissioner Moe stressed that without an integrated system, the benefits of a virtual community college would be questionable. She is still working with campuses to identify the campuses best-suited to pilot the virtual community college.

Deputy Commissioner Moe stated that these are her evaluations of the feasibility of the strategies and their urgency, but she would like guidance from the regents as to where to go from here.

Regent Hamilton thanked Deputy Moe for this analysis and said she believes it is important to send the message that we are committed to increased two-year education. She recommended proceeding with the strategies as outlined and prioritized.

Regent Buchanan added that these strategies are priorities and if we don't receive the MOA funding, then we need to find other resources to accomplish them because this is the right direction to take.

Commissioner Stearns commented that the two-year education resolution that the regents passed unanimously at the August 3, 2009 meeting directed the university system to go forth within components of the resolution.

Deputy Commissioner Moe stated that she wanted to be sure that the regents had heard from the other leaders in two-year education and invited the two-year CEOs to comment.

Dean Daniel Bingham responded that he was supportive of the resolution and these steps need to happen in the two-year sector of higher education. Dean Bingham suggested taking a strong look at the policies for admission standards for the two-year colleges of technology on a system level, what the Colleges of Technologies are and what their mission is. He said he is eager to participate as this goes forward.

President Hicswa agreed and expressed support for the success of two-year education in the state. President Hicswa commended Deputy Commissioner Moe for the high level of communication she has engaged in with all the two-year campuses. President Hicswa said if this is what is best for the state, then that is the leadership she needs to provide at her campus. She added that some of the implications of implementing Banner on the Miles Community College campus for the integrated information system will change the way they do business.

Dean Joe Schaffer responded that he is committed to all the components included in the resolution, including the virtual community college, and is committed to supporting the movement in Montana.

President Jane Karas expressed support for helping to meet the goals set by the Board of Regents and added that she is focused and committed to supporting the two-year mission



and resolution. She said she would like to see a focus remain on the transfer from the two-year to four-year institutions.

Dan Villa commended Deputy Commissioner Moe on behalf of the governor, who is supportive of the goals and the two-year resolution. This helps them make decisions in a more informed manner. Mr. Villa said the governor's office is committed to partnering with the MUS in achieving the goals in the outline.

Perkins Update: Demonstration of MCIS Advising Tools

Lyle Courtnage, Eastern Regional Director of Pathways from Peaks to Plains, MSU-Billings, spoke on the integrated Montana Career Information System (iMCIS) which engages high school students in college or workforce pathways. He explained that this is a partnership used to provide information for career planning. High schools throughout the state have access to the website tools.

Chairman Barrett recommended removing the need for user names and passwords to access the site as that could be a strong deterrent to students and parents using the site to match the student's skills and interests to a particular career cluster that they are interested in.

Academic and Student Affairs Committee

ACTION

a. Revision of BOR Policy 401- Research and Technology Transfer

Deputy Commissioner Sylvia Moore explained the policy revision which was a directive from the May Board of Regents meeting. She said this policy involves the federal initiatives and the degree to which the regents prefer to be involved in the process of outside funding. The regents will receive information prior to campus submission to the federal government. Deputy Commissioner Moore told the board that the steering committee for the science and technology committee is comfortable with the revision.

Chairman Barrett reminded the group they first adjusted the time periods at the March, 2009 Board of Regents meeting.

Regent Taylor said she knows the reason for this clean-up came about was because of a long standing grant that had gone through MSU-Bozeman for many years in which MSU-Bozeman provided a good service to the state. She hopes this grant comes through again and that it gets a good review by the Board of Regents.

President Gamble replied that MSU-Bozeman is supportive of this and that this gives additional review of the grant and the federal initiatives process.

Level II Action Items (from summer submission)

b. MSU-Great Falls COT, CAS & AAS in Construction Technology – Carpentry ITEM 143-2854-R0509



Heidi Pasek, Associate Dean/CAO of Instruction, Assessment & General Education, MSU-Great Falls COT, explained that MSU-Great Falls combined two degrees in May 2008. This item requests formal approval of the CAS and AAS in construction technology. Ms. Pasek said MSU-Great Falls COT needs to build their trades program, which will help strengthen economic development in the Great Falls region.

c. MSU-Billings, Bachelor of Fine Arts in Art ITEM 144-2701-R0809

D'Ann Campbell, Provost & Academic Vice Chancellor, MSU-Billings, said their art department has been asked by the accreditation agency for fine arts to change the studio arts extended degree from the current BA degree, which is a general liberal arts degree, to the BFA, which is a professional degree. This change would put them into full compliance. She said they have built into the studio arts program all the requirements needed for a bachelor of fine arts degree over the past few years. Provost Campbell explained that the commission strongly recommended that MSU-Billings seek state support to re-title this program in order to provide the title, content, and consistency for the general public and the profession.

Chairman Barrett asked why this would be treated as a new degree since they already have the degree and they are just changing the name. He said he wants clarification to know if this is a new program or not.

Deputy Commissioner Moore said this would be a change in emphasis where the accreditation agency is recommending that MSU-Billings title their program to reflect more accurately the top quality that is being provided. This is simply a new title of an existing program emphasis area. MSU-Billings will keep their BA degree with the teaching option, and add the BFA title.

d. UM-Missoula, Major in Central and Southwest Asian Studies ITEM 144-1001-R0709

Provost Royce Engstrom said this request is a result of interest on the campus and the strong history and tradition from the Mansfield Center on their campus. They currently have an Asian degree, but this focuses more on specific regions in Asia and includes a core of introductory work which is then built on other courses developed throughout the campus. Provost Engstrom said this also adds a variety of languages from throughout Asia. Provost Engstrom said tenured faculty are already teaching these courses. The Persian and Turkish aspects of this have been offered through adjunct faculty in the past. Even if the grant does not come through to support this, they have the languages covered by tenured faculty.

e. UM-Missoula, BS in Geography ITEM 144-1002-R0709

Provost Engstrom explained that they currently have a BA in geography and have found that geography has a cultural side and a physical side. He said they have found, however, that employers want the BS degree when the employees graduate. The courses for this degree are already in place.

f. UM-Western, Alteration of Science Department Structure ITEM 144-1601-R0809



Chancellor Dick Storey told the board that he required the entire faculty in the science department to sign the proposal before he would bring it forth to the Board of Regents.

Commissioner Stearns supported this proposal and asked if this means that the biology will now have a chair that will need release time to do this. Storey replied no.

- g. UM-Helena COT, AAS in Water Resources with Options in Water Quantity and Water Quality ITEM 144-1901-R0709

Brandi Foster, Dean of Academic Affairs, said they worked with an advisory board prior to submitting this. She told the board that other programs in the state are focusing on continuing education, whereas this has potential for incumbent workers.

Regent Hamilton said she is going to oppose this program due to Dennis Jones' concerns of duplication and concern with faculty that will be involved with the program. Regent Hamilton reminded the board that people from the Department of Environmental Quality (DEQ) had opposed MSU-Northern taking their program out of moratorium. She said it was important to be sensitive to state agencies and the fact that the DEQ program already provides continuing education in this area.

Ms. Foster said this is in response to students looking at a particular career choice and they predict there will remain a strong enrollment in this program.

Deputy Commissioner Moore said this was discussed in yesterday's CAO meeting and that the other campuses spoke on how this would not be in competition to their programs.

Provost Joe Fedoch, MSU-Bozeman, told the board he showed this proposal to the head of the Montana Water Resource Center to see if they had any concerns. This proposal represents a certification in a particular degree program, whereas MSU-Bozeman provides continuing education, which would not be in conflict with their program.

Provost Joe Callahan, MSU-Northern, said his campus supports this proposal because there are differences between this proposal and what other campuses are offering. He said the MSU-Northern program is focused on waste water, whereas the UM-Helena COT program focuses on water hydrology.

Regent Barrett said this is hard to do on such short notice. He asked if the differences of the programs were subtle enough for MSU-Northern to actually offer this instead.

Ms. Foster said as this proposal went forward they have talked to FVCC and MSU-Northern and they all agreed that it was an advantage to have this offered in Helena because of the state department being in Helena.

Provost Callahan said UM-Helena COT should have been more collaboration in the development of the on-line course.



Regent Hamilton replied that the adjunct resources in Helena are excellent, but that she is concerned about the student experience, advising and follow-through because of that component.

Deputy Commissioner Moore replied that a lot of the adjunct workforce is dependent on having a lot of professionals that are in the graying category. There are some cities that have more advantage on that than others.

Ms. Foster added that they have created a position to coordinate the teachings in the water resources course. She said DEQ is struggling with financial issues, and UM-Helena COT has worked with them on this development. Both groups have agreed that this will be a benefit for both the state department and the campus.

Deputy Commissioner Moe added that it is important to have faculty in place to guide the students. She said even with on-line programs, having someone whose job is to have that program thrive is a benchmark of quality.

Dan Villa verified that there was a tremendous need for this to be available.

Chancellor Frank Trocki said he would like more information on this to see if it could be more of a collaborative effort.

CONSENT

Level I memorandum

Deputy Commissioner Moore clarified Policy 303 is the curriculum approval process. The Level II is a two-step process, with proposals coming to the Board of Regents for introduction at one meeting, followed by action at the next regular meeting. Deputy Commissioner Moore explained that Regent Hamilton had asked for discussion of on-line education to be added to the Academic and Student Affairs agenda in response to the growth of on-line programs on our campuses.

INFORMATION

a. AIMA – Update on OCHE Staffing Plan

Deputy Commissioner Moore explained the plan for the vacant American Indian Minority Achievement (AIMA) position in the system office. She said the position has remained vacant due to the vacancy savings requirement. The commissioner's office has developed an updated job description. There has been a good response from people throughout the state with willingness to serve on the search committee and the plan is to fill the position by January 2010.

Commissioner Stearns added that her office had talked earlier about the possibility of filling this position with a sabbatical position from the campuses, with infusing Indian Education For All with this, and had received much support of that plan. She said they also got feedback saying people would like to see both a contract position plus possible semester long sabbatical positions through available grant funding.



Regent Pease said she has spoken with American Indian faculty throughout the system and that the campuses thought it would be important to have firsthand experience.

Deputy Commissioner Moore added that President Gamble agreed to assist in helping with the possible sabbatical position.

- b. Student Affairs Update, H1N1 Virus Emergency Plans - Stacy Klippenstein, MSU-Billings

Deputy Commissioner Moore explained that all the campuses have been submitting the status of H1N1 on their campuses on a weekly basis and the cases have remained relatively low and steady so far.

Stacey Klippenstein, Vice Chancellor for Student Affairs, MSU-Billings, distributed the handout with MSU-Billings' H1N1 flu response, which explained a variety of options for methods of awareness and prevention.

- c. Federal Direct Loan Program Update - Bruce Marks, MT Guaranteed Student Loan Program; and Jim Stipcich, Student Assistance Foundation

Bruce Marks, Director of Montana Guaranteed Student Loan Program (MGSLP), spoke on the status of HR 3221 and said the Senate version of the federal bill may not be available until October. He told the board that the later the legislation is introduced, the harder the impact will be on the schools. There are positive aspects to the bill, but the most negative is that the bill eliminates all new federal Family Education Loan Program loans, effective July 1, 2010. Mr. Marks said it is crucial for MGSLP to stay ahead of this. There will be a big impact to the schools as they transition to the direct loan program. Mr. Marks said he is concerned about default rates when this transition occurs and that they need to figure out how to maintain some local services. He told the board that both MGSLP and the Student Assistance Foundation's (SAF) mission is to help improve access in Montana and that they will continue to fill that role by administering grants, scholarships, and other access programs. Both MGSLP and SAF are interested in the competitive grants available in HR 3221 for financial literacy and outreach. Mr. Marks reported that MGSLP's default rate is at 2.2%, which is the 2nd best in the entire United States.

Jim Stipcich, SAF, announced that Mike Green, Helena, has been designated to serve on the Montana Higher Education Student Assistance Corporation (MHESAC) in Regent Steve Barrett's stead for the duration of Regent Barrett's term as chair of the Board of Regents. When another chair of the BOR is elected, the new chair will have a similar option to either assume the seat, to continue Mr. Green's representation on the board, or to designate a new representative. Regent Barnosky is also on the MHESAC board.

Mr. Stipcich said the good news is that the loan market has returned to normal relationships, with good cash flow. He said SAF has been providing loans this year, as have their lending partners. He said there has been a tremendous increase in loans for students attending the two-year campuses. Mr. Stipcich said that SAF is forming a 'for profit' subsidiary to be able to participate in the federal grant option that may be coming up, depending on the outcome of HR3221. He told the board that he has been working with the congressional



delegation on the value of local servicing. He applauded the work of MGSLP, stating that the national average for default is 6.6%, whereas MGSLP is 2.2%.

Mr. Stipcich said that MHESAC has started the process of buying the bonds back and explained the manner in which the documents are structured requires that the funds be used for buying back loans.

Commissioner Stearns introduced Royal Johnson, SAF board member. She clarified that in order to continue a role in the student loan industry, SAF may need to be a taxable subsidiary. Mr. Stipcich said a non-profit agency cannot provide services to the government without risk of losing the non-profit status. In order to continue the work, they have to change part of their work.

Regent Buchanan asked what MHESAC's future role will be in direct loan industry. Mr. Stipcich replied that MHESAC will have no role in the direct loan industry. He explained that one option is that MHESAC will run its portfolio off, which will take about 20 years to complete. The 2nd option is that at some point, MHESAC could sell its options. The 3rd option is that there is a provision in the law where non-profit entities can convert into for-profit entities. Mr. Stipcich said a lot depends on the timing of the passage of HR 3221 and that MHESAC is proceeding cautiously.

Mr. Stipcich said much has changed with the refusal of two of the private sector loan industry partners to loan money to students attending particular two-year campuses and that there are also far fewer private loan sector participants now throughout the country.

Commissioner Stearns said it has been the practice for many years that the loan industry has offered funding to students to include the cost of attendance as compared to just the cost of instruction. She said the federal government will most likely not change that and that the formula will continue to take into account the cost of living and learning.

d. Duplication of Online Programs, Cooperation, Progress Made, and Next Steps – Tyler Trevor and Tom Gibson, OCHE Summary

Associate Commissioner Trevor and Tom Gibson, Director of eLearning, explained the document describing the MUS distance learning. They reported that 17% of all enrollments are on-line. Some campus accomplishments in this area include the development of 115 new online courses for delivery, four fully on-line certificate and degree programs posted on the MUS web site.

Regent Hamilton commented on the expansion of on-line offerings with new program approvals and said there must be a cost to do this, as well as a cost when the same course or same version of the course is offered by several campuses. Regent Hamilton said as the redesign and the MOA initiatives move forward, these situations are going to continue to improve.

Dr. Gibson replied that there are 25 programs currently on-line. He said campuses carefully identify and invest in that process and that there is actually a lot of collaboration happening. Mr. Gibson said the university system now needs to find a way to identify the matrix to share with the campuses that will clearly explain how the evaluation process is going to occur,



determine capacity, outcome and the competition that may or may not exist. He said the campuses are not investing in programs that benefit only a few students, but rather investing in the courses and programs that have the more bang for the buck.

Dr. Gibson explained that each campus has a unique cost to their delivery of education and that he is trying to be cognizant and respectful of the differences in cost to the campuses. Some components that go with every on-line course are student support services, enrollment, library access, and financial aid. He said they are seeing more of a blended delivery, with some on-line portions, yet also meeting once a week, which is even costlier because more is involved in the delivery. Dr. Gibson said he will be compiling results from a survey designed to identify educational delivery gaps within the MUS.

Deputy Commissioner Moe stated that until Montana has more fully integrated information systems, we will be forced to duplicate online offerings and it will be an expense to the Montana University System. Every campus needs to provide a certain level of online programming to serve its students, but when multiple campuses duplicate entire degree programs, they not only duplicate expensive resources but also compete for enrollments in ways that undercut capacity.

Discussion followed:

- Need to remove the barriers in order to help the students
- Difference between program delivery and course delivery
- Need to do a program review instead of doing a course review
- Need to continue to look at opportunities for Montanans that live in rural areas
- Need to be systematic about the changes in on-line education
- Make on-line portal as available as possible
- Make the availability known
- Regental support for the integrated information system
- Need to build budget for the integrated information system

e. Mission Review

Deputy Commissioner Moore explained that the mission review is a work in progress. She requested feedback from the regents to use when the committee that has created the first two documents reconvenes to determine what did and did not work in the first document. They will need to make sure the template also works with the other four-year campuses. Deputy Commissioner Moore said they will be working with the chief academic officers too in the finalization on the template. The final document needs to make sense to the regents, the campuses and the public.

Chairman Barrett noted that these documents came about because of the Leadership Council to assure that the regents can understand the role and scope of the missions of the campuses. He said the two documents are vastly different yet and that the committee will need to standardize the formatting to make it clearer to the regents what each campus is doing. This will enable the regents to see where there are overlaps, where the holes are and what is unique about each campus. Chairman Barrett said it is important to see the differences and similarities.



Commissioner Stearns told the board that the commissioner's office will have a conversation with every regent to discuss the documents, to see if they are clear enough for the regents and to get any suggestions from the regents. She added that it is necessary to know if the campuses have captured what the regents want to see as well as what the students need to know and understand.

Regent Buchanan said he would like to know what areas the campus budgets are focused on.

Deputy Commissioner Moe recommended that bringing the full two-year mission role to all of the two-year campuses be kept in mind when developing the documents, including the embedded two-year campuses.

Chairman Barrett agreed and suggested having separate documents for all the two-year campuses.

Regent Pease said it is difficult to understand what is happening in the two-year embedded campuses and she would like to see more information on the role, quality and benefits of the embedded COT's.

Deputy Commissioner Moore replied that the guidance from the regents is helpful and the committee will take the requests into account as they proceed.

Friday, September 25, 2009

The Board reconvened at 9:00 AM.

Commissioner Stearns opened by telling the board that Montana needs to add 400 graduates each year in order to achieve the increase in graduates suggested by President Obama over the next ten years. She said this needs to be done by somehow converting 25,000 people in the state that have some college education, but not a college degree, into college graduates. This will in turn create a healthier, more economically viable environment in Montana.

Kindergarten to College Connections

- Joyce Silverthorne, Office of Public Instruction

Joyce Silverthorne, Director of Policy Research and Federal Program Liaison, shared the Strategic Directions Report that was recently created by OPI. In the report were five directives:

- Ensure that every child begins school and graduates with knowledge and skills necessary for success in the 21st century global society through the creation and implementation of a comprehensive P-20 education plan.
- Provide current and accurate education information to the state, school districts and schools to promote data-driven policy decisions and assist in improving teaching and learning.
- Improve student achievement in struggling schools by providing leadership to school improvement efforts across the state.
- Provide systematic training opportunities and focused staff development for OPI staff to support their work and ensure quality customer service.



MONTANA UNIVERSITY SYSTEM

- Improve school-community relationships and student performance through the development and implementation of a comprehensive communication plan.
 - Steve Meloy, Executive Director of Board of Public Education

Steve Meloy explained that the Montana Virtual Learning Academy was funded by the legislature and that a committee has been formed. He said the Board of Public Education (BPE) has a strong interest in on-line students and that they want to create flexibility without sacrificing quality. Mr. Meloy said the next step is to hire a director for the Virtual Academy. He said they intend to have curriculum in place by March 2010 and to have course offerings in place in September of 2010. Mr. Meloy said the Virtual Academy is for both remediation and accelerated learning. He said the academy will provide assistance for those needing help and provide opportunities for those wanting to obtain higher education credits prior to graduating from high school. Mr. Meloy said the committee is trying to make the licensure issues seamless. He said that BPE will need to adopt 80% of the common core and that agreement still needs to be reached on the definition of what "adopt" means. Mr. Meloy reported that OPI has already begun data collection with a database and they want to include info on staff qualifications.

Representative Wanda Grinde, sponsor of the Virtual Academy said she is excited about the progress and the first meeting that was held.

- Dan Villa, Policy Advisor, Governor's Office

Dan Villa told the board that the governor's budget office is working on hiring a budget analyst for higher education. He encouraged the continued work on the MOA. Mr. Villa said having quality teachers in K-12 is imperative.

- Mary Moe – Class 8 Licensure – Dual Enrollment Update

Deputy Commissioner Moe told the board that in 2009 approximately 40 teachers have applied for the Class 8 licensure, which was adopted by the Board of Public Education (BPE) one year ago, and have received either a Class 4 or Class 8 license. She noted that, in working with the BPE and OPI on this process, some modifications to the BPE rules are needed to address specific areas of expertise not found in the K-12 setting. The BPE, in collaboration with OPI and the Commissioner's office, has proposed rule changes to make these modifications.

- Sylvia Moore – GEAR UP College Readiness

Deputy Commissioner Moore gave a presentation on the Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP). She said the summer programs sponsored by GEAR UP are very good ways for the students in this program to get out of their communities. Deputy Commissioner Moore said GEAR UP offers multiple services to help students. The individual attention given to the students by GEAR UP is instrumental to the students' success and continuation in school.

- Tyler Trevor – Integrated Data System



Associate Commissioner Tyler Trevor spoke on the P-20 Longitudinal Data System, which has the possibility of receiving between \$2-20 million in stimulus funding. He stressed this system is critical and that the timeline is short. He told the board OCHE has been meeting with OPI to develop plans. He added that he is optimistic about the integrated system.

Dan Villa said this is an exciting opportunity to do P- 20 work. He stressed the importance of the integrated data system if we are to implement systemic change because it is necessary to have the data points to do the project. He said having a central data system will also help address drop-out rates.

Commissioner Stearns added that the colleges can use this information to determine what courses students took in high school.

Associate Commissioner Trevor told the board that the major piece to this is the feed-back reports to the people that really need the information, such as high school principals. This would be a huge benefit to the state.

Commissioner Stearns reminded the board that another piece of the P-20 connection is teacher education. She said that the education of math and science teachers is a huge issue nationally.

- George Dennison and Geoff Gamble – Science and Math Teacher Education Initiative

President Dennison said 120 institutions and state systems nationally have been involved with this project which is focused on national competitiveness in the area of math and science. He referenced a report completed by national academies in which they indicated a need to educate 10,000 more teachers nationally in the areas of science and math. Montana has had three meetings and has focused on four elements of the charge:

1. To collect data
 - ✓ Have had good cooperation with OPI and OCHE
2. Identifying problems and barriers in developing those teachers in science and math
 - ✓ Looking at what other states are doing
3. Potential sponsors of change
 - ✓ Have participation of federal delegation
 - ✓ Have a road map where they're going to go
 - ✓ Still determining what all the elements are
4. Creation of professional development collaborative academies comprised of teachers within the K-12 and higher education system
 - ✓ Want to start working on this with middle school students.

Commissioner Stearns said this work began two years ago and is an example of some of the collaborative work being done with OPI and the MUS.

Jim Stipcich, President of SAF, gave the board examples of what Student Assistance Foundation is doing in this area which include providing College Bowl Sunday, looking at possible grant usage from Lumina Foundation to improve the College Bowl Sunday, the Know How To Go Week, and to create the National College Access Network, which shares information across the country about what is happening within the college access area.



President Dennison expressed appreciation to SAF for the programs and said that SAF put up funding to provide awards for scholarships to students nominated by their principals. He told the board that the Student Compact Group has agreed to match the \$500 offering by SAF.

COMMITTEE REPORTS, DISCUSSION & ACTION

a. Administrative, Budget, and Audit Oversight

President Hicswa said in response to questions from Regent Christian during the committee meeting pertaining to ITEM 144-2852-R0909 on whether or not there is anything prohibiting the community colleges from spending local levy money on tuition, that she found nothing in statute that prohibits local funds to be spent in this manner and assured the board that no state funds have been used to provide tuition subsidies for non-resident students. She said when they develop their analysis on the Grow Eastern Montana Plan that they will also include this information.

President Cargill explained that they use no state funds to subsidize out of state students.

ACTION

a. MUS Operating Budgets Summary ITEM 144-101-R0909

Regent Christian moved approval of ITEM 144-101-R0909. Motion passed 7-0.

b. Authorization to Construct Bus Storage Facility; UM-Missoula ITEM 144-1003-R0909

Regent Christian moved approval of ITEM 144-1003-R0909. Motion passed 7-0.

c. Proposed Land Acquisition by Donation; MT Tech ITEM 144-1501-R0909 Supporting Material #1 Supporting Material #2 Supporting Material #3 Supporting Material #4

Regent Christian moved approval of ITEM 144-1501-R0909. Motion passed 7-0.

d. Authorization for Expansion to the Health, Physical Education and Recreation (HPER) Building; MT Tech ITEM 144-1504-R0909 Supporting Material

Regent Christian explained concerns of students carrying this debt for so many years.

Chancellor Gilmore said MT Tech is being responsive to regental concerns. Therefore, the new fee will be \$4.70 per credit hour less for a maximum of \$54.80 instead of a maximum of \$64.80, with \$30,000 per year to be funded with auxiliary plant funds.

Regent Taylor clarified that the students are actually paying a \$7.00 fee per credit hour for this facility because of a previous fee for this which was specified that for maintenance and operation on this facility. She said the students have already been paying the former fee for 10 years.



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Regent Hamilton asked if the use of reserve funds for this facility would reduce MT Tech's ability to use those funds for other projects. Chancellor Gilmore replied, yes, that does alter their ability to use the auxiliary funds for other purposes but that he believes the auxiliary contribution is sustainable.

Regent Pease said at a moment in time where the balance of funding is shifted toward the students the campuses need to realize that balance is tipped further any time they add a new fee.

Chairman Barrett said there is a fine line in managing the amount of costs to the students, while also recognizing the preference of the students.

Regent Christian moved approval of ITEM 144-1504-R0909 with the following two changes. The maximum fee for a student would be \$56.40, and with \$30,000 additional funding from the MT Tech auxiliary fund.

President Dennison spoke in support of the project and said the impact of having this kind of facility brings people back to the campus and is important for the students.

Regent Barnosky expressed two concerns: concern that these students are burdening future students for the next 15 years and concern that the students do have the majority of the burden with this project. He added that the faculty may share a small proportion of the debt, but the large burden will be paid by the students.

Motion passed 4-3 with Regents Buchanan, Pease and Barnosky voting no.

- e. Construct ADA Modifications; MSU-Bozeman ITEM 144-2007-R0909 Supporting Material

Regent Christian moved approval of ITEM 144-2007-R0909. Motion passed 7-0.

- f. Tennis Facility Repair; MSU-Billings ITEM 144-2704-R0909 Supporting Material

Regent Christian moved approval of ITEM 144-2704-R0909. Motion passed 7-0

CONSENT

- a. Authorization to Name The University of Montana Native American Center to the Payne Family Native American Center; UM-Missoula ITEM 144-1004-R0909 Attachment

Regent Christian moved approval of ITEM 144-1004-R0909. Motion passed 7-0.

- b. Operating Agreement Between UM-Western and UM-Western Foundation; UM-Western ITEM 144-1602-R0909
- c. Fire Services training Advisory Council; MSU-Bozeman ITEM 144-2012-R0909
- d. Paint Existing Auxiliaries Facilities; MSU-Bozeman ITEM 144-2011-R0909



- e. Renew Lease-Joseph M. Hartmann Memorial Ranch; MSU-Bozeman ITEM 144-2009-R0909 Support Material
- f. Lease for Western Transportation Institute; MSU-Bozeman ITEM 144-2010-R0909 Supporting Material
- g. Expend Computer Fees; MSU-Bozeman ITEM 144-2006-R0909
- h. Expend Computer Fees; MSU-MSU-Great Falls COT ITEM 144-2851-R0909
- i. Expend Student Equipment Fees; MSU-Bozeman ITEM 144-2008-R0909
- j. Expend Student Equipment Fees; MSU-Great Falls COT ITEM 144-2852-R0909

Regent Christian moved approval of Items b-j of the consent agenda. Motion passed 7-0.

b. Academic and Student Affairs

ACTION

- a. Revision of BOR Policy 401- Research and Technology Transfer

Regent Pease moved approval of revised Research and Technology Transfer Policy. Motion passed 6-1, with Regent Taylor voting no.

Level II Action Items (from summer submission)

- b. MSU-Great Falls COT, CAS & AAS in Construction Technology – Carpentry ITEM 143-2854-R0509

Regent Pease moved approval of ITEM 143-2845-R0509. Motion passed 7-0.

- c. MSU-Billings, Bachelor of Fine Arts in Art ITEM 144-2701-R0809

Regent Pease moved approval of ITEM 144-2701-R0809. Motion passed 7-0.

- d. UM-Missoula, Major in Central and Southwest Asian Studies ITEM 144-1001-R0709

Regent Pease moved approval of ITEM 144-1001-R0709. Motion passed 7-0.

- e. UM-Missoula, BS in Geography ITEM 144-1002-R0709

Regent Pease moved approval of ITEM 144-1002-R0709. Motion passed 7-0.

- f. UM-Western, Alteration of Science Department Structure ITEM 144-1601-R0809

Regent Pease moved approval of ITEM 144-1601-R0809. Motion passed 7-0.

- g. UM-Helena COT, AAS in Water Resources with Options in Water Quantity and Water Quality ITEM 144-1901-R0709



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Regent Pease explained this item needed further discussion.

Dean Bingham said UM-Helena has looked closely at this program in comparison to what is at MSU-Northern. He said the regents received several letters of support for this project today.

Regent Hamilton thanked the campuses for the additional information provided on this item. She noted there are differences, but also similarities in the different water programs. Regent Hamilton encouraged the campuses to work together on a common scale. She reminded the board that there are no assurances of state funding for any programs. Regent Hamilton requested more cooperation with the campuses in how to put these programs together. She said she continues to have concerns about programs that are offered on campuses with no full time faculty and that operate by primarily using adjunct faculty.

Regent Pease moved approval of ITEM 144-1901-R0709. Motion passed 7-0.

CONSENT

Level I memorandum

Regent Pease moved approval of the Level I memorandum. Motion passed 6-0, with Regent Buchanan absent from the room during the vote.

c. Staff and Compensation Committee Report

CONSENT

Staff Items

- a. UM-Missoula ITEM 144-1000-R0909
- b. MT Tech ITEM 144-1500-R0909
- c. UM-Western ITEM 144-1600-R0909
- d. MSU-Bozeman ITEM 144-2000-R0909
- e. MSU-Billings ITEM 144-2700-R0909
- f. MSU-Northern ITEM 144-2800-R0909
- g. MSU-Great Falls COT ITEM 144-2850-R0909
- h. Authorize Request for Employee Participation in Company under Policy 407; MSU-Bozeman ITEM 144-2005-R0909
- i. Regents' Professor Emeritus of Biological Sciences: Fred Allendorf; UM-Missoula ITEM 144-1001-R0909
- j. Professor Emeritus of English: Phillip R. Fandozzi; UM-Missoula ITEM 144-1002-R0909
- k. Professor Emeritus of Music: Roger Dale McDonald; UM-Missoula ITEM 144-1005-R0909
- l. Professor Emeritus of Chemistry and Geochemistry: Douglas A. Drew; MT Tech ITEM 144-1502-R0909
- m. Professor Emeritus of Liberal Studies: George Waring; MT Tech ITEM 144-1503-R0909



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- n. Professor Emeritus of Education: Linda Reiten; UM Western 144-1601-R0909
- o. Professor Emeritus of Art: Michael H. Peed; MSU-Bozeman ITEM 144-2001-R0909
- p. Professor Emeritus of Art: Anne Garner; MSU-Bozeman ITEM 144-2002-R0909
- q. Professor Emeritus of Art: Harold S. Schlotzhauer; MSU-Bozeman ITEM 144-2003-R0909
- r. Professor Emeritus of Statistics: Robert J. Boik; MSU-Bozeman ITEM 144-2004-R0909

Regent Christian moved approval of consent items a-r. Motion passed 7-0.

The meeting adjourned at 10:42 AM.

Posted on

Approved by the Board of Regents on

Date

Date

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

Stephen Barrett
Chair, Board of Regents