



**MINUTES**  
**Montana Board of Regents**  
Conference Call Meeting  
April 29, 2010

The Board convened at 11:30 AM.

Roll call indicated a quorum present.

**Regents Present:** Steve Barrett, Chair, Clayton Christian, Vice Chair, Lynn Hamilton, Janine Pease, Todd Buchanan and Angela McLean all by phone. Regent Rob Barnosky, and Commissioner of Higher Education Sheila Stearns, *ex officio*, were present in person, Governor Brian Schweitzer, *ex officio*, was present by phone, and Superintendent Denise Juneau, *ex officio*, was excused.

Sites represented by phone were: Office of the Commissioner of Higher Education (OCHE), UM-Missoula, UM-Western, MT Tech, UM-Helena COT, MSU-Bozeman, MSU-Billings, MSU-Northern, MSU-Great Falls COT, Flathead Valley Community College, and the Office of the Governor.

**Thursday, April 29, 2010**

Chairman Steve Barrett explained the primary purpose of the conference call meeting was to address the FY11 budget reductions. Chairman Barrett stated that this was a voluntary collaboration with the governor's office and that the board received extensive feedback and was faced with difficult choices.

**CONSENT**

Staff Item; OCHE ITEM 147-100-C0410

Regent Rob Barnosky moved approval of ITEM 147-100-C0410, authorization for a labor relations specialist position at OCHE. Motion approved 7- 0.

Commissioner Sheila Stearns announced the resignation of Paul Bogumill, Director of MUS Benefits, effective June 30, 2010. She assured the board that Mr. Bogumill will be available to do consulting work with the MUS as the federal healthcare situation progresses.

**ACTION**

- a. Revised Operating Budget – FY 2010; UM-Helena COT  
ITEM 147-1901-C0410

Dean Daniel Bingham, UM-Helena Cot, explained this item was brought forth as a result of additional tuition revenue than had been projected because of increased enrollment. The funds will be used for academic equipment replacement and building remodeling.



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Commissioner Stearns told the board her office recommended approval of the item.

Regent Angela McLean moved approval of ITEM 147-1901-C0410. Motion passed 7-0.

b. FY11 Proposed Budget Reductions; OCHE ITEM 147-101-C0410  
Attachment #1

Regent Christian told the board there is already a thorough process used in developing the MUS budget and the economic shift would result in some adjustments to the budget proposals and some difficult budget reductions. He reminded the board that the MUS is already extremely efficient, therefore making reductions more difficult. Regent Christian said the board understood the value, need and significance of the MUS programs, agencies and campuses. He reminded the board to keep in mind that, if the board chose to add funding to a specific program, they needed to remember that they are then removing that funding from another program.

Chairman Barrett clarified that because of the use of federal stimulus funding and the maintenance of efforts requirements included in the stimulus funds, there was a limit on the amount of educational unit funding that could be reduced because of legal constraints in HB 645.

Regent Angela McLean urged the board to not reduce funding from the Montana Virtual Academy program or the Quality Educator Loan Program.

Regent Janine Pease recognized the way in which the budget reductions are listed and the amount of time and effort included in the decisions.

Deputy Commissioner Mick Robinson clarified that the two programs included in the student assistance programs were the Quality Educator Loan Assistance Program and the WICHE/WWAMI programs. The WWAMI medical program tuition rates for the 2010-11 academic year were lower than originally expected. The board had made the decision earlier to maintain the number of slots in these programs for the upcoming year. If, however, a student enrolled in either the Western Interstate Commissioner for Higher Education (WICHE) or Washington, Wyoming, Alaska, Montana and Idaho (WWAMI) programs decided to relinquish their funding, that slot would not be filled.

Chairman Barrett stated that the commissioner's office (OCHE) makes the decision on how to meet budget reductions in the OCHE office and that no regental decision is needed.

Regent Christian explained that the reductions to the Montana Digital Academy were recommended because of unspent funds from the first part of the year in which there was limited activity.

Deputy Commissioner Robinson explained that the budget target calculations used were based on the funding level in HB 2. He said David Ewer, Governor's Budget Director, distributed a document to the Commissioner's Office on February 16, 2010, addressing budget reductions. In that document, OCHE was directed to note general fund appropriations within HB 645. He pointed out that a higher percentage of



reductions had been recommended for the commissioner's office.

Dan Villa, governor's office, stated that the governor has no authority over any decisions made by the Board of Regents.

Public comment:

William Marcus, MT PBS, expressed appreciation of support by OCHE and regents and for maintaining sufficient funding for continued work by Montana PBS.

Bruce Messinger, Chair of MT Digital Academy, urged consideration of a lower reduction to the Digital Academy because of the commitment to the legislature to deliver quality courses.

Marco Ferro, MEA-MFT, urged to board to maintain funding for the Digital Academy.

Regent Hamilton moved approval of ITEM 147-101-C0410.

Regent Todd Buchanan suggested that the reductions were disproportionate and encouraged the campuses to help the Agriculture Research Stations and the Experiment Stations and to assist with resources for those agencies.

Mr. Robinson explained the campuses have been studying and managing the reductions throughout the process. He asked campuses to prepare amended operating budgets to be presented at the May Board of Regents meeting with respect to how reductions will be taken for FY10-11.

Commissioner Stearns added that her office has stressed the importance of the campuses to remain focused on the BOR priorities as they develop their amended budgets for the May meeting.

Chairman Barrett reminded the board that if they amend anything on the item, then they also need to consider where they would remove the funding from.

Mr. Robinson assured the board there would be no impact on WICHE/WWAMI or the Quality Educator Loan Assistance Program for FY11.

Regents Christian and Pease stressed that a target budget level should be set, at which point the commissioner's office and the campuses need to determine the best way to meet the target reductions for their groups. They cautioned against setting any precedent in which the board attempted to make internal decisions.

Regent McLean moved to amend Regent Hamilton's motion to remove all reductions to the Montana Digital Academy.

Chairman Barrett told the board that since there was not a second on Regent McLean's motion, then the motion failed.

Regent Hamilton's motion passed, 7-1, with Regent McLean voting no.



## INFORMATION

### Proposed FY 2011 General Fund Reallocation – Resident Students

Deputy Commissioner Robinson explained this is to address the issue of shifting the funding for FTEs on campuses as a result of some campuses experiencing increased enrollment, yet receiving no funding for providing services to those additional students, while other campuses have experienced a decrease in resident FTEs, yet receive the same amount of state funding. He stated that the transfer amount proposed is for FY11, would be a marginal funding amount and is not the total funding provided for each FTE. Mr. Robinson told the board that he has asked the campuses to explain how they would manage the transfer of funds.

Mr. Robinson said the 2<sup>nd</sup> component in this issue will be included in the FY12-13 budget process with the MUS requesting additional state funding for increased enrollments of resident FTE's into the next biennium. He added that if the MUS is not funded for increased enrollments, then the 3<sup>rd</sup> part of the process would be to decide how to handle funding for unfunded students. He said a request for the additional funding for increased enrollment will be brought to the board at the May 2010 meeting, as part of the Present Law budget process.

Regent Christian said board discussion is needed on the first step to address the enrollment increase of 1,600 students that are unfunded.

President Dennison reminded the board that the total amount of funding stays the same, but this would allow some flexibility in the possible shifting of some funding to address the enrollment of resident students.

#### Discussion:

- Concerns about shifting some funding in the middle of a biennium.
- Assurance that the shifting of funds mid-budget cycle would not be occurring if it wasn't for the budget reductions proposed by the governor's office.
- Concerns of discussing state appropriations separate from tuition revenue.
- Reminder of the important role of tuition revenue.
- Request for information on how calculations were made in previous budget cycles.
- Reminder of the previous CAP agreement, in which it specifically stated there would be no penalty for a decrease in enrollment. This would violate the CAP agreement.
- MUS can either make across the board reductions or align funding with student enrollment.
- Need to look at capacity limits of the campuses.
- Need to make these decisions now as the budget picture beyond FY11 becomes more difficult.
- Regents have been directed to reduce personal services component by 4% for the 2013 Biennium.
- Reminder that moving funding in the middle of a biennium is not something new,



as this has been done in years past.

- This would be a double reduction to MSU campuses because of the reductions to the agencies at the same time.

Deputy Commissioner Robinson told the board he is working with the campuses on the development of a new funding formula, including the possible phasing in of the formula impacts. He said he has asked the campuses to take other revenue sources into account too and that the tuition component is being considered in the process.

Dan Villa, governor’s education policy advisor, mentioned inaccuracies about the budget allocation process for the MUS, such as that the MUS has been basing the budget allocation on FTEs. Commissioner Stearns indicated she wanted to respond to some of Mr. Villa’s statements, but Mr. Villa had left the call. Mr. Robinson reiterated that the MUS allocation has nothing to do with FTEs and that the preliminary targets were based on the numbers given to OCHE by the governor’s office. President Dennison and Bill Muse, UM-Missoula, agreed with Mr. Robinson’s explanation.

Commissioner Stearns advised the board that misunderstandings of the FTE allocation process need to be cleared up in future deliberations.

Commissioner Stearns clarified that Regent McLean’s earlier motion to amend Regent Hamilton’s motion in favor of Item 147-1901-C0410 did not fail because of a lack of a second under the Board’s parliamentary process. Chairman Barrett agreed. She noted Regent McLean had already left the conference call, and that a vote on her amendment would not appear to have changed the outcome of the vote since nobody offered a second to Regent McLean’s amendment and since the vote on the main motion was 6-1, but that the board regretted the error. Commissioner Stearns said she would contact Regent McLean to clarify the process and apologize for the error.

[NOTE: Commissioner Stearns did contact Regent McLean following the meeting to explain the error and to assure Regent McLean that if she wanted the amendment brought before the board, Commissioner Stearns would discuss the issue with Chairman Barrett. Regent McLean declined to have her amendment brought before the board again and agreed that it would not have passed.]

The meeting adjourned at 1:18 PM.

**Posted on**

**Approved by the Board of Regents on**

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Date

Date

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

Stephen Barrett  
Chair, Board of Regents