MINUTES  
Montana Board of Regents  
Conference Call Meeting  
June 7, 2011

Roll call indicated a quorum present.

Regents Present: Clayton Christian, Chair, Steve Barrett, Lynn Hamilton, Todd Buchanan, Angela McLean, Major Robinson, and Teresa Borrenpohl, all by phone. Commissioner of Higher Education Sheila Stearns, ex officio, was present. Governor Brian Schweitzer, ex officio, was represented by Dan Villa by phone and Superintendent Denise Juneau, ex officio, was represented by Joyce Silverthorne.

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

Regent McLean moved approval of the May 19-20, 2011 minutes. Motion approved 7-0.

ACTION

a. Campus Allocation Recommendations  
   Commissioner Sheila Stearns, Deputy Commissioner Mick Robinson, President Royce Engstrom, UM, and President Waded Cruzado, MSU

Commissioner Sheila Stearns explained the process of working with the campuses to develop recommendations regarding the allocation of state appropriated funds, exhibiting good rationale.

Deputy Commissioner Mick Robinson gave an overview in terms of efforts with this item, the legislative request to provide funding for the unfunded students, and noted the need for enrollment adjustments based on increased enrollment at many of the campuses. Mr. Robinson explained the Presidents exhibited prudent stewardship with respect to allocations of funding, recognizing where students are located, the board’s tuition decision of keeping tuition flat at the two-year campuses, and taking a close look at cost increases at each of the campuses.

President Royce Engstrom, UM, noted three considerations used: 1. the enrollment changes/increases in recent years; 2. in recognition of the tuition decision by the board regarding no tuition increases at the two-year campuses, the main campus still allocating funding to them accordingly to address their additional students; and 3. Human resource investments. Future allocations will incorporate performance metrics.

President Waded Cruzado, MSU, noted that the MSU campuses also had conversations on how to adjust the budgets and were making decisions regarding the student enrollment adjustments and employee compensation.
Regent Angela McLean moved approval of the campus allocation recommendations as posted.

**Public Comment:** Marco Ferro, MEA-MFT, urged discussions directed at the increased tuition revenue and the intended use of those revenues to address human resource needs.

Deputy Commissioner Robinson said all the pieces of state allocations and tuition funding would be approved at the September board meeting when the official FY12 operating budgets are addressed.

Chairman Clayton Christian noted Presidents Cruzado and Engstrom and the board anticipate allocating funding to address human resource needs, depending on labor negotiations occurring at this time and recognized that many decisions still need to be finalized throughout the process.

Commissioner Stearns noted that, once the board sets the tuition level, the combination of current unrestricted allocations and tuition funding are treated holistically by the campuses, but noted the campuses could not proceed with the process until the tuition decision had been made. She noted that the two presidents have been directed to distribute appropriate allocations to their affiliated campuses.

In response to questions from board members pertaining to the process used, Deputy Commissioner Robinson noted that a key element is the enrollment adjustment, which is a change involving moving from the former base-plus approach while recognizing significant enrollment changes at the institutions. He noted the allocation recommends moving to an FTE approach, which results in a $9 million adjustment, to be phased in over a three-year period. The new form of allocation recognizes which campus the students are attending. Therefore, there would be a $6 million decrease from MSU and a $6 million increase to UM over the 2013 biennium. Mr. Robinson noted the second element is that there is a lower level of funding from the state in the upcoming biennium than existed in the previous biennium, resulting in $2 million less funding for each affiliated group of campuses.

Regent Hamilton questioned the relationship of baseline revenue and expenditures to tuition revenue and campus allocations.

Commissioner Stearns noted the purpose of the allocation recommendation resolution being considered was to allocate state revenue while acknowledging assumptions on enrollment projected expenditures and the board’s decision on tuition levels. Dr. Stearns noted that the total revenue and expenditure presentation will come to the board in September. The document being considered today recommends a state funding allocation the campuses would utilize in developing their final budgets.

Chairman Christian noted that while the board is responsible for total campus budget approval, many budget details are campus-based decisions.
President Engstrom explained the campuses were making decisions to ensure the expenditures per student don’t deteriorate on their campuses. He noted that, prior to this, the campus budgets were based on previous enrollment figures and if the overall funding shift had not occurred, then the expenditure per student would deteriorate significantly, thus affecting quality education considerably. The allocation recommendations listed at this meeting make adjustments for the increased enrollments.

Regent Hamilton asked if a tuition freeze for the merged COT’s and Gallatin College Programs are included in the calculations. President Cruzado clarified that the campuses with embedded COT’s will be incorporating a tuition freeze in their budget planning.

Deputy Commissioner Robinson noted that both universities used similar methodology, but that specific campus issues had to be addressed as well.

The board recognized Presidents Cruzado and Engstrom for working collaboratively on the allocation recommendations.

Motion passed 7-0.

b. Reimbursement Resolution of Qualified Energy Conservation Bonds (QECB); UM-Missoula ITEM 151-1001-C0611

UM Vice President for Administration and Finance, Bob Duringer, explained that the QECB item allow expenses, incurred prior to bonds being issued, to be covered by the bond proceeds.

Regent McLean moved approval of ITEM 151-1001-C011.

Mr. Duringer noted that there will be two more approvals to come before the board at future meetings regarding the biomass project. He clarified that the county can place conditions on the permit, including air emission levels.

Motion passed 7-0.

c. Naming of Michael P. Malone Centennial Mall, MSU-Bozeman ITEM 151-2001-C0611

President Cruzado explained the request for recognition of Michael Malone, former president of MSU, who endowed the campus with a strong sense of community by building centennial mall to connect the buildings on the MSU campus. She noted community consultation had occurred and agreement reached to honor Mr. Malone by the naming of the centennial mall ‘Michael P. Malone Centennial Mall.’

Regent McLean moved approval of ITEM 151-2001-C0611. Motion passed 7-0.

CONSENT
a. Approval of Participant: Rural Physician Incentive Program (MRPIP); OCHE
   ITEM 151-101-C0611
b. Authorization to Remodel Space in Donaldson Building; UM-Helena COT ITEM
   151-1901-C0611
c. Revised Operating Budget Amendment UM-Missoula ITEM 151-1002-R0611
d. Budget Amendment UM-Helena COT ITEM-1902-C0611

Regent Barrett moved approval of items a-d of the consent agenda. Motion passed 7-0.

INFORMATION

Repeal of Regents’ Policy 940.29, Tuition, Post-Baccalaureate Students; OCHE

Commissioner Stearns explained that the board had built into this policy the expiration
date of July 2011, which is a phase-out of the post-baccalaureate tuition rate. This is to
notify the board that this now ceases.

The meeting adjourned at 2:45 PM.

Approved by the Board of Regents on

___________________________  ________________________________
Date                          Date

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Sheila M. Stearns            Clayton Christian
Commissioner of Higher Education and Secretary to the Board of Regents
Chair, Board of Regents