



Montana Board of Regents
Conference Call Meeting
July 18, 2017

Tuesday, July 18, 2017

The meeting convened at 10:01am

Roll call indicated a quorum present.

Regents Present: Fran Albrecht, Chair; Bob Nystuen; Vice Chair, Paul Tuss; Bill Johnstone; Martha Sheehy; Casey Lozar; and Chase Greenfield were present. Ex officio members included: Commissioner of Higher Education Clayton Christian; Ex officio Governor Bullock was represented by Ms. Siri Smillie and Ex officio Superintendent Arnzten was present.

INFORMATION

a. Budget Update

Mr. Tyler Trevor, Deputy Commissioner for Budgeting and Planning, provided an update on changes related to the operating budget since May, associated with Senate Bill 261 – general revisions to state fiscal laws. He explained that this bill contains statewide triggers that are associated with revenue levels. If these levels are below a certain quantified amount, there are repercussions. Current expectations are that revenues will come in below the target amount. He explained that for Montana University System, this will translate to a general fund reduction of .5% for each year of the biennium (\$1.1 million each year). He noted that additional updates on this matter will be provided at the September board meeting. He confirmed that the pay plan is also associated with the triggers; if levels are low, as expected, the pay plan for FY 18 would be void. MUS campuses have been instructed to prepare for 0% increases for FY 18 at the upcoming September meeting. He noted that OCHE has submitted the generic cuts to Governor's office, as requested, and will discuss fully at the September budget meeting.

Mr. Trevor provided an update related to VERIP (Voluntary Employee Retirement Incentive) program at the University of Montana. He recapped that the first round was targeted to tenured faculty members, 65 years old and up. Of the 48 who initially expressed interested in this offer, 11 have agreed to accept it. A second round of an identical offer is now being extended to tenured faculty members between the ages of 60-64. He discussed the total cost associated with the first round of offers \$580,000 of the \$2 million appropriated by the Legislature. Discussion followed, Mr. Trevor clarified that the language in the appropriation does give the MUS the flexibility for a third round of offers and to explore other alternatives. Commissioner Christian stated that the intent is to try to exhaust all efforts at UM before looking at other options and at other campuses across the system.



b. Campus Reports

ACTION

a. UM Foundation Contract Extension; OCHE ITEM 176-101-C0717

b. MSU Foundation Contract Extension; OCHE ITEM 176-102-C0717

Ms. Viv Hammill, spoke to action items a. and b. she noted that traditionally foundation contracts “roll over” every two years. She explained that at this point a deeper review is needed of foundation contractions and workings. These two items allow for an extension to current contracts with a slight increase to UM’s. This is to ensure that that a detailed discussion can occur and any revisions or fine tuning can be made before the Board reviews the new contracts for approval this fall. Discussion followed.

Regent Tuss made a motion to approve action items a. and b. Item 176-101-C0717 and Item 176-102-C0717. The motion passed (7-0).

c. Request for Authorization to Enter Into an Off-Campus Lease for University Support Functions; MSU-Bozeman ITEM 176-2003-C0717

Commissioner Christian expressed support in moving this item forward. He reiterated that this project has been in the works for some time and while the space has been moderately successful, continued growth at MSU has led to congestion on campus and an evaluation of how best to use the space to serve students. This request would consolidate a lot of administrative functions and cooperates well with the MSU Foundation. In addition, the costs are favorable as is the development of a long term-plan to work with space that is currently available and located near campus. President Cruzado discussed the cramped circumstances on campuses and the need to free up space in the heart of campus to further support the academic mission of MSU and provide students with adequate space. Mr. Terry Leist, Vice President for Administration and Finance at MSU, discussed the need to take advantage of utilizing limited space for academic usage and international programs. He noted that this approach allows other potential changes and merging of areas. Discussion followed.

MSU stated that they are working with current tenants on relocation with increased efforts. Dr. Mike Halat, President of Omega Biologicals, Inc., discussed the letter he sent to the Board for consideration of tenant needs and finding suitable space before making a decision. He respectfully requested postponing a final decision until next meeting while MSU looks at options for relocating current tenants. Ms. Randi Wytcherley of GTC Technology, a current tenant noted her concerns of viable lab space being lost and lack of availability for other suitable locations. Discussion followed. Commissioner Christian noted that OCHE has been made aware of and shares the concerns about space usage and relocation of tenants; he discussed the need and concern of how best to serve students. He stated that the MSU is more than willing to accommodate and assist tenants with relocation to the best of their ability but confirmed that the MUS will not be held responsible for making new space for current tenants. He clarified that he is not insensitive to the impact this has to both current occupants and to



the needs on campus related to students. Discussion followed about costs associated with the current space. Mr. Leist noted that about 15% of space being leased by private parties, leaving 85% of this space unused and a burden on MUS system and for MSU. Mr. Leist noted that any further delay in this decision would take it out of our hands, stating that the urgency comes from specific timelines associated with the Foundation. Mr. Chris Murray, President of MSU Foundation, reiterated that they've been planning for this eventually for some time and face either selling building on the open market or keeping it in the family. He clarified that if the decision is delayed today, the Foundation will have to sell building.

Regent Nystuen made motion for approval of action item c. Item 176-2003-C0717. Discussion followed. Ms. Wytcherley noted that GTC Technology often employs students from the campus and stated that the building is being occupied at a higher percentage than what was discussed. She stated that the tenants have been kept in the dark as to why leases were not being renewed. Dr. Mike Halat, President of Omega Biologicals, Inc., expressed his concerns about potentially returning grant funds due to a lack of adequate space. Discussion followed. The motion passed (7-0).

d. Request for Authorization to Enter Into an Off-Campus Lease for Research Space; MSU-Bozeman *ITEM 176-2004-C0717*

Commissioner Christian gave support from OCHE office for moving this item forward. He discussed a similar move that was done for a building in Missoula which has been very successful. He noted that this approach creates work space and provides opportunities to conduct different kinds of research at MSU. President Cruzado spoke to many opportunities related to research that would become available. Both Dr. Reijo Pera, Vice President for Research and Economic Development and Mr. Leist, Vice President for Administration and Finance spoke to the various research efforts that can be further expanded through this space. They noted that currently, MSU cannot apply for, or even hear about these opportunities, due to a lack of adequate space. A feasibility study was conducted and it addressed the unique position that MSU has to pursue these research opportunities and the benefits associated with expanding classified work programs at MSU and in Montana. Discussion followed.

Regent Tuss made a motion for the approval of action item d. Item 176-2004-C0717. The motion was passed (7-0).

e. Request for Authorization to Increase Spending Authority-Replacement of Outdoor Track; MSU-Bozeman *ITEM 176-2005-C0717 | Attachment #1*

Mr. Ron Muffick, Director of Operations and Administration, spoke to this request noting the minor adjustment for spending private funds. The \$250,000 increase is due to site conditions that were discovered during initial site research. He clarified that the project is funded with private donations and requires Governor's consent. Mr. Terry Leist, Vice President for Administration and Finance at MSU, added that some core sampling was done beforehand and looked fine but once they took the top off the west end of the track it became apparent that there were issues that need to be addressed.



Regent Johnstone made a motion for approval of action item e. Item 176-2005-C0717. The motion passed (7-0).

Staff Items:

- a. OCHE; *ITEM 174-100-C0717*
- b. UM-Missoula; *ITEM 174-100-C0717*
- c. MT-Tech; *ITEM 176-1500-C0717*
- d. UM-Western; *ITEM 176-1600-C0717*
- e. MSU-Bozeman; *ITEM 176-2000-C0717*
- f. MSU-Billings; *ITEM 176-2700-C0717*
- g. MSU-Northern; *ITEM 176-2800-C0717*
- h. Great Falls College-MSU; *ITEM 176-2900-C0717*

Commissioner Christian noted that staff items a.-h. include new hires, faculty tenure items, and some items related to OCHE program reorganization that he discussed in the past couple of BOR meetings. He reiterated that the reorganization-related items are the first step in a number of future conversations to be had about OCHE services and the role OCHE plays in the MUS. Nearly \$300,000 worth of salary and benefit spending has been cut largely by eliminating two administrative positions. The work previously assigned to them will be assigned to existing personnel as proposed with about \$100,000 worth of salary adjustments. The net savings of approximately \$200,000 is available to support further reorganization, including two new positions that with assigned duties that will better serve the needs of the MUS as guided by the BOR.

The staff items also include delayed implementation of the 2017 salary increases for approximately 80 head coaches and administrative leaders. The proposed 2% salary adjustments were granted by the BOR to roughly 8,900 employees in the MUS in January 2017. The Commissioner noted that campuses were allowed to request retroactivity to January 2017 for these coaches and administrative leaders, consistent with the prior raises approved for other personnel.

Regent Nystuen noted the difficult state revenue and budget circumstances that caused the BOR to postpone voting on these raises in January 2017. He made a motion to amend the raises for the coaches and administrative leaders to 1.5% instead of 2%, and to make the implementation date effective July 1, 2017. Regents discussed the motion and their viewpoints on staff items. The BOR voted on recommended approval of staff items a.-h. including the motion to amend administrators' and coaches' salary adjustments to 1.5% effective July 1, 2017. A roll call vote was taken, and the motion passed (5-2). Roll call vote results below:

Regent Lozar: Yes
Regent Greenfield: No
Regent Sheehy: No
Regent Johnstone: Yes

Regent Nystuen: Yes
Regent Tuss: Yes
Regent Albrecht: Yes

Commissioner Christian extended thanks to the board for their work and for listening to all constituents. He noted that we are looking at the structure of OCHE and are



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incredibly driven to see shared services initiative and other efforts work across the system. Together, through these efforts administrative costs savings can be obtained.

Student Appeal

Regent Albrecht explained the process related to the student appeal. No motion made; therefore, the Commissioner's decision is upheld.

Public Comment

Dr. Mike Halat, President of Omega Biologicals, Inc., expressed disappointment in the decisions related to leases and asked that MSU allow plenty of time for current occupants to relocate.

Ms. Elsie Arnzten, Superintendent of the Office of Public Instructions expressed her willingness to be included in future discussions about the OCHE reorganization to help evaluate potential areas of partnership.

Meeting adjourned upon completion of business at 11:45am.

Approved by the Board of Regents on

Date

Date

Clayton T. Christian
Commissioner of Higher Education
and Secretary to the Board of Regents

Fran Albrecht
Chair, Board of Regents