

MINUTES OF THE BOARD OF REGENTS
OF HIGHER EDUCATION
MONTANA UNIVERSITY SYSTEM

CONFERENCE CALL
March 1, 1976

The Board of Regents conferred by telephone on Monday, March 1, 1976 at 2:00 p.m. All members participated, as did Dr. Pettit, Jack Noble and Barry Hjort. Dr. Pettit explained the purpose of the call was to discuss a problem with Montana State University's failure to report about one million dollars in student fee income. Dr. Pettit reported as follows:

"On February 10, 1976 I sent to the six campus presidents a directive which included the following paragraph:

'I will need a statement detailing the availability of any earmarked revenue which could be carried over into next year's budget as a result of increased enrollments, or where actual revenue has exceeded the original estimate in HB 271 or in the approved budget of the Regents on 7/28/75. Please be specific and forthright in identifying the revenue sources and the amounts. Please submit the above data to my office no later than February 20, 1976.'

MSU did not submit any material by February 20, 1976. A letter from the administrative vice president dated February 25 arrived in my office on February 26 revealing that MSU had \$919,141 of excess fee revenue over the current year's estimated which would be available for carryover into next year's budget. The statement also contained data stating that the anticipated fees for fiscal year 1977 would exceed previous estimates by approximately \$1,000,000 dollars.

The MSU letter failed to disclose the availability of over \$1 million which was carried into this biennium. This was confirmed on Saturday, February 28, and again today by persons at MSU.

When we made allocations to the campuses from the Regents' contingency fund for the current year, we awarded MSU \$900,000 when, in fact, MSU had \$1,000,000 locally which could have been used and which was not reported to me."

After considerable discussion Mr. Morrison moved that the Commissioner conduct an audit of Montana State University, invite the Legislative Auditor to participate, notify the Legislative Fiscal Analyst of the action taken by the Board and immediately notify the press of the circumstances so that it becomes obvious that the Commissioner and the Regents are acting on the matter before the Legislative Fiscal Analyst reports on it and in so doing, implicates the

Board and Commissioner, as well as Montana State University. Mr. Peterson seconded the motion and it carried unanimously. (On the following day, March 2, 1976, the Fiscal Analyst, John LaFaver, confirmed for Deputy Commissioner Jack Noble that he (LaFaver) had known about the unreported one million dollars in December of 1975 and that he was working on a report.)

In other business the Board decided to set the next meeting for 1:30 p.m. on March 23, 1976 in Helena, to be preceded by a workshop on March 22, 1976.

Dr. Pettit read a draft of his response to Attorney General Woodahl's letter of February 23, 1976. On the suggestion of Chairman James, assented to by the other members, Dr. Pettit agreed to incorporate additional material describing the extent of legal responsibilities that must be discharged by his staff.

On a motion duly made, seconded and carried, the meeting adjourned.