

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

DATE: May 15-16, 1986

LOCATION: Conference Room
Montana University System
33 South Last Chance Gulch
Helena, Montana

REGENTS PRESENT: Thursday, May 15, 1986
Morrison, Lind, Hurwitz, McCarthy,
Paoli, Redlin, Scully
Commissioner of Higher Education Carroll
Krause

Friday, May 16, 1986
Morrison, Lind, McCarthy, Redlin, Paoli
Hurwitz

REGENTS ABSENT: Friday, March 21
Scully

PRESIDENTS PRESENT: Thursday, May 15, 1986
Tietz, Carpenter, Merwin, Treadway
Acting Presidents Dayton and Habbe

PRESIDENTS ABSENT: Friday, May 15, 1986
Treadway

Minutes of Thursday, May 15, 1986

Chairman Morrison called the meeting to order at 9:05 a.m. The agenda for this portion of the meeting consisted of each campus and the Commissioner's office making a report on the state of the institution, presidential evaluation, and review of senior campus administrators.

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Montana College of Mineral Science and Technology

Acting President Dayton presented the institutional report on Montana Tech. He stated the past year has been a year of transition. Progress has been made, but there have been difficult adjustments. Work on the new catalog has been completed. Dr. Dayton stated it is a far better catalog than the old one. The faculty handbook, which has been under review and revision for nearly two years, is being finalized. Among other changes, a new grievance procedure is now included in the handbook which covers all employees not in bargaining units. The presidential search at Tech has been successfully completed, as well as the searches for the senior administrative positions. Dr. Dayton stated he believed the institution will be in good shape as to leadership. Following a very carefull review of all program needs of the institution, Tech will begin the 1986 Fall Semester with about 85 FTE faculty. This is a reduction of approximately 22 positions from last year. This creates a very difficult situation for the campus. Dr. Dayton stated his goal in the past year had been to leave the institution as well positioned for its future as possible given the fiscal circumstances and changes in enrollments, and he believed that goal has been accomplished. However, it has been a period of considerable adjustment. Dr. Dayton elaborated on the positions not filled, and the areas that are the most sensitive due to national competition for faculty. In paring down the institution, it was necessary to let some good people go. The Dean of Engineering and the Dean of Arts and Sciences positions have been eliminated. Tech is down four administrative

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positions. Some responsibilities have been changed, and subordinates removed. Tech will be operating with a spare structure.

In response to Regents' questions regarding what Tech's future will be, Dr. Dayton responded mining is doing well in Montana, and Tech serves a very real need. It is a different kind of mining -- better managed, but lean, smaller, and low focused. He did not believe Montana will ever again see a mining company like Anaconda. Dr. Dayton reported Tech just graduated the largest class in the history of the institution. He cautioned it will be a long time before that number is exceeded.

Regent Lind asked Dr. Dayton to address any accreditation problems he could foresee. Dr. Dayton responded Tech does not have any accreditation problem now, but is on the brink. Any further reductions will mean a major change in the character of the institution. Out of eight programs, five are at the minimum staffing level to retain accreditation. Since 1983 the institution has dropped 10% per year in FTE students. Tech has gone from 3,100 students to 1,500 in three years, and the distribution of students in the institution has changed. The areas in which Tech has a future are in graduate studies and research. Salary patterns were discussed. Dr. Dayton explained the few positions Tech has filled were filled on the basis everyone would get the budgeted raises. He briefly discussed the recruitment problems both Tech and Montana face in the two-career family situation. Many excellent faculty refuse to move to Butte or Montana because of that situation. Montana is also becoming less and less

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competitive in the area of faculty salaries, and this will exacerbate an already serious situation.

Chairman Morrison asked, given the resources of the state, declining enrollments, and the continuing disparity in needs of the System, what did Dr. Dayton see as possible solutions. Dr. Dayton responded the state will have to decide what to commit to education. The lack of understanding in Montana that a strong educational system is an up-front investment in the economic future of the state creates very real problems for the entire System. Other states facing the same financial troubles Montana faces are putting extra funds in their educational institutions. He believed Montana is facing becoming a long range poverty area because of its attitude toward education. For Tech's future, it must continue to offer programs in its historic school of mines. The research and graduate effort should be substantially increased. With good leadership and state money up-front, Tech will make major contributions to education and the state's economy. Tech needs to preserve its curricular base. If institutions in Montana are to continue to be budgeted entirely on enrollment, Tech will have to broaden its base. The alternative to that is to insure a solid funding base in the school of mines. It cannot continue to run the faculty size and the budget up and down.

Regent Scully commended Dr. Dayton for performing an excellent service both to Tech and to the System during his term as Acting President.

The Regents met with Dr. Dayton in executive session from 9:35 to 10:05 a.m. in review of

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senior administrators and presidential evaluation.

Western Montana College

President Treadway distributed copies of the 1986-87 Report from the President of Western Montana College to the Board of Regents (on file), and reviewed and elaborated on the document. Dr. Treadway noted the positive signs of Western's health and vitality include a fall term enrollment increase of 8-1/2% over the previous year; spring term full-time students increased 4% over the previous year, and the number of enrolled students pre-registering for Fall 1986 has increased, with a number of "new from high school" admissions also showing an increase of 10% over last year.

President Treadway also discussed the positive aspects of student welfare, external support and community involvement, staffing and faculty development, and campus development. Three areas of concern were identified: (1) the condition of some of the buildings and areas of the campus grounds, (2) inadequacies in the library collection, and (3) the lack of public awareness outside the immediate area served by WMC of its programs, facilities, staff, and excellent reputation in teacher education.

President Treadway concluded that with enrollment strong, faculty and student morale high, and community support solidified, the best years for Western Montana College are yet to come. He stressed in meetings with legislators it should be pointed out the investment Montana makes in education is the most positive act the legislature can take in times of fiscal difficulty. He also urged the Regents to point out how well all the units are doing with very little money. He

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believed it very important to demonstrate to the legislature what is being done with the money invested in education, and why it is so important.

President Treadway met with the Regents in executive session from 10:44 to 10:55 a.m. in review of senior campus administrators and presidential evaluation.

Montana State University

President Tietz distributed copies and reviewed a Summary Review of Montana State University, 1985-1986 (on file). The document listed sixteen areas of achievement, which President Tietz noted were perhaps a mark of the university and the level of those who work there that these were accomplished in the face of unprecedented fiscal problems. President Tietz stressed the positive attitude and spirit of the university which have been maintained in spite of the \$1.2 million reduction in funds experienced by MSU. He responded to Regents' questions concerning reasons for loss of faculty, concern expressed by people within and without the institution regarding the number of students in basic classes, and their perceived inability to find help when they need it, and the number of gta's utilized in basic classes. He explained MSU's belief in the importance of concentrating on upper division programs, and noted revenues will be devoted to those programs. Complaints that students are not able to complete freshmen requirements until their sophomore year because classes are too full are being addressed. Among other things, the computer assisted registration should alleviate that problem. Whether MSU should change from the quarter to the semester system was discussed.

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The Board met in executive session with President Tietz on review of senior administrators and presidential evaluation from 11:45 to 12:30 p.m.

Northern Montana College

President Merwin distributed copies of the 1986-87 President's Goals and Objectives for Northern Montana College (on file). He reviewed the document, which included topics on developing management efficiency, fostering enrollment growth management, focus on community development projects, development of special programs that focus on quality, and program development.

President Merwin responded to Regents' questions concerning recruitment and retention of faculty, explaining that while there is some problem in business and computer departments, it has not been a serious problem. The turnover rate at NMC is approximately 6%, and should not create any problems that have not been anticipated in the coming year.

The Regents met with President Merwin in executive session from 2:25 to 2:35 on review of senior administrators and presidential evaluation.

Eastern Montana College

President Carpenter distributed and reviewed a document of the progress made on goals and objectives given to the Regents for the 1985-86 academic year (on file). He also distributed copies of goals and objectives for 1986-87 (on file). These included maintaining and improving morale on campus, working with the Commissioner, Council of Presidents and Board of Regents on studies requested by the Board and on the implementation of changes determined by the Board;

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working with the same group to develop a positive legislative strategy and to carry out that strategy; expansion of community involvement and enhancement of private support of EMC; continue to try and attract and retain a high quality faculty and a high quality student body, and teach a class. With regard to community involvement and enhancement of private support of EMC, President Carpenter noted there were no dollars in the endowment fund three years ago. EMC now has about \$1.5 million in that fund, largely in scholarships. He reported also the collective bargaining agreement has been ratified by the faculty, and while it took somewhat longer than he would have preferred, he believed a sound agreement has been achieved for the next fours years with some major advances in terms of administrative oversight accomplished. President Carpenter also reported on the curricular review, review of the general education program, and the academic planning progress. In attraction and retention of highly qualified faculty, President Carpenter reported EMC is generally able to do this, but is no different than the other institutions, in that it is becoming more and more difficult to attract and keep individuals in the area of business, computer science, and mathematics. Salaries in Montana are not competitive, the teaching load is heavier than comparable institutions in other states, and the economic and political climate in Montana is not conducive to attracting faculty.

Overall President Carpenter stated he believed the past year had been a good one. Faculty morale appears to be fairly high; the faculty is working well, and enrollments are still maintaining. In

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discussions around the state, President Carpenter stated he is told that although citizens do not wish to spend much more money, they want more access to higher education. EMC is trying to provide that in as cost effective manner as possible. He cited twenty-five percent of Spring Quarter classes were offered after 5:00 p.m., and some classes are being offered at 7:00 a.m. and are proving to be popular. EMC and NMC are working to develop a program of extension courses in Lewistown, and EMC, Dawson Community College and Miles City Community College are working on sharing of some programs and talents.

At the conclusion of the review, President Carpenter responded to Regents' questions, including the affect he anticipated the Burlington Northern closure would have on EMC. There was brief discussion on the number of EMC students who are not degree bound. President Carpenter will provide additional information on that issue to the Board.

The Regents met in executive session with President Carpenter from 3:05 to 3:20 p.m. on review of senior administrators and presidential evaluation.

University of Montana

Acting President Donald Habbe reported much he would be discussing occurred during the term of President Neil Bucklew. He distributed a brochure on the up-coming Mansfield Conference which is a major event on campus. Speaking to enrollments, Dr. Habbe reported they are virtually stable, down less than one half of a percent. Applications are running ahead of last year's. The signs now indicate UM will have about the same enrollment next year as this year. Dr. Habbe

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cited examples of Rhodes Scholars, Truman Scholars, and Academic All Americans produced by the University, which reflect the high quality students attracted to the University of Montana.

Dr. Habbe discussed the collective bargaining agreement negotiated with the UTU. He stated it was very difficult to negotiate the contract, but with lots of patience and understanding of the Board, the negotiation was accomplished. The faculty compensation he described as "terrible". He stated symbolic gestures by the Board to improve faculty morale, and real action where there is a chance to do something about faculty salaries, are very important. He noted that UM has a diverse faculty, troubled in terms of the conditions the System faces mutually, but functioning and committed, and doing its job.

In discussing the administration, Dr. Habbe stated the entire campus is interested and involved in the search for a new president. The importance of finding new leadership for the difficult period ahead cannot be overstated. He briefly reviewed the University's difficulties in filling Dean's positions. He reported two of those positions have been filled from within the institution: the Dean of Forestry has now been appointed, and appointment of the new Dean of the School of Business is on the Board agenda. UM is still searching for a Dean of Education, and is losing the Dean of the School of Fine Arts to Wayne State University at a salary not far from that presidents make in this System. He noted that wherever we turn, the salary problem is pervasive, and that is something the System will have to come to grips with.

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Dr. Habbe reported on the remarkably successful University of Montana Campaign, the first in the history of the University, and on the success of KUFM's fund raising drive. He also reported on the strong, successful activity of the University in the research area, the move to the important new general education program, and the University College concept previously reported by President Bucklew which will be brought to the Board for formal permission to organize.

Dr. Habbe stated he wished to discuss one problem, and that is the resource base of the state and the potential of cutbacks in the System. He believed the problems are understood on the campus, but there is apprehension in terms of the impact of the cutbacks on faculty, students, and staff. A substantial part of the apprehension is not knowing what is going to happen. There has been discussion of a number of simulated budgets. The psychology of that is difficult. It puts people under tremendous stress, part of which will ultimately be resolved when it is known what will happen. Dr. Habbe stated he believed it important the Regents know of that uncertainty and concern, and that it is probably affecting the function of the System. The longer it drags on, the more difficult it becomes. It is good to discuss the basic issues in the study mandated by the Regents, but there should be awareness that we are dealing not only with facts, but also with psychology and how people adjust. Dr. Habbe concluded his report, stating the UM is a good University, and one of which the Regents can be rightfully proud.

Responding to Regents' questions, Dr. Habbe elaborated on the University's attempts to fill

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the four vacant Deanships. Unsucsessful offers were made to three outside candidates. While salaries are a consideration, candidates also expressed concern regarding the fiscal situation of the state, and the general ability and disposition to support higher education which is difficult to dispute.

The Regents met with Dr. Habbe in executive session from 3:40 to 4:15 p.m. on review of senior administrators and presidential evaluation.

Commissioner of Higher Education

Commissioner Krause reported his perspective of the System's problems concerning accreditation. He stated a number of programs are now on short-term accreditation, and are scheduled for review in another two years. Under present staffing, professional accreditations are going to be very difficult to retain. He stated he would be surprised if some of those are not placed on probation. Once that happens, it requires a great deal of time to overcome. The System was in difficulty before the additional 5% reduction. He emphasized the need to reduce the number of programs the System offers.

Dr. Krause concurred with Dr. Habbe's assessment of the importance of the System study now being undertaken, and spoke of the support of the study he had encountered in conversations with citizens and legislators around the state. Dr. Krause referenced the material on academic planning received by the Regents at the April workshop. This work is on-going, even in the absence of an Academic Deputy, and will provide a thrust for the future, in conjunction with the data gathered from the study topics.

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Commissioner Krause stated his priority goal as Commissioner is to build credibility for the Board of Regents and the office of Commissioner of Higher Education. He stated his belief it is essential the legislature and the public be made aware of the difficult situation faced by higher education in Montana. The presidents and faculty groups are also working on legislative contacts, stressing the importance of higher education to the economic development of the state, and the need to preserve the pay plan. Commissioner Krause also discussed preparation of the System's Long Range Building Program priorities, proposed program modification requests, and the Regents' budget. The Regents were adamant that no supplemental would be requested in the special session to provide their per diem pay, and no funds would be transferred.

The Regents met in executive session with Dr. Krause from 4:45 to 5:00 p.m. for review of senior administrators and evaluation of the Commissioner.

The Board met in executive session from 5:05 to 6:00 p.m. on matters of honorary degrees, collective bargaining, and litigation.

Minutes of Friday, May 16, 1986

The Board of Regents reconvened at 8:10 a.m. Roll call was taken. All members were present with the exception of Regent Scully. In the absence of President Treadway, Glen Leavitt represented Western Montana College for this portion of the meeting. The Board heard campus presentations on Long Range Building Program Requests, following the schedule set out on the

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published agenda. The material presented by the campuses containing the requests is on file in the Commissioner's office.

The Board recessed at 11:50 a.m. and reconvened at 1:30 p.m. with the same members present.

Chairman Morrison called for additions or corrections to the minutes of the previous meetings. None were stated. The minutes of the March 20-21, 1986 meeting, and the April 18, 1986 special call meeting, were ordered approved.

Residency Appeals

Four residency appeals were before the Board for action. Material from the appellants in support of their appeals, and material pertaining to the Commissioner's denial of the appeals had been submitted to the Regents with their agenda (on file). Appellants Lynn Mansch, William Cooney, and Richard Roats were present and spoke in their own behalf. Appellant Mike Makara was not present. Assistant Chief Counsel Laurence Weinberg presented facts in support of the Commissioner's decision to deny in-state status for fee purposes in each of the cases. After discussion, the following actions were taken:

On motion of Regent Lind, the Commissioner's decision to deny in-state status for fee purposes to Lynn Mansch was overturned, and in-state status was granted. This action was based on the fact that the case was substantially similar to other appeals which had been granted, and there were extenuating circumstances which caused Ms. Mansch to be out of the state during the 12-month period being used to demonstrate residency.

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On motion of Regent McCarthy, the Commissioner's decision to deny in-state status for fee purposes to Richard Cooney was upheld, with Regent Lind voting no.

On motion of Regent Hurwitz, the Commissioner's decision to deny in-state status for fee purposes to Richard Roats was upheld.

On motion of Regent McCarthy, the Commissioner's decision to deny in-state status for fee purposes to Mike Makara was upheld.

Curriculum Committee

Dr. Krause reviewed Item 50-3001-R0586, Authorization to Offer an Associate of Arts Degree Curriculum at Flathead Valley Community College Education Center in Lincoln County, citing his recommendation to the Committee included with the agenda (on file). He noted that while he is very impressed with the current operations of the Lincoln Center and the tremendous community support, approval of the proposed Associate of Arts degree has broader implications than the approval of specific programs such as business management. The new degree is designed to provide the first two years of college for those who wish to transfer to a four year institution. This means that a number of courses will be necessary in each of several areas, an increased number of students will be necessary to support the broadened curriculum on a cost-effective basis, and this degree would be targeted more toward those of traditional college age, rather than the older students the Center now serves very successfully. Considering the serious budget problems the System now faces, and the very present likelihood

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that educational offerings in the state will have to be reduced, Dr. Krause he did not believe it appropriate to implement new programs at this time, and recommended the program be deferred. If the fiscal situation changes, he would reconsider his recommendation.

Dr. Howard Freyett, President, FVCC, faculty of the Lincoln Center, present and prospective students, members of the Center's Advisory Board, and representatives of the business communities of Libby, Troy and Eureka, spoke in strong support of the proposed Associate of Arts degree curriculum and the many benefits of the Center to the Lincoln County residents. Written testimony in support was received (on file).

At the conclusion of the testimony, Commissioner Krause stated he had no argument with any of the statements made in support of the proposal, only with the timing. The Board of Regents is embarking on a serious study of higher education, including the appropriate role of extended education. Until the Board determines the direction the System must take in these areas it would be unwise to approve this additional offering. He urged the item be deferred, and be considered with the other major decisions the Board must make at the conclusion of the study. Additional costs the System would incur if the program were authorized were discussed.

Regent Lind noted the Board is facing major decisions affecting higher education, and it would be an error not to examine the data the study will produce before approving additional programs. Regent McCarthy concurred, noting the six units of the System are under the same constraints, and it would not be fair to ask less of the community colleges.

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On motion of Regent Lind, action on Item 50-3001-R0286 was deferred pending completion of the study of higher education.

Commissioner Krause reviewed Item 50-501-R0186, Approval of the M.S. in Environmental Engineering; Montana College of Mineral Science and Technology. He explained his recommendation to defer the item is based on the reasons expressed in the discussion of the FVCC program just completed. Dr. Krause stated while he believed this program is appropriate for Montana Tech's mission, it is important to determine how the program might fit in with the overall changes the Regents may find it necessary to make at the conclusion of the study. He recommended the item be deferred.

Acting President Dayton stated he appreciated the item not being withdrawn from consideration. He believed it to be appropriate to the central mission of the College, and would have the potential to increase enrollments at Tech, and increase the potential for outside funding for research. The item will be resubmitted when the moratorium is lifted.

On motion of Regent McCarthy, Item 50-501-R0186 was deferred.

Item 50-601-R0186, Higher Education Centers; Western Montana College, was withdrawn at the request of the institution.
Collective Bargaining Committee

On motion of Regent Lind, the following collective bargaining agreements were approved:

1. Tentative Agreement with Northern Montana College Federation of Teachers, AFT, AFL-CIO

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2. Tentative Agreement with United
Brotherhood of Carpenters and Joiners of America
Capital Construction Committee

Dr. Habbe explained Item 51-101-R0586,
Naming of Facilities, Biological Station, Yellow Bay,
Flathead Lake, University of Montana, would authorize
naming the newly completed units at Yellow Bay
Biological Station the Gerald W. Prescott Center, in
honor of the many contributions of Dr. Prescott to the
station. On motion of Regent Redlin, the item was
approved.

Questions relating to Item 51-202-R0586,
Authorization for Montana State University to lease land
to the Montana Department of Fish, Wildlife and Parks
Department, were responded to by President Tietz. The
item authorizes the lease of nine acres in accordance
with the terms discussed at the January 30, 1986 Board
of Regents' meeting, and set out in the lease document
accompanying the item. It was determined the first-term
lease payment is comparable as to fair market value to
other exchanges made by MSU, and there are satisfactory
protective covenants contained in the lease document.
On motion of Regent McCarthy, the item was approved.

Bill Lannan, Director of Special Projects,
reviewed Item 51-501-R0586, Authorizing an increase in
the budget authority for Long Range Building Project,
Handicapp Access, Engineering Hall, A/E 82-06-01,
Montana College of Mineral Science and Technology. The
item authorizes an increase in the budget authority for
the project from \$10,000 to \$19,000. On motion of
Regent Redlin, the item was approved.

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Acting President Habbe reported the University of Montana has successfully completed the purchase of real property located at 633 South 5th Street East, Missoula, Montana. The property was appraised at \$67,650, and purchased for \$63,000. The report is made in accordance with instructions to report consummation of the purchase back to the Board when authorization to negotiate the purchase was approved.

By-Laws and Policy Committee

Submission Agenda

Items 16-005-R0577, Classification (REVISED), and 18,005-R1077, Fee waivers; Montana University System (REVISED), were received for consideration at a future meeting.

Action Agenda

Commissioner Krause explained Item 50-004-R0386, System Goals; Montana University System (REVISED), was revised and adopted at the recent Regents' workshop. To clear the agenda, the item is presented for confirmation of that action. On motion of Regent Redlin, approval of Item 50-004-R0386 was confirmed.

Budget Committee

Jack Noble, Deputy Commissioner for Management and Fiscal Affairs, presented Item 51-503-R0586, Final Bond Resolution; Montana College of Mineral Science and Technology, an addition to the agenda. Mr. Noble explained the \$6,745,000 issue was sold May 15, 1986, in accordance with the preliminary authorization of the Board granted on April 18, 1986. The bonds sold at 7.6% net effective interest rate, and refinance portions of Tech's 1984 Series. Montana Tech

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will realize a \$4.4 million savings as a result of the refinancing, and is now in a much more secure position with regard to bond holder security. On motion of Regent McCarthy, the item was approved.

Mr. Noble next reviewed Item 51-701-R0586, Preliminary Bond Resolution; Eastern Montana College, an addition to the agenda. The item would authorize EMC to investigate the feasibility of partially refunding approximately \$6 million of revenue bonds issued as the 1985 series because of the current favorable interest rates. Proposals are being evaluated from two firms. If the savings are as significant as anticipated, EMC will attempt to get to the market in the next two to three weeks. A conference call meeting may be requested to grant the final authorization. Mr. Noble noted Montana State University is considering requesting a similar authorization for a partial refund of its 1985 series. On motion of Regent Redlin, Item 51-701-R0586 was approved.

Mr. Noble stated the following four items were placed on the submission agenda at the March 1986 meeting to meet the Regents' requirements on student notification on fee increases. He stated without objection the items would be reviewed concurrently because the problems they address are similar regarding the indentures at Western Montana College and Northern Montana College:

Item 50-601-R0386,

Authorization to increase Building Fees pledged to the 1966 Housing and Dining System Bond Indenture from \$15 per semester to \$30 per semester for all students enrolled for seven credits or more effective Fall Semester 1986; Western Montana College

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Item 50-603-R0386,

Authorization to establish a student union use fee of \$4.50 per semester for part-time students taking six credits or less; and to establish a \$9 per semester student union use fee for students enrolled for 7 credits or more effective Fall Semester 1986;
Western Montana College

Item 50-802-R0386,

Authorization to increase the building fee \$5 per quarter for part-time students taking six credits or less; and to increase the building fee \$10 per quarter for students taking seven credits or more effective Fall Quarter 1986;
Northern Montana College

Item 50-803-R0386,

Authorization to establish a student union use fee of \$3 per quarter for part-time students taking six credits or less; and to establish a \$6 per quarter student union use fee for students enrolled for seven credits or more effective Fall Quarter 1986;
Northern Montana College.

Mr. Noble reviewed the supporting data on the four items sent to the Regents with the agenda material (on file). He reviewed Mr. Bennyhoff's memorandum which outlined the problems Western Montana College and Northern Montana College are experiencing in meeting current and future debt service payments on their Housing and Dining System bonds. These reasons include declining number of entering freshmen; availability of local housing; resistance to food plan; and condition of residence halls. The accompanying schedules illustrated the estimated revenues of the indentures with and without the proposed fee increases. In response to a question from Regent Lind, Mr. Noble explained the reserve requirements of the indentures would have to be met before

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other use could be made of the monies generated. After that is accomplished, part of the production of the fees could be used to improve the facilities

President Merwin spoke to NMC's support of the fee increases. One of the goals discussed with the Board earlier was to maximize the census in the dormitories at NMC. The fee increases would allow student housing to stand on its own. The students at NMC unanimously passed a resolution in support of the increases.

Mr. Leavitt, WMC, reported the issues involved had been presented to a student forum, and had raised no objections. The dining and housing facilities at WMC are seriously in need of up-grade.

Chairman Morrison asked if anyone from WMC was present in the audience who wished to address implementation of the fees, and received no response.

Mr. Noble noted that the next item on the agenda, Item 51-601-R0586, Authorization to transfer \$50,000 from the 1967 Physical Education Indenture Reserve to the 1966 Housing and Dining Indenture; Western Montana College, should also be included in discussion of the new building and use fees. This transfer is necessitated because of the unexpected decline in WMC's dormitory occupancy rates which will cause the 1966 Indenture to incur an anticipated deficit of approximately \$20,285 in the operating account. Implementation of the new fees requested above at WMC will partially alleviate the problem. The 1967 Physical Education Indenture has adequate funded reserves, and the Regents have the authority to transfer other lawful purpose funds. Mr. Noble cautioned that while it is believed these actions

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will address the 1966 Indenture deficiencies, if enrollments continue to decline and there is no increase in dormitory occupancy, other alternatives will have to be brought back to the Board.

Mr. Noble concluded his presentation, stating the law mandates the Regents take such actions as are necessary to meet the indenture obligations. At this time, there is no suitable alternative but to proceed with implementation of the fees. The fee comparison schedule included in the agenda material shows WMC and NMC are at the low end of the fee spectrum compared to other units of the System.

On motion of Regent Redlin, Items 50-601-R0386 and 50-802-R0386 were approved.

On motion of Regent McCarthy, Items 50-603-R0386, 50-803-R0386, and 51-601-R0586 were approved.

On recommendation of Mr. Noble, Item 51-501-R0586, Authorization to Charge a Student Union Building Use Fee; Montana College of Mineral Science and Technology, was moved to the Budget Committee Submission Agenda for consideration at a future meeting.

Budget Issues for 1987 Legislative Session

Mr. Noble explained it is difficult to discuss all aspects of formula versus base plus budgeting at this time. Such a discussion might be more realistic after the special session of the legislature in June when there will be information on where the University System will be vis a vis the formula. There has been dissatisfaction expressed with the formula budgeting method, and some interest expressed in a new study being conducted in cooperation with the Executive Branch and the Legislative Fiscal Analyst to revise the formula. The

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present method provides an equitable base for allocation of funds, and there would be some resistance to totally abandoning the present formula method because it has credibility with both the legislative and executive branches.

Establishing a base plus budgeting method would present its own difficulties in light of the recent cutbacks where money was removed from the budget where it could be removed, not necessarily where the System would wish its base to be reduced if it had more time to find the funds. The presidents will be reporting on the budget reductions later in this meeting. Mr. Noble stated it is possible base plus budgeting may be a reasonable way to present a workable approach to the legislature, while trying to keep the campuses on an even keel during this period of fiscal crisis. He stated it is difficult to make a rigid recommendation at this time, and he would be interested in the presidents' comments and any thoughts the Regents may have on the issue.

Chairman Morrison stated he believed it is important we begin to move away from the complications of the present formula budgeting method. It is impossible for most people, including the majority of the legislature, to understand with any degree of certainty. There must be other, easier to understand, methods of making comparisons to peer institutions that can be grasped by other than a few professional staff of the legislature, the executive branch, and the System.

Commissioner Krause stated this issue will be addressed at the June Council of Presidents to develop a consensus of approach.

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Enrollment Estimating Approach

Paul Dunham, Director, Research and Services, recommended enrollment levels for the campuses be determined as follows in preparing 1987 biennial budgets. The first year of the biennium the unrestricted FYFTE enrollment at each institution for 1985-86 as published by the Commissioner's office shall be used for building budgets for the 1987-88 fiscal year. For the second year of the biennium (FY 1988-89) the Director of Research and Services shall compute an average unrestricted FYFTE enrollment for each institution based on (1) 1985-86 actual data, (2) 1986-87 estimated data, and (3) 1987-88 estimated data. This recommendation and other matters related to enrollment projections will be discussed further with the campuses at the June 2, 1986 Council of Presidents' meeting.

Campus Presentations on 5% Reduction of Allocated 1987 General Fund Budget

As requested by the Board, the president of each unit presented a report on the effect of the 5% reduction of allocated 1987 general fund budget. In summary, all campuses reported the seriousness of the situation which will necessitate a major reduction of resources in the instructional and support areas of the institutions. Reductions in course offerings will occur, resulting in larger class sizes. Student choice in terms of courses and their availability will definitely be reduced. Reduction of funds for library acquisitions will have a qualitative impact throughout the System. Intercollegiate athletics will be impacted. Reductions in maintenance will further erode the already-serious situation that exists on all campuses with regard to

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maintaining the physical plant. Revenue shortfalls resulting from underfunding of the formula and declining enrollments have created a difficult fiscal situation. Presidents stressed it is important to consider the budget reduction implications in that context. The situation is further complicated by the critical disparity of faculty salaries in the System in comparison with the peer institutions. It was the thrust of most of the reports that the net effect of an additional 5% reduction will be a serious erosion of the System's ability to provide quality higher educational opportunities at every level.

At the Commissioner's request, Jack Noble reported on the effects of the 5% reduction to the Commissioner's office, including the impact to the WICHE and WAMI programs.

Presidents responded to Regents' questions. Chairman Morrison noted the resulting loss of FTE to the System as a result of the reduction nearly equals the total staff at Northern Montana College. Various proposals to deal with a cut of this magnitude were discussed, including putting people on 9-month appointments, loss of summer school, and closing some institutions for periods of time. Presidents concurred they would be guarded about losing faculty which are part of a team it has taken years to assemble. It was pointed out it may take as long as 25 years to build a successful department, such as physics, at one of the Universities. Too much is invested in those departments to risk their loss, nor would that be in the best interest of the students.

At the conclusion of the discussion, Chairman Morrison instructed the University of Montana to

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remove the Billings MBA program funds from those funds identified by UM to satisfy the reduction. This will necessitate the University identify an additional \$266,241.

Budget/By-Laws and Policy Committee

Paul Dunham reviewed Northern Montana College's Computer Use Fee Proposal (on file). He explained NMC seeks authorization to use funds derived from the student computer use fee to fund three laboratories for its students at a total cost of approximately \$33,000. One project will complete a word processing facility. The other two will build on NMC's successes with the word processing facility and the Apple PC lab. No action was required on the proposal

Mr. Noble reported that Northern Montana College is reviewing a proposal to utilize the Regents' umbrella indenture to acquire approximately \$300,000 of Computer Assisted Design software. That indenture provides a premium source of funds for the smaller campuses for such acquisitions at almost zero administrative costs. If it is determined the proposal is feasible, the necessary bond documents will be brought to the Board, probably within the next thirty days.

Commissioner's Report

Commissioner Krause reported the Interim Subcommittee studying the vocational/technical governance issue were in agreement with only one of the models submitted. That model would place the vo-techs under the Board of Regents with a sub-board responsible for day-to-day activities, with the caveat there would be substantial modifications. Dr. Krause will inform the Board when additional agreements are reached by the Committee.

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Dr. Krause reported after communication with various consulting firms it was determined the cost of retaining one of those firms for the study of the System mandated by the Regents would be prohibitive. He suggested the study be coordinated out of the Commissioner's office, with the active support and assistance of the presidents of the units and campus personnel. He also suggested the report be presented to the Regents in its entirety. A suggested deadline for completion of the study was October 1, 1986. A workshop will be scheduled in mid-October for the Regents' review, assessment, and recommendations. The Regents concurred with the proposed format.

Commissioner Krause reported on the progress of the search committee to select a president for the University of Montana. Candidates will be brought forward for interview with the Regents in early June. After a poll of the Regents, it was agreed those would be scheduled on June 9-10, 1986, with a half day scheduled for each interview. An agenda will be sent to the Regents as soon as the interviews are set.

The Council of Presidents, Board of Public Education, Superintendent of Public Instruction, and Faculty Association had no report.

Paul Tuss spoke on behalf of the Montana Associated Students. He called the Board's attention to the number of students present at today's meeting, noting in addition to student government officers, several Central Board members were present. He presented a letter to the Board from Michael Mortier, Chair, MAS thanking the Commissioner and the Board for their efforts on behalf of students in the year of his chairmanship.

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The letter included the names and addresses of the new Montana Associated Student members who will be working with the Board and the Commissioner in the coming year. Greg Anderson, President, ASEM, will serve as the MAS Chair.

Commissioner Krause concluded with a report to the Board that the Montana Guaranteed Student Loan Program has increased its loan commitment amount from \$125 million to \$200 million. Authorization was also granted to increase PLUS loans from \$2 1/2 million to \$15 million. The program is doing an outstanding job of providing opportunities for students to realize their higher education goals.

Chairman Morrison stated the Board requests the Commissioner and staff to prepare a report on the possibility of a tuition increase for the coming year. The request is made at this time and in this forum to comply with Regents' policy regarding student notification and participation in the tuition study process.

Chairman Morrison stated with regret that student Regent David Paoli's term will expire prior to the next meeting of the Board. He thanked Regent Paoli for his service to the Board, and stated he should take great pride in his representation of student interests. The students were fortunate to have someone like Regent Paoli representing them, and the Board was fortunate as well. On behalf of the full Board, Chairman Morrison wished Regent Paoli well in all his future endeavors, and added he will be missed.

Regent Paoli stated he appreciated and valued his service on this Board, and will look back on this period with many fond memories. He noted his only

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regret was that he would not be involved in the decision making process in the coming year. He stated his belief that the unfortunate economic climate that faces the entire state provides a good opportunity for the University System to emerge even stronger at the end of what will be a very difficult process.

Regular Agenda

On motion of Regent Paoli, the following items were approved:

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| Item 51-100-R0586, | <u>Staff; University of Montana</u>
(includes 3 post-retirement contracts) |
| Item 51-102-R0586, | <u>Resolution Concerning the Retirement of Professor Gertrud Lackschewitz, Professor of German; University of Montana</u> |
| Item 51-103-R0586, | <u>Resolution Concerning the Retirement of William G. Melton, Jr., Adjunct Associate Professor of Geology and Curator; University of Montana</u> |
| Item 51-104-R0586, | <u>Resolution Concerning the Retirement of Frank A. Pettinato, Professor of Pharmacy; University of Montana</u> |
| Item 51-105-R0586, | <u>Resolution Concerning the Retirement of Richard A. Faust, Professor of Microbiology; University of Montana</u> |
| Item 51-106-R0586, | <u>Resolution Concerning the Retirement of Merrel Clubb, Professor of English; University of Montana</u> |
| Item 51-107-R0586, | <u>Resolution Concerning the Retirement of Lester R. Rusoff, Professor, School of Law; University of Montana</u> |
| Item 51-108-R0586, | <u>Resolution Concerning the Retirement of John J. Hunt, Professor of Educational Leadership, School of Education; University of Montana</u> |

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- Item 51-109-R0586, Resolution Concerning the Retirement of Leo K. Cummins, Professor of Forestry; University of Montana
- Item 51-200-R0586, Staff; Montana State University
(with Addendum attached to and made a part of these minutes)
- Item 51-201-R0586, Retirement of Donald Reichmuth; Montana State University
- Item 51-300-R0586, Staff; Agricultural Experiment Station
- Item 51-400-R0586, Staff; Cooperative Extension Service
- Item 51-401-R0586, Retirement of Robert F. Bucher; Cooperative Extension Service
- Item 51-402-R0586, Retirement of Manford J. Jackson; Cooperative Extension Service
- Item 51-403-R0586, Retirement of Allene Willson Pierce; Cooperative Extension Service
- Item 51-500-R0586, Staff; Montana College of Mineral Science and Technology
(with Addendum attached to and made a part of these minutes)
- Item 51-500A-R0586, Staff; Montana Bureau of Mines and Geology (ADDITION TO AGENDA)
- Item 51-600-R0586, Staff; Western Montana College
(with Addendum attached to and made a part of these minutes)
- Item 51-610-R0586, Degrees; 1983-1986; Western Montana College
- Item 51-700-R0586, Staff; Eastern Montana College
(with Addendum attached to and made a part of these minutes)
(Includes 1 post-retirement contract)
- Item 51-702-R0586, Dr. Jeanette Bieber-Moses to Professor Emeritus of Information Resource Management; Eastern Montana College
(ADDITION TO AGENDA)
- Item 51-800-R0586, Staff; Northern Montana College
(with Addendum attached to and made a part of these minutes)
- Item 51-801-R0586, Resolution on Retirement of Professor Louis W. Hagener; Northern Montana College

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The meeting adjourned at 5:15 p.m. The next regularly scheduled meeting of the Board of Regents is June 19-20, 1986, in Helena, Montana.

Chairman, Board of Regents of Higher
Education, Montana University System

Carol Greene
Secretary