



MONTANA UNIVERSITY SYSTEM

MINUTES BOARD OF REGENTS Office of the Commissioner of Higher Education Friday, April 15, 2011

The board convened at 10:00 AM.

Roll call indicated a quorum present.

Regents present: Chairman Clayton Christian, Regents Lynn Hamilton, Stephen Barrett, Todd Buchanan, Teresa Borrenpohl, Major Robinson, and Angela McLean. Commissioner of Higher Education Sheila Stearns *ex officio* was also present. Regent Steve Barrett, Governor Brian Schweitzer, *ex officio*, and Superintendent of Public Instruction Denise Juneau, *ex officio*, were excused.

Regent Angela McLean moved approval of the March 3-4, 2011 meeting minutes. Motion approved 6-0.

CONSENT

- a. Montana Family Education Savings Plan, Removal of Investorsure; OCHE
ITEM 151-101-0411
- b. Montana Family Education Savings Plan, New Investorsure; OCHE *ITEM*
151-102-0411

Regent Angela McLean moved approval of the consent agenda. Motion passed 6-0.

[Resolution in Support of Full Federal Pell Grant Funding](#)

Regent McLean advocated for the importance of Pell Grant funding, but wanted to indicate vigilant support even though federal action had already taken place to approve Pell Grant funding. Commissioner Stearns stressed the importance of public regental support for the Pell Grant funding.

Regent McLean moved approval of the resolution. Motion passed 6-0.

BUDGET MEETING

- a. Legislative Budget Update – Comparison to FY 2011 – Stearns/Robinson

Deputy Commissioner Mick Robinson explained comparisons between FY11 –FY13, budget assumptions, reduced beginning funding levels, and gave a presentation on funding levels for the educational units, community colleges, and agencies and the proposed decreased levels of funding as of mid-April.

Commissioner Sheila Stearns noted the Montana University System (MUS) has additional expenses incurred for enrollment increases. She told the board that her office and campus leaders have been reviewing best practices in other states to assist in preparation for possible funding deficits. Tuition decisions need to be made earlier than May in the future to allow campuses and students to plan accordingly OCHE will research timing changes regarding tuition policy.

Chancellor Dick Storey said tuition decision timing by the board impacts students in attendance location decisions, as well as campus decisions regarding the number of class sessions to hold, planning for adjunct faculty, and increased class sizes.

Chairman Clayton Christian encouraged continued advocacy for higher education funding, including pay plan compensation.

b. Pay Plan Update – McRae

Kevin McRae, Associate Commissioner for Communication and Human Resources, gave a presentation focused on the Pay Plan update and explained that there could be some state employee compensation action throughout the remainder of the legislative session. He noted that the employee compensation increase being considered would not cover the cost of increases in health premiums. Mr. McRae reminded the board that the university system has to recruit nationally for 70 % of job openings. He said HB 13 would be good for the MUS, because it provided funding to cover 100% of current unrestricted employees based on resident student FTE.

Marco Ferro, MEA-MFT, said the silence on HB 13 is very troubling. HB 13 is a high priority for the budget office and the governor's office. The unions will not support a different pay bill because it is not what was negotiated.

c. State Appropriation Rebasing / Reallocation Discussion – Robinson

Deputy Commissioner Mick Robinson said it is necessary to move forward with a process pertaining to rebasing and the board, therefore, needs to make decisions in order to proceed. Mr. Robinson will work with the board and Presidents Royce Engstrom, UM, and Waded Cruzado, MSU, on a recommendation to be presented at the May board meeting, which will include phase-in plans. Components will include enrollment growth, per student funding, and the main campuses and integrated COTs, to build assumptions that include overall services used by students. The recommendation will be based on regental input, Dennis Jones' from the National Center for Higher Education Management Systems (NCHEMS) advice, as well as input from campus fiscal officers. The proposal will also be based on the legislative general fund revenue outcomes and Presidents Cruzado and Engstrom will recommend the allocations for their campuses.

Associate Commissioner Tyler Trevor explained the weighted model of distribution of funding being considered as a factor in the data needed by presidents and regents.

President Royce Engstrom, UM, explained that, throughout the years, the two main campuses have gradually gotten a different tuition structure created on each of their

campuses and that he and President Waded Cruzado, MSU, are working together to set parameters and bring the campuses more in alignment with each other.

Discussion followed on points including the tuition piece of the funding equation, allocation models, infrastructure, operation and maintenance costs, and campus accountability. Campuses recommended the board be mindful of increased enrollment when making decisions on reallocation models.

Regent Lynn Hamilton noted the board has moved away from market based setting of tuition in recent years and recommended returning closer to the model of setting tuition in relation to the cost of education.

Chairman Christian expressed the need to proceed with the reallocation model by the May BOR meeting and said it is critical to make a decision on the adoption of a particular reallocation model and to be mindful of the larger picture while doing so.

Commissioner Stearns advised that the campuses need to present a recommendation to the board, and that criteria be set to address infrastructure needs and other variables the campuses face. She added that campuses would need to provide justification for wide disparities in tuition levels from other campuses.

Mick Robinson said rebasing discussions have included performance measures for successful course completion, necessary ongoing criteria to enable campuses to know ahead of time how the criteria needs to be applied to each institution. He recommended the list of factors should be implemented at the beginning of FY2012.

Associate Commissioner Trevor explained that the money follows the enrollment in one reallocation option, whereas, another option is to set aside 2% of the funds and award campuses for specific achievements relating to the Board's strategic objectives.

Public comment:

Shelby Dantic, UM-Missoula student, spoke on the participation of students in the MontPIRG group at the Missoula campus.

d. Update Re: Program Review/Alignment Processes – Engstrom/Cruzado

Provost Perry Brown, UM-Missoula, spoke on the processes and criteria involved in working with faculty on the program review/alignment process. The process includes: ensuring academic programs are in alignment with both UM-Missoula and BOR strategic plans; criteria and factors to be addressed in considering how well academic programs (not departments) are aligned with the campus mission, vision, and strategic directions and for considering if existing programs need to be changed or eliminated or a new program added; what is most important to focus on; analyzing what would happen if resources were added or subtracted and what might an alternative investment be; and asking the programs/units to look at their departments in relation to the strategic plan. The cost for each program is included in the process for each department.

President Engstrom explained that he wants the other affiliated campuses to follow this process as well and will have discussions with those campuses regarding this project yet this year.

President Cruzado stressed the inclusion of attention to critical needs and resources; the need to improve employee compensation; behave more as one university on the MSU side; and implement a central program for student outcomes and assessments. President Cruzado said MSU has implemented an integration initiative which involves collaboration between the four MSU campuses for efficiency with purchases and opportunities for the Bozeman campus to reduce administrative costs for their campuses, such as in areas of human resources and technology.

Board members noted that resources need to be balanced in as well in terms of what the campuses can afford to do, where that fits into the equation, where resources can be best utilized, elevate strengths on the campuses and move resources to those strengths, and it is always timely to look at alternative revenue sources.

Panel Discussion: Tuition Issues *Panel Members: Tyler Trevor, Tyler Wines (UM-Western student), Rebecca Mills (UM-Helena COT student), President Royce Engstrom, President Waded Cruzado, Chancellor Dick Storey, Dean Joe Schaffer, and President Jane Karas*

Associate Commissioner Tyler Trevor said he used the Tuition Policy 940.31, related data, and the BOR Strategic Plan to compile regional comparisons on tuition based on a formula of operational costs minus funding subsidies equals the cost of education. Mr. Trevor noted that tuition levels should always be tied to costs of education, yet at the same time tuition levels should be competitive and give the ability to provide quality education. He is developing a set of indexes for the board to review, which includes a combined set of information and a comprehensive set of data.

Tyler Wines, UM-Western student and President of Montana Associated Students (MAS), told the board that MAS has begun tuition discussions, looking at what can be done with tuition and the effects of tuition on the students. He said the student group won't have a strong voice regarding tuition until they are able to analyze what student success and quality education means for each campuses' students. Mr. Wines said he will continue to work with campus administration, OCHE, and students to have a definitive position at the May BOR meeting.

Chairman Christian said he had requested student input on what level of tuition increase the students recommend; tuition levels pertaining to resident/non-resident; and tuition pertaining to two-year, and four-year students. Tyler Wines verified that the students have begun those discussions.

Blake Bjiornson, MSU-Bozeman, spoke on behalf of the 4-yr campuses. He said they don't want to put the entire burden of a tuition increase on the 4-year research institutions.

Rebecca Mills, UM-Helena COT student, recommended being mindful of the effects of tuition on students and noted the high value of the Montana Transfer Initiative assisting students in clearly setting core requirements and credits needed and in allowing for transfer of credits to the four-year campuses.

Regent Lynn Hamilton noted that students' needs are tied in with Pell Grant eligibility.

Chancellor Dick Storey reminded the board that campuses are already extremely efficient and that it is a challenge to provide the needed allocations for student success and advising. He said it is imperative to do something for salary compensation for faculty and staff.

Dean Joe Schafer said Montana is overpriced compared to other WICHE states in the level of tuition at the two-year campuses and urged consideration of lowering tuition levels at the two-year campuses.

President Engstrom noted that Montana's state appropriations per student in Montana are less than half that of comparable institutions in other states, resulting in the correlation of fewer people to work with the same number of students as comparable institutions. He stressed staying alert to what other states, countries and institutions are doing. There is a strong connection between input and outcome and Montana is on the right track in tying the appropriations together with the preferred outcomes.

President Jane Karas explained the financial aid process used on the community college campuses. She clarified that other revenue sources for the community colleges include the local mill levies, which are included in the overall budget of the community colleges. President Karas said the community colleges have different tuition levels for in-county students because they pay part of the mill levies.

Student Regent Teresa Borrenpohl recommended a decrease or level tuition for all two-year campuses, but not in a way that would impair quality education.

Regent Todd Buchanan said he could support a modest tuition increase and is willing to look at tuition increase options.

Regent Hamilton said the more data available, the better decision that can be made. She stated that tuition discounting is a campus decision and the board should not be involved in those decisions, but should be aware of those campus decisions. Regent Hamilton expressed concern about an impending funding cliff involving salary compensation, health benefits costs, and the continued level of federal and state funding levels. She said she is concerned some four-year students will be priced out of obtaining a college degree.

Chairman Christian said he is very concerned about how to back-fill the large gap in state funding and cautioned the board to look at funding needs in terms of employee compensation needs and general operation costs together. He stated that if the legislature does not resolve HB 2 prior to the May BOR meeting, then the board may need to consider setting tuition levels for one year as opposed to two years.

Regent McLean wants to have conversations with students prior to the May BOR meeting for the purpose of discussing competitiveness and maintaining quality. She stressed the importance of competitive salaries and recommended setting tuition for just one-year regardless of action on HB 2.

Public Comment:

Kayla Miller, MSU-Billings MAS officer, encouraged the board to make tuition-related decisions soon and noted that the board should not assume that non-traditional students pay their college expenses more than traditional students do.

The board recessed at 3:00 for the purpose of executive session.

Executive Session

- Personnel Matter
- Litigation Strategy

The meeting adjourned at 4:00 PM.

Approved by the Board of Regents on

Date

Date

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

Clayton Christian
Chair, Board of Regents

RESOLUTION OF THE BOARD OF REGENTS OF THE MONTANA UNIVERSITY SYSTEM URGING THE CONTINUED SUPPORT AND FUNDING OF THE FEDERAL PELL GRANT PROGRAM BY THE CONGRESSIONAL DELEGATION OF MONTANA.

WHEREAS, Article X. Section 1 of the Montana Constitution reads:

“It is the goal of the people to establish a system of education which will develop the full educational potential of each person.”

WHEREAS, stated by the United States Department of Education:

“The Federal Pell Grant Program provides need-based grants to low-income undergraduate students to promote access to post secondary education.”

WHEREAS, the maximum Pell Grant award for the 2010-2011 award year as stated by the United States Department of Education is \$5,550 per recipient; and

WHEREAS, the number of undergraduate students in Montana receiving Pell Grants in award year 2009-2010 was 20,109; and

WHEREAS, the total amount of Pell Grant aid received by undergraduate students in Montana was \$74,091,089.

WHEREAS, reductions in Pell Grant funding would increase financial burden on current and future students in the Montana University System; and

WHEREAS, reductions in Pell Grant funding would decrease access for current and future students into the Montana University System; and

WHEREAS, education equates to more, higher paying jobs, opportunity, and student and citizen success; and

THEREFORE, LET IT BE RESOLVED, the Board of Regents of the State of Montana strongly encourages Montana’s congressional delegation to continue current level funding of the Pell Grant program.