



MONTANA UNIVERSITY SYSTEM
Board of Regents

MINUTES
MONTANA BOARD OF REGENTS
ADMINISTRATIVE, BUDGET AND AUDIT OVERSIGHT COMMITTEE
University of Montana-Helena College of Technology
May 13, 2009

Wednesday, May 13, 2009

The Board convened at 1:00 pm.

Roll call indicated a quorum present.

Regents present: Chairman Steve Barrett, Vice Chair Clay Christian, Lynn Hamilton, Lila Taylor, and Mitch Jessen, and Commissioner Sheila Stearns, *ex officio*. Regents Janine Regent Pease, Todd Buchanan and Governor Brian Schweitzer, *ex officio*, connected by conference phone.

Regent Clay Christian explained the purpose of the meeting was to discuss the outcome of the legislative session from a fiscal standpoint and to prepare for making a tuition decision at the May 28-29, 2009 Board of Regents meeting.

Deputy Commissioner Mick Robinson provided an overview on the funding level flowing from the legislative session. HB 2 and HB 645 were the primary budget bills.

Campus Operations – Impact of State Funding Decisions

Introduction – Deputy Commissioner Robinson

Enrollment Overview

Deputy Commissioner Robinson stated the campuses are seeing growth in student FTE. Although a decrease in high school students began in 2004, the Montana University System overall has not experienced this degree of decline. There is a 2.3% increase of student FTE in academic year 2009-2010.

Budget Spreadsheet

Deputy Commissioner Mick Robinson explained a spreadsheet focusing on the general operating budgets of the campuses, the present law base, which is defined as the level of funding needed under present law to maintain operations and services at the level authorized by the previous legislature. MCA 17-7-102(10). The Montana University System's proposed budgets were developed under this statute. Deputy Commissioner Robinson recapped the downward movement in the amounts budgeted. He noted that the inflationary rates had been

documented and realistic. As the legislative session progressed, however, the Montana University System (MUS) put together a proposal that was the bottom line necessary to maintain current services. The amount of additional state funding at the bottom line funding level for FY10-11 was \$17.65 million, which included the projected increases in health insurance premiums and the annualized pay increases into the next biennium. That amount was an extremely conservative level of funding, yet was a level of funding that was acceptable for operational purposes. Deputy Commissioner Robinson stated that at that level, the campuses were going to have to make reductions in services regardless. This level was approved by the House, but the Senate implemented an across-the-board 2% reduction funding cut. The impact for the Montana University System is \$7.2 million. Program 9 reduction, (educational units) was \$5.3 million.

Commissioner Sheila Stearns clarified that the 2% cut made in the Senate at the end of the legislative session was in addition to the reduction the House had already made to the MUS budget.

Regent Lynn Hamilton noted that there were no assumptions listed in the bottom line regarding salaries. Deputy Commissioner Robinson said that was correct, although some present law increases were associated with compensation. He added that the annualized salaries were not funded in HB 2 at all, nor were they included in the governor's December 15 executive budget.

Regent Steve Barrett said the Montana University System is \$11 million short of what its budget needs to be.

Deputy Commissioner Robinson explained Program #4, which pertains to funding for the community colleges. He noted that the community colleges were funded at a higher level for present law increases than the rest of the university system and, as a result, are funded close to the present law levels proposed.

Campus Presentations

- UM-Missoula

President George Dennison said the indicators for the academic year 2010-2011 showed that enrollment should remain steady. He detailed reductions that would need to be implemented. Reductions will affect travel, equipment purchases, and departmental operating budgets, as well as require the campus to defer filling positions, including faculty, police officers, accountants, secretaries, carpenters, and electricians. He added that the effect will be a reduction in instruction faculty, resulting in fewer classes and larger class sizes.

- MSU-Bozeman

President Geoff Gamble stated the MSU budget is well below peer funding levels, yet their faculty productivity is well above peer levels. If tuition remains steady, there will be fewer class sections offered, requiring them to stretch offered classes over a longer period of time, which will affect students' schedules. MSU impacts of a possible tuition freeze would result in lowered capital expenditures, travel, and supplies. President Gamble said MSU would probably need to make a blend of cuts from classified, administrative, professional and tenure

track employees. He estimated there would probably be a reduction of 60 people. President Gamble noted that the Extension Service has no budget to fill vacant positions. Current vacancies will remain vacant.

Regent Taylor asked how far non-resident tuition can be raised. Presidents Dennison and Gamble responded that they measure non-resident tuition against twenty other peer institutions to arrive at a realistic amount for non-resident tuition.

- Montana Tech of the UM

Chancellor Frank Gilmore highlighted the break-down of their enrollment increase – 74 resident and 174 non-resident. For this amount, Chancellor Gilmore explained, Montana Tech should add sixteen faculty members, but they have instead only added six faculty. Impacts of a tuition freeze would be to eliminate one-time-only (OTO) funding and maintenance projects, reduce enrollment contingency, result in the filling of critical positions only, and possibly require use of reserves. The impact to the Bureau of Mines and Geology would be the loss of a research position in the Billings office, loss of service to the public, and reductions in operations and travel.

- MSU-Billings

Chancellor Ron Sexton said that without additional resources, the campus will not be able to do any additional workforce training. He stated concerns with receiving one-time-only funding, including the concern of getting the money back into the base budget in the next biennium due to the large amount of OTO funding. Chancellor Sexton noted that planning for 2012 and beyond remains uncertain because of implications related to OTO funding and a possible tuition freeze. Impacts of a tuition freeze would include reductions in travel, marketing, and communications budgets as well as reductions in library acquisitions, fewer classes, and fewer sections. Chancellor Sexton told the board his campus has presently implemented a hiring freeze until they know the decision on a tuition increase. As a result of the reductions, there will be delays in graduation for some students. He said MSU-Billings would eliminate the medical assisting programs at the College of Technology and face reductions in administrative support and classified positions, resulting in a reduction of close to twenty-seven FTE overall.

Regent Barrett stated the importance of looking at systemic changes because Montana is already the lowest cost producer in the country.

- UM Western

Dean Anneliese Ripley, UM-Western, explained the successful impact of Experience One on their campus which has resulted in an enrollment increase of twelve percent. Impacts of a tuition freeze would include a combination of: a reduction in enrollment contingency, number of tuition waivers, and operating costs, as well as offering fewer upper division courses. UM-Western would also need to reduce seven employees.

- MSU-Northern

Interim Chancellor Rolf Groseth said MSU-Northern has already made \$350,000 in personnel adjustments over the past 24 months. Impacts of a budget gap would be: reduction of letters of appointment employees and adjunct faculty, reduction of independent study courses, and opportunity based vacancy savings layoffs. The reductions will cause delays in graduation for students.

Regent Hamilton asked if this would double the number of personnel reductions that they've already made in the past two years and Chancellor Groseth responded yes. Chancellor Groseth added that MSU-Northern has also discussed possible furloughs for employees.

- UM-Helena COT

Dean Daniel Bingham said the College of Technology is projecting increased growth. The impacts of a tuition freeze would be to eliminate the enrollment contingency and cut operational costs and tuition waivers.

Regent Pease expressed concern about the effect of making reductions that are critical to the delivery of services.

- MSU-Great Falls COT

Interim Dean Joe Schaffer told the board his campus has seen enrollment growth, with a ten percent increase since FY07. Impacts of a restricted budget would be the closure of some programs, a modification of others, and a reduction of the COT's operations budget. Dean Schaffer said they cannot sustain the current level of growth and responsiveness without additional revenue.

- Dawson Community College

President Jim Cargill told the board that Dawson Community College (DCC) has had an increase in enrollment, but that the enrollment increase they have seen is not tied to the economic downturn. President Cargill said DCC has already made significant cuts in the past three years. He stressed that students at DCC will go across the border into North Dakota if the price is not right at DCC.

- Flathead Valley Community College

President Jane Karas said there are challenges of increased unemployment in the Flathead Valley. Flathead Valley Community College has seen enrollment growth with dislocated workers and part-time students.

- Miles Community College

Tad Torgerson, Dean of Administration and Budget Director, said the Miles Community College (MCC) board voted to not increase tuition and fees, based upon approval by the BOR. Mr. Torgerson expressed concern of how to balance the MCC budget without an increase in revenue. MCC is projecting a modest enrollment growth. They have already eliminated two positions and have re-aligned other positions to fill those job duties. Mr. Torgerson said MCC has discontinued some grant programs that were not aligned with their

mission and is looking at possible reductions in professional development. He added that MCC will use the OTO funds for maintenance projects.

Discussion

Commissioner Stearns said this was an opportunity for the regents to see the impact on the campus budgets and to think it over prior to the May Board of Regents meeting when the regents decide if there will be a tuition increase and, if so, what percentage. She encouraged the regents to call the campuses or the commissioner's office if they have additional questions prior to the May 28-29, 2009 meeting in Great Falls.

Discussion centered on the following:

- Maintaining the status quo is not possible with the current budget.
- There will be inevitable cuts even if there is a tuition increase.
- Access and affordability remain a challenge.
- A helpful approach would be to have a standard format for all the campuses when presenting the effects of reduced budgets.
- Caution to all to remember that a large portion of the money the MUS will be receiving for FY2010-2011 is one-time-only funding.
- Need to think of systemic changes and of new ways to meet the demands.
- A reminder that the budget the BOR approved is significantly different than the current budget presented.
- The board needs to act strategically as a board to give the campuses direction. If not, the legislative process will determine the actions.
- The board needs to define the role and mission of the campuses.
- A reminder of the Board of Regents' role in determining the control they have over the budgets and funding.
- The legislature and the governor have done what they think they can do, but now the responsibility of the board comes into play.
- Need to evaluate the campuses based on the strategic plan and being deeply rooted in the campus mission.

Deputy Commissioner Robinson addressed reallocation and the key point brought up by regents of the 2% reduction across the board in general funds. The effect of this varies from campus to campus and adversely impacts the two-year campuses or smaller campuses, as compared to the larger four year campuses. Enrollment trends for the campuses are also a reallocation issue.

Public Comment

- Matthew Finnell, President of the Associated Students of The University of Montana (ASUM) urged the regents to consider tuition increases. He admitted there is a concern when tuition and fees increase, however, he also understands the importance of and need to maintain quality education. It is imperative to remain competitive.
- Katie Hansen, Vice President of the Associated Students of Montana State University (ASMSU) said the primary concern is the quality of education. She said she trusted that a tuition increase will augment negative impacts of stretched budgets, which would result in less advising of students, professors that are tired and stressed, larger

class sizes, and noisy classes. Students are willing to pay additional tuition to maintain quality education. Implementing a mandatory tuition freeze now would be unfair to future students and would send negative signals to future employers.

- Justin Folsell, President of ASMSU Senate, agreed there is an unfortunate shortfall in state revenue. He said he wants to control costs, but that students deserve quality education and will understand the reason and importance of a tuition increase.
- Emily May, Vice President of ASUM asked that when considering the amount of a tuition increase, or determining whether or not the increase will happen, the Board of Regents not increase tuition by just the bare minimum to squeak by, but raise enough money to allow education to continue at the same high level of quality.

The meeting adjourned at 4:22 PM.

Posted on

Approved by the Board of Regents on

Date

Date

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

Stephen Barrett
Chair, Board of Regents