



MONTANA UNIVERSITY SYSTEM  
Office of the Commissioner of Higher Education

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**MINUTES**  
**Montana Board of Regents Meeting**  
**July 12-13, 2006**  
**On the Campus of Flathead Valley Community College**  
**Wednesday, July 12, 2006**

The Full Board convened at 8:00 a.m.

**Commissioner Stearns** introduced the new **Regent Janine Pease**.

ROLL CALL indicated a quorum present.

**Regents Present:** Stephen Barrett Vice Chair, Clayton Christian, Lynn Hamilton Chair, Heather O'Loughlin, Janine Pease, Mark Semmens, and Lila Taylor. Also present was Commissioner Sheila Stearns ex-officio.

Jan Lombardi for Governor Schweitzer

**Regents Absent:** Linda McCulloch Superintendent of Public Instruction ex-officio, and Governor Brian Schweitzer ex-officio, both excused

**SYSTEM ISSUES**

**ACTION**

a. Strategic Plan **ITEM 132-101-R0706**

☐ Regent Barrett **moved approval** of Item a.

**Commissioner Stearns** reviewed the history of the Strategic Plan, and indicated it will be brought before the Board each year with measurements of established benchmarks, and an evaluation of the worth of the chosen set of benchmarks. **Associate**

**Commissioner Gibson** indicated he had received no comments on the document since he sent it out three weeks ago for review, and there still remain a few numbers that need to be finalized. One change that will be made is to move the target expenditures per annum from a fixed percentage to a range. **Regent Semmens** indicated the challenge would be to get the policy makers to read this plan which is well written and organized. One key assumption was the goal of 0% tuition increase for the two-year campuses and 4% or 5% for the four-year campuses. He asked if the Board felt this was reasonable in order to return to where they were 11 years prior. He did not believe it would be outrageous. **Associate Commissioner Gibson** indicated there are a number of issues that must go to the Two Year Council before the Board can act on them. He wants to work through those items next year.

☑ Item a. was **approved unanimously** on 7-0 vote.

**Regent Semmens** requested the document be reduced to a PowerPoint presentation for discussion in the coming months. OCHE will be the focal point to follow through on the Strategic Plan, but it will require a team effort from all the campuses to make it work.

**Associate Commissioner Gibson** indicated this Plan is an exact outline of the document negotiated with PEPB for accountability, and the MUS will need to account for performance on each item on the list.

- b. Title of the Deans of UM-Helena College of Technology and MSU-Great Falls College of Technology

**Commissioner Stearns** indicated this item was pulled from the Agenda since many suggestions and much discussion ensued since the Agenda was published. She will defer making a recommendation at this time.

Item b. was **pulled from the agenda.**

### INFORMATION

- a. Update on Legislative Audit Recommendations on INSA

**Mr. Angus MacIver** and **Ms. Diva Murray** of the Legislative Auditors Office gave a presentation on the audit and recommendations of the Auditors Office on this issue. The recommendations were included with the July Agenda and may be seen there. **Mr. MacIver** indicated they anticipate another audit before the end of the year. This audit addressed the scope of the work under the contracts and grants which was found to be consistent with the statement of work. It did not address the value of those activities. The audit showed risk factors including the non-competitive nature of the grant, administration of the grant through the Vice President of Research instead of an academic department, research done through the Research office, and disclosure procedures. **Mr. MacIver** covered the recommendations to improve the control systems as presented in the July Agenda. He indicated these recommendations are applicable to every campus in the system, and his office is also looking at the oversight by the Board itself. **President Dennison** indicated they have already begun the recommended improvements in their system. He indicated the University of Montana will be consulting with the Legislative Auditor and OCHE to create a workable system. **Commissioner Stearns** made the point that earmarks are used by Montana campuses and many others across the nation to help them become more competitive. They have laid the foundation for growth in research. As a system two new attorneys have been hired, one at each of the two research campuses. They will be devoted to compliance with federal requirements. They will report to the Commissioner through Chief Legal Counsel Catherine Swift. Mr. MacIver's PowerPoint presentation may be seen at the following location: <http://www.montana.edu/wwwbor/INSAAudit7-06.pps>

- b. Distance Education Tuition and Excess Capacity

**Commissioner Stearns** indicated this item is presented because it came to the attention of her office in late spring that some tuition charges may not have come before the Board. **Associate Commissioner Robinson** noted that **Dr. Tom Gibson** is the Director of Distance Learning and in reviewing the programs throughout the system discovered the process for setting tuition for non-resident students in excess capacity courses had been dropped at some point. He anticipates they will be able to bring this issue back to the Board at a future meeting for a fuller discussion on this and consistency in the system. He indicated it will require significant cooperation from the campuses and that OCHE must have the information made available to them. **Regent Semmens** indicated that tuition and fees are required to come to the Board whether or not they are for distance learning. Some may have slipped through the cracks, but the Board's stance has been consistent. They are seeing different amounts being charged by the different campuses but there needs to be consistency in the fundamental concepts. He said the Board needs the campuses to be fully forthright. The Board needs to set policy and practice consistent across the campuses. **Regent Hamilton** indicated that Chancellors Gilmore and Sexton had served on the Tuition Committee, and the intention of the Committee was to approach costs from the standpoint of students and how they are served. They are allowed to take courses from various campuses to accelerate graduation. **Chancellor Sexton** said that what bothers him,

and is imperative the Board doesn't forget, is the arena is rapidly evolving and is highly competitive. He believes they must provide incentives to the campuses to permit competition with their neighbors. He would just as soon not decree policy which would leave them dead in the water. **Regent Pease** indicated it will be necessary to identify the students that will use this product, and recognize the need for a variety of presentations from the student doing everything to various levels of active involvement by the faculty. There will be different costs for the variations. **Regent Semmens** questioned the timeline, and indicated that in the current competitive environment if MSU-Billings has discovered a great system it should be applied systemwide. He didn't believe it could be that unique to one campus. **Associate Commissioner Robinson** noted he intends to present this issue to the Board at a future meeting. Although unsure how much work will be completed by that time, he is sure they will have enough to address the tuition matrices. **Regent Semmens** recommended researching the costs of out of state programs that Montana residents are using. **Associate Commissioner Robinson** said they also need to look at the cost of delivery. It includes state support and non-resident rates of 150% for excess capacity courses. He will have recommendations for the Board at a future meeting. **Associate Commissioner Gibson** reported that nationally, distance education is not less expensive than normal courses, and in some instances is actually more costly. If it is assumed that competition is critical then they need to: 1) reduce costs – work together, share, find low cost providers, share services on line, share course development, and standardize; 2) determine where the most value is for Montana students to use tax dollars for distance education. They will need to build scale in the areas important to Montana to justify using state funds to bring in non-residents.

c. OCHE Building

Related UM Bond Proceeds - status

**Commissioner Stearns** reviewed the history of this issue leading up to the significant change in revenue for MGSLP. This has made it more practical for them to remain where they are with their very favorable lease which runs through 2014, rather than relocate to a new building. OCHE is no longer considering building, and proposes looking at other options. This has left UM-Missoula with a dilemma on the bonding. **Associate Commissioner Mick Robinson** noted that SAF owns the Broadway building and at their last Board meeting possible sale of the building was approved with MGSLP remaining as a tenant. SAF therefore now needs to move more quickly to construct a new building. He reported OCHE and MGSLP are looking at the feasibility of acquiring the Broadway building and then leasing one portion to other state agencies. Bringing the two operations together is currently advantageous. UM is looking at other opportunities to use those bonds to prevent defeasance. OCHE and GSL will review the appraisal at the end of July, and if it is not feasible will continue looking at other options. OCHE's current lease expires in September 2007 with an option for one more year. In response to Regent Semmens, **Dean Bingham** indicated that the Helena COT will need to come up with \$260,000 to pay for the parking lot, but there will be no other impact from the withdrawal of OCHE. **Commissioner Stearns** noted that Mr. David Ewer is, at least in a preliminary way, interested that the Broadway building is available because other state agencies also need room. She thanked The University of Montana for their willingness to step forward last summer to help OCHE with a new building, to complement the UM-HCOT building project.

d. Campus Reports

**Regent Barrett** commented on the content of the Campus Reports, indicating he would prefer they covered issues of more substance. He mentioned the Audit Report as a subject that could have been an item, as well as plans for lobbying to be sure the Board

and system are going the same direction. He also questioned if the Presidents should be reporting for all their campuses or if the CEO of each campus should continue to report individually. The campuses agreed to enhance the substance of the reports, and each CEO will continue to report.

### CONSENT

#### Staff Items

- a. Staff; The University of Montana-Missoula **ITEM 1321-1000-R0706**
- b. Staff; Montana Tech of The University of Montana **ITEM 132-1500-R0706**
- c. Staff; The University of Montana-Western **ITEM 132-1600-R0706**
- d. Staff; The University of Montana-Helena College of Technology **ITEM 132-1900-R0706**
- e. Staff; MSU-Bozeman **ITEM 132-2000-R0706**
- f. Staff; Ag Experiment Station **ITEM 132-2300-R0706**
- g. Staff; Cooperative Extension Service **ITEM 132-2400-R0706**
- h. Staff; MSU-Billings **ITEM 132-2700-R0706**
- Regent Semmens **moved approval** of all Staff Items
- Motion was **approved unanimously** on 7-0 vote.

#### Budget and Audit Oversight Items

- a. Authorization to Execute an Access Agreement for the Placement of a Ground Water Monitoring Well on the Lutz Farm; Montana State University-Bozeman **ITEM 132-2001-R0706**

**Regent Semmens** gave a brief explanation of this item.

- b. Authorization of Supplemental Bond Indenture to Change Auction Rate Periods; Montana State University **ITEM 132-2002-R0706**

**Regent Semmens** gave a brief explanation of this item.

- c. Authorization to Increase the Project Budget to Replace and Upgrade the HVAC System in the Curry Health Service; The University of Montana-Missoula **ITEM 132-1006-R0706**

**Regent Semmens** gave a brief explanation of this item.

- d. Authorization to Reallocate \$30,000 in IT Student Computer Fee Funds Previously Approved by the Board of Regents as Student Equipment Funds for Use as Student Employment Funds; The University of Montana **ITEM 132-1007-R0706**

**Regent Semmens** gave a brief explanation of this item.

- Regent Semmens **moved approval** of Items a. through d.
- Items a. through d. were **approved unanimously** on 7-0 vote.

With no further business to come before the Board, the meeting adjourned at 10:00 a.m.

Mailed to the Board of Regents on

Sherry Rosette  
(Date)

September 15, 2006  
Sherry Rosette  
Board Secretary

Approved by the Board of Regents on

September 28, 2006  
(Date)

Lynn Morrison-Hamilt  
Lynn Morrison-Hamilton  
Board Chair