



MINUTES

Montana Board of Regents

Conference Call Meeting

March 6, 2009

Friday, March 6, 2009

The Board convened at 1:00 PM.

Roll call indicated a quorum present.

Regents Present: Stephen M. Barrett Chair, Clayton Christian Vice Chair, Lynn Hamilton, Lila Taylor, and Janine Pease, all by phone. Regent Mitch Jessen, Commissioner of Higher Education Sheila Stearns, *ex officio*, were present in person, Superintendent Denise Juneau, *ex officio*, was represented by Joyce Silverthorne in person. Governor Brian Schweitzer, *ex officio*, was excused.

Sites represented by phone were: Office of the Commissioner of Higher Education (OCHE), UM-Missoula, UM-Western, UM-MT Tech, UM-Helena COT, MSU-Bozeman, MSU-Billings, MSU-Northern, MSU-Great Falls COT, Flathead Valley Community College, Miles Community College, and the Office of the Governor.

1. Student Loan Update

Regent Lila Taylor reported that all academic year 2008-09 second disbursements for Federal Family Education Loan Program (FFELP) occurred as scheduled for Montana students. She stated that the Montana Higher Education Student Assistance Corporation (MHESAC) plans to sign up for the federal "Put" and "Participation" programs for academic year 2009-2010 loans as a precautionary measure to assure Montana students have access to federal student loans for academic year 2009-10.

Jim Stipcich, President, Student Assistance Foundation (SAF), said all federal student loans have been funded in Montana for academic year 2009-2010. While the outright freezing of all financial markets last fall, negatively impacted MHESAC, interest rates have again stabilized and MHESAC is again positively cashflowing. Mr. Stipcich reported that federal programs put in place to ensure access to federal student loans for academic year 2008-09 have been extended and are also available for academic year 2010. President Obama has proposed the country move to direct loans for providing loans for students in the future beginning in academic year 2010-2011. This has resulted in a great deal of discussion nationally on the merits of that proposal, including whether this provides real budget savings and the overall impact on the increased federal borrowing required to have the federal government finance provide federal loans directly. Alternatives that utilize a public/private partnership and private capital are being developed as well. MHESAC is very actively engaged in these national discussions and remains committed to ensuring access to federal student loans for Montana students in the future.



Commissioner Sheila Stearns informed the Board that she has had conversations with Senator Max Baucus' Office regarding the federal stimulus bill and higher education issues.

Bruce Marks, Director of the Montana Guaranteed Student Loan Program, reported that MGSLP and its various lending partners are ready and able to provide guaranteed student loans for the 2009-2010 academic year. MGSLP is in close contact with the various financial aid offices in the Montana University System and throughout the State.

2. Legislative Update

- Budget Update

Deputy Commissioner Mick Robinson, Office of the Commissioner of Higher Education (OCHE), informed the Board that the House Appropriations Committee held executive action on section E of HB 2, which is the education portion of the budget bill. There were some changes made in the Montana University System budget including the removal of partial funding connected with distance learning, however that action has contingent voidness language, which means if there isn't funding in the stimulus bill (HB 645), then that funding amount will revert back to HB 2. The other major adjustment was the removal of the dollar amount that had been amended in during the subcommittee action to provide additional funding of \$1.2 million for the MUS agencies, including the Agriculture Experiment Station, the Extension Services and the Bureau of Mines. Currently, the Montana University System is \$5.6 million below the executive December 15 budget. Work remains to be done regarding community college funding, educational units in program 9 of the Montana University System budget, and tribal non-beneficiary funding. Deputy Commissioner Robinson stated that HB 645 is the budget bill that addresses the economic stimulus bill funding.

Commissioner Stearns clarified that the community colleges are down \$1.3 million, the other educational units are down \$3.6 million and the agencies are down \$.5 million from the December 15 executive budget present law adjustments.

- The Delta Project on Postsecondary Costs

Commissioner Stearns said this most recent data shows Montana is 50th at UM and MSU in educational expenses per student, which can also be interpreted as number one in the nation in efficiency.

Deputy Commissioner Mary Sheehy Moe added that Vermont is the only state that has a smaller state share to student share than Montana.

- Enrollment report

Commissioner Stearns told the Board that enrollment is up 3% throughout the system. She said that during downward economic trends, enrollment tends to increase. As a result of lower state funding per student, it is necessary for Montana to depend largely on tuition to cover the costs. Commissioner Stearns said the university system always



needs to measure affordability against quality and efficiency.

3. Economic Stimulus Update

Dr. Brad Eldredge, OCHE, said the Montana University System is beginning to see the first stimulus money come into the system. MSU received a grant to do research for the Department of Housing and Urban Development. UM has had inquiries from the National Institutes of Health regarding their application for some equipment. The federal government will not co-mingle the stimulus money with other funds, so we will be able to track the stimulus money as it comes into the system.

4. Other

- Staff and Compensation (Consent Only from March 6 Postponed Board meeting)
 - a. OCHE ITEM 142-100-R0309
 - b. UM-Missoula ITEM 142-1000-R0309
 - c. MSU-Billings ITEM 142-2700-R0309
 - d. MSU-Northern ITEM 142-2800-R0309
 - e. Revised Policy 205.1, Appointment of Presidents ITEM 142-105-R0309 (Reviewed as part of OCHE comprehensive policy review)
 - f. Authority for Employee Equity Interest and/or Business Participation under Policy 407; UM-Missoula ITEM 142-1012-R0309

Cathy Swift, Chief Legal Counsel, OCHE, explained that the policy 205.1 retains the regents' ultimate authority over the process and the authority to hire the presidents while delegating to the commissioner the authority to hire an outside search consultant and appoint the internal presidential search committee.

Regent Lila Taylor moved to defer items a & b to the March 19-20, 2009 Board of Regents meeting.

Regent Barrett moved approval of items c-f.

Motion passed 6-0.

The meeting adjourned at 1:50 AM.

Posted on

Approved by the Board of Regents on

Date

Date



MONTANA UNIVERSITY SYSTEM

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

Stephen Barrett
Chair, Board of Regents