

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

DATE: October 31 - November 1, 1991

LOCATION: Rooms 275-276
Strand Union Building
Montana State University
Bozeman, Montana

REGENTS PRESENT: Mathers, Kaze, Boylan, Johnson, Topel, Rebish,
Schwanke
Commissioner of Higher Education John M. Hutchinson

REGENTS ABSENT: None

PRESIDENTS PRESENT: Dennison, Carpenter, Daehling, Malone, Norman
Provost Easton;

PRESIDENTS ABSENT: None

Open Forum
Ballrooms B and C; Strand Union Building
Montana State University
10:00 a.m. - 12:40 p.m.

The Board of Regents held an Open Forum to receive public comment regarding the proposed tuition surcharge to be discussed during the regular meeting. Presentations were made by Mr. Curt Nichols of the Governor's Budget Office; Jack

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Noble, Deputy Commissioner for Management and Fiscal Affairs; Commissioner of Higher Education John M. Hutchinson; and Kirk Lacy, President, Montana Associated Students. At the conclusion of those presentations, students and other interested persons provided testimony to the Board on the anticipated impact of the proposed tuition surcharge. There were an estimated 1,500 persons present at the Forum.

Minutes of Thursday, October 31, 1991

Chairman Mathers called the regular meeting of the Board of Regents to order at 1:45 p.m. Roll call was taken and it was determined a quorum was present.

Consent Agenda

Commissioner Hutchinson noted there were additions to the Consent Agenda. The University of Montana submitted an Addendum to its staff item which President Dennison explained. The Addendum requests approval of placing Mr. Jon Stannard, Director, Upward Bound, on a Regents' contract, removing him from the state classified staff. This request reflects the relocation of the Upward Bound program from the Center for Continuing Education back into an academic unit, the College of Arts and Sciences.

President Carpenter, Eastern Montana College, noted the Addendum presented by EMC requests approval of the following:

Item 73-702-R1191, Dr. Benedict J. Surwill, Dean, School of Education Retired Administrator Emeritus;

Item 73-702-R1191, Kenneth W. Heikes, Administrative Vice President Retired Administrator Emeritus; and

Item 73-704-R1191, Dr. Robert J. McRae, Professor of Physics Emeritus, (a correction of a factual error contained in previously approved Item 71-750-R0591), all of Eastern Montana College.

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Chairman Mathers called for discussion of the Consent Agenda.

Regent Kaze noted he had raised an issue with staff of the Commissioner's office regarding salary changes presented on staff items without explanation. As an example, he cited two positions on the first page of Item 73-100-R1191, Staff; University of Montana. Assistant Professor Herrin's salary is proposed to increase from \$22,570 to \$28,000, with no change in position or responsibility noted. The second was Assistant Professor Rippon's proposed increase from \$25,900 to \$36,240 (\$2,240/Chair), also with no explanation. Regent Kaze stated he believed those increases were surprisingly large in light of the current fiscal situation the System finds itself in. He noted he found similar instances on other staff items, and he believed these warranted further explanation.

President Dennison, UM, prefaced the requested explanation by stating if there is a preferred or different method of submitting such material he would be happy to comply. With regard to Professor Herrin, she was a visiting assistant professor last year without the advanced degree. She took the position on short-term notice at the lower salary listed. She was then the successful candidate for the position, after a national search and after completion of the advanced degree. The higher salary was the one offered in the national search.

With regard to Professor Rippon, he was an assistant professor in the department. Again, there was a national search for a Chair with the salary stipulated. He applied for the position, and was the successful candidate.

President Dennison noted in both instances the University could have been much clearer in presenting the items to the Board, and will include such explanations in future submissions.

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Regent Kaze noted he had requested closer monitoring of staff items by Commissioner's staff, and has been assured that process will be put in place. Speaking from his perspective, Regent Kaze stated he believed it important for Regents to have the necessary assurances that any salary increases approved in these times of fiscal constraint are realistic, within the bounds of what presidents can do with their budgets, and that they are not compounding any necessity for budget cuts or tuition increases.

President Malone noted that these items will also be closely monitored at Montana State University. He concurred with President Dennison that any item requesting an increase that is not "self evident" deserves a better explanatory abstract than what has been supplied, and that will be attended to.

Commissioner Hutchinson noted this has been discussed in the Commissioner's office. A staff person has been given the assignment to scrutinize these items as they are received against some "red flag" kinds of markers. This will allow the analysis of those items to be taken care of in advance with appropriate explanations provided. Dr. Hutchinson concurred that a supplement to the current format could be devised to provide this information. Staff will provide that format to the campuses and the Regents by the January 1992 meeting.

Commissioner Hutchinson asked the Regents to designate any other staff items on the Consent Agenda on which they had concerns. Explanations will be developed and provided to the Regents at a later time. To review one-by-one at this point in the agenda would be unduly time consuming. Regents concurred with this suggestion. The information requested will be provided before action is taken on the Consent Agenda.

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ACTION: With this understanding, action on the Consent Agenda was deferred to tomorrow's agenda.

Regents Topel and Schwanke both expressed the additional concern of any raises being brought to the Board in these times of extreme fiscal constraints. Regent Topel suggested a ceiling or cap during this period when campuses are being asked to cut their budgets, and students asked to face a tuition surcharge.

President Dennison noted he understood the concerns, and the context in which they arise. He did wish to clarify that the two action items just dealt with were not considered by the University to be raises. The salaries for those positions were set; national searches were conducted; the successful candidate in each case then received the salary the position carried with no increase to the base set at that time. If the Regents propose a limit for raises that will be approved, that has to be within the context of what are approved rates of increase on the campus. The University of Montana does not have approved rates because it is still in negotiation. Other campuses have an approved rate.

President Malone noted MSU's average is over 9% because MSU was given the retroactive raises provided to the bargaining campuses. He had no quarrel with providing a rationale for higher increases; it is important the Regents keep in mind MSU's base rate, and why it is set at that percentage.

Chairman Mathers concluded the discussion, noting he believed all now understand what the concerns of the Regents are, and it appears those concerns will be appropriately addressed.

Concurrent Committee Meetings

At this point, the Regents recessed the regular

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meeting to hold concurrent committee meetings as announced on the published agenda.

At the conclusion of concurrent committee meetings, Regents and the Commissioner participated in a tour of the campus.

Minutes of Friday, November 1, 1991

Chairman Mathers called the regular meeting of the Board of Regents back to order at 9:05 a.m. with the same members present.

Chairman Mathers called for additions or corrections to the minutes of the previous meeting. Hearing none, the minutes of the September 19-20, 1991 meeting were ordered approved.

COMMITTEE REPORTS

Joint Meeting: Administrative and Academic and Student Affairs Committees

Regent Kaze chaired the joint meeting, and presented the joint committee report. He explained the joint meeting was requested to provide opportunity to receive the campuses' Minority Achievement Plans. A meeting of the Minority Achievement Task Force Committee was held on October 30, 1991, at which time each of the campus presidents presented their Minority Achievement Plan to the Task Force. In accordance with Regents' policy, those plans are to be received by the Board of Regents. Regent Kaze noted the plans appear to be reasonably well developed and address the issues the policy requires. At the Task Force meeting, discussion was also held on what next steps should be taken, and what action the Regents can take to impress upon the campuses that this is a process the Regents believe in. Discussion was also held on extending plans to include others who find themselves in minority situations, such as disabled students.

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Presidents commented on development of the plans. It was the consensus that the opportunity to look at the issues provided by the plans' development was certainly worthwhile. A dialogue has begun that creates a context in which the campuses can continue to plan, and processes are in place to evaluate progress. It was a healthy exercise.

Ellen Swaney, Director of the American Indian Minority Achievement Program, distributed copies of the campus plans to the Regents.

MOTION: On motion of Regent Kaze, the Minority Achievement Plans were approved as submitted by the campuses to the Minority Achievement Task Force.

Deputy Commissioner Toppen reported that Montana will be involved with the state of North Dakota in a joint effort, through the sponsorship of WICHE, to develop a two-stage minority achievement and institutional diversity plan that will be utilized to translate diversity issues and training onto Montana's campuses. This is anticipated to be funded and to begin working as of March 1992. Regents endorsement of the concept was requested, as well as encouragement to work with WICHE and North Dakota to bring this about. In response to a question from Chairman Mathers, Dr. Toppen noted funding is on a grant from the Ford Foundation. Travel for faculty and staff associated with the program will be monitored and managed by WICHE on behalf of the Ford Foundation.

Academic and Student Affairs Committee Report

Regent Kaze, Chairman of the Committee, reported the following actions and discussions:

Notice of Intent

The following Notice of Intent item was moved to the Submission Agenda, and will be placed on the Action Agenda

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at the December 1991 meeting: Montana State University: A new instructional program leading to: Master's/Doctorate, Adult Education; College of Education, Health & Human Development to be offered by MSU in Great Falls.

Regent Kaze explained the item had in fact been submitted as a Notice of Intent item in August 1991. The one-time offering is a new instructional program over a three-year period in Great Falls.

Regent Johnson noted for the record this offering anticipates granting resident credit for FTE purposes for students in the program even though it is to be taught off-campus. Assurances that this is consistent with Regents' policy need to be provided to the Committee when the item is on the Action Agenda in December.

Chairman Mathers requested a report be made at a future meeting of all Montana Systems of Higher Education offerings in Great Falls. Commissioner Hutchinson responded that report will be made. He also mentioned the Board's action at the September 1991 meeting endorsing the work of the committee in the Great Falls community that is examining the entire higher education fabric in that area. A summary of those activities could also be included in the requested report.

Regent Topel urged that all discussions of offerings in locations not presently served by the System be closely examined in light of the downsizing discussions which will be held in the near future. Regent Kaze noted that consideration was part of yesterday's discussion in committee, and will continue to be, particularly on action agenda items. Chairman Mathers noted also that the Education Commission for the 90's and Beyond urged the System to look at downsizing, but at the same time strongly supported access, particularly to underserved areas. Both considerations must be weighed.

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TWO-YEAR INSTITUTIONS CURRICULUM ITEMS

Submission Agenda:

Regent Kaze reported the following items were on the Committee's submission agenda and were received for consideration at the January 1992 meeting:

Item 73-7501-R1091, Approval of Proposal to Convert the Approved Two-Year Certificate in Accounting Technology to an Associate of Applied Science Degree in Accounting Technology; Billings Vocational Technical Center;

Item 73-8001-R1091, Approval for Conversion of Two-Year Certificate Program in Information Processing Specialist Program to An Associate of Applied Science Degree in Information Processing; Butte Vocational-Technical Center;

Item 73-8501-R1091, Proposal to Convert the Current Two-Year Certificate in Medical Transcription to an Associate of Applied Science Degree Program as a Fourth Emphasis under the Center's Approved Associate of Science Degree in Office Technology; Great Falls Vocational-Technical Center

(Regent Kaze noted the above item was interesting in that the Center is not proposing an AAS in medical transcription, but rather to make transcription an option under an already approved AAS program in office technology.)

Item 73-9501-R1091, Approval of Proposal to Convert the Approved Two-Year Certificate in Office Administration to an Associate of Applied Degree in Office Administration; Missoula Vocational Technical Center.

Addition to Agenda

Request to Amend Exemptions to College Preparatory Program

Regent Kaze reported an item was added to the submission agenda. The admissions officers at the four-year institutions have brought a request to staff concerning the exemptions presently allowed in the College Preparatory

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Program. Under present policy, exemptions are set at up to 15% of enrollment in Fall 1990, up to 10% of enrollment in Fall 1991, reducing down to 5% of enrollment in Fall 1992. The admissions officers' concerns are with the large number of rural schools still having difficulty providing certain courses that are within the College Prep Program, and with a change at the Office of Public Instruction in education requirements. The request is to modify Regents' policy to allow a 10% exemption permanently. The request is on submission and will be before the Board for action in December 1991. Generally speaking the recommendation is to amend the policy to freeze exemptions at 10% of enrollment for 1991 and all subsequent semesters. More information will be provided at the December meeting.

FOUR YEAR INSTITUTIONS CURRICULUM ITEMS

Action Agenda:

Regent Kaze reported Item 73-101-R0991, Approval to Establish Departments in the School of Pharmacy and Allied Health Sciences; The University of Montana this item was accelerated for action to meet timetables for accreditation. Fiscal impact of the proposal was discussed. Dr. Habbe, Provost, The University of Montana, reported that impact is primarily limited to Chair stipends for department heads in each case. The change is a consequence of the legislatively approved accreditation appropriation. The consensus of the Committee was that the item be approved. Regent Kaze so moved. The motion carried.

DISCUSSION ITEMS; REPORTS; OTHER

Regent Kaze reported the Dental Hygiene Report by Director Will Weaver, Great Falls Vocational Technical Center, was received by the Committee. Dr. Weaver continues to investigate the feasibility of the offering including meeting

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with appropriate personnel from Malmstrom Air Force Base to identify the potential for a clinical site at that location. It was determined, however, that a full report of the proposal be postponed until April 1992, at which time it will be placed on the submission agenda. The Committee endorsed that recommendation, and without objection from the full Board, will place the item on the action agenda at that time.

Regent Kaze noted no report was received on the Low Power TV Station. Further, the Committee was unable to ascertain who was to make the report. The Committee would be willing to place the matter on a future agenda should someone wish to make such a report.

Joint Meeting: Administrative and Budget Committees:

Property Acquisition Reports: The University of Montana/
Eastern Montana College

Regent Topel, Chairman of the Budget Committee, reported on the matter on the agenda of the joint committees. Over a period of several years, The University of Montana and Eastern Montana College have acquired property within designated boundaries. The policies which allow acquisition of the properties are not the same at UM and EMC.

Regent Topel stated he raised the question if, in the face of anticipated downsizing of the System, those policies should be revisited to determine if such acquisitions are still appropriate. Both institutions provided written reports of the policies providing for the acquisitions (on file). The boundaries for property acquisitions at Eastern Montana College were established in late 1986. EMC is probably more "land-locked" than any other campus in the System. When adopted, the policy contemplated an enrollment of approximately 5,000 students at EMC. Eastern has acquired all property within the authorized boundaries with the exception a few remaining pieces, most of which are "islands" within the boundary zone.

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Next Regent Topel reviewed the report of the University of Montana on property acquisitions. A designated Property Acquisition Zone for UM was authorized by the Board of Regents in Item 58-101-R1287. As of August 30, 1991, 20 of the 30 properties within the designated zone have been acquired. Acquisition of the properties by the University of Montana was not tied to a particular enrollment figure. It is the position of the University that justification for the approval of the acquisition zone granted in December 1987 has not changed. The reasons for this position are contained in the written report.

Regent Topel concluded his report stating that the issues before the Board today on the property acquisition authorizations include consideration by the Board on whether the boundaries for either campus should be changed, or should there be a moratorium on property acquisitions at either or both campuses. The record should also reflect that none of the properties are paid for with general fund dollars. Eastern and The University of Montana would like guidance from this Board on how they should proceed. The report comes to the full Board with no recommendation from the joint committees.

Discussion was held by the Board on the use of rental monies earned by the properties. At Eastern, a portion of those monies is pledged to a 1986-87 bond indenture. That situation does not exist at The University of Montana. Excess rental monies at UM can be used as down payment on future acquisitions.

Regent Schwanke stated after listening to the presentations by both campuses yesterday, it was his opinion there was nothing out of the way in both campuses proceeding under existing policy. There was discussion that the policies should treat each unit the same in that the requirements for Eastern Montana College to bring forward requests for approval

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of property acquisitions are more stringent than those required of The University of Montana.

MOTION: Hearing no further discussion, Regent Schwanke moved that Eastern Montana College and The University of Montana be allowed to continue acquisition of the properties within their designated zones, and that future approval of property acquisitions at Eastern Montana College be granted by the Commissioner of Higher Education under the same conditions utilized by The University of Montana if the acquisition price is below \$75,000. The motion carried with Regent Topel voting no. Regent Topel noted for the record his preference was that a moratorium on property acquisitions be imposed. He did strongly support consistency of requirements for property acquisitions at both units.

Report of the Budget Committee

Regent Topel reported that Item 73-2001-R1091, Request for Authorization to Retain and Expend Student Tuition Revenues; Dawson Community College, is recommended by the committee for approval. He explained in 1989 the Legislature provided that community colleges can retain and expend student tuition and fee revenues if approved by the local Board of Trustees and the Board of Regents. DCC had approximately \$19,500 in excess tuition and fee revenues last year. The money will be used for a fiber optics program. The request has been approved by the local Board. On motion of Regent Topel, the item was approved.

Tuition Survey Review

Regent Topel reported the survey review was on the agenda for informational purposes only. Deputy Commissioner Noble submitted the material to the Committee (on file), and made a presentation on the topic at the Open Forum held as part of yesterday's meeting which was heard by the full Board.

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Addition to Agenda

Regent Topel reported Item 3-004-R1273, Student fee deferment (Revised) was received by the Committee as a submission item. Currently Regents' policy provides for installment payments of tuition. The proposed revision will be further amended depending on which if any tuition surcharge is imposed by the Board later in the meeting. Because there is not unanimity among the units on whether the payments should be made in four or three installments, that revision would provide for either with each unit having the option to select either three or four installments. No action is required at this meeting. The item will be brought for action at the December 1991 meeting.

Report of the Administrative Committee

Capital Construction Items

Chairman Mathers reported the Administrative Committee discussed Item 73-201-R1191, Authorization to Replace the Roof of Strand Building; Montana State University, and recommended it be approved. Regent Boylan so moved. The motion carried.

Chairman Mathers stated the next item is an exciting one, in his opinion. Item 73-101-R1191, Authorization to Lease Property for the Construction of a Cogeneration Facility; The University of Montana, provides an opportunity for the System to solve many of its problems related to steam generation.

At the Chairman's request, Commissioner Hutchinson spoke to the committee's discussion of the above item. He stated that while the item was submitted by The University of Montana, the Board was aware there were on-going discussions of cogeneration facilities at Montana State University and Montana Tech. Therefore, it is the recommendation of the committee that the item be amended to include authorizations for those two units as well.

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Commissioner Hutchinson stated the committee recommends the title of Item 73-101-R1191 be amended to allow The University of Montana, Montana State University, and Montana Tech to negotiate to lease property for the construction of a cogeneration facility. The opening paragraph of the item was revised to read: "RESOLVED, that the Board of Regents of the Montana University System authorizes The University of Montana, Montana State University, and Montana Tech to negotiation to lease land, convey easements and contract for the long-term purchase of thermal energy and other related utilities, subject to final approval from the Board of Regents."

Under the section "NOTE", the following sentence should be placed at the beginning of the second paragraph: "The following material more fully explains The University of Montana proposal."

President Dennison noted because of the deadlines imposed by Montana Power Company for the University's continued consideration of its site proposal, the University of Montana would bring back an initial proposal at the December 1991 meeting. President Malone noted MSU would be in the same December reporting mode. The actual articulation of the final choice is estimated to be in April 1992.

In response to Regents' questions, further detail was supplied on site selection at the units. President Malone also responded that this proposal will not solve the existing steam line problem viewed by the Regents during the campus tour. It will help solve the problem of a steam generation plant that is woefully out-of-date. The deteriorating lines under the campus is a serious, on-going problem.

Hearing no further discussion, Regent Boylan moved that Item 73-101-R1191 be amended as stated above by the Commissioner, and approved as amended. The motion carried.

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Policy Items

Action Agenda:

Chairman Mathers reported Item 73-501-R0991, Reorganization of the Academic Administrative Structure; Montana College of Mineral Science and Technology, is recommended for approval by the Committee. At the Chairman's request, President Lindsay Norman, Montana Tech, reviewed the reorganization proposed for the academic unites of the Tech campus to conform with accreditation needs and to more uniformly distribute academic administration responsibilities. Prior to this proposal the organization consisted of seven divisions headed by division heads. This proposal reduces that to six major programs headed by associate deans, who will report to the Vice President for Academic Affairs. The change was requested by the faculty, and has been studied for well over one year. There will be no increase in stipends; one division head position will be eliminated. It is believed the reorganization will provide better accountability and reporting. On motion of Regent Boylan, the item was approved.

Chairman Mathers reported it was the decision of the committee that Item 73-001-R0991, Athletic Coaches; Multi-Year Contracts; Montana University System, be deferred for action to the December 1991 meeting.

Addition to Agenda

Chairman Mathers reported The University of Montana submitted Item 73-102-R1191, Tennis Court Renovation; The University of Montana. The item seeks authorization to complete the renovation of tennis courts at a cost not to exceed \$192,150, including \$60,000 from the Recreational Facilities Improvement bonds of 1984, and \$44,150 from Student Building Fees pursuant to HB 5 adopted by the 52nd Legislature. The

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remaining \$88,000 will be funded from private sources and associated investment earnings. The increased project budget will permit replacement of fencing directly related to use of the tennis courts, and is well below the legislative authorization of \$300,000 in HB 5. The Committee recommends approval. Regent Boylan so moved. The motion carried.

Discussion Items and Reports:

Collective Bargaining Report

Mr. Rod Sundsted, Director of Labor Relations and Personnel, reported collective bargaining activity has been relatively light since the last meeting of the Board. However, three craft units have reached tentative agreement and have ratified their contracts. Those are the painters, the operating engineers, and the carpenters at units of the System. These agreements contain the same provisions as the other craft agreements approved by the Board, i.e., 60¢ per hour increase this year, with 25¢ and 20¢ per hour increases in next fiscal year.

Mr. Sundsted reported the status of contract negotiations in the System. All of the vocational-technical center agreements including faculty are settled. With approval of the three before the Board at this meeting, all non-faculty contracts at the units will be settled. All were settled within the Legislative guidelines. Those contracts remaining open are the faculty contracts at Eastern Montana College, Northern Montana College, Western Montana College of The University of Montana, and The University of Montana.

On motion of Regent Kaze, the three collective bargaining agreements enumerated above by Mr. Sundsted were approved.

Proposed Distribution - Deferred Maintenance Funds/Handicapped Access Funds

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Commissioner Hutchinson reviewed the appropriations for deferred maintenance funds provided in House Bill 5 by the 52nd Legislature. The legislature allocated \$600,000 for deferred maintenance projects for the University System. The funds were appropriated to the Department of Administration for projects approved by the Board of Regents. The legislature also appropriated to the System \$335,000 for handicapped access; \$1.3 million for repair of the gym at Northern Montana College; \$500,000 in matching money for Montana State University for the new Engineering and Physical Science Building; and \$600,000 for a new computer at Eastern Montana College. Dr. Hutchinson stated it should be pointed out that some of these funds were targeted in the Governor's recission, specifically 8% of the \$600,000 deferred maintenance funds; the \$1.3 million for repair of NMC's gym; and the \$500,000 matching money for MSU were earmarked for the recission, for a total of \$240,000. At the time that action was taken by the Governor, the Board stated that would result in a dollar-for-dollar reduction of the \$6.8 million to be returned in response to the Governor's recission request.

Dr. Hutchinson noted in apportioning the reduction it was the position that deferred maintenance should take priority over new buildings. The recommendation reduces the \$500,000 matching monies to MSU by the full 15% allowable by law in House Bill 454. The remaining amount needed to total \$240,000 was split between deferred maintenance and repair of the gym at NMC.

Commissioner Hutchinson next explained the rationale used to determine allocation of the deferred maintenance

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funds. Deferred maintenance involves the entire campus. Institutions have deferred maintenance problems in virtually all corners of the campus. Therefore, gross square footage would be one reasonable measure to determine distribution of the funds. The Architecture and Engineering Division of the Department of Administration provided a list of the gross square footage of buildings on the System's campuses. Buildings paid for out of auxiliary funds were removed, as were some animal barns, etc. Distribution was made on the basis of instructional buildings and shops. The Regents have before them the recommended specific distributions. In addition, approximately \$9,000 was sequestered for the Great Falls Vocational Technical Center.

Dr. Hutchinson noted it was particularly onerous to determine how to distribute the very limited dollars available for handicapped access. A number of campuses are under extreme pressure in this area and placed requests for handicapped access funds at a very high priority in their submissions to the Board. The decision then was to allocate handicapped access dollars on the basis of a percentage of the original request for such funds. Dr. Hutchinson emphasized that normally this is recognized to be a bad strategy for distribution of dollars because it invites a flood of requests. In this instance, Dr. Hutchinson stated he did not believe this occurred, and the "squeaky wheels" really do need the grease. He recommended this not be used as a basis for allocation in the future. The presidents are extremely concerned that this is a precedent-setting procedure. Dr. Hutchinson stated he did not wish this to be the case. He recommended in seeking future appropriations from the legislature there be prioritization of the requests, and staff is prepared to assist in that endeavor.

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It is the Administrative Committee's recommendation that the allocation of deferred maintenance and handicapped access funds be made as contained in the schedules before the Board (on file).

Regent Topel discussed the fee imposed on students at Eastern Montana College at a previous meeting to pay for roof repair at EMC on a structure which the students felt very strongly was a responsibility of the legislature. At that time, there was discussion that some relief might be given to students out of deferred maintenance funds appropriated by the legislature. Commissioner Hutchinson responded he believed that while presidents are expected to adhere to the original list of repairs submitted, if President Carpenter was able to allocate a portion of the sum allocated to EMC for deferred maintenance to reducing the amount of the fee imposed on students for repair of that roof, he believed this Board would approve such a request. President Carpenter noted his understanding was that when deferred maintenance funds were allocated to Eastern, he could, working with the Commissioner, come back to the Board with such a request.

Brief discussion was held on the amount of money line itemed to Northern Montana College for repair of the gym, and the deferred maintenance allocation to be spread across the campus for other deferred maintenance needs.

Hearing no further discussion, Chairman Mathers called for a vote on the staff recommendation for allocation of deferred maintenance and handicapped access funds as outlined by Commissioner Hutchinson. The staff recommendation was approved by voice vote.

Old Business

Review of Updated Revenue Projections

Chairman Mathers asked if anyone present wished a review of the updated revenue projections. Those were

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presented by members of the Governor's Budget Office staff at the Open Forum held yesterday, and which was attended by the full Board. Those same persons were present at this meeting and would be willing to make repeat the presentation if it was requested.

Hearing no response nor a request for additional review of revenue projections, the Chairman moved to the next item of business on the agenda.

Discussion of Recission

Before the discussion of the recission began, Chairman Mathers took the opportunity to address the audience at large, particularly speaking to any students or legislators who were present. He stated at yesterday's Open Forum the Board listened for two and one-half hours to problems anticipated by students and faculty members caused by the problems facing the Board at this time. He pointed out that the decision to impose a tuition surcharge is not one this Board faces lightly. Also, this Board did not create the revenue shortfall. Only the legislative body can address that problem; the Board of Regents can not. Only the legislature can create revenue. And the legislature, in the last session, was warned by the Legislative Fiscal Analyst and the Governor's Budget Office that there was a potential shortfall. That body then did something in a different manner than they had acted in the past. In the session just past the legislature adopted a bill placing in statute authority to the Governor to address a shortfall that might occur by recalling up to 15% of the general fund appropriations. The legislature delegated that authority to the Governor; he did not ask for it, it was given to him. This Board did not ask for this problem; the legislature gave it to the Board. If the legislature in its wisdom, and those who spoke before this Board yesterday, wish

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to address this problem, then Chairman Mathers suggested they call on the legislative leadership to call itself into special session. Leadership is well aware of the problem facing this Board. Chairman Mathers stated he told the legislature during the last session that this problem could occur. It is not an easy problem to address. However, he stated the proper way to address the budget shortfall is through legislative action.

Chairman Mathers noted in yesterday's presentations to the Board several references were made comparing the recission action to an airplane in flight. He did not know if those persons are present today, but he suggested, using that same type of reference, that the Board of Regents is the ground crew. They found a flaw in the aircraft and realized that if the plane takes off it will crash and all will be killed. The plane has been ordered to take off. All the ground crew can do is ask for enough additional money to correct the flaw it knows exists, and then the passengers will arrive safely. That is the position of the Board of Regents. Do you want to fly in the airplane and crash, or do you want to help reach a decision that will get you through at least this flight?

Chairman Mathers stated there is no other course. The Board must go to the students for help, cut programs that will cripple all the institutions, or work together until a legislative body listens to the combined pleas of Regents and students and addresses the problems we all face. The University System must be maintained.

Report of the Presidents and Directors on Impact of the Recission

Following the Board of Regents' decision to contribute some \$6,800,000 toward resolving the revenue shortfall of the State projected in 1991-92, the Presidents and Directors were provided three possible scenarios for implementing that recission:

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Option I provides for imposition of a tuition surcharge of \$7.50 per semester hour or \$3.75 per quarter hour. This provides sufficient revenue to cover only one-third of the recession target, with budget reductions at each unit required to accommodate the remaining two-thirds.

Option II imposes a tuition surcharge of \$10.00 per semester credit hour or \$5.00 per quarter credit hour. Budget reductions would be required to satisfy the remaining one-half of the recession.

Option III requires a tuition surcharge of \$15.00 per semester credit hour; \$7.50 per quarter credit hour. Budget reductions are required to accommodate the remaining approximate one-third of the amount.

Each President and Director was required to submit documentation showing the effects on the individual campuses of each of the tuition options, recommend to the Regents which option would best serve the needs of the students and the campus, and provide implementation plans for the recession amounts. These documents were received and distributed to the Regents (on file). The recommendations were made with the assumption that the tuition surcharge revenue would remain in a designated account on the campuses until definitive knowledge of the actual level of the fiscal shortfall is known. In these plans, emergency loans to students were contemplated by some campuses to cover the amount of the additional tuition. Rebates in the event the shortfall was lower than anticipated were contemplated but judged generally to be too cumbersome. Presidents and Directors stressed repeatedly the difficulty of making cuts of the magnitude contemplated out of FY 1991-92 budgets. The campuses are labor intensive with contractual obligations encumbering the major portion of the budgets. Cuts will have to be made where they can be made with no

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relationship to the campus's priorities. All agreed any of the options for meeting the recession will result in students paying more for reduced services.

At the Chairman's request, Presidents and Center Directors reviewed their tuition surcharge option choice and implementation plans, and responded to Regents questions. In summary, the tuition option recommendations were as follows:

Option I: Strongly favored by the students at all units, but not supported by any of the Presidents or Directors;

Option II: Combination of Option II and Option III recommended by Montana State University

Option III: Believed by those recommending Option III that it has the best chance to allow campuses to serve students at the same time protecting the long-term viability of the campuses.

Recommended by The University of Montana; Western Montana College of the University of Montana; *Montana College of Mineral Science and Technology; Northern Montana College; Eastern Montana College

Recommended by the Billings Vocational Technical Center; Helena Vocational Technical Center; Butte Vocational Technical Center; Great Falls Vocational Technical Center; Missoula Vocational Technical Center

*Montana Tech Budget Recission/Tuition Statement, November 1, 1991, Lindsay D. Norman, President appended to document previously mailed to Commissioner and Regents requested to be appended and made part of the record (on file).

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Mr. Kirk Lacy, President, Montana Associated Students, presented the students' position on the contemplated tuition surcharge. He acknowledged the difficulty of the position in which the Board of Regents finds itself. He asked the Board to also recognize the situation now facing students in the System. The Montana Associated Students organization met yesterday, and unanimously endorsed "Option 0." He noted that might not be taken seriously at first glance. However, Option 0 is an appeal to the Board by the students to be reasonable in its actions. Mr. Lacy compared the enactment of the various options for a tuition surcharge to a cancer patient choosing various levels of treatment. He urged the Board to do everything possible to determine its action is appropriate before taking action. He asked for time for the actual amount of the deficit to be determined, and for the legislature to consider a special session to consider tax reform. Support for "Option 0" would provide that time. Mr. Lacy reminded the Board that when the original decision was made to commit to participation in the Governor's recession request, in the same meeting it was stated if the shortfall was less than anticipated, the Board's decision would be adapted to the lesser amount. In the same meeting, the Board stated that if litigation determined the Governor's approach was not legal, the response would be adapted to that. Option 0 asks continuation of those two assurances - that between now and January 1992 the Board will do all things possible to avert a tuition surcharge.

Recommendation of the Commissioner

Commissioner Hutchison stated it is with a great deal of reluctance that he presents the staff recommendation that Option 3 be selected. Hand-outs were distributed and discussed which provided the impact on each of the campuses

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that would occur if Option 1 or Option 3 was selected (on file). The checklists were developed by taking the impact statements provided by the presidents of the units and identifying the common strategies that would be used in the event of selection of either option. Impact statements were not developed for the vocational-technical centers. The Center Directors just completed their review of the dire consequences those institutions would suffer, particularly if Option 1 is selected. Briefly, Commissioner Hutchison noted that if Option 1 is selected, it is obvious that more than 200 courses and sections, probably many more than that, would have to be dropped at the several campuses.

Commissioner Hutchinson stated further that anyone would have to be "numb from the neck up" not to feel the pain the students expressed yesterday. No one enjoyed hearing the tragic cases presented in the face of a tuition increase.

Looking at Montana's tuitions in a somewhat larger perspective, however, Commissioner Hutchinson noted the relative contribution of students in the Montana University System to total revenue required to fund the educational system in FY 1991 was about 23%. In FY 1992 it actually dropped to 21% in large measure due to the increases received from the last Legislature.

Dr. Hutchinson then provided comparisons on that percentage of student contribution under the three surcharge options: Option I raises the student percentage to 23%; Option II to about 23.5%; Option 3 to 24.2%. The national average of tuitions is 26.2%. So even if the third option is selected, Montana is well below the national average in that category. Currently Montana students rank 37th in the nation in their percentage of contribution to the cost of their education. In one state (Vermont) 73% of the cost of education is paid by

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tuition. Closer to home, Dr. Hutchinson reported that in 1982 Montana's tuitions equaled its peers. Since 1987 the peers have gone up 50%; UM and MSU have gone up 24%. Dr. Hutchinson recognized the small comfort such statistics provide students in the Montana System. It is not so much that the projected levels are indefensible, it is the precipitous increase that is the problem. He stated he did not know what to do about that. The tax structure in the State of Montana does not provide adequate funds for higher education. Yet the people of this State put a premium on access and on quality. Something has to give. The Board of Regents have but one revenue stream available to them, and that is tuition. The Board is boxed into that position by the tax structure of the State of Montana.

Reluctantly, then, Commissioner Hutchinson stated he supported and recommended to the Board election of Option III. Paraphrasing Winston Churchill, Dr. Hutchinson stated he did not take this job to preside over the demise of the Empire, and he stated he was afraid Option I leads the System down that path.

Discussion of the Tuition Surcharge by the Board of Regents

The mid-year aspect of such drastic reduction in budgets was discussed. Most of this fiscal year's budget at each institution has been committed, and by far the larger percent is in contractual obligations. It was noted that the difficulties faced by students in obtaining funds to pay an unanticipated mid-year tuition increase are at least as real for the campuses under either Option I or II. Every day that passes closes more doors on the campuses ability to reduce this fiscal year's budget by any amount, let along the amount contemplated by the recission request. It was pointed out that once programs are eliminated, faculty terminated, and services are eliminated, those can not be "turned back on" other than

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over a very extended period of time, if at all. A tuition surcharge can be imposed, and at any future meeting can be rescinded. That can be turned on or off, not without impact, but it can be done.

Details of the individual campuses' recession implementation plans were discussed by the Regents. Cutting travel was discussed as opposed to cutting sections. In addition to travel being a very small portion of the units' budgets, it was explained that the plans were developed with the intent of serving as many students as well as possible at the same time maintaining and meeting the needs to preserve the integrity of the institutions. For instance, it was explained that faculty are traveling because it is important to the quality of the education provided to the students. The State provides very limited funds for faculty travel.

Regent Topel stated among other things his strong belief that athletic programs in the System should not be exempt from cuts in order to meet the recession amounts.

After further discussion of possible actions, Regent Schwanke noted that many suggestions have been made by those not so directly involved on ways to cut the System. While it is possible some merit further study or discussion, most of those suggestions would not reduce the System's budget or free money for return to the general fund for two, three or even four years. What the Regents are being asked to do is take action that will allow immediate return of \$6.8 million dollars of the System's FY 1991 budget. That creates quite a different situation which must be solved, as the units have expressed, by actions based on availability of funds, not units' or the System's priorities for maintaining and preserving a quality system of higher education. It is the Regents' job to protect the System.

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Regent Topel discussed the recent lawsuit filed by various interested parties to determine if the Governor's recission action was within his legal authorization to do. It is unknown how quickly that will be adjudicated. Regent Topel suggested the legislative leadership call the legislature into special session so the legislature can determine what the fiscal problems are facing the state, and provide the means to deal with those problems.

Regent Johnson concurred with the remarks of Regent Topel, adding that even in the event the lawsuit is won by the plaintiffs, that will not add one dime to the coffers of the state. The Regents have to make a decision on the problems facing the University System now.

Student Regent Rebish concurred with Regent Topel's statements on the need to cut athletic programs proportionately. It was explained that athletics is a highly tuition and fee waiver intensive operation. President Malone explained athletics even has its version of accreditation with the conference and/or division determination. The point being that if athletics are to be excised, it must be remembered that it is extremely labor intensive and the excision will be long-term, rather than immediate short-term.

The difficulty faced by the units to reduce positions to free funds to meet the recission request was discussed. Again it was stressed that cuts would have to be made where they can be, not necessarily where they would be if they were based on priority needs of the institutions.

Regent Boylan spoke to his belief that the Regents would be circumventing the legislative process if tuitions are raised to provide funds that should be provided by the legislative process. Legislators have that elected responsibility.

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Regent Kaze spoke to the difficulty he would have, following Regent Boylan's philosophy, in reducing the System's budgets through budget cuts alone. This would cause damage to the System that would extend far beyond any present Board's members tenure. He felt he had a responsibility to all of the System's constituents not to do that kind of irreparable damage to the System. Regent Kaze spoke to the comments he heard yesterday that students would go elsewhere if a tuition surcharge is imposed. Yet he has heard continuing statistics that tuition in Montana is about as low as anywhere in the nation. Students who leave, then, would have to pay more and that doesn't make sense. He added he does not see the point in waiting to take action until the lawsuit now before the District Court is decided, because in his experience, a lawsuit of this type does not end at the District Court level. The window of opportunity to address tuition increases, then, is today. Today is the time to address the increases, and put in place the mechanism to collect those increases at the beginning of the next term. If the recission amount has to be realized only through budget cuts, the loss to the students will not be \$200, it will be many times that amount. The responsible time to take action is now.

Regent Topel spoke briefly to the philosophical issue of individual units providing emergency loans to students to meet the increased tuition. It was agreed action taken today would not automatically provide authorization to establish such funds, and that details of such loan programs would be provided to and scrutinized by staff of the Commissioner's office.

Regent Kaze stated that when the Regents offered the \$6.84 million in response to the Governor's recission request, that offer was made in the belief there was reality and

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severity in the amount of the State's revenue shortfall of the magnitude being discussed at that time. Also, it was the understanding of the Regents that the statute on which the recission was based was not somehow successfully challenged. Commissioner Hutchinson agreed that the caveats stated by Regent Kaze were included in the letter transmitted to the Governor's Budget office. It is the intention to place any monies collected through a tuition surcharge in a designated subfund that would be held until late in the fiscal year. If the shortfall is not of the magnitude projected, or if there is a successfully legal challenge that would somehow impact those monies, those monies would not have to be tendered at that time.

The issue of the campus budget cuts is somewhat different in that those would have to be moved on in a timely fashion after and if that decision is made. Those would be somewhat irreparable at that point. At least with respect to the tuition surcharge the System can provide itself a "time cushion." However, the technical difficulties of an actual rebate of those tuition monies to students, once collected, are a technical nightmare to contemplate. Commissioner Hutchinson stated the recommendation would be that if the monies were not needed for the recission, that they be put back into the instructional programs on the campuses.

Regent Kaze mentioned also the agreement not to make any commitment on a recission amount for the second year of the biennium. Considering the time restraints the campuses and this Board are operating under to meet the recission amount for this year of the biennium, Regent Kaze sounded a cautionary note that the System could find itself in a similar or worse time constraint if it waits too long to address the issues for the second year of the biennium. That does not suggest any action needs to be taken today, but if action is postponed

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until the May 1992 meeting of this Board, the same time constraints would effectively be created for the second year of the biennium in which perhaps even more severe reductions might need to occur. Regent Kaze urged the campuses to continue contingency planning, adding to that the enrollment capping issue of the downsizing effort. Continuous oversight of these efforts should be maintained by the Board.

Regent Kaze continued, stating if a tuition surcharge is a part of the decision this Board makes today, it was his understanding that the tuition is a surcharge in nature, meaning it is temporary. For it to be extended into another academic year it would have to be voted on again by the Board of Regents.

Chairman Mathers stated it is important also for the record to reflect that if the State's revenue shortfall is as severe as has been stated by the Budget Director and the Legislative Fiscal Analyst, the situation facing the System and the State today will be minor compared to what the future holds unless the legislature finds some way to solve the enormous problems facing the state.

Chairman Mathers stated he resented the position the Board finds itself in today. Decisions are having to be made today that affect so many lives and so many students. During the last legislative session Chairman Mathers stated he met with the Education Subcommittee on various occasions. In one of those meetings some of the legislators pointed out things the Regents should be doing for the University System, but they would not make suggestions to provide the revenue needed to make that possible. Chairman Mathers stated he told those legislators at a specific breakfast meeting that what the legislature was doing was creating a problem for the University System, and placing the Board of Regents and particularly

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himself as Chairman, in an untenable position. Educational opportunities for the citizens of this state have to be maintained. It is a very painful position.

Hearing no further discussion, the Chairman called for a motion on the recommendation to implement a tuition surcharge.

MOTION: Regent Kaze, stating there is nothing he would rather do less, moved that \$6.84 million be returned in response to the Governor's recission request, to be paid by the System though one-third budget cuts, and two-thirds tuition increases, as contained in Option III.

Student Regent Rebish asked for discussion of a possible substitute motion consisting of a compromise between Options II and III to lessen the impact on students. No such motion was tendered.

At the Chairman's request, Commissioner Hutchinson noted there are an infinite range of possibilities. Such a motion could be made and discussed.

Regent Kaze spoke to the struggle he had undergone in deciding to make the motion to adopt Option III. He stated he concluded, based on everything he has heard in these last two days, that Option III has the least amount of impact on students. He could not see a compromise between the two options that would lessen that impact. To the contrary, the impact would be increased by reducing sections available, services available, and by increasing the possibility that many, many students will become "extra term students." That cost alone would far exceed the extra cost of the tuition surcharge. He asked that be considered.

Regent Johnson seconded the statements made by Regent Kaze and the Chairman, and the motion made by Regent Kaze.

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Regent Rebish asked if implementation of the surcharge could be postponed to accommodate the students wishes. Regent Kaze responded that if all the caveats previously discussed came to pass in advance of the winter quarter or spring semester term, then it might be possible to recall the tuition increase. Regent Johnson concurred, noting the motion before the Board now is to impose the tuition surcharge. The Board also has the power to rescind the action. If there is a dramatic change in the situation facing the State before the December 12-13, 1991 meeting, the Board will have the opportunity to revisit its decision.

Regent Topel noted also that even in the event a special session of the legislature is held, there is no assurance of additional revenue being provided to the System.

VOTE: The question was called on Regent Kaze's motion to adopt Option III. A roll call vote was taken. Regents Topel, Kaze, Schwanke, Johnson voted yes. Regents Boylan and Rebish voted no. The motion carried.

Confirmation of Previous Action on Deferred Maintenance Recission Amount

At the Chairman's request, Commissioner Hutchinson reviewed the action taken at a previous meeting whereby the Board adopted a motion stating that every dollar returned in response to the Governor's recission request by another agency, such as the Department of Administration, from what was essentially pass-through money for the University System, would result in a dollar-for-dollar reduction in the \$6.84 million the System agreed to tender to meet the recission request. At the time that discussion took place there was some concern that as much as \$1+ million would be earmarked. Only 8% (\$240,000) of the deferred maintenance was in fact earmarked for recission by the Governor's Budget Office. The question arises whether the Board wishes to adhere to its original position, or whether the lesser amount causes the Board to wish to reconsider.

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Regent Schwanke stated his belief that the Board should uphold its previous action. Regent Topel concurred, noting the Board acted in the belief that the philosophy of crediting another agency with return of money held as pass-through funds for the University System was not acceptable.

Chairman Mathers stated then it is still the intent of the Board of Regents that the \$6.84 million recission amount be reduced by the amount of \$240,000. The Governor's Budget Office should be so notified.

STUDENT REPORTS

Kirk Lacy, President, Montana Associated Students, presented a proposed restructuring of the Montana Associated Students which would allow the student government officers of the vocational-technical centers and community colleges official representation under the MAS organization. A proposed revision of Regents' policy will be brought to the December 1991 meeting for consideration by the Academic and Student Affairs Committee.

CAMPUS REPORTS

President Carpenter reported that on November 14-15, 1991, EMC and the Governor's office will be hosting a small business development program for Native Americans.

President Dennison reported The University of Montana has received the American Chemical Society's five year reevaluation of the department at the University. It went very well, and is the equivalent to accreditation.

President Dennison also reported that last spring the University hired a consultant to review the offering of food service on the campus. The consultant has recommended the two food service offerings be merged. A search is being conducted to hire a Director to run the merged food service operations. The food service operation should become more efficient when the merger is effected.

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President Malone distributed handouts, one a copy of the "Montana Gold" publication circulated by MSU in cooperation with the Governor's office and the Departments of Commerce and Agriculture to about 5,000 business. The second was a clipping on the allosaur 140 million year old skeleton found near Greybull, Wyoming being excavated on BLM land, and which will be moved to the Museum of the Rockies.

Director Will Weaver, Great Falls Vocational Technical Center, reported notice was received last week that the occupational therapy assistants program at the Center was approved by the American Occupational Therapy Association. The action taken by this national group speaks well to the quality of the offering. A report was also given on the successful placement of students of the program, and to expansion plans for the program which will be implemented in the coming year.

President Fryett, Flathead Valley Community College, reported that College will be seeking a relatively small tuition increase which will be brought to the Board of Regents in December, after it has obtained approval from the local Board of Trustees.

COMMISSIONER'S REPORT

Commissioner Hutchinson reported there will be a workshop next week attended by members of the legislative team that worked in the last session. The principal agenda item will be to critique the work of the team in the last legislative session and to discover those things that were done well, and discuss also those things that were not so well done. Preliminary planning and strategy for the next legislative session will also be discussed.

CONFERENCE CALL MEETING TO ACT ON CONSENT AGENDA

Chairman Mathers noted n. action will be taken at this meeting on those items on the Consent Agenda. A

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conference call meeting will be scheduled to seek approval of those items after opportunity has been provided for the Commissioner to gather the information needed to respond to questions on those items raised by Regent members.

Hearing no further business to come before the Board, the Chairman declared the meeting adjourned at 1:25 p.m. The next regularly scheduled meeting of the Board of Regents will be held December 12-13, 1991, in Billings, Montana.

