

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

DATE: April 30 - May 1, 1992

LOCATION: Thursday, April 30, 1992:

Ulman Center, Room 102
Dawson Community Center
Glendive, Montana

Friday, May 1, 1992:

Rooms 106-107
Miles Community College
2715 Dickinson Street
Miles City, Montana

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

REGENTS ABSENT: Chairman Mathers excused April 30, 1992

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

PRESIDENTS ABSENT: None

MINUTES OF THURSDAY, APRIL 30, 1992

In the absence of Chairman Mathers, Vice Chairman Kaze called the regular meeting of the Board of Regents to order at 8:00 a.m. Roll call was taken and it was determined a quorum was present.

April 30 - May 1, 1922

CONSENT AGENDA

Vice Chairman Kaze asked if there were questions or comments on the items on the Consent Agenda. Hearing none, he called for a motion. On motion of Regent Johnson, the following items on the Consent Agenda were approved:

- Item 75-100-R0592, Staff; University of Montana
(With Addendum)
- Item 75-200-R0492 Staff; Montana State University
- Item 75-300-R0492, Staff; Agricultural Experiment Station
- Item 75-400-R0492, Staff; Cooperative Extension Service
- Item 75-500A-R0492, Staff; Montana Bureau of Mines and Geology
- Item 75-600-R0492, Staff; Western Montana College of The University of Montana
- Item 74-700-R0392, Staff; Eastern Montana College

The Board recessed at 8:12 a.m. to reconvene immediately in concurrent committee meetings at the locations shown on the printed agenda.

The full Board of Regents reconvened at 9:25 a.m.

CAMPUS COMMITMENT TO QUALITY PRESENTATIONS

Vice Chairman Kaze noted for the record that each campus was instructed by the Regents to bring forward options with the ultimate objective of achieving funding parity with peer institutions by 1996. The campus plans for the Commitment to Quality effort (on file) were submitted to the Regents prior to this meeting, providing ample time for them to have been read by the Regents. He asked the presidents provide at this time only a summary of those plans.

The presidents of the five units and Provost Easton reviewed their individual plans, noting the scenarios were prepared as a Commitment to Quality, not as an imperative to reduce enrollments or eliminate specific programs. In addition, it was the understanding of the presidents that implementation of the option approved for each campus by the Board will begin Fall Semester 1993 to assure full discussion with the citizens of Montana, and the legislative and executive branches of State government. It was also the presidents'

April 30 - May 1, 1922

understanding that a change of course could occur if the System receives resources needed to maintain quality without limiting access. Faculty, students, and staff were involved in the development of the scenarios.

At the conclusion of the presentations, Commissioner Hutchinson reported that after the campus plans were submitted to his office, an effort was made to pull the recommendations together into some sort of Systemwide program. An "11 + 4 Plan" was developed, relatively general in nature without a number of specific operational details, and with some variations from campus to campus. With the Board's concurrence with this Plan, there would be in place the possibility of a Systemwide plan that could be taken to the citizens of Montana in the public hearings scheduled in mid- to late May.

Dr. Hutchinson then reviewed and elaborated upon each of the following eleven components of the proposed plan, and the four additional steps he believed should also be taken:

Component #1 - Mandated Enrollment Caps:

Component #2 - Tuition Indexing

Component #3 - Revision of Residency Requirements:

Component #4 - Limitation in the Western Undergraduate Exchange Program (WUE)

Component #5 - Increased Admission Standards for UM, MSU, TECH

Component #6 - Increased Retention Standards

Component #7 - Strict Enforcement of Suspension

Component #8 - Increased Admission Standards by Program

Component #9 - Tuition Voucher Program

April 30 - May 1, 1922

Component #10 - Imposition of the College Prep Program and Admission Standards on Those Taking More than Six Credits

Component #11 - Self-Supporting Developmental Programs

Additional Steps to be Taken - The 4:

In addition to the above components, the Office of the Commissioner of Higher Education and the units of the Montana University System must join together to complete three additional analyses leading to additional components in the Commitment to Quality Program. These additional recommendations should be presented to the Board of Regents no later than December 1, 1992.

Additional Component A - Improving Academic Progression:

Campuses must conduct a comprehensive examination of academic progression rates, by program, in accordance with data developed by the Commissioner's Office on "throughput efficiency". Based upon this analysis, the campuses should establish appropriate mechanisms and policies to assure timely progression of students through their academic programs.

Additional Component B - Academic Program Review:

Campuses have developed rather comprehensive academic program data as a part of the Commitment to Quality planning process. These data should now be carefully evaluated by campus leadership, in conjunction with the Office of the Commissioner, to determine if certain programs are sufficiently undersubscribed or substantially outside the campus role and scope to warrant consolidation or elimination. This program review must be completed both at the institutional and system levels to assure an appropriate mix of programs is available to potential students.

Additional Component C - System Enrollment Management:

Under the direction of the Commissioner's Office, all components of public higher education in Montana must join to plan a system-wide, comprehensive enrollment management program that affords students the best career path with broad educational choices, including vocational-technical opportunities as well as community college and four-year programs.

Additional Component D - Summer School Adjustments:

The campuses, under the direction of the Commissioner, will review Summer School policies, particularly with respect to tuition and fees.

April 30 - May 1, 1992

At the conclusion of his presentation, Dr. Hutchinson stated it was his recommendation that the four additional steps be implemented immediately, and that no later than December 1, 1992, additional recommendations drawn from these four further steps be brought to the Board for discussion and/or approval. Dr. Hutchinson noted in his presentation that Component #2, Tuition Indexing, had not received general endorsement, and if it is the wish of the Board that component could be removed, making it instead a "10 + 4 Plan."

Vice Chairman Kaze noted this is the Board's first opportunity to hear the plan presented by the Commissioner. He asked for comments and questions from the Board.

Commissioner Hutchinson responded to Regents' questions on more detail on several of the components, including a proposed effective date for enrollment caps, tuition indexing, remedial courses, backfilling general fund with additional tuition revenues by the legislature, transfer of credits from community colleges, flexibility to be provided the campuses on enforcement of suspension standards.

Questioning the increased enrollment standards, it was explained that presently students entering the System who qualify under only one requirement of the current admissions standards, quality under ACT/20. This recommendation would raise that requirement to 22.

Concern was expressed by Regents also with enrollment caps. The funding limitation would apply to in-state students who would be paying approximately 25% of the costs of their education; out-of-state students under the proposals would be accepted to fill the remaining slots, but those students would have to pay 100% of the costs of their education. The perception of the public could be simply that out-of-state students continue to be accepted while Montana's own in-state students were denied access.

April 30 - May 1, 1922

Some Board members expressed frustration with the plans submitted by the campuses. Regent Schwanke expressed concern with the concept of enrollment caps that in reality only apply to Montana students. Commissioner Hutchinson responded that this and other concerns expressed by the Board certainly emphasize the very real need to take this plan to the citizens of the state for their comments. Those hearings will be held in late May.

Regent Topel stated his frustration with the Commitment to Quality process lies in part with his belief that the System is far behind its announced schedule for implementation. If enrollment caps are not set before the present target date of December 1992, he asked how can the campuses set their plans to reach those caps. Also, Regent Topel noted the tuition indexing issue needs to be resolved so campuses can be specific in their planning. Regent Topel concluded by stating he understood full well that elimination of athletics would not drive up expenditure per student, but to the extent the System has campuses that are involved in athletics, and all of them are, those dollars are to some extent diverted from academics, libraries, or some other source. When the Board met in Bozeman last fall, many students questioned athletic expenditures. Regent Topel stated he believed that if it is the Board's ultimate decision to limit access, it had better be prepared to explain why athletic programs will continue at the current level. The System needs money for libraries, equipment, maintenance - athletic expenditures need to be examined.

Dr. Hutchinson concurred the points raised by Regent Topel were wise. Some of the target dates probably should be accelerated; there is no quarrel with the comments on athletics; tuition indexing could be removed as part of the

April 30 - May 1, 1922

plan though Dr. Hutchinson noted he was not certain there should be no further discussion of that concept particularly in the public hearings, but it could be separated out.

Regent Topel added if tuition indexing is separated out, it should not be considered "back in" without a formal motion of the Board.

Regent Kaze stated he shared the concerns stated by Regent Topel, and Regent Schwanke's stated disappointment in the campus plans presented. Regent Kaze stated in his mind the campus plans fall short of adequately addressing the issues facing the System. He acknowledged part of that failure may be the responsibility of the Regents for not being more explicit in their instructions. Regent Kaze stated at this time he expected to be at the point of adopting plans that would provide the legislature opportunity to make a choice. He was dismayed that primarily tuition has been proposed as the mechanism to solve the peer funding issue. That takes the choice away from the legislature to stand up to the line and express support for education in Montana with increased funding for stated purposes. At this point Regent Kaze noted students in the Montana System are looking at a 28% increase in tuition since Fall 1990. To index tuition to 25% of costs of instruction seems to be, simplistically stated, another tuition increase. Regent Kaze stated emphatically he did not wish to make peer level funding a budget issue which is piled solely on the backs of the students.

Regent Kaze noted also he was very concerned with the amount of time taken to respond and receive the campus plans. Legislators have indicated the System is moving too quickly. Regent Kaze stated the Board has been involved in this process for three years, with implementation not to begin until at least Fall 1993. That is a four year commitment of

April 30 - May 1, 1922

this Board to planning a process carefully, deliberately, and cautiously. He believed there has been an abundance of caution. The Legislature and the State need to be presented with an opportunity to fund higher education at an acceptable level. If they choose otherwise, the Board can respond. That is the purpose of the planning. Regent Kaze concluded he would like to have enrollment caps discussed so the balance of the plan can move forward.

Comments on the Commissioner's plan were called for from the presidents.

President Dennison, The University of Montana, commented on enrollment ceilings and the relationship to tuition. He did not view the tuition increase as simply a means of raising money. Dr. Dennison stated he has watched tuition increase over the years. What is significant about a change which would cause tuition to be indexed is a policy decision that the Board would make, and he believed it has to be made in conjunction with the Legislature. The point of that is that once it is done, then there is certainty about the general fund contribution to the education of the student. The Legislature then understands that a certain number of residents will be educated at that level. If the policy makers do not like 25%, then the Regents and the Legislature should decide if that percentage should be 20%, or 15%. He agreed with Regent Topel. Once there is an understanding of that, the System can plan how to educate those residents who will be in the System. President Dennison stated he would like to be in that situation - to know what that amount would be. The Legislature should not be criticized for stepping forward and stating it cannot provide any more than "x" dollars. If it is their best judgment that is the best they can provide, then the System has to say "these are all the students we can educate for those dollars." Quality of the System's offerings must be maintained. Even though there will be difficulty in recruiting

April 30 - May 1, 1992

non-residents, President Dennison stated he believed the System should try to maintain a level of non-residents because it will enhance the array of programs and courses campuses can offer, without cost to the taxpayers. If the legislature says all students in the System should be residents, and they will be funded, there should be no non-residents unless, as the Associate Commissioner pointed out, it is a one-for-one exchange and the Montana student gets the benefit of going to an out-of-state institution. Dr. Dennison stated he believed those are the reasons the two issues must be linked.

Other presidents concurred with that assessment, and with Regent Topel's request that the deadlines be moved forward, and Regent Schwanke's assessment that there will be backlash when a Montana resident is denied admission and a non-resident is admitted - even though the non-resident is paying 100% of costs. A key point is where the caps are set.

Athletics, it was agreed, must face scrutiny. The two universities in particular should be dialoging with the Board regarding athletic policies, not act unilaterally. It was also agreed a report should be brought to the Board at the next meeting to get that dialogue on the table.

Acting Chairman Kaze stated that at this point some issues need action by the Board. Commissioner Hutchinson stated he needed some signal from the Board whether it wished to move forward to the public hearings with the now "1 + 10 + 4 Plan." Also the Board should decide when the enrollment caps ought to be determined for the campuses.

Regent Topel repeated he wished to have numbers before him for consideration at the July 1992 meeting. If the goal is to achieve the desired enrollment number in Fall 1996, a great deal of information needs to be obtained on how such decisions will affect the System's financial obligations, what other options exist, what constitutes 100% of peer funding for each campus, what legal ramifications might occur, and more.

April 30 - May 1, 1992

Acting Chairman Kaze noted that the Commissioner, with the presidents' help, has identified a group of points which will improve quality in the System, with or without Legislative help. Many of the matters being discussed have the possibility of being on the implementation schedule. There have been advantages to the exercise. Regent Kaze suggested the System "put the best spin we can on it," and move forward.

Regent Johnson also noted that the Commitment to Quality effort does not appear to be as near completion as he had hoped it would be at this time. But he believed one of the reasons for that to a considerable extent was the revenue shortfall and the ensuring special session with all the extra work and complications that entailed. The public hearings should and will go forward. The citizens are the ones paying the general fund portion of the costs of higher education. They need to know what is actually occurring, and determine if that is what they wish to happen in higher education in Montana.

After further discussion, Acting Chairman Kaze proposed the Board address and resolve the tuition issue at the June 1992 meeting, and the issue of enrollment caps at the July 1992 meeting. The Board concurred.

Vice Chairman Kaze next asked if there was consensus that the Board would take the "10 + 4 Plan" out for presentation and discussion at the public hearings scheduled in late May. The Board concurred with that suggestion also.

The Board recessed for lunch, followed by a tour of Dawson Community College from 1:00 to 2:00 p.m.

The Board reconvene at 2:10 p.m.

COMMITTEE REPORTS

Academic and Student Affairs Committee

Regent Kaze, Chairman of the Committee, reported the committee meeting was conducted by interactive video, which was an interesting experience for all involved, and a foretaste of the manner in which future meetings will be conducted.

April 30 - May 1, 1922

Regent Kaze noted Dr. David Toppen reported several matters to the Committee, including information on the severe constraints placed on the WUE program in Idaho, partly due to the large imbalance that state has with out-of-state imports. Dr. Cowen and Dr. Toppen will attend a meeting in June of the WUE governing board. Dr. Toppen shared with the Committee a complete listing of all academic programs in the System which has been prepared by the OCHE staff; that list will be given to the Academic Vice Presidents for their review for accuracy and will be a useful tool in long-range planning.

Regent Kaze reported the following items on the two-year institutions curriculum submission agenda were received for consideration at the June 1992 meeting:

Item 75-8501-R0492, Proposal to implement a new educational program - Associate of Applied Science Degree in Dental Hygiene; Great Falls Vocational-Technical Center

Item 75-9501-R0492, Approval of Proposal to Convert the Approved Two-Year Certificate in Food Service Management to an Associate of Applied Science Degree in Food Service Management; Missoula Vocational Technical Center

Item 75-8502-R0492, Proposal to implement a new educational program - Associate of Applied Science Degree in Medical Record Technology; Great Falls Vocational-Technical Center

Item 75-2001-R0492, Associate of Applied Science; Auto-Agri Mechanics; Dawson Community College

Item 75-2002-R0492, Associate of Applied Science; Microcomputer Support Specialist; Certificate Program; Microcomputer Support Technical; Dawson Community College

Regent Kaze reported the following items on the two-year institutions curriculum action agenda were reviewed and discussed in Committee. All were recommended by the Committee for approval. The following actions were taken:

April 30 - May 1, 1922

On motion of Regent Johnson, the following items were approved:

Item 74-8001-R0192, Approval for Conversion of Two-Year Certificate Program in the Drafting Technology Program to Associate of Applied Science in Drafting Technology; Butte Vocational-Technical Center.

Item 74-8501-R1092, Proposal to Convert the Existing Approved Two-Year Certificate Program in Microcomputer Management to an Associate of Applied Science Degree in Microcomputer Management; Great Falls Vocational-Technical Center

Item 74-8502-R0192, Proposal to Convert the Existing Certificate in Business Management/Entrepreneurship to an Associate of Applied Science Degree in Business Management/Entrepreneurship; Great Falls Vocational Technical Center

Item 74-9001-R0192, Approval of Proposal to Convert the Two-Year Certificate in Automotive Service Technician to an Associate of Applied Science Degree in Automotive Technology; Helena Vocational-Technical Center

Regent Kaze noted for record that the process of conversion of existing certificate programs that are qualified to be converted to the Associate of Applied Science Degree is nearly completed. There remain at the outside three such programs remaining that are eligible to be converted but have not completed the process. With the conclusion of the conversions, the vocational-technical centers will not submit their curricular items under the Notice of Intent procedure followed by the four-year institutions.

Regent Kaze reported the following items on the four-year institutions Submission Agenda were received for action at the June 1992 meeting:

April 30 - May 1, 1922

Item 75-801-R0492, Approval to change the degree title of Bachelor of Technology to Bachelor of Science in Technology; Northern Montana College

Item 75-106-R0492, Education Specialist Degree; School Psychology; College of Arts and Sciences and School of Education; The University of Montana

Item 75-107-R0492, Center for the Rocky Mountain West; The University of Montana

Item 75-108-R0492, Master's in Administrative Sciences; Center for Continuing Education and Summer Programs; The University of Montana

POLICY ITEMS

Submission Agenda:

Regent Kaze explained the purpose of Item 75-001-R0592, Common academic calendar; Montana University System (REVISED) was to bring before the Board some minor revision in the Board's policy on common academic calendar. The item is proposed for revision to read: "All units of the Montana University System shall utilize a common academic calendar consisting of two semester terms each of which contains a minimum of 75 instructional days exclusive of final examinations."

It was noted the Northwest Association accrediting agency has changed its point of view and has allowed individual institutions to choose to include or exclude final examinations from their semester terms. Previously those examinations were required to be excluded from the semester term.

Dr. Toppen added there has been some concern expressed by faculty associations regarding the corpus of their input into the process. He and Dr. Cowen have agreed to visit with each of the faculty governance boards on the respective campuses to receive their input prior to the next Board meeting and will have gained access to their attitudes to this policy before it is placed on the action agenda in June. Student

April 30 - May 1, 1922

representatives will be included in those discussions. Similar input will be sought in the on-going discussions of length of class periods, etc. The item is on submission and will be on the action agenda at the June 1992 meeting.

Regent Kaze reported also that Item 75-204-R0492, Establishment of an Intellectual Property Administration and Technology Transfer (IPATNT) Office; Montana State University was received for action at the June 1992 meeting. The item proposes development of a center which will deal with the translation of ideas and thoughts into economic development throughout the state using the intellectual brain trust of the faculty, initially at Montana State University. It is part of the list of things that will be presented to the Montana Science and Technology Alliance Board to be funded from the coal tax trust fund.

Regent Kaze completed the Committee report with recognition of Dr. Henry Parsons for his long service to the Montana University System. Dr. Parsons has served the System for 28 years, and is now retiring. Appreciation was expressed to Dr. Parsons by the full Board and the meeting participants.

JOINT MEETING OF THE ADMINISTRATIVE AND BUDGET COMMITTEES

Regent Topel, Chairman of the Budget Committee, reported the following items on the Capital Construction agenda were reviewed and discussed by the joint Committees. Regent Topel noted each item contains a written explanation outlining the proposed project, and setting out source of funds and other details of the projects. Because all Regents have had an opportunity to examine that material, Regent Topel stated at this time the Committee discussion would not be repeated. All items come to the Board with a recommendation to approve.

Hearing no discussion or questions on the Capital Construction items, on motion of Regent Boylan the following items were approved:

April 30 - May 1, 1922

- Item 75-101-R0592, Replace Carpet, Tile, and Sub Floor, Cascade Dining Room, Lodge Food Service; The University of Montana
- Item 75-102-R0592, Roof Repairs, Knowles Hall; The University of Montana
- Item 75-103-R0592, Renovate Basement, Elrod Hall; The University of Montana
- Item 75-104-R0592, Corridor Door Replacement, Elrod Hall, The University of Montana
- Item 75-195-R0592, Install Fire Exits and Escapes, Turner Hall, The University of Montana
- Item 75-201-R0492, Authorization to Install a Grease Interceptor for Strand Union Complex; Montana State University
- Item 75-202-R0492, Authorization to Secure Professional Design Services for Renovation of the Hedges Residence Hall; Montana State University
- Item 75-203-R0492, Authorization to Construct an Auxiliary Services Storage Facility; Montana State University

Discussion was held on Regents' policy governing authorization for capital construction expenditures. Regent Johnson questioned why some of the projects on the agenda could not be better decided on the affected campus. It was explained that any construction costing in excess of \$25,000 must be brought forward for approval by the Board. Chief Counsel Schramm stated he believed it would be possible to delegate that approval authority to the Commissioner without violating the statute. He noted this matter has been proposed for change in the past. Previous members of the Board of Regents concluded they did wish to examine the items.

Regent Topel suggested the items on the Capital Construction agenda be placed on the Consent Agenda. Other members of the Board concurred with that suggestion. Staff was instructed to place capital construction items on the Consent Agenda at the June 1992 meetings. If no problems are evident with that process, it will continue.

April 30 - May 1, 1922

Policy Items

Submission Agenda:

Item 75-001A-R0592, Municipal Finance Consolidation Act (MFCA) Participation; Montana Systems of Higher Education was reviewed by Regent Topel. He noted a request had been received that this item be moved from the Submission to the Action agenda. Regent Topel reviewed the informational presentation on this item received at the last meeting of the Board. The memorandum to the Board of Regents from Chief Legal Counsel Schramm included with the agenda material (on file) summarized the advantages of the MFCA to the University System. The policy before the Board implements the statutory change which allows the state Board of Investments to include the Board of Regents as an eligible borrower, and lays down internal methods by which such borrowing would be approved.

After brief discussion, on motion of Regent Topel, Item 75-001A-R0592, was moved from the submission agenda to the action agenda, and approved.

Regent Topel reported Item 60-002-R0788, Professional Development Leave; Montana University System (REVISED) was discussed at some length by the joint committees. The item was received for consideration at the June 1992 meeting.

Action Agenda:

Regent Topel reported Item 75-701-R0592, Authorization for College Security Officers to Carry Firearms; Eastern Montana College seeks approval for Security Officers at EMC to carry firearms in accordance with the provisions contained in Senate Bill 117, passed by the 1991 Montana State Legislature and signed by the Governor. The legislation would permit campuses to establish policies to allow security officers who have successfully completed the

April 30 - May 1, 1922

basic course in Law Enforcement conducted by the Montana Law Enforcement Academy to carry firearms 24 hours a day. Present policy allows security guards to carry firearms except between the hours of 8:00 a.m. and 5:00 p.m. unless they are acting as guards for money or other valuables. The Associated Students of Eastern Montana College adopted a resolution in support of the change on May 14 by a vote of 15 for and 1 against. The Academic Senate rejected the change on a vote of 7 to 4. Regent Topel noted he had been advised other units may request the same change to their firearms period.

President Carpenter commented on the Board's previous action which laid the groundwork for bringing forward this request. He urged the Board's approval of the request in the interest of the students' and the campus' safety.

Regent Topel reported the item is brought forward without recommendation from the Committee. Discussion was held on the pros and cons of the proposal. Kirk Lacy, President, ASEMC and Montana Associated Students, testified in support of the change in policy.

After due consideration, on motion of Regent Schwanke, Item 75-701-R0592, was approved, with Regents Kaze and Boylan voting no.

DISCUSSION ITEMS; REPORTS

Regent Topel reported the discussion item titled Summer Session Non-Resident Fee Policy should also be considered an action item. He referenced the previous action of the Board increasing tuition \$7 per credit hour for resident students, \$47 per credit hour for non-residents. At that time it was his understanding this increase would be implemented Summer Session 1992. It was not brought to the Board's attention during that discussion that existing Regents' policy

April 30 - May 1, 1922

was in conflict with that decision. Clarification is now sought on whether implementation of the new tuition rate should occur in Summer Session 1992, in which case it would be necessary to rescind Section 940.16, Non-resident summer session fee, in the Policy Manual.

Providing some background before action on the summer session fee was requested, Regent Topel reported on the most recent meeting of the Joint Regents/Legislative Committee on Policy and Budget. In that meeting, Regents were severely criticized for their action at the last meeting in raising tuitions in the \$7/\$47 increments, narrowing the flat spots, and eliminating the half steps. Legislators on that committee were incensed that no prior notice of those actions was provided to the Legislature, and that by that action, the System reduced its revenue shortfall from \$2.2 million to \$600,000. Regent Topel stated it is important to realize that when the System provided information to the Legislature in the Special Session on anticipated tuition revenues, the uniform non-resident summer session fee in current policy was used in those estimates. The question now arises, and will certainly arise in the next meeting of the Regents/Legislative Committee, why did we not provide tuition estimates based on the increased amount for non-resident summer session to the Special Session of the Legislature.

Regent Kaze added he told the Committee he would report the Committee's displeasure over the perceived reduction in the shortfall the Legislature believed the System would experience and the actual amount the System will instead experience through tuition increases and the actions on the half-steps and flat spots. Regent Kaze noted how he would characterize the discussion was the System had "breached the faith" with the Legislature in raising tuition beyond that

April 30 - May 1, 1922

which had been obtained in conjunction with the Legislature during the Special Session. This report is made to provide the Board opportunity to reconsider its action if it so chooses, to discuss the issue, and to discuss the issue of what the difference in the summer session non-resident tuition policy will mean. The best estimate of the amount involved in the summer session non-resident tuition increase is approximately \$200,000. If that best estimate is added to the \$1.6 million raised through other actions the System now has backfilled its shortfall by approximately \$1.8 million.

The Board discussed the issues. Commissioner Hutchinson reviewed the occurrences in the Special Session. It is not entirely true to say the Legislature was totally unaware of the possibility of the Board's actions on half-steps, flat spots, and tuition increases. Possibilities were laid out to the Education Subcommittee far in advance of any final actions of the Legislature or the Board of Regents of what action might or could be taken to reduce a revenue shortfall; those possibilities included the actions later taken. As the Legislative process moves forward, some discussions held with any or all of the individual subcommittees are lost, and the whole of the Legislature is not aware of those discussions.

Commissioner Hutchinson noted there was no real discussion of what the System might do with the tuition structure, although within the System these actions had been harbored as a possibility depending on the nature of what the actual hit would be. When the Special Session ended, then, and only then, did the Regents and the Commissioner's Office begin to look at what might be done to "ease the pain." The fact should be made very clear that no one sat back and harbored a secret agenda; the level of the hit was ascertained; the question was asked what could be done within the power of the

April 30 - May 1, 1922

Regents to ease that knowing the System was facing a \$2.2 million straight general fund reduction. The Legislature knows, and has not questioned, that it does not set tuition; it provides intent language which the System has repeatedly noted it would ignore at its peril. Again, it is a problem of perception.

Regent Johnson noted from the press accounts of the meeting held a week ago it seems the Legislature does acquiesce that it does not set tuition - the Board of Regents does. However, it seemed to him that what is unsaid is if the Board does not set tuition the way the Legislature believes it should, it will be construed in the worst light. Regent Johnson stated he believed everything the Board did was done in good faith.

Regent Topel noted the feeling of the Regents/Legislative Committee seemed to be that in the negotiations the System gave the Legislature tuition projections that did not include the \$1.6 million that would be derived from elimination of flat spots and narrowing of half steps. To now rescind the non-resident summer session fee policy before the Board, and implement the \$7/\$47 tuition increase in summer session 1992 appeared to Regent Topel to be unnecessarily antagonistic.

President Malone noted the legislative authorization given in the regular session to provide 3% raises. Looking at MSU, the total cost of the pay plan is a little over \$1.5 million. The relief provided in HB 509 pays \$850,000; the unfunded portion of the pay plan for MSU is approximately \$650,000. That is about the amount generated through removal of the half-steps and the summer session proposal. Substantial cuts are still required by all units of the System both this fiscal year and next. Regent Kaze noted that was pointed out to the Committee and the reception would indicate that was the intent.

April 30 - May 1, 1922

Regent Kaze stated he believed there were two issues for the Board's consideration. One, does the Board wish to reconsider the tuition decision made at the last meeting to eliminate half-steps at the six University System units, and narrowing the flat spots at the vocational-technical centers. The second issue is approval or rejection of the proposed revision to Section 940.16 of the Regents' Policy manual.

Regent Kaze then asked if any member of the Board who voted on the prevailing side at the last meeting on the tuition increase wished to make a motion to reconsider that action. Hearing no motion to reconsider, the previous action increasing tuition \$7 per credit hour for resident students and \$47 per credit hour for non-resident students stands.

Vice Chairman Kaze then called for a motion on the issue of implementation of the tuition increase for non-resident students effective Summer Session 1992. After considerable discussion in an attempt to clarify the Regents' intent, Regent Topel moved that non-resident tuition for Summer Session 1992 not be increased by the \$40 amount previously adopted. The motion carried. Not part of the motion, but understood, is that resident students will pay an increased \$7 per credit hour effective summer session 1992. Because non-resident students pay resident tuition and an additional \$45 per semester credit hour, those students will pay the same amount of increase as resident students.

Regent Topel reported briefly on the Office of Commissioner Higher Education Audit Report for informational purposes only. Copies of the audit report will be supplied to those Regents requesting them.

Report on Legislative Finance Committee Meeting

Commissioner Hutchinson reported on budget amendments submitted to OCHE which were reviewed and forwarded

April 30 - May 1, 1922

to the Legislative Finance Committee under established procedures. The budget amendments were largely to authorize expenditure of additional tuition revenue collected from some 1560 additional students. The budget amendments met statutory criteria; that view was concurred in by the Legislative Fiscal Analyst. On April 7, 1992, after a reconsideration of the original vote to approve the budget amendments by the Finance Committee, that Committee voted unanimously to disapprove them. The specific statement from the LFA office was that by unanimous vote the Committee found that the University System's budget amendment for authority to spend an additional \$3.8 million in student fees and tuition revenues did not meet statutory budget amendment criteria. Dr. Hutchinson noted no one from the System was in the room at the time of the reconsideration. He noted when he returned to the hearing room and discovered the vote had been reconsidered he requested the Chair of the Committee provide an explanation. The major consideration offered by Representative Peck was there was some overlap in the coaching staffs at Montana State University, and in his judgment that was irregular and reflected poor management. For that reason he suggested the reconsideration motion be made and the unanimous vote resulted.

Commissioner Hutchinson reported concern was raised by the Committee regarding additional sections at Western Montana College and Northern Montana College. The Committee understood expenditure of these dollars was within the purview of the Board of Regents, and that the vote by the Finance Committee did not bind the Regents in such a manner the money could not be spent. Commissioner Hutchinson felt these actions should be reported to the Board so that the record could be set straight on the criticisms cited. The Board of Regents also needs to decide if it wishes the campuses to move forward with expenditure of the additional tuition revenues.

April 30 - May 1, 1922

Explanations were provided by the Presidents of the units on the activities questioned by the Finance Committee. At the conclusion of the presentations, Dr. Hutchinson urged the Board to consider that a large portion of the additional tuition revenue has already been invested to educate 1561 students in the University System. Further, it is clear and was so stated in the Finance Committee that the vote was intended to send a message to the Regents on management, and really had nothing to do with whether or not the budget amendments met statutory criteria. All available evidence indicates they do meet that criteria. The responsibility of the Finance Committee was to make that determination. For those reasons, Commissioner Hutchinson urged the Board to approve expenditure of the budget amendment requests, which are routine in nature, and well within the statutory requirements for such actions.

Regent Johnson asked if any facts had surfaced which would call for reconsideration of the Board of Regents' approval of the budget amendments. He was told there were no new facts available underlying the need to expend these dollars, other than the Committee's disapproval.

Regent Topel moved reaffirmation of the Board's approval of the budget amendments submitted and approved at the March 19-20, 1922 meeting. The motion carried unanimously.

Commissioner's Report

Commissioner Hutchinson extended heartfelt thanks to President Kettner and the staff and students at Dawson Community College for the hospitality extended to all attending this meeting, noting the extra efforts hosting such a meeting entail are recognized and appreciated.

Dr. Hutchinson extended congratulations to Brady Vardemann, Associate Commissioner for Vocational-Technical

April 30 - May 1, 1922

Education. Ms. Vardemann has successfully completed her doctoral dissertation, and is now and henceforth Dr. Brady Vardemann.

Benefits Report

David Evenson, Director of Benefits, gave an update on the status of the System's self-insurance fund. He explained that two years ago by Regents' policy a self-insurance fund was created to administer the System's health care benefits. Mr. Evenson administers that approximately \$12 - \$13 million insurance operation. Approximately 90% of that money is spent in Montana, which rather significantly impacts the Montana medical community. Mr. Evenson distributed and reviewed three handouts (on file): (1) Montana University System 1992/1993 United of Omaha Renewal; (2) Response to 403(b) Survey; and (3) Flexible Spending Accounts - MUS & Vo-Techs Participation and FICA Savings Projections.

Mr. Evenson also distributed and reviewed his memorandum to the Board of Regents dated April 28, 1992 concerning employee benefits plan changes (on file). He noted that on April 23, the Inter-Unit Benefits Committee made the recommendations contained in the memorandum on changes to the benefits plan to the Commissioner. All were accepted except the controversial recommendation to eliminate the Joint Employed Spouse Premium Rate.

Mr. Evenson discussed the success rate of the plan over the past year, due in large part to decreased utilization. That trend is projected to continue into next year, in which case the plan will once again take in more money than is spent, which is a very fortunate and unusual situation for a health care benefits plan in the United States today. Mr. Evenson noted the plan is on course in regard to the

April 30 - May 1, 1922

parameters established by the Regents when the plan was adopted, i.e., that the plan be administered as an enterprise fund with all administrative costs paid by the premium interest earnings with no impact on the state's general fund. Second, that the program be more cost-effective than the conventional insurance. The Legislature added the requirement that any self-insured fund would be actuarially sound. The consultant's report included with today's handouts includes the health actuary's review of the plan, and relevant comments.

Mr. Evenson discussed the impact of retirees on the plan. If only active employees were covered under the plan, a premium decrease could actually be considered because of their dramatic decrease in use of medical services. If retirees were charged an actual true rate, their rates would have to increase up to 62%. That is unacceptable; therefore active employees do subsidize retirees on the plan.

Mr. Evenson completed his review of the various handouts including coverages, premium increases, and user survey results, and reserves. Active employees on the plan will experience an increase in the amount of the state contribution in the amount of \$20 per employee per month. Retirees will experience a 10% increase in their rates. There is expected to be some contribution to reserves. Mr. Evenson noted the average medical increase for insurance plans in Montana is 22%. If the administrative changes outlined in this report had not been made to the System's plan, that would have been the kind of report the Board would be receiving today.

Mr. Evenson responded to Regents' questions concerning the presentation. Regarding the proposal to implement the Flex Spending Account program for employees in the January 1993, President Carpenter requested more information on the impact on staff at EMC before he was

April 30 - May 1, 1922

prepared to endorse the concept. Mr. Evenson will supply such information, and added his understanding of federal law is that such a plan does not have to be adopted by all campuses. He will work with the special needs at EMC with President Carpenter.

Concluding his report, at Commissioner Hutchinson's request, Dr. Toppen made a brief presentation on the Rural Physician Incentive Program. During the last Legislature the System worked with the Legislature and had a bill passed that led to establishment of the Rural Physician Incentive Program. That program is built upon an 8% surcharge on tuition students pay to the WICHE and WAMI programs. Those dollars establish a fund that will be used to pay up to \$30,000 of physicians' educational debt relieved if they establish practice in rural Montana. The fund pays about \$3,000 - \$4,000 every six months for a period of up to four years. Those involved in this programs' implementation are very excited about it, and believe it will make a material difference in bringing doctors back to rural Montana to practice.

STUDENT REPORTS

Kirk Lacy, President, Montana Associated Students, introduced newly-elected student government officers: Lauri Durocher, President, ASEMC; Jodie Farmer, President ASMSU; Tom Kau, President, ASMST; two Senators from MSU, and other student government officers present at the meeting who will work with the Board during their term of office next year. Lauri Durocher and Jodie Farmer will also serve as interim Co-Chairs of the Montana Associated Students until a statewide election can be held in the fall.

Mr. Lacy thanked members of the Board, the Commissioner and his staff, and all those present with whom he had worked during his term as President of MAS. Mr. Lacy stated it was a great educational experience, and one he enjoyed very much.

April 30 - May 1, 1922

CAMPUS REPORTS

Presidents, Directors, and Community College Presidents reported on outstanding student accomplishments, successful accreditation visits, and activities of statewide interest such as the upcoming Mansfield Lecture to be held at The University of Montana.

The Board recessed at 4:15 p.m. to travel to Miles City, Montana. Tomorrow's meeting will be held at Miles Community College, 2715 Dickinson Street, Miles City, Montana.

Minutes of Friday, May 1, 1922

Chairman Mathers called the regular meeting of the Board of Regents back to order at 8:00 a.m. in Rooms 106-107, Miles Community College, Miles City, Montana.

Chairman Mathers called for additions or corrections to the minutes of the previous meeting. Hearing none, the minutes of the March 19-20, 1922 meeting were ordered approved.

Salary Increases for Administrators and Contract Professionals
(Addition to Agenda)

Commissioner Hutchinson reported a discussion of salary increases for administrators and contract professionals had been requested. In keeping with previous discussions held, Commissioner Hutchinson noted a figure of around 3.5% would be appropriate, but he believed the presidents would like an opportunity to comment, and the Board should discuss.

President Malone spoke to a cohort at MSU that is often lost sight of, consisting of a range of contract professionals going from health services to people in administration in areas such as student services. He personally would ask treatment of these employees at a range of state employees in general.

President Dennison supported that view. He felt it important that the Board keep in mind the range of people who

April 30 - May 1, 1922

are included in the "contract professional" group. That group does not consist of only vice presidents and deans. It is a much broader group. However, he hoped the Board would favorably consider vice presidents and deans as well.

Regent Topel noted the 6% percent increase given to System employees last year, and if the presidents' suggestions are adopted, asked if that would be comparable treatment to that given other state employees.

Rod Sundsted, Acting Associate Commissioner for Fiscal Affairs, responded it is hard to make across-the-board comparisons. He provided a brief explanation of the raises provided under the state pay plan. However, employees under the pay plan received an increase of a flat dollar amount. The average increase would probably be higher under the classified matrix. This would be the low side of the average.

Regent Kaze then asked if 9 1/2% over the biennium would be about right. Mr. Sundsted responded he believed it would. No motion was requested.

Presentation of System Program Modifications

Commissioner Hutchinson explained the format for presentation of the System and campus 1995 biennium budget modifications. Before the System modifications were presented, at the Commissioner's request, Rod Sundsted presented those modifications that are outside the budget modification categories, specifically the inflationary increases for operations and faculty salaries pay plan request (attached).

At the conclusion of Mr. Sundsted's presentation, staff of OCHE made brief presentations on the System requests, which are attached to and made a part of these minutes. The System budget modifications totaled \$31,936,290.

April 30 - May 1, 1922

Following those presentations, the six units of the University System, the vocational-technical centers, and community colleges made individual presentations on their requests following the order on the published agenda. Under the guidelines provided by the Regents, the units were instructed that each unit's total request should not exceed an amount equal to more than 10% of its general fund appropriation. In addition, no new program requests were to be submitted. (Commissioner Hutchinson noted the Regents are aware that a proposal for a Dental Hygiene Program is in the pipeline, and may wish to revise the instructions to include funding for that program in the modification list as an exception. That decision needs to be made by the Board.) The guidelines were so established to provide the units an opportunity to present to the Regents the needs of the individual campuses. It was understood the requests would be reviewed and reduced to what could be perceived by the Legislature as a reasonable request for the System as a whole. That revised list would be brought forward to this meeting as the recommendation of the Commissioner.

At the conclusion of the campus presentations, Commissioner Hutchinson reviewed the document titled "1995 Biennium Budget Modifications; Montana System of Higher Education" (attached to and made a part of these minutes). This document contained the recommendations of the Commissioner and staff. For the senior campuses, these recommendations are in the 1.5 - 1.6% range of the units' general fund appropriation.

Commissioner Hutchinson commented on various aspects of the unit presentations. Speaking first to MSU, he concurred that President Malone had made a strong argument for some sort of line item enhancement to MSU's budget for nursing. While

April 30 - May 1, 1922

understandable - nursing is an extraordinarily expensive program that can do violence to a unit's budget - he urged caution on the part of the Board to that request. There are a number of high cost programs throughout the System. If line item enhancements are made for nursing at MSU, it seems the same case could be made for nursing at NMC, pharmacy and physical therapy at UM, various engineering programs, etc. Also, that is a \$3.3 million package. If that request is granted the System's request will be far beyond the 1.5-1.6% figure. No comments were made to the other agencies at MSU.

Turning to The University of Montana, Dr. Hutchinson explained UM presented a long list of modifications, and it was difficult for OCHE staff to discern what should be included. The ones included on the Commissioner's recommendation sum to \$972,998. Dr. Dennison has strongly argued for an additional \$343,000 in student services, and also for funding in second year for maintenance of the Honors College (\$41,000). The Board has more than one option. The Board could add on the students services and the Honors College. That would take UM above 2% and would raise an equity issue with respect to the other campuses. The Board could ask Dr. Dennison to substitute those and remove other requests on the list. There is no intent to second guess Dr. Dennison as to what is important on his campus.

Commissioner Hutchinson made no comments on the recommendations of Forestry Conservation or WMCUM.

The modifications for EMC were developed under the assumption that the NCATE accreditation was in the base. Dr. Carpenter made that clear there is confusion on this point. NCATE accreditation at EMC is a very high priority and there needs to be resolution to this confusion.

Commissioner Hutchinson continued, stating President

April 30 - May 1, 1922

Daehling, NMC, told the Board the problems with OCHE recommendations because page 8 of NMC's request was not available to Commissioner's staff until after the document before the Board was prepared. NMC's number one priority is the management information system for a student information system which sums to \$404,000, taking NMC above the 1.6 range. Counsel from the Board would be appreciated on this matter also.

Speaking to Montana Tech, Commissioner Hutchinson noted the analytical center has been a number one priority at Tech for several years, and the request before the Board is approximately half of what Tech requested. It was hoped this could be used perhaps in the second year to begin realization of the analytical center. It would certainly be a worthwhile addition to Montana Tech, or the amount could be raised by the Board.

Speaking to the Community Colleges, OCHE Staff's judgment is that with the adjustments proposed the colleges have about \$967,000 coming to them. It is staff recommendation that the community colleges take the modifications they have identified and fund as many of those as possible with the increases projected with the cost per student increase and percentage increase in the state/local components.

Summarizing, the Commissioner stated there were somewhere in the neighborhood of \$79,000,000 of requests submitted in either System or unit modification requests. That has been reduced down to just under \$40,000,000. This may seem unduly severe to some, but Commissioner Hutchinson stated he believed when the State is facing a \$200 million potential shortfall, for the System to approach the Legislature with an "unreigned" request would be viewed quite negatively. That is the reason for the tight management of the modification requests recommended by the Commissioner and OCHE staff.

April 30 - May 1, 1922

Board Discussion and Action

Add dental hygiene program: Delay action until the program comes forward on the Action Agenda of the Academic and Student Affairs Committee in its normal course. Remind Regent Kaze of dollar amounts presented in today's discussion prior to the program's placement on that agenda.

Expand general education programs in vocational-technical centers: The Chairman cautioned no perception be created this is in any way an expansion of the centers into community colleges. Assurances were provided by the Commissioner this is not the case.

Line item for nursing program at MSU: Board concurs it should not be line -itemed. Nursing program is expensive; the demand and the cost of the program is rising; may face issue of differential tuition in the future.

UM - maintenance for Honors College; additional funding for student services: Dollar amount recommended by Commissioner considered appropriate by the Board. Commissioner and President Dennison should review priorities and make substitutions if the President believes that is in the best interest of the University. President Dennison noted the University will certainly work with the Commissioner; the University will do all it can to accommodate the needs in student services with the enrollment increase and the catch-up funds when realized. Speaking to the Honors College, President Dennison stated emphatically he wished to be very up front and straight forward about this. In every discussion he has indicated that the money that was donated related to instruction. He wished to be clear with every one that the Honors College does require the estimated \$41,000 for utilities and maintenance. That is part of the request, and certainly should be placed before the Legislature assuming that can be

April 30 - May 1, 1922

done with the approval of the Regents. Chairman Mathers suggested the \$142,000 for the Permanent Art Collection might be reduced to \$100,000, in order to insert the money needed for maintenance of the Honors College. President Dennison and the Commissioner will work on these recommendations.

Speaking to the \$10,000 for equipment for the Forest Conservation Service, President Dennison thought that was part of the System request, and he was surprised to see it listed as it is today. He thought there would be a programmatic piece for the FCES, but perhaps he misunderstood.

Eastern Montana College - NCATE Accreditation:
Commissioner Hutchinson noted he had always believed the accreditation dollars provided were base additions, and that is how they are considered on the other campuses. It is not fair that Eastern has somehow received different treatment; he did not know how that happened. The other campuses have those funds added to their base; they can come in with a set of mods to add on. EMC has to use its modification monies to backfill this accreditation. Commissioner Hutchinson stated his own personal belief, even though it raises EMC above the 1.5-1.6% level, is that he would favor creating equity on the accreditation and let EMC have an opportunity to receive something in the area of program modifications without having to backfill accreditation.

The Board asked for clarification - is EMC's accreditation funding in or out of the base. Mr. Sundsted stated the issue is that it was appropriated with differing amounts in each year of the biennium. The question really is, is there a reason for that. If there wasn't, the second year appropriation is less. Once that is resolved the question of whether the \$129,000 at issue should or should not be in the base is answered.

April 30 - May 1, 1922

President Dennison noted UM had a similar accreditation problem. \$400,000 was provided for accreditation but it was appropriated as \$200,000 each year, rather than the first \$200,000 being put in the base, which would have resulted in a total appropriation of \$600,000. Biennial math requires the \$600,000. He stressed he was not arguing against the issue presented by Eastern; simply pointing out those things do occur.

Commissioner Hutchinson then stated if the situation is similar at The University of Montana, and it appears it is, the two campuses should be treated equally. If additional money needs to be sought to make those accreditations whole, he would argue that be done.

The Board concurred with the recommendation of the Commissioner. The modifications sought for EMC and UM will be increased to achieve parity with other campuses on accreditation funding.

Northern Montana College - omission of #1 priority; I and I money: Quandry is that if the Board holds the essentially equally in terms of percentage increase, NMC's #1 priority is beyond that amount. President concurs \$200,000 would begin the implementation; substituting the \$100,000 amount for the Pilot Program Custom Training - which is actually part of the economic development System mod - would allow NMC to begin the MIS. Board concurred with that substitution.

On the request for a supplement to substitute for NMC's lack of "land grant interest and income" funds, President Daehling and Commissioner to work on this. The revenue source does not have to be I and I monies; there may be other revenue sources. Cautioned against "canablizing other institutions" to get this amount for NMC and against authorizing a single president to lobby legislators on a single issue. Any proposal to achieve this goal should be brought to the Board for approval before it moves forward.

April 30 - May 1, 1922

The budget modifications for Montana Tech/Bureau and the community colleges were accepted without discussion.

The total of the unit-specific 1995 biennium budget modifications was \$5,292,670 plus the adjustments for accreditation at Eastern Montana College and The University of Montana.

Brief discussion was held on details of the System 1995 biennium budget modifications.

MOTION: Regent Johnson moved approval of the total System budget modifications as presented (\$31,936,290); approval of the total unit-specific budget modifications with the addition of the amounts needed at The University of Montana and Eastern Montana College for parity in accreditation budgeting, (\$5,292,670+); for a total higher education modified request of \$37,228,960 (plus accreditation amounts).

Regent Topel asked if the Board was comfortable with the size of the System's total budget request in the face of the anticipated deficit the state is facing. Chairman Mathers responded he has given that a great deal of thought. He stated he believed the duty of the Regents is to present to the Legislature the minimum amount needed to maintain a system of higher education on the level that is being provided now. The Legislature will cut back the amount. The Board's obligation is to point out to the Governor and the Legislature that this is the kind of program that is needed if the System is to continue to provide quality education. If the Legislature cuts the funding back, it then becomes the Legislature's responsibility. Chairman Mathers repeated his belief it is the obligation of the Board of Regents to present a budget that meets the System's needs to realize its obligation - to provide quality education.

Commissioner Hutchinson added he was comfortable holding the budget modification request to below \$40 million.

April 30 - May 1, 1922

That is the total of new or nearly new request. The operational increase and the current level kinds of requests add to the dollar amount, and add considerably, but he believed the request was reasoned and fair.

Regent Kaze and Regent Schwanke concurred with Chairman Mathers. The obligation of the Board is to act responsibility, and he believed the requests are responsible.

Regent Boylan expressed his concern with the System's use of the phrase "peer catch-up." Chairman Mathers agreed it does stand out to some, and is not always positively received. However, he believed it provides an opportunity for those outside the System to see what Montana's System needs to reach the level of excellence that the surrounding states enjoy. It provides opportunity for the Legislature to make the decision whether it wishes to bring Montana up to the level of funding enjoyed by surrounding states, or to stay \$14 million short of that level. There is something to be gained by the comparison, and it is a comparison that needs to be made glaringly obvious and not hidden. It offers a choice - an opportunity to make the right choice.

Regent Johnson noted when the Commissioner presents the \$14 million amount to the Legislature needed for peer catch-up it had perhaps better be "fleshed out" so everyone can understand what is involved - equipment, libraries, telecommunications, etc. It should be explained in considerable detail. Commissioner Hutchinson agreed, and campuses have made those determinations.

Regent Topel stated as an extension of those comments, if the System really wants to tell it like it is, peer catch-up should be requested at \$21 million. Requesting \$14 million puts the System on a ten year plan to reach the peers, not the five year plan outlined in the Commitment to Quality effort.

April 30 - May 1, 1992

Commissioner Hutchinson responded he believed while that may be accurate, Dr. Toppen made a good point in his presentations earlier today when he said that some of these funds are arguably not base additions. Further, if you look at some of the items included in peer catch-up like telecommunications, economic development, libraries, etc., some of those could be considered in the peer catch-up category or could be added to that. In the final analysis, the \$14 million figure is probably right. Dr. Hutchinson he understood the argument, but did not believe another \$7 million should be added.

The question was called on the motion to approve the 1995 Budget Modification request of \$37.2+ million. The motion to approve carried unanimously.

NEW BUSINESS

Appeal: Submission Agenda

Chief Counsel Schramm referenced the memorandum to the Board dated April 21, 1992 (on file) which outlined the facts in the case. Summarizing, Dr. Schramm's memo states Ms. Heineman clearly is not a Montana resident. However, she is asking for residency based on the residency of her spouse who is a lifelong Montana resident who is stationed in Idaho and is in the Air Force. The appeal is unique in that none of the System's policies contemplate this particular set of circumstances. Because this is a situation where justice would not be offended by granting residency status, staff respectfully requests the Board's guidance.

Regent Kaze asked if what the Board is to decide today is whether or not to hear the appeal, or overlook that issue and decide to grant residency or uphold the Commissioner at this meeting. Dr. Schramm responded the Board has that discretion under its submission agenda procedure.

April 30 - May 1, 1922

Regent Kaze moved the Board not hear the appeal. The motion carried unanimously. The Commissioner's decision denying Ms. Heineman in-state residency for fee purposes was thereby upheld.

OLD BUSINESS

Collective Bargaining Update

Rod Sundsted, Associate Commissioner for Labor Relations, reported twenty-one units are now settled, leaving one in negotiation. Since the last meeting tentative agreements have been reached with the faculty at The University of Montana, Eastern Montana College, and Western Montana College of The University of Montana. Those three agreements have been ratified by their respective faculty members. Mr. Sundsted asked the Board's ratification of those agreements at this time.

Briefly providing an overview of the economic provisions of those agreements, Mr. Sundsted reported they all involve four basic components: (1) a base increase which varies slightly by unit from 3.5% to 2.5% the first year and between 2% and 3 1/2% the second year; (2) a provision for merit increases; (3) each provides the normal promotion in rank provision; and (4) the total salary package in all three agreements are relatively comparable. However, the distribution between the various components varies slightly. Mr. Sundsted requested ratification of the three collective bargaining agreements.

Regent Kaze moved approval of the collective bargaining agreements with the faculty at Eastern Montana College, The University of Montana, and Western Montana College of The University of Montana. The motion carried unanimously.

Continuation of the Commitment to Quality Discussion

Regent Kaze reported that yesterday in the

April 30 - May 1, 1922

Chairman's absence the Board held the Commitment to Quality discussion. Two issues were segregated for consideration by the Board yet this summer. Those are (1) tuition policy which will be on the agenda at the June 1992 meeting, and (2) establishment of potential enrollment limitations or caps for the six four-year institutions which the Board hopes to provide to the campuses at the July 1992 meeting.

Regent Kaze stated if the Chairman desires a motion, he would move that two Regents be appointed by the Chairman to assist the Commissioner and the presidents in arriving at the appropriate enrollment caps for presentation at the July meeting. This motion is made in the belief Regents should have input in that process.

Hearing no further discussion, the question was called. The motion carried unanimously.

Chairman Mathers appointed Regents Topel and Kaze to work with the Commissioner and the presidents in determining appropriate enrollment caps for presentation to the full Board.

Regent Schwanke extended his, and the other Board members, appreciation to Mr. Sundsted for his outstanding efforts on behalf of the System in the negotiating process over the last tedious nine months. Regent Schwanke stated he believed the Board has been well represented, and Mr. Sundsted deserves commendation.

Presidents Carpenter and Dennison seconded that endorsement on behalf of the campuses who had worked with Mr. Sundsted. He performed an outstanding job in less than ideal conditions.

Special thanks and appreciation were extended by the Board to President Judd Flower, his staff, and the students of Miles Community College for the outstanding hospitality and arrangements for today's meeting. The extra work accomplished, the displacement of students, the helpfulness of the faculty and staff has not gone unnoticed.

April 30 - May 1, 1922

Hearing no other business to come before the Board, the meeting adjourned at 12 Noon. The next regularly scheduled meeting of the Board of Regents will be held at the Great Falls Vocational Technical Center, Great Falls, Montana on June 18-19, 1992.

JW:1988w