

THE BOARD OF REGENTS
OF HIGHER EDUCATION
Montana University System

MINUTES

DATE: MAY 3, 1993

LOCATION: MONTANA HIGHER EDUCATION BUILDING
CONFERENCE ROOM 102
2500 BROADWAY
HELENA, MONTANA

REGENTS PRESENT: BILL MATHERS (CHAIRMAN), JIM KAZE (VICE CHAIRMAN), TRAVIS BELCHER, PAUL BOYLAN, CORDELL JOHNSON, KERMIT SCHWANKE, AND TOM TOPEL; COMMISSIONER OF HIGHER EDUCATION JOHN HUTCHINSON

REGENTS ABSENT: NONE

PRESIDENTS PRESENT: BRUCE CARPENTER (EMC), BILL DAEHLING (NMC), GEORGE DENNISON (UM), MIKE MALONE (MSU), AND LINDSAY NORMAN (TECH); PROVOST MIKE EASTON (WMCUM); JUD FLOWER (MCC) AND DON KETTNER (DCC)

PRESIDENTS ABSENT: HOWARD FRYETT (FVCC) [MARILEE WOOD, DIRECTOR OF PUBLIC INFORMATION, REPRESENTED FVCC]

DIRECTORS PRESENT: JANE BAKER (BUTTE VT), GEORGE BELL (BILLINGS VT), ALEX CAPDEVILLE (HELENA VT), DENNIS LERUM (MISSOULA VT), AND WILLARD WEAVER (GREAT FALLS VT)

DIRECTORS ABSENT: NONE

Chairman Bill Mathers called the regular meeting of the Board of Regents to order at 8:30 a.m. Roll call showed that a quorum was present.

Regent Tom Topel moved that the minutes of the March 3, 1993 conference call meeting and the March 22, 1993 regular meeting be approved as mailed. The motion passed unanimously.

Chairman Mathers said before proceeding with the Consent Agenda items, Commissioner of Higher Education John Hutchinson had several "housekeeping" notes to make.

Commissioner Hutchinson announced that a photographer would take the Board's annual photo at 11:45 a.m.; lunches would be delivered for the noon executive session; and the Administrative/Budget Committee would exchange meeting places with the Academic and Student Affairs Committee because several people would be presenting testimony on an agenda item and the extra space was needed.

Chairman Mathers said Regent Topel had received a plaque of appreciation from the Board, but they also wanted to present him with another gift to commemorate his "last" meeting. Regent Topel thanked the Board for a new golf bag.

Commissioner Hutchinson said that Native American students at the University of Montana and several of the tribal colleges had honored him the previous Friday in Missoula. He said the honor involved a "giveaway," which meant that gifts presented to him could in turn be given to people important to him. Commissioner Hutchinson said he wanted to give one of those gifts, an Indian blanket, to Chairman Mathers in appreciation of his support during the past two years.

Chairman Mathers thanked Commissioner Hutchinson for the gift and said it also meant a lot because it had come from the Native American community.

CONSENT AGENDA

1. STAFF ITEMS

- a. Item 79-100-R0593 - Staff; University of Montana
- b. Item 79-104-R0593 - Resolution Concerning the Retirement of Janet P. Wollersheim, Professor of Psychology, College of Arts and Sciences; University of Montana
- c. Item 79-200-R0593 - Staff; Montana State University
- d. Item 79-300-R0593 - Staff; Agricultural Experiment Station
- e. Item 79-400-R0593 - Staff; Extension Service
- f. Item 79-500-R0593 - Staff; Montana College of Mineral Science and Technology
- g. Item 79-600-R0593 - Staff; Western Montana College of the University of Montana

- h. Item 79-700-R0593 - Staff; Eastern Montana College
- i. Item 79-701-R0593 - Dr. C. Rockne Copple, Professor of Health and Human Services Emeritus; Eastern Montana College
- j. Item 79-800-R0593 - Staff; Northern Montana College

After MSU President Mike Malone responded to a question from Regent Kermit Schwanke on several salary increases at MSU and the Extension Service, Regent Travis Belcher moved that Items 79-100-R0593 through 79-800-R0593 be approved. The motion passed unanimously.

2. CAPITAL CONSTRUCTION ITEMS

- a. Item 79-101-R0593 - Street and Parking Lot Repairs; University of Montana
- b. Item 79-102-R0593 - Renovate Classroom, Liberal Arts 102; University of Montana
- c. Item 79-103-R0593 - Conveyance of Easement for Telecommunications Facilities to US WEST COMMUNICATIONS, INC.; University of Montana
- d. Item 79-201-R0593 - Authorization to Install New Campus Outdoor Lighting System; Montana State University [Late addition to agenda]

Commissioner Hutchinson said Item 79-201-R0593 had not been submitted in time for the agenda mailing and was now being presented to the Board.

Regent Belcher moved that Items 79-101-R0593 through 79-103-R0593 and Item 79-201-R0593 be approved. The motion passed unanimously.

3. OTHER

- a. Item 79-901-R0593 - Recommendation from Rural Physician Incentive Program Advisory Committee—Applicants Kenneth A. Clark and Lewis Leon Gilbert of Glasgow; Office of Commissioner of Higher Education

Regent Belcher moved that Item 79-901-R0593 be approved. The motion passed unanimously.

The Board recessed at 8:50 a.m. for concurrent committee meetings and reconvened at 10:15 a.m. for committee reports.

COMMITTEE REPORTS

1. ACADEMIC AND STUDENT AFFAIRS COMMITTEE

Committee chairman Regent Jim Kaze said the agenda item concerning a Level I name change for English Teaching at UM had been withdrawn and would be resubmitted at a later date.

The committee heard the following announcements:

- Donald Stierle and Andrea Stierle from Montana Tech and Gary Strobel from MSU recently were recognized by *Newsweek* and other national media for their efforts in taxol cancer research.
- The 1993-94 *Statewide Core Curriculum and Community College Transfer Guide* is available on METNet to high schools, colleges, and universities throughout the state. Some workshops will also be undertaken by the staff this fall at the Montana Education Association convention to acquaint people with the transfer guide and how to access it.
- At Western Montana College, the name of the Bachelor of Science degree in Teacher Education, secondary, was changed from "Industrial Arts" to "Industrial Technology."
- Miles Community College withdrew the programmatic offering in Human Services and Juvenile Corrections it was going to bring forward.
- At UM, the name of the "University Drug Information Center" was changed to the "University Drug Information Service."
- TCI Cablevision designated Great Falls Technical Center as the site for public access television in Great Falls, which will enhance the telecommunications possibilities in that area over time.
- The first statewide math education conference, titled "Teacher/Student Interaction: Teacher as Facilitator," will be held using the KU band uplink to reach more than 300 locations in Montana. The conference begins May 4 and is sponsored jointly by the SIMMS project, MSU and UM Departments of Mathematical Sciences, MSU Office of Extended Studies, and Office of the Commissioner of Higher Education.

Regent Kaze said the following two- and four-year institution items had gone through the submission process and were now being brought forward for action.

- a. Item 78-502-R0393 - Proposal for Authorization to Offer a New Minor through the Department of Chemistry at Montana College of Mineral Science and Technology
- b. Item 78-4000-R0393 - Proposal for Miles Community College to Delete an Existing One-Year Certificate Program in Farm and Ranch Operations
- c. Item 78-8001-R0393 - Approval for Conversion of Two-Year Certificate Program in Accounting Technology to Associate of Applied Science in Accounting Technology; Butte Technical Center
- d. Item 78-8002-R0393 - Approval of Proposal to Consolidate the Currently Approved Certificate Programs in Administrative Assistant/Secretarial Science, Legal Office Secretary and Medical Office Secretary into One Associate of Applied Science Degree in Office Technology with Three Areas of Emphasis; Butte Technical Center
- e. Item 78-9001-R0393 - Approval of Proposal to Convert the Three-Semester Certificate in Aviation Maintenance Technician to an Associate of Applied Science Degree in Aviation Maintenance Technology; Helena Technical Center

After a brief explanation of each item, Regent Kaze moved that the Board approve Items 78-502-R0393, 78-4000-R0393, 78-8001-R0393, Item 78-8002-R0393, and 78-9001-R0393. The motion passed unanimously.

- f. Item 79-8501-R0593 - Approval of Great Falls Technical Center as Site for Cable 7 Studio Supported by Funds from TCI Cablevision of Montana, Inc. [Late addition to agenda]

Regent Kaze said this item had not been included in the Board mailing. The Board was being asked to approve the designation by TCI Cablevision of Great Falls Technical Center as the public access television site in Great Falls.

Regent Kaze moved that the Board approve Great Falls Technical Center as the public access television site. The motion passed—Regent Schwanke voted no.

Regent Kaze said the following policy items had gone through the submission process and were now being brought forward for action.

- g. Item 18-003-R1077 - Admission Requirements; In-State Undergraduates; Montana University System (REVISED 301.1)

This policy would be revised to raise the minimum ACT score requirement from 20 to 22 at MSU, UM, and Montana Tech, and leave it at 20 at EMC, NMC, and WMCUM, with the right of the latter three institutions to petition the Board to increase the ACT requirement at a particular institution. Regent Kaze said he wanted to point out this was just one of three admission standards—either 20 or 22 on the ACT, or a 2.5 gpa, or the upper half of a student's graduating class. He said the requirements affected first-time, full-time, freshman students in the University System only. Other minor changes made to the policy concerned SAT equivalents of ACT scores, a definition of part-time students, elimination of the extended degree student from the exemption, a change in in-state transfer criteria, and other definition changes. The policy would become effective Fall 1994.

h. Item 18-004-R1077 - Admission Requirements; Out-of-State Undergraduates; Montana University System (REVISED 301.2)

Regent Kaze said this policy was revised to reflect the same changes as the policy for in-state students. He pointed out that the section previously allowing children of alumni of any unit of the System to be treated as in-state students for purpose of admission standards had been eliminated. The change was made because no one could accurately identify or define the word "alumni."

i. Item 42-002-R1283 - College Preparatory Program; Montana University System (REVISED 301.7)

Regent Kaze said similar changes were made to this policy to coordinate with the admissions standards policies. The major change involved out-of-state students from a high school where a full set of college preparatory programs was not offered. Those students would have to meet at least two instead of one of the three criteria outlined in the admissions standards policies.

Regent Kaze moved that Items 18-003-R1077, 18-004-R1077, and 42-002-R1283 be approved as revised with an effective date of Fall 1994. The motion passed unanimously.

j. Item 78-002-R0393 - Academic Probation; Montana University System

Regent Kaze said this was a new policy to establish a systemwide academic probation "measuring stick" of 2.0 applied to all six units. He said this would alleviate inconsistencies in existing campus policies. The committee amended the "Definition" section to eliminate "1.b." and renumber "1.c. and 1.d." as "1.b and 1.c." The policy would become effective Fall 1993.

EMC President Bruce Carpenter suggested that the first sentence of the policy be amended to include the phrase "or other appropriate written manner." He said EMC no longer sent out grade reports. Instead, students called in for their grades,

and he didn't want that information put on the computer system. President Carpenter said he would prefer doing that in a written fashion. The Board agreed to President Carpenter's amendment.

k. Item 78-003-R0393 - Academic Suspension; Montana University System

Regent Kaze said this new policy would apply to all six units and essentially serve as an extension of the "academic probation" policy. The "Definition" section of the policy was also amended to eliminate "1.b." and renumber "1.c. and 1.d" as "1.b and 1.c." The policy would become effective Fall 1993.

Regent Kaze said UM suggested—particularly concerning certain students under the ADA—an appeal procedure under this policy. Regent Kaze said they would decide whether that could be handled through campus policies and procedures or reinstatement. If not, the policy would be brought back to the Board for modification.

Regent Kaze moved that Items 78-002-R0393 and 78-003-R0393 be approved as amended. The motion passed unanimously.

2. **ADMINISTRATIVE/BUDGET COMMITTEE**

a. Item 79-001-R0593 - Donations; Montana University System

Committee chairman Regent Topel said this item was on submission and would be placed on the action agenda at the July meeting. It would clarify what would happen with donations received by the individual units when ambiguity or questions arose as to whether the donations were being given to the state or to the foundations. The proposed policy also would deal with an accounting of when the foundations manage funds that belong to the University System rather than the foundations.

Regent Topel said the following items were being brought forward to the Board for action.

b. Item 58-7006-R0388 - Building and Maintenance Fees; Montana Vocational Technical System (REVISED 971.7.1)

Regent Topel said this item would raise the current building and maintenance fee to \$2.50 per semester credit hour. A dollar of that would be designated for developing and maintaining parking lots, traffic control, and improving campus access.

In response to a question from Regent Belcher, the five vo-tech directors described parking lot conditions at the various centers and explained why the fee

increase was needed.

Regent Topel said the Helena Vo-Tech students had indicated they opposed the fee.

Riessa Short said she was the newly elected student body president at Missoula Vo-Tech and had not been aware that action would be taken on this item at the May Board meeting. She said a letter would be forthcoming from the Missoula Vo-Tech students in opposition to the fee increase.

Discussion followed on whether students at the five vo-tech centers were being adequately and timely notified of fee increases that involved them.

Regent Topel moved that Item 58-7006-R0388 be approved. The motion passed—Regent Kaze voted no.

- c. Item 78-901-R0393 - Expenditure Authorization, Montana University System; Office of Commissioner of Higher Education

Regent Topel said action on this item was deferred from the March meeting. It involved the Commissioner's Office spending its 10 percent allocation of student computer fees granted to the office through Board policy. Regent Topel said students attending the committee meeting objected in particular to the \$15,000 that would be spent for eight workstations and a laser printer for the Commissioner's Office. He said two issues were involved: (1) whether the \$15,000 should be approved for the Commissioner's Office, and (2) the policy itself. The committee recommended approving the expenditure and revisiting the policy at the July meeting.

Commissioner Hutchinson said if his office's percentage was reduced, the policy would also include a mechanism that would give the students some say as to how the money would be spent.

Regent Topel moved that Item 78-901-R0393 be approved. The motion passed unanimously.

- d. Item 79-002-R0593 - Voluntary Termination Incentive Policy

Regent Topel said the committee recommended that action on this item be deferred. Much of the discussion focused on whether the policy—at the University System level—would allow cost savings or instead cost the System more money over the biennium. Questions also were raised about language in the policy, clarifications, amendments, etc. Regent Topel said the Board may have to act on the policy before July 1 to comply with state law.

After further discussion on the policy, Commissioner Hutchinson said his staff would meet with campus representatives—including presidents and chief fiscal officers—within the next few weeks to discuss the policy, try to assess its impact, and come up with a policy for the Board's approval before July 1.

Chairman Mathers said action on Item 79-002-R0593 would be deferred until after the meeting suggested by Commissioner Hutchinson.

- e. Item 79-501-R0593 - Authorization to Expend Student Computer Fees at Montana College of Mineral Science and Technology

Regent Topel moved that Item 79-501-R0593 be approved. The motion passed unanimously.

- f. Item 79-601-R0593 - Authorization for Western Montana College of the University of Montana to Charge Motor Vehicle Registration Fees

Regent Topel said this item would allow Western Montana College to impose vehicle registration fees for students, faculty, and staff; the campus is the only one without vehicle registration fees. He said about 60 percent of the funds would be used for maintaining parking lots, and about 40 percent would be used to enforce parking regulations. Regent Topel said the students agreed to a fee about 60 percent of the proposed fee. They wanted to limit the use of the fee to improving and maintaining parking and didn't want any money expended for imposing and enforcing regulations.

Steve Hennes, newly elected vice-president of the WMC student body, said he sat on the committee that came up with this proposal and, although the intent was good, the proposal as presented to the Board did not turn out as everyone intended. He said the basic reasons for the students' objections were that (1) these types of fees on other campuses usually increased every year, and the students at WMC did not want a fee that would continually increase; (2) the fee was seen as another tuition increase; (3) parking wasn't seen as a big problem or as great a need as things such as lab hours, the library being kept open, a microcomputer lab being kept open, etc.; and (4) the registration process would become more complicated. He recommended the Board not approve the item.

WMC Provost Mike Easton said the proposal came out of a joint faculty/staff/administrative committee. He said the campus needed money for parking lot maintenance and traffic control and felt the request was justified.

After further discussion, Regent Topel moved that Item 79-601-R0593 be approved. The motion passed—Regent Belcher voted no.

- g. Item 79-702-R0593 - Authorization to Expend Computer Fee Funds, Fiscal Year 1993; Eastern Montana College

Regent Topel moved that Item 79-702-R0593 be approved. The motion passed unanimously.

- h. Item 79-801-R0593 - Authorization to Increase Expenditure Authority, Boiler Replacement, Morgan Hall; Northern Montana College

Regent Topel said Northern Montana College wanted to spend \$140,000 for replacement of the boiler at Morgan Hall; the Board initially approved \$95,000. NMC's intent was to borrow those funds from the Northern Montana College Foundation. At some future date, NMC may need to borrow money through revenue bonds and, if so, they would like to be able to repay the foundation loan. To do that, the Board would have to approve a resolution to authorize NMC to use the proceeds of the bond offering to repay the loan. Regent Topel said Chief Legal Counsel LeRoy Schramm had been given a copy of the resolution, and the committee recommended approval of the item subject to Chief Counsel Schramm's approval of the resolution language.

Regent Topel moved that Item 79-801-R0593 be approved subject to Chief Legal Counsel LeRoy Schramm's approval of the language in the resolution prepared by bond counsel. The motion passed unanimously.

3. LEGISLATIVE UPDATE

Commissioner Hutchinson briefed the Board on the following bills:

- House Bill 5. The two buildings scheduled for construction at MSU and UM had been given the go-ahead. The legislature's intent had been that no General Fund money be expended for debt service in this biennium. An amendment toward the end of discussion on HB 5, however, gave the Board of Examiners the opportunity to examine the state's entire bond structure and, if there was some way it could be financially beneficial, some debt service could be expended based on that board's decision. A small amount of deferred maintenance money in that bill would also allow a few projects, although it fell short of what was really needed for deferred maintenance.
- House Bill 198. Approval was given in this pay plan bill for a 1.5 percent pay increase in the last half of the biennium's second year, which could require a small tuition increase. A clause in the bill set aside tuition dollars to help pay for the pay plan.

- House Bill 517. This was the early retirement bill discussed by the Board earlier in the meeting.
- House Bill 608. This Resource Indemnity Trust bill included a revenue stream for Northern Montana College—the only senior institution in the state that didn't receive any land grant income. A revenue stream to NMC of about \$240,000 a year would substitute for the land grant income. This would begin in FY 1995 and in no way affect the funding that went to the other institutions.
- Senate Bill 77. This bill continued the joint regents/legislative committee. The committee's composition was changed from four legislators and two regents to eight legislators and two regents. The Commissioner of Higher Education was replaced as a voting member by a student. Commissioner Hutchinson said continuation of the committee was important, especially with the upcoming structural study of the University System.
- House Bill 2. Commissioner Hutchinson said the \$24 million reduction from LFA current level included \$22.7 million for the System's six senior units. He said some significant intent language statements had been put into the bill. For example, administrative cuts should precede and meet or exceed on a percentage basis the reductions in other areas of the System, and the results of the MGT study should be implemented to the greatest extent and as soon as possible. Other intent language allowed the System to discontinue the Regents Employee Reporting System (RERS). Commissioner Hutchinson said they were still required, however, to supply rather detailed information on positions to the legislature and Budget Office twice a year. He said lump sum appropriation by unit would provide some flexibility long desired by the campuses. The Commissioner's Office budget was cut 18 percent in General Fund appropriations over what had been available in the past.

Associate Commissioner for Fiscal Affairs Rod Sundsted distributed updated versions of schedules the Board had reviewed at several previous meetings. Each spreadsheet included two pages, one showing General Fund only and one showing all funds—including tuition, millage, and some other revenue. Mr. Sundsted also distributed a schedule prepared at Regent Topel's request that, in order to see the level of reduction, showed a comparison of the System's current status versus where it would be in 1994. Mr. Sundsted explained the schedules and asked whether there were any questions.

Governor Racicot said the Department of Revenue estimated that about \$1 million a year in reappraisal revenue would come in from the six mill levy and that HB 2 gave the System authority to expend those funds, also, which could potentially

provide another \$2 million in increased revenue over the biennium.

Mr. Sundsted said the HB 2 language was the same as last time and would be continued in 1994-95. If an additional \$1 million in revenue were collected, part of the reductions could be offset by that amount. He said they wouldn't know the exact figure until June.

Chairman Mathers said Miles Community College would be discussing its salary program the following day, and MCC President Jud Flower wanted to know whether the state pay plan included the community colleges.

President Flower said sometimes the community colleges participated in the pay plan along with everyone else, but it varied. During the last session, the colleges were given a variable in the cost per FTE as an offset to the pay plan, so they didn't get the pay plan last time. President Flower said this time they were frozen at the same figure, with no word about whether they were included in the pay plan, although he was hoping they were.

Dawson Community College President Don Kettner said a clarification was needed once and for all whether the community colleges were considered state employees. He said the inconsistencies needed to be cleared up and suggested the Board adopt a resolution to that effect.

Commissioner Hutchinson said they could place a resolution on the agenda for action by the Board at its July meeting.

Chairman Mathers agreed it was a problem and that it should be clarified.

4. TUITION

Mr. Sundsted referred to and explained a schedule of tuition options for the units and the vo-techs. The assumptions included (1) an incidental tuition increase of 4 percent, or \$2 per semester credit hour; (2) a non-resident tuition increase of 5 percent, or \$9 per semester credit hour at MSU, UM, and Montana Tech; (3) a non-resident tuition increase of 7 percent, or \$12 per semester credit hour at EMC, NMC, and WMC; (4) graduate incidental tuition based on 120 percent of the undergraduate rate; (5) vo-tech non-resident tuition based on 125 percent of the resident rate; (6) all tuition estimates as gross tuition—not net of fee waivers; and (7) all increases assumed to be effective Fall 1993.

Mr. Sundsted said they also needed to address the pay plan because of the requirement that tuition be raised to fund the tuition portion of that bill.

Commissioner Hutchinson said the presidents and the vo-tech directors generally supported the tuition options presented by the Commissioner's Office. He

said it was also important to recognize they were below the authority granted to them by the legislature. As a result, the increases they were projecting met HB 2's intent language, which said that tuition should be used as a last resort and that cuts needed to be taken directly on the campuses. Concerning the tuition options, Hutchinson said some of the presidents would like to see them implemented this summer as opposed to the fall semester.

Regent Topel asked how that would change the numbers.

Mr. Sundsted said it would generate an additional \$216,000 during FY 1994.

UM President George Dennison said one of the central questions upon which they needed to focus concerned what was being used as the cost of education—how that was determined. He said there were at least two ways to do it: (1) take the total appropriated money in HB 2, divide it by the total number of students, and come up with an expenditure per student; or (2) take the General Fund appropriation and divide it by the number of residents in the system, which would result in a different total expenditure per student—about \$400 higher than using the first approach. President Dennison said he thought that was significant because he continued to believe in the position the Regents used going into the legislative session—that non-residents should pay 100 percent of the cost and residents close to 25 percent. He said they ought to use General Fund, relate it to the number of residents, and come up with an expenditure level that would then provide a total to use for non-residents. He said they should move toward that during a two-year period, phasing it in as the policy indicated. President Dennison distributed and explained several spreadsheets that showed what would happen by using that method.

Chairman Mathers said the Board would continue its tuition discussion after the noon executive session. The Board recessed at 11:55 a.m.

Chairman Mathers reconvened the Board meeting at 1:25 p.m.

Commissioner Hutchinson told the Board members they were essentially \$195,000 short of HB 2 authority, and there was \$293,000 they had authority to collect in tuition for the pay plan.

Mr. Sundsted said \$.50 per credit hour would cover the pay plan, which needed to be included in the total tuition package.

Chairman Mathers asked whether any students wanted to comment on the proposed tuition increase.

J.P. Betts, UM student body president, said the students were aware they would be facing a tuition increase and were prepared for that. He stressed that

direct student support services be preserved and spared from cuts—for example, faculty salaries, library services, and classroom sessions. In response to a question from Regent Topel, he said state funding dollars should determine the enrollment level, and out-of-state students should bear the full cost of their education. If the students had to pay more tuition, they would prefer those costs be passed on in increments. Mr. Betts said he didn't believe the System was structurally sound, and that formula funding should be abandoned and tuition indexing embraced.

Todd Mitchell, EMC student body president, said the students weren't happy about increased tuition but, given the severity of the cuts that would be borne by the campus, were in favor of paying more tuition to help offset some of those cuts. He said they also didn't want to see student support programs and faculty cut, and they favored administrative cost-savings. He hoped the increase could stay at the same rate throughout the biennium.

David Andrzejek, MSU student body president, said the students preferred a gradual tuition increase. Since the increases were there, that would be their choice.

Concerning agreement on the tuition proposal prepared by the Commissioner's Office, EMC President Carpenter pointed out that because they hadn't discussed the additional authorization in the pay plan, he would urge the Board to look seriously at that. He also said that EMC did not want the tuition increase to become effective for the summer session. Classes would begin in two weeks, and students at EMC had already registered, paid fees, and made financial aid arrangements for summer school. President Carpenter said in past years when summer session tuition went into effect, EMC recognized it would forego any revenue that would be collected. He asked the Board not to require that all institutions implement the tuition increase for summer school but instead allow them to wait until fall if they so desired, recognizing they would forego any collected revenue.

NMC President Bill Daehling said in addition to the pay plan, they also hadn't discussed worker's compensation and were unaware of its potential impact, which should be considered. Concerning summer school fees, he said NMC was in a position similar to EMC's. Making the tuition increase effective for the summer session would cause a lot of problems and extra work for the college.

Montana Tech President Lindsay Norman asked the Board to consider going on record not to make any decisions that would affect the second year of the biennium. He said they may have to deal with some worker's compensation and pay issues at that time.

Commissioner Hutchinson said the Board should probably consider two motions: (1) adopt or reject the Commissioner's Office recommendation on tuition agreed to by the presidents and directors; and (2) deal with the \$.50 per semester credit hour increase to cover the pay plan, which would amount to about \$14 a year

for a full-time student.

Chairman Mathers said Dr. Norman's request would be incorporated since the proposal was just for one year.

Regent Topel moved that the Board approve the Commissioner's Office tuition proposal agreed to by the presidents of the six units and five vo-tech directors, effective fall semester 1993. The motion passed unanimously.

Regent Topel moved that those figures then be adjusted by \$.50 per credit hour effective fall semester 1993 to cover the pay plan. The motion passed unanimously.

OLD BUSINESS

1. Student Athletic Fees

- a. Item 19-101-R1277 - Student Activity Fees (REVISED 940.8)
- b. Item 79-003-R0593 - Athletic Fee Policy

Commissioner Hutchinson said two issues needed to be discussed: (1) the type of enabling legislation that would permit the Board to levy a student athletic fee; and (2) the issue of whether it was appropriate at that time to put an athletic fee into place.

Chief Counsel LeRoy Schramm said these two policies went together and that action should be taken on both or neither. Item 19-101-R1277 would revise the present student activity fee policy to conform with the consequences of Item 79-003-R0593, the new policy.

Chief Counsel Schramm said the new policy was drafted with two principles in mind: semi campus autonomy and a somewhat elevated student voice.

Chairman Mathers asked for comments from the students.

David Andrzejek from MSU said the decision should be a system decision because leaving it up to individual campuses would be unfair to the university presidents. Mr. Andrzejek said MSU held an athletic fee referendum the previous week that proposed a flat fee of \$30 per semester in exchange for free admission to all athletic events. About 1,700 students voted, and the vote failed by a margin of 57 to 43 percent. He said students should have a more direct say as to whether this type of fee is levied.

J.P. Betts from UM said the fee that UM voted on in its referendum was different than that proposed at MSU. UM proposed a \$1.50 per credit hour fee instead of a flat \$30 fee and free admission to games. He said UM's referendum also failed—by a margin of 55 to 45 percent—with about 2,000 students voting. He said the issue was one of responsibility. Should the state or the students be responsible? Mr. Betts said the students didn't think a fee was appropriate at that time and he urged the Board not to vote in favor of it.

Todd Mitchell from EMC said the proposed \$2 per credit hour fee would amount to about half of EMC's total athletic budget. He said students were concerned about insulating athletics from the state's budget ups and downs, making it seem as though they were more concerned with athletics than academics. He said although EMC didn't have a referendum, the college conducted a student survey of about 400 students to see whether they would support a proposal to supplement athletics with a full-time student fee of about \$60 a year. The proposal failed by a 70 to 30 percent margin. Mr. Mitchell said they needed to focus on the college's long-term mission and the role of athletics as part of that mission. He suggested the policy not be approved at that time.

Justin Lee from WMC said Western didn't have a referendum, but the issue had been heavily debated among students. He cited two basic issues at WMC. First was the philosophical aspect—that is, whether it was fair for students not interested or involved in athletics to help pay for it. Second, if WMC didn't get some help for some of its athletic programs, it would lose them. He said the students on each campus should ultimately decide whether they want to sacrifice programs and quality or whether they feel comfortable supplementing athletics.

EMC President Carpenter said there were two basic places to get funding for athletics—from the General Fund and private support, and from student fees. He pointed out that Montana is one of the few states in the nation without a student athletic fee. He said because the six units represented three different conferences and different levels of competition, athletic needs and requirements differed among campuses.

MSU President Malone said they had to consider declining General Fund revenue, the mandate from NCAA to add two new sports, and the gender equity issue. The real issue was whether they could remain in the Big Sky Conference when six of the eight teams charged an athletic fee while the two Montana teams didn't. He said one of the MGT study's recommendations was implementation of a student athletic fee. He said they also needed to act as a system on the issue.

Montana Tech President Norman suggested deferring further discussion on an athletic fee until they discussed the rescission guidelines, which included an option on intercollegiate athletics. He also agreed that any decision should be systemwide.

NMC President Daehling said he opposed a systemwide decision because of the differences in athletics between the universities and the colleges. Referring to the athletics option in the rescission guidelines, he asked whether the 3 percent figure included scholarships.

Commissioner Hutchinson said when his staff debated whether scholarships should be included or excluded, they decided to leave them in. If the scholarships were excluded, some institutions actually would be allowed to increase their athletics expenditures because they wouldn't reach the 3 percent mark.

In response to a request from Regents Topel and Schwanke, Chairman Mathers said the Board would postpone further discussion on a student athletic fee until the athletics option in the rescission guidelines was discussed.

2. Discussion of Campus Guidelines for Rescission

Commissioner Hutchinson said the guidelines were developed from the 21 options previously approved by the Board and presented to the legislature. The guidelines had also been sent to the campus presidents for their suggestions and changes. Hutchinson said the Board should adopt the guidelines or a variation and ask the campuses to prepare a set of plans indicating how they would meet the rescission targets. He pointed out that the plans could change depending on additional revenue that may become available, such as six mill levy money. The plans would be submitted to the Commissioner's Office by June 1, and the Board would review and endorse them so the campuses could move ahead.

Regent Johnson asked how much money they were talking about.

Rod Sundsted said about \$5.3 million, which was a reduction from 1993 plus the obligations in 1994.

Commissioner Hutchinson said the \$22.7 million figure was based on LFA current level.

Regent Johnson asked whether the \$5.3 million included the \$293,000 differential in the pay plan.

Mr. Sundsted said that based on the Board's earlier action on the pay plan, the \$5.3 million would be reduced by the \$293,000, so the figure would be closer to \$5 million.

Commissioner Hutchinson briefly reviewed the 21 options included under the rescission guidelines and suggested the Board hear comments from the presidents.

Chairman Mathers noted that Option #7, "Reduce Intercollegiate Athletics," would be discussed last.

UM President Dennison said he generally agreed with the guidelines as presented but wanted to point out several things. In the action taken by the Board on tuition, excluded from consideration was "differential" or "super" tuition, and he hoped the decision didn't include a final determination on that type of tuition. He said UM had that tuition in three programs and would want to be able to revisit that later.

EMC President Carpenter said he agreed with most of the guidelines as presented. He said he wanted to point out that Option #3, "Transfer Certain Employees on Regents' Contracts to the State Classification System," may not always result in cost savings. Referring to Option #11, "Eliminate Fee Waivers," he said a number of fee waivers in effect were mandated and had nothing to do with quality, grade point averages, etc. He said he would like to see the Board put together a group to look at the possibility of establishing some academic standards for the waivers so they could be better used in the future.

NMC President Daehling referred to Option #20, "Limit Access," and said because NMC and UM were the last campuses to change from quarters to semesters they saw reductions in resident students. He said at the spring semester NMC was about 100 students above where they were at fall, but they still didn't get back to where they were the previous year. President Daehling said he would ask the Board to consider leaving NMC's enrollment cap at 1,706—where they were for this year. He said they believed they would get that lost enrollment back.

MSU President Malone said Option #4, "Reduce Salaries of Non-Faculty Employees on Regents' Contracts," should be excluded from consideration. Concerning Option #20, he said he would be more comfortable with 5 percent in either direction as opposed to 2 percent/5 percent.

Montana Tech President Norman agreed they should use the ± 5 percent.

Before proceeding further, Chairman Mathers said the Board would agree to exclude Option #4 from consideration.

Regent Topel asked Commissioner Hutchinson what he meant by giving the campuses flexibility to manage the cuts where possible.

Commissioner Hutchinson said although the presidents must address each option as they developed their campus plans, they would have a certain amount of flexibility to pick and choose.

Concerning a ± 5 percent figure for Option #20 suggested by some presidents, Regent Topel said he didn't see how they could continue increasing the number of students they were serving, given the fact they had fewer dollars. He said some of the campuses hadn't been able to comply with a 2 percent ceiling last year. If that ceiling were increased, the campuses—in essence—would be rewarded for an inability to comply with the Board's mandate. Regent Topel said he didn't want to see any increase.

Regent Kaze said there was also no provision for what would happen if a campus didn't meet that mark. He said they needed to have some control over that.

UM President Dennison said he wanted to emphasize again that whether students were residents or non-residents made a difference because non-residents were essentially paying 100 percent of the cost. He agreed that physical limitations needed to be imposed but said if the mix changed and extra space was available, a limit like that on non-residents did nothing more than "cut off your nose to spite your face."

Regent Kaze wondered whether the Board wanted to endorse a policy of denying seats to residents while simultaneously increasing the number of out-of-state residents.

MSU President Malone said he would request the flexibility of at least the 2 percent.

President Carpenter agreed with the 2 percent figure and suggested imposing a penalty if they agreed to that in order to make it "real."

After further discussion, Chairman Mathers said all the options had either been excluded or already taken care of except Options #7 and #20. Before proceeding to Option #7, he asked the Board what action it wanted to take on Option #20.

Concerning Option #20, "Limit Access," Regent Kaze said each campus should be required to comply with the option. He moved that it be amended so that the 2 percent enrollment growth limit would be reduced by the amount by which a campus exceeded it the previous academic year, to be applied prospectively, budgeted or actual. The motion passed—Regents Boylan and Topel voted no.

The Board agreed to a one-time request from NMC President Daehling to grant NMC the same cap it had last year—1,706.

At 3:20 p.m., Chairman Mathers said the Board would take a 10-minute break and then resume its discussion of Option #7, "Reduce Intercollegiate Athletics."

The Board reconvened at 3:30 p.m. Regent Topel said he would like to see Option #7 modified to put a limitation on the amount of state dollars that essentially could be used for athletic budgets. Concession revenue, ticket revenue, and donations would have to make up a certain percentage of the budget. He said if the public and fans wouldn't support an athletic program, they shouldn't have one. He said at least two or maybe three different percentage levels ought to be applied, since it would be easier for Missoula and Bozeman to raise money statewide than the colleges. Regent Topel said he would like to see some limitations so that if support wasn't forthcoming from sources other than the state and tuition, budgets would have to be reduced.

Commissioner Hutchinson said they may want to consider two tiers in terms of percentages. The universities might be able to tolerate 3 percent more easily than the colleges.

MSU President Malone said he thought it was a good idea. When they began the cutting cycle seven years ago, state budgets were cut disproportionately largely on athletics so they came to rely quite heavily on booster support. He said they would see sizable cuts in athletics, but he would request some flexibility because 3 percent in MSU's current mode would be difficult.

WMC Provost Easton said Western was already in the process of cutting athletics. If Western were limited to a 3 percent target, however, the college would not be able to compete in the Frontier Conference. He said if they stayed with the 3 percent limit, he would suggest an escape clause for an institution that could show it couldn't afford that level.

Montana Tech President Norman said they could ill afford to lose WMC as a member of the Frontier Conference, since there were only five members as it was. In response to Regent Topel's request, he said putting an absolute limit on the total dollars for intercollegiate athletics would be difficult to do equitably since each school had a different mix of programs and the cost and revenue-generating capacity of those programs varied widely among schools. He said he would suggest a two-tier challenge with the colleges on one tier and the universities on the other.

After further discussion, Commissioner Hutchinson said his staff would meet with the presidents to come up with a proposal to present to the Board. He said his main concern with Option #7 was that they not wind up in a situation of where they would cut academic programs and for some reason hold athletics sacred.

Commissioner Hutchinson said the presidents could go ahead and develop their campus plans without considering Option #7.

Referring to the impact of cuts differing on the various campuses, MSU President Malone said that during a conference call between the Regents and the

presidents early in the session when there were large disparities in funding, they agreed they would normalize the General Fund, the \$22.7 million cut, proportionate to campus budgets. When they did that, they deviated a bit from past legislative practices. Rather than blending tuition with General Fund and setting those numbers, they simply said General Fund. He pointed out they had adopted some new tuition policies that afternoon, and Commissioner Hutchinson had told the Senate Finance and Claims Committee the System would equalize the cuts as much as possible. President Malone said MSU was taking 4 percent along the scale of 1 to 5 percent. Concerning the fact that some schools were taking higher proportions of cuts, he asked what tools were available at that point to equalize. Since the new tuition rates were meant in part to offset General Fund, the windfalls of that could be equalized. A more obvious tool to use would be millage. He said they were asking for some moderate help. If the presidents were going to meet with the Commissioner, perhaps they could bring to the June meeting some plans for equalization.

Chairman Mathers said the Board would have no problem with that.

Commissioner Hutchinson said they should probably defer action on the student athletic fee until after a decision had been on the athletics issue.

President Norman pointed out that June 7 and 8 had already been scheduled for a retreat and suggested using June 7 as the date for the Board's special meeting.

Commissioner Hutchinson said the agenda items for the June special meeting would include the student athletic fee policies, athletic expenditure limits, how the System might distribute millage, and the voluntary retirement policy.

3. Item 78-001-R0393 - Tuition; Montana University System

Commissioner Hutchinson said this item was on submission at the last meeting and was now being brought forward for action. He said this policy was the "tuition voucher program" that would limit the number of credits a resident student could take to 170 at the state-subsidized rate; beyond 170, the student would pay the non-resident rate.

Regent Topel said he still objected to the five-year time frame for implementation. He said he didn't see the sense of having a policy that would go into effect five years from now.

Commissioner Hutchinson said he would have no objection to an amendment that would put it back a year or two. He said he had some reservations, however, about implementing a program immediate in impact because it would catch students without giving them an opportunity to change their plans as to how they would accumulate their credits.

Regent Belcher said he heard from students that some programs take more than the normal number of credits to complete, and this policy wouldn't allow much leeway for those people if they changed their majors.

Commissioner Hutchinson said programs with a larger amount of credits could be exempt from the policy.

Dr. David Toppen said the staff had talked with the academic vice presidents and so far had identified four such programs: Architecture and Accounting at MSU, and Pharmacy and Physical Therapy at UM. He said he believed the policy's language that called for developing special "appeals processes suitably sensitive to the needs of special student populations," while not directly addressing particular degree programs, would provide the latitude to develop an exemption program with a higher target level for students actively seeking those degrees. Dr. Toppen said the campuses—specifically UM—were comfortable with a 190 credit cap or target level for those types of programs. He said he didn't recommend including a lengthy list of exemptions in the policy because of the large number of degree programs that may need to be addressed in a special way. Those would instead be addressed by the policy's special population language. Concerning an implementation date, Dr. Toppen said it probably wouldn't be too difficult to change the Fall 1993 designation in the policy to Fall 1991.

Regent Topel moved that Item 78-001-R0393 be approved with an amendment to change "Fall Semester of 1993" to Fall Semester of 1991."

UM President Dennison suggested changing the phrase "[s]tudents who have attempted" to "[s]tudents who have completed."

Dr. Toppen asked what would happen with a student who may flunk numerous courses on the way toward a degree. He said the feeling was that a student who occupied a seat and thereby denied some other student a seat ought to have those courses attempted count against that total.

President Dennison said a student who received an "F" in a course nevertheless completed it.

Dr. Toppen suggested including a definition in the policy—for example, using "a course for which a student has received a grade."

President Dennison said that was agreeable.

Regent Topel said he would amend his original motion to also include that definition. The motion to approve Item 78-001-R0393 with the two amendments passed unanimously.

NEW BUSINESS

1. Direct Lending Update
2. Board Consideration of Direct Lending Resolution

Commissioner Hutchinson said President Clinton had called for a direct lending program that presumably would yield about \$4.2 billion in savings. Most of the savings would come from eliminating the "middle man" or "middle agency," specifically the guarantee agencies and associated fees. He said the House would deal with the issue May 13 and the Senate June 13. When President Bush signed the Reauthorization of Higher Education Act last July, a provision was included for a pilot program for direct lending to test the program to determine whether it would work. If the House and Senate were to approve President Clinton's direct lending program, however, the pilot program would be gone. Commissioner Hutchinson said he thought the savings projected by the program were overstated, the institutional costs were unclear, and some of the desired reforms motivating President Clinton could be accomplished within the existing program. He said the resolution presented to the Board in support of the pilot program would be sent to President Clinton and the Montana congressional delegation. He also suggested that sometime during the summer representatives from MHESAC, GSL, the Commissioner's Office, and the campuses meet for a workshop to discuss the impact of direct lending and how they could support it.

Guaranteed Student Loan Program Director Bill Lannan said he had spent a lot of time examining direct lending and its effects and had addressed them in a May 3 memorandum to the Board. The memo reviewed President Clinton's budget plan as it related to direct lending and reviewed recommendations suggested by several organizations. Mr. Lannan asked the Board members to adopt the resolution to show their support of existing reauthorization for direct loans. He said they should concentrate on meeting budget reductions being faced by the System and not embark on new programs that could cost the institutions more money. He said they should also consider an evaluation on the campuses to determine the potential cost of direct loans.

Regent Kaze said he thought the request was reasonable and moved that the Board adopt the resolution to ask the U.S. Congress to proceed with implementing the Direct Loan Demonstration Pilot Project. The motion passed unanimously.

CAMPUS REPORTS

1. Montana State University

President Malone introduced ASMSU's new president, David Andrzejek. He

also handed out two articles from the April 9 issue of *Science* magazine. President Malone said the articles focused on the discovery of a fungus growing on yew trees in Montana that produced taxol, an anti-cancer drug. He said the research team in question was based at MSU and Montana Tech and represented a positive example of inter-institutional research.

2. University of Montana

President Dennison said UM's "Showcase Week" had been extremely successful. He announced that four nominees from UM for Fulbright scholars were all accepted. The students would be studying next year at the University of Berlin, Heidelberg University, University of Vienna, and in Australia. President Dennison also introduced ASUM's new president, J.P. Betts.

3. Eastern Montana College

President Carpenter announced that Todd Mitchell was EMC's new student body president.

Chairman Mathers said Provost Mike Easton would be leaving Western Montana College for a position as President of the University of Maine. Chairman Mathers thanked Provost Easton for his service to the University System.

Chairman Mathers also announced that he had notified Governor Racicot he was resigning from the Board of Regents effective July 1, 1993.

STUDENT REPORTS

David Andrzejek from MSU thanked the Board for lending an ear to the students and taking their opinions and wishes into consideration. He said two students would represent MAS (Montana Associated Students) during the summer: J.P. Betts from UM and Todd Mitchell from EMC.

COMMISSIONER'S REPORT

1. Insurance Issues

Commissioner Hutchinson said he wanted to bring several insurance issues to the Board's attention and asked Dave Evenson, Director of Benefits, to provide a brief explanation.

Mr. Evenson distributed two memoranda for the Board's information: a May 3 memo regarding "Wellness Allocation for FY 94," and an April 30 memo regarding

"Group Insurance Changes." He explained the Inter-Unit Benefits Committee's recommended changes in the benefit plan and said one controversial point he wanted to point out was the recommendation that the joint employed spouse rate be eliminated effective January 1, 1994.

Chairman Mathers asked whether the Board needed to act on the recommendations.

Mr. Evenson said no action was needed unless the Board disagreed with the recommendations.

None of the Board members raised any objections to the recommendations.

2. Resolution from NMC included with Item 79-900-R0593

Commissioner Hutchinson said that members of the Administrative/Budget Committee had been given a copy of a resolution from Northern Montana College at its meeting that morning. The agenda item was approved by the Board subject to Chief Legal Counsel LeRoy Schramm's approval of the language in the resolution. Commissioner Hutchinson said apparently some additional work needed to be done on the resolution. Chief Counsel Schramm said the Board could act on the changes in the resolution's language at its June meeting.

3. Item 79-900-R0593 - Staff; Office of the Commissioner of Higher Education

Commissioner Hutchinson said he was bringing this staff item forward for action as a result of discussions held earlier in executive session.

Commissioner Hutchinson said he was pleased with Rod Sundsted's work as Acting Associate Commissioner for Fiscal Affairs and recommended removing the "Acting" designation from his title and awarding him the position of Associate Commissioner for Fiscal Affairs. Mr. Sundsted's salary would be equivalent to that of his last full-time predecessor.

Commissioner Hutchinson said he also recommended a salary increase for Arlene Hannawalt, Program Coordinator for the Guaranteed Student Loan Program. The change would move her from Program Coordinator to Operations Manager and involve a 5 percent salary increase. Hutchinson said Ms. Hannawalt had taken on more duties as the result of expansion in the GSL Office. He said he also wanted to point out this increase involved federal funds—no state General Fund dollars were being used.

Regent Topel suggested the May 3, 1993 effective date listed on the item be changed to July 1, 1993.

Regent Johnson moved that Item 79-900-R0593 be approved as amended. The motion passed unanimously.

4. New Board Chairman

Commissioner Hutchinson announced that upon Chairman Mathers' resignation from the Board effective July 1, Regent Jim Kaze had been recommended to serve as the new chairman.

Regent Johnson moved that Regent Kaze formally assume the position of chairman of the Board of Regents effective July 1, 1993. The motion passed unanimously.

5. Commissioner's Last Day

Commissioner Hutchinson said his last day in the office would be June 11, 1993. Prior to that, he said he would (1) make the necessary preparations for the June Board meeting; (2) complete evaluations of the four presidents scheduled for a full review; and (3) put into place the structural change study—at least the mechanism, time line, and designation of someone to spearhead the study—and report on that at the June 7 meeting.

Chairman Mathers announced that the June 7 special meeting would be held in Helena. He adjourned the meeting at 4:40 p.m.