



MONTANA UNIVERSITY SYSTEM  
OFFICE OF COMMISSIONER OF HIGHER EDUCATION

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TO: Budget Committee Members

FROM: Rod Sundsted *RS*  
Associate Commissioner for Fiscal Affairs

SUBJECT: FY06-07 Mandatory and Miscellaneous Fee Guidelines

Board policy requires the approval of all tuition and fee rates once every two years. Approval of tuition and fees for the FY06-07 biennium is scheduled for the May 2005 meeting. The budget committee and the board have had extensive discussions regarding tuition rates for FY06-07. To insure that campus mandatory and miscellaneous fee recommendations are consistent with board expectations, the campuses need planning guidelines for mandatory and miscellaneous fee increases. Board policy also requires student input on fee changes so the campuses need sufficient time to consult with students and develop proposals prior to the May meeting.

The proposed pay plan for state employees provides for increases in the range of 3.5% to 6.7% in FY06 and 4.0% to 6.8% in FY07. The larger percentage increases are at the lower salary rates because the pay plan includes a minimum flat dollar increase in both FY06 and FY07. Given the significant increases in personal services costs, I would recommend that guidelines for mandatory fee increases be a maximum of 5% each year. My recommendation would be that any proposed increases beyond this maximum would need to be separately justified by the campus. Examples might be previously approved projects (such as the student facility enhancement at MSU-Bozeman) or where extraordinary circumstances (such as utility rates or medical costs) would justify a larger increase. The board will also need to approve all miscellaneous fees during the May meeting. I would recommend the same guideline (maximum of 5%) be established for miscellaneous fees. Any new miscellaneous fees or increases above the guideline would need to be individually justified.

I have heard some concern that setting fees for two years may, in some cases, result in higher fees the second year of the biennium. Services such as student housing have cost components (utility rates) that are highly unpredictable and volatile. This may result in rate proposals that hedge against these unpredictable costs. The committee may want to discuss the possibility of allowing some identified fees to be revisited in May of 2006 to address this concern.

C: Regents  
Presidents, Chancellors, Deans Moe and Frazier  
Commissioner Stearns  
Fiscal Officers