Members Present: Ashley, Bandyopadhyay, Becker, Bennett, Bradley, Cherry, Croy, Erickson, Idzerda, Jones, Kommers, Levy, Lynes-Hayes, Mathenia, C. McClure, M. McClure, McDermott, Metz, Neeley, Peed, Pratt, Prawdienski, Seymour, Taper, Taylor, Thompson, D. Weaver, D. J. Young, Zhu

Members Absent: Babcock, Conant, Gipp, Giroux, HHD, Hoffman, Jackson, Knight, E. Schmidt

Others: Fedock, Gamble, Lansverk, McLeod, Rimpau, Schontzler (Bozeman Chronicle)

Chair Warren Jones called the meeting to order at 4:10 PM. A quorum was present. The minutes from September 15, 2004 and September 29, 2004 Faculty Council were approved.

CHAIR’S REPORT - Warren L. Jones, Chair

- Appointee from Faculty Council needed for the Parking Improvement and Expansion Task Force.
  - Walter Metz from Media & Theatre Arts volunteered.
- Liaison between FC and Undergraduate Studies Committee needed.
  - Brenda Mathenia from MSU Libraries volunteered.
- Nominee for Athletics Committee.
  - Chair Jones made the announcement so FC members could take the appeal back to their department for nominees to be brought forward at the next meeting.

- Distance Education
  - Chair Jones was asked to work with a group from the Commissioner’s office on shared leadership specifically, examining Montana’s economy in conjunction with a committee on distance education.
    - Chair Jones has not given them an answer yet, as he would like help from Faculty Council members who have had experience in distance education.

- Meeting with Leadership from CEPAC, PC, ASMSU, FC and Retired Employees.
  - Happening this Thursday at 7:00 AM.
  - Steering Committee is technically supposed to have all constituents participate, but has a tendency to become dominated by faculty issues.
  - It was decided, therefore, to create a new committee where all employee classifications would have an equal voice.
• Any and all participants are welcome to attend the meetings.

**FACULTY AFFAIRS – Marvin Lansverk, Chair**

- FA drafted memo to create a task force for reviewing promotion and tenure policies at MSU.
- In cooperation with the Provost.

**PRESIDENT GAMBLE**

- Future of the university depends on three (3) directives and in order to succeed, we need to do all of them well:
  - Recruit effectively.
  - Good retention.
  - Effective in raising private funds.
- President Gamble has seen movement on all of these fronts.
- Presently, MSU has the right size for the freshman entering classes. President Gamble is happy with the recruiting, and each year the quality of students has gone up; this year has one of the most talented freshmen classes.
- Fund Raising – Scholarship Campaign has been effective.
  - We raised $13M in 14 months.
  - The campaign should close at about $20M.
- Retention is 70% to 73% with last year’s freshmen class. President Gamble believes we can accommodate a little more. We need to concentrate on the A and B students. If we reach a total threshold of 13,000 students, or go beyond that, it would be with retention and not recruitment.

**Third Party Administrator of Health Plan**

- Health plan is the university systems, but claims are administered by a third party; Blue Cross has done it for the past 8 or so years.
- Last year, Commissioner’s office did an RFP to solicit a new third party administrator; Allegiance won the bid; came in with the lowest cost to administer our health plan.
- When Don Mathre of the Interunits Benefits Committee and Craig Roloff, VP of Administration and Finance, looked at the bid, there were outstanding questions that needed answers.
- Commissioner’s office extended BC/BS’s contract one more year so Allegiance could answer those questions.
- Letter from Commissioner addressing some of the issues will be posted on the web.
- Time line for Commissioner to make her decision is at the end of this month.

**Funds Flow**

- MSU-Bozeman flows funds to (3) other campuses and Dr. Gamble believes this should be done in the spirit of a “building” capacity.
• Other MSU campuses submit proposals explaining how they would strengthen their campus to better utilize the flowed funds; like a competitive grant process.
• Regents are interested in the cost of allocation model. (Remember: The university system gets a large lump of money from the legislature, and the Regents decide how to divide it up amongst the units.)
• Commissioner’s office, working with the Regents, has a Cost of Education model whereby a lump sum of money is distributed to the campuses.
• Although not a particularly old model, Regents may need to revisit it to make sure it has all the elements for today’s circumstances. It needs to recognize the programs on this campus that are important to us; we have a strong emphasis in engineering, architecture, biological and physical sciences, agriculture, to name a few.
• They are high cost models, and we want to make sure we have the funds to operate those programs.
• We use a Capacity Building model help to fund other campuses.
• Agencies (extension and experiment stations) have separate budget lines from the state. Their funds flow doesn’t come directly, but we still have a responsibility to make sure that they stay healthy within the state structure.
• President Gamble suggested that if the BOR had extra money, extension and AES would be good places to place it, as they have no flexibility in revenue streams.

**Salary Issue**
• When Dr. Gamble first arrived, he was under the impression that one did not discuss salaries.
• There is a willingness to collect data, talk openly about it now, however.
  • We believe that the compensation study produced has some defects, but the BOR are willing to listen to us; Chairman of the Board of Regents has encouraged input.
• The study used was the Carnegie Research Intensive classification that will be obsolete next year.
• Research Intensive classification was not a good comparison for a number of reasons. One, is that it does not include agriculture.
• MSU-Bozeman has been sitting on the boundary of the Intensive and Extensive classification, and we do not believe it accurately represents what the institution is.
  • We will inform the Regents of our concern on this issue.
• President Gamble has asked the Regents to plan salary increases for the future. We are hoping the Regents might be more aggressive with a pay plan.
  • Our salaries are paid from only two sources; students and state money.
• Used to be a misconception in state government that students pay all our salaries. State pays, also.
  • If state decides to give, say, a 4% increase, they only give us half and we must find the other half somewhere else.
  • That is why it is important to have the student government sitting beside us, because if we increase tuition, they need to be actively involved.
Because we do not control the money, President Gamble is hesitant to assign a quantifiable number as a target for salaries.

Housing is used as a cost of living and the situation in Bozeman and Missoula is very different than in Butte, Havre, and other locations throughout the state.

DISCUSSION
What is the university strategy for lobbying the legislature for a salary strategy, and what can we do to support you?

We need the state to understand that they need to get the base budget at an appropriate level. We need to make sure the state provides adequate money for us to, at least, stay in business; our operational money has a baseline and then we can add to it. In looking at that present law adjustment in the base budget, I will give strong encouragement to them to think of salaries as part of that. To stay in business, we have to have salaries and be able to cover our rising fixed costs. Then maybe we can look at some new things. Chair Jones and Chair-elect Taylor will there to be supportive and help me to carry the message. Housing costs put us at 147% of the Montana average, and 125% the national average; some who work at the university cannot afford to live here.

Is the choice of who will be our third party administrator purely based on who gets the lowest bid or are there “quality” studies also used in the selection?

The choice is not predicated on purely cost. Allegiance is a credible third party administrator. They carry a number of large accounts (all the First Interstate banks across Montana, e.g.), we are not their largest account and doctors are familiar with them. I am less concerned now, than when this first began. Take a look at their website. I will keep employees apprised as information is brought forward.

Doug Young stated that he was on the Benefits Committee as well as Don Mathre, also Chair of Interunits Benefits Committee. If FC members have comments or questions please contact them.

What is the relationship going to be between the MSU-Bozeman campus and Great Falls College of Technology? Will there be overlap of courses?

I am hoping that it is a productive relationship. There is a need in the Gallatin Valley for two-year level education, associate level, certificate level education. It doesn’t make sense to have MSU-Bozeman campus do it, since we already have the resources from Great Falls. They have been doing this already, very well, and we are going to ask them to enrich what they already do.

There should be no overlap. There has been confusion having to do with some of the lower level math courses. We are working through those, one at a time, to establish a common understanding of what we should do and how it should be done.

This will provide a more intense and newer relationship than we have had in the past. We want it to mature well.
Regarding Gaines Hall renovation of teaching labs, the Bozeman Chronicle listed the project as #14. Does that mean it has fallen lower on the priority list?

You are looking at a systems list. That list is structured so that major capital is listed down below what they think the actual cash threshold will be in any one year. So, we have projects at the top of the list, but they would really fit under the cash program and not the bonded program. Actually, Gaines still sits at the top of the list in terms of a major bonded program. The list also has a lot of things not applicable to MSU. It may have things in there from U of M.

Salary and Benefits – How much on the radar is the TIAA retirement tax versus TRS?

It is on the radar screen, and has been. Apparently there was legislation to ease the transition from where you were to TIAA-CREF and part of the deal was that there would be an adequate reserve to pay out all the TRS employees over time. No significant changes in financial picture on this issue will happen soon.

One of the things the state might do is try to equalize the benefit level, and we would like to bring up. I have brought it up to the Regents and they are aware of it.

Doug Young stated that TRS doesn't have the money, either. Therefore, we should look at the scenario as we are getting 5% versus other institutions (paying a larger amount; some up to 14%).

Will Regents sunset the TRS, once all the employees have retired? No one knows. In the compensation study they have a rich comparator set, including the bachelor level that indicates we are, overall, in the middle band.

University people in TRS will pass on, but it is still a program for K-12 schools in the area.

I suggest you obtain a copy of the compensation study, and I will have someone look into the “sunset” scenario.

Salaries – Do you see if the progress with the legislature and Regents tend to follow historical patterns which have not been supportive of faculty salaries over the long run? Since tuition and the state are the only two sources of income, do you see a third leg of that stool being reallocation? A resetting of priorities for the institution?

Reallocation is a mechanism a lot of colleges and universities use to adjust salaries. It shrinks the employee base and you redistribute the money.

If we have a very effective program review and understand where our strengths and weaknesses lie, we may want to look at that option. However, I have made an assumption that we are good everywhere, and I have met with our students who have suggested increasing tuition to discourage faculty drain from this campus. Some other state boards have looked to students for tuition increase, also.
What about the Native American studies initiative? Why can’t we get more than 40 students?
The number of Native Americans has doubled since last year. We are making serious efforts in recruiting, and we need to consistently give the message to them that we are serious about having them here. We have a reputation across the state that we are the most difficult university, and the Native American students may become discouraged at that prospect. “Rocking the Res” recruitment is helping us to recruit. We may not have the culture, here, that makes the Native Americans feel welcome. An Indian Student Center would help. Someone has offered to pay for all the architectural drawings and help fund raise for this effort. It would be completely paid for by donations.

I saw in the Bozeman Chronicle, Scott Sales (candidate for state legislature) made a comment about shutting down other campuses across the state. What would we gain (efficiency-wise) from that kind of activity?
Supposed you close Campus “X” down. They go Campus “A.” Now, Campus A has to gear up and accommodate the overflow of students from the other campus. You would have to hire more faculty, but the administrative side may go down. That part of the cost isn’t all that great, however.

When you do a cost/benefit analysis, there aren’t huge financial gains, necessarily. There are tremendous political disadvantages because of having legislative support from another campus. Every year this comes up in the legislature. You should look at the entire picture, and perhaps an economist should analyze it very carefully.

The meeting adjourned at 5:12 PM.

Signature
Warren L. Jones, Chair

Signature
Gale R. Gough, Secretary