

MINUTES

**MONTANA HOUSE OF REPRESENTATIVES
59th LEGISLATURE - REGULAR SESSION**

JOINT APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

Call to Order: By **MADAM CHAIR EVE FRANKLIN**, on February 2, 2005
at 8:05 A.M., in Room 102 Capitol.

ROLL CALL

Members Present:

Rep. Eve Franklin, Chairman (D)
Sen. John Esp (R)
Rep. Verdell Jackson (R)
Rep. Carol C. Juneau (D)

Members Excused: Sen. Don Ryan, Vice Chairman (D)
Rep. Bill E. Glaser (R)
Sen. Carol Williams (D)

Members Absent: None.

Staff Present: Mark Bruno, OBPP
Alan Peura, Legislative Branch
Diana Williams, Committee Secretary
Britt Nelson, Transcriber

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed. Tape counter notation refers to material immediately preceding

Committee Business Summary:

Hearing & Date Posted: Montana State University: Three
Educational Units and College of
Technology
Executive Action: None

Alan Peura, the Legislative Fiscal Analyst Assistant, handed out a meeting agenda for February 2, 2005.

[EXHIBIT\(jeh26a01\)](#)

Overview of Montana State University System and Affiliates

Opening Comments by Chair: CHAIR FRANKLIN welcomed representatives from MSU-Bozeman and affiliates to the meeting.

Geoffrey Gamble, President of Montana State University-Bozeman (MSU), expressed that the presentation would be a mixed media presentation with PowerPoint presentations and SmartBoard presentations. He introduced Chancellor Ronald Sexton.

Montana State University System and Affiliates provided a binder. Two parts are included. The other three parts are included in the February 1, 2005, minutes.

Overview of MSU-Billings

Ronald Sexton, Chancellor and Chief Executive Officer of MSU-Billings, had a six-part presentation. His presentation is covered in a booklet which contains the slides and information.

[EXHIBIT\(jeh26a02\)](#)

{Tape: 1; Side: A; Approx. Time Counter: 0 - 2.9}

Mr. Sexton stated that the motto of MSU-Billings was "Access and Excellence." He indicated that one key role of MSU-Billings is to provide access to students across the region they serve. Their primary roles are teaching, research, creative endeavors, and public service. He asserted that a main focus was to ensure that the students are involved in all of those different aspects as much as possible.

Mr. Sexton informed the Committee that MSU-Billings was organized into six Colleges. He reported that enrollment was stable at the senior campuses and growing significantly at the College of Technology. He indicated that the majority of students were from Montana, and a significant number of out-of-state students come from Wyoming. He implied that the characteristics of the student body were nontraditional with an average enrollment of 65-68 percent women, and many students are single parents. (Page 6, Tab 4, Exhibit 2.)

Mr. Sexton mentioned the two public service entities which are a part of the campus; the Public Service Mission related to the Montana Center on Disabilities and KMC Yellowstone Public Radio. He mentioned 90 percent of the residents on the senior campus are

Montana residents and that from the fall of 2001 through the fall of 2004, the College of Technology has had a 79 percent increase in enrollment. This has caused issues with space, equipment and funding support for the two-year programs. He reiterated that MSU-Billings is a nontraditional, urban, regional university. He remarked that the average indebtedness has increased to \$14,220. There are approximately 260 Native American students on the MSU-Billings campus, as well as 150 Hispanic students. (Pages 8-10, Tab 4, Exhibit 2.)

{Tape: 1; Side: A; Approx. Time Counter: 2.9 - 13}

Mr. Sexton indicated that the College of Technology has a strong core of trades programs from Automotive Collision and Auto Body Repair to Paramedic Programs. There are some unique four-year programs available in Public Relations, Special Education, Health Administration and Health Promotion, as well as a number of unique graduate programs. He discussed the Fast-Track program, which was established with the aid of MSU-Bozeman. This has been accomplished by expanding the existing daytime courses, as well as adding night and weekend courses. He related that MSU-Billings has been trying to bring to the campus an opportunity for students to have more experience and exposure to international programs. They have developed teacher and student exchange programs to locations such as China, Japan, Germany, Finland, and South Korea. (Pages 12-14, Tab 4, Exhibit 2.)

{Tape: 1; Side: A; Approx. Time Counter: 13 - 17.1}

Mr. Sexton proceeded to discuss the Shared Leadership Initiatives which are divided into four categories: 1) access and affordability; 2) workforce development; 3) distance learning; and 4) economic impact. He discussed the importance and functions of need-based scholarships and the effect which tuition and its increase has had on a Montanan's ability to stay in school. He mentioned that there is a default rate of approximately 6-7 percent at MSU-Billings. He felt that MSU-Billings has an outstanding record responding to the workforce development needs of the region they serve. They have developed a number of two-year programs in response to industry needs and have been able to create a high-tech computer training center at the College of Technology. They have also been involved in a statewide teller training program for Wells Fargo, First Interstate, and other companies. The Power Plant Technology Program trains individuals to operate refineries, power plants, manufacturing, and hydro-plants. The average starting salary for these individuals is around \$48,000 per year. He also talked about the short-course training programs which are attended by approximately 6,000 individuals per year in fields such as

computer security, economic development, business planning, and small business operations. He claimed that MSU-Billings is also working on an education training program.

{Tape: 1; Side: A; Approx. Time Counter: 17.1 - 30}

Mr. Sexton informed the Committee about the distance education program at MSU-Billings. He asserted that it allowed individuals to attain an education when they might otherwise not have been able to. He reported that they had over 4,000 students applying for on-line courses last year, more of these being women than men. He mentioned a student survey which showed a large satisfaction rate with many of the services provided by the University. He noted that there was a cross-section of programs offered through distance education: Certificate programs, Associate Degree programs, Baccalaureate of Science programs, and the Masters programs. (Pages 15-26, Tab 4, Exhibit 2.)

{Tape: 1; Side: A; Approx. Time Counter: 30 - 45.9}

Mr. Sexton provided a survey of the on-line students. He discussed the components of on-line courses, challenging the thought that on-line courses should cost less than traditional classes. He argued that there was help 24 hours a day, every day of the week, as well as the need for a large amount of staff, advisors, library resources, and many other expenditures which cause the on-line courses to be just as expensive.

EXHIBIT (jeh26a03)

{Tape: 1; Side: B; Approx. Time Counter: 0 - 8.9}

Mr. Sexton reported on the economic impact of MSU-Billings. He indicated that the University spent around \$65 million per year, receiving between \$5 to \$8 million per year in federal grants, private grants and contracts. The students bring between \$8 and \$10 million of revenue into the University and the community. He provided a financial overview, reviewing the budget information.

EXHIBIT (jeh26a04)

{Tape: 1; Side: B; Approx. Time Counter: 8.9 - 12.8}

Mr. Sexton proceeded to discuss the outcomes of the MSU-Billings campus. He informed the Committee that the University had given 14 certificates, 171 associate degrees, 517 baccalaureate degrees, and 136 masters degrees in 2004. There is a total placement of 85 percent in Montana and 15 percent placement out of Montana for graduates. He discussed the ranges of salaries for the different programs within the University from which the students have graduated. He presented a partial list of

workplace experience opportunities for the students. He also mentioned the Campaign for Excellence which will be a \$21 million campaign to provide scholarships for the University. (Pages 33-36, Tab 4, Exhibit 2.)

{Tape: 1; Side: B; Approx. Time Counter: 12.8 - 19.9}

Mr. Sexton related the major accomplishments of the University. He emphasized the fact that the University was ranked nationally in *U.S. News and World Report* for America's best colleges. He mentioned that Reno Charette, the Director of the Big Horn Teacher Projects, was appointed by Governor Schweitzer as the coordinator of Indian Affairs for the State of Montana. She was also recognized by the tribes as the 2004 Indian Educator of the Year. He was very proud of the fact that the accreditation report for the last year had no recommendations. He proceeded to discuss other highlights of the University. He elaborated on the Big Horn Teacher Project and the accomplishments they have managed through its existence. He finished his discussion on accomplishments with an explanation of other projects which they have completed or are starting. (Pages 37-40, Tab 4 Exhibit 2.)

{Tape: 1; Side: B; Approx. Time Counter: 19.9 - 29.9}

Mr. Sexton finished his presentation with a report on the challenges and opportunities faced by the University. He provided a list of challenges focusing on the need for affordable rates, student scholarships, academic support services, childcare, quality issues, faculty and staff. He discussed the issues which faced both the two-year programs and four-year programs. He concluded with a list of the opportunities provided by the University.

{Tape: 1; Side: B; Approx. Time Counter: 29.9 - 33.8}

Questions from the Committee Concerning MSU-Billings

SEN. WILLIAMS commented that she was impressed with the Indian Education For All curriculum. She congratulated the University for taking the initiative on the program.

SEN. ESP referred to the Best and Brightest Initiative which encourages high school students to utilize two-year institutions and the fact that the average age of a University student was 28 years old. He wondered if there was a way to refrain the initiative to address the different age groups within the framework of Best and Brightest.

Mr. Sexton replied that it was a tough issue and would have to be addressed through the language included in the Initiative. He expressed that aid was based on the definition of eligibility. He explained that there were many high school individuals who returned to post-secondary education after having been in the work force for a number of years. They need the opportunities which the Best and Brightest Program would have to offer.

{Tape: 1; Side: B; Approx. Time Counter: 33.8 - 41.2}

CHAIR FRANKLIN mentioned the work which the University put into the Distance Education Program. She expressed that there was a request for financing centralized distance education and she wanted to know what had been helpful to the University when they initiated their distance learning programs.

Mr. Sexton replied that technology was changing and moving quickly, so there would be a need to respond to those changes soon. He elaborated that there were a few keys which aided their success. Among these is the fact that on-line success is driven by faculty who have a desire to teach and are excited to use technology to expand their own horizons. He felt that rewarding these individuals was a key to success. He remarked that their affiliation with E-College provided a substantial amount of money which allowed them to begin to do the technical and course development work initially.

{Tape: 1; Side: B; Approx. Time Counter: 41.2 - 46.2}

{Tape: 2; Side: A; Approx. Time Counter: 0 - 0.8}

REP. JUNEAU indicated that the University System, along with the K-12 System, has been working on a P-20 Program. She felt that the dual enrollment was a positive direction for the University System. She saw it as a way to keep kids in school at least through the P-20 Program.

Mr. Sexton agreed with **REP. JUNEAU**. He asserted that they were encouraged by their dual enrollment program. He mentioned the Career Center on the Billings campus which serves 2,000 to 3,000 high school students per year. He stated that they were looking to create a two-plus-two Program. This program would introduce the high schoolers to a two-year enrollment in the Career Center and take them through two years in the College of Technology.

{Tape: 2; Side: A; Approx. Time Counter: 0.8 - 4.7}

REP. JUNEAU followed up by attesting that another important aspect of the dual enrollment program is reducing poverty through educational opportunities. People in poverty need to have access

to education in order to overcome poverty. She referenced Temporary Assistance for Needy Families (TANF) and the need and desire of those individuals for higher education.

Mr. Sexton informed the Committee that MSU-Billings had programs which worked with low-income, minority families to encourage them to attend university. They partnered individuals with mentors who have been through the program and succeeded. There were many problematic issues, mainly transportation and childcare. He indicated the solution is to take the programs to the individuals.

REP. JUNEAU appreciated the program and the approach. She was curious if there were any rehabilitation or continuing education programs at the women's prison in Billings.

Mr. Sexton conveyed that they have had education programs at the women's prison in Billings from inception. It is a partnership with the K-12 system since a majority of the women do not have high school diplomas. They are currently working on a grant to expand the program and the best way to get classes to the inmates is through the on-line program.

SEN. RYAN claimed a tremendous amount of competition with other universities came through advertising. He wanted to know how MSU-Billings was planning on combating the draw and advertising of other universities.

Mr. Sexton thought that MSU-Billings was in an excellent position to compete with other universities. MSU-Billings had to be careful since the competition had an edge, an unlimited amount of money for advertising. Because of the current market, University of Phoenix had delayed their building in Billings. The best faculty at MSU had already been approached and offered better paying jobs. He noted however, the cost to the student would be a major factor since University of Phoenix is more expensive.

{Tape: 2; Side: A; Approx. Time Counter: 4.7 - 18}

Mr. Gamble introduced Dr. Dave Dooley from MSU-Bozeman.

Overview of Montana State University-Bozeman

Dr. Dave Dooley, Provost of MSU-Bozeman, provided a letter from Geoffrey Gamble, President of Montana State University. The presentation is covered by Tab 5, Exhibit 2.

EXHIBIT (jeh26a05)

Dr. Dooley reported on the activities of MSU-Bozeman's campus, some of the issues which they face and their accomplishments. He maintained that the vision of MSU-Bozeman is to be a student-centered campus. He shared the mission statement of MSU-Bozeman as well. (Pages 1-2, Tab 5, Exhibit 2.)

Dr. Dooley shared some of the recent trends which have been seen on the campus in terms of student access, performance and the quality of the programs which the University is providing. He explained that resident enrollment has increased despite the fact that high school graduates have declined. Non-resident enrollment has also increased. He briefly discussed the issue of transfer students and what the University has been doing to address them. He was also proud of the way in which the University has addressed the needs and problems associated with the Native American population. (Pages 2-4, Tab 5, Exhibit 2.)

{Tape: 2; Side: A; Approx. Time Counter: 18 - 30.3}

Dr. Dooley related that the campus has increased in numbers, as well as in quality of students. He believed the reason quality students have increased is because the University has become known for its quality undergraduate education. He expressed that they were redoubling efforts to retain students focusing on faculty and supervisors, as well as financial aid. (Page 5, Tab 5, Exhibit 2.)

{Tape: 2; Side: A; Approx. Time Counter: 30.3 - 35.2}

Dr. Dooley noted that graduate numbers were increasing and this benefits the state of Montana economically when graduates start careers in Montana. He summarized the aspects of the graduating classes. He explained why it was important for graduates to remain in Montana, emphasizing the contribution of these students to the economy of Montana. He informed the Subcommittee of the reasons why Montana State University is considered a high-quality institution. He asserted that it was because the staff is highly productive and helpful, the costs are low compared to peer institutions, and the achievement rate of students is high. (Pages 6-9, Tab 5, Exhibit 2.)

{Tape: 2; Side: A; Approx. Time Counter: 35.2 - 46}

{Tape: 2; Side: B; Approx. Time Counter: 0 - 3.9}

Dr. Dooley proceeded to discuss research and development on the campus of MSU-Bozeman. He informed the Committee that the University's annual expenditures for research had reached \$88 million in fiscal year 2004. Their total research portfolio is two and one-half to three times that amount. Approximately \$65

million of those dollars are spent on salaries, coming from federal funds and other funds from outside Montana. It was important to have partnerships with the private sector to bring value-added economic development to the people of Montana. Another area of success in this field was new patents, licenses and new plant varieties. They also provide business assistance to small businesses and manufacturers. He elaborated on the benefits research brings to the University, as well as to the State of Montana. The research activities at MSU would be a magnet for private sector investment, and a stimulus to the creation of new business and technology transfer. He elaborated on the impact to Montana's economy due to MSU. (Pages 9-11, Tab 5, Exhibit 2.)

{Tape: 2; Side: B; Approx. Time Counter: 3.9 - 10.4}

Mr. Dooley related that extension and outreach were an important part of MSU-Bozeman's mission. He emphasized the fact that programs spanned everything from 4-H through economic development, family and consumer science, and agricultural assistance. He thought that there was a good return on investment in these areas. Page 11, Tab 5, Exhibit 2.

{Tape: 2; Side: B; Approx. Time Counter: 8.3 - 11.6}

Mr. Dooley concluded with a few of the challenges which MSU-Bozeman faces. He stressed that this portion of the presentation was also student-centered in the fact that the financial burdens for higher education are increasingly centered on the students. Per capita, Montana's appropriation for education is much lower than the region's average. It was important because the University System in Montana is competing against all other colleges and universities in the region. He thought that the fact Montana is investing less in education is going to impact the state in a variety of ways. The two primary sources of funding for higher education in Montana are the citizens of the state and the students and their families, which are often one and the same. He provided a summary of the aid statistics for the University. He reiterated that the salaries for the staff and faculty are low. He stated that he had to fight against poachers from other universities and colleges.

The final challenge he addressed was how to fund the state Pay Plan. It had increasingly fallen to the students to fund the Pay Plan for campuses of MUS. Despite these challenges, he felt that MSU-Bozeman would be successful, as would all of the campuses of Montana State University. Pages 12-14, Tab 5, Exhibit 2.

{Tape: 2; Side: B; Approx. Time Counter: 11.6 - 22.7}

Questions from the Committee Concerning MSU-Bozeman

REP. JUNEAU inquired about the housing costs in Bozeman.

Dr. Dooley replied that it was around 146 percent of the Montana average for housing.

REP. JUNEAU followed up by asking if that was the cost for living in the dorms or living in Bozeman itself.

Dr. Dooley clarified that the percentage reflected the cost for faculty and staff to obtain comparable housing, either buying or renting, in Gallatin Valley.

REP. JUNEAU commented that the increased rent costs were a barrier to attending the University. She wanted to know if MSU had any plans or recommendations for families. She suggested the possibility of building more Section 8 housing.

{Tape: 2; Side: B; Approx. Time Counter: 22.7 - 25.9}

Dr. Dooley admitted that MSU was concerned about providing affordable housing for graduates and undergraduates. They tried to price their housing at the low end of the market, as well as provide various services in student housing. He expressed that there has been a movement in the private sector to provide affordable housing. He indicated that they were more concerned about providing housing for faculty and staff than for students.

Mr. Gamble added that there were staff members who commuted on a daily basis from locations such as Big Timber and Whitehall.

{Tape: 2; Side: B; Approx. Time Counter: 25.9 - 30.5; Comments: at 9:50 A.M. there was a ten-minute break.}

Mr. Gamble provided a handout to the Committee members explaining the preliminary tuition requirement calculations. He briefly went through and explained what the handout contained.

EXHIBIT (jeh26a06)

{Tape: 2; Side: B; Approx. Time Counter: 30.5 - 36}

Mr. Gamble returned to the concept of compensation. He commented that compensation was crucial and desperately needed. He asserted that there needed to be a solution, and he urged the Committee to think on the matter.

{Tape: 2; Side: B; Approx. Time Counter: 36 - 38.9}

Public Comment on MSU-Bozeman

Erik Burke, MEA-MFT, remarked that the University Pay Plan and salaries of the faculty and staff have been an issue for years throughout the state. He expressed the need to address this ongoing issue. Montana Education Association-Montana Federation of Teachers (MEA-MFT) has been concerned in the past years and has seen a budget which will force the public university system into becoming a private university system. He asserted that the Pay Plan was a perfect example of this switch. Mr. Burke informed the Committee that when the State of Montana passes a Pay Plan, it is assumed that the State would only pay 43 percent of the university cost for that Pay Plan. This causes the privatization of the public university system. The more tuition increases, the smaller the 43 percent becomes. He reiterated that this issue needed to be addressed soon. He expressed the support of MEA-MFT for Governor Schweitzer's proposed budget. They feel that it would help a great deal, moving the present law adjustments from the 43-80 percent in several areas. They believe that funding needs to be addressed as a whole this session. He pointed out that the struggle to recruit and retain high-quality faculty members affects the whole state. The reasons he gave for these problems are low salaries, uncompetitive benefit packages, high teaching loads, and reduced benefit levels.

{Tape: 2; Side: B; Approx. Time Counter: 38.9 - 46.5}

Mr. Burke explained that the Montana salaries for two-year faculty are the lowest in the country; salaries for four-year faculty are in the bottom five nationally for peer institutions. He indicated that Montana's tuition and fee levels at public institutions are among the highest in the western United States. Montana's total investment in public higher education ranked only behind Vermont and New Hampshire. He claimed that the facilities are becoming increasingly outdated and in disrepair due to years of deferred maintenance. He emphasized the problem, discussing the fact that the overall investment needed by Montana to equal the per capita spending in the regional peers would be \$90 million per year at this point. To reach the national average there would need to be an investment of \$45 million. MEA-MFT believes that something needs to be done, and it needs to be addressed soon. He returned to the University System Pay Plan and suggested that they amend the percentage from 43-50 percent. He explained that this would be a \$2 million investment.

{Tape: 3; Side: A; Approx. Time Counter: 0 - 3.7}

Kayla French agreed that students pay a disproportionate share and that there was no easy solution except to work towards a more equitable cost share. She expressed appreciation on behalf of the Committee for helping students and the university employees.

{Tape: 3; Side: A; Approx. Time Counter: 3.7 - 5}

Presentation on the Appropriation Allocation Process

Rod Sundsted, Associate Commissioner for Fiscal Affairs in the Montana University System, discussed how the appropriation process worked and how funds had been allocated among units historically. He wanted to talk about the adjustments and changes, as well as touch on some of the issues which the campuses, their office and the regions are facing.

CHAIR FRANKLIN wanted to know what was going to happen with the money the Committee appropriated.

Mr. Sundsted referenced the Regents Fact Book throughout his presentation. He also provided a handout on the Montana University System Cost Allocation Model.

[EXHIBIT \(jeh26a07\)](#)

[EXHIBIT \(jeh26a08\)](#)

Mr. Sundsted discussed the handout's history and the history of the University System's appropriations and allocation process. He informed the Committee that the first time the Regents received the lump sum appropriation was in Fiscal Year 1996-97 on a recommendation from the Post-secondary Education Policy and Budget Committee. He reported that in 1994, there was a group of representatives from the University System and the legislature who looked at how the University System would allocate funds if they received a lump sum appropriation. He mentioned that at this time there was also restructuring occurring in the University System. This group was looking for a way to allocate State funds to campuses based on their enrollments with adjustments made for differences in campuses. Pages one and two of Exhibit 8 explained what they were looking at for the allocation of funds. He expressed how they used the restrictions to build a budget and to categorize the campuses.

Mr. Sundsted indicated that there was also a formula for funding student services, which is available on Page 7, Exhibit 8. They also developed a formula for the institutional support budget which includes the President's Office. It is a formula amount created without building in historical spending patterns. This formula is available on Page 9 of Exhibit 8. He mentioned the physical plant and the fact that they have yet to be successful

at building a formula for the plant, hence, they still use the MBARS (Montana Budget Reporting System) budget from the budget office. He discussed fee waivers which are based on the actual budget with adjustments for enrollment and tuition changes.

{Tape: 3; Side: A; Approx. Time Counter: 5 - 29.9}

Mr. Sundsted claimed that they had also identified the need to develop a formula for athletic funding. One of the reasons he provided for using a formula for athletics was that they wanted to make sure growing enrollment did not increase the athletic budget. Research and public service were also based on the actual budget including inflation. They promised to not increase allocation through the model to either research or public service without legislative changes or changes through the Board of Regents for new programs.

Mr. Sundsted spoke about enrollment growth next. He related that they fund enrollment growth based on the legislative model which uses the marginal cost, not the full cost. The next topic he discussed was tuition differential, which is an adjustment to hold down tuition among the two-year institutions. This adjustment was made by the Regents to backfill the revenue they would lose at the College of Technology by holding down tuition to a level below the other campuses. He stated that it would become a line item adjustment on the allocation model.

{Tape: 3; Side: A; Approx. Time Counter: 29.9 - 34}

Mr. Sundsted summarized the remainder of the booklet. He reported that they had developed a target cost for each institution, multiplied it by their enrollment and then allocated funds out proportionally, based on that number. He explained that there were a number of things which had caused the University System to believe that they needed a new model. One of these reasons is the State funding for resident students. He indicated that Page 29 of Exhibit 7, gave an overview of State funding for resident students. His view is that there is not enough General Fund to support the resident students within the system. He felt that this shows up primarily at the campuses with a majority of resident students. He pointed out that on Page 31, Exhibit 7, there was only \$7,400 available from resident undergraduate tuition and State support, and the University System is spending \$8,400 per student. The difference is funded through nonresident students paying an excess of their cost.

{Tape: 3; Side: A; Approx. Time Counter: 34 - 43.6}

Mr. Sundsted elaborated that the other problem with the model is that they are only distributing about 38 percent of the revenue for the campuses, meaning 62 percent stays on the campuses as tuition. He cited that the way in which campuses have adjusted to this is by increasing nonresident tuition until it is at 140 percent of the actual cost and in some cases resorted to inter-campus transfers.

{Tape: 3; Side: B; Approx. Time Counter: 0 - 3.1}

Mr. Sundsted continued, posing the question, "How would they plan for the future, given all of these issues?" He answered this by explaining that the Board of Regents had requested that the University System go back and look at the types of tuition increases and how they should be allocated to meet both the Regents and other priorities. The Board of Regents wants differential tuition, and they were looking for a way to use the budget provided to make this happen. However, he felt the need to start from scratch and obtain consulting help. They need to decide what the objectives of the allocation model would be. The first model was based strictly on equity, but maybe there are other things which they would want to include in a new model.

{Tape: 3; Side: B; Approx. Time Counter: 3.1 - 7}

Questions from the Committee

CHAIR FRANKLIN commented that they valued Mr. Sundsted's opinion and his experience within the system was invaluable. His presentation provided structure and context. She asked about the decisions which are made for transfers from larger units and wanted to know if it was an idiosyncratic process or whether it done on an emergency basis.

Mr. Sundsted replied that the transfers began around four years ago and have moved along since then. He remarked that the loans were really in two pieces: 1) sustainability grants, made specifically for the purpose of allowing other institutions to deal with issues of retention, new programs and finding a way to sustain enrollment, and 2) campus-made recommendations, which the Regents later adopted. He felt that the difference this time is that, rather than the Regents allowing the transfer of funds this way, they have dealt with the problem up front and allocated the funds from the beginning.

CHAIR FRANKLIN concluded the meeting with details of the upcoming events. The handout not discussed is Exhibit 9.

EXHIBIT (jeh26a09)

ADJOURNMENT

Adjournment: 10:45 A.M.

REP. EVE FRANKLIN, Chairman

DIANA WILLIAMS, Secretary

BRITT NELSON, Transcriber

EF/dw

Additional Exhibits:

EXHIBIT ([jeh26aad0.PDF](#))