

**FACULTY SENATE**  
**Sept 15, 2010**  
**LEO JOHNSON 346**  
**4:10 PM – 5:00 PM**  
**MONTANA STATE UNIVERSITY-BOZEMAN, MONTANA**  
**Minutes**

**Members Present:** Osborne, Moreaux, Cherry, Gerlach, Neumeier, Lawrence, Lockhart, Palmer, Kaiser, Bury for Schachman, Martin, Reidy, Biber, Eitle, Anderson, Lansverk, Fisher, Rossmann, Caton, Sobek, Chen, Zhu, Longcope, McClure, Eiger

**Members Absent:**

**Others Present:** Joe Fedock, Greg Young, Paula Lutz, Gail Schontzler, Mick Robinson, Shelia Stearns, Tracy Sterling, Lucy Marshall, Jody Barney, Thomas Hughes, Doug Downs, Carl Fox, Dan Moshavi, Bern Kohler, David Eitle, Lucas Geyer, Tamara Miller, Craig Roloff, Jeff Adams, Wes Lynch, Warren Jones, Tamara Miller, Sheila Stearns

Chair Lansverk called the meeting to order at 4:10 PM. A quorum was present.

***Announcements –Chair Lansverk***

- No FS meeting on Sept 22, 2010, due to Board of Regents Meeting in Butte.
- The new FS office is located in 106 Montana Hall.

***Performance Based Funding (PBF) – Deputy Commissioner Mick Robinson***

- Deputy Commissioner Robinson began his remarks with a brief history of the MUS budget allocation models: Periodically, the BoR reviews the budget allocation model for the MUS. In the past four years, they have moved from a “student credit hour production” model and adopted the “base-plus model” for the MUS. The base budget is determined by the previous biennium’s spending levels, increased by the “present law adjustment,” for inflation. Even under this model, the budget allocation needs to be adjusted periodically. For the units across the MUS, enrollment changes have resulted in a misalignment of the set allocations from actual student enrollment. (During this past year’s statewide budget problems, however, the MUS was asked by the governor, beginning last May, to reduce the base budget by 5% and benefits and salaries by 4% thus giving what was jokingly referred to as a “base-minus model.”) The Regents are now exploring moving to a new allocation model, referred to as Performance Based Funding. This model targets faculty certain aspects of university performance and directs funds to units who outperform others in specific areas. This new funding model is being crafted with the assistance of a hired, outside consultant from NCHEMS, Dennis Jones. The BoR would like to use this PBF model to improve the six year graduation rate of undergraduates, a common, if very blunt measure of student degree attainment. Mick said he wasn’t sure how much of the budget allocation might be affected by this new process, but possibly all of the state allocated funds, and possibly even the tuition generated part of the budget. As part of their work on a draft PBF proposal, OCHE is also trying to factor in nationwide average program costs into the model, by employing a university cost study which includes FL, OH, and ILL (not because of any specific relevance to our system, but because that data is easily available; to do our own cost survey of peer institutions would be expensive). A matrix was handed out ranking all programs based on this cost index, which assigns Psychology a value of “1,” as the cheapest program to deliver, with factors increasing through other programs, and up from undergraduate to graduate courses.

FS raised a number of questions about this emerging PBF proposal:

- Currently, the only performance measure for this model is successful course completion. How it account for research/creative activities and outreach is not yet certain.
  - Complexities and differences (e.g., campus Missions) among the different MUS institutions are not accounted for.
  - Quantity, graduating students without concern for quality, as a sole measurement is of concern among faculty and inevitably students and citizens of Montana.
  - Who pays for students who do not graduate?  
A number of questions were raised about the cost study as well: including questioning the relevance of these three states’ aggregate cost data to our system; the relevance of trying to factor costs into the PBF model in this fashion in the first place; and the reliability of cost data which counter intuitively seems to say law classes are more expensive to deliver than science courses with very expensive equipment, labs, and start up costs.
- DC Robinson and Commissioner Stearns emphasized that these PBF ideas were not yet fully developed, that they were at a preliminary stage. They also encouraged shared governance participation with FS discussions and input along the way.

The Faculty Senate meeting ended at 5:00 PM, as there was no further business.

*Signature*

Marvin Lansverk, Chair

*Signature*

Gale R. Gough, Secretary