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ABSTRACT

This briefing book contains several documents prepared by the Montana University System for educators, policymakers, and other interested parties. The "Montana University System Fact Sheet" provides factual information about funding, costs, quality, and the productivity of the university system. The "Montana University System Message" describes the themes that are important for public understanding of the accomplishments and needs of the university system. An initiative, "Making Postsecondary Education and Training More Accessible for Montanans," is included, representing the only new proposal by the Board of Regents for consideration by the governor and the state legislature. Also included is a summary of "Opportunities in Workforce and Rural Development" that suggests ways the university system could improve the Montana economy. "The Montana University System--An Investment in Montana's Future" provides details about the opportunities listed in the summary. "The Montana University System: The Financial Context" provides the fiscal analysis that guided the development of the original budget request of the university system. Also included is the "Joint Subcommittee on Postsecondary Education Policy and Budget," which provides goals and accountability measures for higher education. The final document, the "Strategic Plan: Mission, Goals, and Objectives of the Montana University System," is the document approved by the Board of Regents to provide strategic direction to the entire university system. (SLD)

Montana University System Biennial Briefing Book

December 2002

Montana University System Biennial Briefing Book

Prepared for the 58th Regular Session of the Montana State Legislature

December, 2002

Executive Summary

This briefing book contains several documents prepared by the Montana University System for the general public; the media; the Executive and Legislative branches of government; students, faculty, and staff of the university system; and any other interested parties. A brief summary of each document is included below. Comments or questions about these documents can be directed to:
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The *Montana University System* ***Fact Sheet*** provides factual information about funding, costs, quality, and productivity of the university system.

The *Montana University System* ***Message*** suggests the themes that we believe are important for public understanding of the accomplishments and needs of the university system.

In the light of the fiscal challenges facing the state of Montana, the Board of Regents has forwarded only a single new proposal for consideration by the Governor and the Legislature. The **initiative** is entitled *Making Postsecondary Education and Training more Accessible for Montanans.*

The Board of Regents believes that if additional funding were found by the Governor and Legislature there are *Investment* ***Opportunities*** *in Workforce and Rural Development* by which the university system could dramatically improve the Montana economy. These opportunities are accompanied by outcomes and accountability measures. The full document, *The Montana University System - -* ***An Investment in Montana's Future*** provides full detail about all of these opportunities.

A document entitled *The Montana University System:* ***The Financial Context*** provides the fiscal analysis that guided the development of the original budget request of the university system. The document summarizes the role of the university system in the economic and social success of Montana, outlines how the university system has been doing its part to address the needs of the state, appeals for help from the state in doing its part, discusses fiscal issues associated with the development of a base budget for the university system and the present law adjustments required by state statute, and concludes with observations on the importance of compensation for university system and other state employees.

Members of the Board of Regents worked enthusiastically with an interim legislative subcommittee to develop policy goals and accountability measures for each goal. The Board of Regents and the Education and Local Government Interim Committee of the Legislature signed an agreement on these goals and measures. The University System will submit its first report under the new agreement in January of 2003. ***The Joint Subcommittee on Postsecondary Education Policy and Budget*** provides these goals and accountability measures.

The ***Strategic Plan: Mission, Vision, Goals and Objectives of the Montana University System*** is the document approved by the Board of Regents in the Fall of 2001 that provides strategic direction to the entire university system.

Montana University System Fact Sheet

Record enrollment growth:

Students from Montana and outside of the State continue to enroll in the Montana University System in record numbers. Last year's resident enrollment was 25,566 FTE (the highest ever) and the total university system enrollment was 32,090 (also the highest ever). We expect to top these numbers in 2002-2003.

Economic benefit of Federally sponsored research programs:

In FY 2001, the campuses of the Montana University System and the State of Montana and its developing high tech businesses benefited from the over $104 million that was brought into the State for research, largely from the Federal government. This is a 421% increase over the total in 1990.

Economic benefit of out-of-state students:

In 2001-2002 the Montana University System and the State of Montana benefited economically from the presence of 6,523 full-time equivalent students enrolled from outside of the State of Montana. The direct expenditures of these students paying for the cost of their education brought $113 million into the economy of the State. The conservative three-fold multiplier used by economists would indicate that these students had an almost $350 million economic impact on the State.

Montana has the region's most efficient university system:

In 2000, the Legislative Fiscal Division compared total expenditures per student in Montana and the other seven states identified by the Legislature for peer comparisons. Montana's expenditure per student was $6670 and the other states ranged from $6786 (North Dakota) to $10,575 (New Mexico). It cost the Montana University System 76.8 cents on the dollar to educate a student compared to these peer states.

The argument is occasionally made that the Montana University System is inefficient because we have too many campuses. It is argued that we would be more efficient if we modeled ourselves after The University of Wyoming which has only one campus. In 1998, The University of Wyoming spent almost $4000 more per year to educate a student.

MUS produces quality graduates:

- The University of Montana – Missoula accounting students achieved the highest pass rate in the nation on the May 2000 Uniform CPA examination.
- Montana Tech placed 97% of its May 2000 graduates in jobs related to their degrees.
- Over the last eight years, MSU – Bozeman engineering graduates have achieved a past rate of 91% of the professional licensure examination compared to the national average of 70%.
- Montana State University – Billings was ranked among the best regional schools in the nation according to U.S. News and World Reports.

Our graduates make important contributions to the State:

- On the average, 91.4% of the graduates of the Colleges of Technology are employed in the State of Montana.
- On the average, 51.1% of the graduates of the four-year campuses are employed in the State of Montana upon graduation.

Decline in State support:

In 1992, the Montana University System received $115.5 million from the State to educate 24,081 Montanans attending its campuses. In 2002-2003, the Montana University System will receive $113.4 million to educate a projected 26,011 students.

In the summer of 2002, the Legislature's Joint Subcommittee on Postsecondary Education Policy and Budget revised the list of peer states for the university system to more narrowly include only states in our region. The following data is taken from the Grapevine Surveys of appropriations to higher education and from a report from the National Association of State Budget Officers.

- Higher education appropriations per capita: Montana $149 Peer state average $233
- Higher education appropriations per $1000 of personal income Montana $6.96 Peer state average $8.74
- 10 year change in higher education appropriations Montana +7.0% Peer state average +51.8%
- Higher education appropriation as a percentage of total appropriation Montana 11.4% Peer state average 15.2%

Student costs:

For the period from 1992 to 2003, students through tuition and fees have covered all of the following expenses for the campuses of the Montana University System:

- Eleven years of increases in operational costs associated with educating 24,081 resident students (salary increases, utility increases, increased costs of library books and subscriptions, increases in operations and maintenance of the campuses, and general inflation).
- All costs associated with educating an additional 1,930 resident students that are now enrolled in 2003 (instruction; student, academic, and institutional support; fee waivers; operations; and maintenance).
- In addition to covering all of the above costs, tuition Increases have made up for and backfilled a $2.1 million loss in State funding over the same period (1992-2003).

The Montana University System Message

The Montana University System provides high quality academic programs and services to students who, when they graduate, get good jobs, perform extraordinarily well on professional licensure examinations, and succeed in graduate school.

According to a 2000 study of the Legislative Fiscal Division the Montana University System is the most cost effective university system of the eight states studied in our region.

Montana college and university students and their families continue to demonstrate great confidence in the Montana University System by enrolling in record numbers.

The Montana University System makes critically important contributions to economic development in Montana:

- We provide a well-educated and high qualified work force; between 50-55% of our four-year graduates and over 90% of our two-year graduates take jobs in Montana.
- In 2002 non-resident students brought more than $113 million of total expenditures into Montana's economy at no cost to the Montana taxpayer.
- In 2001 the campuses of the Montana University System brought $104 million of Federal research dollars into Montana, which ranked us 6th in the nation for university research and development as a percentage of gross State product.
- In 2001 the Montana University System provided customized training for nearly 20,000 Montanans so that they could qualify for better jobs, earn higher salaries, increase job satisfaction, and contribute more to the productivity and profitability of the companies for which they work.
- The campuses and agencies of the Montana University System provide a variety of business assistance programs across the state, form partnerships with the private sector, and facilitate the transfer of technologies discovered by our faculty in developing businesses.

The budget of the Montana University System absorbed between 40% and 50% of the budget reductions enacted during the 2002 Legislative Special Session.

Since 1992 State support for the Montana University System has declined:

- In 1992 the Montana University System received $115.5 million from the State to education 24,081 Montanans; eleven years later, the campuses are receiving $113.4 million to educate well over 26,000 students.
- In 2002 The Montana University System received state appropriations of $149 per capita; the average of the other nine states identified as our regional peers by a legislative subcommittee was $233; in the same year, higher education appropriations per $1000 of personal income was $6.96 (the lowest it has been in 40 years) and the average in the other nine states was $8.74.

The Montana University System has taken seriously its responsibility to be accountable to the people of Montana. This Fall the Education and Local Government Interim Committee of the Legislature approved an agreement between the Board of Regents and the Legislature on six goals for the university system and two accountability measures to be used in assessing whether or not the university system has met those goals. The goals were: Prepare students for success through quality education; Promote access and affordability; deliver efficient, coordinated services; Be responsive to market and employment needs and opportunities; Contribute to Montana's economic and social success; Collaborate with the K-12 school system and other postsecondary education institutions.

Governor Martz and the Legislature face challenging decisions in establishing the next biennial budget. We hope that they will address the decline in State support for the campuses of the MUS. Whatever the outcome of those decisions, we will continue to do what we do best - -

provide cost-effective, high-quality education programs and services to Montanans. We enlist the help of all Montanans in helping us continue those programs and services while holding down tuition increases.

Montana University System New Proposal

Making Postsecondary Education and Training More Accessible for Montanans

➢ **Specific elements of initiative:**

- Increase State financial aid
  - Increase dollars available for MTAP/Baker Grants ($1,000,000)
    - Awards are made to students from low and middle-income families. The awards are only available to students who are working their way through school and whose family's expected family contribution is below $6,500. The average award is $553. The increased funding would enable another 1,800 students to receive this grant.
  - Montana Higher Education Grants ($400,000)
    - Awards are made to students who are among the neediest in qualifying for financial aid. The average grant award is $300. The federal maximum is $5,000. The additional funds would enable another 667 students to receive this grant.
  - Increase dollars available for Montana Work Study Program ($400,000)
    - Awards are made to students who have need based on the federal criteria and who find their own job on campus. The average award is $853. The maximum award is $5,000. The increased funding would enable another 235 student to receive this award.
- Fund tuition differential for two-year colleges, and smaller four-year campuses. ($974,400)
  This funding would permit us to continue to hold tuition increases at the Colleges of Technology (and two-year programs at Northern and Western) to 4% per year below what the tuition increases will be for the four-year campuses. Over the biennium, tuition would increase at the four-year campuses by 8% more than at the two-year campuses.
- Fast Forward Education Program - - A cooperative effort among educational providers to establish a seamless educational structure that focuses on students' success. Area elementary, secondary, and higher education providers cooperatively construct a program that begins with student career development activities in the seventh grade and works with students to move them forward based upon their abilities, talents, and interests. The program will build on successes and what we have learned from our Educational Talent Search program and our GEAR-UP program. ($800,000)
- Tribal college support for non-beneficiary students—an initiative to return tribal college support for non-beneficiary students to the FY00-01 level of approximately $1,500 per student. ($834,000)
- Indian Education for All (MCA 20-1-501ff) – In order to improve campus services for and sensitivity toward Native American students statewide training will be provided to front-line student services and operations personnel and their supervisors and assist them to develop effective modes of interaction with Native American students and families. Faculty training will be designed to help them learn what cultural issues affect student learning and interactions in the classroom. ($150,000)

- **Investment:** $4,558,400

- **Return on investment:**

  - Better retention of Native American students in higher education and greater numbers of students completing programs of study.
  - Increase job opportunities for Montanans, improve family and per-capita income, and thereby increase the State's tax revenues.
  - Increased enrollment of economically disadvantaged Montanans, leading to better postsecondary education participation rates, better retention and graduation rates, better employment opportunities and higher income levels.
  - Improved ability for low- and middle income students to access postsecondary education complete degrees.
  - Improved opportunities for Montanans to retrain or improve work skills.
  - Lower debt loads upon graduation

- **Accountability measures:**

  - Improved postsecondary participation rates for Montanans as they graduate from highs school and for the population aged 25-44.
  - Increase in percentage of MUS students enrolled in COTs and smaller four-year campuses.
  - Increased participation in higher education for students from low-income and Native American families.

Investment Opportunities in Workforce and Rural Development

Montana University System

The Board of Regents of the Montana University System recognizes the challenging fiscal situation facing the State and has limited its budget request accordingly. However, the Montana University System is the most important potential driver in the expansion of the Montana economy. Therefore, we offer decision makers in the Executive and Legislative branches these ideas showing

- how specific investments in the Montana University System would provide specific economic returns and
- how the Montana University System could be held accountable for these investments.

Details about all of these ideas are available from the Office of the Commissioner of Higher Education.

Investment Opportunities:

The University of Montana – Helena College of Technology
Community program to meet employers' needs for trained workforce, upgrade basic skills instruction, and expand automotive program.

The University of Montana – Missoula College of Technology
Provide workforce training by combining the resources of Job Service, Missoula Economic Development Corporation, and the College of Technology to increase productivity of workers and support business development.

The University of Montana – Western

Provide a Bachelor's degree in early childhood education to fulfill the growing need for qualified workers in the childcare industry.

Montana Tech of the University of Montana

Expand opportunities for students in nursing, information technology design, and health care informatics.

The University of Montana – Missoula

Reinstate the master's degree in speech science and communication disorders to train speech pathologists for Montana's public schools and community health care facilities.

Montana Tech of The University of Montana – Bureau of Mines and Geology

Establish a small program to compile and map regional oil and gas data held in records filed with State agencies which would enable operators to develop prospects and explore areas of the State where current knowledge of the subsurface is lacking.

The University of Montana – Forest and Conservation Experiment Station

Expand continuing education in forest management focusing on private lands in order to bring more forest stands under management and into production for the variety of goods and services demanded by the people of Montana.

The University of Montana – Flathead Lake Biological Station

Continue research on water quality problems associated with coal bed methane development in order to capitalize on these resources, create new jobs and reduce reliance on out-of-state energy sources.

Montana State University – Great Falls College of Technology

Establish satellite centers in Choteau, Gallatin, Pondera, and Toole counties to serve as one-stop facilities to assist local residents in accessing technical programs on-line.

Montana State University - Billings

Expand private, public, and Federal partnership to improve training and education offered to individuals and small businesses and provide teacher training in rural Montana communities.

Montana State University – Northern

Use technology to expand the initiative with area Tribal Colleges to offer teacher training to Native Americans, offer master's in education to cohort groups in several Eastern Montana communities, and expand the industrial technology program in Havre.

Montana State University – Bozeman

Meet workforce needs for healthcare professionals through partnerships with local providers and the use of distance learning to improve opportunities for place-bound students in rural Montana.

Montana State University Extension Service

Promote rural development by stabilizing funding for a tech transfer position and adding positions in marketing and technical support for ag producers.

Montana State University Fire Services Training School

Assist rural communities by adding 1.5 FTE trainers.

Montana State University Agriculture Experiment Stations

Increase repair and maintenance expenditures to preserve the State's facilities and infrastructure at the experiment stations.

Dawson Community College

Expand the offering of the farm and ranch management program into additional communities of Eastern Montana.

Flathead Valley Community College

Expand customized training and degree programs tied to growing market sectors and the needs of business clusters including allied health, manufacturing, and hospitality/tourism.

Miles Community College

Expand programs in chemical dependency, health care programs including nursing, and power plant technology, the last in partnership with the Colstrip power plant.

The campuses of the Montana University System also have a variety of programs and services that contribute directly to the growth and expansion of Montana's economy. These include: tech transfer support to help turn research findings into profitable companies; support services to small businesses and manufacturers; customized training for workers; research on Montana economic conditions; economic development programs. Additional investments in all of these kinds of programs would expand their ability to help the Montana economy grow.

The total cost of all of these investments are estimated to be approximately $4 million. Details of all of the investments are available in the Office of the Commissioner.

Return on investment:

- Improved productivity and income levels for Montana workers, leading to a stronger State tax base.
- Increased enrollment in areas of employment need and economic growth.
- Increase in number of patents, licenses, and new companies based on Montana University System research, development, and technology transfer.
- Improved productivity for Montana's farmers and ranchers through expanded research and training, value-added development strategies, and the use of more sophisticated marketing techniques

Accountability Measures:

- New programs, improved participation rates, and increased services to businesses in rural Montana.
- Improved productivity of Montana farms and ranchers through programs, research, and recommendations of the Montana University System and its agencies.
- Implementation of and enrollment in new degree programs, research efforts, and training activities tied to employment needs and economic growth.
- Long term—Increased jobs and company relocations or start-ups in targeted areas, improved income levels for Montanans participating in the programs and training activities, improved retention of Montana graduates.

The Montana University System

An Investment in Montana's Future

September 30, 2002
Investment Initiatives For 2004-05

Investment Opportunities in Workforce and Rural Development
Montana University System

THE UNIVERSITY OF MONTANA – HELENA COLLEGE OF TECHNOLOGY

Workforce Development - basic academic and workforce skills, and automotive and general education program partnerships with local area high schools and the under-educated adult population.

	FY2004	FY2005	
Biennial Costs	$100,000	$80,000	**$180,000**

THE UNIVERSITY OF MONTANA – MISSOULA COLLEGE OF TECHNOLOGY

Training Needs Team for Business and Industry

Biennial Costs	$62,500	$62,500	**$125,000**

THE UNIVERSITY OF MONTANA -WESTERN

Early Childhood Education - a Bachelor of Science degree in Early Childhood Education to serve students at nine locations in Montana (Missoula, Hamilton, Dillon, Butte, Bozeman, Billings, Great Falls, Helena, and Havre.)

Biennial Costs	$112,500	$112,500	**$225,000**

MONTANA TECH OF THE UNIVERSITY OF MONTANA

Workforce Development – Certified Nurse Assistant (CNA) program expansion statewide; Healthcare Informatics degree program; Information Technology Design (ITD) program expansion to incorporate a wider array of new technologies in networking; expanded program outreach to Montana communities.

Biennial Costs	$162,600	$162,600	**$325,200**

THE UNIVERSITY OF MONTANA-MISSOULA

Communication Disorders Master's Degree Program – to train Speech and Language Pathologists for Montana public schools and community health care facilities.

Biennial Costs	$335,000	$305,000	**$640,000**

MONTANA TECH OF THE UNIVERSITY OF MONTANA – BUREAU OF MINES AND GEOLOGY

Establish a small program to compile and map regional oil and gas data held in records filed with State agencies which would enable operators to develop prospects and explore areas of the State where current knowledge of the subsurface is lacking.

Biennial Costs **$140,000**

THE UNIVERSITY OF MONTANA – FOREST AND CONSERVATION EXPERIMENT STATION

Expand continuing education in forest management focusing on private lands in order to bring more forest stands under management and into production for the variety of goods and services demanded by the people of Montana.

Biennial Costs **$150,000**

THE UNIVERSITY OF MONTANA – FLATHEAD LAKE BIOLOGICAL STATION

Continue research on water quality problems associated with coal bed methane development in order to capitalize on these resources, create new jobs and reduce reliance on out-of-state energy sources.

Biennial Costs	$100,000	$100,000	**$200,000**

MONTANA STATE UNIVERSITY – GREAT FALLS COLLEGE OF TECHNOLOGY

Promote Rural Development, by expanding access to academic and occupational programs, through one-stop community satellite centers delivering on-line College of Technology programs.

Biennial Costs	$150,000	$150,000	**$ 300,000**

MONTANA STATE UNIVERSITY – BILLINGS

Improve Retention of Teaching Professionals and Provide Teacher Training in Rural Montana Communities.

Biennial Costs	$125,000	$200,000	**$ 325,000**

MONTANA STATE UNIVERSITY – NORTHERN

Promote Rural Development, by continuing the Education Initiative with area Tribal Colleges.

Biennial Costs	$ 80,000	$ 83,000	**$ 163,000**

MONTANA STATE UNIVERSITY – NORTHERN
Promote Rural Development, by assisting Montana teachers in rural areas with Graduate Education opportunities.

Biennial Costs	$ 70,000	$ 73,000	**$ 143,000**

MONTANA STATE UNIVERSITY – NORTHERN
Promote Rural Development, by expanding the Industrial Technology Program at MSU-Northern.

Biennial Costs	$ 40,000	$ 42,000	**$ 82,000**

MONTANA STATE UNIVERSITY – BOZEMAN
Promotion of Rural Development - Completing the Circle for Health Care Professionals, through the recruitment and training of health care providers, from within, and for, the six county area of North Central Montana.

Biennial Costs	$150,000	$150,000	**$ 300,000**

Montana State University Extension Service
Promote Rural Development by Converting OTO Tech Transfer position funding to base funding.

Biennial Costs	$102,208	$102,208	**$204,416**

MONTANA STATE UNIVERSITY FIRE SERVICES TRAINING SCHOOL
To improve the quality and quantity of training services provided emergency responders by adding 1.65 trainers, strategically distributed in Montana so that no trainers serve more than 10 counties each.

Biennial Costs	$58,984	$115,234	**$174,218**

MONTANA STATE UNIVERSITY AGRICULTURE EXPERIMENT STATIONS
Increase repair and maintenance expenditures to preserve the State's facilities and infrastructure at the experiment stations.

Biennial Costs	$98,820	$98,820	**$197,640**

DAWSON COMMUNITY COLLEGE
Farm/Ranch Business Management Program Expansion

Biennial Costs	$85,000	$85,000	**$170,000**

PLUS CCs

BIENNIAL TOTALS	$1,638,792	$1,728,042	**$3,956,834**

THE UNIVERSITY OF MONTANA – HELENA COLLEGE OF TECHNOLOGY
Community Outreach Education

- **Specific Elements of Initiative:**

  - HCT will meet employers' workforce development needs in the community and the State by upgrading basic academic and workforce skills and by expanding automotive and general education programs through partnerships with high schools and the under-educated adult population.

- **Investment Required:**

  - Biennial cost – $180,000 ($100,000 in FY04, $80,000 in FY05)Two faculty FTE @ $80,000 annually
  - Curriculum development @ $10,000
  - Partnership development @ $5,000
  - Planning and development @ $5,000

➢ Return on Investment

- Economic return on investment
  * Workforce Development In 2004 and in 2005, the HCT will enroll 60 students in the new programs. By the end of 2005, at least 75 new students will have completed educational programs through this proposal. Of these, 25 new workers who possess basic thinking, reading, math and communication skills and an appreciation for a good work ethic will have been added to the labor force, 10 new workers will be added to the qualified entry-level automotive technician workforce, 15 new students will have college credit upon high school graduation, and 25 new students will be prepared to transfer to degree programs.
  * Return from Service to Businesses and Community. The 25 new workers completing the basic skills program will have moved from the unemployed/unemployable ranks to productive members of the workforce at an average salary of around $20,000 per year in the Helena area and across the State. The 10 new trained automotive technicians will earn an average of over $30,000 per year here in Montana. This means over $800,000 returned directly to the local economy, and about $30,000 in increased personal income tax revenue alone for the State of Montana.
- Non-economic Return on Investment – meeting State needs
  * Demonstrated Need. The program will address a critical need for low-income Montanans to have access to higher education by providing the opportunity for secondary school students and certificate program participants to earn transferable bachelor's degree credit. Also, increasing employee skills and abilities will positively affect business's bottom line. By providing the opportunity for pre-employment training and encouraging student knowledge acquisition before entering the workforce, the Community Outreach Education program will quickly and efficiently deliver trained workers to the labor market. Currently, a number of counties in the State show unemployment rates well below 4% (considered full employment). According to the Department of Labor & Industry, labor shortages negatively impact the economy. Moreover, the issue is exacerbated at the lower end of the labor market, especially when the available pool lacks appropriate skills to meet employer needs.
  * Demand for Graduates. By leaving training and employee education to the entities who can more effectively and efficiently provide it, employers can focus on conducting their business. Specifically, the program will increase the number of qualified automotive technicians in the area through partnerships with the area high schools, and increase the educational achievements of high-risk secondary students through dual credit programs in general education.
  * Benefit to Citizens and State. The certificate program in basic academic and workforce skills will improve employee retention in the Helena area. The initiative will also help attract and retain viable businesses. The Community Outreach Education program affords opportunities for Montanans in targeted industries to retool, become reemployed or better employed, preparing Montana and its citizens for a revitalized economy. Finally, the basic skills program will prepare Montanans who were previously unemployed or unemployable (because of business/industry failure or outmigration, or due to a lack of basic or transferable skills). The State will not only gain the productivity and skills of new members of the labor force, it could be relieved of the economic burden of providing over $130,000 in public assistance. *(DPHHS annual estimates as of April, 2002 average approximately $5,200 per case.)*

➢ Accountability Measures

- Initial (year 1) – enrollment in year 1 of program. Full faculty hired. First courses offered.
- Intermediate (years 3-5) – certification rates, accreditation and recognition of quality indicators.
- Long range (years 5+) – employment of Montana-trained residents in Montana communities.

- **Specific Elements of Initiative:** At the request of area businesses and community leaders, TNT is a team of businesspersons and training providers working collaboratively to facilitate quality workforce development and training programs, which will:

  - Provide workforce development training by combining the resources of the Job Service, the Missoula Economic Development Corporation, and The College of Technology;
  - Enhance the productivity of workers by wise use of existing and new resources; and
  - Support existing business development.

- **Investment Required:**

  - Biennial Cost – $125,000 This money will be spent to hire one full-time faculty member, a number of part-time faculty members, and student mentors. Working with businesses and community leaders to assess and identify training needs, the program will deliver specifically tailored workforce development training and certification in areas where needs are identified.

- **Return on Investment**

  - Economic return on investment
    * Workforce Development Return. In the first year, TNT expects to assist in the career development of 200 employees in existing businesses. Conservatively, if all 200 employees received only an additional $0.50 per hour increase, gross pay increases of $200,000 would result. Additionally, although highly dependent on economic development factors, about 800 employees could be trained through pre-employment and new job creation opportunities as new businesses and industries are attracted to the area. If qualified employees (attracting business relocation and creation) for these 800 jobs were paid $10 an hour, an additional $16 million would be added to the Montana economy. At an average effective tax rate of 3.62%, personal income tax revenue alone would return another $580,000 per year to the State's general revenue.
    * Return from Service to Businesses and Community. Conservative estimates indicate that increased training would lead to increased productivity of at least 5-10% for each business, far better in some industries. Increased productivity alone could easily return more than $1 million per year through State GDP at the outset, and would only increase over time. In addition, all businesses that are part of the TNT program will be encouraged to provide pay incentives to workers successfully completing training. Aside from the simple gross pay increases mentioned above for better trained workers remaining in existing positions, participants in the program will be employable in more skilled positions, greatly expanding their earning capacity, and helping stimulate business recruitment and retention.
  - Non-economic Return on Investment – meeting State needs
    * Demonstrated Need. A number of counties in the State – including Missoula County – show unemployment rates well below 4% (considered full employment). According to the Department of Labor & Industry, when unemployment rates drop below the full employment level, a market experiences the negative economic impact of labor shortages. Moreover, the issue is exacerbated when the available pool of potential employees lacks appropriate skills to meet employer needs.
    * Demand for Graduates. Increased availability of appropriately trained workers will certainly aid existing employers, not only in productivity, but in that employers can focus on conducting their business – and leave training and employee education to the entities who can more effectively and efficiently provide it. Additionally, the ability to provide a workforce trained with job- and industry-specific skills will help attract new businesses to Montana. TNT will not only work with existing businesses, but will collaborate with businesses considering relocation to Montana, tailoring training to meet specific needs.
    * Benefit to Citizens and State. Per capita income in Montana currently ranks 46th among the 50 states. Upgrading the productivity and the income earning capacity of Montanans will not

only benefit those families whose income will increase – and the local economies in which they spend their income – but will add directly to the State's General Fund balance through increased personal and corporate tax revenues. Because TNT will provide tailored training to meet existing and new employer needs, those who complete the program will likely stay in Montana, applying improved skills to Montana's economic development.

➢ **Accountability Measures**

- Initial (year 1) – enrollment in year 1 of program. Full faculty hired. First courses offered.
- Intermediate (years 3-5) – certification rates, accreditation and recognition of quality indicators.
- Long range (years 5+) – employment of Montana-trained residents in Montana communities.

THE UNIVERSITY OF MONTANA-WESTERN
Early Childhood Education

➢ **Specific Elements of Initiative:**

- To fulfill the expanding need for qualified workers in the childcare industry, The University of Montana-Western proposes to develop a Bachelor of Science degree in Early Childhood Education. Instruction will be provided at nine locations in Montana (Missoula, Hamilton, Dillon, Butte, Bozeman, Billings, Great Falls, Helena, and Havre). In addition, by improving the availability of high quality childcare within the state, the program will assist individuals seeking to enter or return to the workforce.

➢ **Investment Required:**

- Biennial cost – $225,000 This money will be spent to: hire one full-time faculty member, a number of part-time faculty members, and student mentors at each of the field sites; train faculty in distance delivery methods; and fund extra costs associated with distance delivery.

➢ **Return on Investment**

- Economic Return on Investment
  * Workforce Development. Courses will be offered over a two-year cycle at the nine locations using a combination of internet coursework combined with guided and monitored field experiences. Students who have already completed the A.A.S. degree will be able to complete the B.S. degree with an additional two years of full-time or four years of half-time study. Currently, preschool teachers in Montana average approximately $18,000 per year, but the combination of increased demand and increased education requirements for early childhood professionals will undoubtedly cause average salaries to increase significantly. Because of the use of the distance education approach for a substantial portion of the curriculum, along with the nine locations offered statewide, it is anticipated that the program could produce 50 or more graduates per year after the completion of the first cycle.
  * Return from Service to Businesses and Community. As individuals enter or return to the workforce as a result of economic development in Montana, a greater number of more highly qualified individuals will be available to provide care for their children. Thus, not only will graduates earn higher salaries, they will also enable others to enter or return to the workforce.

- Non-economic Return on Investment – meeting State needs
  * Demonstrated Need. Over 90 students who are enrolled in Western's A.A.S. degree in Early Childhood Education have at some point expressed interest in the bachelor's degree. The goal of the program is to provide graduates with better qualifications to provide educational childcare in private and public settings within the state. Early childhood education positions are increasing in Montana. Specifically, in 1988 there were 904 childcare jobs in the private sector; in 1998 this number had increased to 1,869. The Research and Analysis Bureau of the Montana Department of Labor and Industry predicts that by the year 2008, there will be 2,696 jobs in private sector childcare in Montana.
  * Demand for Graduates - There is also significant expansion in federal Head Start and Early Head Start programs. Starting in 2003, regulations require 50 percent of teachers in these programs have associate, bachelors or masters degrees in early childhood education. In Montana, most directors require 100% of teachers have at least an associate degree. It is predicted that federal regulations will next require teachers to possess a bachelors degree in early childhood education. Currently, many Head Start and Early Head Start programs require that all coordinators have bachelors degrees.
  * Benefit to Citizens and State - Graduates will qualify for many federally sponsored childcare positions such as Head Start and Early Head Start. They will also be more fully prepared to start their own private childcare and education operations or to be hired as lead childcare and child education providers at other private companies. Public schools will receive students better prepared with socialization skills and background knowledge to be more successful at their studies.

➢ **Accountability Measures**

- Initial (year 1) – enrollment in year 1 of program. Full faculty hired. First courses offered.
- Intermediate (years 3-5) – certification rates, accreditation and recognition of quality indicators.
- Long range (years 5+) – employment of Montana-trained residents in Montana communities.

MONTANA TECH OF THE UNIVERSITY OF MONTANA
Workforce Development

➢ **Specific Elements of Initiative:**

- Workforce development at Montana Tech involves both the South Campus (College of Technology) and the North Campus (most programs on the North Campus are Baccalaureate and Master's programs). The South Campus offers the CNA program, which educates high school students to take the certification examination to become a Certified Nurse Assistant. A shortage of CNAs in the state has prompted communities to creatively seek solutions with the assistance of Montana Tech's Health Program. Additionally, a number of programs have been designed with multiple entry/ multiple exit features. Examples are the Information Technology Design (ITD) program and the Health Care Informatics (HCI) program. Part of this proposal is to enhance the ITD program to incorporate a wider array of new technologies in networking. The final component of the Workforce Development program is business and community outreach, including providing seminars and workshops to businesses, bringing women and minority students to campus for assistance to succeed in engineering and science programs, and bringing college courses to the rural communities.

➢ **Investment Required:** Biennial cost – $325,200

- CNA: $40,900 /yr – personnel, travel
- HCI: $45,800/yr – Director, partial funding
- ITD: $50,900 – Expansion costs
- Outreach: $25,000 /yr for personnel, travel

➢ **Return on Investment**

- Economic return on investment
  * Workforce Development Return. The Certified Nurse Assistant Program would increase by at least 30 graduates per year. The HCI component could graduate about 25 ASN students as early as May 2004. A student completing the CNA will make $8.00 - $10.00 per hour, and is in demand in Montana. The ASN graduates will make $16.75 to $24.84 per hour. The ITD Program graduates about 15 students, and could increase to 30 graduates in 2005. A graduate of the baccalaureate program would start at about $40,000 per year. A two-year graduate would start at about $25,000. The outreach component involves roughly 200 students per year, and provides individuals with an opportunity to attend college, and provides businesses with professional development opportunities for their employees. These students receive college credit and the tools required to meet their education goals.
  * Return from service to businesses and community. The CNA component benefits nursing homes and hospitals, and therefore Montana citizens by filling a critical health care need throughout rural Montana. The HCI degree benefits the students and the health care industry by providing skills needed for management of the vast array of information surrounding individual and community population health care in Montana. The ITD component provides educated employees that are essential to attracting new technology-based business to Montana. The K-12 Outreach prepares students for lifelong learning and delivers engineering and science to the rural communities.
- Non-economic Return on Investment – meeting State needs
  * Demonstrated Need. There is a critical shortage of both certified nursing professionals and degreed nurses, particularly in rural communities around the state. The HCI degree is in demand as information technology becomes an increasingly integral part of health care delivery. The Associate Degree in Network Technology includes a CISCO networking academy. It is at the request of industry that the ITD networking component is being expanded beyond the CISCO capabilities. The two-year degree has been developed quite well and is furnishing about 20 individuals each year to go into the workforce. The fact that programs of this type exist at Montana Tech was a major factor in Portlock Software's decision to locate in Butte.
  * Benefit to Citizens and State - Per capita income in Montana currently ranks 46th among the 50 states. Upgrading the productivity and the income earning capacity of Montanans will not only benefit those families whose income will increase – and the local economies in which they spend their income – but will add directly to the State's General Fund balance through increased personal and corporate tax revenues.

➢ **Accountability Measures**

- Initial (year 1) – enrollment in year 1 of program. Full faculty hired. First courses offered.
- Intermediate (years 3-5) – certification rates, accreditation and recognition of quality indicators.
- Long range (years 5+) – employment of Montana-trained residents in Montana communities.

THE UNIVERSITY OF MONTANA-MISSOULA
Communication Disorders Master's Degree Program

➢ **Specific Elements of Initiative:**

- The University of Montana-Missoula proposes to reinstate its Speech Science and Communication Disorders Program which was discontinued in 1985. This Masters degree program would train approximately 30 Speech and Language Pathologists for Montana public schools and community health care facilities. The program would be a two-year program with one year on campus and a 2nd year resident internship experience, partially in schools and partially in hospital settings.

➢ **Investment Required:** - Biennial Cost – $640,000 ($335,000 in 2004; $305,000 in 2005)

- Faculty salaries and benefits:
  - 3 faculty@ $65,000 = $195,000 /yr
  - 1 clinical faculty = $45,000 /yr
  - 1 staff = $15,000 /yr
- Equipment/facility:
  - $80,000 in 2004, $50,000 in 2005

➢ **Return on Investment**

- Economic return on investment
  * Workforce Development. In 2004 and in 2005, The University will enroll 30 FTE in the new programs. By the end of academic year 2005, at least 30 new students will have completed educational programs, and will have Master's Degrees upon graduation. All will qualify for high-paying, professional jobs in rural Montana communities. Some new jobs will be created by virtue of clinically certified professionals who open private practices in communities and work in health care facilities, but most graduates will be needed to fill existing demand in public schools and community health facilities.
  * Return from service to businesses and community. It is expected that the new professionals completing Montana jobs will increase the number remaining in the State with an average salary of around $45-50,000 per year across the State. For the programs described, this will mean approximately $1.5 million returned directly to the State and local economy, and around $50,000 in increased personal income tax revenue alone for the State of Montana. It also will provide the opportunity for completion of clinical requirements for licensure within Montana. Currently, students must go out of state for such training, which is arguably a factor in the historical tendency for Montana to lose speech and language pathologists to other states. It is anticipated that this program would positively impact long-term retention of high-paying jobs and the trained professionals to fill them.
- Non-economic Return on Investment – meeting State needs
  * Demonstrated Need - the program will provide highly trained professionals to serve Montana's urban and rural communities by addressing a clear health care need within the state. Since the 1985 elimination of this program, local school districts, hospitals and communities have faced a shortage of trained personnel, forcing them to recruit out of state and to leave some positions unfilled. This program will expand the pool of qualified professionals already in Montana. In addition, it will provide access to higher education for students and certificate program participants to earn Masters degrees in this demanding and highly paid field. Increasing the pool of such employees will positively influence the quality of educational and health care services available to residents of Montana's communities, thereby enhancing the quality of life in those communities.
  * Demand for Graduates – increased availability of appropriately trained professionals will aid existing employers (rural and urban school districts, hospitals and clinics) who must now spend inordinate time and resources recruiting such professionals – often without success.

➢ **Accountability Measures**

- Immediate (year 1) – program implementation, facility renovated, equipped, and Director hired. Curriculum planned, program advertised and students recruited.
- Initial (year 2) – enrollment in year 1 of program. Full faculty hired, including clinical faculty. First courses offered.
- Intermediate (years 3-5) – graduation/certification rates, national and professional accreditation of program and recognition of quality indicators.
- Long range (years 5+) – employment of Montanans completing programs, employment of Montana-trained residents in Montana schools, health services, and communities.

➢ **Specific Elements of Initiative**

- **Oil and Gas Information Central** –MBMG proposes to establish a small program to compile and map regional oil and gas data held in records filed with State agencies. This would enable operators to develop prospects and explore areas of the State where current knowledge of the subsurface is lacking.

➢ **Investment Required**

- Biennial cost – $140,000 This money will be spent to: hire 1 faculty FTE, including salary, benefits, operations.

➢ **Return on Investment**

- Although Montana is regarded as highly prospective territory for hydrocarbons, production has declined from about 30 million barrels of oil in 1980 to only 16 million barrels last year. This directly affects both royalties and taxes collected by the State. Taxes generated by a single discovery could repay the costs many times.

➢ **Accountability Measures**

- Increased tax revenue

MONTANA FOREST & CONSERVATION EXPERIMENT STATION

➢ **Specific Elements of Initiative**

- Enhancement of a fundamental program of research in the Montana Forest & Conservation Experiment Station, targeted enhancement of graduate programs in forest cultivation and management, and expansion of continuing education in forestry, especially focused on private lands.

➢ **Investment Required**

- Biennial cost – $150,000
  * This money will be spent to: hire 1 faculty FTE, including salary and benefits, and additional costs of operations.

➢ **Return on Investment**

- A major issue in Montana forestry is land being removed from production. Several factors have contributed to this situation, but one of the most prominent has been past cultivation and management practices that are unacceptable socially, and sometimes ecologically. The program would develop management tools to keep land in production and to train landowners, loggers and others to implement the tools. Thus, research on uneven-aged management would be accelerated and training courses would be developed and offered. The overall goal of this initiative is to bring more forest stands under management and into production for the variety of goods and services demanded by the people of Montana.

➢ **Accountability Measures**

- Initial (year 1) – enrollment in year 1 of program. Faculty hired. New courses offered.
- Intermediate (years 3-5) – graduation rates, accreditation and recognition of quality indicators.
- Long range (years 5+) – improved production and land use.

UNIVERSITY OF MONTANA FLATHEAD LAKE BIOLOGICAL STATION
State-wide Water Quality Initiative

➢ **Specific Elements of Initiative**

- We propose to continue the research funded in the current biennium to study water quality problems associated with coal bed methane development. The current State funding was appropriated for one biennium only. To continue the program, the funding must be made permanent.
- We also propose an expansion of the program to allow further leveraging of the benefits of this research, both in additional federal research dollars and by using our experience state wide to help Montanans deal with water quality issues as we have done for years in the Flathead Basin.
- Our next priority will be on water quality of Montana lakes. We will compile databases and make them available on our website to state agencies and the public, along with relevant information about water quality.

➢ **Investment Required**

- Biennial cost – $200,000
  * This money will be spent to: continue funding of 1.63 FTE consisting of faculty, administrator, and research staff; hire 1 additional research staff member FTE, including salary and benefits. The appropriation will continue to partially fund salaries and benefits; all operating costs and remaining salary support are funded from other sources.

➢ **Return on Investment**

- We recognize that water and water quality are strategic economic issues for Montana. During the last two decades the Station has become a national leader in freshwater research and education with over $3M per year in grant income. We will leverage State funding with grants from government agencies, such as the National Science Foundation and private sources. Our track record for leveraging is $1state investment yields $3-5 from non-state sources. Safe development of coal bed methane reserves will allow Montana to capitalize on these resources, creating new jobs and reducing reliance on out-of-state energy sources.

➢ **Accountability Measures:**

- Initial (years 1-2) – Faculty, research staff hired. Research initiated.
- Intermediate (years 3-5) – continued research, leveraging of State funding with Federal grants.
- Long range (years 5+) – recommendations to State and industry for implementation of standards for safe development of coal bed methane reserves. Additional research ongoing.

MONTANA STATE UNIVERSITY – GREAT FALLS COLLEGE OF TECHNOLOGY
Promotion of Rural Development – One-Stop Community Education Centers

➢ **Specific Elements of Initiative:**

- Establishing satellite centers in four Montana counties (Chouteau, Gallatin, Pondera, and Toole) to serve as one-stop shops for local residents accessing COT occupational and academic programs on-line.
- Employing county superintendents of schools/librarians/qualified citizens to serve as center directors and qualified local teachers/employees to serve as adjunct faculty.
- Developing and delivering on-line course work and satellite center services for citizens in communities without a College of Technology.
- Develop Running Start (dual high school and college enrollment) programs in regional high schools serviced by the satellite centers.

➢ **Investment required**

FY2004	FY2005
$150,000	$150,000

- Funding would provide stipends for county superintendents or school or county librarians (or other qualified and available local citizens) who serve as satellite center directors, as well as salaries for project coordination, adjunct faculty and support staff, minor facilities renovation, travel, and computers for satellite centers.
- Details:

$32,000	Local center directors
$40,000	Project coordination
$40,000	Adjunct faculty, support staff salaries
$16,000	Computers and software at four satellite centers
$10,000	Renovations
$ 8,400	Running Start Scholarships (24)
$ 3,600	Travel

➢ **Return on Investment**

- Return on Economic Investment
  * Number of Jobs Created:
    8 by 2005 (in four counties)
    32 additional jobs by 2007
    48 additional jobs by 2009
    (Evening and Running Start Programming are designed for part-time students and therefore take longer to complete.)
  * Number and Type of Jobs:
    1/3 health care (health information technology)
    2/3 computer technology
  * Average Salaries of Graduates (as of 2001):
    $11.60/hour (health care average)
    $8.90 - $11.77/hour (computer technology)
  * Number of Salaries Enhanced:
    4 project directors (local officials/citizens)
    8 adjunct faculty (local teachers/citizens)
    20 working adults gaining computer technology skill sets for career advancement
  * Savings for Students
    - *Each student who uses the satellite center saves an estimated $5,000 annually on the relocating expenses associated with travel, room and board.*
    - *Each student taking two Running Start courses during the senior year saves $468.36 on college expenses (and 90 hours of class time).*

    * Return on investment to community
        - *Over 90% of COT graduates become employed in Montana, usually in the community where they completed their programs of study.*
        - *Workers in health care and computer technology earn higher salaries than unskilled workers.*
        - *Computer technology skills are now considered a prerequisite for productivity in the workforce (Business & Technology Roundtables, 2001).*
        - *Enhancements to salaries of county superintendents/librarians/local faculty may improve recruitment and retention in these critical shortage areas.*
- Non-economic Returns on Investment
    * Demonstrated Need
        - *Residents of the four counties have no local access to college of technology programming.*
        - *Some employment opportunities can be undertaken from the home, providing another income source for Montana's place-bound agricultural families.*
    * Demand for Graduates
        - *Shortages in health care workers are found throughout Montana, particularly in rural communities.*
        - *The need for computer-literate employees and computer technicians permeates virtually every Montana workplace.*
        - *Local residents and high school students participating in the COT Reach-Out programs would be oriented to a form of learning (e-learning) that is likely to be a significant source of educational opportunity throughout their lifetimes.*
        - *If successful, the program will provide a model for rural development that could be portable to other regions of the state and a model for K-12 – postsecondary collaboration that could be expanded throughout both educational sectors.*

➢ **Accountability measures:**

- Measures
    * *Number of enrollments in each satellite center (2004)*
    * *Student satisfaction with the quality of instruction (2004)*
    * *Number of courses offered, projected (2004)*
    * *Number of graduates (2005)*
    * *Number of graduates employed (2005)*
- Accountability Process
  At the end of the 2004-2005 biennium, it should be clear whether the COT Reach-Out Program has a reasonable chance of achieving the returns on investment. Because both satellite and running start program designs serve the part-time student, accountability for most of the economic returns on investment will not begin until 2005.

MONTANA STATE UNIVERSITY – BILLINGS
Improve Retention of Teaching Professionals and Provide Teacher Training in Rural Montana Communities

➢ **Specific Elements of Initiative**

- The College of Education and Human Services is participating in a federally funded project to provide graduate education to teachers in rural Montana. The goal is to increase retention of rural teachers by providing education opportunities that allow them to remain in their communities. General fund investment will expand this program to offer upper division undergraduate level teacher education courses targeted at students place bound in rural areas. The students will work through on-line courses, be supervised in yearlong internships and student teach on-site in their hometowns. This initiative will allow students to complete a segment of their education while continuing to live in rural Montana.

➢ **Investment Required**

FY 04, $125,000		FY 05, $200,000	
Faculty Salaries and Benefits	$ 80,000	Faculty Salaries and Benefits	$ 125,000
Course Development	6,000	Course Development	10,000
Student Teaching Supervision	10,000	Student Teaching Supervision	15,000
Internships	14,000	Internships	20,000
Operations	5,000	Operations	10,000
Capital	10,000	Capital	20,000

➢ **Return on Investment**

- Economic return on investment
  - * Workforce Development Return
    - o Number of Graduates
      60
    - o Number of Jobs Created and Type of Jobs Filled
      Provide opportunities for 25 undergraduate students to complete upper level teacher training while maintaining residence in rural Montana. The targeted students are currently serving rural school districts as teacher's aids.
      Provide 20 new teachers in rural areas.
    - o Average Salaries of Graduates
      Through completion of masters' degrees, enhance salaries for 18 rural teachers by 3 to 4.5% in an effort to increase retention.
      Provide 20 new teachers in rural areas at an average salary of $21,676.
    - o Non-quantified reference to income and corporate tax revenue
      Communities benefit through improved teacher retention and through teacher training of individuals already imbedded in the community.
- Return from service to businesses and community
  - * Improvement in productivity and profitability of businesses from better trained workforce
    More opportunities for teachers in the rural areas to be trained in the appropriate subject matter.
  - * Salary increases to better trained workers
    Through completion of masters' degrees, enhance salaries for 18 rural teachers by 3 to 4.5% in an effort to increase retention.
  - * Benefits to the Community resulting in better business recruitment and retention
    With better trained teachers and more teachers available to teach in the rural areas, there will be a better trained work force for businesses in the rural communities.
- *Non-economic Return on Investment--Meeting State Needs*
  - * Demonstrated Need
    Rural communities are having difficulty hiring and retaining qualified teachers.
  - * Demand for Graduates
    There is a growing need for teachers in rural Montana. Recruiting new graduates to rural areas is difficult. Rural communities are interested in "growing their own" – providing educational opportunities for rural citizens who are place bound will likely meet the demand.
  - * Benefit to Citizens and State
    Students who are place-bound and are taking classes via distance education will probably be more likely to stay where they are, which enhances the potential economic benefit for the local community.

➢ **Accountability Measures**

- Number of Graduates

60

- Placement Rates and Data
  Based on need data, it is anticipated that 100% of the graduates will find employment in rural Montana
- Communities Served
  Rural Montana
- Businesses Served
  Rural School Districts

MONTANA STATE UNIVERSITY – NORTHERN
Promotion of Rural Development – Continuing the Education Initiative with Area Tribal College

➢ **Specific Elements of Initiative**

- Meeting Helping Montana's Native American citizens to become elementary school teachers by continuing the partnership with Blackfeet Community College, Fort Belknap College, Fort Peck Community College and Stone Child College.
- Two years ago, three of the four tribal colleges listed in the first paragraph received federal grants, under the Indian Education Act, which permitted them to partner with MSU-Northern's College of Education on a program to train Native American citizens as elementary teachers.
- Most of MSU-Northern's courses will be delivered at the tribal colleges themselves, using telecommunications technology and compressed weekend classes. Students will be required to spend one summer session on Northern's campus in a traditional classroom setting.
- Some federal money for the program may continue, but only for student tuition stipends. The initial seed money that permitted MSU-Northern to hire a faculty member and to cover travel and administrative expenses has ended.

➢ **Investment Required**

FY2004	FY2005
$80,000	$83,000

- The investment will provide money for one faculty position at MSU-Northern, dedicated specifically to the tribal college partnership; it will also provide money for adjunct faculty to assist with some of the teaching responsibilities, travel to the tribal colleges, telecommunications line charges, and additional expenses associated with the administration of the program.

➢ **Return on Investment**

- Economic return on investment
  * Workforce Development Return
    - Number of Graduates
      To date, 20 students have earned elementary education degrees under that partnership. Approximately 100 students are currently enrolled in the program under a 2+2 agreement that permits students to complete the first two years of study at the tribal colleges and to continue the final two years at MSU-Northern. 20 more students are expected to graduate in the spring of 2003.
    - Number & Type of Jobs Filled
      Approximately 20 Graduates a year will be prepared to teach at the elementary level.
    - Average Salaries of Graduates
      Average starting salary for beginning elementary teachers in Eastern Montana is approximately $20,000.
- Return from service to businesses and community
  * Larger pool of trained teachers for reservation schools.

By increasing the number of Native American people who have a teaching degree, elementary schools on Montana's Indian reservations will have a larger, and more talented, pool of potential employees to staff their schools.

* Increased employment opportunities for the Native American citizens of Montana.
  Poverty and unemployment on Montana's Indian reservations is among the highest in the State, sometimes reaching as high as 75%. This program will provide a professional career for some of Montana's Native American citizens, and permit them to remain in their reservation communities as educational leaders.
* Potential decrease in the drop-out rate.
  The number of Native American teachers in reservation schools is modest. This program will provide important role-models for Indian students, and hopefully decrease the drop-out rate in reservation schools.

- Non-economic Return on Investment.
  * Demonstrated Need.
    The shortage of teachers is well documented. That shortage is especially severe in eastern Montana, and its isolated Indian reservations.
  * Demand for Graduates.
    The percentage of Native American teachers in reservation schools is small. The turnover is also high. That troubling demographic, along with the nationwide teacher shortage, will mean almost guaranteed employment for graduates of this program.
  * Benefit to Citizens and State.
    An increased number of qualified elementary teachers, especially on Montana's Indian reservations, will improve both the educational and economic futures of Native American citizens.

➢ **Accountability Measures**

- Measures will include the number of Native American students graduating from the program; the number of students enrolled in the program; and the number of graduates teaching in the elementary schools on the Indian reservations.

MONTANA STATE UNIVERSITY-NORTHERN PROMOTION OF RURAL DEVELOPMENT
Assisting Montana Teachers in rural Montana with Graduate Education Opportunities.

➢ **Specific elements of initiative:**

- Helping Montana's teachers to earn a master's degree by utilizing the cohort model for course delivery in rural Montana. MSU-Northern has already used the cohort model to deliver its master's degree in Learning Development to teachers in Great Falls and Helena. The classes meet one weekend a month, on a predetermined schedule; and after two years, the teachers have a graduate credential. MSU-Northern has been asked to implement the cohort program in several Eastern Montana communities. Unfortunately, the institution does not have the faculty necessary to support additional graduate cohort groups.

➢ **The Investment required:**

FY2004	FY2005
$70,000	$73,000

- The investment will provide money for one faculty position at MSU-Northern, dedicated specifically to graduate cohort programs in Eastern Montana; it will also provide money for travel to the rural communities.

➢ **Return on investment**

- Economic return on investment
  * Workforce Development Return
    - Number of Graduates
      Over the two-year period, 30 rural teachers should complete the graduate cohort program. Because those teachers will not have to relocate to continue their professional careers, the hope is that they will stay in Eastern Montana and enrich their educational communities. Obtaining a graduate degree will also provide an opportunity for salary advancement.
    - Return from service to businesses and community.
  * Increased educational opportunities for teachers
    The Access to educational opportunities, especially in rural Eastern Montana, is very limited. That problem is particularly true of graduate educational opportunities. This proposal will permit teachers to remain in their communities and continue their educational careers.
  * Enhanced educational communities for rural Montana
    Schools and their teachers are important to the economic future of rural Montana. the school is often the heart and soul of the community. This initiative will strengthen the skills of rural teachers, and hopefully encourage them to invest their careers in those communities.
- Non-economic Return on Investment.
  * Demonstrated Need.
    The shortage of teachers is well documented. This initiative will encourage teachers to stay in rural, eastern Montana schools and continue their professional training as teachers.
  * Benefit to Citizens and State.
    The shortage of teachers has been felt by all schools throughout Montana, but especially in small, rural communities. Any initiative that will encourage teachers to stay in those communities, and increase their salary at the same time, will solve some of those shortage problems

➢ **Accountability measures:**

- Measures will include the number of teachers who enroll in the cohort program (20 teachers must enroll before the program will be offered); and the number of teachers who complete the program in two years

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MONTANA STATE UNIVERSITY-NORTHERN
Promotion of Rural Development – Expanding the Industrial Technology Program at MSU-Northern

➢ **Specific elements of initiative:**

- Helping Montana high schools to expand their industrial technology programs.
  MSU-Northern's special niche in the Montana University System is technical education. It has recently revived its industrial technology education program, and would like to assist high schools throughout the State in the development and promotion of their industrial technology programs because of their importance to workforce development.

➢ **Investment required:**

FY2004	FY2005
$40,000	$42,000.

- The investment will provide money for one half-time faculty member at MSU-Northern, to assist with the coursework in the industrial technology program; it will also provide money for travel to Montana high schools to promote the importance of industrial technology programs at the high school level.

➢ **Return on investment:**

- Economic return on investment
  - * Workforce Development Return
    - o Number of Graduates
      Over the two-year period, enrollments could increase in high school vocational programs. Over that same period of time, more students could enroll in two-year, workforce development programs at units of the Montana University System
  - * Return from services to businesses and community.
    - o Increased employment opportunities, especially for Montana's newest employees.
      A traditional college education is not appropriate for everyone. Job skills, especially in new areas of technology, are important for everyone, however. Vocational education emphasizes those skills.
    - o Increased profitability for community businesses because of a technically-trained workforce.
      The productivity and profitability of Montana's businesses increase when the skills of its workforce increase. Those skills are needed throughout Montana.
- Non-economic Return on Investment.
  - * Demonstrated Need.
    The shortage of vocational education teachers in Montana is significant, particularly as that population ages. At the same time, the need for a well-training workforce is important to Montana's economic future. This initiative attempts to solve both problems.
  - * Benefit to Citizens and State.
    Most states have built their economic future by investing in education, including two-year technical education. This initiative increase the career opportunities for Montana's citizens at both the high school and two-year college level.

➢ **Accountability measures:**

- Measures will include the number of students enrolling in vocational programs at the high school level; and the number of students enrolling in workforce development programs at units of the Montana University System.

MONTANA STATE UNIVERSITY – BOZEMAN, GREAT FALLS AND NORTHERN
Promotion of Rural Development – Completing the Circle for Health Care Professionals

➢ **Specific Elements of Initiative**

- Meeting workforce needs of rural communities and health care facilities by developing healthcare workforce partnerships, with local providers and local place-bound students, through the expansion of existing and creation of additional distance learning opportunities, including select 2+2 programs. The resulting pilot for this program will be

➢ **Investment Required**

FY2004	FY2005
$150,000	$150,000

- The general breakdown of the annual budget will be approximately $127,500 for salaries and benefits (1.75 FTE faculty and 0.50 staff), $8,000 for travel, $4,500 for operations, $5,000 for facility renovations and $5,000 for line charges.

➢ **Return on Investment**

- Economic return on investment
  - Workforce Development Return
    - Number of Graduates and Jobs Created
      It is anticipated that eight students will graduate beginning FY 2006 and every year thereafter depending on the number of students enrolled in each program.
    - Number & Type of Jobs Filled
      Graduates will be prepared to take the licensing exam leading to either LPN licensure or RN licensure
    - Average Salaries of Graduates
      RN salaries will approximate $35,000/yr – LPN salaries will approximate $25,000/year
    - Non-quantified reference to income and corporate tax revenue
      In addition employing local citizens in higher paying jobs will result in long-term increased income tax revenues.
- Return from service to businesses and community
  - Improvement in productivity and profitability of businesses from better trained workforce
    Using trained nurses from the local workforce will result in reduced expenditures and improved bottom line for providers in the six-county region.
  - Salary increases to better trained workers
    It is anticipated that many of the persons who take advantage of this program already reside in the region and would, following their education, be making substantially more money than they are now.
  - Benefits to the Community resulting in better business recruitment and retention
    Rural communities will likely have a sufficient nursing workforce in order to replace an aging nurse population that is anticipated. Creating a stable workforce in "lynchpin" industries such as health care and education is important for both the survival and growth of rural communities. This model, if successful, could also be used in teacher training and in other rural regions of the state.
- Non-economic Return on Investment--Meeting State Needs
  - Demonstrated Need
    The need for trained nurses, at all levels of training, is well documented in nearly every community in Montana. Only the Missoula area is experiencing less than an acute shortage of nurses.
  - Demand for Graduates
    There is a growing need for nurses in the US based on national and state projections. Recruiting new graduates to rural areas is difficult. Rural communities are interested in "growing their own" – providing educational opportunities for rural citizens who are place bound will likely meet the demand.
  - Benefit to Citizens and State
    An adequate supply of well qualified RNs and LPNs will enhance the health care of the citizens of Montana.

➢ **Accountability Measures**

- Number of Graduates
  It is anticipated that 8 students will graduate beginning FY 2006
- Training Participation
- Placement Rates and Data
  Based on need data, it is anticipated that 100% of the graduates will find employment in North Central Montana
- Communities Served
  Counties involved are Glacier, Toole, Liberty, Pondera, Teton and Chouteau
- Businesses Served
  Hospitals, Assisted Care Facilities, County Health Departments, Nursing Homes, individual practitioners, etc.

MONTANA STATE UNIVERSITY EXTENSION SERVICE
Promote Rural Development by Converting OTO Tech Transfer position funding to base funding.

➢ **Specific elements of initiative:**

- The Tech Transfer position was funded for two years by the 1999 Legislature as part of the Vision 2005 effort and for an additional two years by the 2001 Legislature. Dr. Kevin McNew, an agricultural marketing specialist, was hired to fill the position.
- Dr. McNew's Extension educational program focuses on helping grain and livestock producers with marketing strategies. This is a high priority for Montana's farmers and ranchers since many grain and livestock producers lose millions in potential profits because they lack information about marketing strategies and technological tools.
- Dr. McNew has been very active in helping solve marketing dilemmas and in identifying marketing opportunities. He is able to assist producers in understanding the benefits of new technologies for their agricultural operations or businesses. Dr. McNew also offers educational programs that help clientele increase the value of the commodities that they produce.

➢ **Investment required:**

FY2004	FY2005	
$102,208	$102,208	$204,416

- These funds are for faculty salary and operational support.

➢ **Return on investment:**

- Accomplishments to date:
  * Development and maintenance of a web site that provides Montana producers with the latest agricultural commodity market information and analysis.
  * Development of a web-based marketing tool for Montana producers called the "Market Tracker."
  * Design and delivery of comprehensive workshops for Montana producers on marketing strategies.
  * Initiation of a marketing research program essential to the development of innovative marketing strategies of direct benefit to Montana grain and livestock producers.

  The goal of this initiative is to continue the high level of accomplishment during the 2005 Biennium.

➢ **Accountability measures:**

- Dr. McNew provides a level of marketing expertise, educational delivery and research capability that was lacking in Montana prior to the initial funding of the Tech Transfer position. There are numerous testimonials to his positive impact on the marketing knowledge of Montana producers as exemplified by the proponent testimony for this position during the 2001 Legislative Session.
- It is critical that base funding be provided for this position to insure the future delivery of Montana-specific marketing education and research to grain and livestock producers. The cumulative impacts of low prices, drought, family stress and governmental policies on Montana producers are severe and threaten the economic base of the state. The programs that are currently provided by Dr. McNew (and that could be provided in the future) offer the best hope for improving the economic viability of Montana's farm and ranch operations.
- MSU Extension has developed and is evolving an accountability system that quantifies outcomes of educational programming.

MSU FIRE SERVICES TRAINING SCHOOL

➢ **Specific Elements of Initiative**

- By the year 2005, we propose to improve the quality and quantity of training services provided emergency responders by adding 1.65 trainers, strategically distributed in Montana so that no trainers serve not more than 10 counties each.
  (There are currently 4 trainers serving the state. Additional trainers would ensure that round-trip travel distances for trainers not exceed 300 miles and convert travel time into productive training delivery time.)

➢ **Investment Required**

FY 2004	FY 2005	Biennium Total
$58,984	$115,234	$174,218

- These funds are for faculty salary, operational support and equipment, and will allow the additional staff to stay active providing service within their region. No funding for space is required.

➢ **Return on Investment**

- Economic return on investment
  * Workforce Development Return
    - Volunteers make up 96% of community fire services. Their competence is directly related to life safety and the survivability of communities and their inhabitants. Good training is the most significant element in developing the competence of community emergency services. FSTS is the primary source for that training at the state level.
    - The number of jobs saved as a result of more competent local fire services being able to prevent business losses to fire will be significant over a decade.
    - FSTS trainees are typically volunteers and not compensated for their contribution to life safety in rural communities.
  * Return from service to businesses and community
    - The quality of local fire services has a direct relationship on the cost of fire insurance. Investments in training community fire services will result in savings to rate payers many times the initial cost of training.

- Non-economic Return on Investment--Meeting State Needs
  * Demonstrated Need
    - The FSTS program is only capable of reaching 50% of community fire services with meaningful training.
      Of those underserved, 30% do not have adequate training to provide the life saving service expected by the public.
    - The Fire Training Advisory Council's plan for meeting the need includes 6 regional trainers.
      If funded, the additional 1.65 trainers will accomplish 94% of the identified staffing need.
  * Benefit to Citizens and State
    - Fire insurance premiums paid by businesses and homeowners will be reduced by 5% within a 10 year period.
      These savings will be in the millions annually. For Plentywood alone, they were $200,000 per year.
    - As the competency of community fire services is increased, the financial commitment from state government for project fires will be reduced, as fires are dealt with in their early stages by local fire fighters.

➢ **Accountability Measures**

- The number of trained emergency responders receiving training through the FSTS field training program will increase by 40%.
- The number of Certifications issued by the FSTS will increase by 25%
- The number of communities served will increase by 29%.
- If this proposal is funded, targeted fire service organizations will have consistent quarterly contact with their regional trainer, and 75% of Montana fire service organizations will receive meaningful training by 2005.

MONTANA AGRICULTURAL EXPERIMENT STATION
Invest in Facilities and Technology

➢ Specific Elements of Initiative

- Support increased repair and maintenance expenditures to preserve the State's facilities. Facility and infrastructure issues for Agricultural Research Centers and Farms have not been adequately addressed for over 20 years

➢ Investment Required

FY 2004	FY 2005	Biennium Total
98,820	98,820	$197,640

➢ Return on Investment

- Reducing MAES budget shortfalls and enhancing research capabilities would significantly improve this return to the Montana economy.
- Enhance the development of value-added biobased commodities and products.
- Accountability measures.
- Increase value-added biobased agricultural programs within 5 years.
- Agricultural-based economic development from MAES research.
- Total Investment Priorities $197,640

➢ **Specific Elements of Initiative:**

- DCC's Farm/Ranch Business Management Program is an intervention service designed to provide farmers and ranchers with microcomputer technology skills and the ability to use accounting software. All successful business operations rely upon day-to-day knowledge of their financial status and the subsequent ability to make decisions appropriate to their on-going success. To date, the college has completed a two-year cycle of student enrollment in this program in Glendive; initiated a two-year cycle in Circle in January; and initiated a new two-year cycle in Glendive this fall.
- As the current sole provider of this program in Montana, the college wants to expand the availability of this valuable program to additional areas of eastern Montana.

➢ **Investment Required:**

FY 2004	FY2005	
$85,000	$85,000	**$170,000**

- Biennial cost - $170,000 ($85,000 each year of the biennium) for one full-time faculty member and operational costs, thereby initiating one new two-year cycle of program availability each year.

➢ **Return on Investment:**

- Economic Return on Investment:
  * DCC will enroll 15-25 farmers and ranchers each year in a two-year program. All enrollees will be currently engaged in the operation of an agricultural production unit. Student engagement in this program will result in their ability to make more informed financial decisions, thereby helping to improve their long-term financial stability.
- Non-Economic Return on Investment:
  * It is already a proven result that program graduates hold DCC, in particular, and Montana higher education, in general, in a much higher regard than ever before. Their appreciation of the assistance and knowledge received through this program has been well-documented in two major news articles published in the Glendive Ranger-Review. Overall, this program has created a new bond between agriculture and higher education, and needs to be continued because of its long-term benefits to these farmers and ranchers.

➢ **Accountability Measures**

- In year one, initiate the program offering in an Eastern Montana area not currently served.
- In year two, initiate the program offering in an Eastern Montana area not currently served.
- 75% of Farm/Ranch Business Management Program completers will still be engaged in that activity in 5 years time.

INITIATIVE 3. Make Postsecondary Education and Training More Accessible for Montanans.

➢ **Specific elements of initiative:**

- Increase State financial aid
  - * Increase dollars available for MTAP/Baker Grants ($1,000,000)
    - o Awards are made to students from low and middle-income families whose Pell Grant has been reduced because the student is working to help pay for their college costs. The student must have at least $2,750 in yearly earnings to qualify for the grant. In addition the family's expected family contribution must be below $6,500. Approximately 7% of students attending Montana colleges and universities receive this grant. The same institutions that receive MHEG funds also receive MTAP funds. The Three 4-year private colleges only receive federal funds and they provide the federal match. The average award is $553. The maximum is $1,000. The increased funding would enable another 1,800 students to receive this grant.
  - * Montana Higher Education Grants ($400,000)
    - o (Formerly known as SSIG): Awards are made to students who are among the neediest of those who qualify for financial aid. Approximately 2% of students attending Montana colleges and universities receive this grant. Funds are provided to all the units of the MUS, the three state community colleges, the tribal colleges and the three 4-year private colleges. The three 4-year private colleges only receive federal funds and provide the match to those federal funds. The financial aid officers primarily award these grants to students who do not qualify for the MTAP Baker Grant. The average grant award is $300. The federal maximum is $5,000. The additional funds requested would enable another 667 students to receive this grant.
  - * Increase dollars available for Montana Work Study Program ($400,000)
    - o Awards are made to students who have need based on the federal criteria. Students have to find their own job on campus. Salaries range from $5.25 per hour (minimum wage) to $9.00 per hour, depending on the job. Most of the jobs are in food service, maintenance, and libraries. The average award is $853. The maximum award is $5,000. About 2% of the students attending the Montana University System and the three state community colleges receive these funds. Funds are not allocated to the tribal or the three 4-year private colleges. The increased funding would enable another 235 student to receive this award.
- Fund tuition differential for two-year colleges, and smaller four-year campuses. ($974,400) This funding would permit us to continue to hold tuition increases at the Colleges of Technology (and two-year programs at Northern and Western) to 4% per year below what the tuition increases will be for the four-year campuses. Over the biennium, tuition would increase at the four-year campuses by 8% more than at the two-year campuses.
- Fast Forward Education Program - - A cooperative effort among educational providers to establish a seamless educational structure that focuses on students' success. Area elementary, secondary, and higher education providers cooperatively construct a program that begins with student career development activities in the seventh grade and works with students to move them forward based upon their abilities, talents, and interests. The program will build on successes and what we have learned from our Educational Talent Search program and our GEAR-UP program. ($800,000)
- Tribal college support for non-beneficiary students—an initiative to return tribal college support for non-beneficiary students to the FY00-01 level of approximately $1,500 per student. ($834,000)
- Indian Education for All (MCA 20-1-501ff) - An initiative to improve campus services for and sensitivity toward Native American students statewide. Faculty and staff will participate in separate programs. Intensive training in job-alike cohorts will target front-line student services and operations personnel and their supervisors and assist them to develop effective modes of interaction with Native American students and families. For faculty, training will focus on those working in similar fields and be designed to help them learn what cultural issues affect student learning and interactions in the classroom and in various disciplines. ($150,000)

- **Investment:** $4,558,400

- **Return on investment:**

  - Improved ability for low- and middle-income students to access postsecondary education and complete a degree or certificate.
  - Better retention of Native American students in higher education and greater numbers of students completing programs of study.
  - Improved opportunities for Montanans to retrain or improve work skills.
  - Increase job opportunities for Montanans, improve family and per-capita income, and thereby increase the State's tax revenues.
  - Increased enrollment of economically disadvantaged Montanans, leading to better postsecondary education participation rates, better employment opportunities and higher income levels.
  - Improved financial ability of students to remain in college, leading to higher retention/graduation rates and better efficiency for the MUS.
  - The non-beneficiary student tribal college assistance program provides support for 322 non-beneficiary students per year attending Montana tribal colleges.
  - By implementing the enhanced access investment, we hope to encourage an addition 200 students per year to attend the MUS to improve their skills and competitiveness through postsecondary education. Based upon increased earnings power of approximately $15,000 per year, this would generate an additional $3 million in personal income will would compound over time.

- **Accountability measures:**

  - Equitable distribution of financial aid increases to achieve return on investment.
  - More favorable showing of these students on data analyses as compared to overall averages for (1) student loan debt accumulated; (2) semester to semester retention; (3) time to degree; (4) credits to degree.
  - Improved postsecondary participation rates for Montanans as they graduate from highs school and for the population aged 25-44.
  - Increase in percentage of MUS students enrolled in COTs and smaller four-year campuses.
  - Increased participation in higher education for students from low-income and Native American families.

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The Montana University System

An Investment in Montana's Future

INTRODUCTION

This document presents the funding requests for the Montana University System for the 2004-2005 biennium. To enable policy makers to better understand the nature of the requests and the economic impact of the MUS, we have divided our presentation into two sections.

In the section entitled *Present Law and Compensation-Related Adjustments,* we identify the resources that will be required from the State general fund simply to maintain current programs and services. Most of these funding changes will occur as a result of State budget law. Moreover, they will require continued tuition and fee increases from students who are already being impacted by affordability.

In the section entitled *Investment Initiatives for 2004-05,* we present the new funding proposals for the Montana University System for the next biennium. We have directed our new proposals toward initiatives by which the MUS can play an expanded role in strengthening Montana's economy. The amounts requested to fund the new proposals reflect increases of around five percent per annum beyond existing funding levels and the amounts needed to maintain existing services. We believe these requests are respectful of State resource constraints, while at the same time allowing Montana's public colleges and universities to expand activities that will lead to improved job and income opportunities for Montanans.

We recognize that there are a number of other critical issues that require attention from State policy makers, ranging from health and human services, to corrections, to infrastructure, to K-12 education. By moving forward with our investment initiatives, the Montana University System will help to strengthen our State's economy and tax base, thereby making it easier to address these deserving needs in the future.

There is no question that in today's world, postsecondary education plays a critical role in economic success. According to the Bureau of Labor Statistics, eight out of ten jobs created during the next ten years will require some level of postsecondary education. States that have recognized this link and made the appropriate investments in higher education have moved forward in relative income and economic standings. (Please refer to Exhibit 2).

The Montana University System is both willing and anxious to play a more active role in improving job and income levels for our citizens. Consequently, with input from Montana businesses and others, we have put forth four investment initiatives that seek to leverage the resources of the Montana University System to strengthen and diversify Montana's economy. For each initiative, we identify the specific underlying elements of the proposal. We also describe the initial investment requested, the return on investment that should be expected, and the accountability measures that should be used to assess how successful we have been. We hope that lawmakers will seriously consider these initiatives as investments that will generate long-term returns for our State and our citizens. We stand prepared to engage in a constructive dialogue on these and other possible investment initiatives, as well as alternative funding mechanisms to make them happen. In short, we want to work together with policy makers, businesses, and citizens to develop solutions for the challenges and opportunities that are before us.

How is the Montana University System Doing its Part?

Let us be clear from the start. We recognize that the Montana University System has a real responsibility to effectively deliver high quality, accessible postsecondary education opportunities in Montana. We and our stakeholders – students, employees, customers, and supporters – have an obligation to make the best use of both State and non-State resources to creatively and efficiently achieve our objectives. We believe we are doing our part, as evidenced by the following:

- State funding for Montana's public educational institutions accounts for 50% of the campus instruction and general operating budgets and only 22% of the total campuses budgets. The balance comes from tuition, fees, auxiliary services such as room and board, charges, research grants and contracts, and other resources.

- From 1991 to 2001, tuition increased by more than 117%, while State appropriations to the MUS increased by only 7%.

- Due largely to the commitment of our faculty and staff (who are paid less than 75% of comparably situated employees nationally), the MUS continues to produce quality educational results. Examples of our students' academic success include:

* Excellent pass rates on national licensure examinations. University of Montana accounting students achieved the highest pass rate in the nation on the May 2000 Uniform CPA examination.
* Excellent job placement rates for graduates. Montana Tech placed 97% of its May 2000 bachelor's degree graduates and 89% of its AAS and certificate graduates right after graduation.
* Since the Family Nurse Practitioner program began at Montana State University – Bozeman in 1994, 100% of graduates have passed the Family Nurse Practitioner (FNP) certification exam.
* During the period October 1, 2000 through September 30, 2001, MSU-Bozeman BS in Nursing graduates had an annual pass rate of 95.3% (121 students) on the national NCLEX RN licensure exam.
* Over the last 8 years, MSU-Bozeman engineering graduates have achieved a pass rate of 91% on the Fundamentals of Engineering Exam (professional licensure exam) as compared to the national average of approximately 70%.

- According to a 2000 report of the Montana Legislative Fiscal Division, the MUS spends less per student than any of the seven other states in the region chosen by the 1999 Legislature for comparison.[1] We have implemented a variety of measures to improve efficiency and productivity, such as:

* The MUS conducted program reviews in 1995 and 2000. Since 1995 the MUS has reviewed 566 programs, options, and minors for both productivity and quality. Of those 566, 149 were eliminated or consolidated and another 25 were modified to improve efficiency.
* MUS campuses have developed five collaborative degrees and many collaborative agreements with community and tribal colleges to facilitate student transfer and joint research projects. Today there are 56 two-year to four-year transfer articulation agreements and dozens more joint projects and research agreements.
* The investing function for State and Designated funds has been centralized at both MSU and UM gaining efficiency and maximizing investment income; combined audits at UM and MSU have resulted in greater efficiency through shared resources and decreased costs.
* UM has centralized payroll operations which reduces the time individual campuses must spend with various auditors, reduces time spent in testing and maintenance, allows consolidation of vendor payments, and allows for consolidation of tax reporting.

[1] *Source: January 2000 Report of the Montana Legislative Fiscal Division to the Postsecondary Education Policy and Budget Committee.*

* UM and MSU have established joint and collaborative library systems and operations. This allows for quantity discounts, sharing of expertise, and more diverse holdings for campuses. A system-wide task force is now developing a similar approach for the entire system.
* The MUS has developed a system-wide implementation strategy for GASB 34/35 resulting in consistent and uniform implementation. This allows sharing of resources and eliminates potential duplication and inconsistencies.
* MUS campuses have invested millions in energy conservation projects, developed interruptible gas contracts, and installed electric co-generation turbines to increase efficiency and decrease long-term costs.

- The MUS attracts more than $120 million annually in outside research funding from federal and corporate contracts and grants.

- During the past five years, MUS campuses have initiated new construction, major renovations, and building updates totaling $182 million. Of this total, 54% has been funded from non-state funds, including private funds, auxiliary funds, student fees, and federal sources.

- Non-resident students spend more than $100 million per year in Montana for their educational expenses and even more is spent by students and their families during their time in the State.

- Significant progress has been made toward a unified college and university system, in areas such as academic collaboration, resource sharing, and credit transfer.

- During 2000-2001, MUS Colleges of Technology provided customized training and workshops to over 9,000 individuals at more than 80 Montana businesses, state agencies and non-profit organizations.

- The MUS has established more than a dozen business and technical outreach efforts, including MONTEC, TechLink, Tech Ranch, the Billings Business Incubator, the Montana Manufacturing Extension Center, the Bureau of Business and Economic Research, Montana Business Connections and others. The preponderance of the funding of these activities has come from federal and private sources and other non-State university dollars.

- In response to market needs, the MUS has added programs in areas such as health care informatics, CISCO networking, dental hygiene, family financial planning, computer network architecture, industrial technology, surgical technology, small business management and entrepreneurship, metals fabrication technology, farm/ranch business management, nurse practitioner certificate, and a master's degree in social work.

- Electronic delivery of classes to rural communities around the state has increased from 29 courses with 831 enrollees in Fall 1997 to 129 classes with 1733 enrollees in Fall 2000. Partial data for Fall 2001 shows on average another 20 percent increase in courses and enrollees.

- Working in partnership with two separate non-State, non-profit entities, the Montana University System has provided additional financial assistance to students and graduates. The Montana Higher Education Student Assistance Corporation has provided almost $14 million of rebates on student loans to over 25,000 students. The Student Assistance Foundation of Montana is awarding $350,000 of grants each year to students in the university system.

An Appeal for Help

The Montana University System will continue to do its part to sustain and improve postsecondary education and workforce development in Montana. And we hope that policy makers will consider objectively whether the State of Montana is doing its part as well. Unfortunately, comparative data compiled by various third-party entities suggest that we could be doing more. Consider the following:

- During the past ten years, general fund appropriations for higher education in Montana have increased by just 7% (49th in the nation), which compares to an average increase for all other states of 59%.[2] If we even kept pace with the national average, our annual appropriations would be $70 million higher than they are presently.

- A 2000 report by the Montana Legislative Fiscal Division found that Montana's appropriations per student were the lowest of eight states in the region. On average, the appropriations per student in the other seven peer states were 78% higher than in Montana.[3]

- When examining state support as it relates to citizens and taxpayers (not students) a similar result is shown. In the states around us, higher education appropriations per capita are, on average, 60% higher than in Montana.[4] Even when compared to personal income (where Montana should rank relatively high because of our low income levels), we find that the other states in the region are committing a higher percentage of their personal income – 45% more on average – to support higher education.[5] It is notable (and in our view, not coincidental) that the states around us are also achieving greater success in expanding their income and economic standings.

Clearly, it is difficult for any enterprise – whether in business, agriculture, or education – to remain competitive when your peers are substantially better funded to provide the same services.

We do not raise the comparative funding statistics to blame or complain. Rather, we hope to establish that greater support for postsecondary education in Montana is reasonable, achievable, and necessary. We wish to demonstrate that the opportunities to achieve economic returns by investing in education are real, and are happening all around us.

In late 2001, the Board of Regents adopted a long-term strategic plan, a copy of which is included as Exhibit 1. The plan identifies various strategies and objectives which we will pursue and seeks to address the multiple roles and constituencies served by the MUS. It also acknowledges that the Montana University System must continue to evolve and improve if we are to serve fully our students and the people of Montana. Thus, in a spirit of partnership, we commit to you the following:

- We will seek to build stronger working relationships with policy makers and the businesses and communities we serve;
- We will strive to deliver high quality postsecondary education opportunities while remaining attentive to affordability and access;
- We will continue to find opportunities for efficiency, campus collaboration, and external partnerships;
- We will continue to leverage State dollars through private and federal funds, while demonstrating accountability for the public funds provided us; and
- We will do all we can to strengthen Montana's economy and the income levels of our citizens.

In the same spirit of partnership, we ask that you provide us the resources that will enable the Montana University System to serve more fully the people of Montana. Together we can, and together we must, move Montana forward.

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[2] *Source: 2001 Grapevine Report.*

[3] *Source: January 2000 Report of the Montana Legislative Fiscal Division.*

[4] Source: 2001 Grapevine Report. Figures based upon a comparison with the states of Idaho, North Dakota, South Dakota, Utah and Wyoming.

[5] *Source: 2001 Grapevine Report. Figures based upon a comparison with the states of Idaho, North Dakota, South Dakota, Utah and Wyoming.*

Funding Adjustments for 2004-2005

Base Budget and Present Law Base Adjustments

The FY04-05 budget is developed in three increments. The first increment is the Base Budget. The Base Budget is defined as the actual expenditures for the first year of the prior biennium. For fiscal years FY04-05, the Base Budget will be established from FY02 expenditures. Because FY02 is the base budget year, many increases authorized by the legislature for FY03 are not included. For the Montana University System, examples of authorized expenditures in FY03 that are not included in the base budget year (FY02) are:

1. The FY03 authorized pay increase of 4% and insurance contribution increases for all units of the MUS and community colleges.
2. The dental hygiene program at Great Falls COT that was authorized by the legislature to begin in FY03.
3. The $100 per resident FTE funding increase authorized by the legislature for FY03.
4. Funding for additional resident students that have enrolled since FY02.
5. Restoration of vacancy savings.
6. Increases in FY03 for rates and charges from other state agencies including the department of administration, legislative audit services, insurance, and workers' compensation.

State statue defines "present law base adjustments" as the level of funding needed under present law to maintain operations and services at the level authorized by the previous legislature. The types of increases identified above are considered "present law base adjustments" and are generally calculated by the Office of Budget and Program Planning for all state agencies and built into each agency budget as part of the budget development process. Some of the adjustments are made as part of a state-wide adjustment (FY03 pay increases and vacancy savings) while some are agency specific ($100 per resident FTE funding increase in FY03).

Further, there are additional "present law base adjustments" that are needed to maintain operations and services at the level authorized by the previous legislature that were not included in the FY02 Base Budget and are also not included in FY03 expenditures. For the Montana University System, examples include:

1. Enrollment growth. The FY02 funding provided by the legislature was predicated upon educating 25,004 resident FTE students. The FY03 funding established by the legislature was predicated upon educating 25,207 resident FTE students. The enrollments for FY04 and FY05 are expected to continue to grow. As a result, additional funding is needed to continue providing education services to additional resident students who enroll in the Montana University System.
2. Inflationary increases in utilities, library holdings, maintenance costs and general operations. In these cases additional funding is needed because the cost to provide current level services has increased.
3. Increased cost of state mandated retirement payouts (vacation pay, sick leave payout, and retirement matching) as the age of the MUS workforce increases along with the frequency of retirements.
4. WICHE, WWAMI, and Work Study funding increases resulting from increased contract rates charged by professional schools to educate Montana residents and work study increases resulting from increased enrollments and hours of work.
5. Increased cost of mandatory and permissive fee waivers resulting from increases in tuition and enrollment growth. As tuition rates and enrollment levels increase from the Base Budget year of FY02, the cost of providing the current level of fee waivers increases.

FY04-05 State Pay Plan

The state-wide pay plan authorized by the legislature has consistently covered state government employees, the Montana University System, legislative employees, and employees of elected officials. The funding for the state-wide pay plan is not included in HB002 but is included in a separate appropriations bill (generally HB013). The cost to implement these pay increases in the Montana University System varies according to the level of pay increases. For each 1% increase in FY04 and FY05, the cost to the Montana University System is approximately $7.6 million. If the legislature authorized a state-wide pay plan with a 3% increase in FY04 and a 3% increase in FY05, the cost to implement the pay increase for the MUS would be $22.8 million.

The state-wide pay plan also includes increases in the state contribution for employee health insurance. For example, a $25/month increase each year (FY04 and FY05) in the state contribution for health insurance would cost the MUS an additional $3.6 million.

Last biennium these increases were funded by the legislature with approximately 50% coming from the state general fund and 50% being raised by the MUS through tuition increases to students. The percent of funding provided by the state has varied from a high of 100% to a low of 50% over the last 10 years. The MUS would propose a percentage of state funding higher than 50% so that resident students do not see a tuition increase simply to fund the new pay plan. If the state were to cover the portion of the pay plan associated with resident students (non-resident students would still see a tuition increase) the percentage of state funding would have to increase to 78%. This change would require an additional $1.8M in state funding for each 1% pay increase provided each year of the FY04-05 biennium.

Table 1. Accountability Measures Survey Results Summary		
POLICY GOAL	**ACCOUNTABILITY MEASURE**	
Policy Goal #1 -- Prepare students for success through quality education		
	1. Completion rates	
	2. Retention rates	
Policy Goal #2 -- Promote access and affordability		
	1. Affordability compared to other states	
	2. State support per capita and as a percent of personal income	
Policy Goal #3 -- Deliver efficient, coordinated services		
	1. Transferability among institutions	
	2. Percent of expenditures in instruction, administration, athletics, etc.	
Policy Goal #4 -- Be responsive to market and employment needs and opportunities		
	1. Job placement rates by field or program	
	4. Growth in FTE enrollment, certificates, and degrees conferred in 2-yr education	
Policy Goal #5 -- Contribute to Montana's economic and social success		
	1. Research and Development receipts and expenditures	
	2. Technology transfers (licensing and commercialization)	
Policy Goal #6 -- Collaborate with the K-12 school system and other postsecondary education systems		
	1. Collaborative programs with K-12, Tribal Colleges, Community Colleges and private colleges as appropriate	
	2. Average SAT or ACT scores of first time full time MUS freshmen	

Approved July 9, 2002

STRATEGIC PLAN
Mission, Vision, Goals and Objectives of the Montana University System

Mission: The Mission of the Montana University System is to serve students through the delivery of high quality, accessible postsecondary educational opportunities, while actively participating in the preservation and advancement of Montana's economy and society.

Vision: We will prepare students for success by creating an environment of ideas and excellence that nurtures intellectual, social, economic, and cultural development. We will hold academic quality to be the prime attribute of our institutions, allocating human, physical, and financial resources appropriate to our educational mission. We will encourage scientific development and technology transfer, interactive information systems, economic development and lifelong learning. We will protect academic freedom, practice collegiality, encourage diversity, foster economic prosperity, and be accountable, responsive, and accessible to the people of Montana.

Goals: The following five goals and subordinate objectives will guide the Montana University System in moving toward realization of its vision for the future of higher education in Montana.

A. To provide a stimulating, responsive, and effective environment for student learning, student living, and academic achievement.

1. To assure adequate campus policies to protect academic freedom and promote the free exchange of ideas while requiring pre- and post-tenure evaluation of faculty performance and systematic program review that reflect the Regents' priority on student learning.

2. To offer academic programs and services focused around approved campus missions and consistent with available resources.
   a. Integrate educational technologies into the instructional process.
   b. Encourage campuses to
      - require undergraduate research and/or creative activity in the curricula. [Embraced by undergraduate research OBJECTIVE].
      - incorporate and make students aware of alternative learning experiences such as study abroad, co-op education, internships, mentoring and others.
      - incorporate community service, internships, practica and cooperative education experiences in appropriate curricula.
   c. Assess more rigorously program needs/redundancies and target resources to academic priorities better.
   d. Develop and implement financial planning and assessment procedures at the campus and departmental levels.
   e. Develop an academic master plan template and related policies to guide decision making about faculty personnel, program creation/termination, budgeting, selection of priorities and program evaluation

3. To foster an environment that attracts and retains high quality faculty and staff.
   a. Implement the Montana University System Achievement Project (MAP) which is designed to improve communications between employees and supervisors, increase opportunities for job related feedback, and allow employee ownership in the development of career plan.
   b. Require annual evaluations of all employees with Board of Regents contracts.

c. Review and modify as considered necessary Regent policy 710.2.2 Termination; faculty for cause.
d. Provide students with the opportunity to formally evaluate faculty teaching in accordance with Regent policy 705.3
e. Require all units to adopt policies providing for a regular cycle of performance reviews of all tenured faculty.

4. To improve rates of student retention and degree completion across the Montana University System.
   a. Encourage use of AP and other credit by examination programs for in-coming and enrolled students.
   b. Normalize the standards for acceptance of credit-by-examination across all campuses to ensure equal treatment of students.
   c. Improve and simplify articulation of courses and programs across the Montana University System.

5. To develop, maintain at/near state-of-the-art condition Montana University System facilities, technology and infrastructure and to coordinate the use of capacities and resources across all MUS institutions.
   a. Create a financial plan that includes technology and funded depreciation of technology assets.
   b. Develop a facilities plan that integrates deferred maintenance into regular budgets.
   c. Ensure each campus develops and implements a facilities master plan.
   d. Develop and implement financial planning and assessment procedures at the campus and departmental levels.

6. To ensure student readiness for higher education and validate student competencies for graduation.
   a. Develop, test and evaluate proficiency admissions standards and instruments in writing and mathematics proficiency.
   b. Develop, test and implement graduation competencies for the campuses.
   c. Monitor professional skills/certification examinations scores for graduates.

B. To make a high quality, affordable higher education experience available to all qualified citizens who wish to further their education and training.

1. To identify or seek creative funding alternatives that will expand public and private resources.

2. To make sure that every academically qualified individual has an opportunity to receive the benefits of higher education without financial or social barriers.
   a. Determine scholarship needs for Montana citizens and develop funds to assist needy students.
   b. Increase the amount of funding available for merit-based aid.
   c. Create a web site that allows statewide access to information about how to plan for postsecondary education including academic preparation, career planning, and estimating and meeting financial need.
   d. Investigate the affordability of graduate education for students.
   e. Investigate whether MUS can afford to offer various graduate programs.

3. To expedite student progress towards degree objectives in order to reduce time to degree (and related costs) and maintain affordability for the widest range of students.
   a. Work with K-12 sector to enhance the skill level of high school graduates—to reduce the amount and extent of remedial instruction necessary for Montana High School graduates.

b. Encourage greater use of credit-by-examination, dual credit enrollment while in high school, Tech Prep and Advanced Placement (AP) courses.
c. Maintain the tuition differential policy to keep costs of Colleges of Technology lower than 4-year institutions.

C. To deliver higher education services in a manner that is efficient, coordinated, and highly accessible.

1. To operate as a unified system of higher education and increase productivity through effective planning, assessment, collaboration and resource sharing.
   a. Afford students access to high-cost programs not available in Montana [medicine, dentistry, speech pathology, etc.].
   b. Increase System and campus productivity within existing resources by identifying i.) appropriate productivity measures *and assessing regularly*, ii.) opportunities for redesign/reengineering for savings/efficiency, and iii.) professional development programs for faculty, staff, and administrators.
   c. Actively incent and pursue opportunities for academic and administrative collaboration and resource sharing.
   d. Design a management information system and standard reports to monitor MUS operational efficiency, productivity and effectiveness. Report the results to the public with clearly defined, accepted and meaningful benchmarks.
   e. Encourage greater collaboration and mission differentiation to hold down costs and to be more efficient.

2. To increase student access to Montana University System programs through coordinated statewide delivery and expanded use of technology.
   a. Increase asynchronous delivery of high demand *courses and* programs.
   b. Offer balanced combinations of distance learning and campus/community-based active learning.
   c. Use technology to realize efficiencies, facilitate ease of system entry, expand electronic course delivery, etc.

3. To increase the coordination of academic resources to improve student progress toward degree.
   a. Actively incent and pursue opportunities for academic and administrative collaboration and resource sharing.
   b. Eliminate barriers to transfer and especially articulation between all Montana University System institutions.
   c. Facilitate library collection development statewide via shared/*linked* databases. [Also relates to Goal A].
   d. Actively incent and pursue opportunities for academic and administrative collaboration and resource sharing.
   e. Expedite students' completion of approved programs of study through policies for improved coordination of course and program requirements, credit transfer, program and course articulation and coordination of general education and upper division requirements.

4. To promote diversity with special attention to Montana's Native American populations.
   a. Implement HB 528 Action Plan for the MUS.
   b. Work with K-12 sector to facilitate access to higher education for Native American students (Educational Talent Search, Gear Up).

D. To be responsive to market, employment, and economic development needs of the State and the nation.

1. To offer programs and services consistent with the changing market and employment needs of the state and nation.
   a. Assess periodically and systematically the conditions of the changing economy as well as the needs of the State for workforce education and academic programs.
   b. Offer programs and services consistent with the needs of the State, availability of resources and institutional missions.
   c. Urge faculty to create applied or hands-on learning experiences that are responsive to prospective employers' needs in appropriate degree programs.
   d. Encourage faculty to include international and interdisciplinary perspectives in academic programs.
   e. Regularly seek, assess and respond to input from key industries and market participants in developing or eliminating curricula and programs.

2. To encourage basic research and technology transfer to contribute to the economic development of the State of Montana.
   a. Coordinate opportunities for research, outreach, economic development
   b. Encourage campuses to conduct research programs and effect technology transfer that uses the communities of the State as laboratories and resources.

3. To promote the full spectrum of higher education needs and opportunities in 2-year, 4-year, graduate and professional education.
   a. Maintain differential tuition policy for colleges of technology and two-year programs.

4. To make the Montana University System more accessible and responsive to businesses, government and other constituents.
   a. Encourage partnerships with school districts, businesses, industry and government and require external advisory councils for all professional and technical programs.
   b. Provide workforce training and lifelong learning opportunities as market shows need.
   c. Regularly seek, assess, and respond to input from key industries and market participants in developing or eliminating curricula and programs.
   d. Develop a Board Information System that emphasizes strategic issues (those that affect the long-term viability of the Montana University System) and addresses mission, fiduciary responsibilities, institutional liability, environmental trends, opportunities for collaboration, and the needs of Montana citizens.

E. To improve the support for and understanding of the Montana University System as a leading contributor to the State's economic success and social and political well-being.

1. To improve and expand the communication and outreach of the Montana University System to constituents, communities and policy makers.
   a. Develop and implement a strategy to enhance public awareness of and support for higher education in Montana, to influence the legislative process, and to attract private support for the University System.
   b. Expand communication of University System facts, accomplishments, and needs to the public, constituent and trade groups, and policy makers.
   c. To develop and promulgate regularly a report to the State about MUS involvement in the discovery of new knowledge, preservation and extension of the State's cultures, and economic and community development.

d. Assist policy makers to plan for, sustain, and nurture a quality and affordable higher education system.

2. To meet constituents' expectations for accountability through responsible stewardship of resources.
   a. Allocate university system resources based upon a long-term plan with measurable outcomes tied to serving the interests of students and the state.
   b. Develop a long-term financial plan (to include financial forecasts and assessment of academic aspirations in context of projected revenue) and policies.
   c. Work with policy makers and other stakeholders to develop accountability benchmarks and reporting methods.

3. To expand community involvement, service and outreach initiatives at the campus level.
   a. Encourage campuses to integrate civic responsibility and community service into the curriculum.

4. To partner with state government, our congressional delegation, K-12 education, tribal and local governments, labor and business leaders to preserve and improve the economy of Montana.

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