

THE MONTANA UNIVERSITY SYSTEM
An Investment in Montana's Future

Draft of April 16, 2002

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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.
 - * 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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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 statute 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.

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INVESTMENT INITIATIVES FOR 2004-05

INITIATIVE 1. Add and Expand Programs and Services Tied to Demonstrated Market and Employment Needs.

➤ Specific elements of initiative:

MSU-Bozeman Initiatives (\$4,040,000)

- Enhance undergraduate and graduate programs in specific academic areas which support the attraction, creation and/or development of knowledge-based and technology-based companies, including:
 - * Biotechnology (in both health and agriculture fields);
 - * Biomedical research;
 - * Optics research and engineering; and
 - * Materials research and engineering.
- Expand statewide outreach and business consultation service programs which support the attraction, creation, and/or development of traditional businesses, including:
 - * Expanded Engineering Experiment Station service programs; and
 - * Enhanced support for the Entrepreneurship Center, Tech Link, and Tech Ranch.
- Enhance research & development intern opportunities for graduate students, and extend similar opportunities within select undergraduate programs, in order to expand the workforce of highly educated technologists, which support critical R&D functions in many emerging businesses.

MSU-Billings Initiatives (\$1,236,550)

- New program development and required support services for the University to expand the programs. New program development includes certificate, 2-year, baccalaureate, and graduate programs in areas such as health care (which includes a new school of Allied Health), technology, human services, business, and others. Expanded services required to assist in the new program development include budget, business, financial, facilities, financial aid, advising, registration, records, etc.
- Expand distance delivery of general education, degree programs, training and development programs and online, full-text library resources
- Expand evening, summer, and weekend college programs and support services

MSU-Northern Initiatives (\$300,000)

- Develop and invest in degree programs that respond to industry needs. Examples include technology management and industrial technology.
- Increase and expand the number of partnerships with industry such as Ford, General Electric, Caterpillar, Kiewit Corp. etc.

MSU COT-Great Falls Initiatives (\$265,479)

- **Support Enrollment Increases by:**
 - * Adding one general education faculty each year.
 - * Increasing adjunct faculty stipends to \$500/credit by FY05.
- **Expand Workforce Training Efforts by:**
 - * Increasing customized training staffing (.5 FTE) and services (Business Needs Analyses/Web Based).

The University of Montana-Missoula (\$965,000)

- **Workforce development:** In **Missoula**, these will include the implementation of UM-Missoula's **Training Needs Team (TNT)** initiative. (\$418,000) TNT is an action-oriented team of regional program and funding agencies that are working with area organizations, businesses and industries to:
 - Encourage businesses to request assistance;
 - Arrange time for business and industry representatives to sit down with the University to determine needs assessment foci;
 - Conduct an on-site needs assessment;
 - Present results of assessment to the industries and the State;
 - Facilitate training schedules, location, provider, and funding;
 - Tabulate participant results and an annual impact statement
- **Targeted Professional and Graduate degree programs -Health Care at Missoula (\$272,000)**
 - **Communication Disorders Masters Degree:** Currently, no Montana programs train Speech Pathologists for Montana's public schools, clinics, hospitals and private practice. Special education related services mandate speech pathologists in public schools. ASHA and Montana Office of Public Instruction suggest need for such professionals across the state.
 - **Public Health Masters Degree (Community Health focus):** An interdisciplinary degree to train Community Health practitioners who work for the state health department and community health agencies.
- Continue funding for the **"One Time Only" appropriation at Yellow Bay** (\$100,000 FY04 and \$100,000 FY05).
- Enhance a fundamental program of research in the **Montana Forest & Conservation Experiment Station** with targeted enhancement of graduate programs in forest cultivation and management, and expansion of continuing education in forestry, especially focused on private lands. 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. (\$75,000)

The University of Montana Western (\$250,000)

- **Targeted two-year certificate and associate degree programs at UM-Western campus (\$250,000)**, to address Montana's economic development needs, including:
 - **Farm/Ranch Management Associate Degree** – Program will focus on providing coursework in agriculture and communication as well as skill development in computer technology.
 - **Education Paraprofessional Associate Degree** – Program will provide training for teacher's aides, particularly in the areas of special education and computer technology.
 - **E-Commerce Associate Degree** – Program will provide training that will allow students to work as webmasters and/or network support personnel.
 - **Hospitality Management Certificate** – Program is being developed in partnership with West Yellowstone Consortium. Funding would allow for the program to be offered on-site at West Yellowstone.
 - **Early Childhood Education Baccalaureate Degree** – Western's Bachelor of Science in Early Childhood Education would allow place-bound students around the State who have already completed Western's AAS in

Early Childhood Education to further advance their careers by obtaining a bachelor's degree. This program builds on Western's expertise in delivering such programs at off-campus sites and meets the expressed needs of those students and of the childcare industry.

Montana Tech of The University of Montana (\$1,011,000)

- **Workforce development:** In **Butte**, (\$100,000 FY04 and \$200,000 FY05) the Montana Tech and COT campuses will address workforce development through:
 - Several 2plus 2 programs. These programs are part of the baccalaureate offerings with multi-entry multi-exit points. Areas include **information technology, health care and engineering;**
 - Apprenticeships, certification programs, technological workshops and seminars in response to the needs of industry and citizens in Montana.
- **Targeted Professional and Graduate degree programs at Montana Tech** (\$180,000 FY04 and \$276,000 FY05). Develop targeted Baccalaureate and Masters programs to address critical shortages in **health care, science, and technology** needs.
- **Create business and community development and outreach office at Montana Tech.** Continue and expand (\$50,000 FY04 and \$50,000 FY05), K-12 Outreach through program offerings such as Upward Bound, Gear Up, Science Fair, Expanding Your Horizons, Tour of Indian Nations, Succeeding Students in Engineering Programs and many other activities.
- Fund the **Expanding Role of the Montana Bureau of Mines and Geology:**
 - **Coal bed Methane Responsible Development** – (*Seeking outside funding*) The diverse issues revolving around coal resources and coal bed methane production require a broad range of scientific and engineering data in order to determine how to attain the most efficient extraction of the total energy resources available in coal beds, and preserve the water resources that are critical to the region. MBMG has built and maintained databases pertaining to coal and associated gas and water, and actively assisted governmental agencies and companies in the course of responsible development.
 - **Modern Earthquake Detection and Response** – (\$5,000 in FY04 , 40,000 in FY05) Montana is ranked as the fourth most seismically active state, and has a history of damaging earthquakes. Over the past 20 years, using an extremely modest budget, MBMG's lone seismic expert has established a 32-station seismograph network that is used to report Montana seismic activity. Most of the equipment is old and incapable of providing the information required by emergency-response agencies immediately following an earthquake. MBMG has begun updating the network using federal funds to purchase equipment.
 - **Oil and Gas Information Central** – (\$70,000) 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. MBMG proposes to establish a small program to compile and map regional 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. Taxes generated by a single discovery could repay the costs many times.
 - **Geohazards and State-Service Support** (\$40,000-FY05 only) Land-use changes, primarily brought about by population growth, have greatly increased the demand on and for natural resources. To address these concerns, MBMG needs support to produce more detailed geologic, geohazard, and ground-water maps and reports, and expand databases relating to the State's geologic resources and problems---water, minerals, mineral fuels, and geohazards.

The University of Montana Helena College of Technology (\$418,000)

- **Workforce development** on COT campuses at **Helena** (\$418,000), Missoula (\$418,000), and **Butte** (\$100,000) in applied curricula programs at the certificate level to address retraining/retooling needs of Montanans, and Montana industries.

The **Helena** campus will continue to develop collaborative partnerships to bring new industry into the State. (\$418,000) Examples include:

- Expanding the **public safety** program to meet current community needs;

- Expanding the **protective services** program in a specialized training facility for hands-on experience in mock correctional, fire safety and emergency response environments;
- Supporting the **small business** degree program;
- Providing continuity of instruction and program development for the **automotive and general** education;
- Expanding the **community outreach** program, establish collaborative partnerships, and provide customized training to Montana industries.

Montana Community College Initiatives (\$953,723)

➤ **Dawson Community College**

- Coordinate with workforce and economic development agencies currently serving Eastern Montana business and industry.
- Further develop relationships with state and county based agriculture experimental stations and extension services.
- Expansion of farm/ranch business management program into greater Eastern Montana.
- Expand and develop collaborative programs, METNET, Internet courses, and other distributed learning courses.
- Add software and systems to better facilitate distance learning and cross campus resource sharing.
- Create a funding pool to pay mandated retirement payouts.

➤ **Miles Community College**

- Expand programs, resources, and workforce training efforts.
- Expand degree programs tied to growing market sectors and the needs of businesses and business clusters.
- Expand and promote distance learning opportunities
- Partner with community colleges and two-year colleges to offer satellite courses and training programs in rural markets.
- Equip classrooms to enhance the learning experience and improve student retention.
- Provide funding to develop “smart classrooms” to take advantage of available and emerging technologies.
- Create a funding pool to pay mandated retirement payouts.

➤ **Flathead Valley Community College**

- Expand programs, resources, and workforce training efforts of Flathead Valley Community College, including: customized training, Business Information and Research Center, Business and professional development workshops, Workforce 2002 (state model), NorCor project, and Flathead Business and Education Council (state model)
- Expand degreed programs tied to growing market sectors and the needs of businesses and business clusters.
- Expand business and community development and outreach.
- Expand and promote distance learning opportunities.
- Expand and develop additional collaborative programs with MUS and tribal colleges.
- Equip classrooms to enhance the learning experience and improve student retention.
- Create a funding pool to pay mandated retirement payouts.

➤ **Return on investment:**

- Improved productivity and income levels for Montana workers and Montana businesses, leading to a stronger State tax base.
- Increased enrollment in areas of employment need, leading to better business retention and more graduates remaining in the State.
- Stronger programs and capabilities in growth sectors of the economy, leading to more successful business recruitment, incubation, and growth in those same sectors within Montana.
- Improved capabilities and responsiveness of our two-year colleges, leading to a deeper skilled labor pool and better tools for the use of local employers.
- Enhanced and expanded support for Montana-based R&D in areas important to growth sectors of the national economy leading to increased opportunity for technology transfer to the private sector in Montana.
- Expanded and enhanced programs that provide direct assistance and expertise to existing businesses and companies, and the development of new entrepreneurs to establish knowledge- and technology-based businesses in Montana.

➤ **Accountability measures:**

- Immediate - Numbers of academic programs, student enrollments, program graduates and Montana job placements tied to employment and market needs.

- Initial - Increased university-based research projects and workforce training programs as well as larger numbers of Montana businesses and employees participating in university research and training activities directed toward State market and employment needs.
- Intermediate - Graduation/certificate rates by program, student placement upon completing programs, and number of business partnerships created.
- 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.
- Increased numbers of patents, licenses, and new companies based on Montana University System research, development, and technology transfer.
- Ongoing-Yearly program reviews of all new programs, regular five-year assessment.

INITIATIVE 2. **Promote Rural Development.**

- Specific elements of initiative:

MSU-Bozeman Initiatives (\$200,000)

- Meeting workforce needs of rural communities and health care facilities by developing healthcare workforce partnerships through the expansion of existing and creation of additional distance learning opportunities, including select 2+2 programs. A group of nurse educators from the MSU-Bozeman, MSU-Northern and MSU-Great Falls College of Technology met in partnership with health care providers representing Glacier, Toole, Liberty, Pondera, Teton and Chouteau counties. Meetings took place between May 2001 and February 2002 to address this problem. The resulting pilot for this program will be the partnership between MSU Nursing programs in Bozeman, Havre and Great Falls and Health Care facilities in North Central Montana. The program, if successful, will recruit and train citizens from within the six county area for employment within that area. MSU believes that this model could be portable to other regions of the state and to other high demand/low supply rural occupations such as K-12 education. In addition, MSU believes that this model can enhance existing collaborative programs with rural communities and tribal colleges.

MSU-Billings Initiatives (\$500,000)

- Develop business and industry partnerships in rural Montana to support rural economic development. Provide assistance to business in rural Montana through resources such as the Montana Business Incubator (MBI) and the Yellowstone Training and Development Center (YTDC).
- Provide and develop health care and teaching professionals for rural Montana communities

MSU-Northern Initiatives (\$450,000)

- Increase the number of partnerships with tribal colleges, especially in the area of teacher training.
- Expand partnerships with rural economic entities, using NARFI- North America Rural Futures Institute - and the Montana Cooperative Development Center as focal points.
- Upgrade the NorthNet telecommunications system by replacing equipment.

MSU CoT – Great Falls Initiatives (\$64,150)

- **Expand Rural Access to Academic/Occupational Programs by:**
 - * Providing rural communities with community liaisons for satellite coursework and programs.
 - * Delivering dual enrollment (High School/College) courses/programs online.

MAES Initiatives (\$1,117,309)

- **Retain 1.5% salary savings requirement (rather than 4%).** Key vacant research faculty positions are being rehired in 2001-02 with the \$574,522. These **rehired faculty** and their expertise are essential if MAES is to be able to meet accelerating clientele needs.
- **Fund inflationary impacts on operating costs.** Between 1985 and 1999, MAES funding has declined at least 17% when compared with the accelerated costs of doing business. Montana ranks 32nd in farm gate cash receipts, while MAES research support ranks 43rd in state support per thousand dollars of farm gate receipts.
- **Expand and promote distance learning opportunities.** The College of Agriculture initiated a study of the need and feasibility of a Master's degree program via distance education in the spring of 2001. A needs assessment was conducted and it was concluded that a distance education Master's program was necessary to meet the needs of a place-bound clientele in the state and region. This would level the playing field between rural and urban students

with regard to opportunities for higher education. Delivery of agricultural information technology educational programs will increase the competitiveness and profitability of Montana and regional agriculture. The College of Agriculture has identified a half-time program director to develop the Master's program and administer continuing education efforts.

Extension Service Initiatives (\$565,391)

- Convert the "One Time Only" Tech Transfer position funding to continuing funding for FY04 and FY05.
 - 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.
- Add a Marketing/Economic Development Specialist to be located at the Southern Ag Research Center.
 - The identification of new or niche markets and marketing strategies for Montana's producers.
 - Provide individuals and groups of producers with the tools to tap into developing markets.
- Extension Technical Support Positions.
 - Technical support and diagnostic laboratory positions are critical to providing answers to Montana's agricultural producers and Extension agents relative to the identification of plant diseases, insects and weeds; pesticide applicator training; information technology; and 4-H and youth development assistance.
 - These positions are inadequately funded by grants and one-time-only funding that jeopardize the quality of services provided.
 - This initiative would stabilize the funding source and continuity from year to year of these vital positions.

FSTS Initiatives (\$225,000)

- By the year 2005, the FSTS proposes to strategically locate 5.65 trainers in Montana so that each trainer serves a maximum of 10 counties. There are currently 4 trainers serving unmanageable areas. Additional trainers would ensure that round-trip travel distances for trainers not exceed 300 miles and convert much "windshield time" into productive training time.

The University of Montana/UM-Helena College of Technology (\$217,000)

- Diverse, applied curricula in *Distance Education* (Specifically, Online Learning) to address the *workforce training* and *lifelong learning* needs of place bound Montanans.

Missoula (\$162,000); **Helena** (\$55,000) To better promote rural economic development, the campuses of **The University of Montana** will collaborate to offer workforce development short-courses, as well as certificates and degrees using a variety of delivery systems, but concentrating on online or web-based learning. The purpose is to provide access to distance learning opportunities to rural markets throughout the state. UM will work with local communities to:

- identify learning needs; and
- place public access computers in libraries or other public facilities.

As a part of its continuing mission, UM will sustain the growth of an increasing variety of courses, certificates and degree programs. This effort will be directed by the Dean of Continuing Education at the Missoula campus, and will include the following:

- Health care, elder care and child care;
- Professional training;
- Civil servant training;
- Entrepreneurship and small business management;

- Expansion of correctional program and fire protection program at HCOT;
- Management information systems, computers and information technology;
- Math, reading, writing developmental courses; and
- Associate of Arts and Bachelor of Arts degrees.

The University of Montana Western (\$118,000)

- **The University of Montana Western** has maintained a special focus on its rural neighbors throughout the State, and is currently working on the following initiatives to promote rural development in Montana. UM-Western is committed to developing the offerings, building partnerships with education and business interests, supporting the technical requirements of the delivery systems. These initiatives (\$118,000) focus on teacher education and community education:
 - **Teacher Education** – Quality schools are the center of a thriving rural community. Teachers working in rural schools face challenges of limited resources related to technology, library needs, and special needs training.
 - * **Special Education Endorsement** – (Online and Summer Institute) Program will focus on providing special education endorsement to rural in-service teachers.
 - * **Rural Educator’s Resource Center** – (Online and Summer Institute) Program will focus on providing best practices, curriculum, current pedagogy development, and library resources to in-service teachers.
 - * **Technology Institute**– (Campus Based Summer Institute) Program will provide training in instructional technology to in-service teachers.
 - **Community Education** The role that Western plays in rural development encompasses more than university degree programs. The campus also provides training to meet the needs of rural communities (e.g. agriculture, business, professional development).
 - * **NxLevel Programs** – The NxLevel programs provide business training to entrepreneurs in service and agricultural industries. Participants in the programs gain management skills and develop business plans that enhance economic development and increase business productivity.
 - * **Career and Technical Training** for business and government agencies – Online and campus based (e.g. GED, workforce entrance skills).

Montana Tech of The University of Montana (\$145,000)

- Fully fund *Montana Tech’s Distance Delivery, Development and Infrastructure* (\$145,000) to address the **workforce training and lifelong learning** needs of place-bound Montanans, tribal communities and beyond through Jump Start, CNA, and on-line degrees programs;
- **Investment required:** \$450,000
- **Return on investment:**
 - Improved productivity for agricultural producers through expanded research and training, value-added development strategies, and expanded markets and marketing techniques.
 - Improved ability to provide workforce training and address workforce supply-demand problems, leading to improved prospects for business recruitment and community development.
 - Increased access to higher education and workforce training for rural and place-bound Montanans.
 - Stem the decline of jobs and income levels in rural communities.
- **Accountability measures:**
 - Increased numbers of education programs and services involving more rural participants and resulting in more highly skilled workers across the State.
 - Additional and new programs becoming available to rural communities by asynchronous, distance delivery technologies and cooperative efforts, leading to improved workforce preparedness and a better quality of life.
 - Increased numbers of small businesses served in rural markets.
 - Greater participation of rural Montanans in postsecondary education and training.
 - New business start-ups and development activities in rural locations.
 - Improved productivity of Montana farms and ranchers through programs, research, and recommendations of the Montana University System and its agencies.

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

➤ **Specific elements of initiative:**

- Increase State financial aid
 - ★ Increase dollars available for Baker Grants and Montana Higher Education Grants.(\$1.4 million)
 - ★ Increase dollars available for Montana Work Study Program.(\$400,000)
- Fund tuition differential for two-year colleges, and smaller four-year campuses. (\$974,400)
- 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 required: \$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.
- A stronger competitive position for MUS campuses in attracting and retaining quality students, thus keeping our best and brightest young people in Montana.

➤ **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 high 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.

INITIATIVE 4. **Invest in Facilities and Technology.**

MSU-Bozeman Initiatives (\$1,040,000)

- Expand the installation of "Smart Podiums" technology into other classrooms in addition to our large lecture halls; and,
- Complete the implementation of the multi-campus Banner information system, and increase software licenses, in order to establish a disaster recovery and business continuity capability, in addition to a web-enabled reporting instance for enhanced accountability and management reporting capabilities.

MSU-Billings Initiatives (\$391,900)

- Upgrade instructional facilities and equipment in classrooms and science labs with up to date technology.
- Upgrade academic equipment in the trade and industry programs to reflect current field technology

MSU-Northern Initiatives (\$148,754)

- Increase investment in capital equipment for instructional purposes.

MSU COT-Great Fall Initiatives (\$94,800)

- Add/upgrade modems and servers.

MAES Initiatives (\$197,640)

- Support increased use of technology and support preservation of the State's facilities on MAES Agricultural Research Centers and Farms.

FSTS Initiatives (\$7,290)

- Purchase computers, new technology for new trainers and staff.

The University of Montana

- Strategic and programmatic investment in **information technology**, to help build out the “middleware” that is required to allow novel and emerging applications to be implemented on campus and inter-campus network infrastructure. Middleware issues and initiatives range from network and Internet security, to networked application integration, to setup of campus or multi-campus environments to allow new applications to be implemented. Middleware support requires a certain amount of hardware and software, occasionally requires access to on-line services, but is always heavily dependent on personnel support to install, maintain, and manage the middleware.

• On the **Missoula** campus: \$105,000/year for a (2.0 FTE) middleware experts, plus \$60,000/year for hardware, software, and on-line services. Expansion of the high research honor program, the veteran's fee waiver, and the tribal college support for non-beneficiary students may be requested through separate legislation and/or appropriation bills.

- On the **Missoula** campus, for the UM-wide and MUS-wide network: \$65,000/year for one (1.0 FTE) middleware expert, plus \$54,000/year for hardware, software, and on-line services.

- On the **Montana Tech** campus in Butte:

- * Hire a **Webmaster/Blackboard Manager** to maintain the campus WEB site and oversee on-line course offerings (\$51,000 - includes benefits);
- * **Multi-media classrooms** in the ELC Building (\$149,000).

- On the **UM-Western** campus in Dillon:

- * Upgrade **faculty/staff desktop infrastructure**. Investment toward a renewal and replacement plan to support continued and new technology requirements. (\$80,000)
- * Hire **one additional full-time professional employee** to assist with campus technology and allow Western to meet needs for rural workforce development through the Rural Education Technology Center. (\$70,000)

- On the **Helena COT** campus:

- * Personal services - IT Manager (\$48,000);
- * Hardware replacement - new student server and memory for staff server (\$82,000).

- At the **Bureau of Mines**, \$13,000 for hardware and software.

- At the **MFCES**, \$6,000 to help maintain technology infrastructure.

➤ Investment required: **\$1,166,000**

➤ Return on investment:

- The continuing ability of our campuses to meet growing and diversifying enrollment demands, leading to a more productive workforce and a stronger business environment.
- Improved efficiency and productivity of faculty and staff, and an improved learning environment.
- Improved student recruitment and retention due to an enhanced learning environment characterized by multiple asynchronous learning strategies, 24/7 access to instruction and necessary support, and multiple electronic classrooms and laboratories across the State.
- Improved use of technology to deliver services, share resources, and efficiently manage operations.

➤ **Accountability measures:**

- Accountability in meeting approved information technology plans.
- Technology application, evolution, and support will include library and administrative software systems, on-line course support and distance education systems, web applications and campus interfaces.
- Number of high-tech classroom and lab renovations.
- Number of deferred maintenance, health/safety, and compliance projects completed.
- Lower repair and maintenance expenditures and deferred maintenance lists as a percentage of plant assets.