

**PLANNING RETREAT
BOARD OF REGENTS
26 OCTOBER 2004
HELENA, MONTANA
BY
GEORGE M. DENNISON**

Preamble

All planning of any consequence either occurs in a context or presumes a context. In my view, the context becomes clear as a result of a quick scan of the major trends affecting the planner and the subject of the planning. The planner cannot identify the issues without understanding the context and the position of the planning entity.

Major Trends:

- Flat or declining percentage of State appropriations devoted to higher education.
 1. Will undoubtedly change, but not in the short term; a national challenge
 2. Economy rebounding but more slowly than in the past and without an accompanying up-tick in State appropriations; some say this time is different.
 3. Conundrum of which comes first – economic growth or investment?
 4. Utility of the current approach to funding public higher education.
- Declining student cohort group in the State, and a rapidly changing profile of the cohort group nationally.
 1. Focus on increasing the percentage of graduating seniors in Montana who opt for college, and growing market share.
 2. Position ourselves to compete nationally for the growing but changing cohort in other states.
 3. Non-traditional groups?
 4. Rising competition for students in an enrollment-driven environment.
- Dysfunctional and obsolete facilities.
 1. Residence halls built for an earlier generation.
 2. Laboratories and classroom spaces designed for other needs and in buildings filled with asbestos.
- Rapid rise of fixed cost increases we cannot control.
 1. Health care.
 2. Utilities (energy in various forms)
 3. Termination pay for personnel as the Baby Boomers retire.
 4. Targeted inflation (Library materials and access to data bases and necessary equipment).
 5. Operation and maintenance of buildings and facilities we construct with private funding.
- Beginning of a seller's market for personnel.
 1. Retirements likely to increase in the near term, and cost of replacements will undoubtedly exceed released funds because of salary compression.
 2. Rising cost of living index – especially housing – will require attention in compensation levels.

3. Will affect all employee groups, but faculty and administrative sooner rather than later.
 4. Good example for faculty in Business – an insufficient number of degrees awarded annually to meet the need in business and academe, so business wins because of greater rewards.
1. Increasing importance of information technology in all aspects of institutional functioning – instruction both on and off campus, research and technology transfer, and administrative operations.
 1. Infrastructure, training, and cost of courseware development.
 2. High speed connectivity to the world.
 3. Re-engineered and highly efficient business practices.
 4. Hardware, specialized equipment, software, middleware, and network infrastructure.
 2. Absolute necessity to achieve economies of scale.
 1. Personnel intensive entity.
 2. Functions are central, services local.
 3. Avoid redundancy.
 3. Rising concern for accountability.
 1. Cost controls.
 2. Learning outcomes.
 3. Responsiveness to market needs.
 4. Direct contributions to economic development.

Issues for Board Guidance:

Do we maintain quality in an environment of increasingly scarce resources at the expense of access?

- If not, do we limit enrollments on all or certain campuses?
- If no limits and no funds, do we turn a portion of tuition to assure access for the most needy?
- Do we use admission standards to direct enrollments?

To respond to emerging needs requires new programs, but how do we start them without start-up funding to get them going?

- Typically it takes two years or more to reach the break-even point.
- Pool of start-up funds for temporary use and repayment might work.
- Reallocation presumes either fat in the system or programs no longer in demand.
- Carry-forward of Reserves – if not needed – into at least one biennium as start-up funding.

How do we enroll more Montanans in the face of a declining cohort?

- Affordability – turn some of the tuition revenue as aid for the needy.
- Motivation – encourage and prepare more to come.
- Choice – make choices available and clear.

How can we recruit and retain faculty and professional staff without adequate pay and benefits?

- Cost of replacement.
- Cost in morale.
- Effect on program quality.

Should we continue to develop the facility with private support?

- Increasing demand for matching from the state.
- Operation and maintenance becoming problematic.

Board counsel on a five-year plan for academic program development.

- Each University develop and present a slate of new programs to meet identified needs.
- Board assigns lead campus status after review of proposals including funding.

Future of restructuring.

- Carry to its next phase.
- Reverse the process and establish new approach.
- Introduce new complexity by emphasizing professional technical rather than vocational technical.

Role of research and technology transfer.

- Source of funding.
- Focus of development.