

The Montana University System
Strengthening the Montana Economy

TRAIN WORKERS - AND CREATE JOBS

State Need:

- Create a responsive mechanism to assist small businesses and train Montanans for good paying jobs in skilled crafts, technical, and professional careers.

Current Problem:

- Montana's unemployment rate currently hovers around 5%.
- Only 54% of Montana's high school graduates attend college, compared to 62% nationally.
- Each year over 5,000 Montana high school graduates attempt to enter the workforce with no education beyond high school and no marketable skills training.
- Roughly 42,000 Montana workers currently earn wages at or below the poverty line.

Market Reality:

- 80% of the fastest-growing jobs in the country require education beyond high school.
- The average annual income of an employee with a two-year degree is roughly \$5,700 higher than the income of an employee with a high school diploma. With a four-year degree, the yearly income difference rises to about \$17,700. These income gains are widening as employers place greater value on the skills and education that drive higher productivity.
- Research confirms that, in today's world, the most important business location consideration is access to a skilled and educated workforce.

Proposed Solution: The Career Academy and Business Extension Service

- Create an entity to assess local business needs for training and other technical assistance.
- Provide a bridge between high school students or unemployed Montanans and a broad array of good paying jobs through relationships and agreements with trade-based organizations, high schools, businesses, and local governments.
- Guide students toward certification and licensure in their specific areas of interest, such as
 - journeyman carpenters, welders, plumbers, and electricians
 - LPNs, surgical technicians, radiological technicians, and other allied health care workers

Required Investment:

- \$1,200,000 from the State
- \$400,000 biennial investment from industry partners
- \$1,200,000 biennial investment from students and their families (tuition)

Return on Investment:

- Stronger business environment for Montana, and more – and better paying – jobs.
- Meeting local business needs.
- Creating a viable career potential for young Montanans who otherwise will begin their adult lives at or near the poverty line.

Selected Examples of Returns:

- Jobs in the targeted sectors command roughly twice the salary levels of unskilled positions at career entry, with increased potential earnings at 3-4 times those of high school graduates without post-secondary training.
- Adding 150 skilled workers to the Montana economy each year, at an average starting salary in the low-to-mid-thirty thousand dollar range.
- Increased entering salaries of participants alone could return more than \$2 million per year to the Montana economy within the first biennium – a return rate of greater than 3:1

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PROTECT MONTANA’S FACILITIES - AND CREATE JOBS

State Need:

- State facilities across Montana are aging
- There is a significant, growing backlog of maintenance and replacement needs for these facilities

Market Reality:

- Facilities owned by the State of Montana have a replacement value in excess of \$1.5 billion, two-thirds of which are in Higher Education.

Current Problem:

- These facilities wear out at a predictable rate – approximately 1-2% of replacement value annually – resulting in capital renewal needs of \$15-30 million per year - \$10 million in Higher Education alone.
- Lack of appropriate maintenance shortens the useful life of buildings by as much as 25%.
- When allowed to deteriorate, buildings become less useful and less energy efficient over time.
- Delay will only increase the cost of maintenance when finally accomplished.

Proposed Solution:

- Increase the investment in facilities by at least \$12 million per year to begin to address deferred maintenance backlog and ongoing infrastructure needs of the MUS.

Required Investment:

- \$24 million per biennium from
 - \$14 million - the State
 - \$1 million - Federal government (indirect cost, for research facilities)
 - \$4.5 million Industry partners and other private donations
 - \$4.5 million - Students (tuition)

Return on Investment:

- The State of Montana will have a reliable source of funding to reverse the deterioration of MUS buildings.
- With proper maintenance, the State can avoid or delay replacing buildings.

Selected Examples of Return:

- Monies spent to address building maintenance and replacement will be paid to Montana contractors, supporting approximately 250 construction jobs each year at an average wage of around \$40,000 – a total of at least \$10 million dollars in jobs.
- Timely maintenance can avoid additional costs of at least \$400 thousand per year.
- Improve efficiency and usefulness - producing at least \$400,000 per year in energy savings alone.
- Preserving and enhancing the attractiveness of MUS campus environments will improve the retention of current students as well as aiding the recruitment of prospective students. A retention increase of only 2% will yield \$2.3 million in non-resident educational expenditures.

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PROTECT ONE OF MONTANA’S LARGEST INDUSTRIES – AND CREATE JOBS

State Need:

- Protect the investment in one of Montana’s largest and highest returning industries.

Market Reality:

- The Montana University System is the largest single business entity in the State, employing approximately 8,200 employees (plus another 4,000 student employees), and generating more than \$750 million in annual revenue -- on a State investment of \$135 million.
- The University system produces more than \$500 million per year in economic impact from direct educational expenditures of its students
 - \$140 million comes in direct educational expenditures from enrolled non-resident students, excluding expenditures not related to their education.
 - \$367 million comes in direct educational expenditures of enrolled resident students.
- In addition, MUS brings to the State more than \$150 million per year in sponsored research and private donations – and \$40 million from out-of-state visitors

Current Problem:

- This vital industry is threatened by
 - A 20 percent decline in non-resident enrollments over the past six years, with a loss of nearly \$30 million per year to Montana’s economy.
 - Tuition increases that interfere with access for Montana residents because of low average family incomes in the State.

Proposed Solution:

- Enhance grant aid/loan funds for resident students by \$1 million for the biennium.
- Create a non-resident recruitment program “Destination Montana Education” with \$2 million for the biennium, primarily for waivers and/or scholarships.

Required Investment:

- \$3 million per biennium from:
 - \$2,400,000 - the State
 - \$600,000 - Industry partners and other private donations

Return on Investment:

- Increase investment in - and access for - Montanans
- Increase the number of enrolled resident students by 300 per year.
- Increase the number of enrolled nonresident students by 350 per year.

Selected examples of Returns:

- A conservatively estimated \$25 million biennial return on the investment – a return rate of greater than 8:1.
- An educated workforce responsive to the needs of Montana government, business, and industry
 - More than 6700 students graduate from MUS campuses each year
 - A single year’s graduates will have increased earnings of \$105 million per year, as a result of their post-secondary education.