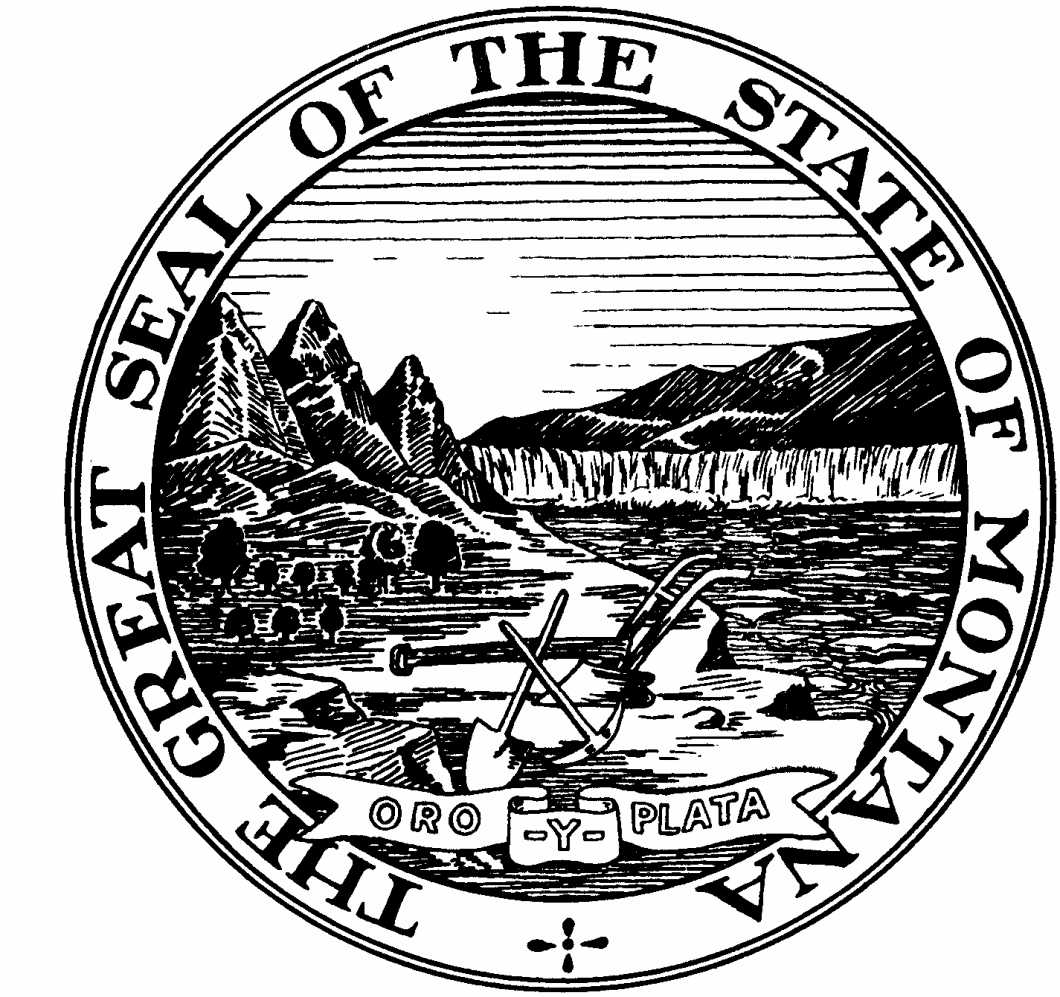
MUS Strategic Plan Goals - Workplan

Goal	Measurement*	Responsible Unit…	Goals For…
1.1.1	In-state cohort participation rate	All Campuses	2007, 2010 goal
1.1.2	Retention rates	Bozeman/Missoula	2007, 2010 goal
		All Other Campuses	Determine how to measure and set goals
1.1.3	Completion rates	All Campuses	2007, 2010 goal
1.2.1	Reduce gap EFC-cost attendance	All Campuses	2010 goal
1.2.2	Percentage receiving financial aid	All Campuses	2010 goal
1.2.3	Increase aid/scholarship amounts	All Campuses	2007, 2010 goal
1.3.1	Increase amount of state support	Regents	2010 goal
1.3.2	Decrease tuition as % of income	Regents	2010 goal
1.4.1	Expand outreach to at-risk students	OCHE	2007, 2010 goal
1.4.2	Expand outreach to top academic achievers	Bozeman/Missoula	2007, 2010 goal
		All Other Campuses	Determine how to measure and set goals
1.4.3	Increase dual enrollment and AP	OCHE	2007, 2010 goal
1.4.4	Increase high school graduation rates	OCHE	2007, 2010 goal
1.5.1	Increase enrollment in 2-year programs	All 2-year Programs	2007, 2010 goal
1.5.2	Increase programs for non-trad. Students	All Campuses	Determine how to measure and set goals
1.6.1	Improve distance and on-line programs	All Campuses	Determine how to measure and set goals
2.1.1	Increase employer satisfaction with grad's	OCHE	Determine how to measure and set goals
2.1.2	Increase degrees/cert's in high-demand fields	All Campuses	2007, 2010 goal
2.1.3	Increase job placement rates	All Campuses	2007, 2010 goal
2.1.4	Grow 2-year degrees and cert's	All 2-year Programs	2007, 2010 goal
2.2.1	Increase R&D receipts	All research campuses	2007, 2010 goal
2.2.2	Increase technology licenses w/ MT companies	All research campuses	2007, 2010 goal
3.1.1	Improve system data	OCHE	2006, 2007,2010 goal
3.2.1	Expenditures/student relative to peers	Regents	2007, 2010 goal
3.2.2	Expenditures by category	All Campuses	2007, 2010 goal
3.2.3	Improve transferability	All Campuses	Determine how to measure and set goals
3.3.1	Reconstruct budget allocation model	All Campuses	Complete in 2006

Montana Board of Regents

2006-2010 Strategic Plan



March 2006

Index

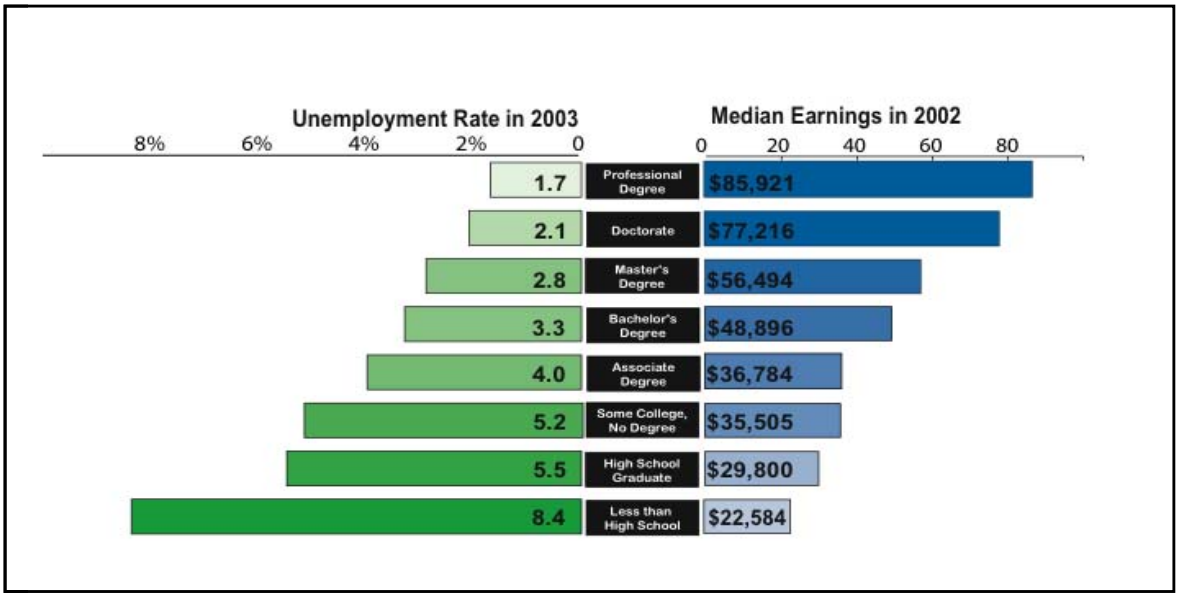
Preface and Introduction

History

This year the oldest units of the Montana University System celebrate their 114th anniversary. It would be an understatement, and a well-worn cliché, to say that much has changed since Montana's 3rd Legislature established four state colleges in Bozeman, Missoula, Butte, and Dillon. What may be more interesting is how much has not changed. Now, as then, education is a cornerstone of our society and our economy. An educated citizenry has been recognized as a foundation for our nation's success since the time our country declared its independence. The Morrill Act of 1862 (establishing the Nation's land-grant colleges), the Second Morrill Act of 1892, and the GI Bill (which five decades later opened up the possibility of a college education for millions) consistently rank among the handful of major policies that have fundamentally shaped our country's prosperity during the last century.

What has changed is the minimum level of education necessary to successfully participate in our society and economy. Postsecondary education has long been a gateway to success for our best and brightest and more privileged citizens. Now it is essentially a requirement for almost everyone. Many years ago an 8th grade education was recognized as sufficient for most citizens. This gave way to a standard that a high school diploma was necessary for entrance to the middle-class and the chance to have a comfortable life. In the 21st Century, the hurdle has plainly moved to where at least some postsecondary education is now necessary for even modest prosperity in any high-wage, industrialized economy. As the chart below plainly shows, employment and income are inextricably linked to educational attainment.

Figure 1: Unemployment and Earnings by Education Level



It is therefore ironic that, during a time of increasing globalization and a need for much broader access to postsecondary education, state support for higher education is declining. This is true not just in Montana, but also across the country. Nationally, state funding as a proportion of total public university budgets has declined about 40% in the past two decades. In Montana, the state's contribution to the cost of educating a student has declined by half -- from almost 80% of cost in 1985 to about 40% in 2005.

Unfortunately, tuition remains the single largest factor in closing the gap between the cost of public higher education and the amount of funding provided by the state. Since no state institution of higher education can maintain a quality system of education in the face of a 40% decline in funding, tuition has had to increase. And it has increased – a lot. In the past decade tuition has about doubled for Montana residents. The state's contribution per student – in dollars – has remained essentially the same for 10 years, without increases for even some price inflation. Again, Montana has much company. During the past decade, average tuition increases for all U.S. public 4-year colleges almost precisely mirror Montana's increases.

But the higher education system in Montana is not entirely a blameless victim of the legislative budget ax. Elected officials are heavily persuaded by their respective constituents' input. Had the declining proportion of state support been accompanied by a great outcry from the Montana citizenry it is doubtful such reductions would have been sustained for long. Clearly, there has not been a consensus among our citizens, Governors, and legislators as to the critical need for greater public support and correspondingly lower tuition levels. For this, the higher education community has to shoulder some of the blame. Had the university system been more effective at connecting with the many communities in the state, in engaging more actively in the state's economic development, in communicating the value of a strong public higher education system, it is likely more support would have been forthcoming.

Goals

The discussion of Montana University System history is not meant to affix blame collectively or individually. The point is simply that the state's prosperity depends on a high-quality and accessible postsecondary education system and the university system's future likewise depends on the state's prosperity. This strategic plan focuses on just this symbiotic relationship with three fundamental goals:

- Increase the overall educational attainment of Montanans through increased participation, retention, and completion rates in the Montana University System.
- Assist in the expansion and improvement of the state's economy through the development of high value jobs and the diversification of the economic base.
- Improve institutional and system efficiency and effectiveness.

The first goal reinforces what has always been the core mission of public higher education – to provide access to a quality postsecondary education for our citizens. In light of trends during the past decade, access requires affordability and this does mean, in part, increased state support. It also means the university system needs to do a better job of reaching remote, disadvantaged, and non-traditional students; using technology to deliver education; and working more closely with K-12 education to make the transition to college seamless.

The second goal recognizes the two critical roles that a university system must play in a successful knowledge-based economy. It must train a high-skilled workforce for the types of jobs that exist, or will exist, in the economy. It is also a principle source of research and technology that fuel the innovation vital for any successful company to grow in our global economy.

The third and final goal gives a high priority to stewardship of the resources we have been provided to help attain these goals. How well the Montana University System manages costs, allocates resources, and tracks this accountability with hard data is critical for improving credibility and keeping higher education accessible for all our citizens.

Change is Vital

The good news is that, despite some disturbing trends, Montana still has an excellent university system. For the past decade enrollment has been increasing – a function mostly of a demographic bubble moving through our K-12 system – and growth can ameliorate otherwise visible financial troubles. Although students have been bearing an increasingly heavy financial burden, they have generally been able to work and borrow enough to pay for postsecondary education. Heavy debt has other consequences, particularly for post-education retention in the workforce, but it does mean most students can at least find a way to attend college. And, the university system has been able to raise dramatically non-resident tuition, which is about 40% higher than costs, to help off-set declining state support for resident students. Without these non-residents, resident tuition would be about 25% higher than it is currently.

But Montana now faces our own version of the perfect storm. The demographic bubble of 6-18 year olds in Montana has given way to a trough. Slowed population growth in this age group is a national phenomenon, but it is much more pronounced in our state. We are now in the first year of what we know will not be just slowed growth, but a significant decline in the number of in-state high school graduates. In ten years we will have about 1,500 fewer graduating high school seniors per year than we have this year. At the same time, the state's economy, like the rest of the nation, is facing a serious shortage of skilled-workers during the next two decades.

Also, for the first time, the average cost of higher education in the state has outstripped the capacity of many students and their families to fund higher education through savings and borrowing. Concurrently, the ability of our colleges to raise non-resident tuition to generate additional revenue may have reached its limit. Further large increases will make our tuition increasingly uncompetitive in the region and could lead to declining non-resident enrollments that more than offset higher tuition rates.

New forces in demographics and the global economy mean we can ill afford to proceed down the same path we have been following for the past decades. With this strategic plan, the Montana University System recognizes that we must work together with state government and our private sector to make significant changes in the manner in which we support each other. Our state deserves, and depends on, a collaborative and successful effort.

Taking Action

Postsecondary Education Policy and Budget Subcommittee

The development of this strategic plan began two years ago with two initiatives. The first was to work more closely with the interim legislature to develop a set of mutually agreed upon accountability measures that would guide the Montana University System and evaluate progress. Working with the Postsecondary Education Policy and Budget (PEPB) Subcommittee of the 57th Legislature, the Board of Regents did develop this set of accountability measures in July 2002. Subsequently, the PEPB subcommittees of the 58th and 59th Legislature have updated the accountability measures. This latest set of agreed-upon measures consists of a core set of six policy goals and these form one base for this strategic plan (Appendix 1).

Shared Leadership for a Stronger Montana Economy

The second initiative was to work with the PEPB Subcommittee to explore new ways for the Montana University System to take a more direct leadership role in the state's economic development. This overall effort, called Shared Leadership for a Stronger Montana Economy, engaged a broad range of Montanans to prioritize specific initiatives that would help establish a new role for the Montana University System in strengthening the state's economy. The Governor's office and several legislative interim committees were included in the effort. In July, 2004, the Board of Regents and the PEPB Subcommittee met jointly and agreed on three priority initiatives for immediate implementation:

- Develop stronger business-university system partnerships for workforce training;
- Remove barriers to access for postsecondary education;
- Expand distance learning programs and training.

During the subsequent three months the Commissioner's Office and the Governor's Office jointly conducted 15 statewide "community listening sessions" to get statewide input on the three priority initiatives. A steering committee was formed for each initiative, each with a broad cross-section of Montana leaders. Steering committees met between November 2004 and January 2005 and reached consensus on a set of the most serious problems in Montana and recommendations to address those problems. The reports from these steering committees and their recommendations form the second base for this strategic plan.

Strategic Plan Development

Finally, the Board of Regents have been meeting with legislators, the Governor's Office, campus leaders, and the public to determine the top priorities for the Montana University System over the next five years. This work included two planning sessions, in July 2005 and January 2006, and the engagement of national experts in higher education policy. These experts included Dennis Jones, President of the National Center for Higher Education Management Systems, and Cecelia Foxley, former Commissioner of Higher Education for Utah and President of State Higher Education Executive Officers.

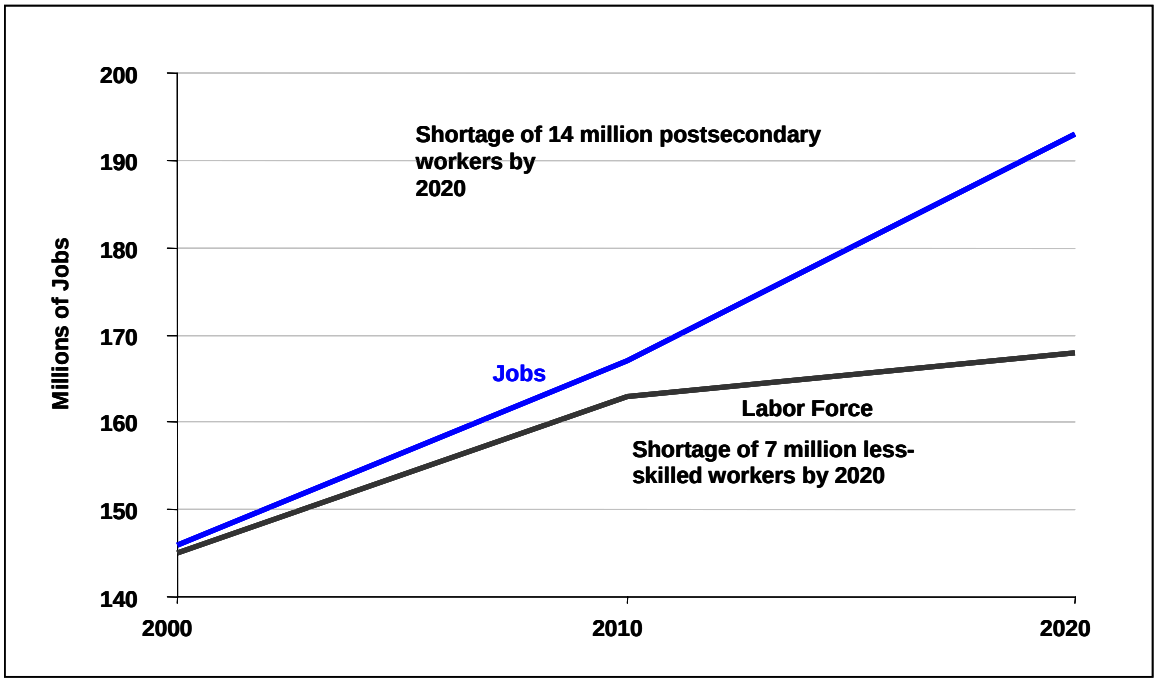
This strategic plan was approved by the Board of Regents in March 2006. It combines the ongoing efforts with the legislature, particularly the PEPB subcommittee, and Shared Leadership. It describes what will be the university system's priorities, how we will accomplish these priorities, and how we will measure our progress.

Goal I: Increase the overall educational attainment of Montanans through increased participation, retention and completion rates in the Montana University System.

Postsecondary Education is Critical

In Montana, and the entire United States, the global economy has made at least some postsecondary education "the price of admission" to the middle class and increasing wages over time. For instance, 31% of manufacturing jobs -- traditionally the foundation of our middle class in America -- now require education beyond a high school diploma compared with only 8% thirty years ago. In virtually all industries, jobs that do not require high skill levels are moving to low-wage economies and those that remain increasingly require advanced training. During the next 15 years, this country is projected to have a shortage of 21 million workers and two-thirds of these shortages will be in jobs requiring some postsecondary education. Demographic projections make it likely that shortage will be more pronounced, not less, in Montana relative to the rest of the country.

Figure 2: U.S. Skilled Worker Shortage is Looming



The Leaking Pipeline

Despite the increasing importance of education to the individual and the state, Montana is facing alarming trends. Montana's public high school graduation rates

peaked at 86.7% in 1993 and had dropped to 77% in 2001, the lowest at any time in the past two decades. 7.6% of teenagers between the ages of 16 and 19 are considered 'dropouts' – neither a high school graduate nor enrolled in school nor looking for work. Montana also faces low college matriculation rates: for every 100 Montana students who enter 9th grade only 42 are likely to graduate high school four years later and enroll in college within a year. While Montana still ranks in the top 10 states for high school graduation rates, it ranks in the bottom third for the rate our students continue with postsecondary education. Our public higher education completion rates also lag behind the rest of the nation. Only 39.7% of students who enter a Montana four-year institution actually graduate from that institution, compared to a national average rate of 48.2%, and students from our least affluent counties have dramatically lower graduation and participation rates than the state's average.

Goal I (1): Prepare students for success in life through quality higher education.

Background

According to Tom Mortenson of the Pell Institute, postsecondary education "has become the dominant factor in the growth of personal incomes and the living standards of people, families, cities and states." It is a well accepted fact that more education correlates highly with increased wages. Over a 40-year working career, those with some postsecondary education will earn about 75% more than those who have only a high school education. But the correlations between higher educational attainment and non-monetary benefits are equally strong. Improved health, decreased crime, higher charitable giving, and greater civic participation, among others, are all strongly related to the education of the individual and the overall education levels of a community. In addition to all the important things a university system does on a daily basis for the state and its communities, a central tenet of our mission must be to continue to prepare students for life by getting them into, and successfully through, a postsecondary education.

Strategic initiatives we will undertake to achieve this goal

(Approved budget/strategic initiatives will be listed and described in this section.)

How we will measure our progress:

1) Improve postsecondary education participation rates, with particular attention to Montana residents attending MUS institutions

Montana High School Class Of...	1992	1994	1996	1998	2000	2002	2004	2007	2010
Number High School Graduates	9,392	10,009	10,594	11,157	11,438	11,098	10,529		
Number in College One Year Later	4,793	5,398	5,834	6,355	6,143	6,107		(Goal)	(Goal)
Percent in College One Year Later	51%	54%	55%	57%	54%	55%		(Goal)	(Goal)

Notes: High school graduates include public and nonpublic high school graduates. "Freshmen" includes first-time freshmen who were high school graduates within the previous 12 months and enrolled in degree-granting, Title IV-eligible, non-profit two- and four-year institutions.

2) Increase retention rates within the Montana University System

Note: complete data are currently only available for MSU-Bozeman and the UM-Missoula.

Institution : The University of Montana - Missoula
All Bachelor Degree-Seeking First-Time Full-Time Freshman

FALL	HEAD COUNT	RETENTION RATE AFTER 1 YEAR	RETENTION RATE AFTER 2 YEARS	CUMULATIVE GRAD./CONTINUE RATES WITHIN 4 YEARS GRAD	WITHIN 4 YEARS CONT	WITHIN 6 YEARS GRAD	WITHIN 6 YEARS CONT
1995	1,452	64.8%	51.9%	17.9%	27.7%	40.3%	5.6%
1996	1,618	70.5%	55.8%	20.0%	28.7%	43.3%	5.7%
1997	1,711	71.1%	57.0%	19.6%	33.0%	45.0%	5.4%
1998	1,604	70.2%	57.2%	19.3%	32.4%	44.0%	6.5%
1999	1,671	68.3%	54.8%	20.3%	30.8%		
2000	1,750	69.7%	57.8%	19.6%	28.9%		
2001	1,764	69.4%	57.4%				
2002	1,788	71.3%	58.0%				
2003	1,770	69.5%					
2004	1,808			(Goal)	(Goal)	(Goal)	(Goal)
2007	(Goal)	(Goal)	(Goal)	(Goal)	(Goal)	(Goal)	(Goal)
2010	(Goal)	(Goal)	(Goal)	(Goal)	(Goal)	(Goal)	(Goal)

Institution : Montana State University - Bozeman
All Bachelor Degree-Seeking First-Time Full-Time Freshman

FALL	HEAD COUNT	RETENTION RATE		CUMULATIVE GRAD./CONTINUE RATES			
		AFTER	AFTER	WITHIN 4 YEARS		WITHIN 6 YEARS	
		1 YEAR	2 YEARS	GRAD	CONT	GRAD	CONT
1995	1,747	70.2%	60.1%	12.8%	38.9%	43.3%	6.1%
1996	1,746	67.4%	54.9%	14.0%	32.1%	40.4%	5.1%
1997	1,824	70.4%	57.7%	12.6%	36.2%	44.2%	7.7%
1998	1,889	70.2%	57.6%	15.8%	36.3%	47.2%	8.0%
1999	1,894	70.8%	59.8%	18.6%	37.2%	46.5%	4.6%
2000	1,854	72.8%	61.5%	19.3%	38.8%		
2001	1,722	72.2%	60.0%	17.0%	35.7%		
2002	1,924	70.3%	58.7%				
2003	2,011	71.6%	61.2%	(Goal)	(Goal)	(Goal)	(Goal)
2007	(Goal)	(Goal)	(Goal)	(Goal)	(Goal)	(Goal)	(Goal)
2010	(Goal)	(Goal)	(Goal)	(Goal)	(Goal)	(Goal)	(Goal)

Data Source: CSRDC reporting by UM-Missoula; MSU-Bozeman

3) Increase completion rates for MUS Campuses

Graduation Rates for First-Time, Full-Time B.A. Degree-seeking Students

Graduation Rate (Freshman graduate in 6 Years)	MSU-Billings	MSU-Bozeman	MSU-Northern	UM-Missoula	Montana Tech of UM	UM Western	Average of Reporting Campuses
2000-01	28.1%	43.3%	32.7%	40.3%	46.9%	26.0%	40.1%
2001-02	35.6%	40.9%	36.4%	43.0%	40.4%	29.3%	40.4%
2002-03	38.5%	44.3%	32.3%	45.0%	46.3%	23.8%	42.9%
2003-04	23.7%	47.2%	28.5%	44.1%	40.3%	29.7%	41.6%
2007-08	(Goal)	(Goal)	(Goal)	(Goal)	(Goal)	(Goal)	(Goal)
2010-11	(Goal)	(Goal)	(Goal)	(Goal)	(Goal)	(Goal)	(Goal)

Source: as reported by each campus

Goal I (2): Make higher education more affordable by offering more need-based financial aid and scholarships.

Background

High tuition does not create as much of a barrier to education if it is coupled with relatively high tuition assistance. Virtually every state in the US has a substantial need-based aid program, but Montana is far behind every other state in the region in the amount of aid provided our students. Montana appropriations for need-based aid are about $702 per student as compared to $240 per student for the other 15 western states. Even in Montana's two-year colleges – in most states the low-cost point of entry for many students – cost is increasingly a barrier. On average, a Montana family pays 25% of its income at two-year colleges compared to 16% nationally.

Federal loan limits no longer provide many Montana students and families with sufficient lending capacity to satisfy the cost of education. For the first time, the cost of education (including room and board) now exceeds the amount of borrowing available to many Montanans. There simply isn't enough need-based aid to serve our Montana residents and this lack of aid impacts enrollment, persistence, and success in postsecondary environments.

Strategic initiatives we will undertake to achieve this goal:

(Approved budget/strategic initiatives will be listed and described in this section.)

How we will measure our progress:

1) Reducing the gap between EFC (Expected Family Contribution) and Average Gross Cost of Attendance.

Difference Between Average Cost of Attendance and Expected Family Contribution

Institution	2004	2005	2006	2010
MSU Great Falls COT	$6,858	$6,710	$6,868	(Goal)
MSU Billings	$8,213	$8,170	$5,884	(Goal)
MSU Northern	$8,618	$9,113	$12,083	(Goal)
MSU Bozeman	$6,371	$6,597	$6,582	(Goal)
UM Helena COT	$7,105	$7,633	$7,681	(Goal)
UM Missoula	$7,609	$8,138	$7,786	(Goal)
Montana Tech	$8,495	$8,921	$8,249	(Goal)
UM Missoula COT	$8,715	$8,599	$8,533	(Goal)
UM Western	$7,473	$7,416	$6,461	(Goal)

2) Increasing the percentage of students who receive financial aid or scholarships.

Percentage of First Time Freshmen Receiving Any Financial Aid

Institution	2001	2002	2003	2004	2007	2010
MSU Billings COT	83%	91%	82%	78%	(Goal)	(Goal)
Montana Tech UM COT	83%	86%	82%	86%	(Goal)	(Goal)
MSU Billings	81%	81%	87%	80%	(Goal)	(Goal)
MSU Great Falls COT	84%	43%	70%	79%	(Goal)	(Goal)
UM Helena COT	85%	78%	72%	61%	(Goal)	(Goal)
Montana Tech UM	82%	90%	92%	86%	(Goal)	(Goal)
MSU Bozeman	72%	75%	78%	84%	(Goal)	(Goal)
UM Missoula	78%	79%	75%	75%	(Goal)	(Goal)
MSU Northern	95%	99%	100%	98%	(Goal)	(Goal)
UM Western	76%	90%	76%	66%	(Goal)	(Goal)
MUS Weighted Average	77%	78%	79%	79%	(Goal)	(Goal)

3) Increasing the average aid/scholarship award amount

Average Freshmen Receiving Aid and Average Freshman Aid Amount

		FEDERAL AID	STATE AID	INSTITUTION AID	TOTAL FINANCIAL AID	LOANS	FINANCIAL AID INCLUDING LOANS
2001	Avg -those receiving aid	$2,526	$1,308	$1,341		$3,294	
	Avg all first time freshman	$848	$301	$390	$1,539	$1,683	$3,221
2002	Avg -those receiving aid	$2,747	$1,735	$1,895		$3,294	
	Avg all first time freshman	$930	$436	$624	$1,990	$1,638	$3,628
2003	Avg -those receiving aid	$3,036	$1,958	$2,285		$3,344	
	Avg all first time freshman	$1,089	$455	$709	$2,252	$1,859	$4,110
2004	Avg -those receiving aid	$3,012	$1,956	$2,831		$3,461	
	Avg all first time freshman	$1,064	$433	$874	$2,371	$1,898	$4,269
2007	Avg -those receiving aid	(Goal)	(Goal)	(Goal)	(Goal)	(Goal)	(Goal)
	Avg all first time freshman	(Goal)	(Goal)	(Goal)	(Goal)	(Goal)	(Goal)
2010	Avg -those receiving aid	(Goal)	(Goal)	(Goal)	(Goal)	(Goal)	(Goal)
	Avg all first time freshman	(Goal)	(Goal)	(Goal)	(Goal)	(Goal)	(Goal)

Goal I (3): Promote postsecondary education affordability.

Background:

Montana faces increasingly high postsecondary education costs relative to income levels. In 1994 Montana's average tuition was $27 below the 15 western states' average; in 2004 it was $703 above the average. Montanans must now pay a 40% higher share of their incomes for resident tuition and fees than residents of the other western states. The average student debt for a Montana university graduate is $20,000 and rising. With these trends, it is no surprise that in 2000-01 the college participation rate for Montana students from low-income families was 27.9% compared to 42% for the general population. According to *Measuring Up 2000*, the state of Montana received a grade of "D-" for affordability. In 2002, the affordability grade sank to "F" and remained there in 2004.

Strategic initiatives we will undertake to achieve this goal:

(Approved budget/strategic initiatives will be listed and described in this section.)

How we will measure our progress:

1) Increase the amount of state support as a percent of total personal income relative to peer states and historical levels

State Support per $1000 Personal Income

State	FY 1995		FY 2005		FY 2010	
	$	Rank	$	Rank	$	Rank
Colorado	$ 7.10	36	$ 3.59	48		
Idaho	$ 11.77	11	$ 8.80	14		
Minnesota	$ 10.86	13	$ 7.05	25		
Montana	$ 7.74	31	$ 6.14	31	(Goal)	(Goal)
North Dakota	$ 13.23	8	$ 10.57	4		
Oregon	$ 7.37	33	$ 5.48	40		
South Dakota	$ 8.78	25	$ 7.16	22		
Utah	$ 13.25	7	$ 10.08	9		
Washington	$ 8.24	30	$ 6.72	26		
Wyoming	$ 13.87	5	$ 12.45	2		
US Totals	**$ 8.02**		**$ 6.59**			

Source: Grapevine (www.coe.ilstu.edu/grapevine/50state.htm)

2) Decrease tuition as a percentage of median household income.

Ratio of Tuition and Fees to Median Household Income
For Public Institutions, 1993-4 & 2003-4

	Associate's (2-Year) Colleges			Baccalaureate/Master's		
	1993-94	2003-04	2009-10	1993-94	2003-04	2009-10
Montana	5.0%	7.4%	(Goal)	6.8%	10.5%	(Goal)
WICHE	3.1%	4.2%		5.3%	7.2%	

WICHE Notes: Baccalaureate/Associate Colleges and Specialized Institutions are not included in this table. Wyoming has no public baccalaureate/master's institutions. Tuition and fees used in the calculation are the mean tuition and fees within each sector for each state. Median household incomes are for the first of the two calendar years indicated in the table; for example, median household income in 2003 was used to calculate the 2003-04 ratio. The WICHE average median household income was calculated as a simple average of the 15 member states.

Goal I (4): Work collaboratively with the K-12 education system to increase high school academic preparedness, completion, and concurrent enrollment programs.

Background:

With the precipitous decline in high school graduates over the next decade, the university system's ability to grow and meet the increasing need for skilled-workers in the state depends on getting a higher proportion of students to enter postsecondary education. We also know that most students' expectations of whether or not they will attend college are set in middle school and early high school. This means any successful strategy must involve a partnership with K-12 education to reach students early and often.

Many Montana students and families need additional support and assistance in order to aspire to, prepare for, and successfully complete postsecondary education. According to *The Education Resources Institute*, individuals from families with limited postsecondary experience are much less likely to have the personal or institutional connections through which students typically receive encouragement and guidance to pursue higher education. School counselors attempt to meet these needs for all students, but are often unable to do so as a result of limited time and resources. Montanans enrolling in postsecondary education sometimes also lack adequate preparation. The numbers of students taking college remedial courses is evidence of this problem. The issue is particularly pronounced for non-traditional students who have been out of high school for an extended period of time and typically require considerable remedial coursework to succeed in postsecondary education.

Dual enrollment programs serve to promote more educational options, save student's time and money on a college degree, provide greater academic opportunities for students in small rural schools, and increase student aspirations to go to college at the two- or four-year level. However, Montana's dual enrollment programs are not offered in a consistent manner across the educational system. They are few in number and inconsistent in nomenclature, prerequisites, cost and application. Consequently, a Montana student's access to dual enrollment is, to a large degree, dependent upon where they live and go to school.

Finally, it is important that Montana colleges are viewed as attractive options for our "best and brightest." As important as it is to improve college-going rates for our average students, it is equally important to retain more of our gifted students. The quality of an academic experience is greatly enhanced by diversity of the student body and by some academic competitiveness among students. There is also a greater likelihood that students who leave the state for college will not return to our

workforce. Clearly, it is in the interest of our students, colleges, and our economy that our public institutions are correctly viewed as a place to gain a world-class education at an affordable price.

Strategic initiatives we will undertake to achieve this goal:

(Approved budget/strategic initiatives will be listed and described in this section.)

How we will measure our progress:

1) Expand outreach to at-risk and disadvantaged students as to the importance and accessibility of postsecondary education and the quality of the Montana University System.

The Commissioner of Higher Education and the Board of Regents are working together with Montana's Student Assistance Foundation (SAF) and other partners to develop a statewide access network that will coordinate and promote access services throughout Montana. Currently, with technical assistance from the National College Access Network (NCAN) and financial support from SAF, the Department of Labor is beginning a comprehensive Inventory and Gap Analysis identifying and mapping career and college outreach services throughout Montana. Once the survey is completed (anticipated to be February 2006) it will be possible to tell which Montana communities, school and populations are not being adequately reached by existing programs and resources. Specific goals to increase outreach to those students in the "gap" will then be developed.

GEAR UP also conducts an annual survey tracking plans for students to attend college which can provide data for school served by the GEAR UP program.

2) Expand outreach to top academic achievers graduating from Montana high schools as to the importance and accessibility of postsecondary education and the quality of the Montana University System.

Top Performing Students in the Montana University System

Note: Data are currently available for only MSU-Bozeman and UM-Missoula

Montana State University (Bozeman)	Fall 2003	Fall 2004	Fall 2005	Fall 2007	Fall 2010
Freshmen taking ACT scoring in top quartile*	34.7%	36.0%	34.9%	(Goal)	(Goal)
Freshmen in top 10% of high school class	18.0%	17.4%	16.3%	(Goal)	(Goal)

University of Montana (Mountain Campus)	Fall 2003	Fall 2004	Fall 2005	Fall 2007	Fall 2010
Freshmen taking ACT scoring in top quartile*	31.0%	27.5%	30.6%	(Goal)	(Goal)
Freshmen in top 10% of high school class	14.0%	15.1%	15.8%	(Goal)	(Goal)

* Top quartile is a score of 25-36

3) Increase dual enrollment and advanced placement programs

Advanced Placement Testing in Montana High Schools

	2001	2002	2003	2004	2005	2007	2010
Number of Students Taking Exam	1,688	1,886	1,927	1,996	2,189	(Goal)	(Goal)
Number of Exams Taken	2,368	2,763	2,726	3,029	3,250	(Goal)	(Goal)
Exams Scoring 3 or Higher	1,543	1,964	1,894	2,144	2,115	(Goal)	(Goal)
% Exams Scoring 3 of Higher	65%	71%	69%	71%	65%	(Goal)	(Goal)

Dual credit and dual enrollment are not currently measured in Montana on a periodic basis. OCHE is currently surveying dual credit awards in the state and baseline data should be available in February 2006.

4) Increase high school graduation rates.

Percentage of 9th Graders graduating from High School Four Years Later

	HS Graduation Class				
State	1998	2000	2002	2007	2010
Montana	80.1%	78.1%	77.3%	(Goal)	(Goal)
WICHE	69.9%	69.3%	70.2%		
West		68.9%	69.9%		
Midwest	74.9%	73.4%	74.4%		
Northeast	75.9%	70.3%	72.4%		
South	62.4%	60.8%	61.8%		
US	68.8%	60.7%	62.0%		

Data: NCHEMS

Goal I (5): Increase postsecondary enrollment of traditional and non-traditional students through expanded outreach programs, evening/weekend programs, and 2-year programs.

Background:

Despite Montana's relatively low wages, our state has many high-paying jobs that go unfilled – in health care, construction, manufacturing, for example – due to a shortage of appropriately trained workers. A fundamental characteristic of the global and knowledge-based economy is that workers must be highly skilled in order to have the high productivity needed to command growing wages. This requires a good entry-level skill base and continual upgrading of skills over time as technology in the workplace changes – at an ever increasing rate. Certainly, some of this training is provided by employers in the workplace. But increasingly, due to increasing costs and complexity, businesses across the country are relying on a region's higher education system to be active partners in providing the training needed.

The state's demographics are also changing rapidly. Over the next two decades, we will have about 1,500 fewer high-school graduates per year than we do today. It is simply not possible for the university system to sustain itself or our growing economy if we continue to rely on the traditional pipeline of students. Our campuses must expand outreach to non-traditional students, who are frequently place-bound or in rural areas, if they are to continue to support the economic growth of the state.

Strategic initiatives we will undertake to achieve this goal:

(Approved budget/strategic initiatives will be listed and described in this section.)

How we will measure our progress:

1. Increase enrollment in two-year programs.

2 Year Program Enrollment in the Montana University System

Unit	2000	2001	2002	2003	2004	2005
Billings COT	509	474	509	580	660	668
Great Falls COT	766	834	952	1053	1098	1093
Missoula COT	776	797	803	886	895	916
Butte COT	310	285	295	233	260	280
Helena COT	704	724	736	738	749	684
Total COT	3065	3114	3295	3490	3662	3641
Year-to-year % change		1.6%	5.8%	5.9%	4.9%	-0.6%
Dawson CC	429	413	445	415	450	497
Flathead Valley CC	1186	1174	1289	1414	1642	1457
Miles CC	465	506	509	473	509	542
Total CC	2080	2093	2243	2302	2601	2496
Year-to-year % change		0.6%	7.2%	2.6%	13.0%	-4.0%

2. Increase programs and classes for non-traditional students, including evening and weekend programs.

The university system does not currently compile system-wide data on the numbers of programs/classes for non-traditional students, in evening/weekend programs. The first year's goal is to agree on common definitions for these programs and compile benchmark data on what the university system is currently offering. Subsequent goals for increasing the number of these programs will then be developed by the end of 2006.

Goal I (6): Improve distance and on-line learning by coordinating online delivery of education across the entire Montana University System.

Background:

The current method of providing distance and distributed courses and programs in Montana is decentralized. The Montana University System provides an electronic catalogue of distance education courses offered by system campuses, but that catalogue is essentially an electronic link to each campus and its own, individual description of distance opportunities available at that campus. Each institution within the Montana University System decides which programs and courses will be offered in a distance format. Each institution also decides how and where those programs will be offered and in which medium, with only modest consultation with other educational institutions throughout the State. Most of the institutions in the Montana University System also handle their own support service programs, like admissions, registration, tuition, financial aid, and advising. Disparities are confusing and costly for students, especially students who use the offerings of more than one campus to earn their degree or to supplement their already-acquired credentials.

There is no common approach among distance education providers to address the crucial issues affecting affordability and quality – tuition, duplication, articulation agreements between programs or institutions, transfer of coursework and best practices in teaching, assessment, and support services. There is very little consistency in services or support for distance-education students, who often do their coursework in an isolated setting far from the institution providing the classes. Consequently, Montana is not using technology to the fullest advantage in providing more accessible and efficient education to our citizens.

Strategic initiatives we will undertake to achieve this goal:

(Approved budget/strategic initiatives will be listed and described in this section.)

How we will measure our progress:

The Director of Distance Education Business Development will work with the Distance Learning Advisory Council to refine the most appropriate measures for evaluating progress by April 2006. These measures could include:

- Developing an accurate and updated inventory of: 1) degree programs, 2) certificate programs, by institution, at the undergraduate and graduate levels.
- Developing an inventory of credit courses, CPE courses, professional courses, and non-credit courses, by institution.
- Developing an inventory of how programs and courses are delivered by each institution, both organizationally and by mode of delivery, the tuition and fee structures for each, by institution.
- Surveying of web based student services and support offered by each campus for distance learning.
- Surveying how DE courses are being identified and reported by the campuses, how they appear on the student transcripts, and whether DE credit hour generation is being reported for FTE formula funding purposes.
- Identifying by campus, the barriers, rewards, incentives, and opportunities for grant writing and academic DE program collaborations that would support distance education.
- Identifying "best practices" in creating and implementing a common portal or gateway for a system approach to distance learning opportunities for the citizens of MT.
- Developing and implementing at least two collaborative efforts to meet academic program needs of students, business, and/or citizens, using existing resources in the process.
- Identifying a common business plan template that will be used for MUS distance education offerings.

Goal II: Assist in the expansion and improvement of the state's economy through the development of high value jobs and the diversification of the economic base.

The state ranks 50th (lowest) in average wages and is generally in the bottom ten states in terms of per capita income, household income and other measures of wealth per person. But with unemployment continuing near all-time lows, it is not the number of jobs in the state that need to increase. Montana needs more high- paying jobs.

In an economy that continues to globalize, Montana companies must compete with lower wage economies around the world. Higher wages can only be sustained if the value of a person's work is increased. Global competitiveness demands that, over the long-term, wages will reflect the value of the labor performed. The term for this is "productivity" and there are fundamentally two ways it increases – by increasing the skill level of the worker and/or through the use of new technology. In both of these areas the Montana University System plays a large role in advancing the state's economy and creating more high-paying jobs.

Goal II (1): Increase responsiveness to workforce development needs by expanding and developing programs in high demand fields in the state.

Background:

The availability of a skilled workforce has become one of the most important issues for attracting, retaining, and growing businesses that provide higher paying jobs. Workforce skill level is a key driver of innovation and productivity improvement across all industries. The success of Montana's economy depends on our ability to provide the skilled workers needed for jobs that exist, or will exist, in our state. The Montana University System is by far the largest source of educated and trained workers for our businesses. If our programs are not responsive to the changing needs of Montana businesses, we cannot hope to retain our citizens or grow our income levels.

In an environment of limited funding support, however, it is critical that we align limited resources for public higher education with the needs of the economy. Traditional liberal arts education must remain a foundation of the system, because the general skills it imparts are central to business innovation and individual success. And, given the expenses involved in technical education, there simply are not enough resources to provide high-quality training for every job that might exist in the state. The highest priority must be given to student and employer demands in fields where current or projected job creation outstrips the capacity of the higher education system to produce trained graduates.

Until recently, however, there has been no consistent system-wide, on-going evaluation of the educational needs of business and industry, K-12 students or the average citizen. As a consequence, the State had no way to determine the unmet needs of employers or the missing skills of workers. With research conducted by the Montana Bureau of Business and Economic Research at the request of the Board of Regents, we now have this data and can track the progress of the university system in providing appropriately trained workers for our businesses.

Strategic initiatives we will undertake to achieve this goal:

(Approved budget/strategic initiatives will be listed and described in this section.)

How we will measure our progress:

1) Increase employer satisfaction with graduates.

Prior to 2005, the Montana University System has not had a systematic means to measure employer satisfaction, although most campuses evaluated this in some way. Using the recently completed statewide business survey commissioned by the Board of Regents, some baseline information is now available. Prior to March 2006 specific measures will be selected from this survey and 3-5 year goals for the state will be developed.

2) Increase degrees and certificates awarded in high-demand occupational fields.

Degrees Awarded by All MUS Campuses in Healthcare and Construction

	Construction				Healthcare		
Year	2 year	4 year	Total		2 year	4 year	Total
1994	236	127	363		261	305	566
1999	207	99	306		205	209	414
2004	116	111	227		420	242	662
2007	(Goal)	(Goal)	(Goal)		(Goal)	(Goal)	(Goal)
2010	(Goal)	(Goal)	(Goal)		(Goal)	(Goal)	(Goal)

3) Increase job placement rates.

2003-2004 Job Placement Rates for All Graduates of the Montana University System

BA Degrees	Total Graduates	Respondents	Employed in Related Field	Employed Other	Seeking Employment	Not Seeking Employment	Continuing Education	Military
2003-4 Total	5006	3140	1808	445	147	80	556	21
2003-4 Percentage		63%	58%	14%	5%	3%	18%	1%
2007 Goal								
2010 Goal								

AA/AAS Degrees								
2003-4 MUS Total	841	633	392	98	32	13	91	
2003-4 Percentage		75%	62%	15%	5%	2%	14%	0%
2007 Goal								
2010 Goal								

4) Grow enrollment, for certificates and degrees, in 2-year programs.

Associated Degrees Conferred

	1997	1998	1999	2000	2001	2002	2003	2004
Colleges of Technology	590	695	703	785	805	834	952	975
Community Colleges	412	439	424	450	413	408	448	511

Goal II (2): Establish collaborative programs among institutions, the private sector, and the state to expand research, technology transfer, the commercialization of new technologies, and the development of our entrepreneurs.

Background:

In a report recently published by the Office of the Governor, Montana is home to 2,721 advanced technology establishments of which 626 have five or more employees. These companies directly employ a total of almost 12,000 individuals whose earnings are significantly higher than the state's annual average wage of about $25,700. Many of these firms already have strong relationships with the Montana University System and all rely on continuous innovation and the deployment of new technology to be successful.

Because Montana lacks the large corporate headquarters that typically conduct private sector research, a large portion of our state's expenditures for research derive from the university system or its partnerships with our state's businesses. This research is in itself a large industry, putting more than $150 million (2005) of "outside" money directly into the Montana economy. Growing research in the university system grows high-paying jobs. To fully leverage this research, however, we must continue to work hard to commercialize that innovation in our own economy.

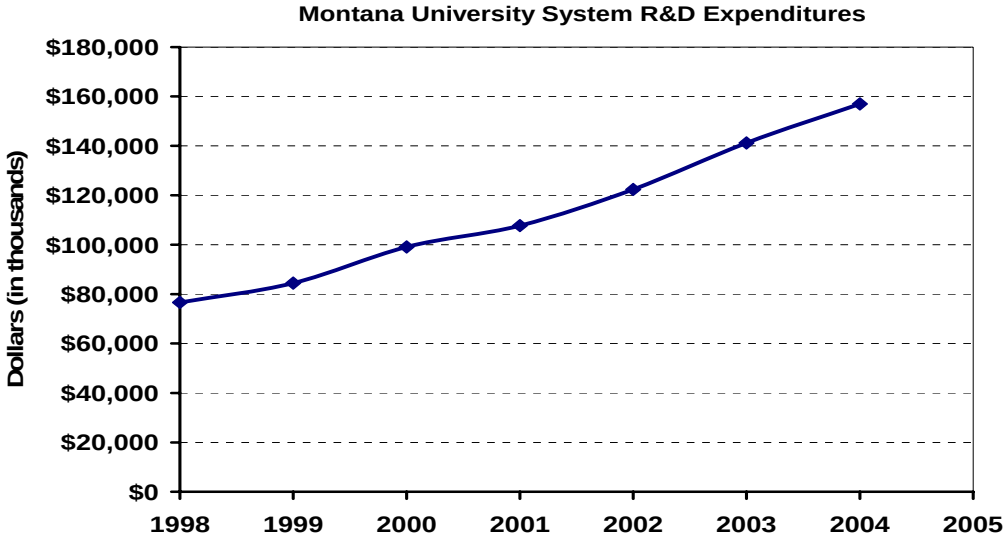
Of course, no quality research university will ever be able to find a home for all its technology in the local economy. Cutting edge research is by its nature global, and Montana will never have all the resident companies needed to commercialize all of our research. But the Montana University System does generate considerable intellectual property that is suitable for development within the state. With very limited resources the university system has already established a number of quite successful partnerships with Montana businesses. What the state does not have is many resources to identify and coordinate new, or currently unidentified, opportunities – particularly with businesses that are not physically located near one of the major research campuses. There are also very few resources available to coordinate state-wide efforts between the various MUS technology transfer offices – so businesses located near one campus that might benefit from technology residing at a different campus have a difficult time finding the needed resources.

Strategic initiatives we will undertake to achieve this goal:

(Approved budget/strategic initiatives will be listed and described in this section.)

How we will measure our progress:

1) Increase research & development receipts and expenditures



Source: 1998-2003 NSF, 2004 estimated by MUS

2) Increase technology licenses with Montana businesses

Technology Transfer Activity During Past Five Years (2000-2005)

	Total 2000-2005	2007	2010
Patents Issued	157	(Goal)	(Goal)
Active Licenses (Total)	113	(Goal)	(Goal)
Active Licenses (MT Companies)	72	(Goal)	(Goal)
Percent Licenses w/ MT Companies	64%	(Goal)	(Goal)
License/Patent Revenues	$ 527,484	(Goal)	(Goal)
Reimbursed Patent Costs from Licenses	$ 731,595	(Goal)	(Goal)

Goal III: Improve institutional and system efficiency and effectiveness.

The Montana University System is an almost $1 billion per year enterprise providing employment for about 7,000 Montanans. Clearly, in any enterprise of this size there will be some inefficiencies and imperfections. The university system realizes, however, that unless it does everything reasonably possible to be effective with its current resources it cannot credibly ask for much-needed higher levels of sustained funding and support. Even though General Fund appropriations comprise only about 15% of total university system revenues, the taxpayers still contribute about $150 million per year ('06 biennium) and have a right to demand accountability for this spending. Our students, who bear an increasing portion of the cost of their public education, also deserve a system that provides a high quality education as efficiently as possible and allows them to have reasonable portability among the institutions in the system.

A critical ingredient of accountability is being able to measure accurately changes in the system and progress toward long-term goals. This includes the ability to measure student success and financial efficiency. While the individual campuses have extensive data, the Commissioner and Regents have very little quality system-wide data, which in turn makes it hard to track system-wide changes or progress. What data do exist are usually compiled manually from information provided by the respective campuses. It is difficult to track system performance and nearly impossible to evaluate time series data. The problem only worsens with the adoption of this strategic plan that, if it is to be credible, requires tracking progress toward meaningful long-term performance goals.

Goal III (1): Improve the accuracy, consistency and accessibility of system data, including the continued development of a comprehensive data warehouse.

Background:

Good policy begins with good information. Policymakers, inside and outside the university system, need to have reliable data that will provide an accurate picture of performance and conditions in their state.

Student information can be particularly complicated. Without comprehensive, Montana-specific data it is difficult to determine which citizens are being precluded from a postsecondary education, or are not successful in completing a postsecondary education. Current information about Montana's postsecondary education "continuum" is not readily available or routinely reported. Montana lacks a student unit record system to track students throughout their educational careers and data are not consistently disaggregated to allow an analysis of the participation and performance of sub-groups such as low-income or minority students. This makes targeting high-need segments of the Montana population difficult. The University System must be poised to be able to combine the records from the Office of Public Instruction's Education Data Warehouse and Student Level Record System project with higher education student records. This is the only way we will be able to evaluate the effectiveness of Montana's entire P-20 education system.

The current standard reports from the MUS Student Data Warehouse focus on enrollment—at either the census date (third week) or end of term. From that data we are able to know the enrollment, residency status, country and county of origin, age, race, and other general demographic information regarding the MUS student population. In order for us to do a meaningful assessment of system student achievement, we will also need to be able to determine accurately (and readily) student data such as entering test scores, remedial course work, GPA, student progress, matriculation, retention, and completions. This data are captured in the campuses' student data warehouses, but is not easily accessible from the system data warehouse.

The MUS at least has a student data warehouse, albeit one that needs improvements. Data related to finance (budgets, revenues, expenses, accounting), payroll, and financial aid are available only through the campuses systems and are not available in a central, electronically accessible location. These additional data elements (finance, HR, and financial aid) are critical pieces of performance evaluation and accountability measures.

Strategic initiatives we will undertake to achieve this goal:

(Approved budget/strategic initiatives will be listed and described in this section.)

How we will measure our progress:

By the end of 2006...

- Professional Institutional Researcher hired by OCHE hired to provide leadership for system wide data issues.
- Integrated MUS Date Warehouse specifications identified.
- Additional Student Data Warehouse data elements identified.
- Additional standard Regents Student Data Warehouse reports identified.
- Data elements added to Student Date Warehouse.
- Front end (reports) for Student Data Warehouse re-configured and enhanced.
- Finance Date Warehouse (FinDW) project completed.
- HR and Financial Warehouse data elements identified.

Goal III (2): Deliver efficient and coordinated services.

Background: In order for the university system to maintain credibility and continually improve its ability to serve the citizens of this state it must be efficient in the use of its resources. But measuring efficiency in higher education can be difficult. Typical business-like measures of increasing through-put and "profit center" accounting can have significant and deleterious effects on quality. Yet, the taxpayers and our students deserve accountability for the way in which we spend their money.

One reasonable measure of financial accountability is how much it costs to educate a student over time and relative to our peer institutions. While these are certainly imperfect measures of efficiency, the Montana University System needs to evaluate its costs relative to other institutions that have missions similar to our own. The system must also be diligent in ensuring that it allocates the resources it does have in a way that remains focused on its primary missions. A common criticism of all public education, higher education and K-12, is that too much money is spent on overhead or administration and not enough for student education. True or not, this issue demands that higher education evaluate constantly and communicate effectively the manner in which it allocates and uses its resources.

Another measure of efficiency is how well the university system is coordinating among its various campuses. A good measure of this is how effectively students can move between these campuses. Montana has eight university system campuses, three community colleges, and seven tribal colleges located throughout the state. It is important to maintain these campuses because we have a geographically large state and proximity of a postsecondary institution correlates positively with participation in higher education. A consequence of this is, however, that we have a number of relatively small institutions that cannot possibly offer all the training and education that every student at that campus requires. In our state more than 60% of bachelor degree graduates have transferred between institutions at least once – about double the national average.

Of course, student transfers often involve a change of major or other personal choices that can make previous coursework bear relatively little relationship to the new course of study. However, students and parents do have the right to expect that similar courses at the various campuses within the system are given similar recognition across the state. Transferability indicates the ease with which student's previous courses move between institutions and are applied to new requirements of a new institution. It is a key measure of how well our campuses are operating efficiently as a system for the benefit of our students.

Strategic initiatives we will undertake to achieve this goal:

(Approved budget/strategic initiatives will be listed and described in this section.)

How we will measure our progress:

1) Expenditures per student relative to peer institutions and history

Note: this table reflects data available from NCHEMS as of 2005 relative to other states. A more revealing analysis is to compare revenues per student for each Montana institution relative to its peer institutions across the country. This analysis is being conducted by NCHEMS and is expected to be available in March 2006.

Revenues Per Student (Tuition plus State/Local Support)

Year	1997	1998	1999	2000	2001	2002	2003	2004	2007	2010
Wyoming	$11,124	$10,699	$9,654	$11,610	$12,744	$12,179	$13,554	$13,443		
Oregon	$7,298	$7,360	$7,520	$8,566	$8,828	$8,289	$8,614	$9,826		
South Dakota	$7,088	$7,703	$7,940	$7,858	$8,164	$8,528	$8,005	$8,968		
US Average	$7,434	$7,831	$8,193	$8,478	$8,851	$8,937	$8,788	$8,908		
Nevada	$6,721	$7,231	$7,762	$7,586	$7,821	$8,472	$8,786	$8,839		
Colorado	$7,044	$7,291	$7,509	$7,725	$8,191	$8,235	$7,368	$7,855		
Montana	$6,087	$6,276	$6,450	$6,696	$6,854	$7,168	$7,638	$7,788	(Goal)	(Goal)
Idaho	$6,620	$7,001	$7,378	$7,824	$8,217	$8,360	$7,739	$7,722		
Utah	$6,917	$6,918	$7,060	$7,206	$7,335	$7,285	$7,403	$7,604		
North Dakota	$5,968	$6,734	$6,892	$7,113	$7,110	$7,256	$7,139	$7,290		
Washington	$6,608	$6,781	$6,980	$6,979	$7,199	$7,191	$7,222	$7,276		

Data: NCHEMS

2) Percentage of expenditures in instruction, research, public Service, academic support, student services, institutional support, plant O&M, and scholarships and fellowships.

Montana University System Expenditures by Category

	1985	1995	2005	2007	2010
Instruction	53%	54%	52%	(Goal)	(Goal)
Research	1%	1%	1%	(Goal)	(Goal)
Public Service	0%	1%	1%	(Goal)	(Goal)
Academic Support	11%	11%	12%	(Goal)	(Goal)
Student Services	9%	9%	7%	(Goal)	(Goal)
Institutional Support	10%	9%	9%	(Goal)	(Goal)
Operation of Plant	13%	12%	12%	(Goal)	(Goal)
Scholarships & Fellowships	2%	4%	7%	(Goal)	(Goal)

3) Improve articulation and transferability among all 2-year and 4- year institutions, including community colleges and tribal colleges.

Campus academic officers are developing the appropriate metrics to measure transferability. A recommendation will be presented to the Board of Regents at the March 2006 meeting. Once approved, these accountability measures and data will be included here. At this time this work is focused on four goals:

1. Implementing the assessment plan to monitor the effectiveness of the Board of Regent policies adopted in response to the Legislative Audit on transfer of credits in the Montana University System; and, if necessary, modify the policies based on that assessment information.

2. Adopting goals for the Montana University System that describe what the System wants to accomplish in the areas of articulation and transferability, by March 2006; and authorize specific initiatives based on those goals in May 2006.

3. Developing baseline data for the goals, where appropriate, and establish quantifiable targets for the goals.

4. Developing a budget request for the 2006 Montana Legislature, based on the goals and initiatives approved by the Board of Regents.

Goal III (3): Reconstruct the budget allocation model consistent with state and system policy goals and objectives.

Background: The Montana Legislature allocates the vast majority of funding for our education units in a "lump sum" that is then allocated by the Regents to the individual institutions within the system. How these funds are allocated is central to every strategic objective of the Board. The current allocation model is more than a decade old and is, at best, complicated and difficult to understand. In order to achieve the goals and objectives in this strategic plan, the basic funding allocation model must be significantly revised. To be an effective tool for achieving our strategic goals, the new allocation model should, at a minimum, include:

- A focus on financing for the state system, not only funding for the individual campuses;
- Be transparent as to the policy choices of the Regents, Legislature, and executive branch;
- Provide a framework for dealing with allocations to institutions, tuition revenues, financial aid, and mandatory fee waivers;
- Have a specific fund dedicated to furthering Regents' priorities;
- Reward institutions for aggressively seeking revenues from sources other than students and the state;
- Protect institutional viability by moderating the short-term effects of enrollment changes;
- Provide incentives for institutions to collaborate as a system.

Strategic initiatives we will undertake to achieve this goal:

A team consisting of finance staff from each campus and the Office of the Commissioner is currently working on the new allocation model. This team is reporting progress to the Board of Regents at each meeting and is targeting completion of the model in May 2006.

How we will measure our progress:

The new allocation model will be completed and in use for allocating funds throughout the university system in the 2008-2009 biennium.

Appendices

1. PEPB goals from 58th Legislature

(To be inserted after formal adoption by both PEPB and the Board of Regents)