

## COMMITTEE MEETINGS

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### BUDGET AND AUDIT OVERSIGHT COMMITTEE MEETING

(Committee Members: Mark Semmens, Chair, John Mercer, and Stephen Barrett)

**Swysgood Technology Center Great Room**  
**Wednesday, March 1, 2006**  
**10:00 – 5:00 p.m.**  
**(working lunch provided)**

Note: *The Board of Regents may take action on any item on the committee agendas.*  
(Public Comment is welcome during all meetings)

#### **Late Addition to Agenda:**

- a.1 Approval of an independent audit of the Northern Rockies Center for Space Privatization to be sure there was value received for federal dollars expended. The audit committee will include members of the legislative branch of government and members of the public. This independent audit group will also review the dealings of Lloyd Chesnut, who was UM's Vice President for Research from 1997 to 2003 - ITEM 130-112-R0306 – Chair Mercer (pg. 2)
  
- a. Report from the Associate Commissioner for Fiscal Affairs – Robinson
  - 1. Financial-Compliance Audit – Office of the Commissioner of Higher Education (pg. 3)
  - 2. Retirement Holdback Distribution FY06 & FY07 (pg. 4)
- b. Wood-fired boiler –UM-W - ITEM 130-1605-R0306 (pg. 6)
- c. Subzero Cold Chambers-MSU-Bozeman – ITEM 130-2004-R0306 (pg. 8)
- d. New Wellness Center-MSU-N – ITEM 130-2802-R0306 (pg. 9)
- e. Renovate BLM Building-MSU-N – ITEM 130-2803-R0306 (pg. 10)
- f. Loan for Renovation of Atrium-MSU-Bozeman – ITEM 130-2010-R0306 (pg. 11)
- g. Loan for Construction of BioSafety Animal Containment-MSU-Bozeman – ITEM 130-2011-R0306 (pg. 12)
- h. Naming the Education Center-UM-Missoula - ITEM 130-1017-R0306 (pg. 13)
- i. Recommendation of Vendor-MFESP - ITEM 130-106-R0306 - Marks (pg. 14)
- j. Policy on Disposal of computers-Discussion item (pg. 15)
- k. Use of Timber Sales Revenues-MUS - ITEM 130-107-R0306 (pg. 18)
- l. Allocation Model Review – Robinson/Duringer/Roloff
- m. Biennial Budget Process Review – Robinson/Joehler (pg. 19)
- n. Budget Initiative Proposals (pg. 29)
- o. Public Comment

February 27, 2006

Re: Northern Rockies Space Privatization Center Audit

Dear Commissioner Stearns:

I have reviewed your request for expanded scope testing of the controls environment and related Regent's approval and policy compliance as specifically related to the University of Montana Northern Rockies Center for Space Privatization. In addition, you have requested that we test compliance with the terms and provisions of the grant and the related federal requirements. I have also talked with Chairman Mercer about the request.

We are currently conducting a Performance Audit of the R & D controls and activities at both the University of Montana and Montana State University. Your request is timely. I will expand our audit work as you and Chairman Mercer have requested. Based upon issues disclosed by the University of North Texas, and in accordance with the Government Auditing Standards, I am also required to expand our testing to include other activities of the former VP for research at UM.

This Performance Audit was approved by the Legislative Audit Committee after the 2005 Legislative Session. The Legislative Audit Committee is meeting next Monday, March 6th, at which time I will discuss the expanded scope testing request. I also discussed with Chairman Mercer the need for a separate "investigation panel" of university officials. I suggested that such a panel may be useful in discussing policy and implementing any potential recommendations. I anticipate that our final report will be presented to the Legislative Audit Committee during a June, 2006, meeting. After that meeting, I would be happy to provide your office and any panel with a detailed explanation of our findings and recommendations.

In the meantime, please feel free to let me know if any additional audit testing is needed.

Sincerely,

Scott A Seacat  
Montana Legislative Auditor



**MONTANA UNIVERSITY SYSTEM**  
**Office of the Commissioner of Higher Education**

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46 N Last Chance Gulch ♦ PO Box 203201 ♦ Helena, Montana 59620-3201  
(406)444-6570 ♦ FAX (406)444-1469

February 16, 2006

Mr. Scott A. Seacat  
Legislative Auditor  
Legislative Audit Division  
State Capitol, Room 135  
P.O. Box 201705  
Helena MT 59620-1705

Dear Mr. Seacat:

During the presentation and discussion of the Financial-Compliance Audit of the Office of the Commissioner of Higher Education, we were asked to present a plan to address the two recommendations included in the audit report. The recommendations focus upon the improper transfer of indirect cost recoveries into a university Designated Subfund and a corresponding recommendation to reimbursement the state's General Fund \$756,060.

The Office of the Commissioner of Higher Education has taken the following steps to address those recommendations. As of the beginning of FY 06, we have ceased transferring indirect cost recoveries to Designated Subfunds. We will also transfer the remaining Designated Subfund balance of approximately \$114,000 to the state's General Fund in partial satisfaction of the \$756,060 recommended amount, leaving a balance of approximately \$642,000.

During our January 31 discussion, we reviewed MCA 17-7-304(1) which states that, "any unexpended balance in any specific appropriation may be used for the years for which the appropriation was made." During the years in question, the Office of the Commissioner of Higher Education reverted a total of \$702,835 unexpended General Fund, which according to the above referenced statute, any unrestricted portion of the reverted appropriation may have been used to satisfy a portion of the \$642,000. Since the net impact on the General Fund of this effort would be zero, we both agreed to forgo this particular action.

The only remaining course of action available to the Office of the Commissioner of Higher Education is to reduce discretionary expenditures, wherever possible, in an effort to increase our General Fund reversions for this biennium. We will take every practical step available to us to maximize the General Fund reversion of the Office of the Commissioner of Higher Education.

We hope that you will find this to be an acceptable response to the audit committee discussion.

Sincerely,

Mick Robinson  
Associate Commissioner for Fiscal Affairs



**MONTANA UNIVERSITY SYSTEM**  
**Office of the Commissioner of Higher Education**

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**TO:** Members of the Budget and Audit Oversight Committee

**FROM:** Mick Robinson  
Associate Commissioner for Fiscal Affairs

**DATE:** February 17, 2006

**SUBJECT:** Retirement Holdback Distribution

For each year of this biennium, a certain dollar amount was held back from the general fund distribution to each campus. The amount held back related to a potential increase in the employer's retirement contribution rate. The total amount withheld for FY06 was \$804,019 and the anticipated amount for FY07 is \$801,256.

These amounts represent the share of the anticipated retirement rate increase funded with tuition. With the conclusion of the December Special Session, it appears as if any potential increase in employer retirement rates will not take place during the current biennium and campus budgets will not be subject to this particular expenditure increase.

The Office of the Commissioner recommends, with the exception of \$10,000 to fund a related study of the MUS Optional Retirement Program, that the funds be distributed to the campuses in proportion to the amount withheld from each campus. Possible uses by the campuses include:

- Use the funds to replace FY07 Utility Surcharges
- Increase student financial aid
- Transfer to a revolving Reserve account

Thank you for your consideration and direction regarding this issue.

**RETIREMENT  
HOLDBACK**

	<b>FY06</b>		<b>FY06 AUTHORITY</b>
UM - MISSOULA	311,705		307,828
UM - BUTTE	46,562		45,983
UM- WESTERN	21,831		21,559
UM - HELENA	10,826		10,691
MSU - BOZEMAN	298,403		294,693
MSU - BILLINGS	75,338		74,401
MSU - HAVRE	21,459		21,192
MSU - GREAT FALLS	17,895		17,672
<b>TOTALS</b>	<b>804,019</b>	<b>-10,000</b>	<b>794,019</b>

March 1-3, 2006

ITEM 130-1605-R0306

**Authorization to Proceed with the wood-fired boiler project authorized in HB12 and to enter into an energy savings program agreement with the Montana Department of Environmental Quality; The University of Montana - Western**

**THAT:**

The Board of Regents of Higher Education authorizes The University of Montana Western to proceed with a \$1.6M project developed with The Montana Department of Environmental Quality (DEQ) to replace one boiler with a wood fired boiler and to enter into an agreement with DEQ State Building Energy Conservation Bond Program (SBEP).

**EXPLANATION:**

The University of Montana Western received a \$400,000 federal Fuels for Schools grant for this project. HB5 MUS general spending authority provides authority for this funding. There will be approximately \$1,200,000 in DEQ SBEP bonded costs to be repaid through energy savings at Western for 15 years at ~ \$99,000 per year, for which authority is granted by the SBEP program. The annually required energy savings payments are used by the State for debt service.

House Bill 12, Montana 2005 Legislature, lists this project as one to be funded by the State Building Energy Conservation Bond Program (SBEP). The federal grant funds will not be requested until the project is approved. The RFP for a boiler was let in January to determine the final costs of the project. The project construction could occur in the summer and the wood-fired boiler would be on line by the end of 2006.

The project was jointly developed between the Montana Department of Administration, the Montana DEQ, the Montana DNRC in conjunction with the U.S. Forest Service Fuels for Schools program and the University of Montana Western.

UM-Western has a main heating plant that provides steam heat and hot water to most of the campus buildings. The Campus uses approximately 33,000 dekatherms (dkt) of natural gas a year for which the delivered cost is \$8.68/ dkt. This results in an annual cost of approximately \$286,000.

A contract has been procured to supply wood chips at \$35/ton. At this price, the anticipated costs are less than \$4-\$5/dkt delivered. The DEQ has agreed to review the energy savings reimbursement calculation annually to ensure that the payment accurately reflects the projects true savings.

ITEM 130-2004-R0306

**Authorization to Install Subzero Cold Chambers in  
Cobleigh Hall; Montana State University-Bozeman**

**THAT:**

Consistent with the provisions of MCA 18-2-102(2)(c), the Board of Regents of the Montana University System authorizes MSU to install cold chambers in Cobleigh Hall. The estimated cost for this project is \$2,000,000.

**EXPLANATION:**

1. The existing Cold Regions Research program is located in Cobleigh Hall. This request to install cold chambers will address the need for additional cold lab space and broaden the University's research capabilities across several departments. The cold chambers will be installed in existing Civil Engineering laboratory space within Cobleigh Hall.
2. The Civil Engineering Dept has received grant funding from the Murdock Charitable Trust and National Science Foundation for purchase and installation of the cold chambers and private funding to purchase equipment for required specialized environmental systems. The installation of the cold chambers will allow the University to enhance its ongoing Cold Regions Research program and increase the ability to attract and retain quality staff and students.
3. This project will be financed with non-state funding from federal and private grants. No new programs will be created.
4. This project requires the authorization of the Board of Regents and the consent of the Governor.



March 1-3, 2006

ITEM 130-2802-R0306

**Authorization to Construct a New Wellness Center;  
Montana State University – Northern**

**THAT:**

Consistent with the provisions of MCA 18-2-102(2)(c), the Board of Regents of Higher Education authorizes Montana State University – Northern to construct a new Wellness Facility. The estimated cost of this project is \$1,250,000.

**EXPLANATION:**

The athletic programs at MSU-Northern have grown significantly since the inception of the Armory Gym and the on-campus population of the general student body has shown an increase in the past two years. Further growth is virtually guaranteed because of: a) the increased popularity of on-campus living; b) the addition of football; c) the increased roster size of the current sports offerings; and d) the need to add women's sports.

This project will construct a new Wellness Center (8300 sq ft of new space with an additional 2000 sq ft of existing space—currently the old wrestling room). This space will include two levels. An upper level for wellness (aerobics, weight training, conditioning) and a ground level for locker rooms, team rooms and new office space. This project will positively impact every program in Health and Physical Education, Wellness and Athletics.

This project will be financed with private funds. No state monies will be used.

This item provides MSU-Northern with the authorization to proceed with the design and construction of the new Wellness Center. However, construction will not proceed until satisfactory funding has been secured.

March 1-3, 2006

ITEM 130-2803-R0306

**Authorization to Proceed With Renovations of the Recently Conveyed Former BLM Building in Lewistown, Montana; Montana State University- Northern**

**THAT:**

Consistent with the provisions of MCA 18-2-102(2)(c), the Board of Regents of Higher Education authorizes Montana State University – Northern (MSUN) to renovate the former BLM Lewistown Field Office, 80 Airport Road, Lewistown, Montana in order to accommodate Northern’s educational programs. Estimated cost not to exceed \$1,100,000. Private donations and a Federal grant will wholly fund this project.

**EXPLANATION:**

MSU-Northern and Educational Opportunities for Central Montana, Inc. (EOCM) have been working together to create an educational center to serve Lewistown and Central Montana since 1995. In August 2005, MSUN applied for a 100% public benefit allowance discount for the BLM building through the U.S. Department of Education. This application was approved in December 2005 and MSUN accepted the deed to the property February 2006. Approval to accept property was approved by the Montana Board of Regents at the September 22-23, 2005 meeting (ITEM 128-2801-R0905).

March 1-3, 2006

ITEM 130-2010-R0306

**Authorization to Secure Intercap Loan from State of Montana Board of Investments-Renovation of Atrium in EPS Building; Montana State University-Bozeman**

**THAT:**

The Board of Regents of Higher Education authorizes Montana State University – Bozeman to secure an Intercap Loan from the State of Montana Board of Investments to finance the renovation of the atrium of the Engineering & Physical Sciences (EPS) Building. The amount of the loan is \$1,200,000.

**EXPLANATION:**

According to Board of Regents Policy 950.1, "Municipal Finance Consolidation Act Participation," any financing through the State Board of Investments in excess of \$500,000 must be approved by the Board of Regents. The Board of Regents authorized the renovation (Item 121-2004-R1103) at its November 20, 2003, meeting. MSU is now seeking to secure approval of its final financing plan. A loan from the State of Montana Board of Investments under the Intercap Loan Program is sought to fund the majority of the construction, conditioned upon the Board of Investments increasing its current \$1,000,000 maximum loan amount. Repayment of the loan will be financed with non-state funds. Neither state monies nor student tuition or fees will be used.

At the current Intercap Loan interest rate of 3.8%, annual debt service costs are expected to be approximately \$144,000 per year, to be repaid over a 10-year period, yielding total payments of \$1,440,000 including principal and interest. The Intercap Loan program charges a variable rate of interest. For each 1% increase in the interest rate, annual debt service would increase approximately \$7,000.

The sources of repayment are as follows:

1. The Lockheed Martin Corporation has pledged \$500,000 toward the project.
2. Existing MSU Foundation funds of \$340,000 will be reserved for debt service.
3. Corporate contributions estimated at \$600,000 (\$60,000 per year) will be reserved for debt service.

**ITEM 130-2011-R0306      Authorization to Secure Intercap Loan from State of Montana Board of Investments-Construction of BioSafety Animal Containment Facility; Montana State University-Bozeman**

**THAT:**                                      The Board of Regents of Higher Education authorizes Montana State University–Bozeman to secure an Intercap Loan from the State of Montana Board of Investments to finance the construction of a BioSafety Level 2 large animal containment facility. The amount of the loan is \$2,297,400.

**EXPLANATION:**                              According to Board of Regents Policy 950.1, “Municipal Finance Consolidation Act Participation,” any financing through the State Board of Investments in excess of \$500,000 must be approved by the Board of Regents. The Board of Regents authorized the construction of a new research facility (Item 128-2004-R0905) at its September 21, 2005, meeting. MSU is now seeking to secure approval of its final financing plan. A loan from the State of Montana Board of Investments under the Intercap Loan Program is sought to fund the majority of the construction, conditioned upon the Board of Investments increasing its current \$1,000,000 maximum loan amount. Repayment of the loan will be financed with non-state funds. Neither state monies nor student tuition or fees will be used.

At the current Intercap Loan interest rate of 3.8%, annual debt service costs are expected to be approximately \$276,000 per year, to be repaid over a 10-year period, yielding total payments of \$2,760,000, including principal and interest. The Intercap Loan program charges a variable rate of interest. For each 1% increase in the interest rate, annual debt service would increase approximately \$13,000.

There are three sources of loan repayment :

1. Facility and administrative cost recoveries from Veterinary Molecular Biology department’s National Institute of Health (NIH) grant #1U54AI065357 will be reserved to pay \$500,000 of debt service.
2. Yearly spendable income from the Johnson Ranch endowment (estimated at \$190,000 per year) will repay \$1,900,000 of debt service.
3. Facility and administrative cost recoveries from NIH grant #5P20RR020185 will be reserved to pay \$360,000 in debt service. (Total facility and administrative costs returned on this grant are expected to generate approximately \$1,000,000 in funding.)

March 1- 3, 2006

ITEM 130-1017-R0306

**Naming the Education Center the “Phyllis J. Washington Education Center”; The University of Montana - Missoula**

**THAT:**

Consistent with Board of Regents' Policy 1004.1, Naming of Buildings, the Board of Regents of the Montana University System authorizes The University of Montana-Missoula to name the new Education Center the “Phyllis J. Washington Education Center”.

**EXPLANATION:**

Phyllis J. Peterson Washington, a native of Great Falls, Montana, received her B.A. in Education from the University of Montana in 1964. She taught primary grades in Missoula for several years. Phyllis later employed her talent as an interior decorator and a discerning collector of art and antiques opening *PJ's Interiors* in Missoula.

The Washingtons have for years maintained a close and supporting relationship with Montana universities and students. In 1988, the Dennis and Phyllis Washington Foundation was created to coordinate philanthropic endeavors of the highly successful Washington Companies. Phyllis serves as its chairperson. With education being among its major beneficiary areas, scholarships from the Dennis and Phyllis Washington Foundation assist Montana students attending the state's public and private colleges and universities each year. One, the University's 53<sup>rd</sup> Presidential Leadership Scholarship, an award for a most promising entering student, provides \$5,000 annually, renewable for three years. The Foundation sponsors the Horatio Alger Montana Scholarship granting \$2 million to qualifying students. In 2005 the Washingtons announced a significant contribution to the University's capital campaign *Invest in Discovery—People, Programs and Place* earmarking funds for The School of Education. Other giving to education has supported the Excellence Fund, the UM Foundation, renovation of the University Theater, the Jubileers, rodeo, and QAC Conferences.

Phyllis Washington has given valuable time assisting with the University of Montana with its other fundraising efforts. She served several terms on the UM Foundation Board of Trustees. She chaired the record-setting University of Montana capital campaign *Ensuring a Tradition of Excellence*, a five-year effort that raised \$71.3 million for UM programs and current needs. For her work, the Phyllis Washington Award for Meritorious Service was created and she received the inaugural award. She also received the 1999 Neil S. Bucklew Presidential Service Award.

March 1-3, 2006

ITEM 130-106-R0306

**Recommendation of a College Savings Plan (\$529)  
Manager, including investment options.**

**THAT:**

The Board of Regents of Higher Education, as trustee of the Montana Family Education Savings Program (MFESP), selects the College Savings Bank and its mutual fund partner, Pacific Funds, as program manager to implement, administer, and market the MFESP for the State of Montana.

**EXPLANATION:**

The contract for a MFESP account manager and investment provider expires April 30, 2006. In accordance with State of Montana procurement requirements, the MFESP Oversight Committee has completed a Request For Proposal process for a new program manager. The Oversight Committee unanimously recommends College Savings Bank and its mutual fund partner, Pacific Funds, as the successful respondent to that Request For Proposal. CSB/Pacific Funds scored 856 points out of a possible 1,000 total points. CSB offers CollegeSure certificates of deposits, which are indexed to the inflation rate of public, 4-year postsecondary institutions. These investments are protected by the Federal Deposit Insurance Corporation to the extent allowed by federal law. Pacific Funds offers 14 different actively managed mutual fund investments and 5 Portfolio Optimization Funds. CSB/Pacific Funds will also launch a complex marketing campaign (budgeted amount \$600,000) that includes, but is not limited to, television, newspaper, radio, website, and direct mail.

A contract between the Board of Regents and College Savings Bank/Pacific Funds, will be presented for Board approval at the May 2006 Board of Regents' meeting. The contract will be effective May 1, 2006 and end April 30, 2009. At the mutual agreement of all parties, the contract may be renewed for two additional two-year extensions.

**MONTANA BOARD OF REGENTS OF HIGHER EDUCATION**  
**Policy and Procedures Manual**

**SUBJECT: INFORMATION TECHNOLOGY**

**Policy 1308 – Disposal of Computer Storage Devices (New)**

*Effective* \_\_\_\_\_; *Issued* \_\_\_\_\_

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**SCOPE**

This policy applies to all campuses of the Montana University System including the Office of the Commissioner of Higher Education and to all departments, offices, and employees thereof. It addresses disposal of electronic information storage devices owned by campuses of the Montana University System, including those contained within or attached to personal computers, servers, laptops, PDAs, or any other computing devices, accessory equipment, or stand alone devices that store electronic data, information, and/or software programs.

This policy does not apply to electronic information storage devices, as described above, that are used by a campus of the Montana University System but are owned by a contractor, granting agency, service provider, or other entity that is external to the Montana University System, or is used exclusively for the purpose of supporting grant- or contract-related activities where the granting agency or contractor retains ownership of data associated with the activity.

**PURPOSE**

When information technology (IT) equipment is in normal use, it is assumed that the entity to which the equipment is assigned (the “Owner”) is responsible for guaranteeing appropriate security for all information stored on or maintained by that equipment. When the owner wishes to dispose of that equipment, explicit action must be taken to assure that confidential information does not remain accessible to a new owner. The responsibility of assuring that information security is maintained during disposal ultimately falls to the chief executive officer of the campus where the equipment is located but may, at the CEO’s discretion, be delegated to the original owner, a central campus authority such as the campus IT department, or to a specific individual. For purposes of this policy, the party to whom the campus CEO assigns this operational responsibility for assuring information security will hereinafter be called the “Responsible Party.”

Sensitive information includes data required by federal or state law to be protected from disclosure to individuals and entities both inside and outside of the Montana University System. For purposes of this policy, sensitive information also includes proprietary software that is licensed to campuses of the Montana University System, which must be protected against unauthorized distribution.

This policy outlines disposal requirements for protecting these IT assets by either of two methods: (1) destruction of the IT device; or, (2) complete removal of all electronic data from the computer storage device. The responsible party must perform at least one of these actions before disposing of the device.

**DEFINITIONS**

Owner	The MUS department, division, or other administrative unit that is directly responsible for the management and maintenance of the computer and/or computer storage device or media.
Disposal	An authorized change of ownership for an IT storage device -- the original owner disposes of the device and gives up responsibility; a new owner obtains the device and accepts responsibility. As a special case the device is destroyed -- there is no new owner and responsibility for management ceases.
Computer Storage Device	Includes, but is not limited to: personal computers with hard drives, servers with hard drives, other assets with hard drives or loose/unattached hard drives.
Cleaning or Cleaned	A process used to assure that data is destroyed or removed from an IT storage device. This may be achieved by physical destruction of the device or by the proper use of specialized software utility programs that overwrite the data so that it is unrecoverable. Note: This cleaning process is also known as a “sanitizing” or “scrubbing” process.

Removable storage Media	Includes, but is not limited to: floppy diskettes, compact disks (CD's), magnetic tapes, digital video devices (DVD's), Zip media, Flash media, and all other similar removable media.
Physical Destruction	To incinerate, pulverize, shred, or melt or otherwise destroy the computer storage device, removable storage media, or component so as to render it incapable of storing or retrieving electronic data or software programs.

## DISPOSAL REQUIREMENTS

All computer storage devices and removable storage media must be cleaned prior to disposal, regardless of how their owner chooses to dispose of them. This includes but is not limited to internal transfers, transfers between campuses and/or state agencies, disposal through standard surplus equipment processes, and donation to a public school or to the Office of Public Instruction. Owners disposing equipment through the state Property and Supply Bureau's surplus equipment program should contact their campus property management office or the Property and Supply Bureau for any additional requirements.

The owner must work with the Responsible Party designated for that campus to assure that disposal conforms to the following requirements.

1. All data maintained specifically by the owner and any software programs that are licensed exclusively to the owner must be removed from storage devices and/or media prior to their disposal, except that legally licensed operating system software (e.g., Microsoft Windows) that is tied to a specific computer serial number and which may be legally transferred with the computer to another licensee, may remain on (or may be restored to) the storage device following the cleaning process. (**Note:** Because of the varying circumstances under which computers may have been acquired, it is the responsibility of the owner to determine, prior to transferring any licensed operating system software, whether it is legally permissible to do so.)
2. Alternatively, if data and/or software programs contained on the storage device and/or media cannot be removed according to the following process, then that device and/or media must be destroyed.
3. To remove data and software from rewritable storage devices or media, the Responsible Party must use a Department of Defense (DoD) 5220.22-compliant sanitation program or an equivalent method of removal or destruction of data and software (such as high-intensity degaussing of magnetic storage media) that will effectively sanitize the hard drive. To be DoD 5220.22-compliant, programs must use the DoD's "three-pass" process to: (1) overwrite all electronically addressable locations on the device with a character; (2) overwrite it again with the same character's complement bit configuration; and then (3) overwrite it again with a random character. Finally, the program must perform a verification process to assure that the cleaning has been accomplished.

Software products are available, both freeware and purchased, that comply with DoD requirements for storage cleaning. See the State of Montana's software standards at <http://www.discoveringmontana.com/itsd/policy/ByCategory.asp> for a list of acceptable products.

For more information from the DoD regarding the topic of Automated Information System Security, see the Department of Defense three pass process at [http://www.dtic.mil/whs/directives/corres/pdf/522022m\\_0195/cp8.pdf](http://www.dtic.mil/whs/directives/corres/pdf/522022m_0195/cp8.pdf).

4. If the data storage device cannot be put through this process because it is not functional or because it is not rewritable, the device must be physically destroyed.
5. All removable storage media must be cleaned using a method such as high-intensity degaussing or must be physically destroyed.
6. The owner is responsible for maintaining documentation on all electronic data storage devices (e.g., PCs, laptops, servers, PDAs) that have been either destroyed or sanitized. The owner must retain these records for two years following disposal.

The disposal records shall contain the following information:

- a. Device identification (vendor serial number or equivalent)
- b. Date of cleaning
- c. Employee name performing cleaning



- d. Method of cleaning
- e. Destination/new owner of device (includes “destroyed/none”)
- f. Responsible Party sign-off

## **IMPLEMENTATION**

If the campus CEO has explicitly assigned a specific campus unit or person as the Responsible Party, an owner **MUST** transfer all computers and removable storage media to that Responsible Party for disposal, even if the final destination is another on-campus unit. In the absence of the explicit assignment of this responsibility to a specific unit or person, the owner retains full responsibility to clean computers and media before disposing of them in any manner.

## **BACKGROUND**

This policy is based in large part on a similar policy created by the Information Technology Security Office of the Information Technology Services Division for the State of Montana. Information contained in this policy originated from the Section 1-0250.00, MOM.

**ITEM 130-107-R0306**

**Distribution of Timber Sales Revenue**

**THAT:**

The Board of Regents of Higher Education elects to designate trust land timber sales revenue as distributable revenue in years beginning with FY2006.

**EXPLANATION:**

When SB 511 amended §§ 77-1-109 and 17-3-1003(1), MCA, in 2001, it was understood that the Regents would have discretion to direct timber sales revenue either to the permanent fund or as distributions to the campus beneficiaries of the trusts. In 2002, pursuant to that discretion, the Board of Regents adopted Policy 901.12, in which the Board elected to designate timber sales revenue as non-distributable permanent fund revenue. A major reason for the election was that the Department of Natural Resources and Conservation (DNRC) was at that time not withholding administrative assessments on revenue designated as non-distributable.

In FY2004, DNRC began withholding assessments on all university timber sales revenue (except revenue from Morrill Act lands). This factor removed the incentive to designate the revenue as non-distributable.

In the fall of 2004, the Legislative Auditor advised DNRC that timber sale revenue must be distributed, so in FY2005, DNRC distributed the revenue to the campuses. In the fall of FY2006, the Legislative Auditor reversed his previous opinion and agreed that the Regents may elect to distribute or reinvest timber sales revenue. At this point, given these developments, the Board of Regents needs to elect how to treat these revenues for the future. The revenue is currently being distributed to the campuses on a monthly basis.

The affected campuses have all requested distribution of the revenues. All have said they will use the money as set forth in Policy 901.12, for the repayment of debt to which these revenues are pledged, the elimination or reduction of chronic or material negative fund balances, or for deferred maintenance and equipment and fixed asset expenditures not recurring in nature.

**ATTACHMENTS:**

FY06 – FY08 DNRC Timber Sales Revenue Projections

	FY07 Revised	FY08 Increment	FY08 Projection	FY09 Increment	FY09 Projection
<b>ENROLLMENT</b>					
Resident	8,158	4	8,162	7	8,169
Nonresident	2,163	12	2,175	11	2,186
WUE	391	(1)	390	-	390
<b>Total Enrollment</b>	<b>10,712</b>	<b>15</b>	<b>10,727</b>	<b>18</b>	<b>10,745</b>

	FY07 Revised	FY08 Increment	FY08 Projection	FY09 Increment	FY09 Projection
<b>EXPENDITURES</b>					
Salaries & Benefits	86,339,399	4,171,457	90,510,856	4,135,034	94,645,890
Faculty Termination Pay	701,622	598,378	1,300,000	50,000	1,350,000
<b>TOTAL PERSONAL SERVICES</b>	<b>87,041,021</b>	<b>4,769,835</b>	<b>91,810,856</b>	<b>4,185,034</b>	<b>95,995,890</b>
State Fixed Costs	2,051,601	7,356	2,058,957	(48,780)	2,010,177
Utilities	4,575,198	544,872	5,120,070	148,401	5,268,471
IT Fixed Costs	908,577	54,515	963,092	57,785	1,020,877
Library Acquisitions	2,988,492	209,194	3,197,686	223,838	3,421,524
New Space	0	-	0	-	0
All Other Operating Costs	10,020,128	250,503	10,270,631	256,766	10,527,397
<b>TOTAL OPERATING COSTS</b>	<b>20,543,996</b>	<b>1,066,440</b>	<b>21,610,436</b>	<b>638,010</b>	<b>22,248,446</b>
Fee Waivers (Est. Tuition incr)	9,950,656	707,733	10,658,389	523,083	11,181,472
Fee Waivers (Utilization)		457,182	457,182	13,854	471,036
Adjustment for Enrollment		69,750	69,750	83,700	153,450
<b>TOTAL EXPENDITURES</b>	<b>117,535,673</b>	<b>7,070,940</b>	<b>124,606,613</b>	<b>5,443,682</b>	<b>130,050,294</b>

Annual % Increase (w/o ENR growth adj and fee waiver-tuition)      5.4%      3.9% 4.6%  
 Annual % increase overall      6.0%      4.4% 5.2%

	FY07 Revised	FY08 Increment	FY08 Projection	FY09 Increment	FY09 Projection
<b>REVENUE</b>					
State Funds	39,461,372	2,121,809	41,583,181	1,800,549	43,383,730
Tuition (Net)	64,503,005	3,669,716	68,172,721	3,067,758	71,240,478
Fee Waivers	9,950,656	1,164,915	11,115,571	536,937	11,652,508
Super Tuition & CUF Fees	2,972,095	37,500	3,009,595	38,438	3,048,033
Other University Revenue	648,545	77,000	725,545	-	725,545
<b>TOTAL REVENUE</b>	<b>117,535,673</b>	<b>7,070,940</b>	<b>124,606,613</b>	<b>5,443,682</b>	<b>130,050,294</b>
State Funds as % of Total	33.6%		33.4%		33.4%
Tuition/Other as % of Total	55.4%		55.3%		55.3%

TUITION IMPACT	FY08			FY09		
	Tuition Revenue	Annual Tuition Increase per Student	Tuition Rate %	Tuition Revenue	Annual Tuition Increase per Student	Tuition Rate %
<b>TOTAL</b>	\$ 68,172,721	\$ 342.10	6.8%	\$ 71,240,478	\$ 285.51	4.7%
Exec Pay Plan	\$ 1,723,533	\$ 160.67	3.2%	\$ 2,137,291	\$ 198.91	3.3%
Current Services Budget	\$ 1,946,182	\$ 181.43	3.6%	\$ 930,467	\$ 86.60	1.4%
Present Law Adjustments						
Base	\$ 64,503,005			\$ 68,172,721		

	FY07 Revised	FY08 Increment	FY08 Projection	FY09 Increment	FY09 Projection
<b>ENROLLMENT</b>					
Resident	3,912	47	3,959	40	3,999
Nonresident	135	(16)	119	-	119
WUE	209	46	255	-	255
<b>Total Enrollment</b>	<b>4,256</b>	<b>77</b>	<b>4,333</b>	<b>40</b>	<b>4,373</b>

	FY07 Revised	FY08 Increment	FY08 Projection	FY09 Increment	FY09 Projection
<b>EXPENDITURES</b>					
Salaries & Benefits	23,767,097	1,129,119	24,896,216	1,157,533	26,053,749
Faculty Termination Pay	188,500	5,655	194,155	5,825	199,980
<b>TOTAL PERSONAL SERVICES</b>	<b>23,955,597</b>	<b>1,134,774</b>	<b>25,090,371</b>	<b>1,163,357</b>	<b>26,253,728</b>
State Fixed Costs	417,375	67,762	485,137	(60,441)	424,696
Utilities	1,478,999	140,046	1,619,045	55,611	1,674,656
IT Fixed Costs	500,000	30,000	530,000	31,800	561,800
Library Acquisitions	272,137	19,050	291,187	20,383	311,570
New Space	0	199,936	199,936	8,247	208,183
All Other Operating Costs	7,017,914	(23,059)	6,994,855	174,871	7,169,726
<b>TOTAL OPERATING COSTS</b>	<b>9,686,425</b>	<b>433,734</b>	<b>10,120,159</b>	<b>230,472</b>	<b>10,350,631</b>
Fee Waivers (Est. Tuition incr)	1,798,332	94,571	1,892,903	100,717	1,993,620
Fee Waivers (Utilization)		93,095	93,095	28,333	121,428
Adjustment for Enrollment		358,050	358,050	186,000	544,050
<b>TOTAL EXPENDITURES</b>	<b>35,440,354</b>	<b>2,114,225</b>	<b>37,554,579</b>	<b>1,708,879</b>	<b>39,263,457</b>

Annual % Increase (w/o ENR growth adj and fee waiver-tuition)      4.7%      3.8% 4.3%  
 Annual % increase overall      6.0%      4.6% 5.3%

	FY07 Revised	FY08 Increment	FY08 Projection	FY09 Increment	FY09 Projection
<b>REVENUE</b>					
State Funds	16,130,908	1,105,828	17,236,736	706,805	17,943,541
Tuition (Net)	16,568,348	1,027,143	17,595,491	863,724	18,459,215
Fee Waivers	1,798,332	187,666	1,985,998	129,050	2,115,048
Super Tuition & CUF Fees	531,234	(792)	530,442	9,300	539,742
Other University Revenue	411,532	(205,621)	205,911	-	205,911
<b>TOTAL REVENUE</b>	<b>35,440,354</b>	<b>2,114,225</b>	<b>37,554,579</b>	<b>1,708,879</b>	<b>39,263,457</b>
State Funds as % of Total	45.5%		45.9%		45.7%
Tuition/Other as % of Total	47.9%		47.4%		47.5%

TUITION IMPACT	FY08			FY09		
	Tuition Revenue	Average Annual Tuition Increase per Student	Average Tuition Rate %	Tuition Revenue	Average Annual Tuition Increase per Student	Average Tuition Rate %
TOTAL	\$ 19,581,490	\$ 280.36	4.74%	\$ 20,574,263	\$ 227.02	4.16%
Exec Pay Plan	\$ 423,629	\$ 97.77	1.65%	\$ 525,170	\$ 120.09	2.20%
Current Services Budget	\$ 791,181	\$ 182.59	3.09%	\$ 467,603	\$ 106.93	1.96%
Present Law Adjustments						
Base	\$ 18,366,680			\$ 19,581,490		

	FY07 Revised	FY08 Increment	FY08 Projection	FY09 Increment	FY09 Projection
<b>ENROLLMENT</b>					
Resident	1,148	-	1,148	-	1,148
Nonresident	50	-	50	-	50
WUE	80	-	80	-	80
<b>Total Enrollment</b>	<b>1,278</b>	<b>-</b>	<b>1,278</b>	<b>-</b>	<b>1,278</b>
<b>EXPENDITURES</b>					
Salaries & Benefits	8,625,278	482,186	9,107,464	438,377	9,545,841
Faculty Termination Pay	80,000	(35,000)	45,000	5,000	50,000
<b>TOTAL PERSONAL SERVICES</b>	<b>8,705,278</b>	<b>447,186</b>	<b>9,152,464</b>	<b>443,377</b>	<b>9,595,841</b>
State Fixed Costs	148,020	800	148,820	(33,684)	115,136
Utilities	604,756	100,227	704,983	15,205	720,188
IT Fixed Costs	600,000	36,000	636,000	38,160	674,160
Library Acquisitions	114,145	7,990	122,135	8,549	130,685
New Space	0	-	0	-	0
All Other Operating Costs	976,581	24,415	1,000,995	25,025	1,026,020
<b>TOTAL OPERATING COSTS</b>	<b>2,443,502</b>	<b>169,432</b>	<b>2,612,933</b>	<b>53,255</b>	<b>2,666,189</b>
Fee Waivers (Est. Tuition incr)	1,490,246	123,842	1,614,088	127,613	1,741,701
Fee Waivers (Utilization)		77,368	77,368	80,954	158,322
Adjustment for Enrollment		-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>12,639,026</b>	<b>817,827</b>	<b>13,456,853</b>	<b>705,199</b>	<b>14,162,052</b>

Annual % Increase (w/o ENR growth adj and fee waiver-tuitic) 5.5% 4.3% 4.9%  
Annual % increase overall 6.5% 5.2% 5.9%

**REVENUE**

State Funds	7,148,546	358,661	7,507,207	248,466	7,755,673
Tuition (Net)	3,897,234	257,956	4,155,190	248,166	4,403,356
Fee Waivers	1,490,246	201,210	1,691,456	208,567	1,900,023
Super Tuition & CUF Fees	73,000	-	73,000	-	73,000
Other University Revenue	30,000	-	30,000	-	30,000
<b>TOTAL REVENUE</b>	<b>12,639,026</b>	<b>817,827</b>	<b>13,456,853</b>	<b>705,199</b>	<b>14,162,052</b>
State Funds as % of Total	56.6%		55.8%		54.8%
Tuition/Other as % of Total	31.1%		31.1%		31.3%

	FY08			FY09		
	Tuition Revenue	Annual Tuition Increase per Student	Tuition Rate %	Tuition Revenue	Annual Tuition Increase per Student	Tuition Rate %
<b>TUITION IMPACT</b>						
TOTAL	\$ 5,846,646	\$ 359.28	7.90%	\$ 6,303,379	\$ 357.38	7.20%
Exec Pay Plan	\$ 131,211	\$ 102.67	2.26%	\$ 161,565	\$ 126.42	2.55%
Current Services Budget	\$ 327,955	\$ 256.62	5.64%	\$ 295,168	\$ 230.96	4.65%
Present Law Adjustments						
Base	\$ 5,387,480			\$ 5,846,646		

	FY07 Revised	FY08 Increment	FY08 Projection	FY09 Increment	FY09 Projection
<b>ENROLLMENT</b>					
Resident	1,250	139	1,389	70	1,459
Nonresident	20	5	25	-	25
WUE	1	1	2	(1)	1
<b>Total Enrollment</b>	<b>1,271</b>	<b>145</b>	<b>1,416</b>	<b>69</b>	<b>1,485</b>

	FY07 Revised	FY08 Increment	FY08 Projection	FY09 Increment	FY09 Projection
<b>EXPENDITURES</b>					
Salaries & Benefits	7,885,890	429,227	8,315,117	431,734	8,746,851
Faculty Termination Pay	15,000	10,000	25,000	-	25,000
<b>TOTAL PERSONAL SERVICES</b>	<b>7,900,890</b>	<b>439,227</b>	<b>8,340,117</b>	<b>431,734</b>	<b>8,771,851</b>
State Fixed Costs	166,631	19,581	186,212	(14,592)	171,620
Utilities	245,916	8,946	254,862	9,436	264,298
IT Fixed Costs	48,500	2,910	51,410	3,085	54,495
Library Acquisitions	39,070	2,735	41,805	2,926	44,731
New Space	0	291,600	291,600	97,200	388,800
All Other Operating Costs	277,925	5,073	282,998	5,200	288,198
<b>TOTAL OPERATING COSTS</b>	<b>778,042</b>	<b>330,845</b>	<b>1,108,887</b>	<b>103,255</b>	<b>1,212,142</b>
Fee Waivers (Est. Tuition incr)	260,000	20,186	280,186	25,253	305,439
Fee Waivers (Utilization)		12,780	12,780	7,668	20,448
Adjustment for Enrollment		674,250	674,250	320,850	995,100
<b>TOTAL EXPENDITURES</b>	<b>8,938,932</b>	<b>1,477,288</b>	<b>10,416,220</b>	<b>888,761</b>	<b>11,304,981</b>

Annual % Increase (w/o ENR growth adj and fee waiver-tuition)      8.8%      5.6%      7.2%  
 Annual % increase overall      16.5%      8.5%      12.5%

	FY07 Revised	FY08 Increment	FY08 Projection	FY09 Increment	FY09 Projection
<b>REVENUE</b>					
State Funds	4,799,342	775,507	5,574,849	423,744	5,998,593
Tuition (Net)	3,783,390	668,015	4,451,405	427,095	4,878,501
Fee Waivers	260,000	32,966	292,966	32,921	325,887
Super Tuition & CUF Fees	-	-	-	-	-
Other University Revenue	96,200	800	97,000	5,000	102,000
<b>TOTAL REVENUE</b>	<b>8,938,932</b>	<b>1,477,288</b>	<b>10,416,220</b>	<b>888,761</b>	<b>11,304,981</b>

State Funds as % of Total      53.7%      53.5%      53.1%  
 Tuition/Other as % of Total      43.4%      43.7%      44.1%

TUITION IMPACT	FY08			FY09		
	Tuition Revenue	Annual Tuition Increase per Student	Tuition Rate %	Tuition Revenue	Annual Tuition Increase per Student	Tuition Rate %
<b>TOTAL</b>	\$ 4,744,371	\$ 495.04	7.40%	\$ 5,204,388	\$ 309.78	8.40%
Exec Pay Plan	\$ 138,005	\$ 97.46	1.50%	\$ 168,191	\$ 113.26	3.20%
Current Services Budget	\$ 562,976	\$ 397.58	5.90%	\$ 291,826	\$ 196.52	5.20%
Present Law Adjustments						
Base	\$ 4,043,390			\$ 4,744,371		

	FY07 Revised	FY08 Increment	FY08 Projection	FY09 Increment	FY09 Projection
<b>ENROLLMENT</b>					
Resident	8,993	10	9,003	50	9,053
Nonresident	2,598	44	2,642	40	2,682
WUE	587	63	650	(50)	600
<b>Total Enrollment</b>	<b>12,178</b>	<b>117</b>	<b>12,295</b>	<b>40</b>	<b>12,335</b>

<b>EXPENDITURES</b>					
Salaries & Benefits	90,803,228	4,299,213	95,102,441	4,297,472	99,399,914
Faculty Termination Pay	1,250,000	250,000	1,500,000	300,000	1,800,000
<b>TOTAL PERSONAL SERVICES</b>	<b>92,053,228</b>	<b>4,549,213</b>	<b>96,602,441</b>	<b>4,597,472</b>	<b>101,199,914</b>
State Fixed Costs	1,168,247	56,596	1,224,843	(41,967)	1,182,876
Utilities	4,346,020	421,100	4,767,120	151,200	4,918,320
IT Fixed Costs	931,415	55,885	987,300	59,238	1,046,538
Library Acquisitions	4,017,146	281,200	4,298,346	300,884	4,599,230
New Space	0	-	0	457,864	457,864
All Other Operating Costs	9,265,248	218,811	9,484,059	224,281	9,708,340
<b>TOTAL OPERATING COSTS</b>	<b>19,728,076</b>	<b>1,033,592</b>	<b>20,761,668</b>	<b>1,151,501</b>	<b>21,913,169</b>
Fee Waivers (Est. Tuition incr)	9,157,934	599,500	9,757,434	548,660	10,306,094
Fee Waivers (Utilization)		833,734	833,734	382,033	1,215,767
Adjustment for Enrollment		544,050	544,050	186,000	730,050
<b>TOTAL EXPENDITURES</b>	<b>120,939,238</b>	<b>7,560,090</b>	<b>128,499,328</b>	<b>6,865,666</b>	<b>135,364,994</b>
Annual % Increase (w/o ENR growth adj and fee waiver-tuitic)			5.3%		4.8% 5.1%
Annual % increase overall			6.3%		5.3% 5.8%

<b>REVENUE</b>					
State Funds	39,088,503	2,034,042	41,122,545	2,252,716	43,375,261
Tuition	75,980,393	5,778,887	81,759,280	4,612,950	86,372,230
Super Tuition & CUF Fees	4,311,153	15,000	4,326,153	-	4,326,153
Other University Revenue	1,559,189	(267,839)	1,291,350	-	1,291,350
<b>TOTAL REVENUE</b>	<b>120,939,238</b>	<b>7,560,090</b>	<b>128,499,328</b>	<b>6,865,666</b>	<b>135,364,994</b>
State Funds as % of Total	32.3%		32.0%		32.0%
Tuition/Other as % of Total	64.1%		64.6%		64.8%

	FY08			FY09		
	Tuition Revenue	Annual Tuition Increase per Resident	Tuition Rate %	Tuition Revenue	Annual Tuition Increase per Resident	Tuition Rate %
<b>TUITION IMPACT</b>						
<b>TOTAL</b>	\$ 81,759,280	\$ 217.00	5.52%	\$ 86,372,230	\$ 214.00	5.15%
Exec Pay Plan	\$ 1,911,526	\$ 72.00	1.83%	\$ 2,378,410	\$ 111.00	2.66%
Current Services Budget	\$ 3,867,360	\$ 145.00	3.69%	\$ 2,234,540	\$ 103.00	2.49%
Present Law Adjustments						
Base	\$ 75,980,393			\$ 81,759,280		

	FY07 Revised	FY08 Increment	FY08 Projection	FY09 Increment	FY09 Projection
<b>ENROLLMENT</b>					
Resident	1,725	(10)	1,715	20	1,735
Nonresident	193	11	204	-	204
WUE	130	8	138	-	138
<b>Total Enrollment</b>	<b>2,048</b>	<b>9</b>	<b>2,057</b>	<b>20</b>	<b>2,077</b>

	FY07 Revised	FY08 Increment	FY08 Projection	FY09 Increment	FY09 Projection
<b>EXPENDITURES</b>					
Salaries & Benefits	15,257,544	755,624	16,013,169	758,392	16,771,560
Faculty Termination Pay	100,000	50,000	150,000	-	150,000
<b>TOTAL PERSONAL SERVICES</b>	<b>15,357,544</b>	<b>805,624</b>	<b>16,163,169</b>	<b>758,392</b>	<b>16,921,560</b>

State Fixed Costs	236,240	79,482	315,722	(46,601)	269,121
Utilities	983,983	126,517	1,110,500	48,100	1,158,600
IT Fixed Costs	609,303	36,558	645,861	38,752	684,613
Library Acquisitions	186,009	13,021	199,030	13,932	212,962
New Space	0	44,313	44,313	111,590	155,903
All Other Operating Costs	2,315,175	55,879	2,371,054	57,276	2,428,331
<b>TOTAL OPERATING COSTS</b>	<b>4,330,710</b>	<b>355,770</b>	<b>4,686,480</b>	<b>223,049</b>	<b>4,909,529</b>

Fee Waivers (Est. Tuition incr)	1,641,622	143,908	1,785,530	136,234	1,921,763
Fee Waivers (Utilization)		135,014	135,014	143,605	278,619
Adjustment for Enrollment		41,850	41,850	93,000	134,850
<b>TOTAL EXPENDITURES</b>	<b>21,329,876</b>	<b>1,482,166</b>	<b>22,812,042</b>	<b>1,354,280</b>	<b>24,166,322</b>

Annual % Increase (w/o ENR growth adj and fee waiver-tuition)	6.1%	5.0%	5.5%
Annual % increase overall	6.9%	5.9%	6.4%

**REVENUE**

State Funds	10,279,162	534,735	10,813,897	536,551	11,350,448
Tuition	10,296,736	946,777	11,243,513	816,274	12,059,786
Super Tuition & CUF Fees	362,974	654	363,628	1,455	365,083
Other University Revenue	391,004	-	391,004	-	391,004
<b>TOTAL REVENUE</b>	<b>21,329,876</b>	<b>1,482,166</b>	<b>22,812,042</b>	<b>1,354,280</b>	<b>24,166,321</b>

State Funds as % of Total	48.2%	47.4%	47.0%
Tuition/Other as % of Total	50.1%	51.0%	51.5%

TUITION IMPACT	FY08			FY09		
	Tuition Revenue	Annual Tuition Increase per Resident Student	Tuition Rate %	Tuition Revenue	Annual Tuition Increase per Resident Student	Tuition Rate %
<b>TOTAL</b>	\$ 11,243,513	\$ 378.00	8.06%	\$ 12,059,786	\$ 333.00	6.56%
Exec Pay Plan	\$ 268,013	\$ 107.00	2.28%	\$ 331,670	\$ 136.00	2.67%
Current Services Budget	\$ 678,764	\$ 271.00	5.78%	\$ 484,604	\$ 197.00	3.89%
Present Law Adjustments						
Base	\$ 10,296,736			\$ 11,243,513		



2009 Biennium Present Law Budget Estimate PLUS PAY PLAN  
**UM-WESTERN**

updated 02/28/2006

	FY07 Revised	FY08 Increment	FY08 Projection	FY09 Increment	FY09 Projection
<b>ENROLLMENT</b>					
Resident	909	3	912	3	915
Nonresident	47	4	51	5	56
WUE	130	2	132	-	132
<b>Total Enrollment</b>	<b>1,086</b>	<b>9</b>	<b>1,095</b>	<b>8</b>	<b>1,103</b>

	FY07 Revised	FY08 Increment	FY08 Projection	FY09 Increment	FY09 Projection
<b>EXPENDITURES</b>					
Salaries & Benefits	7,756,424	407,853	8,164,277	372,981	8,537,259
Faculty Termination Pay	30,000	15,000	45,000	-	45,000
<b>TOTAL PERSONAL SERVICES</b>	<b>7,786,424</b>	<b>422,853</b>	<b>8,209,277</b>	<b>372,981</b>	<b>8,582,259</b>
State Fixed Costs	87,307	48,691	135,998	(47,451)	88,547
Utilities	251,700	30,100	281,800	7,000	288,800
IT Fixed Costs	32,756	1,965	34,721	2,083	36,805
Library Acquisitions	106,250	7,438	113,688	7,958	121,646
New Space	0	-	0	-	0
All Other Operating Costs	916,127	59,605	975,732	24,393	1,000,126
<b>TOTAL OPERATING COSTS</b>	<b>1,394,140</b>	<b>147,799</b>	<b>1,541,939</b>	<b>(6,016)</b>	<b>1,535,923</b>
Fee Waivers (Est. Tuition incr)	762,221	73,038	835,259	44,399	879,658
Fee Waivers (Utilization)		49,311	49,311	3,418	52,729
Adjustment for Enrollment		41,850	41,850	37,200	79,050
<b>TOTAL EXPENDITURES</b>	<b>9,942,785</b>	<b>734,851</b>	<b>10,677,636</b>	<b>451,982</b>	<b>11,129,619</b>

Annual % Increase (w/o ENR growth adj and fee waiver-tuit)      6.2%      3.5% 4.9%  
 Annual % increase overall      7.4%      4.2% 5.8%

	FY07 Revised	FY08 Increment	FY08 Projection	FY09 Increment	FY09 Projection
<b>REVENUE</b>					
State Funds	5,516,060	254,879	5,770,939	147,953	5,918,892
Tuition	4,244,945	471,652	4,716,597	303,929	5,020,527
Super Tuition & CUF Fees	100,000	100	100,100	100	100,200
Other University Revenue	81,780	8,220	90,000	-	90,000
<b>TOTAL REVENUE</b>	<b>9,942,785</b>	<b>734,851</b>	<b>10,677,636</b>	<b>451,982</b>	<b>11,129,619</b>
State Funds as % of Total	55.5%		54.0%		53.2%
Tuition/Other as % of Total	43.5%		45.0%		45.9%

	FY08			FY09		
	Tuition Revenue	Annual Tuition Increase per Resident Student	Tuition Rate %	Tuition Revenue	Annual Tuition Increase per Resident Student	Tuition Rate %
<b>TUITION IMPACT</b>						
TOTAL	\$ 4,716,597	\$ 315.00	9.40%	\$ 5,020,527	\$ 176.00	4.80%
Exec Pay Plan	\$ 135,963	\$ 91.00	2.71%	\$ 168,330	\$ 97.00	2.66%
Current Services Budget	\$ 335,689	\$ 224.00	6.69%	\$ 135,599	\$ 79.00	2.14%
Present Law Adjustments						
Base	\$ 4,244,945			\$ 4,716,597		

	FY07 Revised	FY08 Increment	FY08 Projection	FY09 Increment	FY09 Projection
<b>ENROLLMENT</b>					
Resident	731	11	742	11	753
Nonresident	6	-	6	-	6
WUE	6	-	6	-	6
<b>Total Enrollment</b>	<b>743</b>	<b>11</b>	<b>754</b>	<b>11</b>	<b>765</b>

<b>EXPENDITURES</b>					
Salaries & Benefits	3,795,062	209,031	4,004,094	181,650	4,185,744
Faculty Termination Pay	90,000	-	90,000	-	90,000
<b>TOTAL PERSONAL SERVICES</b>	<b>3,885,062</b>	<b>209,031</b>	<b>4,094,094</b>	<b>181,650</b>	<b>4,275,744</b>

State Fixed Costs	83,270	1,138	84,408	(26,035)	58,373
Utilities	193,616	4,220	197,836	3,800	201,636
IT Fixed Costs	37,398	2,244	39,642	2,379	42,020
Library Acquisitions	38,925	2,725	41,650	2,915	44,565
New Space	0	83,211	83,211	57,610	140,821
All Other Operating Costs	734,648	18,366	753,014	18,825	771,840
<b>TOTAL OPERATING COSTS</b>	<b>1,087,857</b>	<b>111,904</b>	<b>1,199,761</b>	<b>59,494</b>	<b>1,259,255</b>

Fee Waivers (Est. Tuition incr)	91,079	6,455	97,534	5,938	103,472
Fee Waivers (Utilization)		16,506	16,506	4,716	21,222
Adjustment for Enrollment		50,987	50,987	51,752	102,739

<b>TOTAL EXPENDITURES</b>	<b>5,063,998</b>	<b>394,884</b>	<b>5,458,882</b>	<b>303,550</b>	<b>5,762,432</b>
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Annual % Increase (w/o ENR growth adj and fee waiver-tui)	6.7%	4.6%	5.6%
Annual % increase overall	7.8%	5.6%	6.7%

**REVENUE**

State Funds	3,201,120	233,559	3,434,679	173,943	3,608,622
Tuition	1,749,402	140,008	1,889,410	120,190	2,009,600
Super Tuition & CUF Fees	100,000	4,235	104,235	4,333	108,568
Other University Revenue	13,477	17,082	30,559	5,083	35,643

<b>TOTAL REVENUE</b>	<b>5,063,999</b>	<b>394,884</b>	<b>5,458,883</b>	<b>303,550</b>	<b>5,762,433</b>
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State Funds as % of Total	63.2%	62.9%	62.6%
Tuition/Other as % of Total	34.8%	35.2%	35.5%

	FY08			FY09		
	Tuition Revenue	Resident Student	Tuition Rate %	Tuition Revenue	Resident Student	Tuition Rate %
<b>TUITION IMPACT</b>						
TOTAL	\$ 1,889,410	\$ 152.00	6.46%	\$ 2,009,600	\$ 122.00	4.86%
Exec Pay Plan	\$ 67,598	\$ 73.00	3.12%	\$ 83,000	\$ 84.00	3.36%
Current Services Budget	\$ 72,410	\$ 79.00	3.34%	\$ 37,190	\$ 38.00	1.50%
Present Law Adjustments						
Base	\$ 1,749,402			\$ 1,889,410		

## MONTANA UNIVERSITY SYSTEM SUMMARY FEE WAIVERS

Fee Waiver Utilization

Source: CHE104

	Budgeted	PROJECTED					
	FY 2006	FY2007	Incr 07	FY 2008	Incr 08	FY 2009	Incr 09
<b>Discretionary</b>							
<b>Resident</b>							
Resident Undergrad (6%)	428.6	457.0	28.4	462.4	5.4	455.4	-7.0
Resident Faculty & Staff	191.7	196.9	5.2	201.0	4.1	203.0	2.0
Resident Employee Dependents	154.5	153.9	-0.6	170.4	16.5	185.5	15.1
Resident Dual Credit	8.6	15.0	6.4	17.0	2.0	20.0	3.0
Resident Athletics	538.1	543.0	4.9	542.0	-1.0	539.0	-3.0
Resident Graduate (4%)	305.6	310.0	4.4	311.5	1.5	312.5	1.0
<b>Non-Resident (2%)</b>							
NR in-state Athletics	251.9	251.9	0.0	255.9	4.0	260.9	5.0
NR out-of-state Athletics	283.5	283.8	0.3	287.8	4.0	292.8	5.0
NR in-state Grad	213.5	220.0	6.5	231.0	11.0	237.0	6.0
NR out-of-state Grad	212.8	219.3	6.5	229.3	10.0	234.3	5.0
NR in-state Undergrad	116.8	149.3	32.5	150.8	1.5	151.3	0.5
NR out-of-state Undergrad	124.4	158.8	34.3	160.3	1.5	161.8	1.5
Out-of-state Wiche	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PhD/MSSE	19.0	19.0	0.0	19.0	0.0	19.0	0.0
<b>Mandatory</b>							
Montana Indians	783.8	827.0	43.2	864.5	37.5	888.5	24.0
Veterans	88.4	91.1	2.7	101.5	10.4	108.2	6.7
War Orphans/Peace Officers	1.0	1.0	0.0	1.0	0.0	1.0	0.0
Prisoners of War	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Senior Citizens	29.0	29.4	0.4	30.0	0.6	29.0	-1.0

Custodial Students	2.1	2.4	0.3	2.5	0.1	2.0	-0.5
Community Colleges	12.3	11.0	-1.3	12.0	1.0	12.0	0.0
High School Honors	470.9	683.0	212.2	890.5	207.5	899.5	9.0
National Merit	15.2	13.0	-2.2	15.0	2.0	15.0	0.0
<b>Total Fee Waivers</b>	<b>4,251.6</b>	<b>4,635.8</b>	<b>384.2</b>	<b>4,955.3</b>	<b>319.6</b>	<b>5,027.7</b>	<b>72.3</b>
<b>Total Fee Waiver Expense</b>	<b>\$22,008,768</b>	<b>\$25,152,090</b>					
<b>Discretionary</b>							
Resident fee waiver utilization increase			48.8		28.5		11.1
Cost of increased utilization			\$170,446		\$117,543		\$106,468
<b>Non-resident fee waiver utilization increase</b>							
utilization change			80.1		32.0		23.0
expense change							
<b>Cost of increased utilization</b>							
			\$878,420		\$460,229		\$328,296
<b>Mandatory</b>							
Resident fee waiver utilization increase			255.3		259.1		38.2
Cost of increased utilization			\$1,097,738		\$1,097,216		\$229,817
<b>TOTAL ADDITIONAL WAIVERS DUE TO UTILIZATION INCREASE</b>			<b>\$2,146,605</b>		<b>\$1,674,989</b>		<b>\$664,580</b>
			384.2		319.6		72.4

### Montana University System Initiatives

Priority	Initiative	Amount	Brief Description of Initiative
1	Improve Transferability and Student Data	\$1,900,000	Funds needed data systems, faculty program council expenses, and P-20 work (\$1.3 million OTO); and sustainability of initiative (\$600,000).
2	Expand Indian Education for All	\$500,000	Funds programs needed to implement IEFA at postsecondary institutions.
3	Improve Affordability	\$3,900,000	Includes MPACT scholarship program (\$2.5 million) and 2-year program tuition buy-down (\$1.4 million).
4	Coordinate and Expand Distance Learning	\$600,000	Continue implementation of distance learning coordination and program expansion, including creation of "gateway" for MUS distance programs.
5	Healthcare Worker Education	\$4,900,000	Includes developing healthcare worker strategic plan, creation of data and program advisory groups, expansion of WWAMI medical school (\$1.9 million) and new allied health programs, principally in 2-year colleges, to address critical shortage areas (\$3 million).
6	Create Montana Energy Center	\$2,000,000	Create a Montana Energy Center to coordinate and promote energy development (including research) in Montana.
<b>Total</b>		<b>\$13,800,000</b>	

**MONTANA UNIVERSITY SYSTEM**  
**2009 BIENNIUM BUDGET PLANNING – NEW PROPOSALS (JANUARY 2006)**

<b>UNIT/CAMPUS: MONTANA UNIVERSITY SYSTEM</b>	<b>UNIT PRIORITY: 1</b>
<b>NEW PROPOSAL NAME: TRANSFERABILITY &amp; INTEGRATED STUDENT DATA SYSTEM</b>	
<b>BOARD OF REGENT STRATEGIC GOAL: <u>  </u> X ACCESS <u>  </u> ECONOMIC DEVELOPMENT <u>  </u> X EFFICIENCY</b>	
<b>TOTAL BIENNIAL COST: \$ 1,900,000</b>	<b>FUNDING SOURCES AND PERCENT: 100% GENERAL FUND APPROPRIATION</b>
<b>ADDITIONAL STAFF IN FY08 (FTE): 2.5</b>	<b>ADDITIONAL STAFF IN FY09 (FTE): 2.5</b>

**DESCRIPTION OF NEW PROPOSAL:**

In today's global economy, the economic well-being of Montana depends on an educated citizenry. That education is essential for both the viability and health of the State's economy and the long-term career success of Montana's citizens. It isn't enough to focus on just the workforce needs of Montana in 2007. The State and its educational entities must develop a future perspective to insure that Montanans are not left behind. That perspective requires that more and more of Montana's citizens complete as much education beyond high school as possible. And they need help in that effort by assuring that post-secondary education in Montana is available, affordable and efficiently delivered.

To accomplish that lofty goal, a multi-faceted approach is necessary. It will require the following:

- a comprehensive program to improve transferability between campuses of the Montana University System. In response to a 2004 Legislative audit, the Montana Board of Regents made an initial start in this effort with the adoption of several System-policies. The most difficult work has yet to be done, however. The work requires the development of multiple pathways for students to follow as they work on a degree program in the System. Those pathways could include program-to-program/institution-to-institution articulation agreements, common coursework for some degree programs, agreement on course content, and possibly common course numbers. In the handful of states that have undertaken such an effort, the participation and consensus of program faculty is essential. In fact, the accreditation status of Montana's post-secondary institutions could be jeopardized without that involvement.
- the development of a comprehensive information database. The success of all these projects depends on the development of a much more sophisticated and comprehensive data base that is also integrated with the data systems of other State agencies. It is imperative that this information system be integrated with the Student Education Information Data System currently being developed by the Office of Public Instruction. The impact and effectiveness of all these programs on students and Montana citizens is simply not determinable without good data, especially data that tracks students from the K-12 system through post-secondary education and on to the work force. The Office of the Commissioner of Higher Education would continue the Director of Institutional Information and Research on its staff to enhance the capacity and effectiveness of the existing Montana University System Data Warehouse and to develop assessment models to monitor the impact of all these programs.

The transferability effort and the comprehensive information database are inherently connected and would require the following effort and investment:

- development of a comprehensive and refined Data Warehouse and implement the required assessment models (OTO)	\$ 750,000
- faculty program council expenses (OTO)	<u>430,000</u>
Total (OTO)	\$1,180,000

Management and sustainability of this project will require a 09 biennium investment of \$ 600,000

Total Biennial Cost \$ 1,780,000

The management and sustainability investment would include 2 FTE (1 FTE with the requisite academic credentials to lead the transferability effort and 1 FTE to lead the comprehensive database effort) office space, equipment and operating expenses. Some ongoing funds would be needed for faculty program councils and faculty release time.

- a coordinated and collaborative educational system that begins with pre-school and continues all the way through graduate education. The most significant “educational transfer” for any student is the move from high school to post-secondary education. In order to insure Montana’s economic vitality now and into the future, more and more of its citizens. . .both traditional college-going students and adult workers. . .need to make that transition. The groundwork for a collaborative educational system has already been established in Montana, with the work of the Board of Education and its P-20 Committee. That effort has no full-time staff person to work on these important activities, however. Any achievements to date have been the result of personnel in both the Office of Public Instruction and the Office of the Commissioner of Higher Education who committed to a project at the expense of other essential work that needs to be done. The P-20 effort is a major commitment of many states, with large staffs to spearhead the effort. Montana needs to get started by adding .5 FTE position in the Office of the Commissioner of Higher Education to work exclusively on this important and unprecedented collaboration. A biennial investment to cover the salary, benefits and operating costs for the .5 FTE would be \$120,000.

#### HOW SUCCESS IS MEASURED:

- transfer pathways are created in 22 different program and subject areas; those pathways may include common coursework, a common curriculum, common course content, articulation agreements, etc.
- appeals of transfer credit decisions are reduced by 50% from the baseline year of 2006 – 2007.
- a 25% increase in the number of pre-post-secondary educational credits that are accepted by the Montana University System, in such programs as dual enrollment, running start, advanced placement, tech prep, etc.
- the development of an integrated and comprehensive data system for the Montana University System, particularly a data system that does not rely unnecessarily on the campuses for information.
- alignment of K-12 graduation standards and post-secondary proficiency standards in composition, mathematics and science.

Are there any external partners proposed to join in the funding of this initiative? If yes, please note proposed partners.  
None.

Is this proposal in place of something presently being done? If yes, please note activity that would cease once new proposal was initiated. No.

Can this proposal be absorbed into current services without additional funding? The work on transferability initiatives would continue, but at a significantly reduced level; the P-20 efforts would continue, using the part-time assistance of current staff at OCHE and OPI who do this work now as part of their many responsibilities.

Would this proposal be undertaken irrespective of additional state funding (i.e. 100% tuition funding)? No

Would this proposal be undertaken only with funding other than tuition? Yes.

**MONTANA UNIVERSITY SYSTEM**  
**2009 BIENNIUM BUDGET PLANNING – NEW PROPOSALS (JANUARY 2006)**

<b>UNIT/CAMPUS: MONTANA UNIVERSITY SYSTEM</b>	<b>UNIT PRIORITY: 2</b>
<b>NEW PROPOSAL NAME: INDIAN EDUCATION FOR ALL</b>	
<b>BOARD OF REGENT STRATEGIC GOAL: <input checked="" type="checkbox"/> X ACCESS    <input type="checkbox"/> ECONOMIC DEVELOPMENT    <input type="checkbox"/> EFFICIENCY</b>	
TOTAL BIENNIAL COST: \$500,000	FUNDING SOURCES AND PERCENT: 100% GENERAL FUND APPROPRIATION
ADDITIONAL STAFF IN FY08 (FTE): 1	ADDITIONAL STAFF IN FY09 (FTE): 1

**DESCRIPTION OF NEW PROPOSAL:**

Section 20-1-501, Montana Codes Annotated, states that “. . .every educational agency will work cooperatively with Montana tribes. . .to include information specific to the cultural heritage and contemporary contributions of American Indians, with particular emphasis on Montana Indian tribal groups and governments.” Individual campuses that make up the Montana University System have developed individual programs to meet that statutory mandate, particularly in the area of teacher education. The Montana University System has not been as responsive, however, until recently. A work group, made up of representatives from several of the campuses, will meet during the 2006 – 2007 academic year to develop a system-wide plan. That plan will be presented to the Montana Board of Regents, for its review and approval, in November 2006. The money in this budget request is intended to implement that plan.

The money will be used as follows:

- \$10,000 to fund the travel expenses of an advisory board on Indian Education for All and other Indian issues, made up of representatives from the tribes throughout Montana.
- \$50,000 to develop an Indian Education for All website, with information on resources for academic programs in the Montana University System.
- \$130,000 to fund the development of Indian Education for All instructional materials and programs for the Montana University System, using an RFP process.
- \$85,000 to fund a faculty development program on Indian Education for All in the Montana University System.
- \$25,000 to sponsor a symposium or research conference on Indian Education for All.
- \$200,000 for 1 FTE to work exclusively on this effort, along with office space, equipment and operating expenses for that person.

**HOW SUCCESS IS MEASURED:**

--implementation of all of the projects described in the proposed budget. I.E., creation of an advisory board for the Office of the Commissioner of Higher Education, creation of the web site, establishment of a faculty development program, etc.

--creation of at least ten (10) “public domain” courses that can be used by other faculty members throughout the System in the area of Indian Education for All.

--implementation of a faculty development program that a) results in at least one Indian Education for All “lead faculty” member in each unit of the Montana University System, to advise and support his/her colleagues at that campus; and b) results in at least one program on each campus that has imbedded Indian Education for All materials throughout its curriculum.



Are there any external partners proposed to join in the funding of this initiative? If yes, please note proposed partners.  
None.

Is this proposal in place of something presently being done? If yes, please note activity that would cease once new proposal was initiated.

The proposal will not replace current activities undertaken by the campuses to satisfy the statutory requirements of Indian Education for All. The proposal is intended to supplement those plans.

Can this proposal be absorbed into current services without additional funding?

Some campuses may be able to implement the expectations of the System-wide Indian Education for All proposal, without this appropriation, using the resources available on their campuses. For many campuses, however, particularly the smaller units, the resources to comply with an Indian Education for All policy or statement are simply not available without additional funding.

Would this proposal be undertaken irrespective of additional state funding (i.e. 100% tuition funding)? No.

Would this proposal be undertaken only with funding other than tuition? Yes.

**MONTANA UNIVERSITY SYSTEM**  
**2009 BIENNIUM BUDGET PLANNING – NEW PROPOSALS (JANUARY 2006)**

<b>UNIT/CAMPUS: MONTANA UNIVERSITY SYSTEM</b>	<b>UNIT PRIORITY: 3</b>
<b>NEW PROPOSAL NAME: AFFORDABILITY</b>	
<b>BOARD OF REGENT STRATEGIC GOAL: ACCESS</b>	
<b>TOTAL BIENNIAL COST: \$ 3,900,000</b>	<b>FUNDING SOURCES AND PERCENT: 100% GENERAL FUND APPROPRIATION</b>
<b>ADDITIONAL STAFF IN FY08 (FTE):</b>	<b>ADDITIONAL STAFF IN FY09 (FTE):</b>

**DESCRIPTION OF NEW PROPOSAL:**

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.

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.

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 just \$70 per student as compared to \$238 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.

The purpose of this initiative is to provide Montana residents with greater access to Montana’s postsecondary institutions, through entry-level scholarships based upon financial need and buying down the tuition increases of two-year programs, with the goal of alleviating student debt burdens. In addition, the MUS strongly supports full funding of the Governor’s Postsecondary Scholarship Program.

MPACT Scholarship Proposal	\$2.5 million
2 Year Program Tuition buy-down	\$1.4 million

HOW SUCCESS IS MEASURED:

Success will be measured as follows:

- the dollar amount is distributed in the form of scholarships to qualifying Montana residents
- increase the participation rates of Montana resident students

Are there any external partners proposed to join in the funding of this initiative? If yes, please note proposed partners.

- No, although it should be noted that businesses and individuals are already significant partners in providing scholarships, and yet the need is demonstrably well beyond what the private foundations can meet.

Is this proposal in place of something presently being done? If yes, please note activity that would cease once new proposal was initiated.

- No

Can this proposal be absorbed into current services without additional funding?

- No

Would this proposal be undertaken irrespective of additional state funding (i.e. 100% tuition funding)?

- No. Tuition increases presently help fund the MTAP – Baker Grants and tuition waivers. Further burden on tuition for all students to fund need-based grants would be disadvantageous for Montana's middle income students.

Would this proposal be undertaken only with funding other than tuition?

- Yes. This initiative proposes to enhance existing aid programs (PSGS, MTAP, MPACT) and Pell grants so that Montana more nearly compares with similar states that are providing an average of \$238 per student, over three times Montana's level.

**MONTANA UNIVERSITY SYSTEM**  
**2009 BIENNIUM BUDGET PLANNING – NEW PROPOSALS**

<b>UNIT/CAMPUS: MUS</b>	<b>UNIT PRIORITY: 4</b>
<b>NEW PROPOSAL NAME: EXPAND DISTANCE LEARNING</b>	
<b>BOARD OF REGENT STRATEGIC GOAL: ACCESS &amp; ECONOMIC DEVELOPMENT</b>	
TOTAL BIENNIAL COST: \$600,000	FUNDING SOURCES AND PERCENT: 100% GENERAL FUND
ADDITIONAL STAFF IN FY08 (FTE): 0	ADDITIONAL STAFF IN FY09 (FTE): 0

**DESCRIPTION OF NEW PROPOSAL:**

The funds will be used to continue the 1.0 FTE position in the Office of the Commissioner of Higher Education, create and implement a web portal for MUS distance courses, and develop new distance learning programs. The current position of Director Distance Education Business Development was created with funds allocated by the 2005 Montana Legislature. In addition to continuing the projects that have already been implemented by the current Director of Distance Education and Business Development, the money will also be used to create and refine the Montana Distance Learning Gateway, an informational website that will ultimately serve as the single portal entrance to distance learning programs in Montana. The funds will also be used to develop new distance education programs in Montana, both credit and non-credit bearing, that will serve place-bound students, workers and employers who do not have access to traditional campus educational and training opportunities in the State.

**HOW SUCCESS IS MEASURED:**

Funding for this initiative will result in: 1) reduced duplications of redundant offerings, saving money; 2) expanded offerings through greater state-wide collaborative efforts to deliver additional courses and programs at no significant additional cost; 3) development and delivery of new courses and programs focused on workforce development and training; 4) enhanced student user-friendliness of all aspects of distance education delivery, which in turn supports a higher quality higher education attainment by place-bound citizens.

Specifically, this funding will allow us to:

- Develop consensus, identify a web-based platform that will serve the campuses, and create the Montana Distance Learning Gateway that was a high priority recommendation of the Shared Leadership Steering Committee. This will allow significantly more students to access the numerous distance learning courses offered across all our campuses.
- Develop and deliver new credit and non-credit bearing distance education programs in the State, including new collaborative offerings, intended to serve primarily workers in need of career training and employers in need of specially skilled workers.
- Significantly expand the number of distance education programs and increase the number of students enrolled in distance education.

Are there any external partners proposed to join in the funding of this initiative? If yes, please note proposed partners. None have been formally identified as of this time, but they are being developed over the next year. Priority for distance education program expansion will be given to those programs that have strong industry partnerships.

Is this proposal in place of something presently being done? If yes, please note activity that would cease once new proposal was initiated: It is a continuing extension of the 2005 Session funding to support distance education development for students, workers, and employers, across Montana and beyond.

Can this proposal be absorbed into current services without additional funding? Present funding includes the initial cost of 1.0 FTE to develop the program described, to lay out the plan and the timeline, and to identify possible solutions to the many related challenges. The development of a collaborative and supported approach across all campuses is a primary mission of the present process.

Would this proposal be undertaken irrespective of additional state funding (i.e. 100% tuition funding)? It would likely continue to be piecemeal and based upon the preferences and concerns of each individual campus. As clearly stated in the Shared Leadership report, "...Montana is too small and too poor to continue down its current path with distance education." (Sally Johnstone, Western Cooperative for Educational Telecommunications)

Would this proposal be undertaken only with funding other than tuition? In part. The gateway would not be developed without funding other than tuition. The campuses have the ability to generate certain tuition for distance education support and development, but a successful approach is dependent on the willingness and ability to coordinate programs across the state and build the distance education portal. In addition, a strong central-coordination approach almost eliminates the present conflict of "traditional vs. distance" education funding and development that exists on each campus.

**MONTANA UNIVERSITY SYSTEM**  
**2009 BIENNIUM BUDGET PLANNING – NEW PROPOSALS (JANUARY 2006)**

<b>UNIT/CAMPUS: MUS</b>	<b>UNIT PRIORITY: 5</b>
<b>NEW PROPOSAL NAME: ELIMINATE HEALTHCARE WORKER SHORTAGES</b>	
<b>BOARD OF REGENT STRATEGIC GOAL: ACCESS</b>	
<b>TOTAL BIENNIAL COST: \$4.9 MILLION</b>	<b>FUNDING SOURCES AND PERCENT: 100% GENERAL FUND APPROPRIATION</b>
<b>ADDITIONAL STAFF IN FY08 (FTE): 0</b>	<b>ADDITIONAL STAFF IN FY09 (FTE): 0</b>

**DESCRIPTION OF NEW PROPOSAL:**

Montana faces a severe shortage of allied health professionals, due to increased demand, an aging workforce, and an aging society. Current projections indicate we will need about 6,100 additional health professionals in the workforce to meet the needs of Montana’s citizens in 2010 – about a 30% increase. Also, we currently have 47 of our 56 counties that are, in whole or in part, designated as Health Professional Shortage Areas (generally less than one primary care physician per 3,500 people). While there are many aspects to healthcare affordability and access, if there are inadequate numbers of trained professionals in the workforce it is impossible to have access to basic healthcare throughout the state. While the university system can play a supporting role in solving many of our state’s healthcare access problems, it unquestionably has a lead role in educating the healthcare workforce in all of our communities.

There are many initiatives in the university system that are underway or being proposed to address this problem, but we lack a coordinated statewide plan for meeting our current and future needs. Without such a plan, it is exceedingly difficult to make an informed decision as to what combination of programs is most likely to address our workforce shortages over the next decade in the most cost-effective way.

This initiative proposes that the Board of Regents require a statewide plan be developed, with clear long-term goals, before funding individual initiatives to expand healthcare training programs. This plan should also include data that give us a clear understanding of the current capacity of existing programs and the cost effectiveness of these programs. New or non-traditional programs should also be considered, with the goal of eliminating the shortage of qualified healthcare workers in each of the state’s regions, regardless of the source of those workers.

**The following is a DRAFT proposal, which outlines programs and alternatives which should be considered in developing a comprehensive and systematic approach to healthcare worker training in Montana. Cost estimates are approximations only.**

**Goal: Develop a comprehensive plan, including associated costs, to close the healthcare worker gap in ten years with the most cost-effective combination of programs.**

**1. Establish a healthcare data team to evaluate, over time, the state’s healthcare worker shortages (both existing and anticipated).**

This team should consist of, as a minimum, representatives of the following agencies or organizations:

- Montana Department of Labor and Industry Research and Analysis Bureau
- Montana Department of Labor and Industry Licensing Business and Occupational Licensing Bureau.
- Office of Commissioner of Higher Education
- MHA

- Others agencies or organizations as appropriate.

*Cost: none additional*

**2. Establish an advisory group to evaluate proposals and make recommendations on the most cost-effective options to train, recruit, and retain healthcare workers.**

This group should consist of 10-15 individuals and have approximately 50% of its members from non-government organizations. The group should also contain representatives of the Montana University System, including the state's community colleges and tribal colleges.

*Cost: none additional*

**3. Work with the advisory group to evaluate options to reduce shortages of non-physician healthcare workers:**

- Improve efficiency of current programs, including transferability and use of common curriculum across institutions, to lower attrition rates and speed graduation rates.
- Expand capacity in existing programs.
- Create funding pool to attract and retain targeted faculty in high-demand healthcare fields.
- Create new programs at strategically targeted institutions.
- Expand partnership with tribal colleges to offer more allied health training programs.
- Expand distance learning, either in-state or in cooperation with other states' programs (e.g. expand participation in WICHE's WRGP nursing Ph.D. program or offer on-line advanced degree programs similar to Arizona and Colorado).
- Expand partnerships with rural hospitals (or other options) to increase the number and size of clinical training sites.
- Create a fast-track for BA degree holders wanting to become nurses.
- Create programs to encourage/facilitate professionals not in the workforce to re-enter the workforce through re-certifications or incentives.
- Increase career pathways and dual-enrollment programs to increase supply of students wanting to enter healthcare professions.
- Expand programs to offer and encourage advanced degrees in nursing to build stronger base of potential instructors.

*Cost: The advisory group should estimate the total costs, over the next 10 years, to reach our goal of eliminating worker shortages. The group should also make recommendations for priority funding requests in the next biennium. Estimate \$3 million in next biennium*

**4. Develop stronger support from industry (primarily hospitals and clinics) to provide additional matching funds for expanding the number of trained healthcare workers in the state in a systematic way.**

*Cost: none additional*

**5. Actively solicit federal and/or non-profit grants and funds, as a state or university system, to help eliminate the healthcare shortage in Montana.**

*Cost: none additional*

**6. Expand physician education to increase the number of physicians in Montana, with particular emphasis on increasing the number of primary care physicians practicing in rural areas.**

- Increase WWAMI slots for entering class from 20/year to 40/year (total in 4-year program increases from 80 to 160 after four years).

*Cost: \$1.9 million next biennium, \$3.4 million subsequently*

- Implement selection criteria for WWAMI to increase percentage of physicians returning to Montana rural areas in primary care specialties.  
*Cost: none to MUS or general fund*
- Implement a third year WWAMI medical training program in Montana.  
*Cost: none to MUS or general fund*
- Develop a proposal to expand MT Family Practice Residency Program.  
*Cost: none in the next biennium, possibly funding required subsequently*
- Consider adding residency program in another specialty area in 3 years, possibly in a community other than Billings.  
*Cost: none in the next biennium, possibly funding required subsequently.*

**7. Increase the funding for, and more carefully target, incentives to encourage primary care physicians to locate in high-need areas by considering the following options:**

- Charge higher rates (on par with all other WWAMI states) for first year WWAMI students and put funds into Montana Rural Physician Incentive Program (MRPIP) and WWAMI program.  
*Cost: none to general fund or MUS. Increases tuition for medical students that is more-than-offset by future incentives if they return to practice in Montana high-need areas.*
- Phase out current Rural Physician Tax Incentive (grandfather current enrollees for time left under current law), put equivalent funds into MRPIP.  
*Cost: none to general fund or MUS. Requires legislative action to change tax code and reallocate funds.*
- Increase “surcharge” for WWAMI program from \$2K to \$4-5K per year, put additional funds into MRPIP.  
*Cost: none to general fund or MUS. Increases tuition for medical students that is more-than-offset by future incentives if they return to practice in Montana’s high-need areas.*
- Use combination of above proposals to generate \$approximately \$1 million per year for MRPIP. Revise MRPIP to increase incentive amounts and to better target locations in most need of primary care physician with a goal to eliminate all Health Professional Shortage Areas (HPSAs) in 10 years. Include a larger selection team for awards to have greater rural representation and to ensure incentives are targeted at highest-need areas.  
*Cost: none to general fund or MUS.*
- Consider adding other healthcare professional which are also in critical short-supply to the incentive program.  
*Cost: none to general fund or MUS*

**8. Continue to evaluate options for increasing the number of dentists through expanded partnerships with other states (including WICHE and WWAMI).**

This is currently being evaluated by the Montana Dental Association and the MUS through a \$5,000 grant from the Legislature and a \$20,000 grant from the American Dental Association. Particular emphasis is being placed on training dentists likely to practice in Montana’s rural areas.

**HOW SUCCESS IS MEASURED:**

Montana will have a strategic plan for meeting the healthcare worker needs of the state during the next decade. Healthcare program expansion or creation of new programs will be substantiated and monitored with accurate data. The MUS will have significantly better coordination with state agencies and other healthcare organizations in Montana and the region to ensure all are better working together to achieve common workforce and healthcare access goals. An advisory group from both the public and private sector will be able to advise the Regents on program and spending priorities over time. Ultimately, Montana’s citizens (and particularly those in rural, historically underserved areas) will have improved access to healthcare.



Are there any external partners proposed to join in the funding of this initiative? Yes, as noted above.

Is this proposal in place of something presently being done? If yes, please note activity that would cease once new proposal was initiated: None, although current efforts both inside and outside the MUS should be better coordinated.

Can this proposal be absorbed into current services without additional funding? Yes, with the exception of new or expanded education programs.

Would this proposal be undertaken irrespective of additional state funding (i.e. 100% tuition funding)? Partially. It is unlikely new or expanded programs could be undertaken without significant funds, but the planning and coordination efforts could proceed without additional funding. Changes to the location incentive program may not require new funds, but it will require Regent's and Legislature's action.

Would this proposal be undertaken only with funding other than tuition? Partially. It is unlikely new or expanded programs could be undertaken without significant funds, but the planning and coordination efforts could proceed without additional funding. Changes to the location incentive program may not require new funds, but it will require Regent's and Legislature's action.

**MONTANA UNIVERSITY SYSTEM**  
**2009 BIENNIUM BUDGET PLANNING – NEW PROPOSALS (JANUARY 2006)**

<b>UNIT/CAMPUS: MUS</b>	<b>UNIT PRIORITY: 6</b>
<b>NEW PROPOSAL NAME: MUS ENERGY CENTER</b>	
<b>BOARD OF REGENT STRATEGIC GOAL: ECONOMIC DEVELOPMENT</b>	
TOTAL BIENNIAL COST: \$2,000,000	FUNDING SOURCES AND PERCENT: 100% GENERAL FUND APPROPRIATION
ADDITIONAL STAFF IN FY08 (FTE): 4	ADDITIONAL STAFF IN FY09 (FTE): 4

**DESCRIPTION OF NEW PROPOSAL:**

The state of Montana has tremendous energy resources at its disposal at a time which national needs for developing energy independence and security are dramatically increasing in priority. Additionally, there is clear interest in state government in the development of energy resources and in investigation of newly developing technologies for doing so. Potential areas of state interest include understanding fossil resources in the state, new, clean coal power generation technologies, biofuels and environmental issues. The Montana University System has a number of nationally and internationally recognized research programs that overlap significantly with state needs including the Zero Emission Research and Technology Center (ZERT), the Big Sky Carbon Sequestration Regional Partnership, the Bureau of Mines, the Montana Wind Energy Consortium, the Load Control and Grid Optimization Program (GridWise), the High Temperature Electrochemistry Center, Hydrogen Transportation Project. These programs are federally funded and involve specific research projects and goals which do not provide freedom to meet state needs with the federal funds. However, the expertise and infrastructure built by these programs provides the MUS and the state a unique leveraging opportunity for state funds. Additionally, these programs have involved MUS researchers in collaborations with six national labs (PNNL, INL, LANL, NETL, LLNL, LBNL) other universities, and other federal programs (including FutureGen) providing the state with access to external resources and expertise. State funding will provide integration of these capabilities and expertise, the ability to focus on state needs, and the ability to coordinate with state offices. The table below indicates some of Montana's activities and potential impacts.

	Natural Resources	Power Generation	Transmission & Distribution	Alternative Energy	Environmental Issues	Policy and Economics
MUS Research Programs	ZERT, Bureau of Mines	ZERT, HiTEC	HiTEC, Grid Optimization	Wind Energy, Oilseed, Biofuels, Biobased Institute, Hydrogen Futures Project	Big Sky Partnership, ZERT, Reclamation Res. Center, CBM Water	
Impacts	Understanding oil, gas, coal resources, extraction	Evaluating new generation technologies (including coal – liquids), clean coal technologies	Research in distributed power, alternative power impacts on grid, grid management	New turbine materials, Evaluation of Wind resources, Dispatch and grid issues, Oilseed crops for fuel	Mine reclamation, water quality issues, carbon management,	Technical input from MUS can assist DEQ, Dept. of Economic Opportunity, Dept. Natural Resources, etc

The MUS has approximately \$7-8 million of research directly related to energy generation (conventional and alternative) or transmission but almost no resources dedicated toward linking these research projects together to address state issues and potential economic development. A Montana Energy Center would provide the resources to coordinate the extensive energy-related research and expertise in the state in order to focus on opportunities specific to Montana. The Center

would consist of a director with a small staff that would have expertise to coordinate energy projects, resources, and data across state agencies, federal agencies, MUS campuses, and private companies. The center would maintain a database of active energy projects and resources in, or available to, the state. It would also coordinate periodic seminars and conferences to convene related experts and businesses to promote Montana energy resources and/or address state priorities.

As an example, a basin scale, high resolution characterization of the Powder River Basin would be beneficial to the state and to the private sector for understanding fossil fuel resources, extraction issues, and carbon storage potential. This work is unlikely to be performed by the private sector or by the Bureau of Mines because it is too labor intensive. It would be very appropriate to assign to a team of several geology professors and about 5-6 grad students and it would result in several theses and a data set useful to the state and the private sector. This could be done in cooperation with the Bureau of Mines, using resources in the Montana Energy Center.

Other activities of the center could include: variety development for oilseed plants for bio-diesel; detailed characterization of wind resources in the state (at higher resolution than the NREL map); and development of coal expertise to understand impact of coal type and altitude on coal utilization technologies (gasification, liquefaction).

#### HOW SUCCESS IS MEASURED:

The Montana Energy Center will significantly increase Montana's competitiveness for private and federal projects. For example, the state's ability to attract large energy projects (such as the FutureGen project or the development of a large coal gasification or liquefaction facility) will depend on our capability to coordinate technical, regulatory, environmental, and state agency resources. The Montana Energy Center will not guarantee our state is successful in attracting these, or other, projects. However, without some dedicated, professional resources to help coordinate the state's efforts it is highly unlikely we can be successful.

The energy center will increase the amount of energy related research funding and the number of technical experts available within the state – not only within the center, but also by better coordinating our existing resources and helping to attract additional energy professionals and researchers to the state. The coordination and interaction between the MUS and state agencies will be greatly increased which will lead to better data and technical expertise being available to both entities. The center will also help to increase the level of energy related research funding, publications, and students graduated – and in fields potentially more valuable to meeting the state's needs.

Ultimately, the center will lead to increased energy generation in MT, including that from alternative sources, which brings the associated economic development and expanded tax base to the state. The positive impacts of increased energy development also fall disproportionately on the rural and most in-need regions of the state.

**MONTANA UNIVERSITY SYSTEM**  
**2009 BIENNIUM BUDGET PLANNING – NEW PROPOSALS (JANUARY 2006)**

<b>UNIT/CAMPUS: MONTANA UNIVERSITY SYSTEM</b>	<b>UNIT PRIORITY: 1</b>
<b>NEW PROPOSAL NAME: TRANSFERABILITY &amp; INTEGRATED STUDENT DATA SYSTEM</b>	
<b>BOARD OF REGENT STRATEGIC GOAL: <u>  </u> X ACCESS <u>  </u> ECONOMIC DEVELOPMENT <u>  </u> X EFFICIENCY</b>	
<b>TOTAL BIENNIAL COST: \$ 1,900,000</b>	<b>FUNDING SOURCES AND PERCENT: 100% GENERAL FUND APPROPRIATION</b>
<b>ADDITIONAL STAFF IN FY08 (FTE): 2.5</b>	<b>ADDITIONAL STAFF IN FY09 (FTE): 2.5</b>

**DESCRIPTION OF NEW PROPOSAL:**

In today’s global economy, the economic well-being of Montana depends on an educated citizenry. That education is essential for both the viability and health of the State’s economy and the long-term career success of Montana’s citizens. It isn’t enough to focus on just the workforce needs of Montana in 2007. The State and its educational entities must develop a future perspective to insure that Montanans are not left behind. That perspective requires that more and more of Montana’s citizens complete as much education beyond high school as possible. And they need help in that effort by assuring that post-secondary education in Montana is available, affordable and efficiently delivered.

To accomplish that lofty goal, a multi-faceted approach is necessary. It will require the following:

- a comprehensive program to improve transferability between campuses of the Montana University System. In response to a 2004 Legislative audit, the Montana Board of Regents made an initial start in this effort with the adoption of several System-policies. The most difficult work has yet to be done, however. The work requires the development of multiple pathways for students to follow as they work on a degree program in the System. Those pathways could include program-to-program/institution-to-institution articulation agreements, common coursework for some degree programs, agreement on course content, and possibly common course numbers. In the handful of states that have undertaken such an effort, the participation and consensus of program faculty is essential. In fact, the accreditation status of Montana’s post-secondary institutions could be jeopardized without that involvement.
- the development of a comprehensive information database. The success of all these projects depends on the development of a much more sophisticated and comprehensive data base that is also integrated with the data systems of other State agencies. It is imperative that this information system be integrated with the Student Education Information Data System currently being developed by the Office of Public Instruction. The impact and effectiveness of all these programs on students and Montana citizens is simply not determinable without good data, especially data that tracks students from the K-12 system through post-secondary education and on to the work force. The Office of the Commissioner of Higher Education would continue the Director of Institutional Information and Research on its staff to enhance the capacity and effectiveness of the existing Montana University System Data Warehouse and to develop assessment models to monitor the impact of all these programs.

The transferability effort and the comprehensive information database are inherently connected and would require the following effort and investment:

- development of a comprehensive and refined Data Warehouse and implement the required assessment models (OTO)	\$ 750,000
- faculty program council expenses (OTO)	<u>430,000</u>
Total (OTO)	\$1,180,000

Management and sustainability of this project will require a 09 biennium investment of \$ 600,000

Total Biennial Cost \$ 1,780,000

The management and sustainability investment would include 2 FTE (1 FTE with the requisite academic credentials to lead the transferability effort and 1 FTE to lead the comprehensive database effort) office space, equipment and operating expenses. Some ongoing funds would be needed for faculty program councils and faculty release time.

- a coordinated and collaborative educational system that begins with pre-school and continues all the way through graduate education. The most significant “educational transfer” for any student is the move from high school to post-secondary education. In order to insure Montana’s economic vitality now and into the future, more and more of its citizens. . .both traditional college-going students and adult workers. . .need to make that transition. The groundwork for a collaborative educational system has already been established in Montana, with the work of the Board of Education and its P-20 Committee. That effort has no full-time staff person to work on these important activities, however. Any achievements to date have been the result of personnel in both the Office of Public Instruction and the Office of the Commissioner of Higher Education who committed to a project at the expense of other essential work that needs to be done. The P-20 effort is a major commitment of many states, with large staffs to spearhead the effort. Montana needs to get started by adding .5 FTE position in the Office of the Commissioner of Higher Education to work exclusively on this important and unprecedented collaboration. A biennial investment to cover the salary, benefits and operating costs for the .5 FTE would be \$120,000.

#### HOW SUCCESS IS MEASURED:

- transfer pathways are created in 22 different program and subject areas; those pathways may include common coursework, a common curriculum, common course content, articulation agreements, etc.
- appeals of transfer credit decisions are reduced by 50% from the baseline year of 2006 – 2007.
- a 25% increase in the number of pre-post-secondary educational credits that are accepted by the Montana University System, in such programs as dual enrollment, running start, advanced placement, tech prep, etc.
- the development of an integrated and comprehensive data system for the Montana University System, particularly a data system that does not rely unnecessarily on the campuses for information.
- alignment of K-12 graduation standards and post-secondary proficiency standards in composition, mathematics and science.

Are there any external partners proposed to join in the funding of this initiative? If yes, please note proposed partners.  
None.

Is this proposal in place of something presently being done? If yes, please note activity that would cease once new proposal was initiated. No.

Can this proposal be absorbed into current services without additional funding? The work on transferability initiatives would continue, but at a significantly reduced level; the P-20 efforts would continue, using the part-time assistance of current staff at OCHE and OPI who do this work now as part of their many responsibilities.

Would this proposal be undertaken irrespective of additional state funding (i.e. 100% tuition funding)? No

Would this proposal be undertaken only with funding other than tuition? Yes.

**MONTANA UNIVERSITY SYSTEM**  
**2009 BIENNIUM BUDGET PLANNING – NEW PROPOSALS (JANUARY 2006)**

<b>UNIT/CAMPUS: MONTANA UNIVERSITY SYSTEM</b>	<b>UNIT PRIORITY: 2</b>
<b>NEW PROPOSAL NAME: INDIAN EDUCATION FOR ALL</b>	
<b>BOARD OF REGENT STRATEGIC GOAL: <input checked="" type="checkbox"/> X ACCESS    <input type="checkbox"/> ECONOMIC DEVELOPMENT    <input type="checkbox"/> EFFICIENCY</b>	
TOTAL BIENNIAL COST: \$500,000	FUNDING SOURCES AND PERCENT: 100% GENERAL FUND APPROPRIATION
ADDITIONAL STAFF IN FY08 (FTE): 1	ADDITIONAL STAFF IN FY09 (FTE): 1

**DESCRIPTION OF NEW PROPOSAL:**

Section 20-1-501, Montana Codes Annotated, states that “. . .every educational agency will work cooperatively with Montana tribes. . .to include information specific to the cultural heritage and contemporary contributions of American Indians, with particular emphasis on Montana Indian tribal groups and governments.” Individual campuses that make up the Montana University System have developed individual programs to meet that statutory mandate, particularly in the area of teacher education. The Montana University System has not been as responsive, however, until recently. A work group, made up of representatives from several of the campuses, will meet during the 2006 – 2007 academic year to develop a system-wide plan. That plan will be presented to the Montana Board of Regents, for its review and approval, in November 2006. The money in this budget request is intended to implement that plan.

The money will be used as follows:

- \$10,000 to fund the travel expenses of an advisory board on Indian Education for All and other Indian issues, made up of representatives from the tribes throughout Montana.
- \$50,000 to develop an Indian Education for All website, with information on resources for academic programs in the Montana University System.
- \$130,000 to fund the development of Indian Education for All instructional materials and programs for the Montana University System, using an RFP process.
- \$85,000 to fund a faculty development program on Indian Education for All in the Montana University System.
- \$25,000 to sponsor a symposium or research conference on Indian Education for All.
- \$200,000 for 1 FTE to work exclusively on this effort, along with office space, equipment and operating expenses for that person.

**HOW SUCCESS IS MEASURED:**

- implementation of all of the projects described in the proposed budget. I.E., creation of an advisory board for the Office of the Commissioner of Higher Education, creation of the web site, establishment of a faculty development program, etc.
- creation of at least ten (10) “public domain” courses that can be used by other faculty members throughout the System in the area of Indian Education for All.
- implementation of a faculty development program that a) results in at least one Indian Education for All “lead faculty” member in each unit of the Montana University System, to advise and support his/her colleagues at that campus; and b) results in at least one program on each campus that has imbedded Indian Education for All materials throughout its curriculum.

Are there any external partners proposed to join in the funding of this initiative? If yes, please note proposed partners.  
None.

Is this proposal in place of something presently being done? If yes, please note activity that would cease once new proposal was initiated.

The proposal will not replace current activities undertaken by the campuses to satisfy the statutory requirements of Indian Education for All. The proposal is intended to supplement those plans.

Can this proposal be absorbed into current services without additional funding?

Some campuses may be able to implement the expectations of the System-wide Indian Education for All proposal, without this appropriation, using the resources available on their campuses. For many campuses, however, particularly the smaller units, the resources to comply with an Indian Education for All policy or statement are simply not available without additional funding.

Would this proposal be undertaken irrespective of additional state funding (i.e. 100% tuition funding)? No.

Would this proposal be undertaken only with funding other than tuition? Yes.

**MONTANA UNIVERSITY SYSTEM**  
**2009 BIENNIUM BUDGET PLANNING – NEW PROPOSALS (JANUARY 2006)**

<b>UNIT/CAMPUS: MONTANA UNIVERSITY SYSTEM</b>	<b>UNIT PRIORITY: 3</b>
<b>NEW PROPOSAL NAME: AFFORDABILITY</b>	
<b>BOARD OF REGENT STRATEGIC GOAL: ACCESS</b>	
<b>TOTAL BIENNIAL COST: \$ 3,900,000</b>	<b>FUNDING SOURCES AND PERCENT: 100% GENERAL FUND APPROPRIATION</b>
<b>ADDITIONAL STAFF IN FY08 (FTE):</b>	<b>ADDITIONAL STAFF IN FY09 (FTE):</b>

**DESCRIPTION OF NEW PROPOSAL:**

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.

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.

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 just \$70 per student as compared to \$238 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.

The purpose of this initiative is to provide Montana residents with greater access to Montana’s postsecondary institutions, through entry-level scholarships based upon financial need and buying down the tuition increases of two-year programs, with the goal of alleviating student debt burdens. In addition, the MUS strongly supports full funding of the Governor’s Postsecondary Scholarship Program.

MPACT Scholarship Proposal	\$2.5 million
2 Year Program Tuition buy-down	\$1.4 million



HOW SUCCESS IS MEASURED:

Success will be measured as follows:

- the dollar amount is distributed in the form of scholarships to qualifying Montana residents
- increase the participation rates of Montana resident students

Are there any external partners proposed to join in the funding of this initiative? If yes, please note proposed partners.

- No, although it should be noted that businesses and individuals are already significant partners in providing scholarships, and yet the need is demonstrably well beyond what the private foundations can meet.

Is this proposal in place of something presently being done? If yes, please note activity that would cease once new proposal was initiated.

- No

Can this proposal be absorbed into current services without additional funding?

- No

Would this proposal be undertaken irrespective of additional state funding (i.e. 100% tuition funding)?

- No. Tuition increases presently help fund the MTAP – Baker Grants and tuition waivers. Further burden on tuition for all students to fund need-based grants would be disadvantageous for Montana's middle income students.

Would this proposal be undertaken only with funding other than tuition?

- Yes. This initiative proposes to enhance existing aid programs (PSGS, MTAP, MPACT) and Pell grants so that Montana more nearly compares with similar states that are providing an average of \$238 per student, over three times Montana's level.

**MONTANA UNIVERSITY SYSTEM**  
**2009 BIENNIUM BUDGET PLANNING – NEW PROPOSALS**

<b>UNIT/CAMPUS: MUS</b>	<b>UNIT PRIORITY: 4</b>
<b>NEW PROPOSAL NAME: EXPAND DISTANCE LEARNING</b>	
<b>BOARD OF REGENT STRATEGIC GOAL: ACCESS &amp; ECONOMIC DEVELOPMENT</b>	
TOTAL BIENNIAL COST: \$600,000	FUNDING SOURCES AND PERCENT: 100% GENERAL FUND
ADDITIONAL STAFF IN FY08 (FTE): 0	ADDITIONAL STAFF IN FY09 (FTE): 0

**DESCRIPTION OF NEW PROPOSAL:**

The funds will be used to continue the 1.0 FTE position in the Office of the Commissioner of Higher Education, create and implement a web portal for MUS distance courses, and develop new distance learning programs. The current position of Director Distance Education Business Development was created with funds allocated by the 2005 Montana Legislature. In addition to continuing the projects that have already been implemented by the current Director of Distance Education and Business Development, the money will also be used to create and refine the Montana Distance Learning Gateway, an informational website that will ultimately serve as the single portal entrance to distance learning programs in Montana. The funds will also be used to develop new distance education programs in Montana, both credit and non-credit bearing, that will serve place-bound students, workers and employers who do not have access to traditional campus educational and training opportunities in the State.

**HOW SUCCESS IS MEASURED:**

Funding for this initiative will result in: 1) reduced duplications of redundant offerings, saving money; 2) expanded offerings through greater state-wide collaborative efforts to deliver additional courses and programs at no significant additional cost; 3) development and delivery of new courses and programs focused on workforce development and training; 4) enhanced student user-friendliness of all aspects of distance education delivery, which in turn supports a higher quality higher education attainment by place-bound citizens.

Specifically, this funding will allow us to:

- Develop consensus, identify a web-based platform that will serve the campuses, and create the Montana Distance Learning Gateway that was a high priority recommendation of the Shared Leadership Steering Committee. This will allow significantly more students to access the numerous distance learning courses offered across all our campuses.
- Develop and deliver new credit and non-credit bearing distance education programs in the State, including new collaborative offerings, intended to serve primarily workers in need of career training and employers in need of specially skilled workers.
- Significantly expand the number of distance education programs and increase the number of students enrolled in distance education.

Are there any external partners proposed to join in the funding of this initiative? If yes, please note proposed partners. None have been formally identified as of this time, but they are being developed over the next year. Priority for distance education program expansion will be given to those programs that have strong industry partnerships.

Is this proposal in place of something presently being done? If yes, please note activity that would cease once new proposal was initiated: It is a continuing extension of the 2005 Session funding to support distance education development for students, workers, and employers, across Montana and beyond.

Can this proposal be absorbed into current services without additional funding? Present funding includes the initial cost of 1.0 FTE to develop the program described, to lay out the plan and the timeline, and to identify possible solutions to the many related challenges. The development of a collaborative and supported approach across all campuses is a primary mission of the present process.

Would this proposal be undertaken irrespective of additional state funding (i.e. 100% tuition funding)? It would likely continue to be piecemeal and based upon the preferences and concerns of each individual campus. As clearly stated in the Shared Leadership report, "...Montana is too small and too poor to continue down its current path with distance education." (Sally Johnstone, Western Cooperative for Educational Telecommunications)

Would this proposal be undertaken only with funding other than tuition? In part. The gateway would not be developed without funding other than tuition. The campuses have the ability to generate certain tuition for distance education support and development, but a successful approach is dependent on the willingness and ability to coordinate programs across the state and build the distance education portal. In addition, a strong central-coordination approach almost eliminates the present conflict of "traditional vs. distance" education funding and development that exists on each campus.

**MONTANA UNIVERSITY SYSTEM**  
**2009 BIENNIUM BUDGET PLANNING – NEW PROPOSALS (JANUARY 2006)**

<b>UNIT/CAMPUS: MUS</b>	<b>UNIT PRIORITY: 5</b>
<b>NEW PROPOSAL NAME: ELIMINATE HEALTHCARE WORKER SHORTAGES</b>	
<b>BOARD OF REGENT STRATEGIC GOAL: ACCESS</b>	
<b>TOTAL BIENNIAL COST: \$4.9 MILLION</b>	<b>FUNDING SOURCES AND PERCENT: 100% GENERAL FUND APPROPRIATION</b>
<b>ADDITIONAL STAFF IN FY08 (FTE): 0</b>	<b>ADDITIONAL STAFF IN FY09 (FTE): 0</b>

**DESCRIPTION OF NEW PROPOSAL:**

Montana faces a severe shortage of allied health professionals, due to increased demand, an aging workforce, and an aging society. Current projections indicate we will need about 6,100 additional health professionals in the workforce to meet the needs of Montana's citizens in 2010 – about a 30% increase. Also, we currently have 47 of our 56 counties that are, in whole or in part, designated as Health Professional Shortage Areas (generally less than one primary care physician per 3,500 people). While there are many aspects to healthcare affordability and access, if there are inadequate numbers of trained professionals in the workforce it is impossible to have access to basic healthcare throughout the state. While the university system can play a supporting role in solving many of our state's healthcare access problems, it unquestionably has a lead role in educating the healthcare workforce in all of our communities.

There are many initiatives in the university system that are underway or being proposed to address this problem, but we lack a coordinated statewide plan for meeting our current and future needs. Without such a plan, it is exceedingly difficult to make an informed decision as to what combination of programs is most likely to address our workforce shortages over the next decade in the most cost-effective way.

This initiative proposes that the Board of Regents require a statewide plan be developed, with clear long-term goals, before funding individual initiatives to expand healthcare training programs. This plan should also include data that give us a clear understanding of the current capacity of existing programs and the cost effectiveness of these programs. New or non-traditional programs should also be considered, with the goal of eliminating the shortage of qualified healthcare workers in each of the state's regions, regardless of the source of those workers.

**The following is a DRAFT proposal, which outlines programs and alternatives which should be considered in developing a comprehensive and systematic approach to healthcare worker training in Montana. Cost estimates are approximations only.**

**Goal: Develop a comprehensive plan, including associated costs, to close the healthcare worker gap in ten years with the most cost-effective combination of programs.**

**1. Establish a healthcare data team to evaluate, over time, the state's healthcare worker shortages (both existing and anticipated).**

This team should consist of, as a minimum, representatives of the following agencies or organizations:

- Montana Department of Labor and Industry Research and Analysis Bureau
- Montana Department of Labor and Industry Licensing Business and Occupational Licensing Bureau.
- Office of Commissioner of Higher Education
- MHA

- Others agencies or organizations as appropriate.

*Cost: none additional*

**2. Establish an advisory group to evaluate proposals and make recommendations on the most cost-effective options to train, recruit, and retain healthcare workers.**

This group should consist of 10-15 individuals and have approximately 50% of its members from non-government organizations. The group should also contain representatives of the Montana University System, including the state's community colleges and tribal colleges.

*Cost: none additional*

**3. Work with the advisory group to evaluate options to reduce shortages of non-physician healthcare workers:**

- Improve efficiency of current programs, including transferability and use of common curriculum across institutions, to lower attrition rates and speed graduation rates.
- Expand capacity in existing programs.
- Create funding pool to attract and retain targeted faculty in high-demand healthcare fields.
- Create new programs at strategically targeted institutions.
- Expand partnership with tribal colleges to offer more allied health training programs.
- Expand distance learning, either in-state or in cooperation with other states' programs (e.g. expand participation in WICHE's WRGP nursing Ph.D. program or offer on-line advanced degree programs similar to Arizona and Colorado).
- Expand partnerships with rural hospitals (or other options) to increase the number and size of clinical training sites.
- Create a fast-track for BA degree holders wanting to become nurses.
- Create programs to encourage/facilitate professionals not in the workforce to re-enter the workforce through re-certifications or incentives.
- Increase career pathways and dual-enrollment programs to increase supply of students wanting to enter healthcare professions.
- Expand programs to offer and encourage advanced degrees in nursing to build stronger base of potential instructors.

*Cost: The advisory group should estimate the total costs, over the next 10 years, to reach our goal of eliminating worker shortages. The group should also make recommendations for priority funding requests in the next biennium. Estimate \$3 million in next biennium*

**4. Develop stronger support from industry (primarily hospitals and clinics) to provide additional matching funds for expanding the number of trained healthcare workers in the state in a systematic way.**

*Cost: none additional*

**5. Actively solicit federal and/or non-profit grants and funds, as a state or university system, to help eliminate the healthcare shortage in Montana.**

*Cost: none additional*

**6. Expand physician education to increase the number of physicians in Montana, with particular emphasis on increasing the number of primary care physicians practicing in rural areas.**

- Increase WWAMI slots for entering class from 20/year to 40/year (total in 4-year program increases from 80 to 160 after four years).

*Cost: \$1.9 million next biennium, \$3.4 million subsequently*

- Implement selection criteria for WWAMI to increase percentage of physicians returning to Montana rural areas in primary care specialties.  
*Cost: none to MUS or general fund*
- Implement a third year WWAMI medical training program in Montana.  
*Cost: none to MUS or general fund*
- Develop a proposal to expand MT Family Practice Residency Program.  
*Cost: none in the next biennium, possibly funding required subsequently*
- Consider adding residency program in another specialty area in 3 years, possibly in a community other than Billings.  
*Cost: none in the next biennium, possibly funding required subsequently.*

**7. Increase the funding for, and more carefully target, incentives to encourage primary care physicians to locate in high-need areas by considering the following options:**

- Charge higher rates (on par with all other WWAMI states) for first year WWAMI students and put funds into Montana Rural Physician Incentive Program (MRPIP) and WWAMI program.  
*Cost: none to general fund or MUS. Increases tuition for medical students that is more-than-offset by future incentives if they return to practice in Montana high-need areas.*
- Phase out current Rural Physician Tax Incentive (grandfather current enrollees for time left under current law), put equivalent funds into MRPIP.  
*Cost: none to general fund or MUS. Requires legislative action to change tax code and reallocate funds.*
- Increase “surcharge” for WWAMI program from \$2K to \$4-5K per year, put additional funds into MRPIP.  
*Cost: none to general fund or MUS. Increases tuition for medical students that is more-than-offset by future incentives if they return to practice in Montana’s high-need areas.*
- Use combination of above proposals to generate \$approximately \$1 million per year for MRPIP. Revise MRPIP to increase incentive amounts and to better target locations in most need of primary care physician with a goal to eliminate all Health Professional Shortage Areas (HPSAs) in 10 years. Include a larger selection team for awards to have greater rural representation and to ensure incentives are targeted at highest-need areas.  
*Cost: none to general fund or MUS.*
- Consider adding other healthcare professional which are also in critical short-supply to the incentive program.  
*Cost: none to general fund or MUS*

**8. Continue to evaluate options for increasing the number of dentists through expanded partnerships with other states (including WICHE and WWAMI).**

This is currently being evaluated by the Montana Dental Association and the MUS through a \$5,000 grant from the Legislature and a \$20,000 grant from the American Dental Association. Particular emphasis is being placed on training dentists likely to practice in Montana’s rural areas.

**HOW SUCCESS IS MEASURED:**

Montana will have a strategic plan for meeting the healthcare worker needs of the state during the next decade. Healthcare program expansion or creation of new programs will be substantiated and monitored with accurate data. The MUS will have significantly better coordination with state agencies and other healthcare organizations in Montana and the region to ensure all are better working together to achieve common workforce and healthcare access goals. An advisory group from both the public and private sector will be able to advise the Regents on program and spending priorities over time. Ultimately, Montana’s citizens (and particularly those in rural, historically underserved areas) will have improved access to healthcare.

Are there any external partners proposed to join in the funding of this initiative? Yes, as noted above.

Is this proposal in place of something presently being done? If yes, please note activity that would cease once new proposal was initiated: None, although current efforts both inside and outside the MUS should be better coordinated.

Can this proposal be absorbed into current services without additional funding? Yes, with the exception of new or expanded education programs.

Would this proposal be undertaken irrespective of additional state funding (i.e. 100% tuition funding)? Partially. It is unlikely new or expanded programs could be undertaken without significant funds, but the planning and coordination efforts could proceed without additional funding. Changes to the location incentive program may not require new funds, but it will require Regent's and Legislature's action.

Would this proposal be undertaken only with funding other than tuition? Partially. It is unlikely new or expanded programs could be undertaken without significant funds, but the planning and coordination efforts could proceed without additional funding. Changes to the location incentive program may not require new funds, but it will require Regent's and Legislature's action.

**MONTANA UNIVERSITY SYSTEM**  
**2009 BIENNIUM BUDGET PLANNING – NEW PROPOSALS (JANUARY 2006)**

<b>UNIT/CAMPUS: MUS</b>	<b>UNIT PRIORITY: 6</b>
<b>NEW PROPOSAL NAME: MUS ENERGY CENTER</b>	
<b>BOARD OF REGENT STRATEGIC GOAL: ECONOMIC DEVELOPMENT</b>	
TOTAL BIENNIAL COST: \$2,000,000	FUNDING SOURCES AND PERCENT: 100% GENERAL FUND APPROPRIATION
ADDITIONAL STAFF IN FY08 (FTE): 4	ADDITIONAL STAFF IN FY09 (FTE): 4

**DESCRIPTION OF NEW PROPOSAL:**

The state of Montana has tremendous energy resources at its disposal at a time which national needs for developing energy independence and security are dramatically increasing in priority. Additionally, there is clear interest in state government in the development of energy resources and in investigation of newly developing technologies for doing so. Potential areas of state interest include understanding fossil resources in the state, new, clean coal power generation technologies, biofuels and environmental issues. The Montana University System has a number of nationally and internationally recognized research programs that overlap significantly with state needs including the Zero Emission Research and Technology Center (ZERT), the Big Sky Carbon Sequestration Regional Partnership, the Bureau of Mines, the Montana Wind Energy Consortium, the Load Control and Grid Optimization Program (GridWise), the High Temperature Electrochemistry Center, Hydrogen Transportation Project. These programs are federally funded and involve specific research projects and goals which do not provide freedom to meet state needs with the federal funds. However, the expertise and infrastructure built by these programs provides the MUS and the state a unique leveraging opportunity for state funds. Additionally, these programs have involved MUS researchers in collaborations with six national labs (PNNL, INL, LANL, NETL, LLNL, LBNL) other universities, and other federal programs (including FutureGen) providing the state with access to external resources and expertise. State funding will provide integration of these capabilities and expertise, the ability to focus on state needs, and the ability to coordinate with state offices. The table below indicates some of Montana's activities and potential impacts.

	Natural Resources	Power Generation	Transmission & Distribution	Alternative Energy	Environmental Issues	Policy and Economics
MUS Research Programs	ZERT, Bureau of Mines	ZERT, HiTEC	HiTEC, Grid Optimization	Wind Energy, Oilseed Biofuels, Biobased Institute, Hydrogen Futures Project	Big Sky Partnership, ZERT, Reclamation Res. Center, CBM Water	
Impacts	Understanding oil, gas, coal resources, extraction	Evaluating new generation technologies (including coal – liquids), clean coal technologies	Research in distributed power, alternative power impacts on grid, grid management	New turbine materials, Evaluation of Wind resources, Dispatch and grid issues, Oilseed crops for fuel	Mine reclamation, water quality issues, carbon management,	Technical input from MUS can assist DEQ, Dept. of Economic Opportunity, Dept. Natural Resources, etc

The MUS has approximately \$7-8 million of research directly related to energy generation (conventional and alternative) or transmission but almost no resources dedicated toward linking these research projects together to address state issues and potential economic development. A Montana Energy Center would provide the resources to coordinate the extensive energy-related research and expertise in the state in order to focus on opportunities specific to Montana. The Center



would consist of a director with a small staff that would have expertise to coordinate energy projects, resources, and data across state agencies, federal agencies, MUS campuses, and private companies. The center would maintain a database of active energy projects and resources in, or available to, the state. It would also coordinate periodic seminars and conferences to convene related experts and businesses to promote Montana energy resources and/or address state priorities.

As an example, a basin scale, high resolution characterization of the Powder River Basin would be beneficial to the state and to the private sector for understanding fossil fuel resources, extraction issues, and carbon storage potential. This work is unlikely to be performed by the private sector or by the Bureau of Mines because it is too labor intensive. It would be very appropriate to assign to a team of several geology professors and about 5-6 grad students and it would result in several theses and a data set useful to the state and the private sector. This could be done in cooperation with the Bureau of Mines, using resources in the Montana Energy Center.

Other activities of the center could include: variety development for oilseed plants for bio-diesel; detailed characterization of wind resources in the state (at higher resolution than the NREL map); and development of coal expertise to understand impact of coal type and altitude on coal utilization technologies (gasification, liquefaction).

#### HOW SUCCESS IS MEASURED:

The Montana Energy Center will significantly increase Montana's competitiveness for private and federal projects. For example, the state's ability to attract large energy projects (such as the FutureGen project or the development of a large coal gasification or liquefaction facility) will depend on our capability to coordinate technical, regulatory, environmental, and state agency resources. The Montana Energy Center will not guarantee our state is successful in attracting these, or other, projects. However, without some dedicated, professional resources to help coordinate the state's efforts it is highly unlikely we can be successful.

The energy center will increase the amount of energy related research funding and the number of technical experts available within the state – not only within the center, but also by better coordinating our existing resources and helping to attract additional energy professionals and researchers to the state. The coordination and interaction between the MUS and state agencies will be greatly increased which will lead to better data and technical expertise being available to both entities. The center will also help to increase the level of energy related research funding, publications, and students graduated – and in fields potentially more valuable to meeting the state's needs.

Ultimately, the center will lead to increased energy generation in MT, including that from alternative sources, which brings the associated economic development and expanded tax base to the state. The positive impacts of increased energy development also fall disproportionately on the rural and most in-need regions of the state.

**MONTANA STATE UNIVERSITY  
FY-08/09 Budget Initiatives**

22-Feb-06

	<b>FY08</b>	<b>FY09</b>	<b>Biennium</b>
	<b>Additional Tuition Revenue</b>		
<b>.5% of tuition = \$329,798</b>	<b>330,000</b>	<b>660,000</b>	<b>990,000</b>
<b>ACCESS</b>			
Expansion of High demand programs	\$150,000	300,000	450,000
Continued Implementation of Core 2.0	\$18,334	36,666	55,000
Expand Internship Program for Undergraduate Students	\$16,667	33,333	50,000
<b>ACCESS &amp; ECONOMIC IMPROVEMENT</b>			
Expand Internship Program for Undergraduate Students	\$16,667	33,333	50,000
Increased Capacity in Professional Programs	\$33,334	66,666	100,000
<b>EFFICIENCY</b>			
Affiliate Campus Costs of Banner Module Team Leaders	\$38,334	76,666	115,000
Classified Council Support Staff	\$29,000	58,000	87,000
<b>ACCESS, ECONOMIC IMPROVEMENT, &amp; EFFECIENCY</b>			
Presidential Support for Bozeman Campus Initiatives	\$20,000	40,000	60,000
<b>TOTAL</b>	<b>\$322,336</b>	<b>644,664</b>	<b>967,000</b>
<b>1.0% of tuition = \$659,596</b>	<b>650,000</b>	<b>1,300,000</b>	<b>1,950,000</b>
<b>ACCESS</b>			
Expansion of High demand programs	\$150,000	300,000	450,000
Continued Implementation of Core 2.0	\$18,334	36,666	55,000
Expand Internship Program for Undergraduate Students	\$16,667	33,333	50,000
Continued Implementation of Core 2.0	\$33,334	66,666	100,000
<b>ACCESS &amp; ECONOMIC IMPROVEMENT</b>			
Expand Internship Program for Undergraduate Students	\$16,667	33,333	50,000
Increased Capacity in Professional Programs	\$33,334	66,666	100,000
<b>EFFICIENCY</b>			
Affiliate Campus Costs of Banner Module Team Leaders	\$38,334	76,666	115,000
Classified Council Support Staff	\$29,000	58,000	87,000
Asst to VP Intercampus Affairs & Dir Planning&Analysis/CIO	\$42,000	84,000	126,000
Human Resources Staff FTE	\$32,500	65,000	97,500
Development of Web Payment Program	\$20,000	40,000	60,000
<b>ACCESS, ECONOMIC IMPROVEMENT, &amp; EFFECIENCY</b>			
Presidential Support for Bozeman Campus Initiatives	\$20,000	40,000	60,000
<b>ACCESS &amp; EFFICIENCY</b>			
Increased Capacity in Professional Programs	\$66,667	133,333	200,000
Enhanced Advising and Student Support Services	\$35,000	70,000	105,000
<b>ECONOMIC IMPROVEMENT</b>			
Strengthening Graduate Enrollments and Programs	\$66,667	133,333	200,000
<b>TOTAL</b>	<b>\$618,504</b>	<b>1,236,996</b>	<b>1,855,500</b>

<b>2.0% of tuition = \$1,319,192</b>	<b>1,300,000</b>	<b>2,600,000</b>	<b>3,900,000</b>
<b>ACCESS</b>			
Expansion of High demand programs	\$150,000	300,000	450,000
Continued Implementation of Core 2.0	\$18,334	36,666	55,000
Expand Internship Program for Undergraduate Students	\$16,667	33,333	50,000
Continued Implementation of Core 2.0	\$33,334	66,666	100,000
Expansion of High demand programs	\$149,334	298,666	448,000
Enhanced Advising and Student Support Services	\$15,000	30,000	45,000
Continued Implementation of Core 2.0	\$16,667	33,333	50,000
Enhanced Advising and Student Support Services	\$20,667	41,333	62,000
Continued Implementation of Core 2.0	\$16,667	33,333	50,000
<b>ACCESS &amp; ECONOMIC IMPROVEMENT</b>			
Expand Internship Program for Undergraduate Students	\$16,667	33,333	50,000
Increased Capacity in Professional Programs	\$33,334	66,666	100,000
Increased Capacity in Professional Programs	\$33,334	66,666	100,000
<b>EFFICIENCY</b>			
Affiliate Campus Costs of Banner Module Team Leaders	\$38,334	76,666	115,000
Classified Council Support Staff	\$29,000	58,000	87,000
Asst to VP Intercampus Affairs & Dir Planning&Analaysis/CIO	\$42,000	84,000	126,000
Human Resources Staff FTE	\$32,500	65,000	97,500
Development of Web Payment Program	\$20,000	40,000	60,000
Branded Web Site Development	\$33,334	66,666	100,000
Campus Staff Training and Development Program	\$10,000	20,000	30,000
Student Security Program	\$2,667	5,333	8,000
Admin/Finance Accounting Staff	\$39,834	79,666	119,500
ITC Staffing Plan - 1 additional FTE per year	\$75,000	150,000	225,000
Custodian Staff Wage Increases	\$100,000	200,000	300,000
<b>ACCESS, ECONOMIC IMPROVEMENT, &amp; EFFECIENCY</b>			
Presidential Support for Bozeman Campus Initiatives	\$20,000	40,000	60,000
<b>ACCESS &amp; EFFICIENCY</b>			
Increased Capacity in Professional Programs	\$66,667	133,333	200,000
Enhanced Advising and Student Support Services	\$35,000	70,000	105,000
Police Staff Training and Development	\$6,667	13,333	20,000
<b>ECONOMIC IMPROVEMENT</b>			
Strengthening Graduate Enrollments and Programs	\$66,667	133,333	200,000
Strengthening Graduate Enrollments and Programs	\$36,667	73,333	110,000
Graduate Education	\$36,667	73,333	110,000
Research	\$20,334	40,666	61,000
<b>TOTAL</b>	<b>\$1,231,343</b>	<b>2,462,657</b>	<b>3,694,000</b>

*Under current OCHE guidelines, the full cost of 2008-09 Initiatives is to be funded with tuition increases. MSU would be opposed to any increase in tuition for these initiatives if the budget process does not first provide sufficient State and tuition revenues to ensure a fully funded current level budget to support the on-going work of each campus.*

## MONTANA STATE UNIVERSITY - BILLINGS FY 08/09 PROPOSED NEW BUDGET INITIATIVES

	FY08	FY09	Biennium
	Additional Tuition Revenue		
<b>.5% of tuition increase each year</b>	<b>\$ 85,210</b>	<b>\$ 170,420</b>	<b>\$ 255,630</b>
ACCESS AND EFFICIENCY			
Competitive Recruitment of Faculty/Staff	\$ 85,210	\$ 170,420	\$ 255,630
<b>1% of tuition increase each year</b>	<b>\$ 170,420</b>	<b>\$ 340,840</b>	<b>\$ 511,260</b>
ACCESS AND EFFICIENCY			
Competitive Recruitment of Faculty/Staff	\$ 170,420	\$ 340,840	\$ 511,260
<b>2% of tuition increase each year</b>	<b>\$ 340,840</b>	<b>\$ 681,680</b>	<b>\$ 1,022,520</b>
ACCESS AND EFFICIENCY			
Competitive Recruitment of Faculty/Staff	\$ 340,840	\$ 681,680	\$ 1,022,520

*Under current OCHE guidelines, the full cost of 2008-09 Initiatives is to be funded with tuition increases. MSU would be opposed to any increase in tuition for these initiatives if the budget process does not first provide sufficient State and tuition revenues to ensure a fully funded current level budget to support the on-going work of each campus.*

# MONTANA STATE UNIVERSITY - NORTHERN FY 08/09 PROPOSED NEW BUDGET INITIATIVES

	FY08	FY09	Biennium
	Additional Tuition Revenue		
<b>.5% of tuition increase each year</b>	<b>\$ 22,900</b>	<b>\$ 45,800</b>	<b>\$ 68,700</b>
ACCESS			
Retention and Recruitment at Tribal Colleges	\$ 22,900	\$ 45,800	\$ 68,700
<b>1% of tuition increase each year</b>	<b>\$ 45,800</b>	<b>\$ 91,600</b>	<b>\$ 137,400</b>
ACCESS			
Retention and Recruitment at Tribal Colleges	\$ 45,800	\$ 91,600	\$ 137,400
<b>2% of tuition increase each year</b>	<b>\$ 91,600</b>	<b>\$ 183,200</b>	<b>\$ 274,800</b>
ACCESS			
Retention and Recruitment at Tribal Colleges	\$ 45,800	\$ 91,600	\$ 137,400
EFFICIENCY			
Improved data for Campus, MSU and MUS	\$ 45,800	\$ 91,600	\$ 137,400
<b>TOTAL INITIATIVES COST</b>	<b>\$ 91,600</b>	<b>\$ 183,200</b>	<b>\$ 274,800</b>

*Under current OCHE guidelines, the full cost of 2008-09 Initiatives is to be funded with tuition increases. MSU would be opposed to any increase in tuition for these initiatives if the budget process does not first provide sufficient State and tuition revenues to ensure a fully funded current level budget to support the on-going work of each campus.*

**MONTANA STATE UNIVERSITY-GREAT FALLS**

**FY-08/09 Budget Initiatives**

**21-Feb-06**

**.5% OF TUITION = \$20,512 INCREASE EACH YEAR**

	FY 08	FY 09	BIENNIUM
ACCESS AND EFFICIENCY			
Competitive Recruitment of			
Faculty/Staff	\$20,512	\$41,024	\$61,536

**1% OF TUITION = \$41,024 INCREASE EACH YEAR**

ACCESS AND EFFICIENCY			
Competitive Recruitment of			
Faculty/Staff	\$41,024	\$82,047	\$123,071

**2% OF TUITION = \$82,047 INCREASE EACH YEAR**

ACCESS AND EFFICIENCY			
Competitive Recruitment of			
Faculty/Staff	\$82,047	\$41,024	\$123,071
ACCESS AND ECONOMIC IMPROVEMENT			
Workforce Development Programs	\$0	\$41,024	\$41,024

*Under current OCHE guidelines, the full cost of 2008-09 Initiatives is to be funded with tuition increases. MSU would be opposed to any increase in tuition for these initiatives if the budget process does not first provide sufficient State and tuition revenues to ensure a fully funded current level budget to support the on-going work of each campus.*

**THE UNIVERSITY OF MONTANA  
FY 08/09 PROPOSED NEW BUDGET INITIATIVES**

	FY08	FY09	Biennium
	Additional Tuition Revenue		
<b>.5% of tuition increase each year</b>	<b>\$ 334,680</b>	<b>\$ 671,318</b>	<b>\$ 1,005,998</b>
ACCESS			
Mountain Campus Faculty	\$ 46,000	\$ 132,000	\$ 178,000
COT Faculty	\$ 70,000	\$ 150,000	\$ 220,000
ECONOMIC IMPROVEMENT			
Speech Pathology	\$ 130,000	\$ 260,000	\$ 390,000
EFFICIENCY			
Marketing	\$ 50,000	\$ 50,000	\$ 100,000
Custodians/equipment	\$ 40,000	\$ 80,000	\$ 120,000
<b>TOTAL INITIATIVES COST</b>	<b>\$ 336,000</b>	<b>\$ 672,000</b>	<b>\$ 1,008,000</b>
<b>1% of tuition increase each year</b>	<b>\$ 669,360</b>	<b>\$ 1,342,636</b>	<b>\$ 2,011,996</b>
ACCESS			
COT Faculty	\$ 170,000	\$ 256,000	\$ 426,000
Presidential Scholars	\$ 100,000	\$ 100,000	\$ 200,000
Mountain Campus Faculty	\$ 79,000	\$ 223,000	\$ 302,000
ECONOMIC IMPROVEMENT			
Speech Pathology	\$ 130,000	\$ 350,000	\$ 480,000
EFFICIENCY			
Marketing	\$ 50,000	\$ 100,000	\$ 150,000
Custodians/equipment	\$ 40,000	\$ 80,000	\$ 120,000
Retention	\$ 100,000	\$ 229,000	\$ 329,000
<b>TOTAL INITIATIVES COST</b>	<b>\$ 669,000</b>	<b>\$ 1,338,000</b>	<b>\$ 2,007,000</b>
<b>2% of tuition increase each year</b>	<b>\$ 1,338,720</b>	<b>\$ 2,685,272</b>	<b>\$ 4,023,992</b>
ACCESS			
COT Faculty	\$ 170,000	\$ 256,000	\$ 426,000
COT Adjunct Pay	\$ 50,000	\$ 100,000	\$ 150,000
Presidential Scholars	\$ 90,000	\$ 90,000	\$ 180,000
Mountain Campus Faculty	\$ 100,000	\$ 300,000	\$ 400,000

ECONOMIC IMPROVEMENT

Speech Pathology	\$ 130,000	\$ 520,000	\$ 650,000
Research Assistants	\$ 125,000	\$ 125,000	\$ 250,000

EFFICIENCY

Retention	\$ 190,000	\$ 380,000	\$ 570,000
Student Advising	\$ 20,000	\$ 50,000	\$ 70,000
Marketing	\$ 280,000	\$ 380,000	\$ 660,000
Custodians & Equipment	\$ 40,000	\$ 120,000	\$ 160,000
Media Art	\$ 57,000	\$ 57,000	\$ 114,000
Electronic Library Resources	\$ 86,000	\$ 178,000	\$ 264,000
IT Staff	\$ -	\$ 120,000	\$ 120,000

<b>TOTAL INITIATIVES COST</b>	<b>\$ 1,338,000</b>	<b>\$ 2,676,000</b>	<b>\$ 4,014,000</b>
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<b>Special Appropriations Revenue</b>
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ECONOMIC IMPROVEMENT

County Development/OTO	\$ 300,000	\$ 300,000	\$ 600,000
Speech Pathology-Equipment/OTO	\$ 250,000	\$ -	\$ 250,000



**MONTANA TECH OF THE UNIVERSITY OF MONTANA  
FY 08/09 PROPOSED NEW BUDGET INITIATIVES**

	FY08	FY09	Biennium
	Additional Tuition Revenue		
<b>.5% of tuition increase each year</b>	<b>\$ 43,000</b>	<b>\$ 43,000</b>	<b>\$ 86,000</b>
EFFICIENCY			
Marketing (1)	\$ 43,000	\$ 43,000	\$ 86,000
<b>1% of tuition increase each year</b>	<b>\$ 86,000</b>	<b>\$ 86,000</b>	<b>\$ 172,000</b>
ACCESS			
Articulation (2)	\$ 36,000	\$ 36,000	\$ 72,000
<b>2% of tuition increase each year</b>	<b>\$ 172,000</b>	<b>\$ 172,000</b>	<b>\$ 344,000</b>
ACCESS			
Articulation (2)	\$ 50,000	\$ 50,000	\$ 100,000
EFFICIENCY			
Marketing (1)	\$ 100,000	\$ 100,000	\$ 200,000
Program Development (3)	\$ 22,000	\$ 22,000	\$ 44,000
<b>TOTAL INITIATIVES COST</b>	<b>\$ 172,000</b>	<b>\$ 172,000</b>	<b>\$ 344,000</b>

**UNIVERSITY OF MONTANA - WESTERN  
FY 08/09 PROPOSED NEW BUDGET INITIATIVES**

	FY08	FY09	Biennium
	Additional Tuition Revenue		
<b>.5% of tuition increase each year</b>	<b>\$ 17,411</b>	<b>\$ 34,822</b>	<b>\$ 52,233</b>
EFFICIENCY			
<b>Retention &amp; Completion</b>			
Teaching & Learning Center Staff	\$ 17,411	\$ 17,411	\$ 34,822
Peer Tutoring		\$ 17,411	\$ 17,411
<b>TOTAL INITIATIVES COST</b>	<b>\$ 17,411</b>	<b>\$ 34,822</b>	<b>\$ 52,233</b>
<b>1% of tuition increase each year</b>	<b>\$ 34,822</b>	<b>\$ 69,644</b>	<b>\$ 104,466</b>
EFFICIENCY			
<b>Retention &amp; Completion</b>			
Teaching & Learning Center Staff	\$ 17,411	\$ 34,822	\$ 52,233
Peer Tutoring	\$ 17,411	\$ 17,411	\$ 34,822
Faculty Development Program		\$ 17,411	\$ 17,411
<b>TOTAL INITIATIVES COST</b>	<b>\$ 34,822</b>	<b>\$ 69,644</b>	<b>\$ 104,466</b>
<b>2% of tuition increase each year</b>	<b>\$ 69,644</b>	<b>\$ 139,288</b>	<b>\$ 208,932</b>
EFFICIENCY			
<b>Retention &amp; Completion</b>			
Teaching & Learning Center Staff	\$ 34,822	\$ 34,822	\$ 69,644
Peer Tutoring	\$ 17,411	\$ 34,822	\$ 52,233
Faculty Development Program	\$ 17,411	\$ 34,822	\$ 52,233
Writing, Math & Technology Program		\$ 34,822	\$ 34,822
<b>TOTAL INITIATIVES COST</b>	<b>\$ 69,644</b>	<b>\$ 139,288</b>	<b>\$ 208,932</b>

**UM HELENA COLLEGE OF TECHNOLOGY  
 FY 08/09 PROPOSED NEW BUDGET INITIATIVES**

	FY08	FY09	Biennium
	Additional Tuition Revenue		
<b>.5% of tuition increase each year</b>	<b>\$ 8,315</b>	<b>\$ 16,796</b>	<b>\$ 25,111</b>
EFFICIENCY			
Faculty (Part-time)		\$ 25,111	\$ 25,111
<b>1% of tuition increase each year</b>	<b>\$ 16,631</b>	<b>\$ 33,595</b>	<b>\$ 50,226</b>
EFFICIENCY			
Faculty (One full-time in the second year)		\$ 50,226	\$ 50,226
<b>2% of tuition increase each year</b>	<b>\$ 33,262</b>	<b>\$ 67,189</b>	<b>\$ 100,451</b>
EFFICIENCY			
Faculty (Part-time in first year and full in the second year)	\$ 33,262	\$ 67,189	\$ 100,451