



**Montana University System
Office of the Commissioner of Higher Education**

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May 22, 2003

TO: Presidents George Dennison and Geoff Gamble
Chancellors Alex Capdeville, Frank Gilmore, Steve Hulbert, Ron Sexton
Community College Presidents Darrel Hammon, Terry Hetrick, Jane Karas,
Deans Steve Hoyle and Mary Moe

FROM: Joyce A. Scott, Deputy Commissioner for Academic & Student Affairs

RE: Follow-up on Governor's Forum on Economic Development Issues

On March 19, 2003, Governor Martz convened a policy forum for legislative and state agency leaders and the Board of Regents. The purpose of the meeting was to discuss issues facing the state and to explore ways to improve education and government collaboration to address them. Discussions centered on how to utilize the Montana University System's expertise and resources effectively for economic development. I enclose a summary of the discussion for your use. The following issues were identified:

1. Teacher shortages
2. Increasing prison populations
3. Economic development relative to the extractive, energy, agriculture and forest health industries
4. Healthcare workforce shortages and workforce development needs
5. Economic modeling

As a first step in addressing these issues, we think it would be helpful to inventory current campus research, training and consulting activities associated with items 3 and 4. A survey for that purpose is attached. Further, we would like campus input about prospective activities that you might consider to address these same issues. This electronic version of the form may be distributed to respondents. It is located at <http://www.montana.edu/wwwbor/EconDevelInfo.htm>. A hard-copy version will reach you next week. **Please ask all respondents to keep their answers brief and to use the format provided to facilitate compilation of results for a Board report.**

Please return your campus report **by June 16, 2003** to the attention of Billie Rusek [brusek@oche.montana.edu]. If you want OCHE to follow up with your designated respondents, please provide their names and contact information. Campus submissions will go to Board review in July.

Thank you for your assistance. Should you have questions, please contact me at 444-0312.

Pc: Commissioner Krause
C. Butler

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Forum: State Policy Makers and Board of Regents

March 19, 2003

Governor Judy Martz opened the discussion and invited participants to brainstorm about longer-term issues affecting the health of Montana. She noted that the intellectual capital of the university system could be turned beneficially to solving the problems facing the state, especially economic development. She asked: How could we translate better the positive economic impact of the universities in rural areas and Eastern Montana? To launch the discussion, Governor Martz identified the following issues:

Teacher shortages	Healthcare workforce shortages.
Increasing prison population	Forest Health
Economic Development	Economic Models

Economic Development/Transition. The Montana economy has followed the trends in the national economy. For example, a transition occurred in agriculture, where the entire economy shifted from an agriculture base to an industrial/manufacturing base. Today, manufacturing is moving from a primary to secondary need and information technology/knowledge is emerging as primary, driven in large measure by the Internet.

In the transition from the agriculture-production economies to a knowledge/service/technology-based economy, the newer technology-based economy has not replaced agriculture as a revenue source for the state. And, although tax revenues from resource industries have gone down, they remain important in the Montana economy. We need to pursue the application of technology to industry.

- Are there ways to use technology to enhance the natural resource base and utilization?
- Can we draw on university expertise to create an economic model for Montana to address key questions?
- What happens to Gross State Product (GSP) and specific sectors of the economy when inputs, such as taxes or regulations are changed?

States that are doing better than Montana have had the ability to focus on where they want to go and how to get there. A trained workforce is the foundation of economic development, and high tech gives institutions ability to respond quickly. Economic development is important because the survival of culturally important communities in Montana depends on it. However, there is no agreement on how what we want to do will impact the economy or on ways to keep the economy going.

Agriculture. The University System has played an important role in agriculture. States in the East/North East have found it hard to make a living of agriculture, but there's a better living possible in the West. Forty percent of the Montana economy in the 60's (agriculture) is now only seven percent of the economy.

- Today, futurist planning is needed to answer questions:
- What will the state look like in 10 years?
- What could Montana be?
- What does Montana want to be?

Extraction industries. The Montana economy has deteriorated in measure with the decline in the extraction industries, but the tourism and extraction industries are not incompatible. MUS can be an integral part of solutions. The state has natural environmental wealth, which we could use to invest in our human resources.

It is an environmentally desirable objective that the State invest in clean industries. We need careful environmental controls and to use our natural resources. There is a good prospect for Montana leadership in fuel cell development, which the state could do well.

Forestry and Forest Health. Governor Martz will host a WGA Summit on Forest Health in June, involving UM School of Forestry. Scientific expertise of MUS will aid decision-making. The wood and forest products industries can achieve genuine forest health through University of Montana research, but the concept of forest health needs to be sold to environmental groups.

Power transmission poses a problem that prevents development of Montana coal, so we must solve the transmission problem and open the way to developing resources, thereby kick-starting economic recovery.

- How can we help tribes on the reservations whose lands cover vast coal reserves?
- How do we explore value-added electricity?
- How do we pursue fuel cell development?

Palladium. Stillwater Mine and its Russian partners are wondering how to market excess palladium? Or, how to develop products using palladium? There is a Platinum Guild to market platinum. Producers will invest millions to launch a Palladium Guild for the same purpose.

- How to market Palladium (holds forty times more hydrogen than materials in use)?

Workforce Shortages and Human Resource Development. Major shifts have occurred in employment categories [professional, skilled, unskilled labor] over the past 50 years. Jobs continue to require ever increasing levels of education. Unskilled labor constituted 60 percent of the workforce in the 50's, but today it is only 15 percent whereas skilled labor has grown from 20 percent of the workforce to 65 percent today. There has been a change in emphasis of what we need to teach to prepare students for 40 years into the future so that individuals can be ready to change jobs 7-8 times in a career. Participants urged MUS to promote more programs leading directly to jobs and to consider how to use technology to enhance our resource base. In relation to military contracts, Montana is like a third world country with low wages and therefore should seek assistance of the Congressional delegation to try to get parts of military contracts and thus create jobs.

Technology Evaluation & Implementation. In view of the State's experience with the Department of Revenue computer, there might be a role for university expertise to lend assistance. As the Information Technology section of Administration considers how to fix it, there may be a need for consultation about options instead of the \$22 million bonding solution. University faculty are now consulting on the matter.

GOVERNOR'S STATE ISSUES FORUM: FOLLOW-UP SURVEY

Institution: _____

Respondent: _____

A: Survey Of Current MUS Research Efforts Addressing Issues Identified In Governor's Forum

EXTRACTIVE INDUSTRIES				
Issue: Need for Markets / Additional Uses for Palladium				
Brief Project Description:	How does project address issue?	Sponsor / Collaborating Institutions	PI Name	Award Date / Duration:
				Total Award Amount:
				Funding Sources:
Issue: Coal Bed Methane Development				
Brief Project Description:	How does project address issue?	Sponsor / Collaborating Institutions	PI Name	Award Date / Duration:
				Total Award Amount:
				Funding Sources:
Issue: Improved power transmission to aid in coal extraction				
Brief Project Description:	How does project address issue?	Sponsor / Collaborating Institutions	PI Name	Award Date / Duration:
				Total Award Amount:
				Funding Sources:

ENERGY DEVELOPMENT

Issue: Develop Hydrogen as Commercial Energy Source

Brief Project Description:	How does project address issue?	Sponsor / Collaborating Institutions	PI Name	Award Date / Duration:
				Total Award Amount:
				Funding Sources:

Issue: Value-added Electricity Development

Brief Project Description:	How does project address issue?	Sponsor / Collaborating Institutions	PI Name	Award Date / Duration:
				Total Award Amount:
				Funding Sources:

AGRICULTURE

Issue: Enhance productivity in Montana's agricultural industry

Brief Project Description:	How does project address issue?	Sponsor / Collaborating Institutions	PI Name	Award Date / Duration:
				Total Award Amount:
				Funding Sources:

Issue: Expand markets for Montana agricultural products

Brief Project Description:	How does project address issue?	Sponsor / Collaborating Institutions	PI Name	Award Date / Duration:
				Total Award Amount:
				Funding Sources:

FOREST HEALTH

Issue: Maintain Forest Health

Brief Project Description:	How does project address issue?	Sponsor / Collaborating Institutions	PI Name	Award Date / Duration:
				Total Award Amount:
				Funding Sources:

Issue: Maintain Viability of Forest Product Industries

Brief Project Description:	How does project address issue?	Sponsor / Collaborating Institutions	PI Name	Award Date / Duration:
				Total Award Amount:
				Funding Sources:

OTHER:

Issue:

Brief Project Description:	How does project address issue?	Sponsor / Collaborating Institutions	PI Name	Award Date / Duration:
				Total Award Amount:
				Funding Sources:

Issue:

Brief Project Description:	How does project address issue?	Sponsor / Collaborating Institutions	PI Name	Award Date / Duration:
				Total Award Amount:
				Funding Sources:

B: Other Current Campus Assistance in Identified Sectors (Consulting, Training Programs, Degree Programs)

Issue Addressed	PI Name	Department	Describe Type of Assistance

Please provide a brief overview of existing mechanisms your campus has in place to address the emerging workforce development needs of the sectors above:

A large, empty rectangular box with a thin black border, intended for the user to provide a brief overview of existing mechanisms on their campus to address workforce development needs.

D: Other Prospective and Relevant Research/Activities From Your Campus For The Period 2004-2010?

Issue Addressed	PI Name	Department	Describe Type of Assistance