



MONTANA UNIVERSITY SYSTEM
Office of the Commissioner of Higher Education

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TO: Montana Board of Regents

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

RE: Using the Allocation Model to “Cost” Nursing Programs

In May 2002, when the Board was considering how to address the prospect of many new program proposals in nursing, I suggested that staff could prepare a costing model based on the allocation model currently in use. Associate Commissioner Rod Sundsted completed the requested analysis, giving information on both two-year and four-year RN programs.

The information below is organized to show the basic cost per FTE student per year in the instructional programs. Thus, for a start-up class of 40 students, our allocation model would indicate that the cost would average \$ 455,200 (40 x \$11,380) for each year of a 4-year program. At the AS-RN level, the cost per class would average \$ 450,920 (40 x \$11,273) for each year of the 2-year program.

Under the allocation model, about half of the funding would normally come from General Fund and millage with the remainder coming from tuition and fees. In the past, the state has funded about \$1,914 per increased resident FTE. Given the likelihood of no funding for increased resident FTE in FY04 or FY05, most if not all of the subsidy for new programs will come at the expense of other, existing programs.

Montana University System - Allocation Model
 Target Cost for Nursing Programs

	Per Student Four Years	Average Annual \$	Two Yr Program Annual \$			
Instruction	\$26,358	\$6,590	\$8,212	Average Faculty Salary 4-yr	FY04	\$48,598
Academic Support		\$1,252	\$985		FY05	\$50,056
Other Programs		\$3,538	\$2,075		FY06	\$51,558
Total Cost/FTE	\$45,519	\$11,380	\$11,273		FY07	\$53,105
				Average Faculty Salary 2-yr	FY04	\$41,796
					FY05	\$43,049