**Exhibit 2**

**INVESTMENT INITIATIVES FOR 2004-05**

INITIATIVE 1. **Add and Expand Programs and Services Tied to Demonstrated Market and Employment Needs. ($12,655,885)**

- Specific elements of initiative:

**MSU-Bozeman** Initiatives ($4,056,519)

- Enhance undergraduate and graduate programs in specific academic areas which support the attraction, creation and/or development of knowledge-based and technology-based companies, including:
  - Biotechnology (in both health and agriculture fields);
  - Biomedical research;
  - Optics research and engineering; and
  - Materials research and engineering.
- Expand statewide outreach and business consultation service programs which support the attraction, creation, and/or development of traditional businesses, including:
  - Expanded Engineering Experiment Station service programs; and
  - Enhanced support for the Entrepreneurship Center, Tech Link, and Tech Ranch.
- Enhance research & development intern opportunities for graduate students, and extend similar opportunities within select undergraduate programs, in order to expand the workforce of highly educated technologists, which support critical R&D functions in many emerging businesses.

**MSU-Billings** Initiatives ($1,236,550)

- New program development and required support services for the University to expand the programs. New program development includes certificate, 2-year, baccalaureate, and graduate programs in areas such as health care (which includes a new school of Allied Health), technology, human services, business, and others. Expanded services required to assist in the new program development include budget, business, financial, facilities, financial aid, advising, registration, records, etc.
- Expand distance delivery of general education, degree programs, training and development programs and online, full-text library resources
- Expand evening, summer, and weekend college programs and support services

**MSU-Northern** Initiatives ($300,000)

- Develop and invest in degree programs that respond to industry needs. Examples include technology management and industrial technology.
- Increase and expand the number of partnerships with industry such as Ford, General Electric, Caterpillar, Kiewit Corp. etc.

**MSU COT-Great Falls** Initiatives ($265,479)

- **Support Enrollment Increases by***:*
  - Adding one general education faculty each year.
  - Increasing adjunct faculty stipends to $500/credit by FY05.
- **Expand Workforce Training Efforts by:**
  - Increasing customized training staffing (.5 FTE) and services (Business Needs Analyses/Web Based).

**The University of Montana-Missoula** ($2,333,613)

- ***Workforce development:*** In **Missoula,** these will include the implementation of UM-Missoula's **Training Needs Team** (TNT) initiative ($1,254,000). TNT is an action-oriented team of regional program and funding agencies that are working with area organizations, businesses and industries to:
  - Encourage businesses to request assistance;
  - Arrange time for business and industry representatives to sit down with the University to determine needs assessment foci;
  - Conduct an on-site needs assessment;

- Present results of assessment to the industries and the State;
- Facilitate training schedules, location, provider, and funding;
- Tabulate participant results and an annual impact statement

➢ ***Targeted Professional and Graduate degree programs*** -Health Care at **Missoula** ($1,079,613)

- **Communication Disorders** Masters Degree: Currently, no Montana programs train Speech Pathologists for Montana's public schools, clinics, hospitals and private practice. Special education related services mandate speech pathologists in public schools. ASHA and Montana Office of Public Instruction suggest need for such professionals across the state.
- **Public Health Masters** Degree (Community Health focus): An interdisciplinary degree to train Community Health practitioners who work for the state health department and community health agencies.

➢ Continue funding for the ***"One Time Only" appropriation at Yellow Bay*** ($100,000 FY04 and $100,000 FY05).

➢ Enhance a fundamental program of research in the ***Montana Forest & Conservation Experiment Station*** with targeted enhancement of graduate programs in forest cultivation and management, and expansion of continuing education in forestry, especially focused on private lands. A major issue in Montana forestry is land being removed from production. Several factors have contributed to this situation, but one of the most prominent has been past cultivation and management practices that are unacceptable socially, and sometimes ecologically. The program would develop management tools to keep land in production and to train landowners, loggers and others to implement the tools. Thus, research on uneven-aged management would be accelerated and training courses would be developed and offered. The overall goal of this initiative is to bring more forest stands under management and into production for the variety of goods and services demanded by the people of Montana. ($225,000)

**The University of Montana Western** ($750,000)

➢ ***Targeted two-year certificate and associate degree*** programs at UM-Western campus, to address Montana's economic development needs, including:

- **Farm/Ranch Management Associate Degree –** Program will focus on providing coursework in agriculture and communication as well as skill development in computer technology.
- **Education Paraprofessional Associate Degree –** Program will provide training for teacher's aides, particularly in the areas of special education and computer technology.
- **E-Commerce Associate Degree –** Program will provide training that will allow students to work as webmasters and/or network support personnel.
- **Hospitality Management Certificate –** Program is being developed in partnership with West Yellowstone Consortium. Funding would allow for the program to be offered on-site at West Yellowstone.
- **Early Childhood Education Baccalaureate Degree –** Western's Bachelor of Science in Early Childhood Education would allow place-bound students around the State who have already completed Western's AAS in Early Childhood Education to further advance their careers by obtaining a bachelor's degree. This program builds on Western's expertise in delivering such programs at off-campus sites and meets the expressed needs of those students and of the childcare industry.

**Montana Tech of The University of Montana** ($1,081,000)

➢ ***Workforce development:*** In **Butte**, ($100,000 FY04 and $200,000 FY05) the Montana Tech and COT campuses will address workforce development through:

- Several 2plus 2 programs. These programs are part of the baccalaureate offerings with multi-entry multi-exit points. Areas include **information technology, health care and engineering**;
- Apprenticeships, certification programs, technological workshops and seminars in response to the needs of industry and citizens in Montana.

➢ ***Targeted Professional and Graduate degree*** programs at **Montana Tech**($180,000 FY04 and $276,000 FY05). Develop targeted Baccalaureate and Masters programs to address critical shortages in **health care, science,** and **technology** needs.

➢ ***Create business and community development and outreach*** office at **Montana Tech.** Continue and expand ($50,000 FY04 and $50,000 FY05), K-12 Outreach through program offerings such as Upward Bound, Gear Up, Science Fair, Expanding Your Horizons, Tour of Indian Nations, Succeeding Students in Engineering Programs and many other activities.

- Fund ***the Expanding Role of the Montana Bureau of Mines and Geology****:*

  - **Coal bed Methane Responsible Development** – *(Seeking outside* funding) The diverse issues revolving around coal resources and coal bed methane production require a broad range of scientific and engineering data in order to determine how to attain the most efficient extraction of the total energy resources available in coal beds, and preserve the water resources that are critical to the region. MBMG has built and maintained databases pertaining to coal and associated gas and water, and actively assisted governmental agencies and companies in the course of responsible development.
  - **Modern Earthquake Detection and Response** – ($5,000 in FY04 , 40,000 in FY05)Montana is ranked as the fourth most seismically active state, and has a history of damaging earthquakes. Over the past 20 years, using an extremely modest budget, MBMG's lone seismic expert has established a 32-station seismograph network that is used to report Montana seismic activity. Most of the equipment is old and incapable of providing the information required by emergency-response agencies immediately following an earthquake. MBMG has begun updating the network using federal funds to purchase equipment.
  - **Oil and Gas Information Central –** ($70,000) Although Montana is regarded as highly prospective territory for hydrocarbons, production has declined from about 30 million barrels of oil in 1980 to only 16 million barrels last year. This directly affects both royalties and taxes collected by the State. MBMG proposes to establish a small program to compile and map regional data held in records filed with State agencies. This would enable operators to develop prospects and explore areas of the State where current knowledge of the subsurface is lacking. Taxes generated by a single discovery could repay the costs many times.
  - **Geohazards and State-Service Support** ($40,000-FY05 only) Land-use changes, primarily brought about by population growth, have greatly increased the demand on and for natural resources. To address these concerns, MBMG needs support to produce more detailed geologic, geohazard, and ground-water maps and reports, and expand databases relating to the State's geologic resources and problems---water, minerals, mineral fuels, and geohazards.

**The University of Montana Helena College of Technology** ($1,254,000)

- ***Workforce*** development on COT campuses at **Helena**, Missoula , and **Butte** in applied curricula programs at the certificate level to address retraining/retooling needs of Montanans, and Montana industries.

  The **Helena** campus will continue to develop collaborative partnerships to bring new industry into the State. Examples include:

  - Expanding the **public safety** program to meet current community needs;
  - Expanding the **protective services** program in a specialized training facility for hands-on experience in mock correctional, fire safety and emergency response environments;
  - Supporting the **small business** degree program;
  - Providing continuity of instruction and program development for the **automotive and general** education;
  - Expanding the **community outreach** program, establish collaborative partnerships, and provide customized training to Montana industries.

**Montana Community College** Initiatives ($953,723)

- **Dawson Community College**
  - Coordinate with workforce and economic development agencies currently serving Eastern Montana business and industry.
  - Further develop relationships with state and county based agriculture experimental stations and extension services.
  - Expansion of farm/ranch business management program into greater Eastern Montana.
  - Expand and develop collaborative programs, METNET, Internet courses, and other distributed learning courses.
  - Add software and systems to better facilitate distance learning and cross campus resource sharing.
  - Create a funding pool to pay mandated retirement payouts.

- **Miles Community College**
  - Expand programs, resources, and workforce training efforts.
  - Expand degree programs tied to growing market sectors and the needs of businesses and business clusters.
  - Expand and promote distance learning opportunities

- Partner with community colleges and two-year colleges to offer satellite courses and training programs in rural markets.
- Equip classrooms to enhance the learning experience and improve student retention.
- Provide funding to develop "smart classrooms" to take advantage of available and emerging technologies.
- Create a funding pool to pay mandated retirement payouts.

➢ **Flathead Valley Community College**
- Expand programs, resources, and workforce training efforts of Flathead Valley Community College, including: customized training, Business Information and Research Center, Business and professional development workshops, Workforce 2002 (state model), NorCor project, and Flathead Business and Education Council (state model)
- Expand degreed programs tied to growing market sectors and the needs of businesses and business clusters.
- Expand business and community development and outreach.
- Expand and promote distance learning opportunities.
- Expand and develop additional collaborative programs with MUS and tribal colleges.
- Equip classrooms to enhance the learning experience and improve student retention.
- Create a funding pool to pay mandated retirement payouts.

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INITIATIVE 2. **Promote Rural Development. ($4,561,850)**

➢ Specific elements of initiative:

**MSU-Bozeman** Initiatives ($200,000)

➢ Meeting workforce needs of rural communities and health care facilities by developing healthcare workforce partnerships through the expansion of existing and creation of additional distance learning opportunities, including select 2+2 programs. A group of nurse educators from the MSU-Bozeman, MSU-Northern and MSU-Great Falls College of Technology met in partnership with health care providers representing Glacier, Toole, Liberty, Pondera, Teton and Chouteau counties. Meetings took place between May 2001 and February 2002 to address this problem. The resulting pilot for this program will be the partnership between MSU Nursing programs in Bozeman, Havre and Great Falls and Health Care facilities in North Central Montana. The program, if successful, will recruit and train citizens from within the six county area for employment within that area. MSU believes that this model could be portable to other regions of the state and to other high demand/low supply rural occupations such as K-12 education. In addition, MSU believes that this model can enhance existing collaborative programs with rural communities and tribal colleges.

**MSU-Billings** Initiatives ($500,000)

➢ Develop business and industry partnerships in rural Montana to support rural economic development. Provide assistance to business in rural Montana through resources such as the Montana Business Incubator (MBI) and the Yellowstone Training and Development Center (YTDC).

➢ Provide and develop health care and teaching professionals for rural Montana communities

**MSU-Northern** Initiatives ($450,000)

➢ Increase the number of partnerships with tribal colleges, especially in the area of teacher training.

➢ Expand partnerships with rural economic entities, using NARFI- North America Rural Futures Institute - and the Montana Cooperative Development Center as focal points.

➢ Upgrade the NorthNet telecommunications system by replacing equipment.

**MSU CoT – Great Falls** Initiatives ($64,150)
- **Expand Rural Access to Academic/Occupational Programs by:**
  - Providing rural communities with community liaisons for satellite coursework and programs.
  - Delivering dual enrollment (High School/College) courses/programs online.

**MAES** Initiatives ($1,117,309)

➢ **Retain 1.5% salary savings requirement (rather than 4%).** Key vacant research faculty positions are being rehired in 2001-02 with the $574,522. These **rehired faculty** and their expertise are essential if MAES is to be able to meet accelerating clientele needs.

- **Fund inflationary impacts on operating costs.** Between 1985 and 1999, MAES funding has declined at least 17% when compared with the accelerated costs of doing business. Montana ranks 32nd in farm gate cash receipts, while MAES research support ranks 43rd in state support per thousand dollars of farm gate receipts.

- **Expand and promote distance learning opportunities**. The College of Agriculture initiated a study of the need and feasibility of a Master's degree program via distance education in the spring of 2001. A needs assessment was conducted and it was concluded that a distance education Master's program was necessary to meet the needs of a place-bound clientele in the state and region. This would level the playing field between rural and urban students with regard to opportunities for higher education. Delivery of agricultural information technology educational programs will increase the competitiveness and profitability of Montana and regional agriculture. The College of Agriculture has identified a half-time program director to develop the Master's program and administer continuing education efforts.

**Extension Service** Initiatives ($565,391)

- Convert the "One Time Only" Tech Transfer position funding to continuing funding for FY04 and FY05.

  - The Tech Transfer position was funded for two years by the 1999 Legislature as part of the Vision 2005 effort and for an additional two years by the 2001 Legislature. Dr. Kevin McNew, an agricultural marketing specialist, was hired to fill the position.
  - Dr. McNew's Extension educational program focuses on helping grain and livestock producers with marketing strategies. This is a high priority for Montana's farmers and ranchers since many grain and livestock producers lose millions in potential profits because they lack information about marketing strategies and technological tools.
  - Dr. McNew has been very active in helping solve marketing dilemmas and in identifying marketing opportunities. He is able to assist producers in understanding the benefits of new technologies for their agricultural operations or businesses. Dr. McNew also offers educational programs that help clientele increase the value of the commodities that they produce.

- Add a Marketing/Economic Development Specialist to be located at the Southern Ag Research Center.

  - The identification of new or niche markets and marketing strategies for Montana's producers.
  - Provide individuals and groups of producers with the tools to tap into developing markets.

- Extension Technical Support Positions.

  - Technical support and diagnostic laboratory positions are critical to providing answers to Montana's agricultural producers and Extension agents relative to the identification of plant diseases, insects and weeds; pesticide applicator training; information technology; and 4-H and youth development assistance.
  - These positions are inadequately funded by grants and one-time-only funding that jeopardize the quality of services provided.
  - This initiative would stabilize the funding source and continuity from year to year of these vital positions.

**FSTS** Initiatives ($225,000)

- By the year 2005, the FSTS proposes to strategically locate 5.65 trainers in Montana so that each trainer serves a maximum of 10 counties. There are currently 4 trainers serving unmanageable areas. Additional trainers would ensure that round-trip travel distances for trainers not exceed 300 miles and convert much "windshield time" into productive training time.

**The University of Montana/UM-Helena College of Technology** ($651,000)

- Diverse, applied curricula ***in Distance*** Education (Specifically, Online Learning) to address the ***workforce*** training and ***lifelong*** learning needs of place bound Montanans.

  **Missoula** ($486,000); **Helena** ($165,000) To better promote rural economic development, the campuses of **The University of Montana** will collaborate to offer workforce development short-courses, as well as certificates and degrees using a variety of delivery systems, but concentrating on online or web-based learning. The purpose is to provide access to distance learning opportunities to rural markets throughout the state. UM will work with local communities to:

  - identify learning needs; and
  - place public access computers in libraries or other public facilities.

As a part of its continuing mission, UM will sustain the growth of an increasing variety of courses, certificates and degree programs. This effort will be directed by the Dean of Continuing Education at the Missoula campus, and will include the following:

- Health care, elder care and child care;
- Professional training;
- Civil servant training;
- Entrepreneurship and small business management;
- Expansion of correctional program and fire protection program at HCOT;
- Management information systems, computers and information technology;
- Math, reading, writing developmental courses; and
- Associate of Arts and Bachelor of Arts degrees.

**The University of Montana Western** ($354,000)

➢ **The University of Montana** Western has maintained a special focus on its rural neighbors throughout the State, and is currently working on the following initiatives to promote rural development in Montana. UM-Western is committed to developing the offerings, building partnerships with education and business interests, supporting the technical requirements of the delivery systems. These initiatives ($118,000) focus on teacher education and community education:

- ***Teacher Education –*** Quality schools are the center of a thriving rural community. Teachers working in rural schools face challenges of limited resources related to technology, library needs, and special needs training.
  - **Special Education Endorsement** – (Online and Summer Institute) Program will focus on providing special education endorsement to rural in-service teachers.
  - **Rural Educator's Resource Center** – (Online and Summer Institute) Program will focus on providing best practices, curriculum, current pedagogy development, and library resources to in-service teachers.
  - **Technology Institute**– (Campus Based Summer Institute) Program will provide training in instructional technology to in-service teachers.
- ***Community Education*** The role that Western plays in rural development encompasses more than university degree programs. The campus also provides training to meet the needs of rural communities (e.g. agriculture, business, professional development).
  - **NxLevel Programs** – The NxLevel programs provide business training to entrepreneurs in service and agricultural industries. Participants in the programs gain management skills and develop business plans that enhance economic development and increase business productivity.
  - **Career and Technical Training** for business and government agencies – Online and campus based (e.g. GED, workforce entrance skills).

**Montana Tech of The University of Montana** ($435,000)

➢ Fully fund *Montana Tech's* ***Distance Delivery, Development and*** Infrastructure to address ***the workforce training and lifelong*** learning needs of place-bound Montanans, tribal communities and beyond through Jump Start, CNA, and on-line degrees programs;

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INITIATIVE 3. **Make Postsecondary Education and Training More Accessible for Montanans. ($4,558,400)**

➢ **Specific elements of initiative:**

- Increase State financial aid
  - Increase dollars available for Baker Grants and Montana Higher Education Grants.($1.4 million)
  - Increase dollars available for Montana Work Study Program.($400,000)
- Fund tuition differential for two-year colleges, and smaller four-year campuses. ($974,400)
- Fast Forward Education Program - - A cooperative effort among educational providers to establish a seamless educational structure that focuses on students' success. Area elementary, secondary, and higher education providers cooperatively construct a program that begins with student career development activities in the seventh grade and works with students to move them forward based upon their abilities, talents, and interests. The program will build on successes and what we have learned from our Educational Talent Search program and our GEAR-UP program. ($800,000)

- Tribal college support for non-beneficiary students—an initiative to return tribal college support for non-beneficiary students to the FY00-01 level of approximately $1,500 per student. ($834,000)
- Indian Education for All (MCA 20-1-501ff) - An initiative to improve campus services for and sensitivity toward Native American students statewide. Faculty and staff will participate in separate programs. Intensive training in job-alike cohorts will target front-line student services and operations personnel and their supervisors and assist them to develop effective modes of interaction with Native American students and families. For faculty, training will focus on those working in similar fields and be designed to help them learn what cultural issues affect student learning and interactions in the classroom and in various disciplines. ($150,000)

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INITIATIVE 4. **Invest in Facilities and Technology. ($3,655,784)**

**MSU-Bozeman** Initiatives ($1,040,000)

- Expand the installation of "Smart Podiums" technology into other classrooms in addition to our large lecture halls; and,
- Complete the implementation of the multi-campus Banner information system, and increase software licenses, in order to establish a disaster recovery and business continuity capability, in addition to a web-enabled reporting instance for enhanced accountability and management reporting capabilities.

**MSU-Billings** Initiatives ($391,900)

- Upgrade instructional facilities and equipment in classrooms and science labs with up to date technology.
- Upgrade academic equipment in the trade and industry programs to reflect current field technology

**MSU-Northern** Initiatives ($148,754)

- Increase investment in capital equipment for instructional purposes.

**MSU COT-Great Fall** Initiatives ($94,800)

- Add/upgrade modems and servers.

**MAES** Initiatives ($197,640)

- Support increased use of technology and support preservation of the State's facilities on MAES Agricultural Research Centers and Farms.

**FSTS** Initiatives ($7,290)

- Purchase computers, new technology for new trainers and staff.

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**The University of Montana (1,566,000)**

- Expansion of the high school honors program, the veteran's fee waiver, and the tribal college support for non-beneficiary students may be requested through separate legislation and/or appropriation bills.

➢ Strategic and programmatic investment in ***information technology***, to help build out the "middleware" that is required to allow novel and emerging applications to be implemented on campus and inter-campus network infrastructure. Middleware issues and initiatives range from network and Internet security, to networked application integration, to setup of campus or multi-campus environments to allow new applications to be implemented. Middleware support requires a certain amount of hardware and software, occasionally requires access to on-line services, but is always heavily dependent on personnel support to install, maintain, and manage the middleware.

- On the Missoula campus: $105,000/year for a (2.0 FTE) middleware experts, plus $60,000/year for hardware, software, and on-line services.
- On the Missoula campus, for the UM-wide and MUS-wide network: $65,000/year for one (1.0 FTE) middleware expert, plus $54,000/year for hardware, software, and on-line services.
- On **the Montana** Tech campus in Butte*:*
  - Hire **a Webmaster/Blackboard** Manager to maintain the campus WEB site and oversee on-line course offerings ($51,000 - includes benefits);
  - **Multi-media classrooms** in the ELC Building ($149,000).

- On **the UM-Western** campus in Dillon*:*
  - Upgrade **faculty/staff desktop infrastructure**. Investment toward a renewal and replacement plan to support continued and new technology requirements. ($80,000)
  - Hire **one additional full-time professional employee** to assist with campus technology and allow Western to meet needs for rural workforce development through the Rural Education Technology Center. ($70,000)

- On **the Helena** COT campus*:*
  - Personal services - IT Manager ($48,000);

- Hardware replacement - new student server and memory for staff server ($82,000).

- At the **Bureau of Mines,** $13,000 for hardware and software.
- At the **MFCES,** $6,000 to help maintain technology infrastructure.

**Community Colleges ($209,400)**

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