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Main Hall to Main Street, March 2001 (Special Edition)

University of Montana--Missoula. Office of University Relations

Special Edition

Main Hall to Main St.

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Shifting burdens for education

Public colleges and universities are, by definition, public trusts, created for the people of the state in which they exist and funded primarily by the taxpayers of the state. Nationally, the financial burden of support has shifted in the last decade from public support to student support, with declining state appropriations and increasing tuition. While this has been a national trend, few states have seen the radical shift that has occurred in Montana.

A study by the Montana Legislative Fiscal Division revealed that the UM campuses, compared to their counterparts in surrounding states, rely more on student tuition and fees to support their programs. As state funding has decreased and tuition has increased, Montana students are facing loan debts ranging from an average of $17,000 on the Missoula campus to $21,000 at Western Montana College of UM.

Montana ranks the lowest nationally for dollars of each $1,000 of per capita income invested in higher education — less than $8 now, compared with $13.50 in 1985.

The Montana University System has asked the Legislature for a $500 funding increase per student each year of the biennium. The Education Subcommittee of the Appropriations Committee voted 4-2 in early February for a $100 per student increase, as recommended in Gov. Judy Martz' budget. The issue goes before the Appropriations Committee later in the session.

In the following columns, you'll read about the University System's funding situation from the perspectives of a recent UM graduate, UM President George Dennison and Regent Mark Semmens.

Higher tuition, larger student loans bad for Big Sky Country

By Patia Stephens

Ten years after graduating from high school in Thompson Falls, I was earning $5.50 an hour working for a weekly newspaper in northwestern Montana. Though I did the work of a reporter and copy editor, I was paid as a production assistant simply because I didn't have a college degree. With the encouragement of my editor, I overcame my fear of financial aid, enrolled at Flathead Valley Community College and never looked back.

UM graduate Patia Stephens

Taking the plunge

Last May I graduated from The University of Montana with a bachelor of arts degree in journalism — and $26,558 in student loan debt. During my five years at FVCC and UM, I worked 15-20 hours a week each semester and full time otherwise, received thousands of dollars in Pell Grants and scholarships, and still managed to graduate well over UM's current graduating senior average of $17,185 in debt (among the 55 percent of students who receive any financial aid).

I confess I could have lived more cheaply while I was in school. I ate Top Ramen once or twice a week when I could have eaten it every day. I could have given away my cat in order to live in student housing on campus. I could have forgone that "luxury" vacation I took one spring break to a sheep ranch on the Hi-Line.

Sarcasm aside, getting my degree wasn't easy — financially, emotionally or intellectually — but, Wow, what an incredible experience.

I learned about so many amazing things: classical Greece, the Renaissance, the abolition of slavery, homesteading, the First Amendment, watersheds, Montana literature. I was introduced to William Shakespeare and Emily Dickinson, to Thomas Paine and Thomas Jefferson, to Picasso and Michelangelo. I could have lived without algebra, but I was thrilled to learn how to calculate percentages — in an editing class, of all places.

I sampled water quality on Flathead Lake, watched the Montana Legislature in action, and completed a summer internship in South Florida, farther away from home than I'd ever been. Thinking about everything I learned during my five years in college brings an immense sense of accomplishment and gratitude.

Starting in a hole

So I didn't have any regrets when, just before Christmas, I wrote out my first $325 check for student loan repayment. I'll be writing that check every month for the next 10 years. In the long term, my college education will end up costing me more than $39,000 in loan principal and interest.

But I count my blessings because, so

(See 'Student debt,' third page)

State higher education funding falling behind

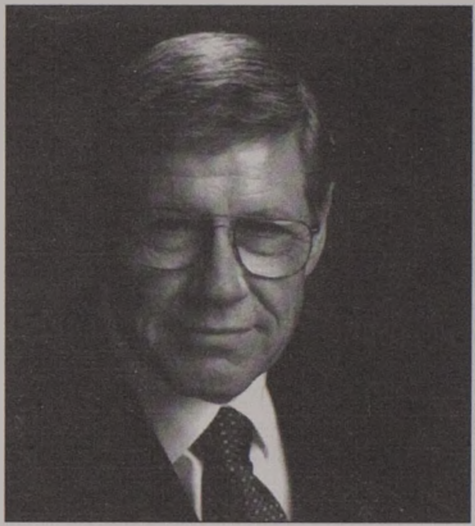
By George M. Dennison

During the 1990s, the state of Montana altered the way it funds its higher education system. Early in the decade, state funds supported the education of resident and nonresident students, although not to the same extent. Thus, at The University of Montana-Missoula, state funds accounted for roughly 70 percent of the support for the educational programs and approximately 41 percent of the total budget, including research, auxiliaries, and other self-supporting activities.

In 1992, the state began to reduce the support that went to nonresident students, with one exception, the Western Undergraduate Exchange Program, an innovative effort to promote resource sharing among participating states. It actually works as a scholarship program and allows selected students to attend college in another state and pay only 150 percent of resident tuition rather than the full cost of the education. The participating states seek to maintain a balance between incoming and outgoing students. Before 1992, however, Montana colleges and universities had allowed the balance to shift drastically in favor of incoming students. By 1995, the State Board of Regents had restored the balance.

The second change came in the wake of the successful effort to restructure the Montana University System in 1994-95. The regents grouped all of the four-year campuses and the five former vocational-technical centers into two universities: The University of Montana-Missoula, Montana Tech of The University of Montana, Western Montana College of The University of Montana, and the Helena College of Technology of The University of Montana; and Montana State University-Bozeman, Montana State University-Billings, Montana State University-Northern, and Montana State University-Great Falls College of Technology. Three of the former vocational-technical centers became colleges within the four-year institutions — Missoula, Butte and Billings.

The funding arrangement adopted for the restructured system rested on two premises: The state paid for the number of residents the two universities agreed to educate, using estimates as close as possible to anticipated numbers, with the intent of bringing the state contribution to 75 percent of the cost of the education; and the universities established nonresident tuition at 100 percent of the cost of the education and had the discretion to educate as many nonresidents as possible up to the limits of physical capacity, subject to annual estimates of anticipated nonresident enrollments.



UM President George Dennison

To enforce these policies, the regents agreed to return funds to the state for resident students fewer than the appropriated number and to redistribute tuition revenue received from nonresident students more than 2 percent above the estimated number on a campus. These two enforcement mechanisms prevented the universities from overestimating resident student numbers in order to secure additional state funding because they had to return funds if they failed to educate the estimated number. They also couldn't overenroll nonresident students as a means of justifying new facilities since they lost tuition revenue associated with the nonresident enrollments more than 2 percent above the estimated number by campus.

Lump-sum payments

The final component of the new funding approach involved a lump-sum appropriation by the Legislature to the regents and reallocation to the two universities by the regents in accordance with a funding model based upon the cost of education by discipline and student level. Under the cost of the education funding model, the methodology involved used peer data to compute the cost of educating each student by discipline and level to establish the tuition contribution and then to aggregate the costs for resident students to calculate an allocation for each campus from the lump-sum appropriation. In theory, the approach looked toward full funding at 100 percent of the funding model, with the result that the campuses would receive the same amount for each student — the combination of the allocation of state funds and tuition for resident students and tuition for nonresident students — thus preventing an incentive to substitute nonresident students for resident students. Moreover, the approach allowed tuition to float, by campus, based on the difference between the dollar amount appropriated per resident student and the computed cost of the education by campus. However, three intervening variables seriously affected the function of the cost-of-education funding model.

Not keeping pace

First, state appropriations failed to keep pace with the rising cost of education as determined by peer comparisons and inflation. The funding model assumed state appropriations would contribute 75 percent of the cost of educating a resident student, with the cost varying by discipline and student level. Because state appropriations failed to keep pace, the Montana University System actually received some $6 million dollars less in 2000 than in 1992, while resident enrollments increased by 522 full-time equivalent students. After taking inflation into account, the University System lost 23 percent in the purchasing power of the appropriated funds between 1992 and 2000.

Second, the regents allowed tuition to rise, but not at the rate required to meet the escalating costs of education and compensate for inadequate state appropriations. Moreover, the regents adopted equal percentage increases in tuition by campus, with the result that some campuses fell farther behind in the effort to meet the rising costs of delivering the education because the cost differed by campus in accordance with the different arrays of disciplines represented. To deal with the widening gap between available resources and real costs, campuses resorted to various expedients. Some imposed salary freezes, thus forcing faculty and administrators to forgo income while the campuses used the savings to cover operating and other expenses. Some reallocated funds from the operation and maintenance of facilities to sustain the academic programs. Still others delayed searches for regular faculty and employed temporary instructors, in many cases jeopardizing program quality over the long term. Most either suspended or eliminated programs to reduce costs. All squeezed administrative costs as much as possible to meet instructional expenses and struggled to balance their budgets by relying on one-time-only efforts while hoping for an appropriate state response to save them from having to continue such actions year after year.

Third, the universities and their affiliated campuses resorted to unrealistic enrollment estimates to establish their

(See 'Funding,' next page)

Funding — *continued*

budgets. For understandable but nonetheless counterproductive reasons, they tended to accept optimistic projections because of the revenue potential involved, and they budgeted very close to the margin with little, if any, reserves to protect them against enrollment fluctuations. For whatever reason, resident and nonresident enrollments did not rise as the universities anticipated, even though the high school cohort group continued to increase. Predictably, the piper insisted upon payment even when enrollment projections proved inflated and the campuses had no reserves. Because of having to return funds to the state when resident enrollments failed to meet optimistic targets or having to reduce budgets when nonresident enrollment projections went unmet, all the campuses except the Colleges of Technology have experienced severe budget problems during the last three years.

State of crisis

As a result, the Universities and their affiliated campuses find themselves in a state of crisis. The failure of the state to make adequate investments in higher education stands as the basic cause of the crisis. During 2000 the Legislative Fiscal Division conducted an analysis of funding for higher education in seven western states and reported that Montana appropriates $2,629 less per full-time equivalent (students enrolled for 30 credits per year) student than the AVERAGE appropriated by these seven states — not the actual appropriated

(Continued on next page)

Student debt — *continued*

far, I am one of the lucky ones. My writing and editing abilities, combined with Web design skills I picked up at FVCC, UM and on my internship, helped me land a job that not only lets me meet my loan payment each month, but also allows me to stay in Montana.

Four years ago Becky Shay, a former newspaper co-worker who preceded me into journalism school, wrote about her impending graduation and $28,000 in debt. She encouraged the state Legislature to create the Montana Tuition Assistance Program to help students that came after her.

"In my case, is there really a difference between $26,000 and $28,000 in debt?" Shay wrote in 1997. "Yes . ... For me, the additional grant money would have lowered my loan repayments around $25 a month — living on a college student's budget, that money is the difference between easily paying a monthly utility bill and scratching to cover the living expense."

MTAP wasn't approved in time for Becky, but I did receive a $500 Baker Grant during my last year at UM, which will save me $734 over the next 10 years. And a student who receives a $500 Baker Grant four years in a row will save almost $3,000 over 10 years.

"What the Legislature did has made a difference," said Mick Hanson, UM's financial aid director. "The Baker Grant truly has made a difference for many in-state students. Approximately 1,000 students at The University of Montana who have a strong work ethic and are from low- to mid-income families may be borrowing $500,000 less in 2000-2001."

Shrinking funding

However, there remains room for improvement. Between 1994 and 1999, Montana's per capita income increased by 21 percent. But for the five academic years between 1995-96 and 2000-01, UM tuition increased almost 100 percent. That's right — tuition has nearly doubled in the past five years because of shrinking state funding. So every year, more students are forced to borrow more money. That has real consequences for Montana's graduates.

Recently, I called Becky at her job as a crime reporter for the Billings Gazette. The job allowed her to return in September to her home state from Wyoming, where she worked after graduation.

"I felt horrendous guilt when I brain-drained out of the state for three years," she told me. "Montana had invested in me and I left. Now I'm so happy to be back home paying the personal income tax."

But two years earlier she hadn't been quite so cheerful. Student loan repayment was taking too big a chunk of Becky's salary, so a year after graduation, she refinanced with a bank loan. Although her monthly payments are more manageable now, the tradeoff is higher interest rates and a 15-year repayment period. Her education will have cost her $51,000 when she's through, but she doesn't regret it.

"It's intimidating, but it's the best money I ever spent," she said. "I'm pretty happy to have my degree."

While Becky and I commiserate over our monthly loan payments and our respective 12- and 13-year-old cars, I have to wonder about other graduates. Becky and I were nontraditional students with the advantage of previous work experience. How do others fare?

Broke graduates

It's hard to track how many graduates take jobs out of state, but loan default rates indicate that all is not well in the state of Montana. The most recent statistics show a default rate of 9.4 percent for students who borrowed from the Montana Guaranteed Student Loan Program.

"Montana's cohort default rate has been steadily going up," said Arlene Hannawalt, MGSLP director. "Students are having to pick up more of the tab. ... They're borrowing more. They are paying the price."

Loans make up 68 percent of UM's financial aid packages, vs. 57 percent nationally, according to Mick Hanson. Two things need to happen to improve those numbers, he said: Americans need to change their attitudes about saving, and Montana needs to change its attitude about funding education.

The 1997 Legislature gave the first a good push when it approved the Montana Family Education Savings Program, which allows families to prepay for a college education at significant savings by opening a tax-deferred CD account. The program has been wildly popular, exceeding legislative expectations by nearly four times in its first two years. More than $13 million has been invested to date.

Investing for the future

But for those of us whose families did not provide for our college educations, the Legislature can make a real difference by increasing funding to Montana's colleges and universities. Otherwise, tuition, borrowing and loan default rates will continue to grow, none of which is good for Montana.

"I firmly believe that education funding is an investment for the state of Montana," Hanson said. "If costs were reduced for students on financial aid so they would pay a smaller share, they would be borrowing less. Students who borrow less may not have to move to another state to afford their student loan payments."

And that means people like Becky and me can keep working and paying that personal income tax in the state they love.

Patia Stephens is a news editor and Web designer for University Relations.

amounts, but the AVERAGE — calculated by dividing the total appropriation by the number of full-time equivalent students. On the other hand, the average tuition revenue per full-time equivalent student that supports Montana institutions — computed by dividing total tuition revenue by the number of full-time equivalent students — ranks second only to Oregon.

Moreover, the tuition charged by the Montana University System increased by 102 percent between 1992 and 2000 (as mentioned, during the same period state appropriations decreased by $6 million). With the exception of institutions in North Dakota, institutions in the remaining six Western states spent from 12 percent to just over 60 percent more per student than Montana institutions. For North Dakota, relatively low tuition keeps the expenditure level down.

Solution to success

To address this critical situation, the Montana University System has requested that the state appropriate $500 more per resident full-time-equivalent student for each year of the coming biennium. If the state accepts that request and provides the funding requested, nonresident tuition would have to increase by the same amount plus any increase in resident tuition unless the state alters its policy on subsidizing nonresident students. Even so, it would take five years — not two — just to reach the AVERAGE appropriated in the seven Western states. While the $500 per student increase appears large, totaling some $37 million over the biennium without counting pay increases and other inflationary adjustments, such an investment makes a great deal of sense if all the discussion about the need for economic development in Montana reflects more than empty rhetoric.

A national trend

In that regard, recent data indicate that across the country higher education's share of Gross Domestic Product has been slipping since 1993. This is the first time since 1952 that the combined efforts of federal, state and local taxpayers and families have produced five consecutive years of declining shares of GDP devoted to higher education investments.

Between 1993 and 1998, higher education's share of GDP declined from 1.83 percent to 1.71 percent. Had it remained constant as a percentage of GDP, the investment in higher education would now be $10.2 billion more nationwide. This declining social investment in higher education has occurred at precisely the same time that the world economy has undergone radical change, moving, as Alan Greenspan commented, from the manufacturing to the conceptual economy. The analysts agree that there is now good evidence that we are under-investing in higher education, with apparent surpluses of workers with high school educations and less, and shortages of workers with college educations or more. Just so in Montana.

Education investment works

Of particular importance to Montana, the states that have made investments in higher education have fared well in the new, highly competitive, conceptual economy — states such as Oregon, Idaho, Utah, Kentucky, Louisiana, Arkansas, Alabama, North Carolina, and even Mississippi. As the president *pro tempore* of the North Carolina State Senate explained, "We made the universities and community colleges top priority. Because of these investments, the students stay home and work here."

"With the exception of institutions in North Dakota, institutions in the remaining six Western states spent from 12 percent to just over 60 percent more per student than Montana institutions. For North Dakota, relatively low tuition keeps the expenditure level down."

Even those who do not attend college benefit from the restructured and vibrant economy. The benefits of investments in higher education accrue to the traditional sectors of the economy as well. Those who study the economy by sector note that productivity increases have made possible the new prosperity without inflation. Productivity increases have resulted from the application of new technology to old challenges, even in the extractive industries. However, the development and application of new technology depends directly upon investment in higher education.

Those who find disturbing the fact that the average annual income in Montana ranks third from the bottom among the 50 states need to take heed. We cannot raise the income level unless we make the necessary investment. Experience in other states makes very clear the direct relationship between the level of investment in higher education and the average annual income. It should come as no surprise to anyone that Montana lags far behind in both rankings. We have the responsibility and the opportunity to do something about that situation for our own benefit and our children's future.

Research equals development

I believe that the value of such an investment becomes apparent after a moment's reflection about the state's experience with its universities' research programs. Before 1989, the state claimed the indirect cost recoveries associated with funded research on the campuses. Some people view indirect cost recoveries as profit, failing to recognize the induced costs on campuses associated with the conduct of research. Most research contracts and grants provide funds to pay the direct costs of the research and cover the indirect costs as well. Indirect costs actually constitute reimbursements for costs already incurred on the campuses in the conduct of the research. By sequestering the indirect cost recoveries, the state placed obstacles in the way of successful researchers on the campuses.

Beginning in 1990, the Legislature adopted legislation that left the indirect cost recoveries on the campuses where the funded research occurred, so long as the campuses invested the recoveries in ways calculated to fuel the research enterprise. In that year, the funded research conducted on campuses of the Montana University System barely reached $30 million. A decade later, the total exceeded $100 million. With a simple investment decision, the state fostered the creation of a significant industry, surely an exercise in economic development. Since roughly half of the research funds pays salaries, the income tax revenue to the state makes a considerable difference.

One might present a similar argument concerning the contributions of the nonresident students to the state economy. A conservative estimate of the annual expenditures by nonresident students exceeds $100 million. Thus, while these students enhance the campuses by bringing diversity to the student population, they also represent a substantial boost to the state economy.

Investment makes a difference. We all know the truth of that observation from personal experience. We must rely on it as we develop public policy to promote the appropriate development of the state. Experience shows that investments in higher education combined with strict requirements for accountability will serve the state and its people well.

President George M. Dennison has led The University of Montana since 1990.

Investing in higher ed helps economies grow

Editor's note: The following was presented to the Education Forum Legislative Breakfast on Jan. 4 by Regent Mark Semmens. Appointed by then-Gov. Marc Racicot last spring, Semmens is the newest member of the State Board of Regents.

"Colleges and universities, I have helped work a miracle in North Carolina. This is literally true. I remember that when Georgia Gov. Zell Miller and I started in politics, Georgia and North Carolina — and the South generally — were poor places. But in our state, in Georgia, and throughout the South we've seen a transformation. Our state has transformed itself into a thriving and prosperous center for research and technology. "Tobacco Road" is now the "Research Triangle." I cannot tell you what a difference it has made. One of the reasons I have been very interested in education...is because I want to help people have good jobs. Not just jobs, but jobs that pay people well, that enable them to provide for their families. The best strategy for doing that , I've come to realize, is to stress education."

— James B. Hunt Jr.
Governor of North Carolina

By Mark Semmens

Good Morning. My name is Mark Semmens, and I'm the newest member of the Montana Board of Regents, having been appointed to that position by Gov. Racicot last spring. Perhaps of equal or greater importance to this discussion, I'm also Managing Director of D.A. Davidson & Co.'s investment banking operation. In that capacity, I've worked for 10 years with businesses throughout the western United States — helping with public offerings, private finances and strategic merger and acquisition transactions. I've seen dynamic, vibrant economics emerge in various sub-regions of the West. I've also had the opportunity to work with numerous growth companies and talented entrepreneurs. I think I have a pretty good idea of what's important to them, and what makes successful regional economies tick.

That's in part why I accepted the governor's request that I serve on the Board of Regents. I've experienced firsthand that there is an undeniable link between investing in higher education and actively participating in the New Economy.

A changing world

In recent years, a paradigm shift has taken place in the world economy and relative value propositions. Whereas the world used to value basic resources and goods and production capacity, it now

Regent Mark Semmens

values technology and services and how we add value to goods through creative and intellectual capacity. That's why the states are investing in education and attracting high-growth sectors of the economy and high-paying jobs.

There is no question that we are severely underfunding higher education in Montana. The Legislative Fiscal Division's own study shows on a per-student basis, we are funding higher education at a level 44 percent below the average of seven peer states. Even looking at state higher education expenditures as a percentage of personal income, Montana still lags behind our neighboring states by more than a third.

That is the current situation.

Still, even given that situation, I think there are two entirely fair and appropriate questions to ask.

The first is, Why should we invest in higher education?

And the second is, How can we afford to invest in higher education?

The returns on education

I'll answer the "why" question in the terms I know as an investment banker — and that's in terms of a return on investment. By investing in higher education, we enjoy a compelling threefold return on investment.

The first is a direct return. For its $115 million investment in higher education this year; the state will benefit from a $720 million University System budget. It's been estimated that nonresident students and their families spend nearly another $100 million in the state. So there is more than $800 million in direct economic activity that results from our $115 million investment. That's enormous leverage of the state's expenditures.

The second is indirect return. There are numerous businesses and agricultural operations in this state that have benefitted from Montana University System research, technology, facilities and personnel. I'm personally working with three Montana companies right now that have close ties with Montana State University. These are quality companies that are rapidly growing and creating high-paying jobs. By directing greater resources to the university system, we can and will encourage even more of these Montana success stories

The third return is what I call a positive business environment return. In recent years, when companies have been asked to identify the factors that are important to them in locating their business, two of the leading considerations are: (1) access to a productive, trained and educated work force; and (2) access to higher quality schools and universities. If we want to attract successful, growing businesses to Montana, we clearly need to show a serious commitment to education.

How to invest

So now let's now turn to the second question: Even if it's a good investment, how can we afford to invest more in higher education? After all, we're all aware of the tough fiscal situation the state is in.

I'll respond to that question once again with a business analogy, because it's what I know best. When really good businesses realize that there are fundamental changes going on that could affect them, they don't hunker down and hope that the changes won't hurt them too much. Rather, they find a way to make the necessary investments to embrace the change and to turn it into economic opportunity. And they do so in one of three ways:

- They either allocate more of their revenues to the area of needed investment.
- They draw on existing cash resources.
- They raise or borrow capital to make the needed investments.

I would suggest that the same options exist for the business of state government:

1. We either raise additional revenues or allocate more of our revenues to investing in education; or

2. We draw on existing cash resources, such as the Coal Severance Tax Trust Fund; or

3. We raise capital through the issuance of tax-exempt bonds. As an example of this alternative, voters in the

(Continued on next page)

Statistics reveal accountable, productive UM campuses

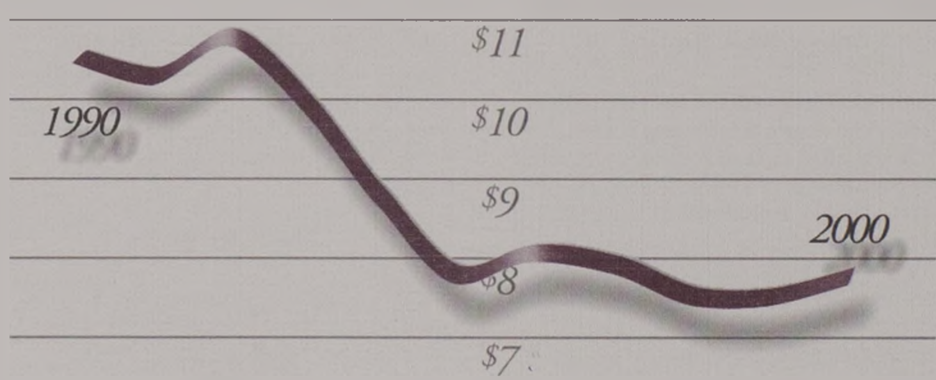
Statistics provided by the Western Interstate Commission on Higher Education confirm that UM has fewer administrators and lower administrative costs than comparable institutions in Wyoming, Idaho, North Dakota, South Dakota, Washington, Oregon, New Mexico, Colorado, Nevada, Arizona, Alaska or California.

Data provided by the Legislative Fiscal Division and other institutions reveal that UM campuses, compared to counterparts in surrounding states:

- have higher student-faculty ratios (19.4 to 1 Missoula vs. 16 to 1).
- have higher faculty-staff ratios (1 to 1.7 vs. 3.5).
- have lower faculty and staff salaries than the peer average.
- have lower operating expenses per student ($220 in Missoula vs. $537).
- have fewer dollars to dedicate to facilities maintenance and operation ($8 million in Missoula vs. $13 million)
- have fewer dollars to spend on libraries and information technology ($9 million in Missoula vs. $10 million).
- dedicate a higher percentage of total budget to instructional programs (55 percent vs. 51 percent).
- rely more on student tuition and fees to support their programs (54 percent vs. 27 percent).

Appropriations of State Tax Funds for Higher Education

Per $1,000 of Personal Income



UM president offers legislative update

President George Dennison summed up his early February update to UM about the Legislature with three words: "It's sobering news."

Sobering because the Board of Regents' request for an additional $500 per student from the state in each year of the biennium has been pared down to an additional $100 per student in Gov. Judy Martz' proposed budget.

If the governor's budget is approved with no additional money, the Montana University System could face a $37 million shortfall to maintain current services. On the UM campus, administrators estimate they would need to raise tuition 6 percent for resident students and 7.3 percent for nonresidents both years of the biennium to get out of the hole. And that would still leave UM $2.4 million in the red over the next two years. To completely balance the budget, UM would need to jump tuition 9 percent both years."We have presented an argument that it makes a great deal of sense to invest in higher education if we are really interested in economic development," Dennison said. "We are $2,600 below the average of state appropriations per student when compared to surrounding states. We have reached a point where students are paying an inordinate amount of money for the education they are receiving."

He said one big budget hit could come from utilities, which could increase by $6 million over the next two years.

While the budget picture looks gloomy at this point, Dennison said, at this point all scenarios are speculation until the Legislature finishes its budget work. "No one says this is what is going to happen — it's potentially what will happen."

Investing — *continued*

state of North Carolina just overwhelmingly approved a $3.2 billion bond issue to make yet additional investments in that state's higher education system.

So we can find a way to make additional investments in higher education if we are creative and determined and truly view education as a priority.

Now, I've heard it said that Montana is not North Carolina, or Arizona, or California. That's true. But some surrounding states that aren't a whole lot different than Montana have consciously chosen to invest in education, and are experiencing strong economic growth as a result. States like Idaho and South Dakota and Utah are attracting high-growth sectors of the New Economy and creating exciting job opportunities for their citizens. We can do the same here in Montana.

A Catch 22

I've also heard it said that we need to create more high-paying jobs first, then we can afford to invest more in higher education. But unfortunately, that's a terrible Catch 22. Because we can't hope to create more high-paying jobs in this information-intensive economy unless and until we make a serious investment in education. Otherwise, we're somehow hoping for a return on investments without having first made the investment. It's not going to happen. It doesn't happen in business. It won't happen in economic development.

So to those who pose the question, How can we afford to invest in higher education?, I would respond in like fashion and with great conviction:

We can't afford not to.

I look forward to an open-minded and constructive dialogue on this important matter in the days ahead.

The University of Montana

Main Hall to Main Street is published by University Relations at The University of Montana. Send questions, comments or suggestions to Rita Munzenrider, editor, 327 Brantly Hall, Missoula, MT, 59812, or call (406) 243-4824. Photos are by Todd Goodrich. Terry Brenner, Brenda Day, David Purviance, Cary Shimek and Patia Stephens are contributing editors and writers.