May 4, 2017

Dear University of Montana colleagues and students,

As we approach the end of the spring semester, I would like to update you on plans for this coming year (FY18), for the following year (FY19).

In recent weeks it has been invigorating to hear many thoughtful responses to version 1.0 of the new UM Strategic Vision, Creating Change Together. It demonstrates that the thousands of you who engaged in the process along the way are dedicated to a distinctive future for our university. When our new President is chosen, she or he will have an excellent platform for including campus and community in designing our future. I hereby ask for the shared governance groups to consider resolutions to endorse the Strategic Vision at an early autumn meeting, and to assist in planning next steps with the new President.

The Presidential Search Advisory Committee is actively recruiting candidates from around the country and beyond. Each of us can help by reaching out to contacts to find good candidates to nominate. Most of you already know that I will not be a candidate. I will serve steadfastly during this time of transition and I consider it an honor to lead the University of Montana.

FY17 is coming to a close. For those of you with expenditure authority, thank you for exercising extreme caution in every budget decision right through June 30.

FY 18 and legislative session: The session ended Friday, April 28. The Board of Regents will set our state-sharre revenue and tuition levels at their May 25-26 meeting. Planning on an enrollment of about 11,000+ head count students, we are close to submitting a proposed budget for FY18. We have been projecting revenues based on several scenarios of tuition and general fund revenue. Every passing week brings additional information so that the budget we project can be more precise. In the budget process, we value and encourage academic excellence, personal contact, wise advising, unfailing considerate service, and enthusiastic welcome to students and their families. As we move forward, we will grow through stepped up recruiting and higher retention.

Forward125: The Forward125 project management team tracks and coordinates projects, and works closely with committees such as the Budget Committee, the APASP Task Force, the Cabinet, and the Strategic Planning Coordinating Council. The Forward125 team will also ensure that the University prepares to welcome its new President and to celebrate 125 years as the University of Montana. It is still breathtaking that in 1893, legislators in our brand new sparsely settled state embraced higher education as a hallmark of Montana’s future. The journey continues with the same sense of challenge, resource constraints, and adventure that our first students and faculty embraced 124 years ago.

Realistic News: FY17 general fund revenue was approximately $146.5 million. With advice from Commissioner Clayton Christian, my staff and I project that FY18 general fund revenues will be approximately $145 million. The legislature passed a pay plan for state employees of 1% in the first year and 1% in the second year of the biennium, although they are not effective until February 15th of each year. The Governor and the Legislature agreed to fund the pay plan for the Montana University System at 68%, knowing that 42% of our employees are funded not via the general fund or tuition, but rather in other areas of our overall budget such as research contracts and auxiliaries (e.g. residence halls and dining services).
Unfortunately the legislative appropriation will not fund “present law adjustments” for several increased costs such as utilities, or in the operation and maintenance for increased square footage of Missoula College.

**Enrollment:** As of May 1, residence hall applications are up slightly over last year. Registration for UM Days and orientation sessions are similar to last year. We project an incoming class of approximately 1200 students. With a larger graduating class this year than last year, we will budget conservatively regarding overall enrollment.

**Budget decisions:** I have asked deans and all budget managers to focus on students, academic quality, and overall university excellence in their proposals. It is important that the University of Montana increase retention and graduation rates. Increased faculty teaching loads, as identified by deans and department heads, can help with this priority. We value programs of national distinction and the needs of programs with specialized accreditation.

**FY19 and APASP:** Our next major task is to prepare for FY19 (Fiscal Year 2018-2019) even though it doesn’t start until July 2018. It will be here before you know it, which is why I have appointed the Academic Priorities and Administrative Services Prioritization (APASP) Task Force. Members represent a cross-section of University employees. I expect recommendations regarding UM’s many programs and services by late August. With your input, they will recommend which programs and services to strengthen, which ones to consolidate or streamline, and which ones to reduce or place in moratorium.

**Termination and Incentive Pay:** The Montana Legislature appropriated $2 million for the Montana University System for termination pay for long term employees. Incentive options will relate primarily to short-term insurance transition needs of employees. We are still reviewing options and affordability with legal and HR officers on campus and with the Office of the Commissioner.

**Communication:** As we move forward, I will do my best to ensure that our campus community has access to timely information. My staff and I will communicate throughout the summer and into the fall via email and the UM website.

**Questions:** Please convey questions via prestalk@umontana.edu. We will post the answers to the Communications Page of the President’s Office website and hold small group conversations throughout the summer.

With thanks and best regards,

Sheila M. Stearns
President
University of Montana