

President Engstrom's Remarks for the Campus Budget Forum

Tuesday, November 17, 2015

Introduction

Good afternoon. Thank you for coming to this special forum today.

I give a special thanks to Commissioner Clay Christian, Regents Asa Hohman and Fran Albrecht, and members of our Missoula community.

The purpose of this talk is to inform the campus of the actions we will take to align our enrollment and financial resources at the University of Montana, and to position ourselves for the future. I will approach the talk in four sections: 1) the realities of our enrollment, 2) financial implications and specific budgetary actions, 3) immediate steps related to recruitment and admissions, and 4) longer term adjustments to our programming that will strengthen us both financially and academically. Central to this conversation is the imperative to maintain fiscal responsibility, to reinforce the exceptional quality in education, research, and service for which we are known, and to ensure the well-being of our students.

Enrollment Reality

At the present time, we have an enrollment of just over 13,000 headcount and just under 11,000 Full Time Equivalents. That follows a peak headcount of 15,400 in 2011 followed by a steady decline. The peak itself occurred after a dramatic climb from 2008 to 2011, so we are currently at approximate enrollment numbers of UM in pre-recession years.

I won't dwell in detail on the reasons for our enrollment decline, but I do want to establish that multiple factors have been at play. These include at least the following: 1) our own recruiting challenges in the face of increasing competition, 2) a declining Montana demographic of college-going students, 3) the multiple effects of the economic recession and recovery, first in moving students into higher education as jobs became scarce, then the opposite effect as job availability returned, and afterwards, students migrating toward majors perceived to be more directly connected to jobs, and 4) our ongoing visibility around the topic of sexual assault. These are not excuses; they are reasons. I do not know the relative contributions of these factors, and each of us can likely argue the importance of one over the other, but they have all played a role in getting us to the reality of our current enrollment.

Financial Alignment

Our General Fund budget is built almost entirely on enrollment-based revenue sources: Regental allocation of the dollars appropriated by the Legislature, and the tuition paid by our students. During the years of the steep enrollment increase, we added personnel to the University's workforce, over 400 FTE, both faculty and otherwise, to meet the needs of our students. With the subsequent decline in enrollment, we are now in a "personnel-heavy" state, with more employees than our revenue sources can support and too much of our available money spent on people, leaving an insufficient

amount for operating expenses. We have decreased our base personnel numbers only modestly in this most recent year, and we have used mostly temporary measures to make expenditures and revenues align. We cannot continue in that temporary mode, so it is time to adjust our base budget for alignment with our enrollment. We are not a business, but we do need to operate on sound business principles, and that requires that expenses align with revenues.

How should we adjust our personnel base? We have two parameters to guide us: national norms for institutions of our type and our own history from more stable enrollment times. Going forward, we will therefore set a faculty number based on a student-to-faculty ratio of 18:1 (FTE calculation), which also correlates with spending at least 50% of our resources on instruction. We will set our non-faculty workforce using a non-faculty-to-faculty ratio of 1.4:1. The faculty ratio will ensure high quality education we are known for, and the non-faculty numbers will provide the staff necessary for proper support. Both of these ratios are more favorable than what we had in pre-recession years and more favorable than at our peak enrollment.

At our current enrollment (FY16) of 10,915 FTE, the faculty number will therefore be adjusted to 606 and the non-faculty number to 849. Those targets will require reductions from our current numbers by 52 faculty FTE and 149 non-faculty FTE, (the latter number including the categories of staff, contract professionals including administrators, student employees, and graduate assistants.) Again, we had “ramped up” aggressively in most of those categories during the growth years. By comparison, in pre-recession years when our enrollment was similar to today, we had a total of 1,340 employees, we peaked at 1,748, and we will now adjust down to 1,455. Note that the total employee number is still significantly larger today than in pre-recession days of similar enrollment for two reasons – we were significantly understaffed in those days, and our responsibilities in student services and compliance areas are greater today than in the past.

Summarizing:

Pre-recession numbers:	11,900 FTE students	1,340 employees
Peak numbers:	13,917	1,748
FY 17 plan	10,915	1,455

These adjustments will address our structural budget situation.

The decreases in employee numbers will be made through a combination of opportunistic measures (normal attrition) and strategic decisions. These actions are summarized in this table.

Action	Faculty Decreases	Non-Faculty Decreases
Capture of Open Lines	25	28
Enrollment-Based Adjustments	17	22
Graduate Assistants		29
Part-Time and Other		24
Administrative Restructuring		5
Academic Program Consolidation/Elimination	10	10
Support Program Consolidation/Elimination		31
Total	52	149

Notes on these actions:

1. There are currently approximately 50 open faculty lines and 30 open non-faculty positions.
2. Certain academic programs are essential to our mission and identity, but have experienced substantial enrollment reductions and are therefore targeted for staffing adjustments on a program-by-program basis. These include: Journalism, Anthropology, English, Geography, Liberal Studies, Art, Political Science, Forestry Management, and the Missoula College programs of carpentry, building maintenance, and recreational power equipment. The Deans will work collectively to determine specific actions. Reductions in teaching faculty in those areas will require strict enforcement by the Deans in these areas:
 - a. Class size limits will be increased in certain cases, maintaining compliance with accreditors and health/safety concerns where applicable.
 - b. Minimum class sizes will be enforced.
 - c. Tenured and Tenure-track faculty will take on more responsibility for teaching of lower division coursework.
 - d. More courses will be offered during expanded hours and evenings to accommodate the needs of students and to gain efficiencies in our physical resources and online offerings will be increased.
 - e. We will exercise reasonable flexibility of course requirements so that students are not unduly affected.
3. During our growth period, we added about 78 teaching assistant FTE to staff increased numbers of sections, so we will decrease the number that are funded by the general fund. We will cover as many as possible from Foundation funds and indirect cost revenue.
4. This category includes year-to-year part-time employees and some student workers.
5. Specific actions to downsize the administration are:
 - a. Elimination of Graduate Dean position
 - b. Merging of Alumni Office with Integrated Communications
 - c. Facilities Administration decrease
6. Some programs are no longer enrolling at a level that allows keeping them, at least in their current configuration. Programs that will be closed or undergo serious renovation include:

Energy Technology, Electronics Technology, Graduate Programs in Foreign Languages, consolidation of Recreation Management and Resource Conservation graduate programs, and consolidation of the Broadcast and Journalism degrees into a single Journalism degree.

7. Specific actions to adjust support programs include:
 - a. Adjustments of staffing in certain research centers.
 - b. Reductions in Library Staffing.
 - c. Reductions in Athletics.
 - d. Reductions in the School of Extended and Lifelong Learning.
 - e. Consolidation of several units under Academic Enrichment, including the Office of Civic Engagement and Career Services.
 - f. Combining Foreign Student and Scholar Services into International Programs.

Enrollment Management in the Immediate Term: Recruiting/Marketing

We are making a number of changes in our recruiting structure to attract more students. These actions will play out to some degree even in the current recruiting cycle.

We have launched a search for a reconfigured position, the Vice President for Enrollment Management and Student Affairs. This national search will produce an individual who has demonstrated effectiveness in modern recruiting and admissions strategies and who can build a highly productive team. The search is set up to bring the new person on this spring and will be a replacement for our current VP for Student Affairs.

We have made and will continue to make specific changes in recruiting methodologies. For example, we now have a state-of-the-art Enrollment Management Software package; we have adjusted name buys for non-resident prospects in targeted and strategic markets; we completely revamped our prospect-contact protocol to increase the frequency and quality of the contacts; we have all new materials that we send to prospects.

We have in place the “We Are Montana” tour, which brings teams of faculty, administrators, and recruitment specialists to key cities and towns across Montana. At each site, the team meets with students, teachers, administrators, news media, alumni, and others. We established the “Broader Impacts Group,” which serves as both a research outreach effort and a recruiting effort. The group is conducting over 50 classroom visits by stellar faculty and graduate students this fall, and they have launched the STEMfest program, a virtual interaction that puts high school students in contact with professionals and academics in science fields.

Our general marketing continues to evolve in both message and delivery modality, focusing on our exceptional academic offerings, campus vitality, and our host community and surroundings. We are making more use of a variety of marketing channels, encompassing television, social media, and print materials.

Customer Service is to be central to both our admissions processes and our on-campus service to students. We will increase our focus on this critical area.

Enrollment Management in the Long-Term: Programmatic Alignment

In the long-term, we must adjust our academic portfolio to be increasingly attractive, relevant, and outcomes-based, while not losing site of our fundamental identity and role in the state of Montana. Over time, the adjustments described above will give us the flexibility to invest in strategic areas for the future. We are proud of our heritage and at the same time, we must adapt to the expectations and interests of students, parents, and citizens. Partly as a result of the Academic Alignment and Innovation Program (AAIP) conducted last year by the faculty, and partly as a result of analysis of workforce trends, student interest, and societal needs, we will focus on strengthening our programming in several key strategic areas for the purposes of growing enrollment. Both programmatic and staffing changes must occur in order to accomplish these changes, and the changes will not happen overnight. We are viewing this academic alignment as a five-year implementation timeframe, making progress each year on as ambitious of a schedule as resources will permit. We recognize that our efforts must include both the substantive development of each area as well as the messaging around each. The following areas are at the focus of our efforts.

Strategic Area 1: Healthcare and Human Development. UM already has a wide range of programming in this area and, in fact, from the two-year level to graduate work, has more programming than any other institution in the state. Examples include nursing, surgical technology, neuroscience, human biology, health and human performance, communicative sciences and disorders, physical therapy, pharmacy, medicinal chemistry, toxicology, counseling psychology, school counseling, early childhood development, and the family medicine residency program. Several of those currently capped programs will be expanded, and the following programs will be added: Physician Assistant, Occupational Therapy, Physical Therapy Assistant, Occupational Therapy Assistant, and our own B.S. in Nursing.

Strategic Area 2: Data and Computational Science. As a major driver of both the local and national economy, and therefore of considerable interest to prospective students, are the areas of computer science and coding, data analytics, data security, and media arts. We have substantial strength in these areas and the potential for rather dramatic growth in our emphasis. We have recently started certificate programs in cyber security and data analytics, and we are developing a proposal for a Masters' degree in Data Analytics. Media Arts has grown enrollment to a large measure through their online approach.

Strategic Area 3: Business and Entrepreneurship. UM has the premier Business School in the region, the only separately accredited Accounting program, and the only M.B.A. program in the state. We have excellent core programming in the traditional areas of Business such as finance, marketing, management information systems, and also some distinctive niche programming such as Entertainment Management. We will strengthen our business portfolio by opening this spring the Gilkey Center for Leadership, Entrepreneurship and Executive Education, a companion building to the School of Business Administration, by adding a programmatic focus in Entrepreneurship, and by growing student-oriented business development opportunities through activities like the Blackstone Launchpad and the Montana Business Start-up Challenge.

Strategic Area 4: Ecology and the Environment. A great many of our current and prospective students identify with UM's strength and breadth in areas related to the environment. Indeed, the Wildlife

Biology program brings in more non-resident students than any other program at UM. Our Ecology faculty are among the most productive in the nation (actually number one on a per faculty member basis), our Environmental Studies Program is a regular producer of Udall and Truman Scholars. The Flathead Lake Biological Station is world-renowned. We have an active faculty discussion in progress right now on how we can reconfigure our various environmentally related programs to better attract students and increase our visibility. We will continue to grow and strengthen this area.

Strategic Area 5: Workforce-Specific Programs. Several areas involving two-year programming are slated for growth, including welding, nursing, culinary arts, and 2+2 programs in social work, education, and business. These are in-place or under development with several two-year units in the state.

Summary

These steps will not be easy to implement, but we must do so to keep the institution strong and moving forward. I am, of course, interested in your feedback, so I am opening a comment period for one week and am asking the leadership of the faculty, staff, and student Senate to summarize those comments for my review. Send your comments to whichever of the email addresses apply to you by 5 p.m. on Wednesday, November 25th. Any changes to the above plans will be announced in early January. Of course, all personnel and curricular actions will be conducted in accordance with union agreements, Human Resource policies, and faculty governance.

I will close with these thoughts:

These are important and impactful changes, both programmatically and personally. But, the sky is not falling. We were an exceptional institution when we had an enrollment around 13,000 a few years ago and we will continue to be an exceptional institution. Quality and excellence abound in our students, our faculty and our staff. Hardly a day goes by that we aren't recognizing in some way the accomplishments of members of our campus. As we come through these challenging times, we will continue to get stronger as an institution.

Clearly, we need to all work on this together, so I would ask that you keep in mind this observation: Everybody at UM is a recruiter. Every interaction you have with prospective or current students needs to send the message, "we want you here and we want you to succeed." Everyone is a recruiter.

Thank you for your support. Now, I would be glad to take questions and comments.