

Strategic Issues:

- In order to offset the decreasing state appropriations, the state legislature authorized the public system to admit more out-of-state students. The system had the autonomy to increase its out-of-state student population from 20 percent to 22 percent.
- In 1994, two of the state's public universities, Montana State University and the University of Montana, govern four regional and five vocational-technical colleges.
- In 1996, Montana voters rejected a ballot proposal by the state legislature and Governor's office that would have reorganized the structure of higher education governance. The proposal would have eliminated the public system's Board of Regents with a state department of education comprised of gubernatorial appointees.
- In 1998, the voters approved a new initiative that would require their vote to raise taxes.

Summary

- *Challenge:* While Montana's high school graduation rates were substantially higher than the national average during the 1990s (by 11–14 percentage points), the college enrollment rates for high school graduates were somewhat below the national average (by two percentage points in 2000). Improving college enrollment rates for prepared high school graduates is the primary access challenge in Montana.
- *System Issues:* A high percentage of resident freshmen attended public four-year colleges in Montana (a rate 36 percentage points higher than the national average). In addition, public sector tuition charges rose substantially faster than the national average in the 1990s (and were \$246 above the national average in 2000 after being \$200 below the average in 1992). Thus Montana residents face higher net costs in paying for college than do most American families.
- *Opportunity:* Had Montana funded need-based grants at a level consistent with the minimum equity standard, an estimated addition 2,000 residents would have graduated from high school and 9,000 additional students would have enrolled as freshmen.

Access Indicators*High School Graduation Rates* (Table 26.1)

Public high school graduation rates decreased 8% over the course of the decade. The graduation rate was 86% in 1992, down to 83% in 1996, and stood at 78% in 2000. These rates, however, were above the U.S. average. In 1992, graduation rate in Montana were 14 percentage points over the national average, but by 2000, they were only 11 percentage points over the national average.

College Enrollment Rates (Table 26.1)

While the high school graduation rates have been on a steady decline over the course of the decade, college enrollment rates has shown an almost opposing trend. At the start of the decade, 51% of Montana's students enrolled in college. By mid-decade, 56% of students were enrolling in college and at the end of the decade, 54% of students continued on to college. In comparison to the national average, Montana was four percentage points below at the start of the decade and two percentage points below at the end of the decade.

State Demographics (Table 26.2)

Poverty rates increased slightly in Montana over the decade. At the start of the decade, the poverty level was 14%, and it increased to 17% by the middle of the decade. At the end of the decade, the poverty level was 16%. Compared to the national poverty levels, Montana was on par at the start of the decade and was five percentage points higher than the national poverty level at the end of the decade. The percentage of the population with a bachelor's degree or higher increased over the decade. In 1992, 21% of Montana residents held a bachelor's degree or higher and at the end of the decade, 24% of state residents held at least a bachelor's degree. For most of the decade, educational attainment in Montana was on par with the national average. Per capita income also increased over the course of the decade. At the start of the decade, per capita income in Montana was \$20,921 and increased to \$21,043 in 1996. By the end of the decade, per capita income stood at \$22,518. However, compared to the national average, per capita income in Montana was \$4,805 below the national average at the start of the decade and \$6,951 below the national average at the culmination of the decade.

State System Composition (Table 26.3)

There was a slight shift in enrollments within sectors of higher education in Montana over the decade. At the start of the decade, 73% of students were enrolled in public, four-year institutions and at the close of the decade, 79% of students were enrolled in public, four-year institutions. Compared to the national average for enrollment in public, four-year institutions, Montana was 29 percentage points above the national average at the start of the decade and 36 percentage points above the national average at the end of the decade. Enrollment in the public, two-year sector stood at 14% in 1992 and 11% in 2000. Montana was 17 percentage points below the national average for public, two-year enrollments over the decade. Private enrollments shifted slightly over the decade, from 13% in 1992 to 10% at the close of the decade. Montana was 14 percentage points below the national average for enrollment in the private sector over the decade.

Financial Indicators

State Financial Capacity (Table 26.4)

The state tax rates have been on the decline. Montana's state tax rate was 8% in 1992, was down to 7% by mid-decade and remained at 7% at the end of the decade. As a result, in comparison to the national average, Montana stood at two percentage points over the national average at the start of the decade and was one percentage point over the national average at the culmination of the decade. The state's investment in students at the K-12 level has been on the rise. They invested \$3,690 per student in 1992, \$3,590 in 1996, and 3,939 by decade's end. This has resulted in an improvement when compared to the U. S. average. At the beginning of the decade, the state was \$838 below the national average and was only \$254 below the national average at then end of the decade.

Educational Revenue (Table 26.5)

Montana's investment in higher education was on the decline for most of the decade, but experienced an increase at the end of the decade. In 1992, the state invested \$5,223 per FTE but reduced their investment to \$4,307 in 1996. However, by decade's end that amount had risen to \$4,551 per FTE; still below the state's investment at the start of the decade. The state is below the national average in it's investment in higher education. While being \$1,135 below

the national average in 1992, this amount increased to \$2,944 less than the national average at decade's end. When tuition charges are considered in addition to state and local appropriations, the trend does not change. At the start of the decade, tuition and appropriations were \$7,356, fell to \$6,935 in 1996, and rested at \$7,526 by the end of the decade; a slight increase since the beginning of the decade. Montana was \$1,335 below the national average in 1992, \$2,326 below in 1996, and \$2,698 below at the culmination of the decade.

Tuition and Fees (Table 26.6)

Tuition and fees have risen steadily over the decade, from \$2,132 in 1992 to \$2,975 at the end of the decade. Tuition and fees stood at \$2,628 at the middle of the decade. In relation to the national average, Montana was \$200 below the national average in 1992, \$32 below the national average in 1996, and was \$246 above the national average at the culmination of the decade.

Need-based Grants (Table 26.6)

Montana has seen an increase on the state's investment in need-based grants. The state invested \$21 per FTE on need-based grants in 1992 and increased that investment to \$66 per FTE by the end of the decade. While moving in the right direction, the state still remains below the national average. At the start of the decade, Montana was \$323 below the national average, but was \$300 below the national average by the end of the decade.

Non-need Grants (Table 26.6)

For over half of the decade, Montana's investment in non-need grants was zero; however by the end of the decade, the state was investing \$30 per FTE. In 1992, Montana was \$38 below the national average in its investment in non-need grants, \$70 below the national average in 1996, and stood at \$84 below the national average at the end of the decade.

Projections

Coordinated System of Grants (Table 26.7)

Had Montana increased its need-based grants aid, given existing tuition charges, 200 more students would have graduated from high school, a two percentage point increase. Of Montana's high school graduates, 900 more students would have attended postsecondary institutions within the state; an increase of seven percentage points.

Federal Grant Program Prospectus

In addition, had the federal government provided incentives for Montana to provide adequate grant aid, equaling one-quarter of the tuition on top of current state aid, 300 additional high school students in Montana would have graduated, a two percentage point increase. A total of 900 more high school graduates would have enrolled in postsecondary institutions, a seven percentage point increase from the current college continuation rate.