

Montana State University Within the Community Context:
CEPAC's study of local employment and housing markets and their impact
on MSU as a quality employer

CEPAC has compiled the findings of this research for the information of MSU employees, the use of local and Montana University System administrators, and for any associated or affiliated organizations. The recommendations are being submitted to President Gamble, the Commissioner of Higher Education, and the Board of Regents. The complete report is available online, via the CEPAC web site (www.montana.edu/wwwcepac).

EXECUTIVE SUMMARY

History (page 1)

Montana State University's (MSU) ability to recruit and retain employees is being challenged to critical levels. The Classified Employees Personnel Advisory Committee (CEPAC) has made finding practical solutions a goal for FY07. The goal is being pursued from two perspectives: (i) MSU as a member of the Montana University System (MUS); and (ii) MSU as a member of the Bozeman community.

CEPAC initiatives, and collaborative efforts with the MUS Staff Associations (MUSSA) have been well received by staff, Shared Governance partners, and the Board of Regents. Most recently, CEPAC's findings have been influential in the Board's decision to request the formation of a task force to study costs faced by MUS employees.

Research Methods (page 2)

A CEPAC subcommittee has used reports, survey data, newspapers, constituent input, and community organization interviews to: (i) examine how circumstances in the Bozeman area differ from other MUS campus communities; (ii) suggest ways in which, in this context, MSU might offer more to the community; and (iii) identify key areas in which MSU might improve its standing as a quality employer.

Employment Market Overview (page 3)

Workforce volume is dwindling, the local economy is growing, housing costs are rising, and businesses are competing in an employee-driven market. The Bozeman area has reached an impasse not yet experienced elsewhere in Montana, and MSU cannot compete in the contest for workers.

Housing Market Overview (page 4)

House prices around the Gallatin Valley have increased at an extraordinary rate. Bozeman rents are higher than in other MUS cities. Affordable housing is beyond the reach of most MSU classified employees, and many other area residents.

Recruitment Overview (page 6)

Local employers are responding to applicants' preferences and needs. MSU's benefits package is no longer as prominent as it once was now that benefits are commonly offered. MSU's benefits remain impressive and extensive. However, applicants and employees are generally unfamiliar with their true value and thus do not accord them appropriate credit when comparing compensation packages.

An employer's reputation is established by word of mouth, and is vital to every business's recruitment and retention success. MSU is seen as a reputable, if rather out of touch, employer.

Our advertising is uninspiring, and MUS application/hiring processes are a definite disadvantage to our competitiveness. Recruitment is expensive, particularly if searches prove unsuccessful. MSU spent almost \$94,000 in FY06 on classified vacancy postings alone.

Retention Overview (page 12)

Retention is essential to the preservation of institutional knowledge, customer service, productivity, and morale. Employers locally are improving compensation, providing training, offering flexible hours, and striving to meet other employee priorities.

Over the last three years, 50% of the staff leaving MSU had held their positions for less than three years, and half of those had worked here for less than 12 months.

As new hires and vacancies recur, CEPAC constituents report: search committee burn out; prolonged increased workloads for remaining staff; expenditure in recruitment time and effort; reduced morale; and lost productivity.

The average monthly rent for an unfurnished house in Bozeman consumes 99% of the gross salary of MSU's entry level staff (32%-66% for the equivalent employee elsewhere in the MUS). Staff members commute 10 miles to work each way on average but, with gasoline prices and appreciating real estate in surrounding areas, living farther out is losing its advantage.

Eighty-five percent of the university's full time classified employees supplement their salary to make ends meet.

Demonstrated investment in the professional development and continued growth of its staff is of advantage to an employer in attracting and retaining employees. MSU's active, long term commitment to *Pooled Resources* should prove beneficial to both the University and its staff.

Area Relations Overview (page 13)

Local businesses feel strongly connected to the MSU administration, but less so with other aspects of the University.

MSU is unable to react appropriately to local market influences and so has become an uncompetitive employer within both the community and the MUS.

Conclusions (page 14)

The Bozeman area is fighting diminishing workforce volume coupled with economic expansion and escalating housing costs. The problem affects residents, employers and workers. The number of job vacancies is disproportionate to the rest of Montana. Local employers are adapting their hiring practices and compensation packages as they vie for employees.

MSU cannot compete and is reaching a classified employee recruitment and retention crisis:

- Most classified employees are unable to make ends meet on their current salaries
- The University is unable to adapt to local housing and labor markets and risks an inability to attract competent new hires, and retain quality existing staff.

Local influences have compromised MSU. In certain circumstances its classified employees are effectively compensated at levels one to two-thirds below those of the other MUS institutions.

Recommendations (full report page 15)

MSU contributes significantly to the local (and State) economy. CEPAC recommends that the University consider taking a leadership role in community-based problem resolution around housing and employment issues - two effects of economic growth.

Further, CEPAC suggests that MSU maintain the Administration's strong connection with the community and, perhaps through Shared Governance, to expand the contact to include other aspects of the University.

To improve its image as an employer, and work towards enhancing classified recruitment and retention, CEPAC recommends MSU examine:

- Salary as related to
 - The localized cost of living factors which effectively are causing compensation inequities within the MUS
 - Wages in the community
 - Job descriptions and/or required qualifications commensurate with wages
 - The staff's ancillary expenses such as parking and day care
- Enhancing the working environment and improving staff morale
 - Flexibility (e.g. hours, professional development and growth, accommodating the balance of working and private lives)
 - Supervision standards, communications, and performance evaluation
 - Employee recognition
 - Maintaining workloads at manageable levels
- Support of classified professional development
 - *Pooled Resources*
 - Staff mentoring
- Streamlining the recruitment process

- Applications (CEPAC is aware that the recruitment process is being addressed via MSU's current Business Process Redesign procedure)
- Improving communications
- Expediting hiring decisions
- Examining the effectiveness of the selection matrix
- Encouraging candidate pools appropriate to job descriptions/requirements and wages
- Considering targeting less experienced workers for recruitment into entry level jobs
- Researching new hire turnover
- Improving MSU's image
 - Web site – attractive, easy to use, with information about the MSU culture
 - Enhancing vacancy advertising to better portray MSU's image
 - Ambassadorship – employees promoting MSU; informal networking
- Maximizing existing advantages
 - Communicating the value of the benefits package
 - Expediting pertinent tactics from the Five Year Vision II Faculty and Staff (e.g. #110, 119, and 121).

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History

Montana State University's ability to recruit and retain a quality workforce is increasingly challenged. CEPAC (the Classified Employees Personnel Advisory Committee), and its Shared Governance partners, have been concerned about this for some time, and CEPAC began gathering data and input from the classified perspective in 2004. Researching how CEPAC might contribute more to the practical resolution of MSU's recruitment and retention situation, and to begin implementing the solutions identified, became a published goal, in FY07.

CEPAC has pursued this goal in two ways:

1. from the Montana State University (MSU) / Montana University System (MUS) perspective -

CEPAC has played a leadership role in the collaboration of its MUS sister organizations, and the formation of the MUS Staff Associations (MUSSA). MUSSA has offered coordinated and mutually-supportive presentations to the Board of Regents, with recruitment and retention as the underlying topic, for more than two years. At each meeting, CEPAC has delivered data specific to MSU. It has demonstrated the emergence of a situation unique to Bozeman, and always offered the seed of some kind of remedial initiative. In July 2005, the Board encouraged MUSSA to pursue one such suggestion: professional development and training opportunities for classified staff derived from training materials already existing within the MUS. The result, a web-based facility with the working title of "*Pooled Resources*", offers potential gains in staff morale, service provision, recruitment, and retention. MUSSA intends to launch *Pooled Resources*, System-wide, in the spring of 2007. At the September 2006 Board of Regents' meeting CEPAC reported its plans for further aids to recruitment and retention locally, and the Board asked that staff mentoring, and marketing the value of the benefits package, along with several other initiatives, be elevated to the System level.

2. in the context of MSU as a community member -

With low unemployment rates across the United States¹, effective recruitment and retention is a national issue. Over the last several months, CEPAC has been concerned, not only with MSU's obligations as a flagship of the MUS, but also with its responsibilities as an economic influence and major employer within the community. In September 2006, CEPAC began researching the Bozeman/Gallatin Valley employment and housing markets, and MSU's external image.

In November 2006 preliminary outcomes, together with MUSSA's input and support of CEPAC's findings, were influential in the Board of Regents' decision to request the formation of a task force to study the costs faced by all MUS employees.

Following is the full report of CEPAC's research: Montana State University Within The Community Context.

Further Information: *Pooled Resources* at <http://www.montana.edu/wwwcepac/pooledres.html>
Initiatives from the September 2006 Board of Regents meeting at <http://www.montana.edu/wwwcepac/initiatives.pdf>
Presentation to the Board of Regents, November 2006 at <http://www.montana.edu/wwwcepac/bor11-15-06.html>

Research Methods

On September 28, 2006 CEPAC's Recruitment and Retention Subcommittee held its first meeting. The Subcommittee was to:

- examine how circumstances in the Bozeman area differ from other MUS campus communities;
- suggest ways in which MSU might offer more to the community; and
- identify key areas in which MSU might improve its standing as a quality employer.

The Subcommittee comprised CEPAC voting members: Michelle Larsen, Mary Engel, Sheron McIlhattan, Steve Burk; CEPAC nonvoting members: Sue Martin, Darcy Halpin, Kevin Thane; CEPAC Administrative Associate, Sara France; Lisa Buss, Janell Barber, Sue Getty; in consultation with Jim Rimpau and Chris Fastnow, in the Office of Planning & Analysis.

Reports and survey data were collected from the Montana Department of Labor & Industry; Prospera Business Network (formerly the Gallatin Development Corporation); the Great Falls College of Technology in Bozeman; CEPAC's outreach reports, studies of position terminations, and its survey staff members demonstrating how they supplement their salaries. CEPAC also consulted Bozeman's Job Service Workforce Center, and the Bozeman Area Chamber of Commerce and this report's findings (unless otherwise substantiated) are derived from these consultations. CEPAC is most grateful for the organizations' frank and vital input.

Subscriptions to the *Billings Gazette*, the *Montana Standard*, the *Great Falls Tribune*, the *Helena Independent*, the *Missoulian*, the *Havre Daily News*, the *Dillon Tribune*, and the *Bozeman Daily Chronicle* were purchased. Each newspaper recommended which weekly edition carried the most comprehensive employment advertising. These were then studied during October 2006, and one edition of each newspaper, considered by the Subcommittee as typical for the month, was used to produce the advertising data reported here.

The 2000 census was examined in various contexts. However, due to Bozeman's rapidly changing environment, CEPAC considered the relevant data to be too far outdated to be useful to this research.

Within the MUS, there are 255 classified titles in five employment categories, paying entry rates of between \$8.25 and \$44.64 per hour. Data comparing MUS wages with external positions, as studied by CEPAC, generally reduce large numbers of jobs to just a few averages. Even where more detail is offered with average wages broken down by industry or employment category, matches with MUS titles and rates were not exact. The diversity of MUS classified jobs would benefit from more comprehensive local and regional data to ensure that salary comparisons are meaningful. Establishing an appropriate benchmark is a component of Goal II.B. of MSU's Five Year Vision. Accordingly, CEPAC has included very little external comparative data in this report.

Further Information: CEPAC Outreach described in its Annual Report for FY2006 (p.11) <http://www.montana.edu/wwwcepac/annrepfy06.pdf>
Supplementing Staff Salary Survey, 2006 at <http://www.montana.edu/wwwcepac/supplementing2006.pdf>
Terminations Research at <http://www.montana.edu/wwwcepac/terms.pdf>
Five Year Vision: <http://www.montana.edu/upba/vision/visiondoc.html>

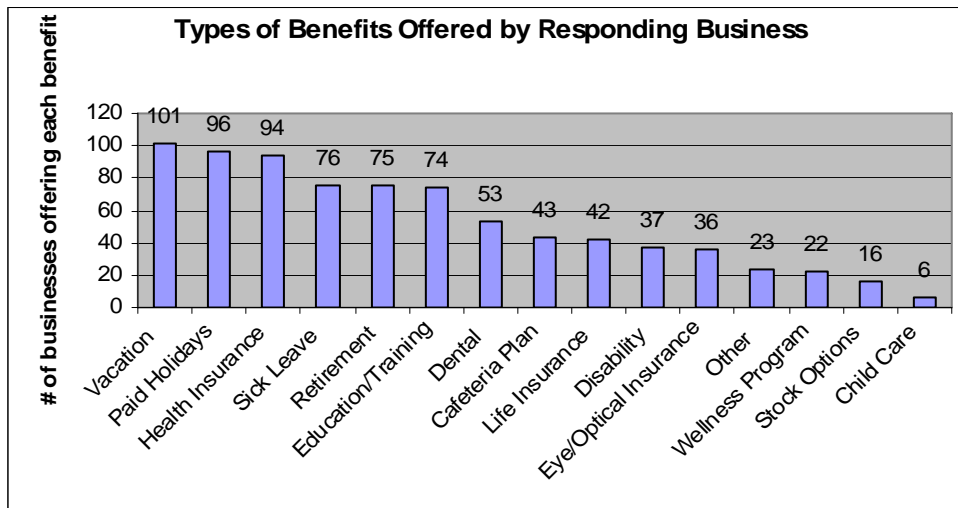
Findings from Each Specific Area of Research

Employment Market Overview

Declining labor force volume is being experienced nationally. The number of employed Americans (16 yrs and older) has been falling for the last 5-6 years, after 40 years of almost continuous increase. Influences include baby boomers’ retirement, reducing numbers of women returning to work, and fewer teenagers in the labor force¹.

A region is considered fully employed if less than 4% of its labor force is out of work. In September 2006² Montana’s average unemployment rate was 2.8%, and only five Montana counties had rates above 4% (Big Horn, Glacier, Lincoln, Roosevelt, and Rosebud). Gallatin County is experiencing its 4th year of year-round full employment with only 1.9% (in September 2006 and 2.8% annually, in 2005³) of the 49,645-strong labor force unemployed³.

In 2006, the Great Falls College of Technology in Bozeman surveyed Gallatin County businesses, which in 2005 numbered 4,545,⁵ and received 131 responses. Entry level wages were at least \$9 per hour at 81 of 111 companies offering information about pay. At least one of 15 different benefits listed in the survey were offered by 119 of the businesses, with an average offering of 6 benefits.



This report further discusses the relevance of benefits to recruitment on page 6.

Respondents to the Great Falls College of Technology in Bozeman survey projected their labor forces would grow by an average 19% in the next 5 years, and that 2,464 of the 4,017 additional full-time workers would be paid at least \$16/hr.

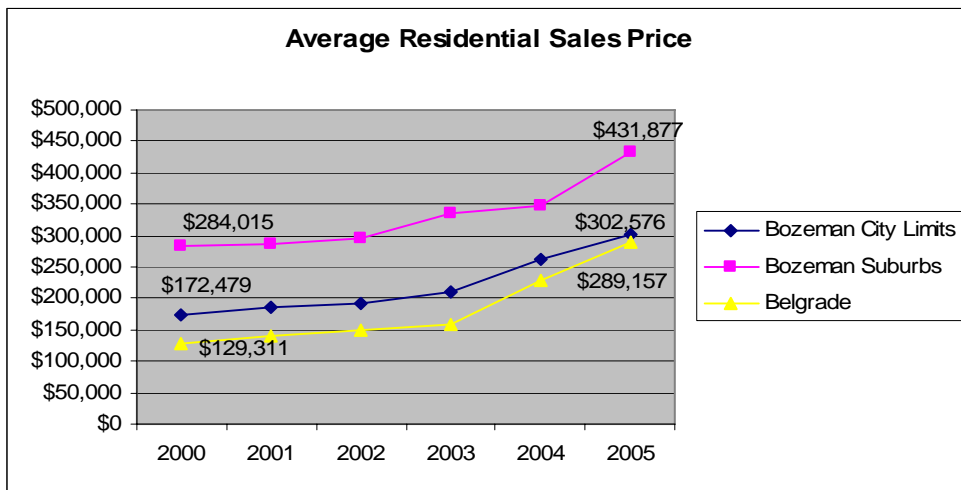
Meanwhile, in the near term alone, the Bozeman area is slated to add six large stores, four motels, and two banks.

Housing Market Overview

Among other sources, the Gallatin Development Corporation’s 2005 Economic Profile of Gallatin County suggests that house prices have increased such as to drive many potential and existing residents from the Bozeman market. However, fast appreciating real estate in the surrounding area, and the current price of gasoline, imply that commuting from farther away no longer offers the relief it once did.

	2000	2001	2002	2003	2004	2005
Bozeman City Limits						
Units sold	273	328	371	414	412	410
Average price	\$172,479	\$186,309	\$190,677	\$210,150	\$261,034	\$302,576
Bozeman Suburbs						
Units sold	276	297	340	298	n/a	298
Average price	\$284,015	\$288,101	\$295,667	\$336,259	\$348,090	\$431,877
Belgrade						
Units sold	155	112	183	219	n/a	231
Average price	\$129,311	\$141,068	\$149,735	\$159,947	\$230,014	\$289,157

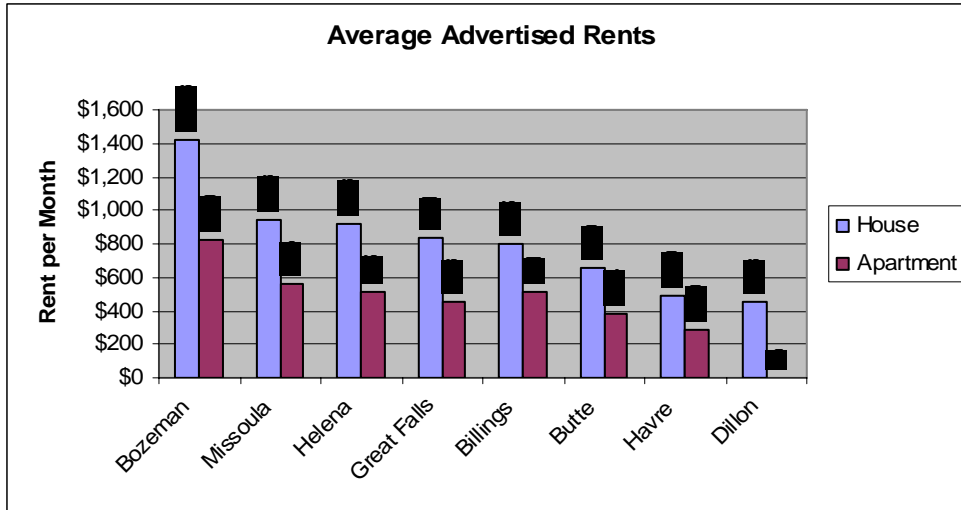
Gallatin Development Corporation’s 2005 Economic Profile of Gallatin County Montana



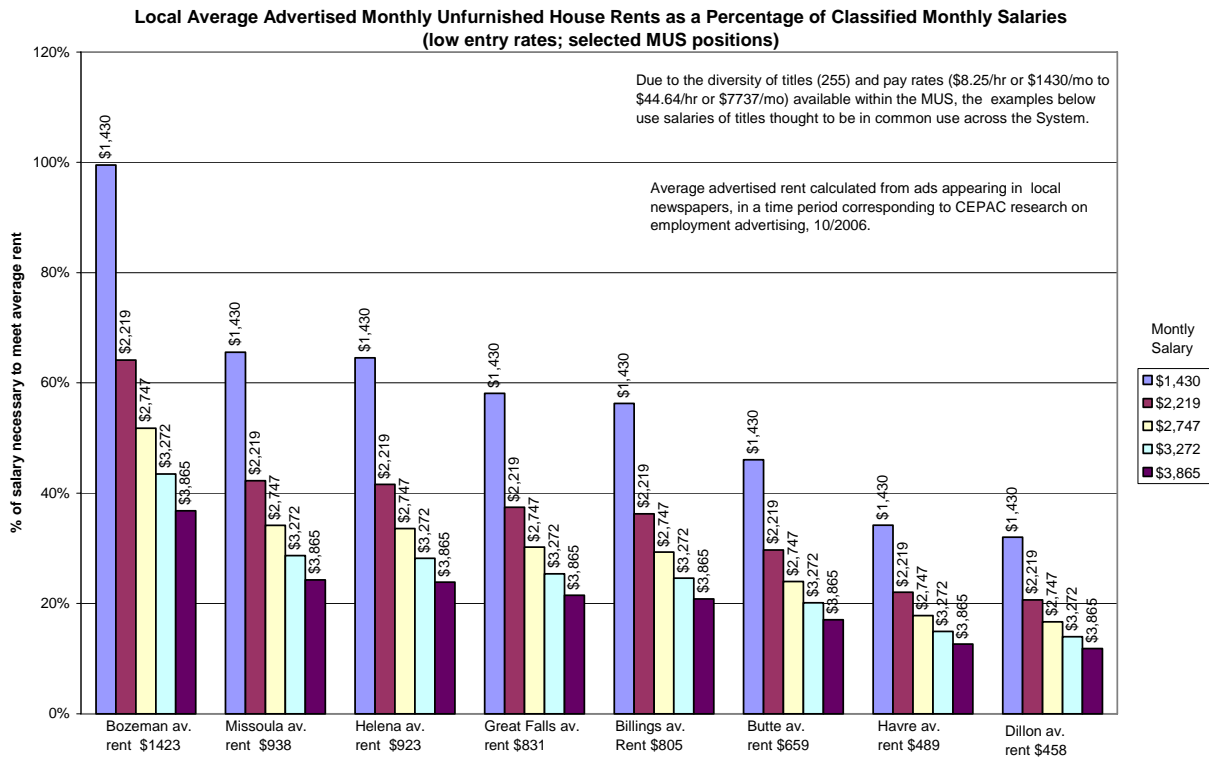
Gallatin Development Corporation’s 2005 Economic Profile of Gallatin County. Montana

Data on recent house sales in the MUS campus cities is not readily available. As an indicator, however, in April 2006, the *Great Falls Tribune* described the median house prices in Bozeman, Missoula and Great Falls as being \$336,000; \$193,000; and \$142,000 respectively.

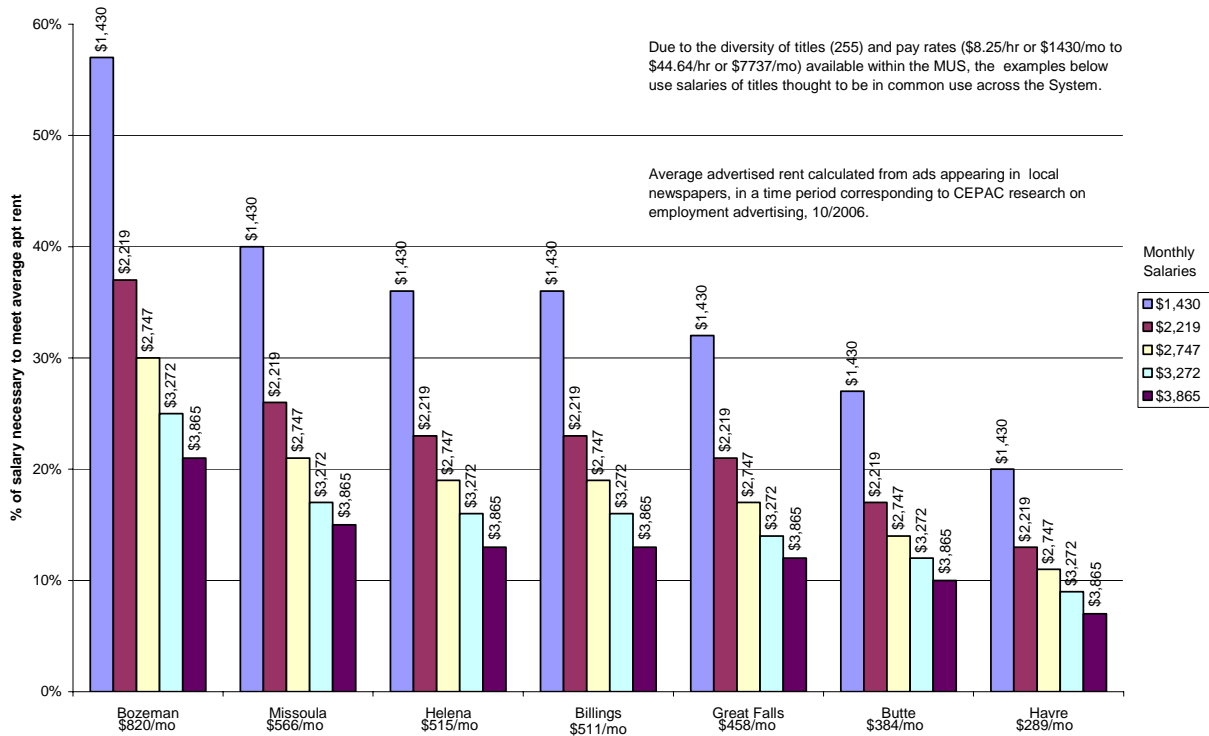
In considering rental accommodation, CEPAC studied local newspaper advertising and found that average rents for Bozeman (unfurnished houses as well as apartments) far outpace those of other Montana cities.



CEPAC took the entry rate salaries of five classified job titles thought to be in common use across the MUS and plotted them against these advertising-derived average rents. Workers making \$1,430 per month (or \$8.25/hr) would expend 99% of their gross salary on the average rent for an unfurnished house in Bozeman. This compares to 32%-66% of gross salary for the same job title in other MUS cities. Even those earning \$3,865 per month (\$22.30/hr) at MSU expend close to 40% of gross salary, compared to 12%-24% for comparable workers elsewhere within the MUS. (Please also see the table on page 6 and further statements on page 13).



Local Average Advertised Apartment Rents as % of Classified Salaries



MSU Staff, Salary, and Bozeman Average Rent

Average rent of unfurnished house in Bozeman \$1,423/month
 Hourly rate required to render this rent "affordable" (at 30% of income) \$27.57/hr
 0.5 FTE or greater classified staff on payroll as at 9/25/06 1,070 total

	8.25 - 9.10/hr	9.11 - 12.80/hr	12.81 - 15.85/hr	15.86 - 18.88/hr	18.89 - 22.30/hr	22.31+/hr	27.57+/hr
Number of staff	57	506	206	164	77	60	7
% of max salary to pay rent	90%	64%	52%	43%	37%	<37%	30%
% of staff in this pay range	5%	47%	19%	15%	7%	6%	1%

Affordable housing (rent/mortgage and utilities) is generally recognized by economists as taking no more than 30% of total household income. Considering the accommodation and MSU wages data studied for this report, together with recent local comment⁷, CEPAC concludes that affordable housing is beyond the reach of most MSU classified employees, and likely many Bozeman area residents as well.

Recruitment Overview

Competition within Bozeman's employment markets increases as employers vie for the small number of available workers. Gallatin County's continued low unemployment (2.8% annual rate for 2005²) suggests that a good portion of the available personnel are not looking for a job. The resulting employee-driven market is leading employers to respond to applicants' preferences in an effort to attract the best candidates, including those already in work.

Businesses, both large and small, are keeping pace with the market by offering incentives (such as signing and other periodic bonuses), and most are able to adjust the offered salary. It should be noted, however, that while a good wage is critical in attracting applicants, it is not the only consideration for employees choosing a new job, or deciding whether to stay in an existing one.

Benefits of some sort are now commonly offered. Opportunities, such as the Montana Chamber of Commerce / Montana Blue Cross Blue Shield-facilitated “Chamber Choices^s” program allow even small businesses (with as few as two employees) to compete in the benefits arena.

The MUS offers an extensive benefits package, particularly when the less obvious items such as tuition waivers and subsidized services⁹ are taken into consideration. However, discussion with staff and Shared Governance organizations indicates that neither existing nor prospective employees are entirely familiar with its actual value. Therefore benefits may not be accorded appropriate credit when comparing MSU’s total compensation to that being offered by competing employers.

The contemplation of benefits, within the context of Bozeman area housing and employment markets, raises two potentially conflicting considerations. First, exorbitant housing costs render it impossible for many employees to value benefits more than cash in hand. Second, compromising benefits to fund higher wages carries a severe social and economic implication for the community, in the form of a potentially under-insured populace.

Personnel already in work, but looking to change jobs, can afford to be discerning. They weigh their options carefully. Their priorities (in no particular order) include:

- A unique and rewarding working environment including: “fun” (relaxed dress code, social activity and camaraderie among coworkers); employee recognition; and good management/supervision
- Flexible hours and equilibrium of professional and private life
- Opportunities for continuous learning, and creativity
- Employer reputation
- Location
- Career advancement
- Salary/benefits
- Ease of, or low cost, parking

Many job applicants judge a prospective employer’s ability to meet these priorities based upon word of mouth recommendations and notions of the employer’s reputation generally perceived prior to interview. The benefit of “informal networking” as a recruitment tool has been recognized and successfully practiced by various companies nationally¹⁰, and ambassadors in the community can effectively influence employer reputation.

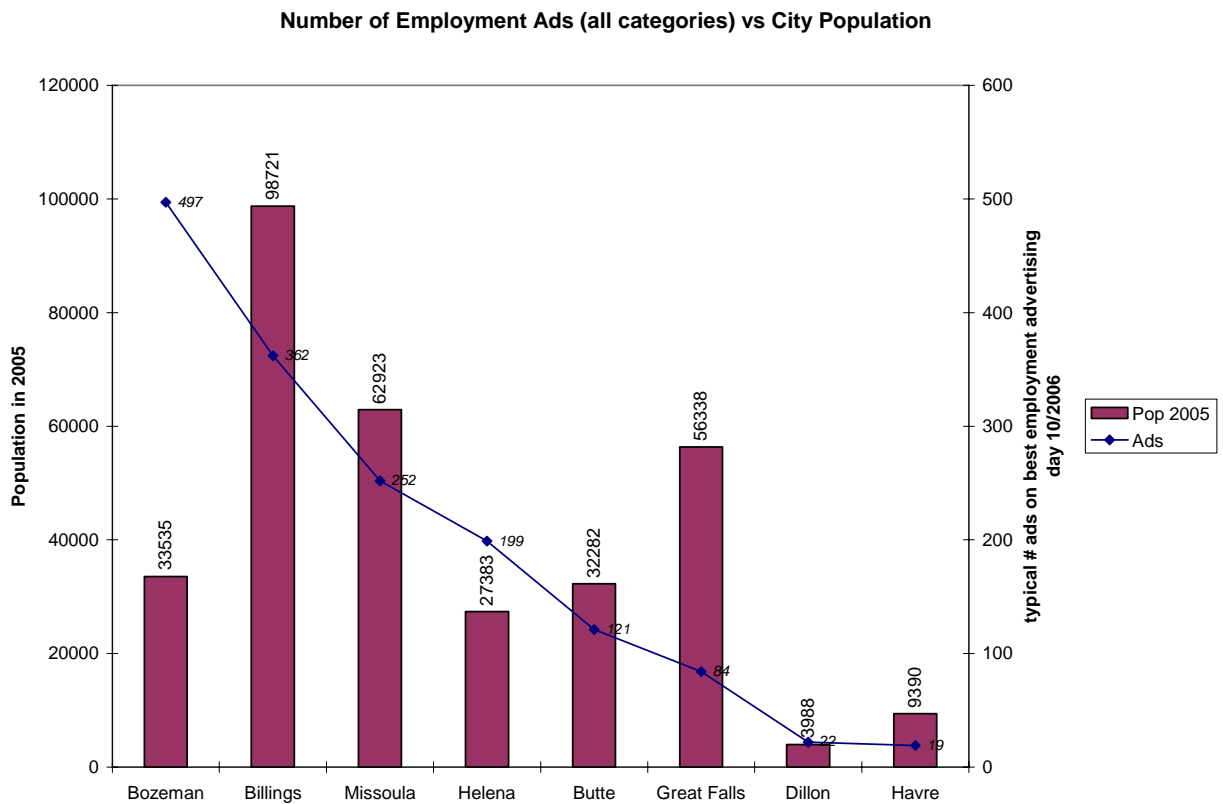
Many students must also find work and housing locally. CEPAC’s incidental research of the student placement market reveals a preference for positions with: (i) flexible hours to suit class schedules; (ii) responsibilities that will advance a major or be relevant on a resume; (iii) a generous wage (e.g. highly paid summer jobs to finance the student in the next academic year).

To complete this Recruitment Overview, CEPAC offers discussion of advertising, and hiring processes in general:

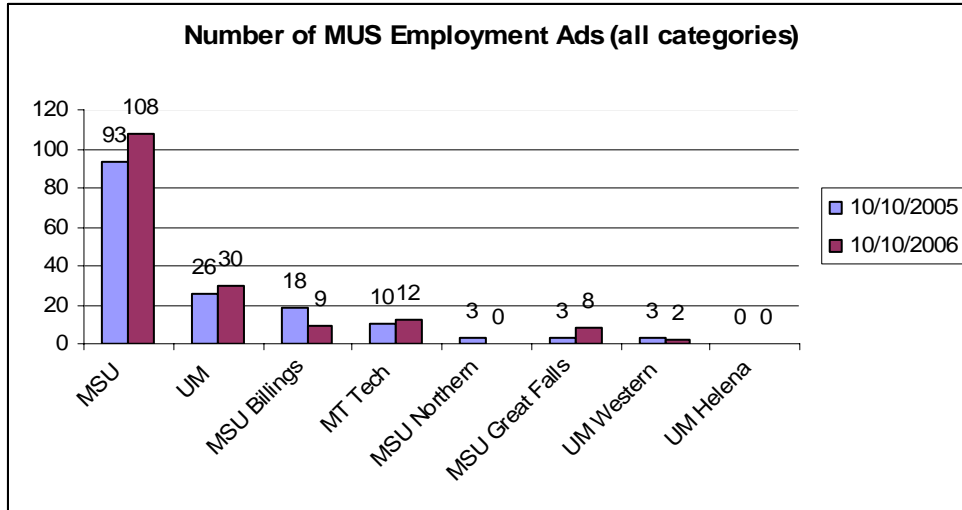
Advertising (please also see the Addendum to this report)

- Results of CEPAC’s study of employment ads:

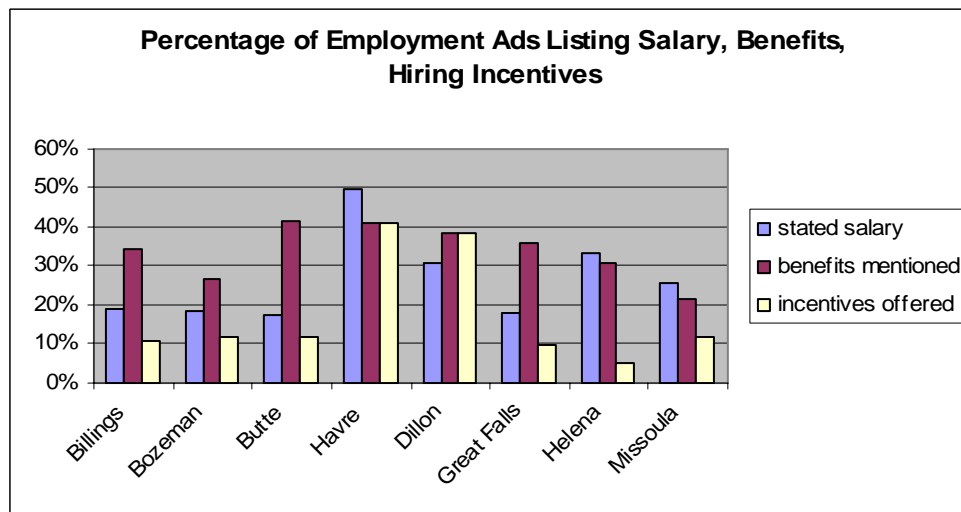
The *Bozeman Daily Chronicle* edition used in this study ran 497 employment ads (all categories); around 37% more than the publication with the next highest number of ads (362), the *Billings Gazette*. This, despite the Billings population being three times that of Bozeman and so a potentially much larger market.



A similar comparison of on-line advertising within the Montana University System reveals MSU’s advertised vacancies (108 on 10/10/06) to be far in excess of the other campuses combined (total of 61).



- Advertising norms and MSU requirements:
 When posting job vacancies, most employers do not list salary. With the market moving so quickly, businesses prefer not to risk losing applicants to an unappealing wage, even when this could be advertised as negotiable, or within a range. It is perhaps not surprising, then, that posting salary, benefits, and incentives appears less prevalent in Bozeman than in other cities.



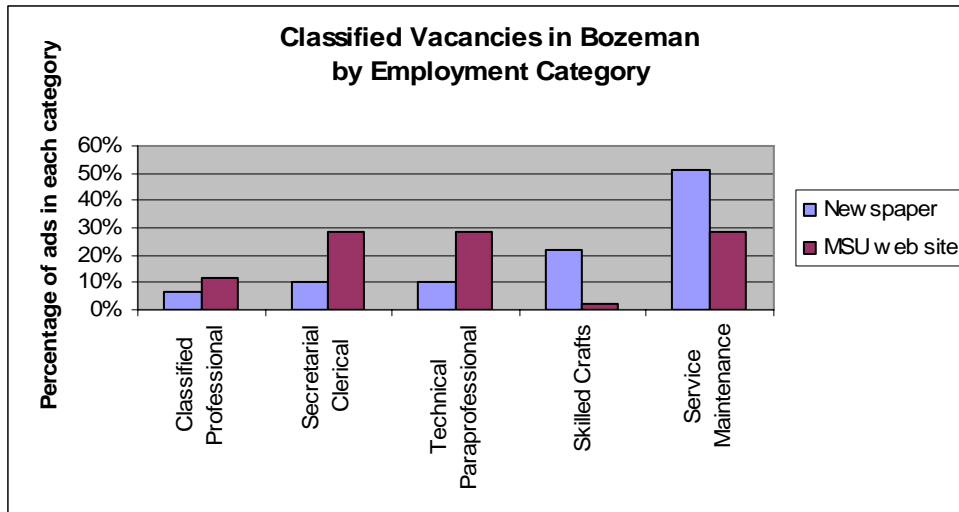
An examination of the *Bozeman Daily Chronicle* edition used for this study reveals a few advertisements where salaries did appear together with titles CEPAC assumes are comparable to MSU. These suggest that Bozeman’s local, regional and government employers are paying more than the University.

Bozeman Daily Chronicle Ads				
	MSU	Local	National/Regional Chain	Government
Accounting*	\$9.36	\$11.00		\$11.00
Cashier	\$8.25			\$8.90
Admin I	\$8.25	\$9.50		
Admin II	\$9.25			\$11.18
Admin III	\$10.92			\$12.40
Cook	\$8.25	\$11.00	\$9.55	
Dishwasher			\$8.25	\$9.35
Custodial	\$8.87	\$9.00	\$9.00	

Averages taken from various ads or where hiring ranges are offered. *MUS salary/title data used as comparison in absence of an actual ad in the paper.

As an example of MSU’s place in the market, Bozeman Job Service Workforce Center suggested CEPAC consider an Admin Associate I position at MSU, paying \$8.25/hr. The salary would be competitive locally only within a pool of minimally qualified, inexperienced applicants. However, the posted qualifications/requirements for an Admin Associate I would command an entry rate of \$10/hr in the community. Were this vacancy within a local business, the salary would usually be raised to meet the market. If this were impossible, the requirements of the job would be altered to fit the younger or less experienced applicant pool anticipated with a position paying \$8.25/hr. As a rough indicator of experience, MSU employs only four classified employees under the age of 21.¹¹

- Differences across positions:
Judging by CEPAC’s newspaper study, the call for skilled crafts and service workers appears stronger in the Bozeman community than at MSU.



CEPAC’s research into classified staff leaving MSU over the past three years shows little movement among skilled crafts workers as compared to other categories. However, staff have consistently been leaving MSU’s service maintenance and

secretarial clerical areas in numbers disproportionate to these groups' share of the campus population.

- Advertising practices:
Despite the competitiveness of the market, businesses are not generally innovative with advertising. By far the majority place simple line ads. Some use white lettering on black backgrounds, others employ a yellow highlight. Advertisements maximizing white space and including photographs are the most noticeable. The logo usually appears in MSU's advertisements, but postings are otherwise unremarkable and scattered over several pages.

The Hiring Process

- Applications and hiring:
Potential applicants to MSU are discouraged by the cumbersome application procedure and slow, uncommunicative hiring process. Other employers' paperwork is concise, with one form often being used for multiple applications within the same organization. Hiring decisions are made quickly and, if required, on the spot, and good communications are routinely maintained with the entire applicant pool.
- Search costs:
At MSU, most recruitment expenses are met by the hiring department and so centralized records of cost do not exist.

In classified recruitment, advertising invoices are initially paid by Human Resources/Personnel & Payroll and so this aspect of a search is traceable. As indicated below, MSU incurs considerable expense.

	Cost of advertising	Number of searches	Number of searches not completed
FY05	\$80,626	277	17
FY06	\$93,997	276	40

The number of professional and faculty searches is recorded by Affirmative Action, from October to October each year, and associated costs can be estimated via input from recently involved departments.

October 2005 to October 2006	Number of Searches	Estimated cost per search (advertising; personal interview of average of 3 finalists)
Short or local searches (e.g. Professional / Research positions)	96	\$2,000 - \$5,000
Lengthy or national searches (e.g. Faculty / Administrator positions)	39	\$8,000 - \$10,000

None of these figures take into account labor costs involved with recruitment (search committee duties, training new hires, etc).

In summary, the Bozeman area job market is employee-driven. Businesses are adjusting to the preferences and demands of the discerning applicant. Benefits are now commonly offered, along with incentives of other kinds. An employer's reputation is vital to its ability to attract a quality applicant pool. MSU's reputation has suffered as it cannot compete in various aspects of this market including salary and the hiring process. As with some local businesses, MSU does not maximize vacancy advertising, for example to make a "statement", or to portray the University's working environment or culture. Recruitment costs are increasing and, in FY06, MSU spent almost \$94,000 on classified job postings alone.

Retention Overview

Employers everywhere strive to retain good employees. Inadequate retention may result, among other things, in loss of institutional knowledge, reduced customer service and productivity, poor staff morale, and excess expenditure associated with recruiting and training replacement staff. In an attempt to maintain staffing levels and standards Bozeman area employers are adapting to the demands of an employee-driven market within an environment of extreme real estate costs.

At MSU, just over half the classified workforce has longevity. While this is not unusual, a problem exists in the fact that fifty percent of the staff leaving MSU have held their positions for less than three years, and half of those have worked at MSU for less than 12 months. Also, the total number of active positions has diminished. As existing employees retire, or leave for better prospects in the community themselves, the University will be unable to ensure an institutionally-knowledgeable replacement staff.

	FY 2004	FY 2005	FY 2006
Refers to positions 0.5+FTE			
Active classified positions at MSU	1154	1176	1069
Incumbents with longevity	52%	53%	54%
Average years of service	8.00	8.28	8.53
Positions vacated (staff left MSU)	151	124	137
Post held < 1 year	53	37	38
Post held < 3 years	114	79	74

Wages and Retention

The Housing Market Overview section of this document has already reported that it takes almost the entire gross salary of an MSU low entry rate employee to pay the net average rent for an unfurnished house in Bozeman. Real estate appreciation seems to be driving some residents out of Bozeman. Certainly, CEPAC's 2006 "Supplementing Staff Salary" confirms that MSU classified employees commute an average of 10 miles each way to work.

The survey also reveals that the vast majority (85%) of the University's full-time classified staff must supplement their MSU salary to make ends meet.

	Yes	No	Didn't Answer
Are you currently employed in more than one paying job	37%	61%	2%
Do you subsidize your MSU salary in any way (incl 2nd job)	85%	15%	
NOT working another job, do you subsidize in other ways	41%		
WORKING another job, do you also subsidize in other ways	81%		

Professional Development and Retention

Among the factors that encourage an employee to remain in a job is the opportunity for continual growth. Demonstrated investment in the professional development of its staff is of advantage to an employer in attracting and retaining employees. Training in a collegial atmosphere is thought to be most popular and more effective than either formal courses or leaving workers to consult a manual¹⁰. One hundred and twenty seven local businesses responded to training-related questions in the Great Falls College of Technology in Bozeman 2006 survey: 117 currently provide training for their employees, and 120 undertake to continue to do so as their workforces grow. The vast majority of respondents (109) see this happening in an in-house setting. Similarly the advent of *Pooled Resources* is in direct response to staff requests for training opportunities at MSU. (Please also see Five Year Vision Classified Tactic #119).

Area Relations Overview

The Community

President Gamble and other University administrators actively participate off campus, for example, in meetings with Bozeman Area Chamber of Commerce members. CEPAC's research reveals a strong connection between local business and the MSU administration. However, a similar familiarity with other aspects of the University is less apparent in the community. Although MSU is still seen as reputable, if rather out of touch, it is no longer the local employer of choice. Nor is it competitive in the market generally.

The Montana University System

This document has already referred to the Montana University System Staff Associations' (MUSSA) collaboration, their achievements, and the initiatives created through communication and supportive interactions with campus administrations, the Office of the Commissioner of Higher Education, and the Board of Regents.

Bozeman's extraordinary housing and employment markets pose a dilemma for the Montana University System and the principle of equitable compensation. However, local influences have compromised MSU, as previously explained. The example on page 5 describes an MSU employee earning \$8.25/hr spending 99% of his/her gross salary on rent. His/her MUS counterpart need spend, at most, 66% of the same pay check. In this context, MSU effectively pays one-third less than UM-Missoula and two-thirds less than UM-Western to employees performing the same job.

Further Information: Supplementing Staff Salary Survey, 2006 at <http://www.montana.edu/wwwcepac/supplementing2006.pdf>
Terminations Research at <http://www.montana.edu/wwwcepac/terms.pdf>
Pooled Resources at <http://www.montana.edu/wwwcepac/pooledres.html>

Conclusions

Montana, like the rest of the nation, is affected by dwindling workforce availability. Bozeman and the Gallatin Valley, however, have reached an impasse far more severe than is currently being experienced elsewhere in the State. The issue presents a community-wide problem affecting residents, employers, and workers. The number of vacant jobs in the Bozeman area is disproportionate to other areas, even those with far larger populations. The economy is expanding and local employers (large and small) are adapting their hiring practices (e.g. on-the-spot appointments) and compensation packages (e.g. not posting wages/benefits to retain the flexibility to offer a different wage upon hire) as they vie for employees. MSU is unable to do this and thus is at a critical disadvantage. In addition, compensation inequities are resulting for MSU within the MUS.

Bozeman area real estate prices have risen dramatically, and affordable housing is beyond the reach of many area residents and MSU employees.

MSU is reaching a classified employee recruitment and retention crisis:

- Most classified employees are unable to make ends meet on their current salaries
- The University is unable to adapt to local housing and labor markets and risks an inability to attract competent new hires, and retain quality existing staff.

As has been reported, local employers' reputations are established by word of mouth and quickly spread across the community. In Bozeman's extraordinary environment, this reputation is crucial to the success of every business's recruitment efforts. To regain its competitive standing and reputation, MSU should strive to advance as far as possible in the following areas:

- Salary
- Reputation
- Flexibility and contemporary attitude
- Ancillary costs to employees (including housing, transportation, parking, day care)
- Wages commensurate with position requirements/qualifications
- The hiring process

As new hires leave and vacancies recur, CEPAC constituents report: search committee burn out; prolonged increased workloads for remaining staff; additional recruitment and training costs and expenditure in time and effort; reduced morale; and lost productivity.

As to the reasons why new hires leave, further exploration is suggested in the Recommendations section of this report. Perhaps the recognized complexity of some MSU protocols (e.g. Banner), together with the limits of available training, have affected turnover.

CEPAC is already heavily involved in the implementation of *Pooled Resources* for the professional development of classified staff, and has just begun researching the feasibility of a staff mentoring program. The more successful these initiatives become, the greater the benefit to MSU's employer reputation.

Recommendations

MSU contributes significantly to the local (and State) economy. CEPAC recommends that the University consider taking a leadership role in community-based problem resolution around housing and employment issues - two effects of economic growth. Further, CEPAC suggests that MSU maintain the Administration's strong connection with the community and, perhaps through Shared Governance, to expand the contact to include other aspects of the University.

To improve its image as an employer, and work towards enhancing classified recruitment and retention, CEPAC recommends MSU examine:

- Salary as related to
 - The localized cost of living factors which effectively are causing compensation inequities within the MUS
 - Wages in the community
 - Job descriptions and/or required qualifications commensurate with wages
 - The staff's ancillary expenses such as parking and day care
- Enhancing the working environment and improving staff morale
 - Flexibility (e.g. hours, professional development and growth, accommodating the balance of working and private lives)
 - Supervision standards, communications, and performance evaluation
 - Employee recognition
 - Maintaining workloads at manageable levels
- Support of classified professional development
 - *Pooled Resources*
 - Staff mentoring
- Streamlining the recruitment process
 - Applications (CEPAC is aware that the recruitment process is being addressed via MSU's current Business Process Redesign procedure)
 - Improving communications
 - Expediting hiring decisions
 - Examining the effectiveness of the selection matrix
 - Encouraging candidate pools appropriate to job descriptions/requirements and wages
 - Considering targeting less experienced workers for recruitment into entry level jobs
- Researching new hire turnover
- Improving MSU's image
 - Web site – attractive, easy to use, with information about the MSU culture
 - Enhancing vacancy advertising to better portray MSU's image
 - Ambassadorship – employees promoting MSU; informal networking
- Maximizing existing advantages
 - Communicating the value of the benefits package
 - Expediting pertinent tactics from the Five Year Vision II Faculty and Staff (e.g. #110, 119, and 121).

Notes

- ¹ Special Report: The American Economy, *The Economist*, 10/28/06
- ² Montana Department of Labor & Industry (unemployment figures are not seasonally adjusted).
- ³ Montana Department of Labor and Industry
- ⁴ Job Service at CEPAC meeting 11/1/06
- ⁵ Gallatin Development Corporation's 2005 Economic Profile of Gallatin County, Montana
- ⁶ "Housing Market Still Strong", Jo Dee Black, 4/23/06 *The Great Falls Tribune*
- ⁷ Various studies, published articles, and editorials including "An Affordable Housing Brouhaha: Does Bozeman Want to be an Inclusive or Exclusive Community?" by Marcia Youngman 8/1/06, *New West: the Voice of the Rocky Mountains*
- ⁸ Montana Chamber Choices information at http://www.montanachamber.net/ws/aboutus3.php?page_id=8151
- ⁹ Subsidized services include the Employee Assistance Program (with six free mental health counseling sessions; also free half-hour consultation with legal counsel and reduced attorney fees)
- ¹⁰ "The Battle for Brainpower: a survey of talent", 10/7/06, published by *The Economist*
- ¹¹ Banner data as of 12/28/06

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Addendum

Details of CEPAC study of local newspaper advertisements for classified jobs (not ads).

EMPLOYER

Number of classified jobs advertised, per type of employer

	Local	National or Regional Chain	Government	MUS	Total # Jobs Advertised for which employer could be discerned
Billings	227	73	15	8	323
Bozeman	294	46	18	10	368
Butte	49	21	5	0	75
Havre	15	1	5	0	21
Dillon	10	0	1	1	12
Great Falls	52	14	12	1	79
Helena	84	56	30	2	172
Missoula	103	68	16	12	199

Percentage of classified jobs per employer

	Local	Chain	Government	MUS
Billings	70%	23%	5%	2%
Bozeman	80%	13%	5%	3%
Butte	65%	28%	7%	0%
Havre	71%	5%	24%	0%
Dillon	83%	0%	8%	8%
Great Falls	66%	18%	15%	1%
Helena	49%	33%	17%	1%
Missoula	52%	34%	8%	6%

BENEFITS

Number of classified jobs for which the advertisement included descriptions of salary, benefits, and/or incentives:

	Salary	Benefits	Incentives	Tot # jobs advertised	# MUS jobs advertised	Common incentives:
Billings	62	111	34	323	8	1=advancement; 2=bonuses; 2a=commission; 3=flex hours; 4=free products; 5=profit share; 6=scheduled increases; 7=shift pay extra; 8=training/PD; 9=vehicle; 10=waived agency fees 6; 2; 3; 9; 8
Bozeman	76	108	48	408	10	2a; 9; 5; 2; 3
Butte	13	31	9	75	0	8; 1; 6; 5
Havre	11	9	9	22	0	1; 6; 3
Dillon	4	5	5	13	1	3; 6
Great Falls	15	30	8	83	1	2; 9; 3; 2a
Helena	57	53	9	172	2	2; 8; 4
Missoula	57	48	26	223	12	1; 3; 2; 7; 10

Note in Missoula neither school districts nor MUS ads mentioned benefits

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Percentage of classified jobs where salary, benefits and/or incentives were described:

	stated salary	benefits mentioned	incentives offered
Billings	19%	34%	11%
Bozeman	19%	26%	12%
Butte	17%	41%	12%
Havre	50%	41%	41%
Dillon	31%	38%	38%
Great Falls	18%	36%	10%
Helena	33%	31%	5%
Missoula	26%	22%	12%

EMPLOYMENT CATEGORY

Employment categories for non-MUS jobs were allocated by CEPAC, for comparative purposes, using MUS titles and categories.

Number of classified jobs advertised, per employment category:

	Newspaper Ads						MUS On-line Postings						
	Classified Professional	Sec Clerical	Tech Para professional	Skilled Crafts	Service Maintenance	#jobs	Classified Professional	Sec Clerical	Tech Para professional	Skilled Crafts	Service Maintenance	#jobs	
Billings	50	30	46	44	153	323	MSU Billings	1	1	2		4	
Bozeman	26	41	41	90	210	408	MSU Bozeman	5	12	12	1	12	42
Butte	12	7	13	10	33	75	MT Tech					3	3
Havre	5	1	4	1	11	22	MSU Northern						0
Dillon	1	3	1	1	7	13	UM Western					1	1
Great Falls	30	12	14	5	21	83	MSU Great Falls			1			1
Helena	15	26	21	21	89	172	UM Helena						0
Missoula	15	27	32	39	110	223	UM	1	3	3	1	5	13

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Percentage of classified jobs advertised, per employment category:

	Newspaper Ads					MUS On-line Postings					
	Classified Professional	Sec Clerical	Tech Para professional	Skilled Crafts	Service Maintenance	Classified Professional	Sec Clerical	Tech Para professional	Skilled Crafts	Service Maintenance	
Billings	15%	9%	14%	14%	47%	MSU Billings	25%	25%	50%	0%	0%
Bozeman	6%	10%	10%	22%	51%	MSU Bozeman	12%	29%	29%	2%	29%
Butte	16%	9%	17%	13%	44%	MT Tech	0%	0%	0%	0%	100%
Havre	23%	5%	18%	5%	50%	UM Western	0%	0%	0%	0%	100%
Dillon	8%	23%	8%	8%	54%	MSU Great Falls	0%	0%	100%	0%	0%
Great Falls	36%	14%	17%	6%	25%	UM	8%	23%	23%	8%	38%
Helena	9%	15%	12%	12%	52%						
Missoula	7%	12%	14%	17%	49%						