



# *INVESTING IN MONTANA STATE UNIVERSITY*

**Proposal for the Charles Koch Foundation**

*Center for the Economics of Regulation and Policy Analysis*

December 18, 2015

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# Investment Opportunities for Your Consideration

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## The Charles Koch Foundation:

- **\$8 million investment in the Center for Economics of Regulation and Policy Analysis (CERPA)**

## Making a difference for Montana

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Montana is a special place. The landscapes. The people. The pioneering spirit that resides in the DNA of those who have called Montana home. These characteristics are what make Montana unique and they are at the core of what makes Montana State University (MSU) the leading research university it is today.

As a world-class educational institution, MSU provides our students with an exceptional, one-of-a-kind learning and living environment. We deliver to our students the tools, skills, and experiences that allow them to achieve uncommon success in their personal and professional lives.

Our one university has four campuses, seven agricultural research centers, one world-class museum, and extension offices that serve each of Montana's 56 counties, making the entire state of Montana our campus. MSU has much to be proud of:

- MSU was the first land-grant university in Montana.
- MSU is Montana's largest university, enrolling 15,688 students last fall. Our incoming freshman have an average high school grade point average of 3.45.
- MSU is one of only 108 institutions—out of 4,600—that maintain a “very high research activity” designation from the Carnegie Foundation for the Advancement of Teaching.
- MSU attracts nearly \$100 million in research grants and contracts each year which translates into new knowledge, ideas and scholarships that contribute to the improvement of our society and bring new solutions to the people and communities in the West.
- MSU's supportive and collaborative learning environment helps students succeed in competing for national and international scholarships and awards. MSU students have received many prestigious awards including Goldwater, Rhodes, Marshall, Udall, and Newman scholarships. MSU is 8<sup>th</sup> in the nation—just above Yale University—for the total number of Goldwater Scholarship awardees, the premier award for undergraduate students studying the sciences.

Clearly, MSU is doing well on many fronts. Yet, there is more to achieve in many academic areas, particularly in building on our excellence in conducting and communicating objective research on the economics of regulation and policy analysis.

# Executive Summary

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***WHAT IT TAKES: The Campaign for Montana State University.*** MSU has arrived at a pivotal moment in its 122 year history. Under the dynamic leadership of President Waded Cruzado and her team, MSU's ambition to serve more students and more communities is growing. Our desire to create a better Montana comes at a time of tightening state budgets and competition among institutions of higher education. Yet, despite these challenges, it is a time of unprecedented opportunity and aspiration. To deliver on our promise to the sons and daughters of Montana and beyond, Montana State University must take a bold step forward.

To build upon the University's foundation of excellence and to continue to improve research, education, outreach, and engagement, the University must be competitive on three fronts: People (faculty research awards and support, student research training support and scholarships); Places (new buildings and renovations); and Programs.



With a record \$112.3 million in research last year, MSU is one of only 51 universities in the nation to enjoy both the “Very High Research Activity” and the “Community Engagement” designations of the Carnegie Foundation for the Advancement of Teaching. Of those 51, MSU is *the only institution* whose Carnegie enrollment profile is “very high undergraduate.” These recognitions underscore the profile of the student graduating from MSU: one who is enthusiastic about educational opportunities, committed to research and the discovery of new knowledge, and has a profound sense of community engagement. The time is now to partner and invest in a unique program:

The ***MSU Center for the Economics of Regulation and Policy Analysis.*** Expanding the research on the economics of regulation and policy analysis will add to an existing area of strength in MSU's research portfolio and will result in a nationally recognized, objective academic source for lawmakers and policy advisors at the regional, state, and national levels. The Center for the Economics of Regulation and Policy Analysis (CERPA) will be poised to provide balanced, data-based analyses of the impact regulation and policy have on technology, agriculture, natural resources, health care, education, finance, and other sectors.



## We Need You

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We recognize that regulations are important to our way of life and protect citizenry, environment, businesses, and financial markets. At times, advancements in biotechnology, engineering, computer science, natural resource management and other fields outpace the government's ability to effectively and efficiently regulate. This has resulted in a failure to bring new ideas to market because of outdated policies and regulations.

MSU is eager to partner with the Charles Koch Foundation to address how to continue to effectively advance innovation, foster entrepreneurship, provide appropriate protections, and measure the impacts of regulation on the economy. Visionary leadership from MSU and support from the Charles Koch Foundation will provide faculty and students with the resources necessary to emerge as tomorrow's leaders, researchers, innovators, entrepreneurs and policy makers.

Your 5-year commitment will allow for the development of the Center for the Economics of Regulation and Policy Analysis as well as offer immediate funding for faculty positions, research fellowships, research grants, and graduate and undergraduate research assistant training opportunities that will advance the success of the Center and allow CERPA to organize distinguished lectures, academic conferences, and workshops for policy makers to help examine and communicate the tradeoffs associated with various policies and regulations. After the initial 5-years, it would be the goal to further partner with the Charles Koch Foundation to provide an enduring foundation of support. This long-term funding is an essential element of success of the program's future.

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# The Center for the Economics of Regulation and Policy Analysis

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An investment of \$8 million over five years would provide the funding necessary to provide scholarly, objective research on the regulation of technology, health care, agriculture, natural resources, criminal justice, education, and other areas. To accomplish these objectives, the Center for the Economics of Regulation and Policy Analysis will establish rigorous performance metrics for affiliated faculty and graduate students. These performance metrics will include goals for publications in peer reviewed journals, for briefing and policy issues papers, and for articles in other media.

## The Impact

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CERPA researchers will develop and conduct objective, high quality research and will communicate the results of that research through a broad range of outlets. Therefore:

- CERPA Scholars will produce outstanding original research in the area of the economics of regulation and policy analysis and will publish that research in peer reviewed academic periodicals.
- CERPA Scholars will produce publicly accessible white papers, policy issues papers, and other communications that inform law makers, policy advisors and the general public on critical policy and regulatory issues.
- CERPA will organize and present seminars and workshops for both general and targeted audiences that provide policy makers and other interested individuals the opportunity to interact with leading scholars doing research on a wide array of regulatory issues.
- CERPA will organize at least one major annual conference, available and open to the public, on key regulatory issues.
- CERPA will enhance the overall quality, quantity, and visibility of economics research on regulation and policy analysis by fostering collaborative research projects between nationally recognized scholars and students.
- CERPA will educate and develop the next generation of policy makers and other leaders through fellowships and research assistantships for graduate and undergraduate students across several academic disciplines.



The Center for the Economics of Regulation and Policy Analysis will focus on the economics of the regulation of technology, agriculture, natural resources, health care, criminal justice, education, finance, and other important policy areas. CERPA's published research will provide a valuable resource for entrepreneurs, decision makers, community groups, as well as lawmakers tasked with promoting economic growth and prosperity and developing effective and efficient regulation and policy.





### **Technology Regulation and Policy Analysis -**

Montana benefits from the growth of innovative, technology-based companies that, to an impressive degree, build on research conducted at MSU. Examples include Takeda Pharmaceuticals (formerly Ligocyte), which was created by MSU faculty, and the recent licensing of more than 700 lines of MSU- developed durum wheat to Northern Seed, LLC. The current regulatory framework that guides the development and transfer of new technologies is antiquated, and the pace

and complexity of today's technology was not imagined when the regulatory framework was put into place. Emerging applications from MSU's world renowned Center for Biofilm Engineering, development of genetically modified organisms, and the recent Supreme Court Aereo case regarding the regulation of television rebroadcasting represent just a few examples of emerging technologies that would benefit from a regulatory and economic impact evaluation.

**Agriculture and Natural Resource Regulation and Policy Analysis -** Agriculture, tourism, timber and wood products, mining and energy comprise most of Montana's economy. Regulation influences both the development and economic efficiency of these sectors as well as our quality of life. Regulations that affect the implementation of biotechnologies have substantive implications for the agricultural sector. For example, European Union regulations that limit imports of hormone-treated US beef have reduced cattle prices for Montana farmers and ranchers, despite the lack of evidence supporting any impact on human health. Other regulations affect the interface between agriculture, mining, energy, tourism, and the environment. Hence, the economic effects of regulation on the agricultural sector, other natural-resource based industries, and the environment will be a major focus of the Center for the Economics of Regulation and Policy Analysis.

**Health Care Regulation and Policy Analysis -** The health care industry accounts for a substantial proportion of economic activity in Montana. The regulation of health care technologies, health care providership, health insurance, patient record keeping, pharmaceutical therapies, and professional training has profound influence on accessibility and cost of health care, particularly in rural communities. Consequently, the economics of the regulation of the health care industry will be a third major research focus of the Center for the Economics of Regulation and Policy Analysis.

**Criminal Justice, Financial Regulation, Education Policy, and Other Areas of Research -** As a result of several recent faculty appointments, and the establishment of a new Financial Engineering major jointly administered and supported by the Colleges of Engineering and Agriculture, the MSU Department of Agricultural Economics & Economics is well positioned to collaborate with researchers in other disciplines to examine regulatory issues as they affect the financial sector, the criminal justice system, and educational system.

## The Need

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The Center for the Economics of Regulation and Policy Analysis will build on the expertise and experience of the outstanding and committed faculty scholars at MSU. However, substantial additional resources are required to establish and maintain the Center for the Economics of Regulation and Policy Analysis and ensure success.

**What it Takes: People** – The Center for the Economics of Regulation and Policy Analysis requires annual resource commitments to support the work of faculty and students by providing appropriate staffing. This may include:

- A director, co-director, and associates to provide support and expertise;
- Professors in both economics and finance/financial engineering to provide teaching and administer research;
- Visiting professors to work on specific research; and
- Graduate and undergraduate student research fellows.



**What it Takes: Programs** - The Center for the Economics of Regulation and Policy Analysis requires resources to fund its research and outreach programs. This may include funding to:

- Develop and implement an annual research conference at MSU;
- Develop and implement workshops and symposia;
- Travel to attend and present research at regulatory and policy analysis related conferences; and to
- Provide resources for publication, printing, website development and maintenance for the Center for the Economics of Regulation and Policy Analysis briefing papers and policy-issues reports;

**What it Takes: Places** - The Center for the Economics of Regulation and Policy Analysis will be primarily housed in Linfield Hall, home of the Department of Agricultural Economics & Economics. However, additional space may be required for the Center for the Economics of Regulation and Policy Analysis faculty and students, conference areas, and other needs which could be accomplished through renovation of existing space.



## A Legacy Investment in Innovation, Entrepreneurship and Economic Development

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We are incredibly grateful to the Charles Koch Foundation for your consideration of these bold ideas. You have a unique opportunity to make a transformative and lasting difference for students, faculty, MSU, the state of Montana, and the nation for generations.

Support like yours empowers MSU to carry out its land-grant mission to educate students, create knowledge and art and serve communities by integrating learning, discovery and engagement. Your support will encourage new thinking that will help people improve their lives.

Thank you.