

Draft

**Assessment of Alternatives for
Future Administration of the
Montana Natural Heritage Program**

**Prepared for the
Montana State Library Commission**

22 July 2005

by Sue Crispin, Director
Natural Heritage Program

Introduction

The Montana Natural Heritage Program (MTNHP) is a statutory program of the Montana State Library, established by the Legislature (90-15, MCA) in 1983, as part of the Natural Resource Information System (NRIS). The NHP was created for “information acquisition, storage, and retrieval for data relating to the flora, fauna, and biological community types of Montana.”

Since the first staff were hired in 1985, the Montana Natural Heritage Program has logged a 20-year record of success, and developed into a highly respected, service-oriented program with an annual budget of over \$800,000 and a staff of sixteen professionals with expertise in zoology, ecology, botany, database management and Geographic Information Systems. MTNHP is widely recognized as one of the most advanced and effective of over 70 natural heritage programs that now exist throughout the hemisphere.

The enabling legislation for the Natural Heritage Program provided the State Library with the option to contract for the operation of the Natural Heritage Program, and to make available state resources and facilities as part of the contract for services. This language grew from The Nature Conservancy’s instrumental role in creating NRIS/Natural Heritage Program legislation. In the mid-1970’s, The Nature Conservancy (TNC), an international non-profit based in Virginia, began working with state governments across the nation to create a network of locally-based programs to compile and manage biological information needed for resource management and environmental assessments, using consistent methods and standardized technologies.

State governments contracted with TNC to hire and train natural heritage staff, set up the office and computer systems, and direct the initial information-gathering to create a functional database. The Conservancy raised private funds to match public dollars for this start-up phase. This public-private partnership was extremely successful, ultimately resulting in the development of natural heritage programs by all 50 US states, the District of Columbia, the Navajo Nation, and Puerto Rico, as well as the Canadian provinces, and numerous Caribbean, Central and South American nations.

These natural heritage program “establishment contracts” between state governments and TNC noted a mutual intention that heritage programs eventually be integrated into state governments. Many programs completed this transition within 5 years. However, where states wished to continue the programs but were unable to assume full fiscal and management responsibility (for financial or political reasons), the Conservancy agreed to continue as a contractor, operating the program using available state funds, supplemented by grants and contracts from other – mostly federal – sources. Such has been the case in Montana, where the State Library has continued to contract with the Conservancy for operation of the program – now in its 20th year of operation.

The purpose of this Assessment is to review the status of this arrangement and examine other potential administrative structures for the program, as potentially viable options for the future. Specific objectives of this assessment are to:

- Review the current operation arrangement for MTNHP, identifying advantages/strengths and disadvantages or areas for potential improvement;
- Identify key goals and desired outcomes for future administration of the program;
- Identify all reasonable institutional options for future management, and evaluate the feasibility and advantages/disadvantages of each with respect to desired outcomes;
- Identify the issues that would need to be addressed for a transition of program administration and for specific transition scenarios;
- Solicit and analyze input from partners, stakeholders and staff; and
- Identify the best alternative(s) and recommend strategies to address key issues.

Issues Driving the Assessment

This assessment is being driven by several issues identified by the Montana State Library, The Nature Conservancy, and/or Montana Fish Wildlife and Parks.

Contract vs. full integration into state government:

The contract with TNC has been, to date, a very effective means of operating the Montana Natural Heritage Program. It has provided the flexibility, financial leverage, and entrepreneurial environment within which the program has thrived and developed into one of the most highly respected nodes of the Natural Heritage Network.

TNC's general goal in establishing the Natural Heritage Network, has been to fully "institutionalize" the programs in state government. Consistent with this goal, most state and provincial natural heritage programs have now transferred to a public institution, and the Conservancy is now involved in the direct operation of natural heritage programs only in Alabama, Montana, New York, Pennsylvania and Texas. Because Heritage Programs have become a progressively smaller part of TNC's overall business operations, some of the organization's policies and operating procedures have become less "Heritage-friendly," and this has the potential to become more of an issue as time goes on.

From a local perspective, operation of the program in state government by a contractor leads to a situation in which staff do not entirely belong to the agency in which they work, or to The Nature Conservancy (because the program is housed in state government). While this can be difficult for staff at times, it also provides a significant degree of autonomy, and with it a strong sense of "ownership" and commitment on the part of staff, which have been major contributors to high morale and excellent performance at MTNHP.

Political risks and perceptions:

There is concern that operation of the Heritage Program by TNC could be a disadvantage in the current political environment. TNC has received occasional negative press over the past few years, and conservation activities (such as easements) are of great concern to some legislators. Although TNC maintains an absolute "arm's length" relationship between the organization's conservation activities and the operation of MTNHP, the association of the Heritage Program with TNC could result in perceived influence or conflicts of interest. Potentially mitigating this concern, at least for the near term, are recent changes in the leadership of state government and an improvement in the state's fiscal position that has reduced the focus on budget-cutting. Either of these conditions could change over the next few years. Another significant factor offsetting MTNHP's political exposure is the neutrality provided by the State Library.

Increased involvement of Montana Fish, Wildlife & Parks with Species of Concern:

With support of the State Wildlife Grants program, the Montana Department of Fish, Wildlife & Parks (MFWP) is in the process of expanding its scope to more actively address all vertebrate wildlife species, rather than just game animals. The agency is developing a Comprehensive Fish & Wildlife Conservation Plan intended to be the guiding document for this broader approach to wildlife management and conservation. MFWP has identified MTNHP's databases on Species of Concern and the program's survey & monitoring capacity as central to the Comprehensive Fish & Wildlife Conservation Plan and its implementation. The agency hopes to build on the MTNHP information-collection function to advance knowledge of species for which status or habitats are not well known.

In the past, Species of Concern were of interest largely to the Natural Heritage Program, which maintained status and distribution data. Increased interest and involvement from MFWP has led to greater interaction and coordination between the two programs. Because of the growing engagement of MFWP in this area, which is within its agency mandate, there is a need for very close coordination and communication between MTNHP and MFWP. This has led to the suggestion that the MTNHP be

incorporated into MFWP, and one purpose of the Alternatives Assessment is to evaluate the merits and implications of that proposal.

Proactive vs. reactive approach:

There are clear advantages in pro-actively evaluating and making plans for the long-term institutional management and security of the Natural Heritage Program. Sudden changes in TNC or the political environment could force a change in current arrangements. Being proactive in making and implementing a long-range management plan ensures that all options can be fully considered, that sound decisions are made, and that there is ample time for implementing any changes and fully addressing challenges and implications (e.g., human resources).

Background

Organizational Structure of the NHP

As stated in the statute above, the Montana Natural Heritage Program was created as part of the Natural Resource Information System (NRIS) Program, which is now part of the Digital Library Division of the Montana State Library. The State Library contracts with The Nature Conservancy to operate the Natural Heritage Program, an arrangement that was intentionally provided for in the enabling legislation.

In Montana, the State Library has maintained a biennial contract with The Nature Conservancy to operate the Natural Heritage Program. The offices and staff of the program are located within the State Library, and function as an integral part of the Natural Resource Information System/Digital Library. State facilities and resources are made available to minimize operating costs, as provided for in statute and outlined in the attached contract. In recognition of the value of these services, the Conservancy has not charged administrative overhead on the MTNHP contract. This arrangement has made it possible to apply all of the state's contract funds to the actual work of the Natural Heritage Program and thereby maximize the return on the state's investment.

Basis in Statute

The Montana Natural Heritage Program was established by statute in 1983, under the enabling legislation for the Natural Resource Information System. Key portions of the statute, pertaining to the NHP, are provided below. (MCA2-15-1514):

90-15-101. Purpose.

It is the purpose of this chapter to establish a planning framework for the development of a natural resource information system, to implement the system, and to establish and ongoing Montana natural heritage program.

90-15-102. Definitions.

"(3) Natural Heritage Program means a program of information acquisition, storage and retrieval for data relating to the flora, fauna and biological community types of Montana.

90-15-103. Funding.

"The library and each principle data source agency may apply for and may receive funding from private and public sources for the purposes of this chapter.

90-15-301. Establishment of Information System

"The system is to be a comprehensive program for the acquisition, storage and retrieval of existing data relating to the natural resources of Montana.

90-15-302. Natural Heritage Program

(1) There is a Montana natural heritage program to be operated by the library. In order to establish the program, the library may contract with an independent contractor or may employ necessary staff. In order to minimize costs, the library or other state agencies may make available state resources and facilities to an independent contractor as part of a contract for services. (2) The Montana natural heritage

program shall be designed to be compatible with similar programs in other states. This program is to be an initial step in the formulation of the comprehensive natural resource information system referred to in 90-15-301 and is to be considered a part of the system.

90-15-301. Availability of Information.

(1) Except as provided in subsection (3), the library shall make information from the natural resource information system available to local, state, and federal agencies and to the general public... (3) If necessary, the library shall establish procedures to protect confidential information in the possession of state agencies.

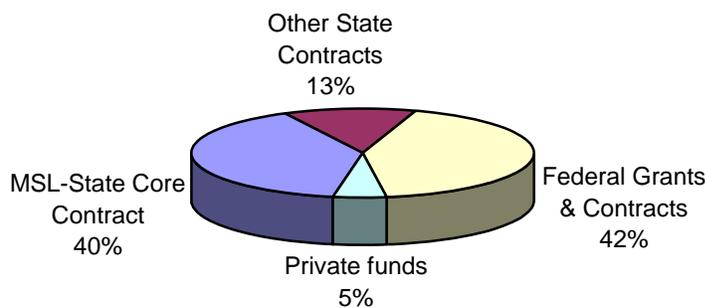
Because the enabling legislation created the NHP as part of NRIS in the State Library, any option other than transitioning the program to full integration in the State Library would either require either continued operation under contract to MSL or a change in statute that reassigns the program to another unit of state government. The next time such changes could be made would be 2007. The statutory option for contracting for operation of the program would, however, make it possible for an institution other than The Nature Conservancy to serve as the contractor. Under such an arrangement, existing staff, assets and funding agreements might be transferred to a new parent organization, with all other aspects of the program's operation (its location in the State Library, services and priorities) remaining unchanged.

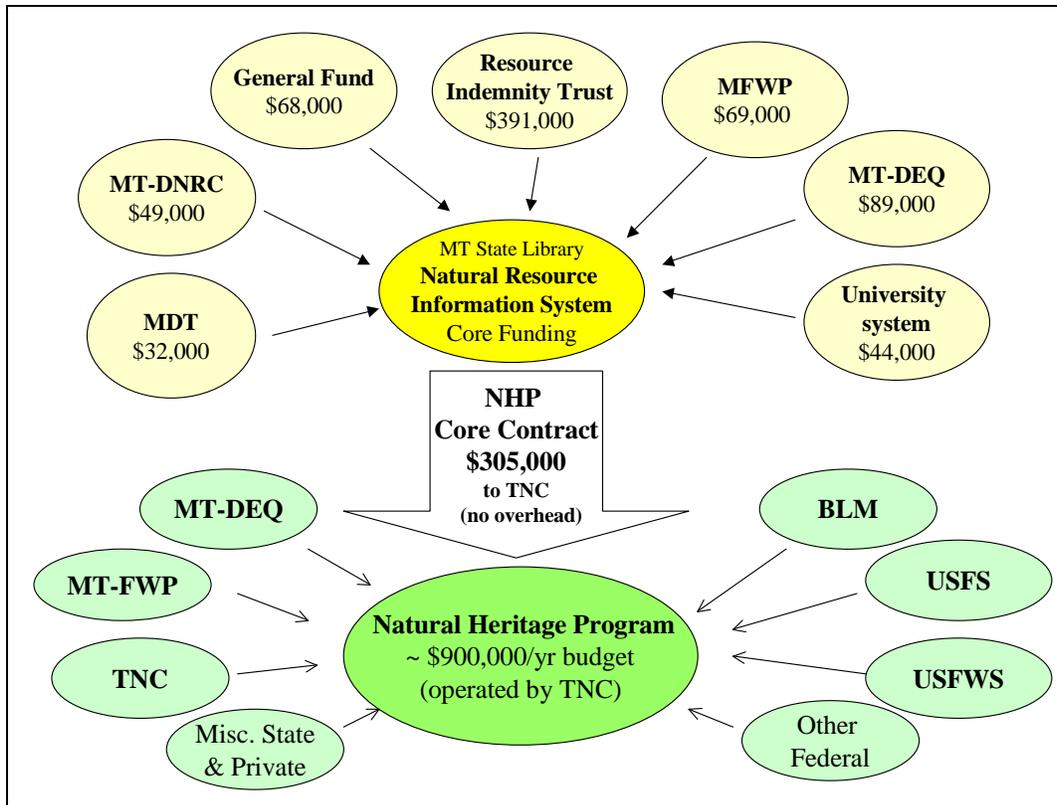
Funding Structure

The annual budget of the Montana Natural Heritage Program currently totals around \$900,000. Of that, just over \$300,000 (about 40%) comes from the contract with the State Library. Funding for the State Library's contract with TNC comes from NRIS core funding. Contributors include four different state agencies (DEQ, FWP, DNRC, MDT) and the University system, with most of the balance from the Resource Indemnity Trust Fund and a smaller portion from the state General Fund.

Annual Income Sources

(Total annual budget: \$800,000 - \$900,000)





Staffing

As of January 2005, the Natural Heritage Program staff complement consisted of 16.25 regular positions and 2 short-term positions. Staffing levels vary somewhat depending on funding levels and projects, but certain positions are considered “permanent” based on the requirements of the state contract. Those include the Director, Information Systems/Services Manager, Senior Zoologist, Senior Ecologist, and Botanist. Other essential staff positions supported with state core contract funds include the Data Systems Coordinator, Data Assistant, and Finance Administrator. Currently, the state contract provides about 50% of the funding needed for the eight essential staff positions.

Several positions are supported entirely from grants and contracts; those include Zoologists (2-3), Ecologists (2-3), Aquatic Ecologist, Project Biologist, and Finance/Office Assistant (part-time). Other positions that may vary in number depending on funding levels include data assistants and field biologists. Private contractors are sometimes tapped during the field season to expand survey capabilities without increasing staffing.

Options and Stakeholders

At the outset of this process, the managing partners identified several options to be evaluated for future administration of the MTNHP. The five alternatives identified were:

1. **Maintain the Status Quo** - MSL would continue to operate the program through the contract with TNC.
2. **Fully Integrate NHP into Montana State Library** - The Montana State Library would create state positions for MTNHP staff and would continue to manage the program.
3. **Transfer the NHP into another State Agency** - MTNHP staff positions would be created by another state agency, which would manage the program either under contract to MSL (at least until the 2007 Legislative session), or directly if/when the enabling legislation was amended to reassign the program to that agency. Montana Fish, Wildlife & Parks (MFWP) has been the principle agency interested in and considered under this option, although DNRC is very supportive of the program and open to the possibility of assuming administrative responsibilities, if other partners wish to explore that option.)
4. **Transfer to a University (under contract to the State Library)** - Create staff positions as part of a state university or the university system, which would manage the program, either under contract to MSL, or directly if/when the enabling legislation was amended to reassign the statutory authority for the program.
5. **Management by another non-profit organization** - Create staff positions in another non-profit organization that would serve as the contractor to operate the MTNHP for the state.

Partner & Stakeholder Input

The Natural Heritage Program is a partnership in the strongest sense of the word; in addition to being a program of the Montana State Library operated by The Nature Conservancy, a major portion of funding for the core contract comes from other state agencies. In addition, federal agencies have made – and continue to make – major contributions to support core data management and services, as well as important data development projects. Both as funders and as major users of the MTNHP’s data and services, all of these agencies are critical participants in the decision about the program’s future administration. Other important stakeholders include the broader user base, including additional agencies, private businesses, and conservation organizations. All of the stakeholder groups identified for the purposes of this process are listed below.

- **State agencies** that rely on MTNHP services and provide core funding. Format: Consultation with the NRIS Advisory Committee, which is comprised of state agencies that fund NRIS/MTNHP: MT Dept. of Transportation, Dept. of Environmental Quality, MFWP, and Dept. of Natural Resources & Conservation, as well as staff of the Legislature’s Environmental Quality Council, State Historical Society, and a representative from the private business sector.
- **Federal agencies** that rely on (and contribute essential information to) NHP databases and provide major financial support: BLM, USFS, USFWS, EPA, Bureau of Reclamation, Natural Resource Conservation Service, National Parks, and Bonneville Power Association.
- **Private-sector partners and information-users.** This includes consulting firms as well as corporations that partner with and rely on information from the MTNHP, and may cooperate in or provide funding for projects.
- **Montana State Library.** As the agency with statutory authority for the MTNHP, the State Library has a primary role in this assessment. Key participants are agency managers, and the MSL Commission, which has ultimate decision-making authority for the State Library.
- **The Nature Conservancy.** Because the Conservancy established and has operated the MTNHP under contract to the State Library for 20 years, employs the staff, owns the equipment, and holds the

intellectual capital comprised by these resources. A committee of the state chapter Board of Trustees was formed to review information, options and provide recommendations to the State Director.

- **Other non-government organizations** that contribute project support and rely on information of the MTNHP. These include NatureServe (the international affiliate for natural heritage programs), local and state land trusts, as well as national organizations with local chapters (e.g., Montana Audubon).
- **Natural Heritage Program staff.** Staff of the MTNHP will be most directly affected by any change, both professionally and personally. While the impact on individuals is important in and of itself, it is also key to the program's effectiveness, which depends on the knowledge, skills, abilities and dedication of a highly talented, dedicated and expert staff.

Partners and stakeholders were asked to participate in this process through several meetings and through a web survey. The survey, which also sought input on the quality of services, program priorities, and user needs/suggestions, was emailed to 260 individuals representing all stakeholder groups and was also posted on the NRIS and MTNHP web home pages for over a month. The response rate was extremely high, with 125 (nearly 50%) of the persons emailed responding, and another 46 responses from emails that were forwarded to others within an agency/organization, and from individuals responding to the notice on the web. This very high response rate indicates the level of support for MTNHP (specific feedback and general comments on the program were extremely positive) and the degree of concern for the program's future and continuity of its services. A summary of survey results is available on the MTNHP website.

The other major source of partner & stakeholder input was the NRIS Advisory Committee, which includes all state agencies identified in the enabling legislation and/or contributing to the support of the MTNHP, Higher Education, and representatives of the private business sector (environmental consultants). This group was expanded for the purposes of this study to include federal agencies that rely on and financially support the MTNHP (BLM, USFWS, USFS) and the private non-profit sector (The Nature Conservancy & Montana Audubon). A summary of input from the April 2005 meeting of the NRIS Advisory Committee is available on request.

Information was also shared with and input solicited from MTNHP staff through meetings and an internal survey.

Guiding Principles for the Assessment

To guide the evaluation of options, the managing partners agreed to develop Guiding Principles that would outline the desired outcomes of any transfer in MTNHP administration. A set of draft Principles was developed and then revised based on stakeholder input described above. This resulted in the following five Guiding Principles, which represent the desired objectives for a final decision regarding future administration of the MTNHP.

1. Maintain the Natural Heritage Program identity, mission & key functions.

The statutory function and longstanding role of the Natural Heritage Program (NHP) – as the State's primary source for information on animals, plants and natural communities, emphasizing those of conservation concern – should be maintained, regardless of institutional affiliation. This includes its focus on information collection, integration, management and dissemination, its compatibility with the Natural Heritage Network (specified in the enabling legislation) and its well-established identity, including all major functional components (zoology, botany, ecology, information management).

2. Maintain or strengthen the Program's financial and political security.

Any change in management arrangements for the NHP should, ideally, result in greater financial and political security, and should, at a minimum, not weaken the program by reducing its funding, capacity, effectiveness or by exposing it to greater political risk. Financial security is linked to the diversity of funding sources (including state agency core funding) and overall funding level, both of which have been trending upward. This funding diversity not only helps reduce the impact of cuts from any single funding source, but also produces high financial leverage for the contributing partners and benefits all partners with better data and services.

Political security is strongly linked to the program being insulated from the sometimes very negative politics associated with sensitive species – this has been achieved to date by the program's location within a politically neutral agency (the State Library, which has a focus on information and no regulatory mandates or controversial activities) and by ensuring a strict "arm's-length" relationship from The Nature Conservancy's conservation activities. Also key to this perceived neutrality has been the program's relative autonomy from political influences and politically influenced agencies and organizations.

3. Maintain the program's effectiveness.

The current effectiveness of the NHP derives from its focus on service to a broad range of users, its commitment to diverse partners, the credibility of data, the practical utility of its products, the quality and expertise of its staff, and the trust of information users in the objectivity of its services. This effectiveness translates to efficiency and cost-savings in the public and private sectors, as well as a broad positive impact on the conservation and sustainable management of Montana's biological resources. Ensuring maintenance of this effectiveness will require retaining the staff talent that has been carefully built over the past several years, the range and quality of services to Montana agencies (state and federal), organizations, businesses and citizens. This includes information products and services as well as expertise and the capacity to provide field services such as inventory and research.

4. Ensure strong institutional support from the managing agency or organization.

The mission and services of the Natural Heritage Program should be important to the mission of the housing institution and its functions viewed as integral to that institution's mission and its success. The housing institution must be strongly committed to maintaining effective funding levels for the program, even in times of fiscal constraint, and for advocating effectively on behalf of the program. This will require a personal commitment from executive managers as well as a clear perception of the program's value to the managing institution. (Note: There is currently no state agency or institution with a legislative mandate that encompasses for what NHP does, other than the State Library, which has the statutory authority for the program. MFWP has a wildlife management mandate that could incorporate NHP responsibilities for vertebrate animals and potentially habitat (though not currently for plants or invertebrates), however MFWP had not been actively engaged with non-game wildlife or habitats until very recently.)

5. Build on the past success and current strengths of the Natural Heritage Program.

The Montana Natural Heritage Program has an excellent reputation and track record of success. Among the key strengths that underlie this success are staff expertise and experience, scientific credibility, political neutrality, service orientation, diversity of partnerships/users, and responsiveness to partner/user needs. These qualities have led to a high level of trust in the reliability and objectivity of information and services provide by the NHP. Also important has been the program's affiliation with the State Library's Natural Resource Information System, with its emphasis on broad access to information services, and the outstanding IT infrastructure that benefits the NHP and is in turn strengthened by the substantial contributions of the NHP.

Comparison of Alternatives

Input received from stakeholders through the NRIS Advisory Committee (NAC) meeting and the web survey had one clear message that was broadly repeated -- perhaps best paraphrased as “not tinkering with success.” Both the NAC and survey respondents placed a high value on MTNHP services and expressed a high level of satisfaction with the program’s performance and direction. They questioned why a change was needed and indicated their desire for minimizing impacts on MTNHP services and resources (especially funding and personnel).

In general, stakeholders expressed some concern for long-term continuity and continued development of the Natural Heritage Program under any of the alternatives presented in the survey and meetings. Table 1 summarizes stakeholder input on proposed alternatives relative to the Guiding Principles. Concerns related to specific alternatives are summarized below.

Status Quo – Continued management by TNC

This option received the strongest support from stakeholders, though some echoed the concerns about affiliation with an organization advocating conservation, from the standpoint of political risk as well as perceptions of objectivity. However, the biggest obstacle to the current arrangement is TNC’s inability to continue operating the program at the current levels of overhead income. Recent changes in resource allocation within TNC require all field operating units to contribute to organizational infrastructure expenses, the rate being calculated at 25% of total annual salary expenses, with full implementation of the levee scheduled for FY07. Since no overhead is collected on the state core contract (in exchange for housing and basic office services), and about half of the overhead from other grants and contracts is needed to supporting the local administrative functions of the Program, this requirement is untenable for MTNHP with the current funding structure. If the TNC contract were selected as the most desirable option, this problem would need to be resolved with TNC.

Transfer to a State Agency

In response to the proposal of integrating MTNHP fully into state government, the State Library raised the fewest concerns from stakeholders, who expressed very strong support for keeping the program within NRIS and located at the State Library – regardless of the administrative structure. Advantages cited included the proximity to state funding agencies, the IT infrastructure available within NRIS, the “one-stop shopping” advantage, and the absolute neutrality of the agency. Concerns about the State Library related more to its ability to advocate strongly for MTNHP funding and its willingness to administer field studies and data collection, which are services highly valued by partners.

Many stakeholders expressed serious concern about the general concept of integrating the MTNHP into a state agency, regardless of which agency that might be. Primary among these concerns were:

- Agency priorities would take precedence over MTNHP and the program would be eroded, underfunded or even lost.
- Funding avenues and opportunities would be limited
- Flexibility with funding would be reduced
- Greater difficulty negotiating salaries/raises and arrangements that help retain excellent staff
- State employment may not attract the same people who are interested in working for a non-profit or University.
- Difficulty of transferring 16 FTE into state employment, and high risk of losing staff, if they are expected to interview for their positions.
- Increased bureaucracy, less efficiency and effectiveness.
- Loss of autonomy, probable changes in goals & direction.
- Limiting of ability for partners to easily provide funds for needed services.

- Less ability to work across jurisdictional boundaries with the Natural Heritage Network.

Full integration into state government (agency) also poses some administrative challenges:

- How to roll-over and/or achieve reasonable parity with current staff benefits -- especially retirement benefits vis-à-vis the state's pension system (given that some staff have 10 or more years with TNC).
- Unavailability of domestic partner health benefits; this is a key benefit to some staff, and has even played a decisive role in recent recruitment; it is not currently available within state government.
- Whether/how the program could continue to receive private funds, including private foundation funding, as part of a government entity.

Although MFWP was seen as a strong institution capable of effectively advocating for the program, stakeholders raised concerns about the highly political and often controversial area in which the agency operates, and the risk that information users would have reduced confidence in the data, simply because it came from a regulatory agency. Other partners were also concerned that if the program were administered by a single resource management agency with its own needs for MTNHP products and services, then other partners' needs would receive lower priority and perhaps go unmet. They also expressed concerns about the program's priority within the department, with its history and constituency focused on game resources, and these concerns extended to the program's long-term continuity.

Transfer to a University Affiliation

The University was also seen as a strong institution capable of supporting and advocating effectively for MTNHP, but stakeholders were concerned that the program could become a low priority, relative to other (larger and/or existing) programs and priorities. The University affiliation was perceived as being largely consistent with the program's reputation for objectivity and scientific credibility, however there were concerns about a possible shift of focus from information services and applied studies toward more basic research.

Most respondents evaluated the University option as a full transfer of the program to a University. However, a scenario that involves University administration of the program under the contract with MSL might provide more consistency with the Guiding Principles. Under this scenario, statutory authority would remain with the State Library, which would continue to contract for actual operation of the program (within the State Library building). The State Library could ensure, through the "Core Contract," that primary products and services continue to be delivered by the contracting institution. This has worked extremely well with The Nature Conservancy as the contractor, and may continue to succeed if the new contracting institution is able and willing to carry on the program in the tradition that TNC has established. Ideally, the new contracting institution could offer some improvements in certain areas, most importantly through reduced political exposure (but also potentially lower overhead and/or greater administrative efficiency), and would not introduce major new weaknesses or concerns.

Based on input from funding partners and other stakeholders (summarized in Table 1) and general concerns about full transfer of MTNHP into a state agency, the University might be able to offer a contracting scenario comparable to that with TNC. Contracting with the University would carry less political risk than TNC (a conservation organization), and the University may be able to offer more effective administrative support in managing grant and contract funds – if overhead rates were not increased significantly.

Stakeholder concerns about the University's commitment to maintaining valued services would need to be addressed through the core contract with MSL, and by active engagement of partners in a coordinating committee (see Other Recommendations, below). The fact that core program funding would continue to

flow through the contract with MSL would provide the additional advantage of protecting it from the risk of reallocation or cutbacks within the University budget. In these ways, the contract arrangement would offset some of the major concerns expressed by stakeholders (who were asked to respond to full transfer proposals, rather than the “hybrid” scenario of transferring the contract while retaining statutory authority and primary housing in the State Library).

Other advantages offered by the University include:

- Ability to transfer staff and positions, with benefits most comparable to TNC’s.
- Increased collaboration between NHP biologists and university staff/students (potential for more work to be accomplished and more funding opportunities)
- Additional space for growth – that is becoming a limiting factor at the State Library
- Maintain a relatively autonomous Natural Heritage Program (relative to the various partners, agencies and information users).

Concerns that would need to be addressed in some fashion include:

- How to maintain a close connection and communication with other partners and information users, to ensure that MTNHP activities and services continue to meet customer needs and generate a high level of satisfaction and support.
- Concern about the reliability of University commitment to the program, including strong political and financial advocacy for the MTNHP.
- Concern about the University’s commitment to program continuity and funding, and how to ensure that the MTNHP would remain a priority for funding within the much larger University system and budget.

Questions that still need to be answered about the University option include:

- Where would the MTNHP reside in the University structure, and how could it be safeguarded against getting “lost” in such a large, complex institution.
- Could an arrangement be created that would create links with both Universities -- opening the doors to collaboration and minimizing the potential for conflicts and competition -- while establishing a clear parent institution with lead responsibility for the MTNHP?
- How would positions be transferred and key human resource issues addressed (e.g., loss of accumulated sick leave, especially in the case of a major health problem)?
- How would financial agreements (grants/contracts) be transferred, administered and obligations fulfilled?
- What would the overhead rates be for various partners, and how would it be divided between the University and the program?
- What level of funding would the University commit to support of the MTNHP?
- Could the arrangement be implemented in a way that give the MTNHP staff a strong sense of belonging to the parent organization and the State Library, and avoid the “stepchild” status in which neither entity takes full ownership of the program?

It should be noted that the University of Montana has been the only university actively engaged in the assessment process. Strong interest has been expressed from UM in assuming administration of MTNHP, at both the Department, College and Vice Provost levels. MSU has been contacted (Ecology Department & Museum of the Rockies) and invited to join the process, however the conversation has not progressed beyond initial expressions of interest.

Transfer to an Alternative Non-Profit Organization

This option was not actively investigated early in the evaluation process (including through the Survey), because no appropriate organization other than TNC had been identified. However, because of concerns or feasibility issues with the other alternatives, this option has been re-evaluated and two possible alternatives identified.

NGO Option 1: Partnering with the Montana Natural History Center (MNHC). This is a small but very successful NGO based in Missoula. Its mission is “to promote and cultivate the appreciation, understanding and stewardship of nature through education.” It is active primarily in west central Montana, with hopes of growing a statewide scope. It operates with has 5 staff and various contractors, and has many volunteers, including a very active Board. MNHC operates on a combination of public grants and private donations, with an annual budget of around \$500,000. The recently purchased a building on the riverfront which houses offices, classrooms, a bookstore/gift shop, and an interpretive exhibit room which that is under development in cooperation with the UM museums of zoology and paleontology.

While this organization is small, its mission is compatible with MTNHP, it remains carefully neutral, has existing partnerships and grants with state and federal agencies. Senior staff are interested in further exploring the possibility of a partnership with MTNHP that could grow their education/information mission, staff expertise, geographic scope in the state and institutional capacity to be a successful professional organization.

NGO Option 2: Forming an independent non-profit organization. This has not been explored in any depth, but could stand as an alternative to partnering with an existing non-profit.

Both of these options would require significant additional study.