



Montana State University

Year 6, Standard 2

Policies, Regulation, and Financial Evaluation Report

July 6, 2023

Presented to the Northwest Commission on Colleges and Universities





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INSTITUTIONAL OVERVIEW

History

Montana State University (MSU) was established in 1893 in Bozeman, Montana, as a land-grant university under the federal Morrill Act of 1862, signed by President Abraham Lincoln. To commemorate this important federal act and its role in establishing MSU, the university commissioned a statue of Lincoln that now stands prominently near the Student Union Building at the center of campus, reminding all that the land-grant mission has been, and remains, at the core of MSU. MSU President Waded Cruzado reminds us that MSU was established by the Morrill Act as a land-grant institution to educate and serve the sons and daughters of Montana's working class to allow economic and social mobility to graduates.

Mission, vision, and values

MSU adopted a five-year strategic plan in 2019, with the following mission statement:

As the state's land-grant university, Montana State integrates education, creation of knowledge and art and service to communities.

The vision statement in the strategic plan describes how the university will direct its energy, based on the mission statement. Montana State's vision is stated as:

Montana State University will transform lives and communities in the people's interest.

The values inherent in the mission and vision statements were explicitly elucidated in the strategic plan and are as follows:

- **Excellence** – We pursue exceptional outcomes.
- **Integrity** – We commit to honesty, ethical behavior, and accountability.
- **Inclusion** – We create a civil, supportive, and respectful environment where difference and diversity are sources of strength.
- **Collaboration** – We believe that working together produces better outcomes.
- **Curiosity** – We expect inquiry, exploration, creativity, and innovation.
- **Stewardship** – We care for and conserve the human, economic, physical, and environmental resources entrusted to us.

Montana State is the largest university in the state of Montana, and its reputation has been growing in the region due to its pursuit of excellence in education, creation of knowledge and art, and service to communities. As it pursues these three strands of its mission as a land-grant, MSU has worked to create strength through integration of the three areas. The next sections will describe the three

strands of the land-grant mission, with a last section on how the administration and faculty have sought to integrate the strands.

1. Excellence in education

MSU has the largest undergraduate and graduate student enrollment of any institution of higher education in Montana. As of Fall 2022, the enrollment of undergraduate students was 14,631, and the graduate student enrollment was 2,057, for a total of 16,688. In AY 2022-23, MSU awarded 2,547 undergraduate degrees and 735 graduate degrees. An additional 221 students received associate degrees or certificates from Gallatin College MSU. For an historical graphic about enrollment, please see the <https://www.montana.edu/opa/students/enrollment/class.html>. The diversity of the student body of MSU has been growing. Students representing all 56 counties of Montana attend MSU, joining students from each of the 50 states, the five major territories, and 180 countries, as of Spring 2023. The diversity of the student body has been enhanced by recruiting and graduating increasing numbers of American Indian students, especially those from tribal communities in Montana. This recruitment effort has been supported by the completion in 2022 of the new American Indian Hall, located in the heart of campus. Further, the university has sought to focus on veteran students, with a new center for veteran students in the historic and newly renovated Romney Hall. Diversity is valued at MSU, and the university welcomes first-generation students, students from the LGBTQIA+ community, and those from various racial and cultural backgrounds. Tables of enrollment for various categories of student characteristics for the past seven years can be found on the MSU website.

Montana State University is unique among institutions of higher education in focusing on both research and instruction. A focus on student research means undergraduate and graduate students conduct cutting-edge research under the supervision of outstanding faculty members. Because of these student research opportunities, along with outstanding academic programs, Montana State has produced student award winners at the national and international levels. In the last seven years, MSU students have received national and international scholarships for students at a much higher proportional rate than universities with similar enrollments. Since 2016, the following prestigious scholarships have been awarded to MSU students:

- One Rhodes Scholarship.
- Six Truman Scholarships.
- 20 Goldwater Scholarships.
- 11 Fulbright Scholarships.
- One Gates Cambridge Scholarship.
- One Marshall Scholarship.
- Five Schwarzman Scholarships.
- Seven Udall Scholarships.

2. Excellence in the creation of knowledge and art

MSU has endeavored to be outstanding in both education and the creation of knowledge and art, and the university has excelled in its support of knowledge and art creation, which serves both the students and the communities of Montana, the nation, and the world. Montana State was designated

as an R1 institution, according to classifications published by the Indiana University Center for Postsecondary Research's Carnegie Classification of Institutions of Higher Education. Only 146 institutions in the nation received R1 classifications, and among them, only MSU and one other university also have an enrollment profile of "very high undergraduate" populations. One reason for the designation is the number of grant dollars brought into the university, which in 2022 topped \$200 million.

Many of these faculty members responsible for the flow of grant dollars have achieved national standing with their research products. Examples of outstanding work in the creation of knowledge and art can be found below.

- **Dr. Joan Broderick**, department head in and professor of the Department of Chemistry and Biochemistry, was elected to the National Academy of Sciences and to the American Academy of Arts and Sciences in 2022. Dr. Broderick also was elected as a fellow to the American Association for the Advancement of Science in 2020. Dr. Broderick works to understand molecules known as radical SAMs.
- **Dr. Dana Longcope**, professor in and head of the Department of Physics, was elected to the National Academy of Sciences in 2022 for his work to understand solar flares and other magnetic behavior of the sun.
- **Dr. Alexandra Adams** was appointed to the National Academy of Sciences in 2021. Additionally, Dr. Adams was elected to the National Academy of Medicine. Her specialty as a medical doctor and Ph.D. researcher is in improving health in Native and rural communities.
- **Dr. Bryce Hughes** received a five-year CAREER grant with the National Science Foundation in 2021 for his work on the barriers to degree completion faced by LGBTQIA+ students in studying in STEM fields.
- **Dr. Peter Buerhaus** was inducted into the Johns Hopkins University Society of Scholars in 2019. Dr. Buerhaus is a renowned nurse economist who is nationally recognized for his expertise on health care workforce issues.
- **Dr. Suzanne Held** and her colleague, Alma McCormick, a member of the Apsáalooke (Crow) Nation, were recognized in 2018 with the Robert Wood Johnson Foundation Award for Health Equity for their work to promote health equity and social justice.
- **Ian van Coller**, a nationally known photographer from the School of Film and Photography, won the 2018 Guggenheim Fellowship for his photos that document deep time and paleoclimatology worldwide.
- **Dr. Cathy Whitlock**, a professor of Earth sciences, was elected in 2018 to the National Academy of Sciences, one of the highest honors a scientist can receive.
- **Dr. Neil Cornish**, a physicist, was part of a team to win the 2017 Nobel Prize in physics and the Breakthrough Prize in Fundamental Physics, a prestigious international award, for their work in detecting gravitational waves.

These are only a few of the international, national, state, and campus awards given to outstanding faculty researchers at MSU in the past seven years. This work is important to the educational achievements for students, as the research informs the curricula presented by faculty in the

classroom. Additionally, the Undergraduate Student Research program encourages students and faculty members to involve students in research projects, experiences which require students to develop high-level creative problem solving and critical thinking skills. Research activity is also fundamental to supporting master's and doctoral degrees.

Without the continued, significant level of research activity at the university, the 137 graduate degrees and credentials offered at MSU would not be sustainable. The creation of knowledge and art conducted by faculty allows students at all levels to create knowledge and art throughout the programs at Montana State.

As part of the land-grant mission, MSU has seven Montana Agricultural Experiment Station (MAES) research centers and two cooperating sites in various rural areas of the state. The purpose of these centers is to “conduct and promote studies, scientific investigations, and experiments relating to agriculture, natural resources, and rural life, and to diffuse information thereby acquired among the people of Montana.” The centers were established through the Hatch Act as part of the original Morrill Act of 1862. The MAES centers, along with MSU Extension, organized a framework for a plan of work from 2017 to 2021 around eight program areas:

- Animal sciences
- Plant soil sciences
- Farm and ranch and business management
- Energy and natural resources
- Pest and disease management
- Healthy living, nutrition, and food safety
- Youth and family development
- Community development.

The creation of knowledge in these areas forms the basis for education and outreach.

3. Service to Communities

All MSU faculty have a responsibility to provide service to the campus, community, state, nation, and world, in addition to contributing service to their own disciplines. The university also has MSU Extension to coordinate service and outreach programs for the state. MSU Extension was established through the Morrill Act of 1862, which established the land-grant universities. The Cooperative Extension Service, as it was called, was specifically created by the Smith-Lever Act of 1914, with the mission of extending the university to the citizens of each state. Today, MSU Extension has faculty serving each of the state's 56 counties, in addition to state specialists and Extension administrators.

Having Extension within the university benefits undergraduate and graduate students, as students are invited to work with faculty in the counties and with specialists to deliver educational programming and conduct research. Students often serve as interns with Extension faculty, giving them hands-on experience working with the public in education and research.

Service-learning through Extension is one avenue for students to be involved in this aspect of the land-grant mission. Additionally, student service-learning occurs throughout the university within the courses offered, through individual student problems taken for credit with supervision from faculty, through the Office for Student Engagement, and through student organizations recognized by the university. The emphasis on service at MSU is a direct result of its land-grant history.

MSU faculty and students have won national awards for providing service to communities, including:

- **Dr. Jane Mangold** won the 2021 Outstanding Outreach Award from the Weed Science Society of America for her work in leading the MSU Integrated Invasive Plan Management Group.
- **Jennifer Anderson**, Extension agent in Rosebud and Treasure counties received the 2016 national award for Excellence in Community Development from the National Association of Community Development Extension Professionals for creating the Community Foundation of Northern Rosebud County.
- **Dr. Clain Jones**, MSU Extension soil fertility specialist, won two national awards in 2020. The first, from the American Society of Agronomy Excellence Award, was for his video entitled, “Acidification of Cropland Soil: Pact, Causes, Solutions.” The second, from the Soil Science Society of America, was the Soil Education and Extension Award, which recognizes outstanding teaching in soil sciences.
- **Dr. Mary Burrows** won the 2020 national award from the Western Extension Directors Association for her work in the Integrated Pest Management Program, which reduces health and environmental risk from pest management, improves pest management practices, and increases pest management adoption.

Integration

To encourage the integration of the three parts of the land-grant mission, Montana State has made a unique addition to encourage work that crosses into multiple areas. Tenurable faculty have the responsibility of integration written into their position descriptions, and the faculty member’s work in integration must be addressed in retention, tenure, and promotion documentation. Fortunately, integrating the three land-grant areas comes naturally to MSU faculty members: The knowledge and art created by faculty members and their students is seamlessly presented in the classroom; the problems addressed in the classroom are fodder for knowledge and art creation; and the service rendered by faculty and students finds its way back into the classroom and as a foundation for knowledge and art creation.

The land-grant mission of education, creation of knowledge and art, and service to communities, with an emphasis on integration, has been the focus and will continue to be the focus of MSU as the largest university in the state of Montana. The university’s five-year strategic plan, adopted in 2019, chose particular areas of focus, with accompanying planned actions and metrics, that will be highlighted throughout this report of Standard 2. As an introduction, basic elements of the strategic plan will be described.

Montana State University's Strategic Plan for 2019–2024, “Choosing Promise”

Montana State University's strategic plan “Choosing Promise” was created through a series of meetings with faculty, staff, students, and external stakeholders. While the general land-grant mission guides the everyday workings of MSU, “Choosing Promise” presents three areas of intentional foci and goals for the five-year period, 2019-2024. These are listed below, including sub-goals:

- **Intentional Focus 1:** Drive Transformational Learning Experiences Creating Outstanding Educational Outcomes for All Students
 - Goal 1.1: Broaden access for underrepresented populations and increase academic success for all students through excellence in education
 - Goal 1.2: Expand high-quality graduate education
 - Goal 1.3: Implement evidence-based high-quality, high-impact teaching and learning practices for every student
- **Intentional Focus 2:** Improve Lives and Society through Research, Creativity and Scholarship
 - Goal 2.1: Enhance the significance and impact of scholarship
 - Goal 2.2: Expand interdisciplinary scholarship
 - Goal 2.3: Strengthen institutional reputation in scholarship
- **Intentional Focus 3:** Expand Mutually Beneficial and Responsive Engagement for the Advancement of Montana
 - Goal 3.1: Increase mutually beneficial collaborations with tribal nations and partners
 - Goal 3.2: Grow mutually beneficial partnerships across Montana
 - Goal 3.3: Foster a culture of collaboration, continuous improvement and individual growth

These intentional foci and goals arose, in part, from the guidance received from previous Northwest Accreditation processes, in addition to the input received from stakeholder groups. The staff at MSU welcomes the opportunity to self-reflect on the progress made since the last accreditation review and to use the process, and the results of the process from the Northwest Accreditation feedback, to continuously improve MSU to serve the sons and daughters of Montana's working people, as well as the communities from which they journey to MSU.



ELIGIBILITY REQUIREMENTS

The next sections of this report will present the Eligibility Requirements set by the Northwest Commission of Colleges and Universities to provide evidence that Montana State University meets the requirements for consideration for accreditation in this seven-year cycle.

Eligibility Requirement 1

The institution has completed at least one year of its principal educational programs and is operational with students actively pursuing its degree programs at the time of NWCCU's acceptance of its Application for Consideration for Eligibility. The institution has graduated at least one class in its principal educational program(s) before NWCCU's evaluation for initial accreditation.

Response

On February 16, 1893, the Montana Legislature passed an act creating the Agricultural College of the State of Montana, to be located at Bozeman. The name was changed in the 1920's to Montana State College, and then was changed to its current name, Montana State University, in 1965.

The newly established college began instruction on April 17, 1893, for a 10-week summer term. Eight students, five men and three women, enrolled for the first session. During the first year, 46 students were enrolled in the college: 15 in agriculture, 14 in household economy, five in applied science, and 12 undeclared.

In the 130 years since its founding, MSU has grown steadily. Currently, MSU offers 136 unique baccalaureate degrees, graduate certificates in 18 areas, 72 master's degrees and doctoral degrees in 48 areas of focus.

In 2022-23, the university awarded 3,503 degrees and certificates:

- Certificate (Graduate): 91
- Certificate (Undergraduate): 109
- Associate of Arts or Science: 124
- Bachelor's degrees: 2,535
- Master's degrees: 540
- Doctoral degrees: 104

These statistics and the history shared in this response indicate that Montana State University meets and exceeds the requirements of Eligibility Requirement #1.

Eligibility Requirement 2

The institution's programs and services are predominantly concerned with higher education. The institution has sufficient organizational and operational independence to be held accountable and responsible for meeting and sustaining NWCCU's Standards for Accreditation and Eligibility Requirements.

Response

The Montana Agricultural School, which is now Montana State University, was established by a charter from the Montana State Legislature in 1893. The charter states that the university is to be an institution of higher education. Further, the university is recognized as a nonprofit educational institution by state and federal governments. The designation requires the university to be primarily involved in delivering educational services to a declared population, which is, in this case, students of higher education.

The university operates as a state university and is under the governance of a Board of Regents (BOR) and the Montana Office of the Commissioner of Higher Education (OCHE). The president of Montana State University is the chief executive officer and is responsible for administering BOR policies under the supervision and control of OCHE. MSU has sufficient operational independence, and is accountable and responsible for meeting the Northwest Commission's standards and eligibility requirements.

Eligibility Requirement 3

The institution is authorized to operate and confer degrees as a higher education institution by the appropriate governmental organization, agency, and/or governing board as required by the jurisdiction in which it operates.

Response

Montana State University is one of 16 public colleges and universities that form the Montana University System (MUS). State law has designated Montana State University as the land-grant university for the state of Montana under the provisions of the Morrill Act of 1862. Montana law (Montana Code Annotated 2021, Part 2) states that:

“Montana State University-Bozeman shall be a comprehensive institution carrying out programs of research and public service and offering instruction in the sciences, literature, and arts, including military science, as well as professional programs in agriculture, engineering, and other fields as may be prescribed by the regents.”

The Montana law also states that the faculties shall recommend the granting of diplomas and degrees to graduates to the Board of Regents of Higher Education for their approval. The Board of Regents, by law, is vested with powers and responsibilities to control and govern the operation of MSU and confers the university authority to grant degrees at the associate, baccalaureate, master's, and doctoral levels.

Eligibility Requirement 4

The institution demonstrates and publishes evidence of effectiveness and uses ongoing and systematic evaluation and planning to refine its key processes and measures to demonstrate institutional mission fulfillment. Through these processes, it regularly monitors its internal and external environments to determine how and to what degree changing circumstances may impact the institution and its ability to ensure its viability and sustainability.

Response

While individual colleges and departments at MSU plan, implement, and evaluate their academic programs and advising efforts, institution-wide planning and evaluation at MSU is achieved through the process of forming five-year strategic plans for the entire university. The metrics and actions for achieving and measuring the success of the plan are included under each of the strategic plan's goals. Metrics are gathered and reported to the University Council and other campus groups monthly. The COVID-19 pandemic caused the university to adapt so that it could continue its mission while enacting health measures to protect faculty, staff, and students, a process that required flexibility, creativity, and a great deal of extra effort. Nevertheless, MSU remains dedicated to the intentional foci and goals stated in the 2019–2024 strategic plan “Choosing Promise.”

Eligibility Requirement 5

The institution identifies and publishes the expected learning outcomes for each of its degree, certificate, or credential programs. The institution engages in regular and ongoing assessment to validate student learning and, consistent with its mission, the institution establishes and assesses student learning outcomes (or core competencies) examples of which include, but are not limited to, effective communication, global awareness, cultural sensitivity, scientific and quantitative reasoning, critical analysis and logical thinking and problem solving, and/or information literacy that are assessed across all associate- and bachelor-level programs or within a General Education curriculum.

Response

Montana State University prominently identifies and publishes the expected learning outcomes for each degree, certificate, or credential programs on its website at <https://www.montana.edu/provost/assessment/>. The university has an assistant provost responsible for assessing educational programs. The assistant provost works with individual programs to train faculty and departmental administrators on appropriate assessment tools and examples of best practices, as well as monitoring progress toward a complete, up-to-date set of learning outcomes and assessments for each program.

The [General Education curriculum](#), called Core 2.0 at MSU, includes outcomes covering effective communication, global awareness, cultural sensitivity, scientific and quantitative reasoning, critical analysis and logical thinking and problem solving, and/or information literacy, along with other learning outcomes regarding areas such as representing mathematical information numerically, developing skills in a foreign language, and collaborating with a team. Committees representing faculty, administrators, and students select which courses can be included in the Core and assess the courses to assure that the learning outcomes are being met.

The Montana Board of Regents requires each department to conduct a comprehensive review every seven years of the department's administration, student experiences, operations, and learning outcomes of each of the programs it offers. This review is evaluated by staff members at the Board of Regents and the Office of the Commission of Higher Education.

For more details on this Eligibility Requirement, please see Standards 2.G.1 through 2.G.7.

Eligibility Requirement 6

The institution identifies and publishes expected outcomes and metrics for student achievement, including but not limited to graduation, retention, completion, licensure, and measures of postgraduation success. The indicators of student achievement are disaggregated by race, ethnicity, age, gender, socioeconomic status, first-generation college student, and any other institutionally meaningful categories that are used to help promote student achievement and close barriers to academic excellence and success (equity gaps).

Response

The MSU Office of Planning and Analysis is responsible for providing data and analyses to the institution to support decision making in planning and assessment. This office creates data charts, graphs, tables, and other representations of data analysis available at montana.edu. The data analyses offer key performance indicators of student success by gender, geographic origin, veteran status, race, and so forth. Special attention is given to tracking the success of Native American students, as Montana is home to 12 Native American nations, with seven reservations located in the state. The analyses are available to the general public through the website. Additional analyses are available in a password-protected portion of the website containing information about student success by program, department, and college so that administrators and faculty can make informed decisions about their efforts to assure student success.

For more details on this eligibility requirement, please see Standards S.G.1 through 2.G.7.

Eligibility Requirement 7

The institution is governed and administered with respect for the individual in a nondiscriminatory manner while responding to the educational needs and legitimate claims of the constituencies it serves as determined by its mission.

Response

Montana State University is deeply committed to treat all faculty, staff, and students in the MSU community without discrimination due to race, color, religion, national origin, creed, service in the uniformed services (as defined in state and federal law), veteran status, sex, age, political ideas, marital or family status, pregnancy, physical or mental disability, genetic information, gender identity, gender expression, or sexual orientation. Importantly, Montana State University is located on the original homelands of Native peoples and acknowledges this rich history as a central element of a commitment to learning from the past.

Two offices provide leadership in ensuring that the MSU community acts equitably in treating students, faculty, and staff. The Office of Institutional Equity (<https://www.montana.edu/equity/>) is committed to continually supporting, promoting, and building a culturally diverse campus environment to serve faculty, staff, and students by supporting Equal Opportunity and Affirmative Action. The Office of Diversity and Inclusion (<https://www.montana.edu/diversity/>) helps create and maintain a culture of intellectual and personal growth that is diverse and inclusive. The leadership of these two offices extends throughout the central administration, colleges, offices, and student organizations to inform each individual in the university of the importance of accepting and supporting every person in the university community.

For more details on this eligibility requirement, please see Standard 2.E.1 through Standard 2.E.3.

Eligibility Requirement 8

The institution establishes and adheres to ethical standards in all of its academic programs, operations, and relationships.

Response

In the five-year strategic plan of 2019, “Choosing Promise,” the values for the institution are listed as:

- Excellence
- Integrity
- Inclusion
- Collaboration
- Curiosity
- Stewardship

In the strategic plan, a specific statement for integrity spells out the university’s commitment to ethical standards:

Integrity — We commit to honesty, ethical behavior, and accountability.

As an entity of Montana, MSU abides by the state ethics standards, written in the state’s human resources/employee benefits policy manual. The introduction to the policy states:

State of Montana employees will conduct their duties for the benefit of the people of the state. Two main principles apply to conduct: public trust and public duty. Public employment is a public trust created when the public places its confidence in the integrity of public employees.

Each state agency must adopt this model policy. State agencies may expand upon this policy with additional provisions appropriate to the specific circumstances of the agency [\(2-18-102\(4\), MCA\)](#).

The violation of this policy can result in repercussions for the employee involved, as stated in the policy manual. The university educates students, faculty, and staff about these policies and acts if evidence shows that the ethics policies have been abrogated. Particularly, student ethics and integrity are governed by the Student Academic Conduct and Grievance Guidelines and are overseen by the Dean of Students.

For more details on this eligibility requirement, please see Standard 2.D.1 through Standard 2.D.3.

Eligibility Requirement 9

The institution has a functioning governing board(s) responsible for the quality and integrity of the institution and for each college/unit within a multiple-unit district or system, to ensure that the institution's mission is being achieved. The governing board(s) has at least five voting members, a majority of whom have no contractual or employment relationships or personal financial interest with the institution. Institutions that are part of a complex system with multiple boards, a centralized board or related entities, shall have, with respect to such boards, clearly defined authority, roles, and responsibilities for all entities in a written contract(s). In addition, authority and responsibilities between the system and the institution is clearly delineated, in a written contract, described on its website and in its public documents, and provides NWCCU accredited institutions with sufficient autonomy to fulfill its mission.

Response

The body with the authority to govern Montana State University is the Board of Regents (BOR). The BOR is responsible for setting policy, approving academic programs, and reviewing and approving the university's budget. The BOR delegates authority for policy operations to the Office of the Commissioner of Higher Education (OCHE) as the central administrative unit of the Montana University System and the BOR. The Commissioner of Higher Education and their staff provide service to the BOR, government agencies and entities, the public, the media, students, staff members, and others in the education community when they need information or assistance. The BOR and OCHE were given authority by the Montana Constitution, where the authority, roles, and responsibilities for all entities are provided in Article X, Section 9.

None of the members or employees of the BOR or OCHE has contractual, employment, or personal financial interest in MSU.

For more details on this eligibility requirement, please see Standard 2.A.1 through Standard 2.A.4.

Eligibility Requirement 10

The institution employs an appropriately qualified chief executive officer who is appointed by the governing board and whose full-time responsibility is to the institution. The chief executive officer may serve as an ex officio member of the governing board(s) but may not serve as chair.

Response

Dr. Waded Cruzado is the current president of Montana State University, having served as president since 2010. She was appointed by the Montana Board of Regents and serves as a full-time president. President Cruzado is qualified to serve as president of MSU due to her experience as the executive vice president and provost at New Mexico State University (NMSU) and then as the NMSU interim president from 2008 to 2009. As MSU's president, she does not serve on the Board of Regents as a voting member or as an ex officio member.

For more details on this eligibility requirement, please see Standard 2.A.1 through Standard 2.A.4.

Eligibility Requirement 11

In addition to a chief executive officer, the institution employs a sufficient number of qualified administrators, with appropriate levels of authority, responsibility, and accountability, who are charged with planning, organizing, and managing the institution and assessing its achievements and effectiveness. Such administrators provide effective leadership and management for the institution's major support and operational functions and work collaboratively across institutional functions and units to foster fulfillment of the institution's mission. Executive officers may serve as an ex officio member of the governing board(s) but may not serve as chair.

Response

Montana State University has an efficient and effective administrative structure charged with planning, organizing, and managing the institutions (see Appendix A for brief biographical sketches and photos of the individuals who directly report to the President).

- Executive Vice President for Academic Affairs and Provost
- Vice President for Administration and Finance
- Vice President for Student Success
- Vice President for Agriculture and Director for Montana Agricultural Experiment Station
- Vice President of Information Technology
- Vice President of University Communications
- Vice President for Research and Economic Development
- Chief Human Resources Officer
- Director of Athletics
- Director of Office of Audit Services
- Senior Diversity and Inclusion Officer
- Director of the Office of Planning and Analysis
- Executive Director of MSU Extension
- Legal Counsel
- Chief Compliance Officer
- Executive Director of the Museum of the Rockies

The individuals in these positions work within the institution, across the institution, and with other institutions within the Montana University System to achieve high-quality education, research, and outreach outcomes.

None of the individuals in these positions are members, either voting or ex officio, of the Board of Regents or are employees of the Office of the Commissioner of Higher Education.

For more details on this eligibility requirement, please see Standard 2.A.1 through Standard 2.A.4.

Eligibility Requirement 12

Consistent with its mission, the institution employs qualified faculty members sufficient in numbers to achieve its educational objectives, establish and oversee academic policies, and ensure the integrity and sustainability of its academic programs. The institution regularly and systematically evaluates the performance of faculty members in alignment with institutional mission and goals, educational objectives, and policies and procedures. Evaluations are based on written criteria that are published, easily accessible, and clearly communicated. Evaluations are applied equitably, fairly, and consistently in relation to responsibilities and duties.

Response

MSU hires full-time tenure-track and non-tenure-track faculty in the academic programs listed in its course catalog. Careful hiring practices include searching for and hiring professionals with appropriate degrees in the disciplinary areas in which the instruction is to occur. Each faculty member is responsible for developing and adhering to instructional objectives required in the programs for the courses they teach, and the faculty members are thoroughly evaluated each academic year through multiple sources of information including student evaluations, department head evaluations, and self-evaluation. Tenure-track faculty are rigorously assessed at the end of the second year of hire for retention, and then at the end of the fifth year of employment for tenure and promotion. Faculty are engaged in establishing the hiring requirements, assessing candidates, setting program and course level instructional objectives and assessment of such, and in evaluating faculty members for retention, tenure, and promotion. The processes reflect the fundamental mission and goals of MSU and, especially, the five-year strategic plan.

For more details on this eligibility requirement, please see Standard 2.F.1 through Standard 2.F.4.

Eligibility Requirement 13

Consistent with its mission, the institution provides one or more educational programs all of which include appropriate content and rigor. The educational program(s) culminate in the achievement of clearly identified student learning outcomes and lead to degree(s) with degree designations consistent with program content in recognized fields of study.

Response

Montana State University offers 136 unique baccalaureate degrees graduate certificates in 18 areas, 72 master's degrees and doctoral degrees in 48 areas of focus. Ten university colleges offer and manage the degree programs:

- Gallatin College MSU
- College of Letters and Science
- College of Agriculture
- College of Education, Health and Human Development
- College of Arts and Architecture
- The Norm Asbjornson College of Engineering
- The Mark and Robyn Jones College of Nursing
- The Jake Jobs College of Business and Entrepreneurship

- The Graduate School
- The Honors College

In addition to being accredited for 90 years by the Northwest Commission on Colleges and Universities, 14 different agencies and organizations accredit programs across the university. These accreditations testify to the content and rigor of the programs offered at MSU.

Eligibility Requirement 14

Consistent with its mission, the institution employs qualified personnel and provides access to library and information resources with a level of currency, depth, and breadth sufficient to support and sustain the institution's mission, programs, and services.

Response

Montana State University has one central library, the MSU Library, which offers resources to the 136 degree programs offered at the associate, baccalaureate, master's, and doctoral levels. The MSU Library provides library services to satisfy the research and information needs of students and faculty and to serve the citizens of the state and the business community. The MSU Library offers over 140 public computer workstations, printers, scanners, and technology in group study rooms, quiet study areas, and individual study carrels. The library's professional faculty and staff provide knowledgeable and friendly assistance to all who seek to use the collections and online information. The library faculty and staff support students and researchers through presentations and workshops and in other teaching environments, with particular emphasis in the fields of agriculture, science, health, and technology. The MSU Library is continually evolving to best meet the needs of students, faculty, and staff by providing increasing emphasis on online access to a vast digital collection and assistance in using digital library materials.

For more information on this eligibility requirement, please see Standard 2.H.1.

Eligibility Requirement 15

The institution provides the facilities, equipment, and information technology infrastructure necessary to fulfill and sustain its mission and maintain compliance with all federal and applicable state and local laws. The institution's planning includes emergency preparedness and contingency planning for continuity and recovery of operations should catastrophic events significantly interrupt normal institutional operations.

Response

University administrators and the MSU Alumni Foundation have worked tirelessly with potential donors and with the members of the Montana Legislature to add facilities and upgrade existing facilities and equipment to be state-of-the-art for instruction. In the past seven years, a new building for engineering, a remodel of the century-old Romney Hall, a new American Indian Hall, a new health addition to the football stadium, and other remodeling projects have been completed. The Mark and Robyn Jones College of Nursing will build five new instructional facilities at each of its five campus locations in the state thanks to a \$101 million donation received in 2021. A true commitment to facilities is evidenced by the building and remodeling that has occurred in the last decade.

The university has renamed the technology division to be called University Information Technology (UIT) and with a vice president/chief information officer. UIT employees, along with personnel in MSU Academic Technology and Outreach, were instrumental in helping faculty convert all courses in 2020 when the pandemic required the university to temporarily change to distance delivery.

University policy ensures that the mission of the institution and compliance with all laws and rules is monitored and maintained by students, faculty, and staff.

The University Police Department houses the Office of Emergency Management, which has the following responsibilities:

- Improving the university's readiness for potential emergencies.
- Protecting and preserving intellectual property, physical assets, and facilities.
- Establishing requirements for tasked organizations to develop plans and execute annual training exercises.
- Ensuring the continuity of operations of essential services during crises.

The COVID-19 pandemic of 2020-2021 tested the emergency systems and allowed the university to see where systems worked and where improvements could be made. Continuous improvements have occurred due to those experiences.

For more information on this eligibility requirement, please see Standard 2.I.1.

Eligibility Requirement 16

Within the context of its mission and values, the institution adheres to and maintains an atmosphere that promotes, supports, and sustains academic freedom and independence that protects its constituencies from inappropriate internal and external influences, pressures, and harassment. Faculty, students, staff, and administrators are free to examine and test all knowledge and theories.

Response

Academic freedom is the cornerstone of fostering intellectual development and dialogue in a university setting. A policy on academic freedom is in the Montana Board of Regents policy handbook (Policy 302) and is restated in the [MSU Faculty Handbook](#). The policy states that faculty members are entitled to freedom in research and in the publication of the results, freedom in the classroom discussion of their disciplinary subjects, and freedom from institutional censorship when the members express opinions as private citizens, not representing the institution. The policy clearly states the faculty member responsibilities when conducting instruction and research and reminds faculty members of the need to indicate that they are not representing the institution when acting as a private citizen.

For more details on this eligibility requirement, please see Standards 2.B.1 and 2.B.2.

Eligibility Requirement 17

The institution publishes student admission policies which specify the characteristics and qualifications appropriate for its programs and adheres to those policies in its admissions procedures and practices.

Response

MSU consistently communicates policies regarding student admissions and placement through its website at montana.edu. The website indicates the required qualifications for applicants for undergraduate and graduate degree programs. Policies for transfer credit evaluation are documented and explained on the website and by personnel in the university's registrar's office. The practices for student admissions, placement, and transfer credit evaluation are in line with policies established by the Montana Board of Regents.

For more details on this eligibility requirement, see Standard 2.C.1 through Standard 2.C.4.

Eligibility Requirement 18

The institution publishes current and accurate information regarding: its mission, admission requirements and procedures; grading policy; information on academic programs and courses; names, titles and academic credentials of administrators and faculty; rules and regulations for student conduct; rights and responsibilities of students; tuition, fees, and other program costs; refund policies and procedures; opportunities and requirements for financial aid; and the academic calendar.

Response

Montana State University publishes public information about its mission, strategic plan, values and goals, assessment processes, programs of study, numbers and demographics of students, faculty names and credentials, rights and responsibilities of students, tuition, fees, housing costs, financial aid availability and instructions on applying for aid, the academic calendar, and many other aspects of campus life. A Code of Student Conduct is available with information on academic integrity. This information is available on the website and much of it is published in printed form.

For more details on this eligibility requirement, see Standard 2.C.1 through Standard 2.C.4.

Eligibility Requirement 19

The institution demonstrates financial stability, with cash flow and reserves necessary to support and sustain its mission, programs, and services. Financial planning ensures appropriate available funds, realistic development of financial resources, and appropriate risk management to ensure short-term financial health and long-term financial sustainability.

Response

Montana State University has a thorough system of financial allocations, management, and assessment of financial management for the entire institution. Resource allocation decisions are analyzed by the University Planning Council (UPC), which is comprised of staff, faculty, administrators, and students. The UPC can make recommendations to the university president based on their deliberations on resource allocation issues. The university has a budgeting process that

begins well before the fiscal year end. The requirements of budgeting are such that a balanced budget is developed and monitored throughout the fiscal year. Cash flows and reserves are carefully managed to support the mission, programs, and services of the institution. See Appendix D for the 2022 Annual Financial Report for Montana State University.

For more details on this eligibility requirement, see Standards 2.E.1 through 2.E.3.

Eligibility Requirement 20

For each year of operation, the institution undergoes an annual, independent financial audit by professionally qualified personnel in accordance with generally accepted auditing standards. The audit is to be completed no later than nine months after the end of the fiscal year. Results from the audit, including findings and management letter recommendations, are considered annually in an appropriate and comprehensive manner by the administration and the governing board.

Response

Since the university is partially funded by the Montana Legislature, financial records are externally audited by the Montana Legislative Audit Division. The budget and financial management processes are overseen by the Office of the Commissioner of Higher Education and the Board of Regents. The oversight of the Legislature, Board of Regents, and the Office of the Commissioner of Higher Education ensures that the university demonstrates financial stability in its operations. Such a decision made by the Board of Regents regarding programs or other projects proposed for the university requires fiscal analysis to assess the financial requirements and impacts vis a vis the overall university functioning.

Eligibility Requirement 21

The institution accurately discloses all the information NWCCU may require to carry out its evaluation and accreditation functions.

Response

Montana State University is dedicated to full information disclosure for the evaluation and accreditation functions performed by the NWCCU. The process is viewed as a valuable external assessment of the entirety of MSU operations so that improvements can be identified and acted upon.

Eligibility Requirement 22

The institution understands and accepts the standards and policies of NWCCU and agrees to comply with these standards and policies. Further, the institution agrees that NWCCU may, at its sole discretion, make known the nature of any action, positive or negative, regarding the institution's status with NWCCU to any agency or member of the public requesting information.

Response

MSU understands and accepts the standards and policies of NWCCU and agrees to comply with such standards and policies. Montana State understands and accepts that the NWCCU may make

known the nature of any action regarding the institution's status with the NWCCU to any agency or member of the public requesting information and, in fact, encourages such disclosure, as MSU recognizes its role as a land-grant public institution with the charge of improving the lives of the citizens of the state of Montana. Its citizens have the right to know the institution's status from the accreditation processes and results.

Eligibility Requirement 23

The institution demonstrates operational capacity (e.g., enrollment, human and financial resources, and institutional infrastructure) sufficient to fulfill and sustain its mission. It allocates resources as necessary to achieve its mission and engages in realistic budgeting, enrollment management, and capital planning to support the achievement of its identified strategic indicators of institutional capacity.

Response

As a state institution, MSU receives funding from and is accountable to the Montana Legislature, with the responsibility delegated to the Montana Board of Regents through the provisions of the Montana State Constitution. As such, the operational capacity of the institution is both provided for and overseen to ensure that the university can fulfill and sustain its mission. The budgeting process, which begins at the departmental level, proceeding through the colleges and then with the central administration, requires a balanced budget at the inception of the fiscal year. The departments are responsible for spending within the budget and this requirement is monitored by the central administration throughout the fiscal year. Any violations are brought to the attention of the responsible parties with a requirement to manage the deviation to bring it back in line with the budget. In this manner, the budget supports and ensures that the institution has the capacity to fulfill its mission.

For more information on this eligibility requirement, see Standards 2.E.1 through 2.E.3.



Standard Two: Governance

Standard 2.A.1

The institution demonstrates an effective governance structure, with a board(s) or other governing body(ies) composed predominantly of members with no contractual, employment relationship, or personal financial interest with the institution. Such members shall also possess clearly defined authority, roles, and responsibilities. Institutions that are part of a complex system with multiple boards, a centralized board, or related entities shall have, with respect to such boards, written and clearly defined contractual authority, roles, and responsibilities for all entities. In addition, authority and responsibility between the system and the institution is clearly delineated in a written contract, described on its website and its public documents, and provides the NWCCU accredited institution with sufficient autonomy to fulfill its mission.

Response

Governance structure

The Montana University System, of which Montana State University in Bozeman is a part, is regulated by state law (Montana Code Annotated, Title 20, Chapter 25, Part 3, [Administration of University System](#)). The law specifies that the Board of Regents is responsible for the general control and supervision of the units comprising the Montana University System.

The Montana Board of Regents (BOR) comprises seven members appointed by the governor of Montana and confirmed by the Montana Senate. The members serve seven-year terms, with overlapping terms for continuity. The student regent is a full-time student at one of the units of higher education under the jurisdiction of the BOR, and that student is appointed by the governor. Students apply to be on the BOR in writing, and the appointed student serves a one-year term with the possibility of reappointment to successive terms. The governor, Superintendent of Public Instruction, and the Commissioner of Higher Education are ex-officio members of the BOR.

The BOR, according to law, grants diplomas and degrees to graduates of the system upon the recommendation of the faculties, and the BOR has the discretion to confer honorary degrees upon the recommendation of the faculties. The involvement of faculties in these duties indicates the degree to which the BOR works cooperatively with the faculties, therefore providing the institution with sufficient autonomy to fulfill its mission. The BOR oversees all books, buildings, records, grounds, and other property of the system. In addition, the BOR receives from the Montana Board of Land commissioners, from other boards or persons, or from the government of the United States all funds, income, and other property that the system may be entitled to and use and appropriate the property for the specific purpose of the grant or donation. Further, the BOR must have general control of all receipts and disbursements of the system. The BOR, by law, appoints a president or chancellor,

faculty, and other officers, agents, and employees, and the BOR has the responsibility of determining compensation. The BOR supervises and controls the Agricultural Experiment Station and is responsible for ensuring an adequate level of security for data.

The law specifically outlines the powers and duties of the president of each of the units in the Montana University System. The president shall be responsible for the direction, management, and control of the unit of higher education, including instruction, practical affairs, and scientific investigations. The president of the unit is the president of the general faculty and the special faculties of departments or colleges, and of the executive head of the unit in all its departments. The president serves as the corresponding secretary for the unit. The president is responsible for making an annual report to the regents containing information that regents may request and will produce special reports on the request of the regents or the Legislature.

Delineation of the authority and responsibility between the system and the institution

With regard to Montana State University-Bozeman, Montana law states that MSU is the land-grant university for the state of Montana. The law states that MSU shall be a comprehensive institution carrying out programs of research and public service and offering instruction in the sciences, literature, and arts, including military science, as well as professional programs in agriculture engineering, and other fields, as may be prescribed by the regents.

Standard 2.A.2

The institution has an effective system of leadership, staffed by qualified administration, with appropriate levels of authority, responsibility, and accountability who are charged with planning, organizing, and managing the institution and assessing its achievements and effectiveness.

Response

Montana State University's president

Montana State University's president is Dr. Waded Cruzado. The University's organizational chart can be found in Appendix C. Those individuals who directly report to her are listed below. Photographs and brief biographical sketches can be found in Appendix A.

Waded Cruzado

President

Amber Vestal

Executive Assistant to the President

Stephanie Erdmann

CEO and Dean, Great Falls College MSU

Greg Kegel

Chancellor, MSU Northern

Stefani Hicswa

Chancellor, MSU Billings

Robert Mokwa

Executive Vice President for Academic Affairs and Provost

Kellie Peterson

Legal Counsel

Terry Leist

Vice President for Administration and Finance

Steven Swinford

Interim Vice President for Student Success

Sreekala Bajwa

Vice President for Agriculture

Director of Montana Agricultural Experiment Station

Dean of the College of Agriculture

Ryan Knutson

Vice President of Information Technology

Cody Stone

Executive Director of MSU Extension

Tracy Ellig

Vice President of University Communications and Interim Director of Government Affairs

Alison Harmon

Vice President for Research and Economic Development

Ariel Donohue

Senior Diversity and Inclusion Officer

Brad White

Director, Audit Services

Leon Costello

Director of Athletics

Chris Dobbs

Executive Director of the Museum of the Rockies

Chris Fastnow

Director of Office of Planning and Analysis

MSU President's Executive Council

The membership of the President's Executive Council consists of the following people, most of whom are voting members. Voting ex-officio members are indicated with an asterisk.

- President of the Associated Students of Montana State University: Jacob Zink
- President: Waded Cruzado, Ph.D.
- *Provost and Executive Vice President for Academic Affairs: Robert Mokwa, Ph.D.
- *Vice President for Research and Economic Development: Alison Harmon, Ph.D. (Interim)
- *Vice President for Administration and Finance: Terry Leist
- *Vice President for Student Success: Steven Swinford, Ph.D. (Interim)
- *Vice President of University Communications: Tracy Ellig
- *Vice President for Agriculture, Dean of the College of Agriculture, and Director of the Montana Agricultural Experiment Station: Sreekala Bajwa, Ph.D.
- *Vice President for Information Technology and Chief Information Officer: Ryan Knutson, Ed.D.
- President and Chief Executive Officer, MSU Alumni Foundation: Mary Jane McGarity (Interim)
- *Director of the Office of Legal Counsel: Kellie Peterson, J.D.
- *Director of Planning and Analysis: Chris Fastnow, Ph.D.
- *Chief Human Resources Officer: Jeanette Grey Gilbert
- *Director of Athletics: Leon Costello
- *Executive Director of MSU Extension: Cody Stone, Ph.D.
- *Director of Institutional Audit and Advisory Services: Brad White
- Senior Diversity and Inclusion Officer, Office of Diversity and Inclusion: Ariel Donohue
- Executive Director of the Museum of the Rockies: Chris Dobbs
- Chair of All Staff Council: Jonathan Dove
- President of the Associated Students of Montana State University: Jacob Zink
- *Executive Assistant to the President: Amber Vestal
- Faculty Senate: Ellis Colter

Montana State University's policy-making council

The policy-making council at MSU is University Council, which also advises the president to provide leadership and management to the various units on campus. Because the president also provides oversight for the other three campuses comprising Montana State University, University Council includes the leaders of these campuses, as shown on the organizational chart in Appendix C. The members of University Council are listed below.

- President: Waded Cruzado, Ph.D.
- Chancellor, Montana State University-Billings: Stefani Hicswa, Ph.D.
- Chancellor, Montana State University Northern: Greg Kegel, Ph.D.
- Dean and Chief Executive Officer, Great Falls College MSU: Stephanie Erdmann, Ph.D.
- Executive Vice President for Academic Affairs and Provost: Robert Mokwa, Ph.D.
- Vice President for Agriculture, Dean of the College of Agriculture, and Director of Montana Agricultural Experiment Station: Sreekala Bajwa, Ph.D.
- Vice President for Research and Economic Development: Alison Harmon, Ph.D. (Interim)
- Vice President for Student Success: Steven Swinford, Ph.D. (Interim)
- Vice President, University Communications: Tracy Ellig
- Vice President for Administration and Finance: Terry Leist
- Vice President, Information Technology and Chief Information Officer: Ryan Knutson, Ed.D
- Associate Vice President, University Services: John How
- Dean, The Graduate School: Craig Ogilvie, Ph.D.
- Dean, College of Letters and Science: Yves Idzerda, Ph.D.
- Dean, Jake Jabs College of Business and Entrepreneurship: Dan Miller, Ph.D. (Interim)
- Dean, Mark and Robyn Jones College of Nursing: Sarah Shannon, Ph.D.
- Dean, College of Arts and Architecture: Dean Adams, MFA
- Dean, Norm Asbjornson College of Engineering: Brett Gunnink, Ph.D.
- Dean, College of Education, Health and Human Development: Tricia Seifert, Ph.D. (Interim)
- Dean, Office of International Programs: Kristof Zaba, Ph.D.
- Dean, Gallatin College MSU: Stephanie Gray
- Dean of the Library: Doralyn Rossmann (Interim)
- Dean of Students: Matt Caires, Ed.D
- Dean of the Honors College: Ilse-Mari Lee, Ph.D.
- Director, Government Affairs: Tracy Ellig (Interim)
- Executive Director, Museum of the Rockies: Christopher Dobbs
- Director, Planning and Analysis: Chris Fastnow, Ph.D.
- President, Associated Students of Montana State University: Jacob Zink

- President and Chief Executive Officer, MSU Alumni Foundation: Mary Jane McGarity (Interim)
- Faculty Senate: Ellis Colter, Ph.D.
- Chair, All Staff Council: Jonathan Dove
- Director, Athletics: Leon Costello
- Executive Director, MSU Extension: Cody Stone, Ed.D.
- Executive Director, Academic Technology and Outreach: Kim Obbink, Ed.D.
- Chief Compliance Officer, Office of Institutional Equity: Justin Arndt
- Chief Human Resources Officer, Human Resources: Jeannette Grey Gilbert
- President, Associated Faculty of Montana State University: Chere LeClair, Non-tenure track
- Senior Diversity and Inclusion Officer, Office of Diversity and Inclusion: Ariel Donohue
- Legal Counsel: Kellie Peterson, J.D.
- Executive Assistant to the President, Office of the President: Amber Vestal

Process of choosing qualified leadership

The individuals listed were hired into their positions through rigorous external searches. Executives holding interim positions were initially hired for their original positions through external searches. At the appropriate time, national searches will be conducted to fill any position currently served by an interim appointee.

Standard 2.A.3

The institution employs an appropriately qualified chief executive officer with full-time responsibility to the institution. The chief executive may serve as an ex-officio member of the governing board(s) but may not serve as its chair.

Response

Montana State University's president, Dr. Waded Cruzado

Dr. Waded Cruzado, Ph.D., currently serves as Montana State University's president. Dr. Cruzado earned a bachelor's degree in comparative literature from the University of Puerto Rico at Mayagüez (UPRM) in 1982. She earned a master's degree in Spanish language and literature in 1984 and a Ph.D. in the humanities in 1990 at the University of Texas at Arlington. Later that same year, Dr. Cruzado was hired as an assistant professor at the University of Puerto Rico at Mayagüez, with instructional and research responsibilities in Spanish language and history.

She was promoted to associate professor and tenured in 1994 at UPRM, while also serving as assistant dean for student affairs, which was her first administrative appointment. In 1998, Dr. Cruzado was appointed as the associate dean for academic affairs in the UPRM College of Arts and Sciences and was subsequently promoted to the dean position. In 1999, she was promoted to full professor. In 2003, Dr. Cruzado was hired as the dean of the College of Arts and Sciences at

New Mexico State University (NMSU), and in 2007, she was hired as the provost and executive vice president at NMSU. After one year of service as provost and executive vice president, President Cruzado was appointed interim president of NMSU.

In 2009, Dr. Cruzado applied for the presidency of Montana State University and was interviewed by a 22-member search committee. Dr. Cruzado was subsequently hired as the 12th president of MSU.

President Cruzado's background as a faculty member, who began as an assistant professor and worked her way through the ranks to become a full professor, provides her with a first-person perspective on the role of teaching and research at a national university. She began her administrative career as an assistant dean and then proceeded to become a dean and a provost, thus also working her way through university administrative ranks. Her experiences as a faculty member and an administrator have served her well in her role as a highly effective university president.

Of particular note is that President Cruzado became the mother of two children while working toward her master's degree and Ph.D. Not only is President Cruzado the first woman and the first Hispanic person to assume the presidency of MSU, but she also is a woman who successfully navigated her academic career with a family. These experiences have allowed President Cruzado to be sensitive to the issues of faculty and staff of color and of faculty and staff who simultaneously have work and family demands. She has created an environment on campus of inclusion and belonging, with special sensitivities to people of all backgrounds and life experiences.

Relationship between the MSU President and the Board of Regents

As Montana State University's president, President Cruzado does not serve on the Board of Regents (BOR), which was established by the Montana State constitution as the governing board of the university. President Cruzado serves as a full-time president, and she has gained a national reputation for her leadership and mentoring accomplishments. President Cruzado serves at the pleasure of the Board of Regents, and the BOR provides an annual review for her, in cooperation with the Commissioner of Higher Education.

Standard 2.A.4

The institution's decision-making structures and processes, which are documented and publicly available, must include provisions for the consideration of the views of faculty, staff, administrators, and students on matters in which each has a direct and reasonable interest.

Response

Montana State University has a structure of shared governance comprising councils, committees, boards, and task forces. At MSU, the titles of these shared governance bodies are defined as: Councils participate in university policy and governance; committees provide ongoing advisory functions and develop policies and guidelines for university review; boards generally have decision-making and oversight functions; and task forces operate to fulfill a specific charge that is accomplished within a specified time. 54 councils, committees, and boards provide policy, advice, decision-making, and governance for the university. The councils, committees, and boards that provide decision-making for MSU are listed below, organized into eight functional categories.

Planning

- Academic Advising Council
- Americans with Disabilities Act Facilities Advisory Committee
- Campus Sustainability Advisory Council
- Classroom Committee
- Planning Council
- Public Art Committee
- Space Management Committee
- Transportation Advisory Committee
- University Facilities Planning Board

Governance

- University Council
- Budget Council
- Academic Council
- Outreach and Engagement Council
- Planning Council
- Research Council
- Assistant Deans' Council
- Data Governance Council
- Diversity Council
- All Staff Council
- Faculty Affairs Committee
- Faculty Senate
- University Graduate Council
- Joint Academic Governance Steering Committee
- President's Executive Council

Research

- Institutional Animal Care and Use Committee
- Institutional Biosafety Committee
- Institutional Review Board
- Radiation Safety Committee

Policy

- Academic Council
- Faculty Senate
- University Retention, Tenure and Promotion Committee
- President's Commission on the Status of University Women

Curriculum

- Assessment and Outcomes Committee
- Academic Council
- Faculty Senate
- Core Curriculum Committee
- Curriculum and Program Committee
- Teaching Excellence Action Committee (TEACH)
- Honors College Internal Advisory Committee
- University Seminar Steering Committee
- University Teacher Education Committee (UTECE)

Appeals

- Admission and Graduation Requirements Board
- Core Equivalency Review Board
- Residency Appeals Board
- Scholastic Appeals Board
- Parking Appeals Board

Campus Technology

- Computer Fee Allocation Committee
- Equipment Fee Allocation Committee

Miscellaneous

- Agricultural Animal Care and Use Committee
- Commemorative Tributes Committee
- Commencement Committee
- Strategic Enrollment Management Committee
- Honorary Degree Committee
- Montana Fertilizer Advisory Committee

- Orientation Committee
- Technical Antenna Committee
- Open MSU

Diverse representation from administration, faculty, staff, and students are included in these groups in accordance with the bylaws or policies that created the groups. For example, faculty members are active members in at least 35 of the groups and student representatives are active members in at least 18 of the groups. Community members are included in two of the groups.

Faculty Senate, All Staff Council, and the Associated Students of Montana State University are actively engaged in providing input from faculty, staff, and students to the university regarding decision-making structures and processes within their areas of responsibility as described in their guiding charter documents or bylaws.

Faculty Senate

Faculty Senate is composed of representatives elected from each academic department that has tenured or tenurable faculty. Non-tenure-track faculty is also a constituency and as such, allowed one voting member. Gallatin College MSU and emeritus faculty are also represented by one voting member each. Faculty Senate frames policies, procedures, and standards of the Faculty Handbook, oversees the curricula, evaluates new academic programs, and serves to enhance communication between MSU faculty, administration, and students. Leaders from Faculty Senate also hold positions on the groups listed above to provide faculty perspectives.

All Staff Council

All Staff Council serves as the voice of MSU staff to administration and faculty. The council

- Seeks to promote a positive and collaborative campus work environment by advising the president and senior administrators on employee engagement and the university working climate.
- Supports the land-grant mission through a commitment to excellence in education, research, creativity, and civic responsibility.
- Provides a forum for discussing and defining the role of all staff members.
- Provides a channel for the communication of interests, concerns, and issues that impact all staff.
- Promotes professional development for staff members and provides the perspective of staff members to the strategic goals and initiatives decision processes of MSU.
- Contributes to the culture of diversity, inclusion, and recognition through service excellence.

Associated Students of Montana State University

The Associated Students of Montana State University (ASMSU) is an all-student organization with student-elected leaders and representatives from each college. ASMSU is the voice of the students, and representatives from ASMSU are included in 18 of the groups that provide governance, policy, and advice to upper administration. ASMSU develops leadership capabilities in participating students, as they develop their own programs and services, and they have a budget that they manage

internally. A student from a university within the Montana University System also serves on the Board of Regents for the Montana University System overall, to provide the student perspective at the highest level of decision-making.

Each of the 54 councils, committees, and boards have a presence on the Montana State University website where members, agendas, minutes, policies, and other information are posted and updated regularly. The website information for each of the 54 groups is available to MSU employees, students, and to any member of the public.



Standard Two: Academic Freedom

Standard 2.B.1

Within the context of its mission and values, the institution adheres to the principles of academic freedom and independence that protect its constituencies from inappropriate internal and external influences, pressures, and harassment.

Response

MSU's adherence to academic freedom and independence

Montana State University has adhered to the principles of academic freedom and independence over the lifetime of its existence. Currently, a formal Board of Regents policy ([BOR Policy 302](#)) establishes academic freedom as a core value, as stated here:

The portion of the 1940 statement of principles on academic freedom and tenure of the American Association of University Professors (AAUP) set out below is endorsed by the board of regents of higher education. That statement was revised by the governing bodies of the AAUP and the Association of American Colleges in November 1989 and January 1990, in order to remove gender specific references from the original text. Those revisions have been incorporated into the statement.

“Academic Freedom”

“(a) [Faculty members] are entitled to full freedom in research and in the publication of the results, subject to the adequate performance of their other academic duties; but research for pecuniary return should be based upon an understanding with the authorities of the institution.

“(b) [Faculty members] are entitled to freedom in the classroom in discussing their subject, but they should be careful not to introduce into their teaching controversial matter which has no relation to their subject. Limitations of academic freedom because of religious or other aims of the institution should be clearly stated in writing at the time of the appointment.

“(c) [Faculty members] are citizens, members of a learned profession, and officers of an educational institution. When they speak or write as citizens, they should be free from institutional censorship or discipline, but their special position in the community imposes special obligations. As scholars and educational officers, they should remember that the public may judge their profession and their institution by their utterances. Hence they should at all times be accurate, should exercise appropriate restraint, should show respect for the opinions of others, and should make every effort to indicate that they are not speaking for the institution.”

The Regents place particular emphasis on paragraphs (b) and (c) of the above statement relating to the responsibilities as well as the privileges that members of the profession and professional organizations associate with this important concept of American life.

MSU's policy on freedom of speech

Montana State University has a policy to govern [freedom of speech](#) for all university constituents. The purpose of the policy is to protect the rights provided by the First Amendment of the United States Constitution. The policy states that the acceptance of diversity is a fundamental tenant of the land-grant university system and is the foundation for the creation of new discussions and the weighing of different viewpoints. The policy reiterates the First Amendment rights to speak, assemble, demonstrate, display signs, pamphleteer, and conduct political campaigning.

Another statement of academic freedom is included as part of the promotion and tenure policy, which states that the provision of tenure allows a faculty member the opportunity to engage in teaching and research without fear of losing employment. Academic freedom is ensured through the tenure process.

The MSU policy on academic freedom also is addressed in the Faculty Handbook. It became effective July 1, 2017, and was reviewed July 1, 2021. Its inclusion in the Faculty Handbook ensures that faculty are aware of the policy and understand its importance since it is pertinent to faculty teaching, research, and service.

The principle of academic freedom is also addressed specifically in the [Collective Bargaining Agreement for Non-Tenure Track Faculty](#) within Article 14, which states, in part, that non-tenure-track faculty members are ensured of their rights to academic freedom.

Standard 2.B.2

Within the context of its mission and values, the institution defines and actively promotes an environment that supports independent thought in the pursuit and dissemination of knowledge. It affirms the freedom of faculty, staff, administrators, and students to share their scholarship and reasoned conclusions with others. While the institution and individuals within the institution may hold to a particular personal, social, or religious philosophy, its constituencies are intellectually free to test and examine all knowledge and theories, thought, reason, and perspectives of truth. Individuals within the institution allow others the freedom to do the same.

Response

In the response to 2.B.1 of this report, the academic freedom policy enacted by the Montana Board of Regents and the MSU policies restating the rights guaranteed in the First Amendment rights in U.S. Constitution also speak to this question, Standard 2.B.2, regarding subscribing to and championing an environment that supports independent thought in the creation and dissemination of knowledge.

Definition and promotion of independent thought

The land-grant mission states that teaching, research, and service are at the heart of the university's reason for being, with a commitment to excellence in each of these legs of the mission. Montana State University encourages ongoing transparency to a variety of audiences to both continually renew the promise of freedom of thought and to communicate the excellence in which the creation and dissemination of knowledge are continued at MSU. The stakeholders interested in the mission of MSU include many groups such as:

- Students
- Faculty members
- Staff members
- Administrators
- Parents of students
- The elected members of the Montana Legislature
- The elected members of county and community government bodies in Montana
- The citizens of the state of Montana
- The members of the Board of Regents
- Reviewers of research and the journal in which the research is published
- Accreditation boards
- Organizations offering and determining recipients of grants
- Organizations offering and selecting recipients of professional awards

Additionally, Montana State University expresses its support of independent thought and the freedom of faculty, staff, administrators, and students to share their scholarship and reasoned conclusions with others in its [2019 strategic plan](#), which states the direction that MSU will take to further promote independent thought and scholarship. Particularly, that plan's Intentional Focus 2 addresses this topic, with the title, "Improve Lives and Society through Research, Creativity and Scholarship." The four goals under this focus area are:

- **Goal 2.1: Enhance the significance and impact of scholarship.** Montana State University research and creative activity demonstrates impact on the state's and the world's pressing challenges through application of our discoveries in communities and organizations, as well as through academic indicators of the expansion of knowledge.
- **Goal 2.2: Expand interdisciplinary scholarship.** Montana State University's interdisciplinary expertise as the University of the Yellowstone™ carries unique possibilities for inference, translation, and impact. Our research and creative activity throughout the university increasingly spans traditional disciplinary boundaries to solve the world's pressing challenges.
- **Goal 2.3: Strengthen institutional reputation in scholarship.** Montana State University's success in scholarship results in increased state, national, and international prominence.
- **Goal 2.4: Elevate expectations for scholarship.** Montana State University faculty, staff, and students hold themselves to the highest standards of research and creative outcomes.

Each of the goals has metrics and actions relating to the themes outlined in the goals, all of which explicitly delineate how the goal will be enacted. The strategic plan sets a timeline for completing each goal by 2024, and many of the goals are nearly completed or completed.

Educating constituents to support freedom of speech and academic freedom

In the spirit of providing ongoing education, professional development, and training, the Office of Academic Affairs at MSU along with University Communications and MSU Legal Counsel hosted a series of discussions and forums about the freedom of speech and the responsibilities entailed in exercising academic freedom in the classroom. An example of an event such as this was the faculty forum held on October 20, 2020, called “Freedom of Speech, Academic Freedom and First Amendment Rights of Public Employees.” This forum’s purpose was to answer questions about how to balance freedom of speech in the classroom and teach students to evaluate information for truthfulness. The forum also provided resources for handling conflict in the classroom over differences of opinion on ideologically sensitive topics. The provost encouraged faculty to help students examine thought, reason, and perspectives of truth, as stated in the accreditation standard addressed here.

Standard Two: Policies and Procedures

Standard 2.C.1

The institution's transfer-of-credit policy maintains the integrity of its programs and facilitates the efficient mobility of students desirous of the completion of their educational credits, credentials, or degrees in furtherance of their academic goals.

Response

Transfer-of-credit policies and maintenance of program integrity

Montana State University states its [credit transfer](#) policies on its website, where it delineates the process to maintain quality of transfer credits in six ways:

1. The requirement for transferring credit is to have the student present official transcripts, verified by the institution from which the credit originates.
2. Only courses from accredited institutions may be transferred.
3. Courses must be at least two semester credits and have a grade of C-minus or higher (with no pass/fail grading) to count for MSU CORE.
4. Credits earned from Advanced Placement (AP) and International Baccalaureate (IB) scores must be sent directly from the testing agency to ensure the integrity of these credits.
5. For domestic students, credits are transferred through an evaluation process performed by personnel within the Registrar's and Admissions Offices, and, for international students, credits are evaluated by staff in the Office of International Programs. The [Transfer Equivalency Guide](#) is a helpful resource available to allow students to determine, unofficially, how their courses will transfer before the official evaluation.
6. Individual department faculty members and advisors evaluate courses for the various majors by having students provide course syllabi so that equivalencies of course content can be compared between an external course and the course offered at MSU. The Montana Board of Regents requires students to earn a C-minus or better in courses required for a major, minor, option, or certificate. A C-minus or better is required for all general education courses. Electives can be transferred if a D-minus or better is earned.

Encouraging students to use transfer credits to complete the degree or certificate

One of the most helpful pathways to promote student completion that the Montana University System has created is the common course number system for all institutions within the MUS. Courses, especially in the general education courses, called Core 2.0, have a common course number that can easily be evaluated across institutions and are deemed to be acceptable for equal credit

across system institutions. Courses that are unique to a particular institution are excluded from this common course numbering process.

Another helpful program is called Seamless One MSU. This multi-institutional program allows students to complete a form to transfer to another institution within the system or to enroll in multiple MUS institutions at the same time. Filling out one form to accomplish these tasks allows efficiency for the student and for the institutions involved.

For students coming from outside the MUS system, a Transfer Equivalency Guide, mentioned above, can quickly give an unofficial assessment of transfer credit. This is helpful as a student's first step to determining transfer credit. To access an official assessment of transfer credit, students receive service from the transfer evaluation personnel in the Registrar's and Admission's Offices and the Office of International Programs, if the student is transferring from an international institution. Staff members will work with students who have questions about the transfer process and transfer results. For questions about transfer courses to a major, advisors and faculty within departments provide necessary help and support.

Standard 2.C.2

The institution's policies and procedures related to student rights and responsibilities should include, but not be limited to, provisions related to academic honesty, conduct, appeals, grievances, and accommodations for persons with disabilities.

Response

Provisions related to academic honesty, conduct, appeals, grievances and other topics regarding student rights and responsibilities

The [Conduct Guidelines and Grievance Procedures for Students](#) is the guiding document at Montana State University that provides students information about their rights and responsibilities. Students who are searching for this information will easily find it through the search engine on montana.edu. This website has the following sections:

- 100.00 Introduction and Purpose
- 200.00 Student Rights and Responsibilities
- 300.00 Student Misconduct
- 400.00 Student Conduct Procedures
- 500.00 Appeals
- 600.00 Records and Confidentiality

These sections have subtopics to help guide the student to the applicable subject matter of the website that addresses their concerns. These topics are clearly worded and regularly updated so that students can thoroughly understand their rights and responsibilities.

Student conduct and grievance issues are administered by the Dean of Students Office.

Accommodating students with disabilities

The MSU Office of Disability Services is available to students who need services due to disabilities. The purpose of the Office of Disability Services is as follows:

“Our purpose is to provide access to all college programs, services, activities, and facilities for students with disabilities. This includes encouraging self-advocacy for students and connecting them with resources and support services across campus to help them achieve their personal best.”

The Office of Disability Services is located in the newly renovated Romney Hall, which is one of the most centrally located buildings on campus. It is designed to be fully accessible to all students. Mondays through Fridays. The office provides an accessibility contact person who addresses accessibility issues as they arise. The contact person not only helps students but also alerts the university community members about accessibility requirements and facilitates requests for group and individual accessibility accommodations.

The Office of Disability Services advocates for students with others in the campus community to ensure students receive the services they need to remain academically successful. Students requesting these services must register with the office and receive approval from the office for the benefits they are entitled to. Some of the accommodations that are offered to students include:

- Accessible textbooks.
- Accessible classrooms, with help for instructors in finding an accessible classroom, when needed.
- Flexibility with attendance.
- Interpreting.
- Note-taking.
- Service animal or assistance animal guidelines.
- Special housing and dietary requests.
- Testing accommodations.

Registered students can fill out forms online to request assistance in any of these areas.

The Office of Disability Services website provides an extensive list of resources with links to pages that will be helpful to students using disability services. The website also provides accessibility updates for parking, building accessibility changes, and construction projects that might change travel patterns on campus.

The Office of Disability Services website addresses the need for web content that is accessible to all stakeholders of MSU and provides a link to Web Content Accessibility Guidelines to help web designers create content that can be accessed by people with various kinds of disabilities, including blindness and low vision, deafness and hearing loss, learning disabilities, cognitive limitations, limited movement, speech disabilities, photosensitivity, and combinations of disabilities. The principles promoted include perceivability, operability, understandability, and robustness.

The office focuses its services on assisting students; however, it also helps the entire campus community learn how to create access for individuals with all types of disabilities. The office promotes access and justice for all who want to improve lives through higher education.

Standard 2.C.3

The institution's academic and administrative policies and procedures should include admission and placement policies that guide the enrollment of students in courses and programs through an evaluation of prerequisite knowledge, skills, and abilities to ensure a reasonable probability of student success at a level commensurate with the institution's expectations. Such policies should also include a policy regarding continuation in and termination from its educational programs, including its appeal and re-admission policy.

Response

Admission and placement policies

The Montana Board of Regents (BOR) defines Montana University (MUS) Institutional classifications in [Board Policy 219.1](#). According to this policy, Gallatin College MSU is considered a two-year college and provides affordable educational opportunities with open access admissions. Gallatin College MSU is embedded in Montana State University, which means it functions as a college in the university that provides educational opportunities for students to pursue 1-year and 2-year credentials and workforce development trade education.

Prior to the COVID-19 pandemic, the Montana Board of Regents required the ACT or SAT for students applying to MUS institutions; however, in 2022, after the pandemic, the BOR indefinitely ended the requirement that students provide ACT or SAT test scores for admission to its four-year MUS campuses due to concerns about students being denied entrance unfairly. The current admissions requirements for first-time first-year undergraduate students requires that the student graduate from a high school accredited by the state accrediting agency or achieve a passing score on an approved high school equivalency exam such as HiSET or GED. Home-schooled students or those who attended an unaccredited secondary school may be admitted based on satisfactory performance on the ACT or SAT test.

In summary, the MUS academic requirements for Montana State University include:

- A 2.5 cumulative high school grade-point average (on a 4.0 scale) OR
- An ACT Composite score of 22 OR
- SAT Combined Critical Reading/Mathematics/Writing score of 1540 (prior to March 2016) OR
- SAT Total Score of 1120 (after March 2016) OR
- Rank in the upper half of the graduating class

In addition to the above, the student must have successfully completed a college preparatory curriculum, which includes four years of English, three years of mathematics, three years of social

studies, two years of a laboratory science with one year required of earth science, biology, chemistry, or physics, and two years of elective courses.

Students exempt from the above requirements are non-traditional age (more than three years out of high school) and non-degree undergraduate students.

To begin a university academic plan, students are required to demonstrate readiness in areas of mathematics and writing. Normally, students demonstrate their readiness through scores earned on standardized examinations:

- For mathematics, an ACT math score of 22+ or an SAT Math score of 520+ (prior to March 2016) or SAT Math score of 27.5 (after March 2016) is required.
- For writing, an ACT English/Writing or ELA of 18+ or a minimum score of 7 on the Writing Subscore (prior to September 2015) or a 19+ on the Writing Subject Score (effective September 2015) is required. For SAT scores, the minimum Writing Score is 440+ or 7 on the Essay Subscore (prior to March 2016) or SAT Writing/Language Test of 25+ (after March 2016).

If the student cannot present ACT or SAT scores, alternate tests can be taken for writing and mathematics courses to determine placement in first-year courses. These tests are administered as part of orientation for first-year students or can be arranged to be taken a semester or more before the student enrolls in general education first-year writing or mathematics courses.

Students whose scores on these math and writing requirements are deficient are still admitted to the university and are provided additional support. For example, academic advisors can help the student register for courses that will advance the student by addressing noted academic deficiencies while making progress toward a degree path. Gallatin College MSU offers developmental courses to help move students into credit-bearing, college-level writing and mathematics courses as soon as possible in a student's academic pathway. These courses are:

- WRIT 001: Co-requisite support for WRIT 101
- WRIT 080: Building Basic Writing Skills
- M 005: Co-Requisite Support Course for M 105Q
- M 088: Mathematical Literacy
- M 021: Co-Requisite Support for M 121Q
- M 063: Foundation of Mathematics
- M 090: Introductory Algebra

Students with academic deficiencies who wish to build their writing or math skills can enroll in the corequisite support courses by first enrolling in the course, say WRIT 101 or M 105Q, and simultaneously enroll in the developmental course to get extra classroom and tutorial help. The courses that are not corequisite developmental courses are stand-alone no-credit courses in writing or mathematics that prepare a student for the college-level first-year courses.

International students must submit proof of English proficiency. A list of 14 different options for submitting English proficiency examinations, with associated minimum scores needed for each of the options, is on the [international admissions website](#). If the student cannot provide proof of English proficiency, the student can apply for conditional admission, which leads to enrollment in the intensive English program through Interlink International Institute, a program affiliated with the MSU Office of International Programs. International students are not required to submit ACT or SAT test scores but may do so to apply to MSU. If no scores are available, an alternate assessment administered through MSU can be used to determine math placement.

Students applying for graduate school enter the application process via the [Graduate School admissions page](#), which provides extensive details and guidance in navigating the Graduate School admissions process. Students apply through a common admissions portal and are then evaluated and advised by advisors in the individual programs for which they apply. To be admitted to the Graduate School at MSU, students must produce transcripts of an undergraduate degree showing a cumulative GPA of at least 3.0. If students do not meet the minimum undergraduate GPA requirement, they are provided an opportunity to explain how an event or challenging situation negatively impacted their undergraduate grades; for example, negative impacts related to the COVID-19 pandemic. A student may be accepted into graduate school on a provisional basis, in which case the student is required to overcome an academic deficiency in a specific area by taking additional courses — which do not count toward their degree — to demonstrate an ability to be successful with a B-minus or better in graduate coursework. Any academic deficiencies or remedial requirements for admitted students are communicated directly to the graduate student during the admission and registration process.

Policies regarding continuation in and termination from educational programs

Montana State University provides updated policies on [student scholastic warning and suspension](#) on its website.

For undergraduate students, an academic warning occurs for a student at the end of a semester during which their cumulative GPA drops below 2.0 on a 4.0 scale. The student will be placed on academic suspension at the end of a semester if all the following are true:

- They had been placed on academic warning during the prior semester of attendance.
- Their cumulative GPA remains below 2.0 on a 4.0 scale.
- Their semester GPA is not above 2.0.

If a student earns a semester GPA of 2.0 or above, the student remains on academic warning if their cumulative GPA is still below 2.0. If the student can earn enough credits above a 2.0 in subsequent semesters to bring their cumulative GPA to 2.0 or above, that student will be removed from academic warning and will be in good standing.

When an undergraduate student's cumulative GPA falls below 2.0, the student's performance record is reviewed by the University Scholastic Appeals Board. The board has the authority to require student actions to improve the student's performance, to suspend the student, to reinstate the student, or to require students to transfer out of a curriculum. Students may appeal a suspension if extraordinary circumstances are present by applying to the University Scholastic Appeals Board,

especially in cases where the student feels that the board is not aware of the circumstances. Academic advisors help students with performance issues to understand the options available to them. Advisors try to preemptively guide students to university resources such as tutoring, developmental courses, math and learning centers, the drop/add process, and other options to help the student stay in good academic standing so that the student does not reach the point at which probation or suspension occur.

For graduate students, the Graduate School publishes requirements for remaining in good academic standing. A graduate student with a C grade or lower in an individual class must retake the course. If the student has a cumulative GPA of less than a 3.0 for one semester or in courses included in the program of study, or an overall cumulative GPA of less than 3.0, the student will be on academic warning or suspended from the program.

Standard 2.C.4

The institution's policies and procedures regarding the secure retention of student records must include provisions related to confidentiality, release, and the reliable backup and retrievability of such records.

Response

Policies and procedures securing student records

Montana State University is governed by federal and state law, which upholds and protects a university student's records and rights to privacy.

Electronic student records data are created in the MSU Enterprise Information System, and all student-related records are retained in the database. Backups of the database and secure file system occur daily. Further backups of the centrally managed files are saved for eight weeks and consist of changes made during each day, weekly full backups and fiscal year-end backups that are kept for three years. Fiscal year-end backups and weekly full backups of student record data are stored offsite on physical media tapes.

According to the MSU Data Stewardship Policy, the appointed data steward or delegate for student records is responsible for approving all requested access to student records (for any reporting purpose or third-party system use of the data). Requests are requested, processed, and approved through a ticketing system.

MSU follows policies for confidentiality and release of student records as published on the university's [FERPA website](#) and as governed by Montana state law, which additionally upholds and protects a university student's right to privacy. Access to student data is granted only to university employees with a legitimate educational interest in the records. Access is removed or changed on conditions of employment. This security system ensures that only authorized university officials have access to protected student records.



Standard Two: Institutional Integrity

Standard 2.D.1

The institution represents itself clearly, accurately, and consistently through its announcements, statements, and publications. It communicates its academic intentions, programs, and services to students and to the public and demonstrates that its academic programs can be completed in a timely fashion. It regularly reviews its publications to ensure accuracy and integrity in all representations about its mission, programs, and services.

Response

Montana State University, through its University Communications office, publishes press releases and news stories about the university's achievements and programs, amounting in any given year to more than 500 items that are distributed to the public via publication on the MSU website and which are disseminated to statewide media outlets.

University Communications also produces a regular newsletter for the MSU president that has been sent every other week during the academic year called Blue & Gold News. The newsletter describes the news and happenings of MSU and is sent to subscribers among the general public in Montana, including parents of students and to the faculty and staff.

University Communications also produces printed publications for the university, including a general viewbook, distributing tens of thousands of copies to potential students describing MSU's programs of study and other details of becoming a student. The office produces an academic viewbook that highlights the academic details to an even greater extent, which is also distributed en masse to potential students, as well as other recruiting materials that are designed in coordination with MSU's admissions office.

The university's website contains details of the programs available at MSU for students (<https://www.montana.edu/academics/>), lists of courses offered (<http://catalog.montana.edu/>), lists of events and services for students (<https://www.montana.edu/calendar/>, <https://www.montana.edu/students/>). The website is searchable so that students and the public can find the information about Montana State they seek.

MSU's Office of Planning and Analysis also publishes online detailed statistics about Montana State University, including student demographic data, annual institutional reports and the common data set. That information is published at <https://www.montana.edu/opa/>.

Standard 2.D.2

The institution advocates, subscribes to, and exemplifies high ethical standards in its management and operations, including in its dealings with the public, NWCCU, and external organizations, including the fair and equitable treatment of students, faculty, administrators, staff, and other stakeholders and constituencies. The institution ensures that complaints and grievances are addressed in a fair, equitable, and timely manner.

Response

Montana State University takes seriously its commitment to fostering an environment of high ethical standards and integrity, free of discrimination, harassment, and retaliation. MSU's land-grant mission is exemplified in its written policies that inherently value community and exemplify dedication to serving the entire state. These foundational values are present in policies and standards across the university where fair and ethical conduct are expected.

MSU values the voice of its community and provides many avenues for raising concerns. Action is prescribed in multiple policies to provide timely due process.

Students, faculty, and staff

The [Code of Student Conduct](#) contains standards for student conduct grounded in our foundational values:

- Excellence
- Integrity
- Inclusion
- Collaboration
- Stewardship
- Curiosity

The conduct expectations are exemplified and upheld at all events. Violations of these standards are adjudicated through the Dean of Students Office according to the prescribed timeline and process in the Code of Student Conduct.

The [Faculty Handbook](#) directs Faculty on rights, responsibilities, and ethical and professional standards. This document contains [grievance procedures](#) for adjudicating conduct below the standards of the university by tenurable or tenured faculty. For non-tenure-track faculty members, grievance procedures can be found in the [AFMSU collective bargaining agreement](#) or in the [Personnel Policy and Procedures Manual](#), depending on the faculty appointment.

Employee conduct is governed by human resource policies found in the [Personnel Policy and Procedures Manual](#), which also contains employee due process rights as described in the grievance procedures.

As Montana state employees, all personnel are responsible for adhering to the [Workplace Expectations and Conduct: Public Employee Responsibilities Policy](#) and the ethical standards set

forth in state law (Sections 2-2-105, 2-2-121, and 2-2-201, Montana Code Annotated). All members of the MSU community must also adhere to the Discrimination, Harassment, and Retaliation Policy. This policy is adjudicated by the MSU Office of Institutional Equity and prohibits conduct such as protected-class discrimination, harassment, and sexual misconduct. Procedures for responding to discrimination, harassment, or retaliation claims are found in the [Discrimination Grievance Procedures](#), which govern timelines, due process, and the appeal process. These procedures align with federally mandated protections for both complainants and respondents. In addition, this office provides education across MSU to help employees understand the policy and their responsibilities in reporting protected class harm.

Research

MSU maintains a strong research compliance unit that oversees MSU's commitment to Responsible Conduct of Research. Training and education offered by the Office of Research Compliance are at the forefront of this program. Additionally, the Responsible Conduct of Research program is anchored by policies maintained by the Office of Research Compliance, including the [Research Misconduct Policy](#) and MSU's [Conflict of Interest Policy](#). Conflict of Interest issues are also governed by the Board of Regents.

Reporting

Montana State University relies on reporting to help foster an environment free from discrimination, harassment, retaliation, and other behaviors not aligned with its high standards. Members of the MSU community can find reporting procedures in the policy on [Reporting Suspected Legal, Regulatory, or Policy Violations](#).

In addition, MSU is committed to creating easy online reporting options. These include:

- Anonymous Compliance Hotline: [EthicsPoint – Montana University System](#)
- Office of Institutional Equity: [Protected Class Discrimination and Harassment](#)
- [Animal Care and Use Concern Form](#)
- Student Concerns (conduct, academic misconduct, community concern, Clery crimes, hazing): [Dean of Students Office Reporting Forms](#)

Standard 2.D.3

The institution adheres to clearly defined policies that prohibit conflicts of interest on the part of members of the governing board(s), administration, faculty, and staff.

Response

Montana State University's policy on conflict of interest

The university has a clear policy on conflict of interest for all employees, and it is on the MSU website. The policy states that the campus coverage for this policy includes Montana State University in Bozeman, and well as MSU Extension, the Montana Agricultural Experiment Station, and Gallatin College MSU, in addition to other campuses affiliated with Montana State University. The policy also identifies the institutional official for each campus, with Montana State University

in Bozeman identifying the director of the Office of Research Compliance (or designee) as the responsible official.

The policy states:

... it is the policy of the university that in all activities—the education of students; the design, conduct, and reporting of research; the hiring and supervision of staff; the procurement of materials and services; and all other tasks incident to their mission — each campus and its employees shall endeavor to be free of inappropriate influence or bias that may result from conflicts of interest or conflicts of commitment.

This policy is the result of the law establishing a [code of conduct](#) for employees of the state of Montana. The statutes under this law define conflicts related to ethics, contracting activities, nepotism, and the prohibition of conflicts between public duty and private interest. This law is based on Montana's constitutional requirements. The policy is also governed by federal regulations governing sponsored research. Further, the Montana Board of Regents has two policies regarding conflict of interest and employee involvement in equity interest and/or business participation.

The policy identifies the specific meaning of the concept of conflict of interest, providing detailed definitions of conflict of interest in various circumstances. The types of conflict of interest specifically include:

- Objectivity in research activities
- Favoritism
- Relationships in the workplace, especially romantic relationships
- Nepotism
- Relationships with students
- Financial involvements that could influence or compromise university work commitments
- Conflict of commitment

Montana State University's Conflict of Interest Committee

MSU has a [Conflict of Interest Committee](#) that meets regularly to review the conflict of interest plans and issues related to the conflict of interest policy. Each year, the director of the Office of Research Compliance sends a reminder to all employees to complete a form declaring any conflicts of interest, excepting those who work less than half-time and classified employees. Additionally, disclosures of conflicts of interest are required before submitting a proposal for grants and contracts.

If a conflict of interest is identified, the institutional official (or designee), the employee, a plan manager, the Conflict of Interest Committee, and any others deemed helpful in assessing the situation develop a written conflicts management plan to manage, reduce, or eliminate the conflict of interest or the appearance of a conflict. The conflicts management plan is then monitored by a technical partner, if necessary, to review the plan with the employee. The plan is updated as circumstances change until the conflict is resolved. If the employee believes the conflict management plan is ineffective or unduly burdensome, an appeal process is available to review the complaint and decide about it. Records of all appeals and plans are maintained by the Office of Research Compliance.

Standard Two: Financial Resources

Standard 2.E.1

The institution utilizes relevant audit processes and regular reporting to demonstrate financial stability, including sufficient cash flow and reserves to achieve and fulfill its mission.

Response

Montana State University has a long-standing reputation for stability and excellence in financial management. It consistently operates within annual budgets. The experienced administrative leadership and staff use their expertise in areas such as budgeting for academic planning, and enrollment forecasting to ensure financial stability. That expertise and commitment to access and excellence at all levels significantly contribute to delivery of a robust student learning experience and demonstrate responsible stewardship of resources.

MSU uses annual financial planning and regular reviews of financial performance to monitor and ensure financial stability. The university's financial planning and budgeting process is performed in alignment with the university's mission and strategic plan and is overseen by the Board of Regents (BOR) of the Montana University System (MUS).

The Montana Legislature and the BOR grant the MUS campuses autonomy to allocate resources to implement their campus strategic plans with an appropriate level of BOR oversight. The BOR sets all student tuition and fee changes and gives strategic guidance to the state's Commissioner of Higher Education about the methodology by which the MUS's state-appropriated funding is allocated to each campus. MSU has greater autonomy in financial planning and budgeting for non-appropriated funds – e.g., auxiliary, and other earned revenues, grants, and contracts. The internal allocation of funds is at the discretion of the campus administration and allocated in accordance with priorities outlined in the MSU strategic plan, as well as recommendations from the University Budget Council and other constituents.

Annually, the university prepares and publicly posts the Annual Comprehensive Financial Report (ACFR). University financial statements are prepared annually, combining financial data for all of MSU's campuses and agencies. Individual, unaudited campus information can be found in the supplemental information at the back of each annual report. Copies of the university's financial statements can be found on the university's website, and copies of audits can be found on the website of the Legislative Audit Division (LAD) of the state of Montana.

The university is, by law, subject to audit by the LAD, which conducts annual financial audits of all university funds in accordance with generally accepted auditing standards. The LAD also performs biennial compliance audits. The primary objectives of the compliance audits are to determine

compliance with regulations relating to contract and grant expenditures and other governmental financial assistance, and to test compliance with requirements of selected state laws, regulations, and rules. Results of compliance audits are included in the statewide biennial Montana Single Audit Report, which meets the requirements of the U.S. Office of Management and Budget's (OMB) Circular A-133.

In addition to the LAD audits, independent audits are performed annually for Intercollegiate Athletics, Montana Public Television, KGLT Public Radio, and the university's component units, including the Museum of the Rockies, the MSU Alumni Foundation, the Bobcat Club, and the MSU-Billings and MSU-Northern foundations. The NCAA agreed-upon procedures engagement is conducted annually in conjunction with the Intercollegiate Athletics audit. Financial or program reviews of sponsored programs are conducted as deemed necessary by the sponsoring agency or government. MSU's internal audit function, the Office of Audit Services, also conducts financial, operational and compliance audits of university units and processes.

The LAD and independent auditors issue reports that may include audit findings and recommendations. University management provides written responses detailing corrective action to be taken in response to all audit recommendations. For LAD audits, internal auditors compile written responses and prepare corrective action plans that include target implementation dates to monitor and ensure that timely corrective action occurs. Audit reports are presented to university management, the Legislative Audit Committee, and the BOR.

The vice president of administration and finance, the associate vice president for financial services, the chief budget officer, budget/fiscal departmental managers, and Fiscal Shared Services monitor funds continuously to ensure they are allocated and accounted for properly and within budget guidelines, and that funds are available for payment of short- and long-term debts and liabilities. The establishment of Fiscal Shared Services in 2018 and its subsequent expansion allowed for a more consistent approach to reconciliation and reporting to managers responsible for funding sources.

Reserves are permitted in the general operating budget to assure coverage of unexpected changes in revenue or expenses, to provide for retirement payouts and deferred maintenance, and to fund scholarships. A reserve for renewal and replacement of facilities funded by bond funds is required in the indenture and is held in investments by the bond trustee.

Financial operations are guided by policies and procedures that encourage fiscal responsibility throughout the institution. The funds, accounts, and underlying indexes and organizational structure ensure that all financial activity is regularly monitored. This includes cash balances, budgets, expenditures, and revenues — both at the department level and centrally through shared fiscal resources. Most of this activity is monitored monthly at minimum. In addition, the Montana University System maintains a system-wide set of financial dashboards that allows for easy evaluations of financial performance and operating metrics.

MSU is proud of its financial strength and underlying framework that supports responsible fiscal activities. Highlights of the university's recent financial results are discussed in the following paragraphs. For a full financial report for MSU for 2022, please see Appendix D.

Total operating revenues between 2016 and 2022 increased by \$132 million, or 44.6%. The increase in operating revenues was due to many factors, notably enrollments, tuition increases, research growth, and growth of auxiliary enterprises. Strong enrollments coupled with modest annual increases fueled strong growth to tuition and fee revenues of 34.85% from 2016 to 2022 or \$49 million. Aggressive research grant applications have yielded tremendous growth in the research enterprise. Between fiscal years 2016 and 2022, federal grants and contracts revenues increased 82.22%, or \$51.8 million.

The growth of auxiliary revenues, driven by enrollments, increased 31.1% in fiscal years 2016-2022. After negative growth during fiscal years 2020 and 2021 due to pandemic-related shutdowns, auxiliary revenues reached all-time highs in fiscal year 2022 upon the resumption of full operations. Details on operating revenues between the fiscal years 2016-2022 can be found in Table 1.

Table 1

Fiscal years 2016-2022 operating revenues (in millions)							
	2022	2021	2020	2019	2018	2017	2016
Tuition and fees (net)	\$189.5	\$172.7	\$171.8	\$167.7	\$159.5	\$152.6	\$140.5
Federal appropriations	–	–	–	–	–	–	–
Federal grants and contracts	\$114.7	\$102.9	\$88.0	\$79.3	\$68.4	\$66.7	\$63.0
State grants & contracts	\$6.3	\$6.1	\$6.4	\$6.5	\$6.4	\$6.7	\$4.6
Non-governmental grants & contracts	\$11.3	\$12.3	\$12.0	\$11.2	\$11.5	\$10.9	\$9.7
Grant and contract F&A cost recoveries	\$27.0	\$24.7	\$21.1	\$19.8	\$17.5	\$17.5	\$16.2
Educational, public service, & outreach	\$19.8	\$15.9	\$16.8	\$16.7	\$17.8	\$18.3	\$17.0
Auxiliary	\$56.2	\$39.7	\$42.9	\$51.3	\$49.2	\$48.3	\$42.9
Interest earned on loans	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1
Other operating revenues	\$3.0	\$2.6	\$10.2	\$4.3	\$1.9	\$2.2	\$2.0
Total operating revenues	\$427.9	\$377.1	\$369.4	\$356.9	\$332.3	\$323.2	\$295.8

Source: MSU's Annual Comprehensive Financial Review, unaudited supplementary information

Between fiscal years 2016 and 2022, the university's total net position increased \$224.5 million, notably \$89.0 million in fiscal years 2021 and 2022. Growth in total net position is largely attributable to stable enrollments and appropriations, high research growth, conservative spending, and recent federal coronavirus aid. Table 2 provides details on the university's Statement of Revenue, Expenditures, and Changes in Net Position.

Table 2

Condensed statement of revenues, expenses, and changes in net position, fiscal years 2016-2022 (in millions)							
	2022	2021	2020	2019	2018	2017	2016
Operating revenues	\$427.89	\$377.15	\$369.43	\$356.91	\$332.33	\$323.17	\$285.87
Operating expenses	\$520.34	\$484.30	\$471.56	\$444.66	\$421.18	\$411.61	\$377.30
Operating loss	\$(92.45)	\$(107.15)	\$(102.13)	\$(87.75)	\$(88.86)	\$(88.44)	\$(81.43)
Non-operating revenues and expenses (net)	\$123.19	\$133.64	\$107.58	\$95.15	\$89.04	\$97.17	\$90.00
Income before capital and other items	\$30.74	\$26.49	\$5.45	\$7.40	\$0.18	\$8.73	\$8.57
Capital and other items	\$23.97	\$7.83	\$6.09	\$13.51	\$25.68	\$17.23	\$12.28
Change in net position	\$54.71	\$34.31	\$11.54	\$20.91	\$25.86	\$25.96	\$20.86

Source: MSU's Annual Comprehensive Financial Review, unaudited supplementary information

Table 3 details the university's condensed Statement of Net Position. The university's total Current Assets increased by \$77.7 million, or 40.88%, between fiscal years 2016 and 2022. During the same period, MSU continued to make investments in capital assets. In fiscal year 2022, net capital investments on the university's balance sheet totaled \$492.2 million. Compared to fiscal year 2016, this was an increase of \$148.99 million, or 43.41%.

Table 3

Condensed statement of net position (in millions)							
ASSETS	2022	2021	2020	2019	2018	2017	2016
Current assets	\$268.0	\$239.4	\$220.5	\$238.9	\$227.0	\$192.3	\$190.3
Capital assets, net	\$492.2	\$443.5	\$439.0	\$418.9	\$390.4	\$361.7	\$343.2
Other noncurrent assets	\$79.8	\$37.8	\$39.7	\$42.8	\$65.3	\$45.1	\$48.9
Total assets	\$840.0	\$720.7	\$699.2	\$700.5	\$682.8	\$599.1	\$582.4
DEFERRED OUTFLOWS	\$49.5	\$54.6	\$33.1	\$30.4	\$30.4	\$26.1	\$22.2
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$889.6	\$775.3	\$732.3	\$730.9	\$713.2	\$625.2	\$604.7
LIABILITIES	\$59.9	\$65.8	\$78.1	\$82.0	\$78.8	\$70.9	\$77.7
Current liabilities	\$343.9	\$305.6	\$286.5	\$298.8	\$312.9	\$389.8	\$284.6
Noncurrent liabilities	\$403.8	\$371.4	\$364.6	\$380.9	\$391.7	\$360.7	\$362.3
Total liabilities	\$403.8	\$371.4	\$361.6	\$380.9	\$391.7	\$360.7	\$362.3
DEFERRED INFLOWS	\$43.9	\$16.8	\$15.1	\$8.7	\$1.1	\$0.2	\$4.1
NET POSITION							
Net investment in capital assets	\$290.1	\$270.3	\$254.9	\$247.1	\$233.8	\$204.7	\$192.4
Restricted, non-expendable	\$10.5	\$10.4	\$11.8	\$12.3	\$12.3	\$12.3	\$12.2
Restricted, expendable	\$16.5	\$9.7	\$14.7	\$12.3	\$12.2	\$12.4	\$12.3
Unrestricted	\$124.7	\$96.8	\$71.2	\$69.6	\$62.1	\$34.8	\$21.3
Total net position	\$441.8	\$387.1	\$352.6	\$341.3	\$320.4	\$264.2	\$238.3
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	\$889.6	\$775.3	\$732.3	\$730.9	\$713.2	\$625.2	\$604.7

Source: MSU's Annual Comprehensive Financial Review, unaudited supplementary information

In fiscal year 2022, the university’s cash and cash equivalents comprised approximately 86.6%, or \$227.1 million, of the university’s current assets. The university considers its unrestricted, highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The university’s cash and cash equivalents are invested through the Montana Board of Investments in the Short-Term Investment Pool and the Trust Fund Investment Pool. Details of the university’s cash and cash equivalents for fiscal years 2016-2022 are outlined in Table 4.

Table 4

Cash and Cash Equivalents (in millions)						
2022	2021	2020	2019	2018	2017	2016
\$227.1	\$205.0	\$182.6	\$181.3	\$169.5	\$159.4	\$151.2

Source: MSU’s Annual Comprehensive Financial Review, unaudited supplementary information

Standard 2.E.2

Financial planning includes meaningful opportunities for participation by stakeholders and ensures appropriate available funds, realistic development of financial resources, and comprehensive risk management to ensure short term financial health and long-term financial stability and sustainability.

Response

Montana State University engages in multiple levels of financial planning and budgeting, from the Montana University System level to the MSU campus level to the unit level.

At the MUS level, the Board of Regents allocates a state appropriation to each campus. The Board of Regents policy governing state appropriation was revised in March 2020. methodology continues to use resident student full-time equivalency, or FTE, as the primary driver in the distribution of funds. Other allocation drivers may include, but are not limited to, the cost of education, student-to-faculty ratios, and benchmarking with peer universities.

At the MSU campus level, the Office of Planning and Analysis and the University Budget Office collaborate with the Strategic Enrollment Management Committee to maintain a multi-year projection of first-year enrollment, overall enrollment, scholarships, tuition waivers, and tuition revenue. The University Budget Office staff also partners with the Education Advisory Board on recruitment and discounting strategies, keeping in mind both regional and national trends in college-going behavior and among high school graduates. Collectively, this work drives decisions around future tuition rates, the amount of funds that will be utilized for investment proposals, and other changes to budgets. In addition to decisions regarding potential future changes to tuition rates, the campus works closely with the state’s Office of the Commissioner of Higher Education to understand biennial appropriations and attainment of performance funding metrics, which make up about 31% of the total Current Unrestricted Fund budget for FY23. Annual campus-level operating budget reports and metrics approved by the BOR are available online and are presented to the BOR each September by the Office of the Commissioner of Higher Education, with a supplemental narrative

provided by each campus. Explanations for large changes (greater than 5% up or down) in either revenue or expense budgets compared to prior year actuals must be provided. This is completed for all fund types, with additional oversight and reporting related to the Current Unrestricted Fund.

Planning and development of other university funds, including restricted, loan, auxiliary, designated, and plant funds, are ongoing and monitored on a regular basis by budget/fiscal departmental managers and the University Budget Office. Budgets are entered into the university's budget system by individual department fiscal managers across the campus. Final budgets are reviewed by the University Budget Office to ensure that the projected revenues and expenditures were based on realistic assumptions and that each fund maintains a positive balance. In addition, the Office of the Vice President for Research and Economic Development monitors research funding, tracking new awards and revenue projections monthly. Academic departments work closely with the MSU Alumni Foundation to project endowment and other donated funds available for scholarships and other operating uses. Self-supporting auxiliary enterprises report to the vice president for administration and finance and work with the enrollment management team to project occupancy and related operations budgets for the housing enterprise and parking.

MSU is guided by its [strategic plan](#) for its allocation of additional current unrestricted funds to units. Each year, the MSU Planning Council recommends three to five strategic plan priorities which are emphasized in each investment cycle. In FY17, a process was launched to issue calls for investment proposals. Units are asked to submit investment proposals emphasizing the [Planning Council](#) strategic plan priorities for the upcoming year for both base and one-time funds. Deans and executives are asked to review and prioritize proposals from their areas for consideration. Priorities, budget model outcomes, resource availability, and fund balances are considered when making decisions around each investment proposal. A group consisting of the president, provost, vice president for administration and finance, chief budget officer, and a budget office analyst review and discuss each proposal, engaging in an iterative process of asking questions of units and reviewing more than once to make determinations for each.

For FY18, the process also began to include a "reallocation" component. This process required that each unit identify 2% of its budget to be put back into the pot of funds to be invested. The reallocation process was a catalyst for supporting the university's move to a shared services model in human resources, financial services, communications, information technology, and planning and analysis. For reallocation, a unit was allowed to identify positions within its area that fell within one of the shared services areas and to use that, dollar for dollar, as part of its 2% obligation. Each year, the university revisits and makes improvements to the process to serve institutional needs. This process has evolved to become an every-other-year process with a focus on large institutional investments in non-proposal years, as well as a move away from the 2% reallocation. Instead, units will contribute a portion of their one-time vacancy savings each year for reinvestment into the institutional pool of funds.

A summary of reallocation and investment from FY18 to FY23 can be found below in Table 5.

Table 5

FY18-FY23 Summary of reallocation and investment (in millions)						
Type	2023	2022	2021	2020	2019	2018
Base investment	\$12.79	\$2.82	\$1.59	\$2.43	\$2.94	\$6.13
Base reallocation	\$-	\$(0.51)	\$(0.52)	\$(0.32)	\$(1.14)	\$(0.70)
Net base	\$12.79	\$2.32	\$1.07	\$2.11	\$1.80	\$5.43
One-time investment	\$3.40	\$5.81	\$1.52	\$3.43	\$3.82	\$1.91
One-time reallocation	\$-	\$(2.30)	\$(1.83)	\$(1.01)	\$(0.23)	\$(0.25)
Net OTO	\$3.40	\$3.51	\$(0.31)	\$2.42	\$3.59	\$1.66
Total investment	\$16.19	\$8.63	\$3.11	\$5.86	\$6.76	\$8.03
Total reallocation	\$-	\$(2.81)	\$(2.35)	\$(1.33)	\$(1.37)	\$(0.95)
Net investment	\$16.19	\$5.83	\$0.76	\$4.53	\$5.39	\$7.08

Investments are a portion of total current unrestricted allocations. Each year, units are asked to prepare an annual all-funds budget and submit it through the university budgeting software. For FY24, the university is making a change to the budgeting process to include a short narrative that each unit must complete to describe how they are managing their resources in support of the strategic plan as well as any significant changes they anticipate in obligations, both operating and personnel, and how they plan to manage those obligations. These narratives will be reviewed by the investment committee and discussed at the University Budget Council.

The [University Budget Council](#)'s charge is as follows:

“The primary mission of the Budget Council is to disseminate, either directly or through inviting the vice president for administration and finance or budget director, financially pertinent information to constituencies across campus that are discussed during Budget Council. Budget Council will provide thoughtful feedback on areas to consider for additional investments which will directly support the university’s strategic goals and priorities.”

The council has campus-wide representation and facilitates communication with the university community. It is the function of the Budget Council to assure that various constituencies are aware of and can participate in planning and budget actions. The council also serves as a venue to review investments made through the process above to determine whether successful outcomes have been achieved related to the investment. It is understood that the role of the council is advisory to the university president, and it makes recommendations rather than having decision-making authority regarding continuation of investment.

Standard 2.E.3

Financial resources are managed transparently in accordance with policies approved by the institution's governing board(s), governance structure(s), and applicable state and federal laws.

Response

University accounting records are processed through the Banner accounting system. The system has been designed to make it possible to present financial statements in compliance with Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) requirements. The university maintains its accounting system and prepares its financial statements in accordance with the guidelines established by the College and University Business Administration, as published by the National Association of College and University Business Officers. The university's accounting fund structure is based on state law (Montana Code Annotated, 17-2-102). Banner accounting records are interfaced daily with the state's accounting system and reconciled monthly.

The administration of MSU requires a high level of accountability and fiscal responsibility. Internal controls are an integral part of the financial and business processes designed to safeguard university assets, ensure compliance, check accuracy and reliability of data, segregate duties, and review authorizations and transactions. [The University Business Services web page](#) includes links to the business procedures manual and is updated regularly to provide guidance to financial managers and accounting personnel regarding the proper accounting and expenditure of funds and guidance for safeguarding customer information. In addition, the state of Montana Financial Services Division requires a control system and promulgates other accounting policies applicable to the university. The university performs its own risk assessment and documentation of key internal controls, which are regularly reviewed by university personnel and the Legislative Audit Division. In addition, the university has an internal audit function, the Office of Audit Services, which reports directly to the president and conducts independent evaluations of internal control processes.

All university revenues and expenditures are subject to the same framework of laws, policies and procedures. Revenues and expenditures are controlled through a process of fund controller approval, supervisory review, budgetary and internal controls, and adherence to federal, state, local, Board of Regents, and university laws, policies, and procedures. Vice presidents and deans have financial managers or accounting personnel who monitor compliance with state, federal and grantor regulations.

University financial statements are prepared annually, combining financial data for all of Montana State University's campuses and agencies. Campus-specific information can be found in the supplemental information at the back of each annual report. Financial statements for the university's pledged revenue funds, Bobcat Club, Museum of the Rockies Inc., Montana PBS Public Television, KGLT Public Radio, and the MSU Alumni Foundation Inc., are also prepared and audited annually by independent audit firms.

All university funds and accounting systems are subject to financial audit by the Legislative Audit Division to determine whether the university financial statements are presented fairly, and that the university has complied with laws and regulations having a direct and material effect on the financial statements. At the conclusion of a financial audit, a consolidated audit report is issued by the Legislative Audit Division and posted on the state website.



Standard Two: Human Resources

Standard 2.F.1

Faculty, staff, and administrators are apprised of their conditions of employment, work assignments, rights and responsibilities, and criteria and procedures for evaluation, retention, promotion, and termination.

Response

Overview

The Montana State University [Human Resources Policies and Procedures](#) website has an extensive and detailed list of policies for employees including faculty, staff, and administrators. Additionally, the [Faculty Handbook](#) is continually updated to provide faculty members academic-related guidance for the policies, practices, and guidelines in accordance with MSU requirements. Some examples of the 67 policies include:

- Annual Vacation Leave
- Campus Alcohol and Drug Policy
- Donated Sick Leave
- Employee Travel
- Relationships in the Workplace
- Reporting Suspected Legal, Regulatory or Policy Violations
- Tobacco Free Campus Policy
- Volunteer Policy
- Work Schedules

Montana State University policies are established through a process that begins with the department or unit affected, with review and revisions as necessary by the MSU legal staff. Draft versions of the policies are then presented to University Council for a first reading, revised (if needed), and then formally reviewed again by University Council in a subsequent meeting one month after the first reading. If University Council finds unacceptable statements within a proposed policy, it may fail to approve the policy until it is presented with acceptable amended policy language.

Faculty human resources information

For tenurable faculty, the Faculty Handbook provides general policies. In some cases, such as with documents related to promotion and tenure, the policies are further enhanced with unit-level detail

according to department and college standards that are written and approved by department and college faculty and approved by the provost. These are the standards by which tenure and promotion are decided. The departmental and college standards are published on MSU's website and are publicly available.

Newly hired tenure-track faculty members receive and sign a letter of hire that outlines their initial position description and expectations, with reference to specific departmental, college, and university tenure and promotion requirements on the MSU website. All tenurable faculty members are evaluated annually by department heads, who assess performance and productivity based on information provided by the faculty members, including teaching evaluations, student advising records, grant funding documents, scholarship awards, publications, creative works, and evidence of service and outreach activities.

New tenure-track faculty members are required to submit a pre-tenure dossier for retention review two years after starting employment at MSU. If the review is positive, the faculty member is retained and continues employment until the next milestone tenure and promotion review, which occurs at the beginning of the sixth year of hire and is assessed by multiple faculty committees and university administrators. The review of the faculty member's dossier begins with the departmental faculty committee (unit-level review), then the department head, the college faculty committee (intermediate level), the dean of the college, the university-level faculty tenure and promotion committee, and then the provost. The university president makes the final recommendation to the Board of Regents regarding the university's decision for each faculty member's tenure and promotion.

Faculty hires occasionally occur under the guidelines of an expedited tenure review process conducted outside of the normal review cycle and proceeds on an accelerated timeline. The expedited tenure review process is used sparingly and only for experienced senior hires who were previously tenured at a peer-level, or higher, research university and are already at the rank of associate or full professor level.

Prior to receiving tenure, a tenurable faculty member who is not approved for tenure and promotion and does not meet the expectations outlined in the Faculty Handbook, letter of hire, and departmental and college standards may be terminated at the second-year review or in the sixth year. Termination can also occur at any time during the first five years while the faculty member is building a dossier for second-year review or tenure. If the department head, departmental committee, or dean finds evidence that the faculty member is not on a trajectory for success, the department head or departmental committee may create a written set of performance expectations for that faculty member, review it with the faculty member, and then revisit the performance after a time period that allows the faculty member to enact the performance requirements. If the requirements are not met, the faculty member may be terminated.

A tenured faculty member who does not meet annual reviews with a rating of "meets expectations" as measured against the university, college, and department written expectations document for two consecutive years may be recommended to undergo a post-tenure review. The policy describing the steps required for a post-tenure review is set forth in the Faculty Handbook. The department head and college dean are required to clearly communicate to the faculty member the reasons for the low

performance rating and to provide the faculty member a written performance improvement plan that articulates the steps required for the faculty member to address the identified performance issues within a defined timeline. At the conclusion of the timeline, the university faculty committee reviews the outcomes and provides a written report to the provost documenting whether the faculty member met the requirements of the performance improvement plan. If performance improvements do not occur at an acceptable level, the faculty member may be dismissed because of the post-tenure review.

If a faculty member is denied tenure and promotion or is required to undergo a [post-tenure review](#), the faculty member can instigate a [grievance process](#). The grievance committee will examine the processes by which the faculty member has been evaluated to ensure that policy and standards were followed, and expectations applied fairly.

[Non-tenure-track \(NTT\) faculty members are part of a collective bargaining union](#) that provides guidelines for hiring, pay, working conditions, and other requirements for NTT faculty. NTT faculty members, especially those employed at least half-time, are typically evaluated once per year by the department head based on materials provided by the faculty member.

Staff and administrators

Hiring practices for staff and administrative positions are clearly described in the Recruitment and Hiring Handbook (under revision). Procedures for selecting contract types and contract contents are defined by the Montana University System and applied by MSU. Vacancy announcements describe posted positions and provide detailed descriptions of each job's duties, reporting line, required and preferred qualifications, salary, and other pertinent information. MSU uses an online applicant tracking system to facilitate the application process from start to finish.

Employees are evaluated annually by their immediate supervisors based on information they provide and input from the supervisors. These evaluations are filed with the Human Resources office. An evaluation indicating that the employee does not meet expectations instigates a performance review process, which allows the employee the opportunity to improve in specific areas outlined in the performance review. Fairness and transparency are important in all MSU employee evaluations to provide the employee with formative guidance for improvement as needed.

Standard 2.F.2

The institution provides faculty, staff, and administrators with appropriate opportunities and support for professional growth and development.

Response

Professional development and growth opportunities for all employees

Established in 2013, Professional Development and Training (PD&T) is housed in Human Resources and offers a range of programs and services designed to meet a wide variety of MSU professional and classified employee development needs. An overview of the professional development opportunities is provided at <https://www.montana.edu/hr/development/>. Each

month, a newsletter is sent via email to all employees with full descriptions of the available education and training opportunities, along with links for enrolling in each of the courses.

Examples of training opportunities advertised in November 2022 include:

- Diversity and Inclusion Certificate, Level 1.
- Diversity and Inclusion Certificate, Level 2.
- Indian Education for All for One MUS.
- University Information Technology Lunchbox Series.

In addition to the PD&T programs, university offices and departments provide resources to faculty, staff, and administrators to attend professional meetings and conferences. During the pandemic, most of these professional meetings transitioned to facilitated virtual attendance events, which allowed even more employee participation because of reduced travel expenses. Grants received by faculty or staff members often include funding for travel to professional meetings and conferences.

MSU's University Information Technology (UIT) division offers multiple opportunities for training on the many pieces of software that the university has purchased and uses in all areas of operations. Training is available on topics ranging from password protection to submitting expense receipts to the business operations division. Whenever new software is purchased or a familiar one is updated, UIT makes multiple training opportunities available to all employees.

Finally, the Montana University System offers partial (50%) waivers of resident tuition for up to two dependents of employees with 0.75 FTE or greater appointments. Eligible employees include classified employees who have completed their probationary periods, tenured and tenure-track faculty, non-tenure-track faculty, and contract employees during their contract term. In addition, eligible employees may receive a resident tuition waiver for undergraduate or graduate courses up to six credits per semester, with permission of their work supervisors. Many employees have completed undergraduate and graduate degrees using this benefit, and the professional development resulting from these tuition waivers has enriched both the employees and Montana State University.

Professional development and growth opportunities for faculty

An important investment in faculty professional development is provided through the [Center for Faculty Excellence](#). An outgrowth of the University Teaching and Learning Committee, the center provides ongoing educational opportunities to promote innovation and excellence in education, research and art creation, and service to communities. The center offers education, training opportunities, and resources for all MSU faculty across all career stages.

The Center offers workshops, seminars, discussion groups, mentoring opportunities, and grants that support professional development. Some of the offerings for November 2022, for example, included:

- Lunch and Learn: Unpacking Diversity, Equity, Inclusion and Justice with Dr. Shihua Brazill.
- Researcher Visibility: Six Steps to Enhance the Impact of Your Scholarship.
- 994-Calling! Dr. Mary Burrows, Professor of Plant Sciences and Plant Pathology.

- Common Threads Network of Indigenous Communities' Research Partners.
- Academic Misconduct.
- Inclusive Pedagogy Series Workshop 3: Trauma-Informed Pedagogy Panel.

The Center offers various certificates that can be earned through workshops, seminars, training sessions, and tutorials. They include:

- Teaching Enhancement.
- Early Career Faculty Success.
- Research and Creativity Leadership.
- Diversity Development.

During the pandemic, the Center for Faculty Excellence moved quickly to help faculty transition to online teaching. The center developed a series of best practices to help faculty launch high-quality online courses. The center served as a hub of resources for experienced online instructors, as well as for faculty who were inexperienced in using online pedagogy. The center's fast action helped faculty pivot their courses and contributed substantially to maintaining high-quality student learning during the online teaching phase of the pandemic.

Standard 2.F.3

Consistent with its mission, programs, and services, the institution employs faculty, staff, and administrators sufficient in role, number, and qualifications to achieve its organizational responsibilities, educational objectives, establish and oversee academic policies, and ensure the integrity and continuity of its academic programs.

Response

Montana State University is committed to hiring and maintaining the appropriate number of qualified faculty, staff, and administrators to effectively fulfill its land-grant mission, meet its educational objectives, establish and enforce academic policies, operate within the general fund budget, and ensure the quality and consistency of its academic programs.

The university employs faculty and staff in comparable ratios to other high-performing Carnegie R-1-designated higher education institutions:

Table 6

Metric	Carnegie R-1 Institution Median Values	Montana State University
Number of Enrolled Students	31,124	16,218
Number of Instructional Staff and Faculty	2,045	1,221
Total Number of Staff and Faculty	6,652	3,336
Student to Instructional Staff and Faculty Ratio	15.22	13.28
Student to Non-Instructional Staff Ratio	6.76	7.67
Student to Total Staff and Faculty Ratio	4.68	4.86

Source: Fall 2020 IPEDS Report, U.S. Department of Education. Institute of Education Sciences, National Center for Education Statistics.

The IPEDS Report defines instructional employees as those who are “primarily engaged in teaching.” This includes faculty members such as professors, instructors, and lecturers.

Standard 2.F.4

Faculty, staff, and administrators are evaluated regularly and systematically in alignment with institutional mission and goals, educational objectives, and policies and procedures. Evaluations are based on written criteria that are published, easily accessible, and clearly communicated. Evaluations are applied equitably, fairly, and consistently in relation to responsibilities and duties. Personnel are assessed for effectiveness and are provided with feedback and encouragement for improvement.

Response

All faculty, staff, and administrators are evaluated annually in the spring, for their performance in the past calendar year. The evaluation process for each category of employee is described in the following subsections.

Faculty performance evaluations

Tenurable faculty evaluations

The Faculty Handbook outlines the annual performance review process for tenurable faculty. Department heads review all faculty members in the unit annually unless no departments exist in the college. In such cases, the dean evaluates all faculty members. Some departments have evaluation committees that coordinate with the department head or dean to evaluate fellow faculty members.

Tenurable faculty members’ letters of appointment describe their initial workload expectations and percentage of effort to be allocated respectively to teaching, research, and service. Each year, the workload may be adjusted at the time of the annual review. Evaluation is based on the previously agreed upon workload documented in the letter of hire or previous annual review. If a faculty member has a split or joint appointment with 20% or more effort assigned to another unit, the other unit must participate in evaluating and rating the faculty member. For MSU Extension specialists within academic departments, the Executive Director of Extension will provide the department head or reviewing committee a letter addressing the faculty member’s work for Extension, which will be considered in the rating of the faculty member’s performance.

Each tenurable faculty member is reviewed annually by the unit supervisor or the department's annual review committee. In all cases in which a faculty member has taught a course section during the preceding year, student-generated faculty evaluations must be included in the faculty member's annual review materials. Each faculty member submits materials documenting teaching, research, and service to a computer program provided by the university called Activity Insight. In addition, each faculty member submits an updated curriculum vitae. The unit administrator evaluates each faculty member's materials against the standards decided by that unit and recorded in the unit's Role and Scope statement. The administrator then decides which of five levels of achievement each faculty member has earned for the annual review. The levels of achievement are: Exemplary Performance, Strong Performance, Acceptable Performance, Below Expectations, and Unacceptable Performance. The unit administrator determines an overall rating for the faculty member's performance using the weighted geometric mean, weighted by the assigned percentages of effort set forth in the letter of hire or the workload assignment from the previous annual review.

If a faculty member earns a Below Expectations or Unacceptable Performance rating, the unit administrator will formulate a Performance Improvement Plan and schedule a subsequent discussion of that plan with the faculty member. Faculty members who are not yet tenured and fail to meet the requirements of their Performance Improvement Plan may be subject to dismissal. Tenured faculty members who fail to achieve at least an Acceptable Performance rating after being placed on a Performance Improvement Plan may be subject to further performance requirements after the end date of the Performance Improvement Plan.

Tenable faculty members who are not yet tenured are not guaranteed tenure after receiving a rating of Acceptable Performance or above, though their unit administrators will meet with them to advise them of their progress toward tenure. Faculty members will review their unit's Role and Scope statement as a reminder of the overall record requirements for tenure.

Non-tenure-track faculty evaluations

Annual reviews of non-tenure-track faculty are governed by the [Collective Bargaining Agreement Between the Associated Faculty of Montana State University and the Montana University System](#). All non-tenure-track faculty members with a 7.5-credit teaching load or greater (50% full-time equivalent or higher) are evaluated each year based on their performance in the previous calendar year. Most non-tenure-track faculty members have teaching assignments that are evaluated using the standards and indicators governed by their departments' Role and Scope documents similar to the approach used to evaluate the teaching of tenurable faculty members.

As part of the annual review process, department heads receive evaluations completed by students for each of the courses taught by their faculty. These evaluations, in addition to other documentation related to grading faculty performance, may be used for formative and summative purposes. The administrators rate each non-tenure-track faculty member in the same manner as tenurable faculty, using the five-category evaluation ratings for teaching: Exemplary Performance, Strong Performance, Acceptable Performance, Below Expectations, and Unacceptable Performance. All non-tenure-track faculty are hired on a semesterly or annual basis. Ratings of Below Expectations or Unacceptable Performance will be considered when determining whether to retain a faculty member for the

succeeding semester or semesters.

Although the Collective Bargaining Agreement does not require annual reviews for non-tenure-track faculty members employed less than 0.5 FTE, unit administrators are responsible for examining the performances of these faculty members to ensure quality classroom instruction. Unit administrators are automatically copied on all student-generated teaching evaluations that include qualitative and quantitative data from students on every faculty instructor in their unit.

Any non-tenure-track faculty member with a relevant terminal degree who wishes to advance from assistant teaching/clinical professor to associate teaching/clinical professor, and finally to teaching/clinical professor must establish a performance record through consistent annual reviews.

Non-tenure-track faculty members are critical to the mission of the university and provide students with quality instructional opportunities. In evaluating these faculty members, unit administrators provide positive feedback and assistance, where needed, to improve performance in the following year.

Staff and administrator performance evaluations

Annual performance evaluations are conducted by supervisors each spring for classified employees and contract employees working 0.5 FTE or more.. Employees are evaluated on performance in the previous calendar year, and evaluations are due June 30. The evaluations are based on job descriptions provided upon hire. Administrators are evaluated similarly. Additional details regarding performance evaluation processes used by supervisors for employees in each of the major employee categories are provided below.

Classified and contract employees

Classified employees belong to the Federation of Classified University Staff Local #8521 MFPE, AFT, NEA, AFL-CIO, and their employment conditions are regulated by the bargaining agreement between the union and the Montana University System (see https://mus.edu/hr/cba/001_CBA.pdf).

Classified and contract employees hired at 0.5 full-time equivalent or more and who have completed their probationary period will be evaluated by their immediate supervisor or department head each year, with the due date of June 30 for completion, as outlined in the policy located at <https://www.montana.edu/hr/employee-labor-relations/EmployeeRelations.html>. Each employee completes a standard evaluation form provided by the university. The immediate supervisor reviews the employee's form and responds with comments and a final performance rating. The rating categories are the same as those used for faculty: Exemplary Performance, Strong Performance, Acceptable Performance, Below Expectations, and Unacceptable Performance. The resulting evaluation, with the earned performance rating, is recorded on the form, signed by the employee and the supervisor, and filed in the employee's personnel file.

Supervisors may evaluate the performance of employees in their unit at any time during the employee's time of employment and establish disciplinary action, if warranted. The bargaining agreement specifies the processes and steps for initiating appropriate levels of disciplinary action.

Administrator evaluations

All university administrators are evaluated annually by their supervisors. Administrators submit self-review forms to their supervisors, who, in turn, conduct written reviews by June 30 of each year based on employee performance in the previous calendar year. Supervisors normally conduct personal interviews with their direct reports to discuss the written reports and details of each administrator's annual performance.

Annual reviews of department heads, assistant deans, and associate deans are based on criteria and standards established by each college dean. Reviews must include the solicitation of written evaluations from the faculty in the respective unit, with the identities of these individuals held confidentially. If disagreement exists about the annual review, the individual may appeal the review to the executive vice president for academic affairs and provost. Deans are evaluated by the executive vice president and provost for academic affairs based on processes similar to those used in reviews of department heads, assistant deans, and associate deans. The executive vice president for academic affairs and provost, vice presidents, associate and assistant vice presidents and designated directors are reviewed according to the procedures established by the president and Faculty Senate.

University presidents are annually reviewed according to [Montana Board of Regents Policy 705.1](#). University Presidents of the Montana University System are reviewed annually in July, following the end of the fiscal year on June 30, unless the Board of Regents specifies a different month for the review. Each president, including the president of MSU, is required to submit a three- to five-page self-review document to the Board of Regents. The written self-review addresses progress made by the president toward meeting the Board of Regents' strategic goals and any challenges, opportunities, or topics that the president and the Commissioner of Higher Education deem important. Every two years, the regents solicit input from two to three internal stakeholders and two to three external stakeholders who are selected with consultation of the president and the commissioner. The stakeholders may request privacy for the input they provide.



Standard Two: Student Support Resources

Standard 2.G.1

Consistent with the nature of its educational programs and methods of delivery, and with a particular focus on equity and closure of equity gaps in achievement, the institution creates and maintains effective learning environments with appropriate programs and services to support student learning and success.

Response

Montana State University is deeply committed to the success of all undergraduate and graduate students who attend the institution. Academic success is connected to the overall well-being of students and requires support for academic endeavors of the mind, as well as support and attention to physical health, mental health, financial adequacy, social connections, housing, food, and other elements that are important to the development of well-rounded individuals and their success after graduation.

The following paragraphs provide brief overviews of a variety of student-focused services at MSU that contribute to student learning, student success, and the overall learning environment.

The following sections highlight programs available to students to help them succeed in all areas. Each program is listed with a brief description of its offerings.

The Dean of Students Office

The Dean of Students and their staff interact with students who experience serious life issues such as accidents, illnesses, and deaths in their families or friendship groups. Staff members in the Dean of Students Office help students manage crisis situations while successfully completing semester work, when possible, including communicating with faculty. The office also operates the MSU CARE program, through which faculty, staff, students, and others may report a concern about the welfare of someone affiliated with MSU. Office staff then reach out to people in need to help them connect with mental health counselors or other resources. The office also manages issues and concerns related to student conduct, which often intersect with overall student well-being.

The Allen Yarnell Center for Student Success (AYCSS)

The AYCSS offers curricular and co-curricular support for students, including:

- **Advising Services:** Professional advisors help students learn study skills, improve their motivation, and focus on academic endeavors.
- **Smarty Cats Tutors:** Offers tutors for many of the courses offered at MSU. Tutoring and individualized help is available to students for \$2 per hour.
- **Gold Standard MSU Student Employment and Leadership Program:** This program matches

students with paid campus employment opportunities that include professional development, leadership training, and mentoring through the AYCSS. The program is designed to increase future placement success for internships and jobs.

- **Career Fairs:** Each semester, AYCSS hosts career fairs that offer employers easy connections with MSU students. The Fall 2022 Career Fair was attended by 245 registered employers, 62 interviewing employers and 3,100 students. It included 28 information sessions, six networking receptions, and five days of hosted events.
- **Executive Closet:** The AYCSS maintains Executive Closet, which has professional clothing for students to wear when meeting potential employers so they may make the best first impression.
- **The Office for Financial Education:** The financial counselors employed in this office offer help with budgeting, wise credit use, understanding loans (especially loans available to students and their parents), information on scholarships, and other money topics. The Office's goal is to keep college affordable and help students keep their student loans under control.
- **Return-to-Learn Scholarship:** This program is available to students who started a degree but left before completing it. Advisors help students determine how much money and time will be required to complete a degree. If students have not decided on a major, the advisors help them identify one that fits the student's values and interests. The scholarship aims to help defray expenses for students who wish to start again at MSU.
- **MSU Hilleman Scholars and the Horatio Alger Program:** The MSU Hilleman Scholars program was named for Maurice Hilleman, an MSU graduate from Miles City, Montana, who went on to save millions of lives through his work in vaccine development. As a struggling student with limited financial resources, Dr. Hilleman understood first-hand how academics can be influenced by one's financial situation. The MSU Hilleman Scholars Program seeks applicants from Montana who will accept an invitation to take part in leadership, character, financial, career, mindset, and communication coaching. The program's goal is to invest in Montana students who will benefit Montana by being exposed to excellent academic opportunities. In 2021, the MSU Hilleman Scholars Program partnered with the Dennis and Phyllis Washington Foundation and the Horatio Alger Scholar Association to offer more scholarships and to allow students to "stack" scholarships, thus increasing their financial resources. Students begin their participation in the program by attending the Summer Success Academy, where they improve their skills in math, writing, leadership, and critical thinking before entering the fall semester. The cohort that entered MSU in the fall of 2022 consisted of 55 worthy scholars from across Montana.

Student Advising: The Advising Commons, Health Professions Advising, Departmental Advisors, and the Graduate School Advising

The Advising Commons has eight full-time and three part-time staff members who advise undergraduate students from University Studies and other programs. The help provided can include exploring major options, changing majors, creating a plan to complete the general education (Core 2.0) requirements, planning a course of study for the next semester or for an entire degree, and so forth. Some advisors in the Advising Commons specialize in advising for particular academic and career directions like the National Student Exchange, pre-law, and pre-med.

A particularly effective program is offered to undergraduates through the Health Professions Advising Office, which has three staff members to advise students on academic preparation and career exploration in health professions such as pre-med, pre-optometry, pre-occupational therapy, pre-chiropractic, and other career options in health-related occupations.

Advising is also offered to students within departments by staff who serve as full-time or part-time advisors and by faculty members. This advising can be developmental, where advisors help students explore academic and career life goals, or prescriptive, focusing on information directly related to their academic program and progress, including course planning for a major and/or a minor. Advising may also be intrusive, where advisors alert students of the need for developmental courses, the need to declare a major, the processes of recovering a pathway to graduation after academic or personal difficulties, or providing help as needed to retain a student.

The Graduate School provides advising to graduate students on topics such as Graduate School deadlines, financial aid, and dealing with life events while pursuing an advanced degree. While faculty members are primarily responsible for academic advising, the Graduate School can help students with issues such as graduate school applications, scholarship availability, university deadlines, funding and fellowships, thesis and dissertation guidelines, training and orientation for graduate programs, professional development, internship availability, research opportunities, and more. The Graduate School is committed to creating an inclusive environment for all graduate students and seeks to create a positive experience for all graduate students through excellence in advising.

The Writing Center

The Writing Center was established to offer assistance for any student needing help with the writing process, from brainstorming topics to proofreading papers. The Writing Center has three campus offices: in the newly renovated Romney Hall, Wilson Hall, and the MSU Library. Help is available six days a week at convenient hours, including Sunday evening. Tutors can assist students in-person or online. As of Fall 2022, the Writing Center employed 23 undergraduate tutors and six staff members.

The Math and Stat Center

The Math and Stat Center is staffed and operated by the Department of Mathematical Sciences and offers tutoring for undergraduate and graduate students taking mathematics and statistics courses. The center is in the newly renovated Romney Hall at the campus center. Tutors include undergraduate students, Department of Mathematical Sciences instructors, and Gallatin College MSU instructors. Up to nine tutors are available during the hours the center is open.

Student Health Partners

Student Health Partners is a newly formed overarching organization within Montana State University that includes services for the holistic health and well-being of students. The office includes a variety of services:

- **Medical Services:** The Medical Services team of doctors, nurses, and health professionals promote and restore the physical health of students at a reasonable cost. Medical Services provides a pharmacy, LGBTQAI+ services, nutrition services, travel health services, alcohol and

drug assistance, wellness coaching, and other health services needed by the student population. Of particular note, this team provided COVID-19 vaccines throughout the pandemic for students, faculty and staff.

- **Counseling and Psychological Services (CPS):** CPS provides students with mental health services to address a range of mental health challenges. The staff consists of 22 mental health professionals who address issues such as stress, addiction, trauma, and more.
- **Dental Services:** The Dental Services office has one dentist and two dental hygienists to provide affordable preventative and emergency dental services for students.
- **Office of Health Advancement:** The Office of Health Advancement educates, empowers, and energizes the MSU community through encouraging students to live a balanced lifestyle. The office addresses topics such as sexual health, nutrition, physical activity, stress management, and the use of alcohol, tobacco, and other drugs. A newer offering is the Bounty of the Bridgers Campus Food Pantry, which helps students who are food insecure.

Support for American Indian Students

MSU began planning and raising money for a building for American Indian students in 2005, and the building's grand opening was celebrated in 2021. American Indian Hall is located prominently along the main MSU campus pedestrian mall, where it serves as a home for American Indian students at MSU and is open to all MSU students. American Indian Hall is serves as a central source of offices and programs to assist students to successfully navigate the university, including the American Indian/Alaska Native Student Success Services office, which reaches nearly 800 students. That office offers services such as advocacy and support for MSU American Indian/Alaska Native students, networking with various American Indian student organizations, Native American Studies academic advising, access to the Dan Voyich Student Commons, tutoring, counseling services, emergency loans, and resources for students such as telephones, computers, printers, and fax services. The Dan Voyich Student Commons offers a place for students to develop friendships, find study partners, enjoy meals cooked in the Commons, and mingle with faculty and staff. The staff in American Indian Hall prioritize helping both undergraduate and graduate students toward degree completion.

The Office of International Programs (OIP)

The Office of International Programs is in the Strand Union Building and supports over 400 international students from over 50 countries who attend MSU for undergraduate and graduate degrees. OIP orients and advises international students on how to navigate Montana State. Further, the OIP helps MSU students who wish to study abroad with international placements and successful completion of international study experiences OIP works with short-term programs where international students and faculty come to MSU to study. Finally, OIP helps all MSU faculty and staff with travel assistance for international trips.

VOICE Center

The MSU VOICE Center provides free and confidential services for all people impacted by sexual assault, relationship violence, stalking, and harassment. Help is available 24/7 for counseling. Additionally, the VOICE Center provides prevention presentations, training, and volunteer opportunities for those who want to help support survivors and to work to prevent interpersonal violence on campus. Two full-time staff members work with approximately 40 trained peer advocate students from a variety of majors who answer the 24/7 crisis support line, meet with survivors, and help plan events.

MSU Athletics

The staff members in the MSU Athletics office work extensively with MSU's more than 400 student-athletes. The staff helps student-athletes with academic tutoring and advising, locating campus resources, and improving athletic performance through nutrition, physical fitness, injury prevention and treatment, and general healthy lifestyles. Most importantly, advisors work with students to ensure that they are conforming to the requirements of the National Collegiate Athletic Association, which mandates that athletic eligibility is maintained by having students make progress toward a degree. Students who can maintain eligibility and successfully perform in their chosen sport are aided financially through the end of their academic programs, which launches them into successful careers after college.

The Office of Disability Services

This office provides students with disabilities full access to engage in college programs, services, activities, and facilities. The office advocates for these students to other students, faculty members, staff members, and administrators to ensure that their rights under the law are upheld. Office staff alert faculty members and staff about accommodations that can be extended to students with disabilities and helps students undertake the grievance processes if accommodations are not made available appropriately. The university supports these students to live their best lives, and the office helps alert the university as to any barriers to their well-being and achievement.

The Travis W. Atkins Veteran Support Center

Montana State University has over 530 veteran undergraduate and graduate students. The Travis W. Atkins Veteran Support Center is in the newly renovated Romney Hall and offers veterans a 3,000-square-foot space near the Writing Center and the Math and Stat Center. The center is named for a Staff Sgt. Travis W. Atkins, a Bozeman native and Medal of Honor recipient who was killed in Iraq in 2007 while saving the lives of fellow soldiers. In 2023, MSU was named as one of the Top Ten Military Friendly Schools in the nation for the third time by the website [MilitaryFriendly.com](https://militaryfriendly.com) and ranked third in the nation among peer institutions. The center helps veterans apply for VA education benefits, helps link veterans to university services, and most importantly, provides support and socialization opportunities with other veterans and students. The space includes computers, tables for studying, a lounge area, refreshments, and printing services. It is a hub for the student veteran academic experience.

LIFE Scholars Program

A new program was initiated in 2018 in the MSU College of Education, Health, and Human Development to include students with learning and developmental disabilities, the [LIFE Scholars Program](#). LIFE stands for Learning Is for Everyone, and students who enroll in the program receive tailored academic, career development, and campus engagement experiences. Students choose to either audit classes or take them for credit. It is a three-year program, but students may complete it in as little as two years or extend the program to four years. Students are paired with other enrolled MSU students who serve as peer partners, helping them navigate the university. LIFE Scholars participate together in activities to foster further engagement as a group, and they exit MSU with a certificate. LIFE Scholars are eligible to participate in commencement when they complete the program, having gained skills for employment, and laid the groundwork for greater well-being.

Summary

President Waded Cruzado has provided leadership to all university employees to create the ethic of care for students. In each speech, President Cruzado emphasizes two themes: that Montana State University is a land-grant institution established to educate the sons and daughters of Montana's working class and MSU is "your" university. Those two themes communicate to all employees and students that MSU is here to help create successful students, a mission shared by all employees. Dr. Cruzado's leadership in this area has made a difference to students, as help and support is available for nearly every problem a student could face. The provision of tailored support is designed to encourage enrollment of diverse students. If a student is serious about getting a degree and is willing to work in their classes, that student will be supported and encouraged by MSU employees in a myriad of ways to ensure their success.

Standard 2.G.2

The institution publishes in a catalog, or provides in a manner available to students and other stakeholders, current and accurate information that includes institutional mission; admission requirements and procedures; grading policy; information on academic programs and courses, including degree and program completion requirements, expected learning outcomes, required course sequences, and projected timelines to completion based on normal student progress and the frequency of course offerings; names, title, degrees held, and conferring institutions for administrators and full-time faculty; rules and regulations for conduct, right, and responsibilities; tuition, fees, and other program costs; refund policies and procedures for students who withdraw from enrollment; opportunities and requirements for financial aid; and the academic calendar.

Response

Montana State University's official [catalog](#) is online and available to anyone who has an internet connection. For those who do not have internet, print catalogs are available, although they are not the official catalog because changes can occur that are immediately incorporated into the online catalog. The print catalog is updated annually, with new editions released each summer. The table on the following page provides a link to each area of the online catalog corresponding to the requirements listed above.

Each of the topics listed in the question above is covered in detail in the catalog. The catalog is

written in language easily understood by a high school junior or senior. If a student reads the catalog, she/he will understand the university’s requirements for graduation. In particular, the student would understand the sequence of courses to be taken to complete a program of study in four academic years, if 15 or more credits are taken each of eight semesters. Information on tuition, fees, and other program costs, in addition to information on financial aid, is also included.

The information in the catalog is also disseminated through various campus offices. Programs of study are distributed through advisors in the Advising Commons; the Financial Aid Office helps with information about various financial aid options; and the Dean of Students Office conveys information about student conduct. If students have questions about anything in the catalog, they will easily find assistance on campus.

Table 7

Catalog Information	Sub-Category of Catalog Information, Where Appropriate	Web Link
Institutional mission		http://catalog.montana.edu/welcometomsu/
Admission requirements and procedures		
	Undergraduate freshman	https://www.montana.edu/admissions/apply/freshman.html
	Transfer students	https://www.montana.edu/admissions/transfer.html
	International students	https://www.montana.edu/international/admissions/
	Graduate students	https://www.montana.edu/gradschool/admissions/
Grading policy		http://catalog.montana.edu/curriculum-enrollment-graduation/#Catalog_and_Curriculum
Information on academic programs and courses, including degree and program completion requirements, expected learning outcomes, required course sequences, and projected timelines to completion based on normal student progress and the frequency of course offerings		
	Course descriptions, required course sequences, and frequency of course offerings	http://catalog.montana.edu/coursedescriptions/
	Undergraduate program completion requirements	http://catalog.montana.edu/undergraduate/
	Graduate program completion requirements	http://catalog.montana.edu/graduate/
	Learning outcomes by program	https://www.montana.edu/provost/assessment/program_outcomes/index.html
Names, titles, degrees held and conferring institutions for administrators and full-time faculty		https://www.montana.edu/search/#gsc.tab=0
Rules and regulations for conduct, rights, and responsibilities		https://www.montana.edu/policy/student_conduct/
Tuition, fees, and other programs costs		https://www.montana.edu/ubs/studentaccounts/TuitionFeeCharts/2022Fall-2023Spring/tuition.html
Refund policies and procedures for students who withdraw from enrollment		https://www.montana.edu/ubs/studentaccounts/Student-Refund-Schedule.html
Opportunities and requirements for financial aid		https://www.montana.edu/financialaid/
Academic calendar		https://www.montana.edu/registrar/calendar.html

Standard 2.G.3

Publications and other written materials that describe educational programs include accurate information on national and/or state legal eligibility requirements for licensure or entry into an occupation or profession for which education and training are offered. Descriptions of unique requirements for employment and advancement in the occupation or profession shall be included in such materials.

Response

No single MSU publication lists information on national and/or state legal eligibility requirements for licensure or entry into an occupation or profession for which education and training are offered. All this information is available online by program. For example, the [M.S. in Dietetic Systems Leadership](#) says, “The MS degree will be awarded after requirement completion along with a Verification Statement mandatory for eligibility to sit for the Registered Dietitian Nutritionist credentialing examination.”

At MSU, 32 programs are accredited nationally. A full list of all accredited MSU programs is available at <https://www.montana.edu/accreditation/program accreditation.html>.

Career information can be found within the college, department, and/or program web pages. The Allen Yarnell Center for Student Success houses the [Career, Internship and Student Employment Services](#) office, where students can obtain information and assistance with career choices, career availability, and with applying for internships or employment. Each year, the office produces a survey and a [report](#) that assesses measures that are important to MSU’s understanding of student educational outcomes.

Standard 2.G.4

The institution provides an effective and accountable program of financial aid consistent with its mission, student needs, and institutional resources. Information regarding the categories of financial assistance (such as scholarships, grants, and loans) is published and made available to prospective and enrolled students.

Response

The Office of Financial Aid Services (OFAS) has primary oversight and coordination of MSU’s student financial aid programs. The OFAS works in alignment with other offices to support student recruitment and strategic plan goals. Residing within the Division of Student Success, the OFAS supports efforts in student recruitment, persistence, retention, and graduation that cross multiple divisions within MSU and off-campus partners. Additionally, MSU’s Office of Financial Education supports students in financial literacy, budgeting, loan repayment, and other initiatives that align with the mission of financial aid.

The OFAS facilitates access to federal, state, and institutional aid in the form of grants, scholarships, waivers, work-study, and student-related loans. The OFAS provides customer service to prospective students, currently enrolled students, families, and other constituencies via face-to-face interaction, phone, and email. The OFAS also participates in admission outreach and orientation sessions. Upon request, we partner with regional high schools to assist with financial aid outreach. These events occur outside school hours and high school seniors and their families may ask questions and get

help filling out the Free Application for Federal Student Aid. The OFAS is on campus in Montana Hall along with the registrar and the Student Accounts Office. This location supports students in receiving support in crossover areas.

MSU offers students financial aid packages that consist of the best available aid. Information related to the types of aid and conditions of aid is available on the [OFAS website](#). Financial aid offers may include various grants, scholarships, tuition waivers, work-study programs, and federal loans. Incorporated into awards are external resources students bring with them and alternative forms of aid such as private student loans. The OFAS website is a comprehensive resource for students and families, including specific information and links to relevant external resources. OFAS attempts to get students acquainted with [federal loan websites](#) as early as possible, as they are transactional in students receiving disbursements. The OFAS website houses a financial aid information guide that students must review before aid disbursement.

Montana's Legislative Audit Division performs regular audits on financial aid-related requirements. Institutional financial aid statistics are published annually in Section H of the Common Data Set produced by the Office of Planning and Analysis.

Standard 2.G.5

Students receiving financial assistance are informed of any repayment obligations. The institution regularly monitors its student loan programs and publicizes the institution's loan default rate on its website.

Response

All students receiving federal student loans are required to complete federally required entrance counseling along with a master promissory note before federal loans are disbursed to their student billing account. Financial aid requirements related to entrance counseling and the master promissory note must be satisfied prior to aid disbursement. Students are notified of this requirement in their MSU MyInfo account, which is the student's main source for college information. Students report the completion of the entrance counseling in their [federal portal](#), and MSU receives confirmation of completion in file exchanges. Rights and responsibilities of loan borrowing are also contained on campus and federal websites as previously mentioned.

Detailed information about federal loan programs is on the Office of Financial Aid Services (OFAS) website and on the federal student aid website. Students have access to interest rates, origination fees and loan limits from both sites. The federal student website serves a dual purpose of information and login portal where students take action related to student loan borrowing, repayment, and other federal aid activities. The OFAS, along with the Office of Financial Education, assists students in understanding loan repayment obligations. The Office of Financial Education annually sends a "know your debt" letter to students who exceed debt thresholds to inform them of current debt and to manage overall borrowing.

Students are sent loan exit counseling information as required based on enrollment status. MSU directs students to the federal information and offers personal counseling sessions with counselors from the financial aid office or the Office of Financial Education.

Official federal cohort default rates are provided annually by the federal Department of Education. MSU is fortunate to repeatedly have cohort default rates that are close to or below the national average. MSU's rate from fiscal year 2018 was 3.5% while the national rate was 7.3%. The OFAS monitors this rate closely and works with the Office of Financial Education to assist students with budgeting and smart borrowing.

Standard 2.G.6

The institution designs, maintains, and evaluates a systematic and effective program of academic advisement to support student development and success. Personnel responsible for advising students are knowledgeable of the curriculum, program, and graduation requirements, and are adequately prepared to successfully fulfill their responsibilities. Advising requirements and responsibilities of advisors are defined, published, and made available to students.

Response

Academic advising mission statement

Academic advising at MSU is a collaborative process between students, faculty, and professional advisors designed to empower students to discover who they are as learners, where their academic interests lie, and how their university experience will shape their lives. MSU sees academic advising as a critical component of a student's university experience.

At MSU, each student is assigned to an academic advisor and must meet with them at least once per semester before registration. MSU's mandatory advising requirement is enforced via a registration PIN that students need to register for the next semester's courses. Students receive their PIN after they complete their mandatory advising meeting.

Academic advising is provided by both primary-role academic advisors (staff) and faculty advisors. Primary role advisors report through Advising Commons, a centralized reporting and organizational structure that places the student experience and outcomes at the center of advising planning and practice. Since its inception in 2018, Advising Commons has focused on standardizing advisor roles and ensuring that students have access to academic advisors who are well trained in curricular requirements, academic policies and procedures, and advising theory and best practices. Advising Commons provides a community of practitioners where advisors can collaborate and connect with colleagues across campus and access ongoing professional development and training as well as opportunities for advisor advancement. Advisor training and advising practices are informed by NACADA's Academic Advising Core Competencies.

Faculty advising is part of the faculty teaching responsibilities, consistent with Role and Scope documents and the Faculty Handbook. Advising training for faculty is available through Advising Commons, Center for Faculty Excellence programming, and academic units. MSU uses multiple tools to facilitate advising and provide on-demand resources for students and advisors.

- Course catalog: Defines all degree requirements, policies, and procedures.
- DegreeWorks: Degree auditing software that documents academic requirements for all majors and minors, provides a place to document advising conversations and notes for both students and advisors, and tracks information about registration holds and student placement information.
- Degree templates: Each student has an individual path to degree completion uploaded to their DegreeWorks profile at orientation. Templates provide a sample path to graduation based on the student's starting math level. Students can edit and save the template or create new plans.
- CatCourse (College Scheduler): Course scheduling software.
- NavMSU (EAB Navigate): CRM software used by students, faculty, and staff for appointment scheduling, early alerts, communication, and reporting on student meetings.

Resources that support academic advising at MSU

Academic Advising Syllabus

The MSU Advising Commons created an Academic Advising Syllabus which is shared with both students and advisors. Students receive the syllabus and learn about advising requirements at orientation. The syllabus is also available online. The syllabus clearly details student and advisor responsibilities and student learning outcomes. These outcomes will serve as the basis for future assessment activities alongside the MSU Student Survey.

Academic Advising Manual

This manual serves as the foundation for new advisor training and onboarding. It includes best practices, roles and responsibilities, training and onboarding checklists, and helpful resources for academic advisors.

Each new advisor receives a copy of the manual and reviews the materials during their onboarding. Additionally, topics within the manual are presented periodically in Academic Advising Council meetings and workshops. Topics covered during the past year include communicating with students, documenting advising conversations, advisor availability and maximizing appointment times, and effective group advising practices.

Academic Advising Plans

Within the Advising Commons, advisors are assigned to academic units. The advisors work with each academic unit (department, school, or college) to maintain an advising plan for that academic unit, which is reviewed and updated at least annually. The plans document how undergraduate students are advised within each academic unit to specify roles and responsibilities and ensure that no advising-related tasks are overlooked. These plans have proved helpful during onboarding for both new advisors and new department heads and directors.

Campus Advising Action Team (CAAT)

The Campus Advising Action Team engages faculty, staff, and administrators in discussing and considering campus advising needs and practice. This team meets bi-weekly to provide guidance and

insight on advising and registration initiatives.

Academic Advising Council (AAC)

The Academic Advising Council holds monthly meetings for primary-role and faculty advisors, providing opportunities for information sharing regarding timely advising and registration activities. Campus colleagues from the offices of the Dean of Students, Student Success, Housing, Admissions, Athletics, and the Registrar also participate to apprise academic advisors of critical information.

Standard 2.G.7

The institution maintains an effective identity verification process for students enrolled in distance education courses and programs to establish that the student enrolled in such a course or program is the same person whose achievements are evaluated and credentialed. The institution ensures that the identity verification process for distance education students protects student privacy and that students are informed, in writing at the time of enrollment, of current and projected charges associated with the identity verification process.

Response

Montana State University student authentication

Per Montana Board of Regents Policy 1306, “MUS entities must provide for the security of their data and information resources. For employee and student users, access to these resources must be controlled by having users properly log on and off computer systems and by prohibiting users from using other users’ accounts. Employee and student users must be positively identified prior to being able to use any authentication-controlled MUS computer resource. Positive identification involves both a user ID and a password which are unique to the individual.” (See <https://mus.edu/borpol/bor1300/1306.pdf>)

The NetID system is an authentication and security measure to ensure that accounts are managed securely across Montana University System campuses. All students at MSU are provided a NetID for secure access to university systems, including the learning management system for distance learning. In addition, MSU requires secondary authentication through the DUO system to ensure student identity. (See <https://www.montana.edu/uit/ids-services/portal.html>)

Students are responsible for providing their complete and true identity information in any identification verification process. It is against university policy for a user to give someone their password or to allow others to use their account. This is stated in the Board of Regents’ policy as well as the Student Code of Conduct at https://www.montana.edu/policy/student_conduct/#proscribed

MSU currently uses Brightspace as a learning management system. Brightspace integrates with university authentication services to ensure appropriate and secure student access to courses and other student information systems. All users of the university’s learning management system are responsible for maintaining the security of their NetIDs and passwords, or any other access credentials as required. Attempting to discover another user’s password or attempts to gain

unauthorized access to another person's files or email is prohibited.

At this time, there are no additional student fees associated with student verification. In the event any verification fee is needed, it will be posted on the course registration site to provide an advance alert to students. Current tuition and fees are posted here: <https://www.montana.edu/ubs/studentaccounts/TuitionFeeCharts/2022Fall-2023Spring/tuition.html>.

MSU, based on recent guidance from NWCCU, has begun developing a distance education policy.



Standard Two: Library and Information Resources

Standard 2.H.1

Consistent with its mission, the institution employs qualified personnel and provides access to library and information resources with a level of currency, depth, and breadth sufficient to support and sustain the institution's mission, programs, and services.

Response

In keeping with Montana State University's mission, the MSU Library provides access to information, services, and spaces which are integral to the teaching, research, and service mission of Montana State University.

Personnel and space

Faculty librarians and library staff provide expertise for MSU students, faculty, and staff in support of their curricular and research needs.

The MSU Library employs 52 staff members. Of these, 17 are tenurable faculty, with four professors, seven associate professors, and six assistant professors. Six staff are non-tenure track faculty and 29 are other staff members.

Employees

Faculty librarians have areas of expertise both by subject area (e.g., engineering, history) and by information type (e.g., data management, scholarly communication). They regularly teach courses and consult with departments and individuals about their instruction and research in these areas. More information about library faculty can be found in its [staff directory](#) and in its [organization chart](#).

Over the last 20 years, MSU has grown its enrollment, increased its grant and contract activity, and become an R1: Doctoral Universities – Very High Research Carnegie classified institution. These milestones could not be reached without adequate access to information and research resources and services provided by the MSU Library. Although the MSU Library has not seen significant resource increases in terms of budget or staff, the library has met the challenges associated with the growth in enrollment and the increase in grant and contract activity by providing high quality services to both faculty and students.

The MSU Library is centrally located and is one of MSU's most heavily visited buildings. Typically, the library has over 4,000 daily visitors, or one-fourth of the student population. Individual and group study spaces, quiet and social spaces meet a wide variety of needs. There are many library-provided [technologies available](#) for use and check-out. Campus partners in the library include [Smarty Cats Tutoring](#), [GEAR UP](#), [Testing Services](#), the [University Information Technology Service Desk](#), a [Writing Center](#) location, and [Brewed Awakening](#).

Research and instruction services

For survey-level courses, the library has a consistent approach to instruction for all sections, allowing the library to offer more specialized and targeted instruction to mid-level and upper-level classes and students. The library offers instruction sessions which can be easily scheduled through its Request Library Instruction form.

[Numerous online library resources](#) are specifically designed for students and for faculty. All resources created by the MSU Library are developed with multiple [guiding documents](#) including the American Library Association's Association for College and Research Libraries' [Information Literacy Framework for Higher Education](#).

MSU Library faculty also offer their expertise through [credit-based courses](#). Library courses under the LSCI Library Science rubric cover such topics as:

- LSCI 121- Digital Information Literacy.
- LSCI 437 - Social Media Practices.
- LSCI 491 - Privacy and Ethics in the Age of Big Data.

Non-LSCI courses taught by library faculty include:

- US 101- First Year Seminar.
- WRIT 491 – Writing in the Archives.
- LS 350 – Literature Reviews Theory & Practice.
- EDCI 522 – Information Resources & Services.

Information access

The MSU Library provides access to thousands of information resources that align with the teaching and research priorities of MSU. The [Collection Development Policy](#) defines the collection aims of the MSU Library and how its collections support MSU's mission. The policy outlines the scope of what resources are appropriate to acquire and retain in fulfillment of MSU's mission and what items are outside that realm. The library has a representative on MSU's Curriculum and Programs Committee and the MSU Graduate Council to keep abreast of changes in the curriculum.

The Collection Development Librarian has primary oversight over the collections budget, with

additional oversight by the Dean of the Library. Decisions regarding appropriate materials are made in consultation with library and departmental faculty. As responsible stewards of its funds and resources, the library has established [Negotiation Principles for Information Access](#). The collections budget for the library is currently \$5.8 million. Most of these funds are used to provide access to electronic resources such as journals, e-books, streaming audio-visual media, and indexes and databases. Because information vendor prices continue to rise and the MSU Library's collection budget has remained constant, the library has renegotiated several journal package contracts to have fewer subscribed titles and more demand-driven (or patron-driven) acquisitions, which triggers a purchase at the point of need. The library also participates in resource sharing through TRAILS (Treasure State Academic Information and Library Services), the Montana Academic Library consortium, and worldwide interlibrary loan services.

The library is committed to [alternative forms of information access](#) which are freely open. The library is a co-founding partner in efforts such as the development of the Open Access Button, is a member of HathiTrust, and supports efforts such as SPARC (Scholarly Publishing and Academic Resources Coalition) and Open Library of the Humanities, which all encourage open access to information.

Because of rapidly rising traditional textbook costs, the MSU Library is the campus leader in efforts to have [Open Educational Resources \(OER\)](#) adopted, adapted, and authored for use in MSU courses. The library offers a grant program to MSU faculty to aid them in the time and effort required to shift to OER texts. Faculty librarians provide expertise in identifying high-quality OER appropriate to the curriculum. From 2019 to 2022, the library distributed \$150,000 in grants for total savings over \$1.5 million for students, resulting in increased student retention and graduation rates.

Publication and data services

Research support efforts have recently been enhanced through the creation of the library's Research Optimization, Analytics, and Data Services (ROADS) unit, which is part of a newly formed Researcher Services partnership with the Center for Faculty Excellence, University Information Technology's Research Cyberinfrastructure division, and the Vice President for Research and Economic Development's Office of Research Development. Members of ROADS provide services such as hosting data sets through Dryad and the Qualitative Data Repository (QDR), developing data management plans for grants, and hosting MSU-authored publications and electronic theses and dissertations in the library's [ScholarWorks](#) institutional repository.



Standard Two: Physical and Technology Infrastructure

Standard 2.I.1

Consistent with its mission, the institution creates and maintains physical facilities that are accessible, safe, secure, and sufficient in quantity and quality to ensure healthful learning and working environments that support and sustain the institution's mission, academic programs, and services.

Response

University Facilities Management, which manages the engineering, utilities, facilities services, campus mail, safety and risk management, planning, design, construction, and central operations at MSU, is led by Associate Vice President John How, who reports to Vice President for Administration and Finance Terry Leist. The campus facilities are needed to house instruction, research, and outreach activities. The following are some general facts about the physical facilities at MSU:

- Core Campus
 - 987 acres (approximate)
- Instructional and Research Space
 - 51 buildings
 - 2,200,000 square feet (approximate)
- Auxiliary Services (housing, dining, event facilities, etc.)
 - 181 buildings
 - 2,510,000 square feet (approximate)
- Campus Operations (police, Museum of the Rockies, facilities services, etc.)
 - 32 buildings
 - 450,000 square feet (approximate)

Capital improvement projects

Recently, major facilities projects have been undertaken at MSU, resulting in improved spaces for students, faculty, and staff. The following table summarizes the building projects developed over the last five years, in chronological order, that have enhanced the ability of the campus to serve students.

Table 8

Building	Date of Completion	Funding Sources	Purpose	LEED Certification
Rendezvous Dining Pavilion	Fall 2018	Auxiliary revenues	Dining facility with 830 seating capacity to serve more than 10,000 students per day; focus on healthy food choices and sourcing of local foods.	Gold Certification
Norm Asbjornson Hall	2019	Private donations (non-state funds)	Norm Asbjornson College of Engineering, Honors Colleges; 110,000 sq. ft. building with 10 classrooms seating 800 students, 17 instructional labs, and 2 large auditoriums.	Platinum Certification
Hyalite Hall	2020	Auxiliary revenues (non-state funds)	First year student residence hall, 500 student capacity.	Gold Certification
American Indian Hall	2022	Private donations and revenues (non-state funds)	Native American Studies program, student support for American Indian, Alaska Native students, Senior Diversity and Inclusion Officer; classrooms, study spaces, drum room and ceremonial spaces, use of the building as an instructional tool for American Indian culture and practices.	Platinum Certification
Romney Hall	2022	Private donations and state of Montana appropriations	Travis W. Atkins Veterans Support Center, Office of Disability Services, Writing Center, Math Learning Center; over 1,000 classroom seats.	Gold Certification
Student Wellness Center	2024 (anticipated)	Insurance proceeds, revenues, and state funds	Student health, counseling and psychological services, wellness services, recreation center, pool, climbing wall; student commons space to engage students with available services.	Target LEED Gold
Mark and Robyn Jones College of Nursing Facilities	2026 (anticipated)	Private donations (non-state funds)	Five buildings across Montana (Billings, Bozeman, Great Falls, Kalispell, Missoula) for upper division nursing education; classrooms, skills labs, simulation labs, student study spaces.	Target LEED Gold
Gianforte Hall	2026 (anticipated)	Private donations (non-state funds)	Gianforte School of Computing, College of Arts and Architecture; classrooms, instructional and research laboratories, creative technology studios, student support spaces.	Target LEED Gold
MSU Facilities Yard Relocation	2026 (anticipated)	Non-state funds	University Facilities Management; consolidate operations into more efficient space, create space for institutional growth on the Seventh Avenue corridor and south campus.	Target LEED Silver

The last five years have seen continued philanthropic giving and state support to fund buildings, professorships, scholarships, and curricular expansion in engineering, nursing, medical education, computing, and student services. Most project funds have been provided by gifts from donors thanks to excellent fundraising efforts on the part of President Cruzado, university leadership, and the MSU Alumni Foundation.

Campus maintenance and continuous improvement

In addition to the building projects listed in the above table, consistent attention has been required for upkeep and maintenance of the existing spaces on campus. Examples of the work performed by Facilities Services includes:

- MSU improved space allocation to support the work of TRiO Student Support Services, which provides advising and study support to tribal and two-year college transfers, returning non-traditional students, single parent and first-generation students. The space added student computer stations, quiet study space, and student mentoring space.
- MSU allocated space in the Strand Union Building to improve access to the Diversity and Inclusion Student Commons. The space allows a broad variety of students from racial, cultural, and other identity groups to gather and find support and a sense of belonging on campus.
- MSU provided space for Gallatin College MSU to teach a one-year Certificate of Applied Science in carpentry. The improvements included updating flooring in lab areas, installation of a projector for lectures, upgrading the gas heating system to an electrical system, and adding a dust mitigation system.
- MSU completed classroom renovations in Reid Hall, Linfield Hall, Herrick Hall, Wilson Hall, Roberts Hall, and the Plant Growth Center. The renovations improved room layouts, provided modern technology, improved acoustics, and modernized furniture to provide quality learning environments.
- MSU completed continuous maintenance across all facilities, including dedicated annual funding of \$3.5 million per year to state-owned buildings. Ongoing maintenance ensures safe, secure, and up-to-date facilities; provides for continuous improvements to accessibility; and enhances operational efficiency and sustainability.

Facilities Services has an efficient and timely system of receiving work requests, scheduling the work, and responding quickly to the space improvement needs of campus personnel.

High-performing facilities

MSU's built environment spans 130 years of design and construction. Both historic and contemporary blend together to form the campus character and identity. Recent developments on campus have focused on high-performance environments, which support the aspirations and values of the university and reflect the dynamic and diverse community of people who occupy it. High-performance environments focus on seamlessly accommodating the functionality of the occupants in addition to being physically durable and maintainable. Inherent in the design of high-performance environments is also a responsibility for resource efficiency, sustainability, minimizing accessibility barriers, and supporting the safety, health, and wellness of occupants.

The university has set a goal of carbon neutrality by 2040, and a major component of this goal is the ongoing effort to build sustainable, high-performing facilities. Montana has high-performance building standards that apply to all facilities constructed using state funds. MSU approaches the design of all buildings, not just those with state funding, with this in mind, and has routinely exceeded this requirement. The university continues to push for superior building performance in all facilities currently in design. Some specific examples of university sustainability efforts include:

- Geothermal heating/cooling infrastructure has been constructed across campus, including several geothermal fields that reduce heating/cooling costs and emissions for the connected buildings. New facilities are designed to connect to, and expand on, these systems.
- Solar photovoltaic arrays have been built on several recent buildings (American Indian Hall,

Norm Asbjornson Hall, Student Wellness Center), and other buildings have been designed to accommodate solar arrays in the future to reduce dependence on fossil fuel-generated electricity.

- Through the continuous maintenance by Facilities Services, a constant stream of sustainability improvements has been undertaken. Efficiency improvements include converting lighting to LED technology, installing occupancy-sensor lighting controls, and upgrading water fixtures for water conservation.

The Facilities Services has an efficient and timely system of receiving work requests, scheduling the work and responding quickly to the space improvement needs of the campus personnel.

Physical facilities: design and sustainability

The Facilities Services staff has worked diligently to build and remodel buildings that will be recognized with LEED certifications. This is one area of sustainability, but many other efforts around sustainability are present at MSU. In 2012, MSU students saw a need for sustainability advocacy on campus and set the groundwork for the Office of Sustainability. The office has worked to be the voice for progress and stewardship at MSU and has taken leadership to establish and monitor a goal for sustainability in the MSU strategic plan, “Choosing Promise.”

The MSU strategic plan, under Intentional Focus 3, Expanding Engagement, establishes Goal 3.3: Foster a culture of collaboration, continuous improvement, and individual growth. Under the metrics and action section, Item 6 addresses sustainability: “Montana State University will develop a comprehensive sustainability plan for 2020 with measurement and annual progress reports to campus.”

The campus leadership established a Campus Sustainability Advisory Council (CSAC), which worked with stakeholders across campus to develop a plan, called the Campus Sustainability Framework, and presented it to Planning Council and University Council in Fall 2021. CSAC created subcommittees on campus to guarantee progress on the three long-term goals in the Campus Sustainability Framework:

- STARS Platinum by 2035.
- Zero Waste by 2035.
- Carbon Neutral by 2040.

The subcommittees have begun to develop a campus energy plan, highlighting areas where data collection and business processes can support the goals of carbon neutrality and zero waste.

The Office of Sustainability has sponsored two summits about sustainability. The second annual Sustainability Summit occurred on April 11, 2023. The summits communicated to campus stakeholders about the actions the university has taken toward the Campus Sustainability Framework, along with other efforts toward creating a sustainable future for MSU. Some of the projects the Office of Sustainability has promoted are:

- Creating sustainability in transportation.
- Creating student leaders in sustainability.

- Helping manage MSU waste more sustainability.
- Promoting the use of local foods in the food services on campus.
- Reducing water usage on campus.
- Reducing energy consumption on campus.

Physical facilities: safety and risk management

Montana State [University's Police Department \(UPD\)](#) is the first department in the state of Montana to receive the International Association of Campus Law Enforcement Administrator's accreditation for the staff's excellent service in campus public safety and law enforcement. In the past seven years, UPD has been called on to take part in managing serious campus safety issues, including a building roof collapse, the COVID-19 pandemic, and a cyberattack on the university's computer systems. The accreditation is a strong signal to the UPD's stakeholders that the department can be relied upon to protect students, staff, and faculty with excellent staff and planned responses.

UPD is responsible for a number of law enforcement, safety, and risk management situations on campus including:

- Crime Alerts
- MSU Alerts
- Emergency Management
- Security and Crime Reports
- Annual Security Report
- Crime Prevention
- Victim Resources
- Parking Services
- Weapons Storage

The MSU [Office of Emergency Management](#) within UPD was established to continually improve the university's readiness for potential emergencies. During the beginning of the COVID-19 pandemic, the emergency management office became more involved in public health issues than ever before, and the staff quickly adjusted respond to the fast-changing pandemic. In April 2023, a serious cyberattack deeply involved the office and other campus, local, and federal officials as the university worked to quickly restore computer services. The office responds to emergencies with good planning and management based on research and best practices. The campus community can access plans for addressing emergencies such as [active shooters, bomb threats, chemical spills, earthquakes, fires, medical emergencies, and weather crises](#). Information is also readily available regarding [campus evacuation procedures](#). An alert system guides students, staff, and faculty on campus to respond rapidly and appropriately in real time during an emergency.

UPD is responsible for the [Annual Security Report](#) that is required by federal law under the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act, also known as the Clery Act. The act requires postsecondary institutions participating in the Higher Education Act

Title IV student financial assistance programs to:

- Issue campus alerts to provide the campus community with information necessary to make informed decisions about their health and safety.
- Issue a Timely Warning for any Clery Act crime that represents a threat to students or employees.
- Issue emergency notifications upon the confirmation of a significant emergency or dangerous situation.

UPD has programs and processes to comply with the provisions of the law, to train campus personnel, and then report the statistical results in the Annual Security Report.

Physical facilities: information technology

University Information Technology (UIT) provides central information technology services to MSU. The chief information officer, who reports directly to the president, sits on the President's Executive Team and the Leadership Council, giving a direct line of communication between UIT and all other departments.

In addition, the Enterprise Resource Planning (ERP) operations team is a four-campus MSU-team comprising individuals who are responsible for the intersection between the various offices of the university and the Banner environment. Team members collaborate on operational decisions around the ERP system, upgrade timing, testing procedures, and communication with constituents.

The [Help and Information](#) website is the public face for IT (Information Technology), serving all four MSU-affiliated campuses. It receives requests at a staffed help desk station via phone and email. Service and support requests are tracked on a help desk software system.

Other venues for communication and input are the campus networking group and regular systems administrator meetings, such as the Data Governance Council, established to address strategic direction concerning data accuracy. These groups facilitate information sharing, define best practices, identify threats/needs, and identify appropriate professional development opportunities.

The Academic Technology and Outreach Instructional/Classroom technology team manager sits on the MSU Classroom Committee to inform, advise, and recommend ongoing planning and implementation for existing classrooms and instructional labs, as well as for technology implementation in new construction.

The Research Cyberinfrastructure Advisory Council (RCAC) is focused on providing user-centric advice on high-performance computing and related cyberinfrastructure services. The group provides technical guidance and advice on the configuration and operation of MSU's high-performance computing ecosystem and assists with needs assessment and development of long-term strategy. The RCAC group is advisory to the CIO.

There are email alert systems at multiple levels for campus communication of system outages, maintenance, and other issues. UIT has a campus-wide technology project request process

to facilitate UIT support for technology-related projects and construction. The UIT Security Department has implemented campus-wide incident response procedures for coordinated and rapid action on any security-related incidents.

UIT and MSU administration maintain the Capital Infrastructure Plan, which was first developed in 2003 and funded through student fees and strategic investments. It provides ongoing funding for the scheduled replacement of central servers, storage devices, networking and telecommunications equipment, and upgrades and enhancements. MSU's central servers and storage area networks are replaced every four years under this plan, and network switches, routers, and access points are on a five to seven-year replacement cycle. Warranties and on-site maintenance contracts are also included and funded with all new server and storage purchases. Investments (for both UIT lifecycle replacements and new initiatives) come from this Capital Infrastructure Plan and are regularly prioritized by UIT leadership and reviewed with senior MSU administration. All infrastructure and telecommunications-related investments managed by UIT are funded out of this plan.

UIT is responsible for annual fixed costs for infrastructure, hardware, software, and network equipment support and maintenance contract renewals. Fixed costs are not dependent on any activity or service that UIT provides or that generates revenue, but instead are constant and only change with an inflationary increase. UIT typically receives a yearly percentage increase to help cover these costs. The increase could depend on the university's need for the equipment, software, and services contracted.

Technology updates to classrooms and student labs are funded by student equipment and computer fees. UIT receives 30% of the student computer fee each year to maintain and refresh equipment in UIT-supported computing labs. The Equipment Fee Allocation Committee (EFAC) provides support for UIT classroom equipment. In coordination with Academic Technology and Outreach, UIT submits a proposed budget outlining planned technology replacements and enhancements for classroom and teaching environments to EFAC. The committee reviews proposals and funds projects based on MSU prioritization and the availability of resources.

COVID-19 relief investments

UIT received approximately \$2 million in one-time COVID-19 relief (ARPA) funds used in support of several new and/or upgraded capabilities foundational to our pandemic response. This includes:

- Increased wireless capacity and coverage.
- Expanded virtual desktop infrastructure capability for remote student computer lab access across all four MSU campuses.
- Upgraded virtual servers in support of campus computing needs.
- Improvements to the MSU's firewall and four-campus interconnectivity.
- A new four-campus Security Information and Event Management capability is currently in the procurement stage.
- Enhanced security awareness training.

Additionally, \$2.8 million in CARES funding was received to improve the campus data center cooling systems to greatly enhance the resiliency and reliability of computing resources. Design work is nearing completion, and the improvement work is scheduled to begin in summer 2024.

UIT also received \$570,000 as a portion of relief funds issued to the university system by the state of Montana. These were used for many improvements, including a laptop loaner and wireless hotspot program for students and faculty; a targeted upgrade of the campus wireless network; and further upgrades to the virtual desktop infrastructure.

A cybersecurity incident and UIT's response

On April 20, 2023, UIT became aware of a security incident involving the distribution of ransomware which made many resources unavailable to campus. To prevent further spread and to protect our partners, the campus's internet connection was severed that morning. Law enforcement and the Montana National Guard, along with a third-party incident response team, investigated and resolved the incident. Internet on campus and most student-facing and academic services were available on Monday, April 24.

All Active Directory accounts, whether belonging to individuals or used as backend services, were changed after the incident. The university also deployed a new endpoint protection tool and began requiring multifactor authentication for all server connections as well as VPN connections, in addition to all other single-sign-on authentications that had already been required. Our privileged accounts were also all rebuilt from scratch using a tiered model to ensure appropriate separation of responsibilities and access.

MSU has also committed significant resources toward improving its overall cybersecurity posture. The university just purchased a security information and event management tool and is working on implementing application whitelisting, has conducted a third-party risk assessment, and is developing a multi-year roadmap to reduce the likelihood of a similar incident occurring again.

Central UIT environment overview

MSU's main campus supports two robust high-availability data centers located in AJM Johnson Hall and Renne Library. The AJM facility provides 700 square feet of data center space with 462 U's, or rack units, available, which is a standardized method of tracking mountable height in a server rack. The power system consists of three-phase enterprise-grade power protection, uninterruptible power supply (UPS), supported by a diesel generator backup. The Renne facility provides 1,500 square feet of data center space and rack unit availability of 786 U's. This facility is outfitted with three-phase enterprise-grade power protection via multiple UPS units and is supported by two 150-kilowatt generators. MSU data center facilities are supported 24 hours per day, 365 days per year. Support services include real-time system monitoring, video surveillance, motion detection, and forced door entry alarm notification to protect critical system and equipment infrastructure.

UIT staff members provide a local area network to the Bozeman campus, delivering ubiquitous wired and wireless network access and telephone services to students, faculty, staff, and guests. UIT also manages a wide area network to support the university's statewide mission and provide interconnectivity between the four MSU campuses. UIT provides highly available data center

network services and high-speed internet access through multiple internet service providers to facilitate university operations on-premises and in the cloud. This environment supports more than 44,000 unique client-connected endpoints and peaks at around 10 gigabits per second of internet traffic per day.

Ellucian's Banner product enables core administrative functions and services across the campus and the MSU system (all four MSU campuses). It is supported by UIT's 20-member Enterprise Services Group in collaboration with business partners across the campus. Student management, financial aid, human resources, grant management, finance, and accounts receivable functions are served. In addition, more than 50 ancillary services (both hosted and on-premises) integrate with the central Enterprise Resource Planning (ERP) system to support business requirements. Banner is the core system from which data flows to ancillary services or agencies. Examples include:

- Online payment transaction systems.
- Parking management systems.
- Campus housing management systems.
- Student customer relationship management systems.

In support of enterprise technology initiatives, the Project Management Office administers planning and coordination of prioritization to ensure proper alignment with business objectives and strategic planning efforts. The Project Management Office is a two-member team that coordinates with executive management and all technical and business functions across the MSU system to ensure proper strategic alignment of recent technology implementation efforts.

Prioritization occurs as a cross-campus planning effort to identify and prioritize projects with the goals of common practice for technology investment, best practices for deployment, and reduced cost of ownership across the MSU system.

UIT supports faculty, staff, and students via several key initiatives. This support includes:

- A Research Cyberinfrastructure team.
- A community high-performance computing cluster.
- A priority access high-performance computing cluster.
- A large-scale storage system.
- A virtual hosting environment.
- A network architecture designed to enable the movement of research data at high speeds to high-throughput research equipment and collaborating institutions.
- A science "demilitarized zone," a specialized secure network described later in this section.

The Research Cyberinfrastructure team (RCI) serves as a central resource for the information technology and cyberinfrastructure systems, services, and support needed to enable and promote advanced research across disciplines at MSU in support of the university's Grand Challenge research goals, as described in the MSU strategic plan. RCI provides centralized support, systems, and services

for IT specific to research. Systems and services include the areas of

- High-performance computing.
- Virtual machine hosting.
- Large-scale storage.
- High-performance networking and data transfer.

In addition, to support these services, RCI provides consulting on technology budgets and implementation for grants, assistance with the use of national resources, and support for IT components of major research instrumentation, software, and specialized or unique research technology needs.

The RCI team is also a major component of the Research Alliance, which seeks to support and increase the excellence of the university's research enterprise. This is a collaborative effort among the Office of Research Development, the Center for Faculty Excellence, Research Cyberinfrastructure, and the MSU Library.

MSU has installed two high-performance computing clusters, also known as supercomputers:

- The first is a community research computing cluster called Hyalite, which has 1,300 cores, 6,644 gigabytes of RAM, and 600 terabytes of storage. Hyalite is available to all MSU researchers at no cost.
- The second supercomputer is a priority access research computing cluster called Tempest, which has 1,280 cores, 11,520 gigabytes of RAM, 10 Nvidia A40 GPUs, and 600 terabytes of flash storage. Tempest is funded by and available via a buy-in model, in which research groups receive access commensurate to their level of contribution.

MSU's supercomputing capabilities are expanding with a planned doubling in the capacity of the newer system.

In 2021, MSU installed a large-scale, scalable, high-availability, backed-up data storage system called Blackmore. This system was expanded in 2022 to a total capacity of 1.7 petabytes with a throughput of up to 80 gigabits per second. Blackmore is available to all MSU researchers, departments, and instructors, with each entity eligible for 25 terabytes of storage space at no charge. Groups requiring additional capacity may purchase it at \$30 per terabyte per year.

In 2022, MSU installed a scalable, high-performance research virtual hosting environment called Snowcrest. This environment allows specialized systems to be rapidly configured to meet research project needs. Snowcrest has 192 cores, 1,500 gigabytes of memory, and 15 terabytes of storage and is available to MSU researchers via an at-cost pricing model.

In 2015, MSU created a science "demilitarized zone" (a term used by the U.S. Department of Energy) to support the high-speed transfer of research data to collaborating institutions over the campus-wide area network. In addition to this research-specific network, MSU's core, distribution, and access layer networks have been upgraded to support the high-speed transfer of large research data.

The Information Security Group manages the security of MSU's information and infrastructure within UIT. The chief information security officer oversees the group consisting of two security analysts. Information security services include:

- Security awareness activities, including user training.
- Data loss prevention.
- Vulnerability management.
- Intrusion detection and prevention.
- Management of endpoints.
- Anti-malware.
- Two-factor authentication.
- Other services providing wired and wireless network and systems security.

Academic Technology and Outreach (ATO), UIT, and the Center for Faculty Excellence coordinate and collaborate on training and support for faculty, students, and staff.

Students and faculty have access to DegreeWorks, a degree audit system. The Office of the Registrar and the Office of Academic Affairs support faculty and students for using this tool as these offices continue to build upon their capabilities.

Brightspace by D2L has been the campus learning management system since 2008. ATO employs a team of three full-time staff to support faculty and students using the tool. Support is provided in numerous ways to make faculty training and support as accessible as possible. For example, the team offers face-to-face workshops, web-based tutorials and materials, online instruction, and one-on-one consultations. In addition, the team provides customized departmental training, new faculty orientation, and workshops in specialized areas of need. The MSU Brightspace contract also provides 24/7 helpdesk service for support outside of the regular workweek hours. MSU has over 17,000 unique active user accounts in Brightspace.

The ATO Instructional Technology unit includes four full-time staff responsible for classroom design, installation, maintenance, and repair of classroom technology. This team provides support for faculty using technology in more than 140 classrooms. Instructional technology includes:

- Video and audio.
- Lecture capture (Panopto) with captioning.
- iClicker Cloud.
- Remote collaboration tools.
- Video editing (Camtasia) and a One Button Studio facility provide faculty with equipment and technical support enhanced video production.

The UIT Service Desk and Desktop Support provide technical support for computing, hardware, software services, networking, and telecommunications to students, staff, and faculty at Montana State University.

Looking to the future

The UIT unit aligns its strategic direction with the direction of the university. Strategic allocations of expenditures are aligned with budgetary oversight and university goals. UIT continues to strive for its goal of OneIT, where shared services bring about effective end-user support with limited capital investment.

Post-COVID-19 changes in the workforce continue to push the technology unit into innovative ways of delivering services. As the university's current strategic plan winds down and planning for the next strategic plan begins, the information technology department will continue its tradition of alignment toward university goals.

Conclusion: Moving Forward

In the last seven years, Montana State University has faced unprecedented opportunities:

- Increases in undergraduate and graduate students.
- Increased focus on diversity in the student body, especially with American Indian students.
- Increases in both tenure-track and non-tenure-track faculty positions.
- Unprecedented donations and gifts to fund scholarships, buildings, and endowed chairs for faculty.
- Growth in research projects and publications, along with growth in grant dollars to fund research.
- Immense growth in new buildings and remodeled facilities funded by private and public dollars.

The University has also faced challenges unlike the past:

- The collapse of two gymnasium roofs.
- The quick adaptation to COVID-19 to protect students, staff, and faculty, and to ensure quality instruction through rapid movement to online courses and meetings.
- And the continuing struggle to keep potential in-state, out-of-state, and international students interested in higher education during the COVID-19 pandemic.

The faculty, staff, and students have worked together to keep the institution productive through some hard times and, as a result, the university has become more flexible, better prepared for a variety of emergencies, and stronger in its resolve to be a flagship institution in the state and region.

No crystal ball can show what demands MSU will face in the next seven years, but some of the local, statewide, national, and global challenges will certainly present both resources and challenges to the institution. Some of the foreseeable challenges in the next seven years and beyond for MSU — as well as for other governmental, social, and cultural organizations — include:

- A general questioning of the value of intellectual endeavors, accompanied by a similar questioning of the value of higher education.
- The shrinking number of men enrolled in higher education.
- The need for finer-tuned assistance to help students navigate the social and academic demands of the university.
- Wider ranges of instructional delivery systems to meet student needs, both academically and geographically.
- Greater emphasis on personal and professional skills for college graduates, such as in conflict

management and communication, in addition to maintaining and improving academic outcomes.

- Creating a closer alignment of the university academic and research programs with the needs of the world, such as climate change; more effective responses to mental illness; addressing homelessness; creating more just social and economic systems; addressing health needs such as those exhibited in the pandemic; creating more sustainable food, fiber, and energy resources; appropriately using and managing artificial intelligence; continuing to recruit and retain students, faculty and staff with diverse backgrounds; and myriad other serious challenges faced by the generations coming into the institution.

Formulating strong responses to these challenges in the next years will require cooperation among MSU's stakeholders as well as strong, reliable, and sustained leadership within the university. Adopting a deep sense of optimism is necessary to ensure that the university continues to "bring higher education to the sons and daughters of Montana's working class." That land-grant mission can provide a philosophical home for the interdisciplinary, multi-disciplinary, integrated work that tackles big problems. MSU provides a beacon of hope and innovation in Montana and will continue in the coming years.

The university's leadership seeks and welcomes ideas and guideposts for improvement through processes such as this accreditation review. Universities require cooperation from society at large to stay relevant and vibrant. Montana State University understands its mission and its role in maintaining and enlarging its important presence in the years to come, thanks to careful listening and responding to a multitude of societal factions.

Appendix A:

University Leadership

Waded Cruzado, Ph.D.

President of Montana State University



Dr. Cruzado has guided Montana State University since 2010 as its 12th president. Under her leadership, MSU's enrollment has grown nearly 40%, making it the largest university in the state. Additionally, Dr. Cruzado has led the university in dramatically increasing the number of students who stay in school and graduate, particularly in four years. She led the university's first major capital campaign, raising more than \$400 million in private dollars that financed scholarships, new programs, endowed chairs, and new buildings and facilities. An articulate and inspirational speaker on the role of the public university, President Cruzado is well known for her understanding of the federal

Morrill Act, which created the land-grant university system nearly 160 years ago. She is a passionate champion of the land-grant's tripartite mission of education, research, and public outreach, as well as the important role higher education plays in the development of individuals, the prosperity of the nation, and the strength of our democracy.

Robert Mokwa, Ph.D.

Executive Vice President for Academic Affairs and Provost



Dr. Mokwa joined MSU 20 years ago as a faculty member in the Department of Civil Engineering. He has served as executive vice president and provost for five years. In his role, Dr. Mokwa is the second highest-ranking administrator at MSU, overseeing 10 college and school deans, the university's academic programs, faculty hiring and development, numerous centers and institutes, the WWAMI Medical Education Program, and the university's online course offerings. Mokwa received the MSU President's Excellence in Teaching Award in 2014, the Faculty Award for Excellence for the College of Engineering in 2009, the College of Engineering Outstanding Instructor award in 2002,

and has served as a MSU Faculty Senate chair. Dr. Mokwa holds a bachelor's degree from Virginia Polytechnic Institute and State University, a master's degree from Purdue University, and a doctorate from Virginia Tech.

Ariel Donohue

Senior Diversity and Inclusion Officer



Ariel Donohue has worked at MSU since 2009, first coordinating national service programs, then managing student diversity efforts before being selected as MSU's inaugural Senior Diversity and Inclusion Officer in 2018. In this role, Ariel promotes an institutional culture that values and supports inclusion and guides MSU's progress towards diversity, equity, and inclusion goals. In addition, she has focused on developing infrastructure for diversity work, leading Academic Diversity Partners in each college, working on the BIPOC (Black, Indigenous, and People of Color) action plan implementation, fostering community for individuals who are minoritized at MSU, and chairing the Diversity Council. Ariel

earned a master's degree in higher education from MSU and bachelor's degrees in women's and gender studies and elementary education from The College of New Jersey.

Terry Leist

Vice President for Administration and Finance



Terry Leist has served as vice president of Administration and Finance since 2011. During that time, he has overseen financing and construction of 25% of the university's square footage – perhaps the largest period of expansion in the university's 130-year history. In addition to overseeing the university's more than \$600 million annual budget, Leist supervises the Office of Human Resources, University Police, Safety and Risk Management, Financial Services, Purchasing, University Budgets, Facilities Services, and Facilities Planning, Design and Construction. Leist also works with MSU's campuses in Billings, Great Falls, and Havre to develop financial and administrative plans and is the university's primary

financial liaison with the Montana Board of Regents, which governs the entire public higher-education system in Montana. Before coming to MSU, Leist had a 22-year career with United Parcel Service as a financial controller at various UPS locations from 1997 to 2003. His last assignment was in Singapore as director of finance and accounting for UPS's Asia Pacific Region, which posted annual revenues exceeding \$1.3 billion. He holds an undergraduate degree from the University of Iowa, a Master of Business Administration with an emphasis in finance from Drake University.

Steven Swinford, Ph.D.**Interim Vice President for Student Success**

Dr. Swinford has been at MSU since 1996, starting as a faculty member in the Department of Sociology and Anthropology. He was named the Vice Provost for Curriculum, Assessment and Accreditation in 2021 and served as the institution's Accreditation Liaison Officer to the Northwest Commission on Colleges and Universities. He led the redesign of MSU's academic standing system as Vice Provost to integrate earlier identification of students experiencing academic difficulties to better connect them with support services. In 2023, Swinford was appointed the Interim Vice President for Student Success. Swinford received the MSU Outstanding Academic Advising Award in 2020 and the College of Letters and Sciences Outstanding Teaching Award in 2009. He served as the Chair of the Faculty Affairs Committee for Faculty Senate from 2017-2020. Swinford holds a bachelor's degree from Marian College and master's and PhD degrees in Sociology from Bowling Green State University.

Sreekala Bajwa, Ph.D.**Vice President for Agriculture, Director for Montana Agricultural Experiment Station, Dean of the College of Agriculture**

Since 2018, Dr. Bajwa has led MSU's College of Agriculture and the Montana Agricultural Experiment Station (MAES) and its seven research centers, which comprise the largest research enterprise within the university. During her time at MSU, Dr. Bajwa has secured more than \$13 million from the Montana Legislature for improvements to MAES facilities. She is a highly regarded researcher of precision agriculture and has provided international leadership into research and education for applying remote sensing and unmanned aerial systems to agricultural systems. Dr. Bajwa holds a bachelor's in agricultural engineering from Kerala Agricultural University in India, a master's in agricultural engineering from the Indian Institute of Technology Kharagpur in India and a doctorate of agricultural engineering from the University of Illinois at Urbana-Champaign.

Ryan Knutson, Ed.D.
Vice President of Information Technology



Dr. Knutson joined MSU in 2021 after having served as chief information officer for the Sioux Falls Public Schools, where he oversaw a team that provided the technology infrastructure supporting 25,000 students, 3,000 staff and teachers and more than 30,000 devices across 32 locations. Prior to working for the Sioux Falls Public Schools, Dr. Knutson was assistant vice president for technology at South Dakota State University in Brookings, South Dakota, from 2010 to 2019. Dr. Knutson holds a doctorate of education in educational administration from the University of South Dakota; a master's in information systems from Dakota State University in Madison, South Dakota, and a bachelor in economics from South Dakota State University. He is also a graduate of the Berkeley Leadership Institute at the University of California, Berkeley.

Chris Fastnow, Ph.D.
Director of the Office of Planning and Analysis



Dr. Fastnow has served as director of the Office of Planning and Analysis since 2012. Before joining Montana State and OPA in 2002, Dr. Fastnow was a faculty member at Wellesley College, the University of Michigan, Chatham College (now Chatham University), and Carnegie Mellon University. The Office of Planning and Analysis provides timely data, expertise, analyses, and staffing to support the university's planning, institutional research, and decision-making processes. Dr. Fastnow brings deep passion for social science research methods to the role, prioritizing accessible, actionable, and transparent data and analyses for decision-makers and scholars alike. She holds a Ph.D. in political science from the University of Iowa.

Tracy Ellig
Vice President of University Communications



Tracy Ellig has been with University Communications for 15 years and was named vice president in 2018. Prior to MSU, Ellig worked for 15 years in journalism and corporate communications. From 2012 to 2019, he was simultaneously the university's executive director of communications and government affairs, handling the university's representation with the Montana Legislature. An MSU graduate, Ellig is a native of Bozeman, Montana, and has a deep knowledge of the history, politics, culture, and economics of the university, city, and state.

Alison Harmon, Ph.D.

Vice President for Research and Economic Development



Dr. Alison Harmon is vice president for research and economic development at Montana State University. Before this role, she was Dean of the College of Education, Health and Human Development at MSU and remains a professor of food and nutrition and sustainable food systems in the Department of Health and Human Development. Harmon's scholarship has focused on curriculum development and educator guidance around food systems and sustainability. She has provided leadership in the development of innovative curricula at MSU, including the Sustainable Food and Bioenergy Systems Degree program; the Montana Dietetic Internship and new MS degree program in

Dietetic Systems Leadership; the campus farm, Towne's Harvest Garden; Hospitality Management and Culinary Arts; and the LIFE Scholars Program. As vice president for research and economic development, she has a passion for leadership development among higher education administrators and researchers, widening access to undergraduate and graduate research opportunities, and integrating the land-grant mission into all aspects of the research enterprise at MSU.

Leon Costello

Director of Bobcat Athletics



Leon Costello is in his seventh year as the Montana State University's director of athletics. He began his professional career as a marketing assistant at the University of Northern Iowa in the fall of 2002, and then, within three months, Costello became director of athletic marketing. In 2005, Costello became assistant athletic director for marketing and promotions, and in 2008 was elevated to associate athletic director for external relations. After moving to South Dakota State University, Costello served six years in positions with progressively increased responsibilities. He rose to the position of deputy athletic director in 2014 after serving as senior associated AD/external relations. He helped

spearhead SDSU's massive facilities improvement project and was involved in sport oversight of the nine Jackrabbit programs while managing the department's external operations. While at Montana State University, Costello has engineered a reconfiguration and reimagining of Bobcat Athletics, resulting in a year of unprecedented success in 2021-2022 and then again in 2022-2023, with championships in football, men's basketball, women's basketball, men's tennis, men's and women's rodeo, and other wins.

Brad White

Director of the Office of Audit Services



Brad White joined Montana State University in November 2022 from the University of Idaho in Moscow, Idaho, where he served as the university's director of internal audit for 10 years. As director of Audit Services, Brad focuses the university's audit work on the proper stewardship of public funds, compliance with regulations and policies, reliable and accurate financial reporting, and effective internal controls over business processes. Selection of audit projects is risk-based with emphasis given to the university's strategic objectives and priorities. Brad also oversees the university's compliance hotline in conjunction with the Office of the Commissioner of Higher Education. Prior to MSU and the University of Idaho, Brad worked for 17 years in the Office of the State Auditor for the state of Washington in Olympia and Pullman, Washington. During that time, one of his duties was serving as the statewide higher education coordinator where he planned and supervised statewide audits of federal student financial aid at public two- and four-year colleges and universities. Brad holds a Bachelor of Science degree in accounting from the University of Wyoming and a Master of Accountancy from Weber State University. He is also a certified public accountant.

Cody Stone, Ed.D.

Executive Director of MSU Extension



Dr. Stone has led MSU Extension as executive director for six years, after having previously served as associate director for three years. Dr. Stone joined MSU Extension in 2005, making him the second longest-serving MSU employee of the executive team. As Extension executive director, Dr. Stone oversees an educational network that stretches into all 56 of Montana's counties and all seven Indian reservations in the state. Dr. Stone holds a bachelor's degree in biochemistry and a master's degree in agricultural education from Texas A&M University. He received his doctorate in education from MSU, focusing on adult and higher education administration.

Kellie Peterson, J.D.

Legal Counsel



Kellie Peterson has been general counsel for six years, serving MSU as well as its affiliate campuses in Havre, Billings, and Great Falls. She supervises both inside and outside legal counsel on university matters. Peterson also provides legal advice to the Montana Commissioner of Higher Education and serves on the Montana University System legal staff led by the MUS chief legal counsel located in Helena. Peterson is a graduate of Gonzaga University and the University of Montana Law School. Prior to joining MSU, she was in private practice in Arizona, specializing in education, municipal, and American Indian law. Peterson is a native of Butte, Montana, and has an extensive knowledge of Montana history and its relationship to state law.

Chris Dobbs

Executive Director of the Museum of the Rockies



Christopher Dobbs joined MSU as the executive director of Museum of the Rockies in 2018. In 1998 he began working as supervisor of special interpretive programs and later as associate director of education at Mystic Seaport Museum, where he oversaw programs that served over 60,000 students annually along with major events. In 2004, Dobbs became executive director for the Noah Webster House and West Hartford Historical Society in West Hartford, Connecticut, where he completed a \$1.2 million capital campaign, restored the National Registered Landmark, and implemented a number of exhibits, including the award-winning “Bristow: Putting the Pieces of an African-American Life Together.” Dobbs then joined the Connecticut River Museum as its executive director in 2013. During his time as director of the museum, he developed and managed a \$5 million capital campaign. From 2007 to 2018, he was a peer advisor for the Connecticut Department of Economic and Community Development and later a private consultant assisting nonprofit organizations with strategic planning and grants. Dobbs holds a Bachelor of Arts in American history from Indiana University and a Master of Museum Studies from the Cooperstown Graduate Program at the State University of New York at Oneonta.

Appendix B:

Montana Board of Regents Members

Loren Bough

Term Expiring January 31, 2027



Loren Bough is an active community member and philanthropist residing in Big Sky. He has served his community in a number of capacities including successful efforts to create a public high school, a performing arts center, and a local hospital. As a graduate of one of the smallest public schools in the state, Highwood High School, Loren benefitted from and remains committed to affordable public educational opportunities for all Montana students. He remains an active angel investor and board member, globally, in real estate, technology and the consumer sector. Mr. Bough serves on multiple boards and advisory committees of select portfolio companies. Mr. Bough serves on the board

for Harvard University/Davis Center for Russian and Eurasian Studies and as chairperson of the Property and Environment Research Center, Warren Miller Performing Art Center in Big Sky.

Todd Buchanan

Term Expires January 31, 2028



Todd Buchanan is a co-owner and advisor for Buchanan Capital, based in Billings, Montana. Buchanan Capital Inc. serves individual and institutional clients, helping share and support asset management and financial planning strategies and plans with their clients across the region. After graduating from MSU, Todd served in the U.S. Peace Corps, serving as a small business development volunteer in Nicaragua. Todd and his family have had many opportunities to serve their communities and stay committed to numerous local, regional, and statewide efforts and organizations. Past experience includes serving as a director on the Nature Conservancy Board for Montana, chairperson of Montana Conservation

Corps, and chairperson of Billings-based corrections organization Alternatives Inc. Todd currently spends a lot of time advocating for greater stewardship of the outdoor, cultural, and natural assets of this great state. Todd previously served a seven-year term on the Board of Regents from 2007 to 2014 and held a variety of leadership roles (vice chairperson of the board, chairperson of academic and student affairs committee, chairperson of the budget committee and chairperson of the taskforce on reform). Raised in Billings, Todd and his wife, Brooke, met while attending MSU in Bozeman and have been married since 2003. They live in Red Lodge, Montana, where they stay busy raising, loving, and keeping up with their two active teenagers in the foothills of the Beartooth Mountains.

Joyce Dombrowski

Term Expires February 1, 2026



Joyce Dombrowski has been with Providence St. Patrick Hospital since April 1995. She joined the team early in her career and had responsibilities for critical care, emergency services, and quality. She joined the executive team in 1999 as the vice president of marketing and communications. In 2001, Joyce accepted the leadership position of vice president of nursing, later earning the regional role of CNO. In 2011, Joyce was named chief acute services officer and in 2016, Joyce became the chief operating officer for the western Montana service area of Providence Health and Services. Her current position is the chief executive for the Montana service area, which includes St. Patrick Hospital in Missoula; Providence St. Joseph Medical Center in Polson; and Providence Medical Group, overseeing approximately 2,500 employees and providers. Joyce holds a Bachelor of Science in Nursing from MSU in Bozeman and a master's in health care administration from the University of Minnesota in Minneapolis. Joyce earned her Certificate of Public Health through the University of Montana. Most recently, Joyce completed the Healthcare Academy Fellows Program. Joyce was instrumental in leading St. Pat's to earn its first Magnet Accreditation for Nursing Excellence in 2013. She was named Distinguished Nursing Alumni for MSU in 2014. Joyce serves as an adjunct faculty member for Washington State University. Joyce's current board appointments include the Family Medical Residency of Western Montana, Montana Graduate Medical Education Council; Montana Hospital Association; Montana Economic Partnership, and Providence Montana Health Foundation. Her past board memberships include the Montana Board of Nursing, the National Catholic Health Association, and Partnership Health Center. Joyce is a native Montanan and lives with her husband in Missoula. She is immensely proud of both of her daughters who are pursuing careers in health care.

Casey Lozar

Term Expires February 1, 2025



Mr. Lozar is vice president and director of the Center for Indian Country Development for the Federal Reserve based out of the Federal Reserve Bank of Minneapolis. The center is a national research and policy institute committed to assisting tribes across the country reach their full economic potential, on their own terms. In this role, he brings to life actionable research and policy development to advance economic and community development in Indian Country with a focus on access to affordable capital, tribal public finance, and advancing economic infrastructure. In 2021, he served Indian Country as a detailee at the U.S. Department of the Treasury, where he was responsible for distributing \$20 billion of American Rescue Plan Act funds to tribal governments to help mitigate the effects of the COVID-19 pandemic. Before leading the Center for Indian Country Development, he served as the executive at the Helena Branch of the Minneapolis Federal Reserve. Prior to joining the Federal

Reserve, Mr. Lozar served as an administrator and tribal policy advisor for the state of Montana and directed the state Tribal Economic Development Commission. Additionally, he served Indian Country through national Native organizations as vice president of the American Indian College Fund and chief marketing and development officer at the Notah Begay III Foundation. Casey started his professional career as a middle school social studies teacher and worked for Salish Kootenai College helping to lead their math, science, and culture camps for Native youth. Mr. Lozar holds a B.A in history from Dartmouth College, a M.Ed. from Harvard University and an MBA from the University of Colorado-Denver. He has completed executive education coursework at MIT, Columbia University and University of California-Berkeley. Mr. Lozar previously served as the chair of the Montana Board of Regents, the first Native American to serve in this capacity. Past board memberships include: Montana Community Foundation, S&K Technologies, S&K Electronics, and Montana Higher Education Student Assistance Corporation. Born and raised on the Flathead Indian Reservation in Montana, Mr. Lozar is an enrolled member of the Confederated Salish and Kootenai Tribes and a descendent of the Fort Peck Assiniboine and Sioux Tribes. Casey lives in Helena with his wife, Reagen, and their four children: Leighton, Winn, Mary Mac, and Asher.

Brianne Rogers (Chair)

Term Expires February 1, 2024



Brianne Rogers has over a decade of political, policy, communications, and management experience, having held director positions in both Washington, D.C., and Bozeman, Montana, for Montana’s longest-serving U.S. senator, Max Baucus, as well as serving as Montana chief of staff for U.S. Sen. John Walsh. She rocketed into the private sector in 2015, launching her consulting business, Bird Dog Strategies LLC, and quickly became an essential asset to her clients. Bree is a native Montanan committed to making the state a better place and is known by colleagues across the state for getting things done and building lasting relationships. In 2017 she was Sarah Calhoun’s right-hand woman, helping to produce the most successful Red Ants Pants Music Festival to date with over 16,500 attendees. In 2013, she co-produced Sen. Baucus’ Economic Development Summit in Butte, a 4,000-attendee business conference featuring eleven keynote presentations including Google’s Eric Schmidt, FedEx’s Fred Smith, Tesla Motors’ Elon Musk, Facebook’s Sheryl Sandberg, and Ford’s Alan Mullaly. In 2011, she produced the two-week, 2,500-attendee Asia-Pacific Economic Cooperation Second Senior Officials Meeting in Big Sky, Montana, in conjunction with the U.S. departments of State and Commerce and the Office of the U.S. Trade Representative. Bree spends her free time enjoying Montana’s great outdoors, chasing upland birds and waterfowl hunting with her father. She lives in Bozeman with her two black labs, Scully and Foxx.

Jeff Southworth

Term Expires January 31, 2029

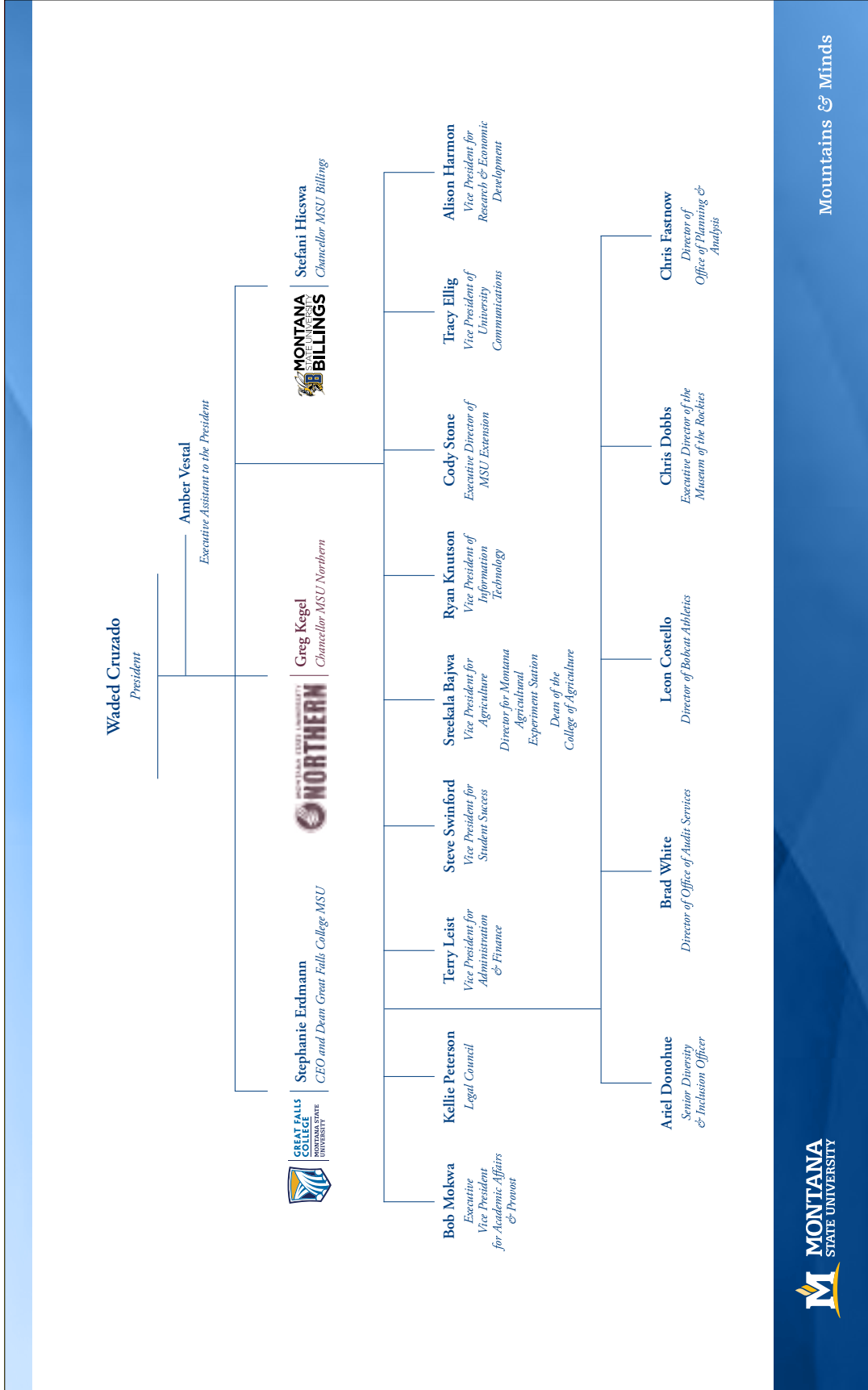


Jeff Southworth is the co-owner and president of Allied Steel, a structural steel fabrication company in Lewistown. From its base in central Montana, Allied Steel services clients and projects across the western United States, including Alaska and Hawaii. Jeff is also a custom builder and entrepreneur and co-owns Central Feed Grilling Co. and the Calvert Hotel, also located in Lewistown. Jeff has been active in the Lewistown community for many years and has served as a member of the local chamber of commerce. He is also an active member of the Big Sky Young Presidents' Organization and is an elected member of the Lewistown Public Schools Board of Trustees. Jeff graduated from Fergus High School and is passionate about his family, community, and state. Jeff and his wife, Brook, met in 1997 while attending Montana State University in Bozeman. They have four children. Three of their children attend MSU and one is a senior at Fergus High School. Jeff enjoys spending time outside and can be found skiing and hunting across Montana.

Student Member: Not yet appointed.

Term Expiring June 30, 2023

Appendix C: Organizational Chart



Mountains & Minds

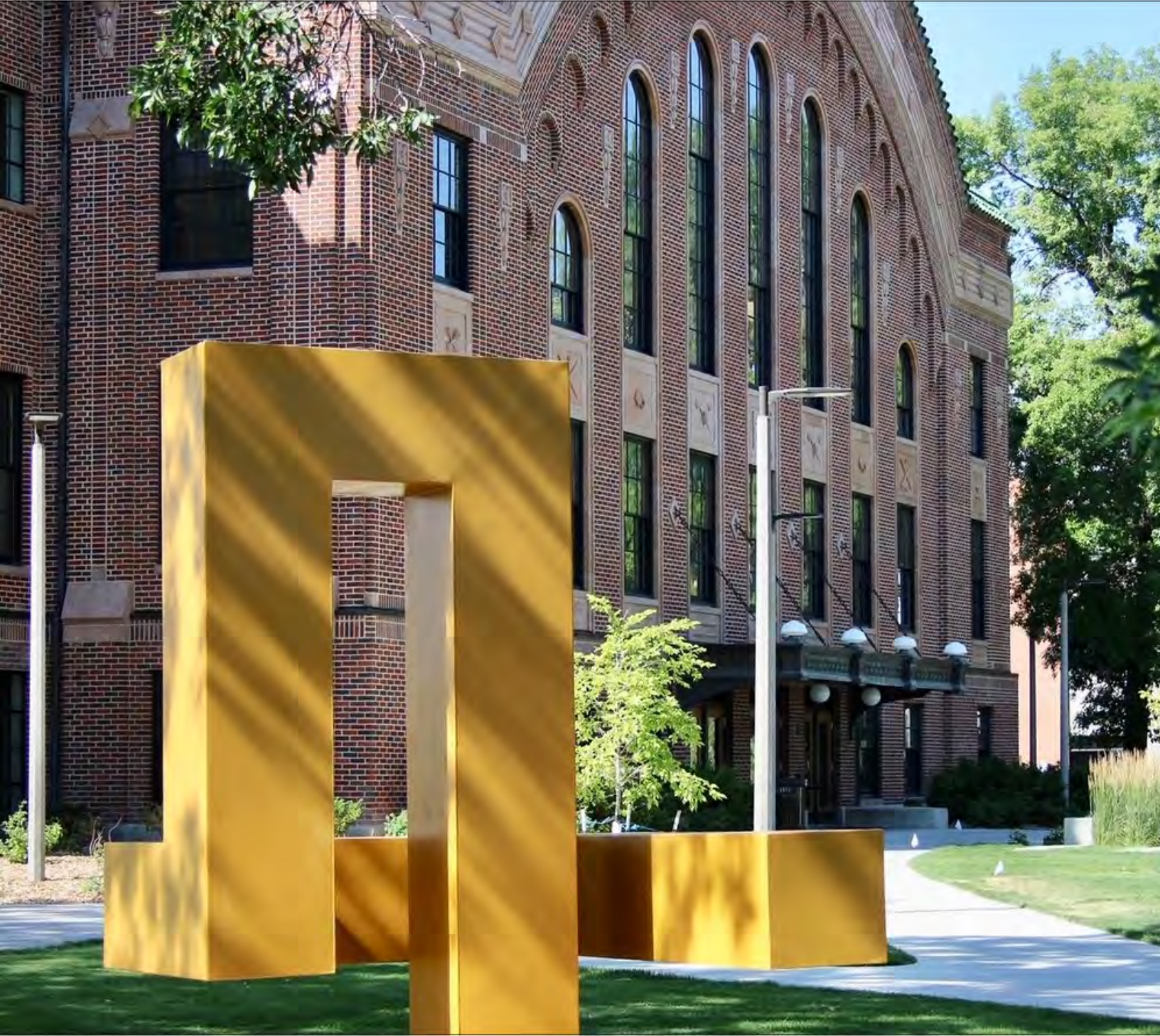
Appendix D:

Montana State University 2022

Financial Statements

MONTANA STATE UNIVERSITY

2022 Financial Statements



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UNIVERSITY ADMINISTRATION

Waded Cruzado	President
Stefani Hicswa	Chancellor, MSU Billings
Gregory Kegel	Chancellor, MSU Northern
Stephanie Erdmann	Dean & CEO, Great Falls College MSU
Sreekala Bajwa	Vice President, Dean & Director, College of Agriculture, MAES
Cody Stone	Director, MSU Extension

BOARD OF REGENTS OF HIGHER EDUCATION

Brianne Rogers (Chair)	Ex Officio Members:
Loren Bough	Clayton Christian , Commissioner of Higher Education
Todd Buchanan	Greg Gianforte , Governor
Norris Blossom (Student Regent)	Elsie Arntzen , Superintendent of Public Instruction
Joyce Dombrowski	
Casey Lozar	
Jeff Southworth	

OFFICE OF THE COMMISSIONER OF HIGHER EDUCATION

Clayton Christian	Commissioner of Higher Education
Brock Tessman	Deputy Commissioner, Academic, Research & Student Affairs
Tyler Trevor	Deputy Commissioner for Budget & Planning and Chief of Staff
Kevin McRae	Deputy Commissioner, Human Resources
Helen Thigpen	Deputy Commissioner, Government Relations & Public Affairs
Ali Bovingdon	MUS Chief Legal Counsel

LEGISLATIVE AUDIT DIVISION

Angus Maciver, Legislative Auditor
Deborah F. Butler, Legal Counsel



Deputy Legislative Auditors:
Cindy Jorgenson
William Soller

INDEPENDENT AUDITOR'S REPORT

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinions

We have audited the financial statements of Montana State University which are comprised of the Consolidated Statement of Net Position as of June 30, 2022, the related Consolidated Statement of Revenues, Expenses and Changes in Net Position, and Consolidated Statement of Cash Flows for the fiscal year then ended, and the University Component Units–Combined Statement of Net Position as of June 30, 2022, and the related University Component Units–Combined Statement of Activities for the fiscal year then ended and the related notes to the financial statements.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Montana State University as of June 30, 2022, and the changes in net position and cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Montana State University Foundation, the Museum of the Rockies Incorporated, the Montana State University-Billings Foundation, the Montana State University–Northern Foundation, and the Montana State University Bobcat Club. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts for the component units of the university, as noted above, is based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the university and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of Montana State University Foundation, the Museum of the Rockies Incorporated, the Montana State University-Billings Foundation, the Montana State University–Northern Foundation, and the Montana State University Bobcat Club were not audited in accordance with *Government Auditing Standards*.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the university implemented Governmental Accounting Standards Board Statement No. 87, Leases, in fiscal year 2022. Under this standard, the

university reports significantly more capital assets and lease obligations on its Consolidated Statement of Net Position than in prior years. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Montana State University's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- ◆ Exercise professional judgment and maintain professional skepticism throughout the audit.
- ◆ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- ◆ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of MSU's internal control. Accordingly, no such opinion is expressed.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- ◆ Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about MSU's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis beginning on page 2, Required Supplementary Information—Pensions beginning on page 62, and Required Supplementary Information—Other Post-Employment Benefits beginning on page 69 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information including the introductory information beginning on page i and the unaudited supplemental information beginning on page 70. The other information comprises the introductory information and the unaudited supplemental information but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2023, on our consideration of MSU's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MSU's internal control over financial reporting and compliance. It is included in the Legislative Auditor's separately issued report (22-11).

Respectfully submitted,

/s/ Cindy Jorgenson

Cindy Jorgenson, CPA
Deputy Legislative Auditor
Helena, MT

February 17, 2023

Management's Discussion & Analysis



Montana State University (the "University") is a land grant university serving state, national, and international constituents by providing academic instruction, conducting a high level of research activity, advancing fundamental knowledge, and by disseminating knowledge to the people of Montana and beyond through community engagement. The University encompasses four campuses located in Bozeman, Billings, Great Falls, and Havre, as well as the Montana Agricultural Experiment Station, Montana Extension Service, and the Fire Services Training School. The University operates throughout the State of Montana, which covers 147,000 square miles of vast landscapes and urban and rural communities containing over 1 million citizens.

The University is proud to deliver high-quality instruction and educational services to a diverse student population, which is made possible not only through its dedicated faculty and staff but also through students that recognize a great education at an exceptional value. The University continues to ensure diligent recruiting of in-state students, while managing its mix of in-state, out-of-state, and out-of-area students to ensure a diverse, growing student population.

OPERATIONS

Condensed Statements of Revenues, Expenses, and Changes in Net Position (in millions)

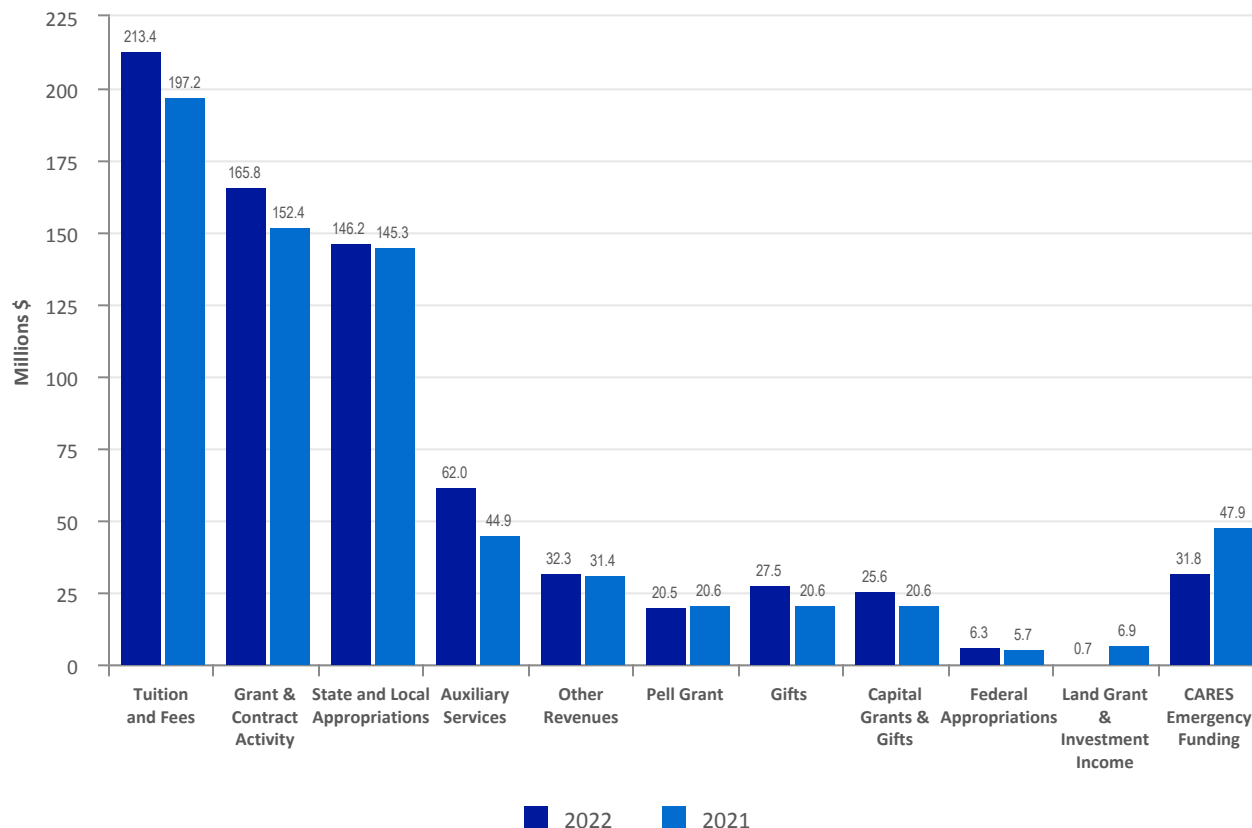
	2022	2021
Operating revenues	\$ 479.9	\$ 431.7
Operating expenses	665.5	628.7
Operating loss	(185.6)	(197.0)
Non-operating revenues and expenses (net)	218.6	234.2
Income before capital & other items	33.0	37.2
Capital & other items	25.6	20.4
Change in net position	\$ 58.5	\$ 57.6

The **Statement of Revenues, Expenses and Changes in Net Position** presents the revenues earned and expenses incurred during the year on a full accrual basis, and classifies activities as either "operating" or "non-operating." This distinction results in operating deficits for those institutions that depend on gifts and state aid, which are classified as non-operating revenue. The utilization of capital assets is reflected in the financial statements as depreciation, an operating expense, which allocates the cost of assets over their expected useful lives.

Comparison of 2022 and 2021 Results of Operations

The University's net financial position increased \$58.5 million during 2022, resulting from strong tuition and fees revenues, rebounded auxiliary revenues from pandemic related closures, and continued increased research activity coupled with \$31.8 million in Federal CARES emergency funding.

Revenue Comparison



Operating revenues contain the majority of the University's income, and increased \$48.2 million, or 11.2%, from 2021 to 2022.

Tuition and fee revenues remained strong in 2022 at approximately \$213.4 million. Tuition rates were increased by 4.0% for nonresident undergraduates and 4.0% for nonresident graduate students at the Bozeman campus; tuition rates at MSU-Billings were increased by 5% for graduate students; tuition rates at Great Falls College were increased by 5% for nonresident undergraduates and nonresident distance students. Tuition rates at MSU-Northern remained consistent with fiscal year 2021.

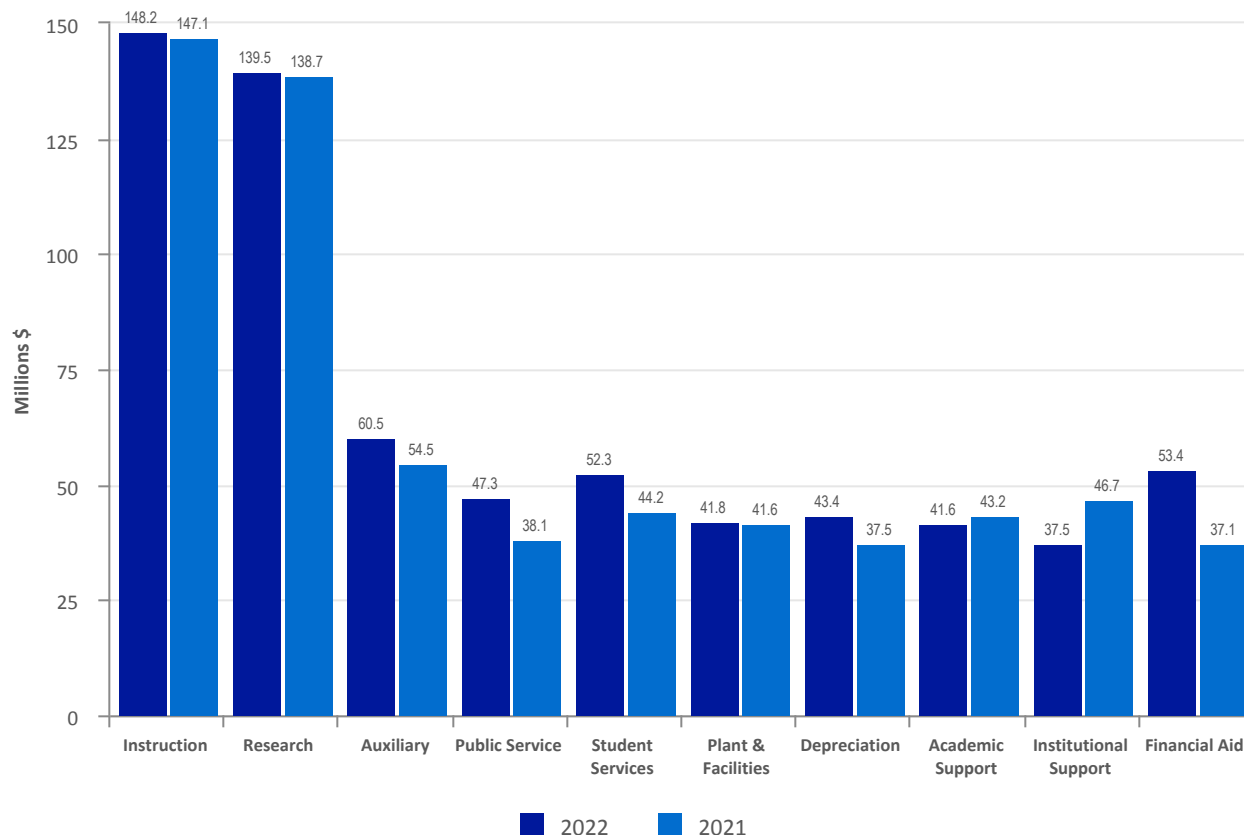
The number of full-time-equivalent students enrolled increased from 19,304 to 19,356. Three of the four MSU campuses had increased enrollments, with MSU-Billings being the only exception with an enrollment loss of 66 FTE students.

Grant and contract operating revenues, including facility and administrative cost recoveries, increased 8.8%, to \$165.8 million, compared with 2021 revenues of \$152.4 million. The increase in grant revenues is due to a proactive approach in seeking out grant opportunities and a high level of grant applications being awarded.

Net non-operating revenue decreased \$15.7 million from 2021 to 2022, primarily due to a decrease in Federal CARES revenues to \$31.8 million, as compared with \$47.9 million in 2021. The Universities also received a modest increase in State and local appropriations of \$0.9 million, or 0.6%, from 2021.

Capital and other items increased from \$20.4 million in 2021 to \$25.6 million in 2022, a change of \$5.2 million, including \$16.8 million in capital contributions towards the construction of the Bobcat Athletic Complex on the Bozeman campus.

Expense Comparison



Operating expenses increased \$36.8 million, or 5.8%, from 2021 to 2022. The most significant changes were to financial aid expenses, increasing by \$16.3 million, or 30.6%. Financial aid expenses were largely driven by CARES Act grants to eligible students. Public service expenses increased by \$9.2 million, or 19.4%, and student service expenses increased by \$8.2 million, or 15.6%. These increases were partially offset by a \$9.2 million, or 24.6%, decrease to institutional support expenses and a \$1.6 million, or 3.8%, decrease to academic support expenses.

Compensation and benefits expenses remained relatively stable throughout the fiscal year 2022, decreasing slightly by .8%, or \$2.98 million. Merit and tenure increases were given throughout the year, and those increases were offset by higher than average open positions due to post-pandemic labor market challenges. Pension and OPEB expenses decreased \$9.6 million collectively across all areas of the institution, due to strong market conditions and related interest earnings as of the measurement date of the associated liabilities.

Research-related expenses remained stable in FY22, only increasing \$0.7 million. Increases in research expenditures for compensation and benefits of \$1.8 million and travel of \$1.7 million, were offset by a decrease in supplies of \$1.4 million. Increases and decreases in research funding also occur from time to time depending on grant funding and the mix of capital versus operating grants.

Auxiliary operating expenses increased \$5.9 million, or 9.8%, primarily due increased contracted services and supplies expenses. Since the prior year, disrupted food and housing operations related to the Covid-19 global pandemic were put back in full operations and social distancing was relaxed in those spaces.

Instructional operating expenses increased in 2022 by \$1.06 million. Increases to travel expenses of \$1.0 million and repairs and maintenance expenses of \$0.34 million were offset by reductions to compensation and benefits of \$0.65 million and supplies of \$0.64 million.

Public service operating expenses increased in 2022 by \$9.2 million. This increase was primarily due to a 68.5%, or \$6.1 million, increase in contracted service expenses.

Plant-related operating expenses remained stable in FY22, increasing slightly at \$0.25 million for a total of \$41.8 million.

NET POSITION

Condensed Statements of Net Position
(in millions)

ASSETS	2022	2021
Current assets	\$ 341.3	\$ 307.7
Capital assets, net	611.3	562.1
Other noncurrent assets	82.2	42.6
Total assets	1,034.8	912.4
DEFERRED OUTFLOWS	66.8	75.0
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 1,101.6	\$ 987.4
LIABILITIES		
Current liabilities	\$ 76.1	\$ 80.7
Noncurrent liabilities	388.3	362.3
Total liabilities	464.4	443.0
DEFERRED INFLOWS	59.8	25.1
NET POSITION		
Net investment in capital assets	400.7	382.3
Restricted, non-expendable	11.3	11.3
Restricted, expendable	23.0	18.0
Unrestricted	142.4	107.7
Total net position	577.4	519.3
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	\$ 1,101.6	\$ 987.4

The *Statement of Net Position* is presented in a classified format, which differentiates between current and non-current assets and liabilities, deferred outflows and deferred inflows, and also categorizes net position (formerly called "fund balance") into four categories. The University's overall financial position increased by \$58.2 million from 2021 to 2022, as discussed below.

Comparison of 2022 and 2021 Net Position

Current assets include the University's cash and cash equivalents; accounts, grants, and loans receivable; inventories; and other assets expected to benefit the University within one year.

The increase of \$33.7 million in current assets resulted primarily from an increase of \$25.9 million in cash and cash equivalents. Accounts receivable increased by \$8.8 million. Accounts receivable result primarily from student account's balances related to tuition and fees, \$3.4 million, and federal accounts receivable at \$5.4 million.

Capital assets, net increased \$49.1 million, resulting from asset additions of \$56.8 million and lease right to use assets per GASB 87 additions of \$36.7 million, offset by depreciation and amortization expense of \$43.4 million, as shown in further detail in Note 7 to the financial statements.

Asset additions included \$18.6 million in construction projects. The Bozeman campus completed construction of the American Indian Hall, expending \$5.6 million in 2022. In addition, the Bozeman campus completed the renovation of Romney Hall, expending \$4 million in 2022. The Billings campus completed construction of the new Science and Allied Health building, spending \$2.5 million in 2022. Additional, smaller projects making up the remaining increase include residence hall and classroom upgrades, office and lab renovations, energy efficiency enhancements and other building improvement projects at all of the University's campuses and agencies.

Equipment additions totaled \$10.0 million during 2022. Research and instruction in the sciences require a substantial equipment investment, and many specialized pieces of equipment are grant funded. In 2022, equipment related to research accounted for \$3 million of the additions. Approximately \$0.6 million in library materials were acquired in 2022 as well.

Building and land additions totaled \$69 million during 2022. These additions resulted primarily from the completion of American Indian Hall, Romney Hall renovations, Science and Allied Health building and the Bobcat Athletic Complex.. There were no land purchases in 2022.

Other noncurrent assets include endowment fund and other long term investments, student loans receivable, and donated funds restricted to use for facility construction. The balance of Other Noncurrent Assets decreased by 21% to \$0.83 million in 2022 due to a reduction to a MSU Alumni Foundation receivable and a residence life repair and renovation reserve .

Deferred outflows represent the University's non-hedging derivative financial instrument value, deferred loss on debt refundings, and pension and OPEB-related balances.

Derivative financial instruments are presented as deferred outflows, which offset the University's hedging derivative instrument liability recorded in non-current liabilities. The University pays a variable rate of interest to the holders of its Series J bonds. To hedge against rises in interest rates, a transaction was entered into whereby the counterparty pays to the University that same variable rate of interest, and in return the University pays the counterparty a fixed rate of interest. Because current bond interest rates are lower than the fixed amount paid to the counterparty, the market value of the instrument is negative. As such, a liability was recorded and is included in noncurrent liabilities. The offsetting entry is displayed as a deferred outflow rather than being recorded as an expense, because the cash flow hedge is operating as anticipated to achieve the intended synthetic fixed interest rate.

The deferred loss on debt refunding represents the excess of the reacquisition price of refunded debt over its net carrying amount. For the year ended June 30, 2014, the University adopted the provisions of GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, which required reclassifying deferred loss on debt refunding balances from an offset to long-term debt into a deferred outflow. The deferred loss on refunding balances that were reclassified were related to Series 2004I, Series 2006K, Series 2008L, Series 2012N and Series 2012O.

The pension deferred outflow is the portion of the net pension liability not included with pension expense and includes employer contributions subsequent to the measurement date of the net pension liability. For the year ended June 30, 2015, the University adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, which required the University to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions. See Note 14 for further information on pensions.

The OPEB deferred outflow is the portion of the OPEB liabilities not included with OPEB expense and includes transactions subsequent to the measurement date of the OPEB liability. For the year ended June 30, 2018, the University adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which required the University to recognize the deferred outflows and deferred inflows of resources associated with the plan. See Note 14 for further information on OPEB.

Current liabilities include payroll and related liabilities, amounts payable to suppliers for goods and services received, cash received for which the University has not yet earned the related revenue, securities lending liability, and debt principal payments due within one year. The balance decreased \$4.6 million, or 5.7%, from 2021 to 2022, primarily as a result of a \$3.4 million decrease in accounts payable and a \$2.6 million decrease in the current portion of compensated absences.

Noncurrent liabilities include debt and advance liabilities, the amount of compensated absence liability estimated to be payable after a one-year period, and amounts which will be payable to the Federal government as the University collects repayments from loans outstanding under the Federal Perkins Loan or Nursing Loan programs. These balances increased \$26.0 million, or 7.2%, resulting primarily from increases to long-term leases payable due to a change in reporting requirements from GASB 87 of \$28.7 million and bonds payable of \$44.4 million due to new monies issued tied to Series G and I. These increases were offset by a decrease in pension and OPEB liabilities of \$43.0 million (Note 14).

Deferred Inflows include amounts related to changes in estimates and assumptions which have occurred since the last actuarial valuation for defined benefit pension and OPEB plans. These will be amortized to expense over a period as determined by actuarial calculations for each of the plans, as discussed in Note 14.

Net investment in capital assets consist of the historical acquisition value of capital assets, reduced by both accumulated depreciation expense charged against assets and debt balances related to capital assets. This balance increases as assets are acquired and debt is repaid, and decreases as assets are depreciated and debt is incurred. Balances increased \$18.5 million due to asset additions and debt repayment.

Restricted, non-expendable balances must be held in perpetuity, and include endowment principal as well as certain balances in student loan funds. Balances remained stable at \$1.1 million between fiscal years 2022 and 2021.

Restricted, expendable net assets represent balances that may be expended by the University in accordance with restrictions imposed by an external party, such as a donor, or through a legislative mandate. The University's most significant restricted, expendable balances relate to funds restricted to use for the construction, renewal or replacement of facilities, for the payment of debt, and for scholarships.

Unrestricted net position may be designated for specific purposes by action of management or the Board of Regents, or may otherwise be limited by contractual agreements with outside parties. Unrestricted net assets are designated for specific purposes as described in the notes to the financial statements, and include funds accumulated for employee termination payouts, scholarships, facility renewal and replacement, and certain student projects. Balances increased \$34.7 million in comparison with 2021. Strong tuition and fees revenues, auxiliary revenues, and research revenues contributed to additional balances as a result of steady enrollment on the Bozeman campus, research growth, and the reopening of auxiliary enterprises to full capacity.

CASH FLOWS

Condensed Statements of Cash Flows (in millions)

	2022	2021
Cash provided/(used) by:		
Operating activities, net	\$ (155.0)	(153.4)
Noncapital financing activities, net	227.8	244.7
Capital and related financing activities, net	(3.1)	(62.2)
Investing activities, net	(43.9)	2.7
Net change in cash & equivalents	25.9	31.8
Cash & equivalents, beginning of year	268.6	236.8
Cash & equivalents, end of year	\$ 294.5	\$ 268.6

The **Statement of Cash Flows** presents information related to cash inflows and outflows, categorized by operating, noncapital financing, capital financing, and investing activities. The reconciliation of operating loss to cash used in operations explains the relationship between the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position, showing that increases and decreases in operating assets often require the use or receipt of cash, but do not result in recognition of a revenue or an expense.

Comparison of 2022 and 2021 Cash Flows

Operating activities in 2022 used \$155.0 million in cash, resulting primarily from an operating loss of \$185.6 million. The operating loss was offset by non-cash expenses of \$30.6 million, which includes \$43.4 million in depreciation and amortization expenses. Other less significant increases and decreases also contributed to the change. In 2021, operating activities used \$152.4 million in cash with an operating loss of \$188.1 million, offset by non-cash expenses of \$38.2 million.

Noncapital financing activities provided \$227.8 million in cash, resulting from \$146.2 million in state and local appropriations, \$20.5 million in federal Pell grant revenue, \$27.5 million in expendable gifts, \$31.8 million in federal CARES Act grant revenue, and \$2.4 million of land grant income. In 2021, noncapital financing activities provided \$244.7 million in cash, resulting from \$145.3 million in state and local appropriations, \$20.6 million in federal Pell grant revenue, \$20.5 million in expendable gifts, \$47.9 million in federal CARES Act revenue, and \$3.0 million of land grant income.

Capital and related financing activities used \$3.1 million in cash, resulting primarily from cash expended on capital assets of \$43.7 million (see Note 7 to the financial statements), principal debt repayments of \$89.1 million, and interest payments of \$7.1 million. These uses were offset by restricted gifts received for capital purchases of \$8.8 million. In 2021, these activities used \$62.2 million in cash, resulting primarily from cash expended on capital assets of \$41.8 million, principal debt repayments of \$19.2.0 million, and interest payments of \$7.6 million.

DEBT AND ADVANCES

As of June 30, 2022, the University had approximately \$245.8 million in outstanding bond, note, and lease principal, compared with \$206.9 million at June 30, 2021 (see Note 10 to the financial statements). The balance increased due to GASB 87 lease requirements and new monies issued in Series 2021G and 2022I. The majority of bond debt bears interest at fixed rates, while \$16.6 million in bonds are reset at a weekly municipal bond index rate. A fixed-payer swap and a constant maturity swap are associated with the Series 2018F variable rate debt, as described in Note 10 to the financial statements. Intercap debt is issued at a variable rate, reset each February, and as of June 30, 2022, was 1.55%. As of June 30, 2022, the University's bonds are rated Aa3 by Moody's Investor Services and A+ by Standard and Poor's.

ECONOMIC OUTLOOK

Montana State University's enrollment remains strong. The Bozeman campus experienced 11 continuous years of enrollment growth from 2007 to 2018, and for the fall semester 2022, the university reported 16,688 enrolled students. Even though enrollment declined about 1% from the previous year, MSU still welcomed its second largest incoming class in university history. To put MSU's enrollment success into context, in August 2019, The Chronicle of Higher Education ranked MSU as the 24th fastest growing public, doctoral-granting university in the United States out of 211 universities. In addition, the College Gazette ranked Montana State University as one of the top 10 public universities on the rise across the nation.

Overall enrollment is expected to remain stable due to the careful attention devoted to maintaining an appropriate mix of in- and out-of-state students, as well as initiatives to increase retention, particularly from freshman to sophomore year, including structured tutoring and mentoring opportunities. MSU's retention rate – the percentage of first-year students returning for their second year – was 75.2%. First-to-second-year retention is a key indicator as it is highly predictive of how many students will continue to graduation. New initiatives are also being implemented to address fall-to-spring retention as well.

Of equal importance, the university is graduating more students and doing so in a shorter period than at any time in modern history — meaning more students enter their post-graduation work lives and pursuits earlier. This fall, MSU recorded modern-era records in its four- and six-year graduation rates. The four-year graduation rate was up to 36.3% from 34.1% the prior year. And the six-year rate — which is commonly looked at in federal statistics — was up slightly to 56.3%.

MSU is seeing record demand for its Gallatin College MSU programs, and that demand is expected to remain extremely strong as the city and the county both experience unprecedented population and economic growth. The university currently leases space for the majority of programs offered at Gallatin College MSU, and, due to its continued growth, the university has placed a new building for Gallatin College MSU among its top priorities for legislative funding requests in the upcoming session.

A combination of modest tuition increases, as well as stable state appropriations and increased enrollment, have contributed to financial growth. The university has set aside modest reserves to ensure the availability of

retirement payout funds and scholarship funding and to provide a means to absorb unexpected expenses or decreases in revenue, should they occur.

To assist in the allocation of its resources, university management evaluates programs regularly and maintains a transparent budgeting process, stressing accountability and stewardship of the university's assets, as well as excellence in the programs offered. Management will continue to balance spending and revenue to maintain quality programs without unduly limiting student access to the university through the cost of attendance.

Financial Statements



Montana State University (a component unit of the State of Montana)
 Consolidated Statement of Net Position
 As of June 30, 2022

ASSETS	2022
Current assets:	
Cash and cash equivalents (Note 2)	\$ 294,478,139
Securities lending collateral	913,300
Accounts and grants receivable, net (Note 3)	8,680,759
Lease receivable	395,002
Amounts receivable from Federal government	25,582,884
Amounts receivable from primary government	1,030,286
Loans receivable, net (Note 6)	1,798,234
Inventories (Note 4)	2,947,153
Prepaid expenses and other current assets (Note 5)	4,129,872
Total current assets	339,955,629
Noncurrent assets	
Restricted cash and cash equivalents	79,080
Restricted investments	8,544,603
Loans receivable, net (Note 6)	10,451,606
Investments	62,373,477
Capital assets, net (Note 7)	611,259,573
Lease receivable non-current	1,379,239
Other noncurrent assets (Note 7)	831,120
Total noncurrent assets	694,918,698
Total assets	1,034,874,327
DEFERRED OUTFLOWS	
Deferred loss on debt refunding (Note 11)	4,632,416
Deferred pension and OPEB outflows (Note 14)	62,141,787
Total deferred outflows	66,774,203
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 1,101,648,530

The accompanying notes are an integral part of these financial statements.

Montana State University (a component unit of the State of Montana)
 Consolidated Statement of Net Position (continued)
 As of June 30

LIABILITIES	2022
Current liabilities:	
Accounts payable and accrued liabilities (Note 8)	\$ 28,027,754
Advances (current) and other amounts payable to primary government	1,830,897
Amounts payable to other State of Montana component units	262,795
Securities lending liability	913,300
Property held in trust for others	1,767,359
Unearned revenues (Note 9)	17,760,664
Current portion compensated absences	11,279,955
Current portion debt and lease obligations (Note 10)	12,524,228
Total current liabilities	74,366,952
Noncurrent liabilities:	
Advances from primary government	13,817,272
Debt, lease, and other obligations (Note 10)	233,309,233
Compensated absences	27,329,373
OPEB implicit rate subsidy	26,833,911
Net pension liability	72,698,939
Due to Federal government (Note 6)	14,219,412
Derivative instrument-- swap liability (Note 10)	78,869
Total noncurrent liabilities	388,287,009
Total liabilities	462,653,961
DEFERRED INFLOWS	
Deferred Inflows-Pension and OPEB (Note 14)	59,474,419
Derivative financial instrument (Note 10)	323,931
Deferred Inflows-Leases	1,741,821
Total deferred inflows	61,540,171
NET POSITION	
Net investment in capital assets	400,725,581
Restricted - nonexpendable	11,295,981
Restricted - expendable	23,043,651
Unrestricted (Note 12)	142,389,185
Total net position	577,454,398
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 1,101,648,530

The accompanying notes are an integral part of these financial statements.

Montana State University (a component unit of the State of Montana)
 University Component Units
 Combined Statement of Financial Position
 As of June 30, 2022 or December 31, 2021

Assets:

Cash and cash equivalents	\$	10,404,235
Accrued dividends and interest		18,346
Investments		365,284,237
Amounts due from the institution or other MSU component units		36,978
Contributions receivable, net of allowance		19,729,224
Contracts, notes and other receivables		22,687,315
Non-depreciable capital assets		5,998,232
Depreciable capital assets, net		7,812,312
Other assets		2,600,218
Total assets	\$	434,571,097

Liabilities and net assets:

Liabilities

Accounts payable	\$	441,243
Accrued expenses and other liabilities		2,803,437
Compensated absences		159,318
Notes and bonds payable		5,549,633
Amounts due to the institution or other MSU component units		417,051
Liabilities to external beneficiaries		6,729,912
Custodial funds		13,034,733
Total liabilities		29,135,327

Net assets

Without donor restrictions - undesignated	16,825,981
Without donor restrictions - designated	19,058,484
With restrictions	369,551,305
Total net assets	405,435,770

Total liabilities and net assets	\$	434,571,097
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The accompanying notes are an integral part of these financial statements.

Montana State University (a component unit of the State of Montana)
Consolidated Statement of Revenues, Expenses and Changes in Net Position
As of and for the Year Ended June 30

	2022
OPERATING REVENUES	
Tuition and fees (net of \$43,164,718 scholarship discount)	\$ 213,432,103
Federal appropriations	6,328,548
Federal grants and contracts	119,497,843
State grants and contracts	7,042,575
Non-governmental grants and contracts	11,876,236
Grant and contract facilities and administrative cost recoveries	27,393,133
Educational, public service and outreach revenues	28,963,004
Auxiliary revenues:	
Housing (net of \$4,136,143 scholarship discount)	27,141,414
Food services (net of \$4,123,215 scholarship discount)	26,532,878
Other auxiliary sales and services (net of \$288,746 scholarship discount)	8,370,787
Interest earned on loans	71,259
Other operating revenues	3,239,562
Total operating revenues	479,889,342
OPERATING EXPENSES	
Compensation and benefits, including pensions (Note 14)	381,663,954
OPEB amortization (Note 15)	2,841,409
Operating expenses (Note 13)	184,125,132
Scholarships and fellowships (net of \$51,712,822 scholarship discount)	53,457,867
Depreciation and amortization	43,398,666
Total operating expenses	665,487,028
Operating loss	(185,597,686)
NONOPERATING REVENUES (EXPENSES)	
State and local appropriations	146,195,755
Federal Pell grant revenue	20,478,805
Federal CARES Act grant	31,763,145
Land grant income (pledged as security for repayment of bonds)	2,409,507
Gifts (expendable)	27,514,759
Investment income (loss)	(1,725,251)
Interest expense	(8,088,907)
Net non operating revenues (expenses)	218,547,813
Income before other revenues, expenses, gains and losses	32,950,127
Loss on disposals of capital assets	(32,498)
Additions to permanent endowment	16,166
Capital gifts, grants and contributions	25,581,229
Change in net position	58,515,024
Net position, beginning of year as previously stated	519,266,397
Restatement of beginning net position	(327,023)
Net position, beginning of year as restated	518,939,374
Net position, end of year	\$ 577,454,398

The accompanying notes are an integral part of these financial statements.

Montana State University (a component unit of the State of Montana)
 University Component Units
 Combined Statement of Activities
 As of and for the Year Ended June 30, 2022 or December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Contributions	\$ 1,518,956	\$ 62,847,928	\$ 64,366,884
Investment, interest and dividend income	2,235,062	1,895,571	4,130,633
Net realized and unrealized gain (loss) on investments	(3,241,171)	(12,871,697)	(16,112,868)
Contract support and contributions from University	2,157,194	—	2,157,194
Special events	1,169,204	38,185	1,207,389
Other income	11,981,371	(4,275,973)	7,705,398
Net assets released from restrictions	41,336,916	(41,336,916)	—
Total revenues	57,157,532	6,297,098	63,454,630
Expenses:			
Program services			
University support	32,645,677	—	32,645,677
Academic and institutional	1,441,880	—	1,441,880
Scholarships and awards	10,049,470	—	10,049,470
Total program services expense	44,137,027	—	44,137,027
Operating expenses			
Fundraising efforts	4,883,835	—	4,883,835
General and administrative	6,114,105	—	6,114,105
Investment management and subsidiary operations	0	—	0
Other miscellaneous	2,062,503	—	2,062,503
Total operating expenses	13,060,443	—	13,060,443
Change in net assets before nonoperating items	(39,938)	6,297,098	6,257,160
Nonoperating expenses			
Payments to beneficiaries and change in liabilities to external beneficiaries	(20,155)	(1,759,573)	(1,779,728)
Change in net assets	(60,093)	4,537,525	4,477,432
Net assets, beginning of year, as previously stated	35,944,558	365,013,780	400,958,338
Reclassification Due to Adoption of Standard	—	—	—
Net assets, beginning of year, as reclassified	35,944,558	365,013,780	400,958,338
Net assets, end of year	\$ 35,884,465	\$ 369,551,305	\$ 405,435,770

The accompanying notes are an integral part of these financial statements.

Montana State University (a component unit of the State of Montana)
Consolidated Statement of Cash Flows
As of and for the Year Ended June 30

	2022
Cash flows from operating activities:	
Tuition and fees	\$ 212,208,960
Federal appropriations	6,175,171
Federal grants and contracts	112,699,911
State grants and contracts	6,645,484
Private grants and contracts	12,651,147
Grant and contract facilities and administrative cost recoveries	26,385,772
Educational, public service and outreach revenues	26,713,610
Sales and services of auxiliary enterprises	61,815,372
Interest on loans receivable	71,259
Other operating receipts	1,954,583
Compensation and benefits	(383,646,383)
Operating expenses	(188,173,866)
Scholarships and fellowships	(53,457,867)
Loans made to students and federal loan funds repaid	(135,685)
Loan payments received	3,134,291
Net cash used in operating activities	(154,958,239)
Cash flows from noncapital financing activities:	
Receipts (disbursements) of funds held in trust for others	(508,020)
Direct lending proceeds	79,573,583
Direct lending disbursements	(79,573,583)
State and local appropriations	146,195,755
Federal CARES Act Grant	31,763,145
Federal Pell grant funds received	20,478,805
Gifts and contributions	27,514,759
Land grant income (see Note 2)	2,409,507
Repayment of long-term operating advance from primary government	(67,942)
Additions to permanent endowment	16,166
Net cash provided by noncapital financing activities	227,802,175
Cash flows from capital financing activities:	
Purchase of capital assets	(43,661,261)
Proceeds from sale of capital assets	203,759
Gifts restricted for capital purchase	8,843,286
Other capital financing activities	174,601
Proceeds from borrowings	128,721,243
Debt principal repayment	(89,113,952)
Advances from primary government	(87,536)
Repayment of advances from primary government	(1,108,552)
Interest paid	(7,056,341)
Net cash provided by (used in) capital financing activities	(3,084,753)
Cash flows from investing activities:	
Purchase of investments	(42,515,986)
Proceeds from sale of investments	(1,353,031)
Investment income	(15,625)
Net cash provided by (used in) investing activities	(43,884,642)
Net change in cash and cash equivalents	25,874,540
Cash and equivalents at beginning of year	268,682,679
Cash and equivalents at end of year	\$ 294,557,219

The accompanying notes are an integral part of these financial statements.

Montana State University (a component unit of the State of Montana)
 Consolidated Statement of Cash Flows (continued)
 As of and for the Year Ended June 30

Reconciliation of Operating Loss to Net Cash Used in Operations

	2022
Operating loss	\$ (185,597,686)
Noncash income and expense:	
Depreciation and amortization on capital assets	43,398,666
Provision for uncollectible accounts	449,465
Changes in operating assets and liabilities, deferred inflows and deferred outflows:	
Accounts and grants receivable	(9,089,685)
Loans receivable	3,230,451
Inventories	(171,198)
Prepaid expenses	1,209,009
Accounts payable and other accrued liabilities	(5,208,083)
Net pension obligation and related deferred inflows and outflows	1,478,477
Unearned revenue	(1,309,050)
Compensated absences	(729,805)
Amounts due to Federal government	(2,618,802)
Net cash used in operations	\$ (154,958,239)

Schedule of noncash financing and investing activities

	2022
Capital assets contributed to the University	\$ 16,861,944
Capital assets acquired through issuance of lease obligations	36,686,992.99
Bond issue costs, discounts, premiums and deferred loss on refunding amortized or written off to interest expense (net)	995,753
Net increase (decrease) in fair value of investments	18,679

Reconciliation of cash and cash equivalents as shown on the Statements of Cash Flows to cash as shown in the Statements of Net Position

	2022
Cash and cash equivalents classified as current assets	\$ 294,478,139
Cash and cash equivalents classified as noncurrent assets	79,080
Total cash and cash equivalents as reported on the Statements of Cash Flows	\$ 294,557,219

The accompanying notes are an integral part of these financial statements.

Notes to the Consolidated Financial Statements



NOTE 1 – ORGANIZATION, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

The accompanying financial statements include all activities of the four Montana State University campuses, the Montana Agricultural Experiment Station, Montana Extension Service and the Fire Services Training School, collectively referred to as the “University.” The four campuses of the University are Montana State University–Bozeman, Montana State University–Billings, Montana State University–Northern (located in Havre) and Great Falls College–Montana State University. Significant inter-entity transactions have been eliminated in consolidation.

The University is the State’s land grant university, serving the state, national, and international communities by providing its students with academic instruction, conducting a high level of research activity, performing other activities that advance fundamental knowledge, and by disseminating knowledge to the people of Montana.

A financial reporting entity, as defined by Governmental Accounting Standards Board (“GASB”) Statement No. 14, *The Financial Reporting Entity*, consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete. Accordingly, the financial statements for the University are included as a component unit of the State of Montana Basic Financial Statements, which are prepared annually and presented in the Montana Annual Comprehensive Financial Report (ACFR).

In May 2002, the Governmental Accounting Standards Board (GASB) issued Statement No. 39, *Determining Whether Certain Organizations Are Component Units, an Amendment of GASB Statement No. 14*. The statement was clarified by the issuance of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—An Amendment of GASB Statements No. 14 and No. 34*, which modifies certain requirements for inclusion of component units in the financial reporting entity. The statements require that a legally tax exempt organization be reported as a component unit of a reporting entity if the economic resources received or held by these organizations are entirely or virtually entirely for the direct benefit of the reporting entity or its component units, and the reporting entity is entitled to, or has the means to otherwise access, a majority of the economic resources received or held by the separate organization. The resources of the separate organization must also be significant to the reporting entity. In addition, organizations are evaluated for inclusion if they are closely related to, or financially integrated with, the reporting entity, and qualify as presenting a financial benefit or burden relationship. The University has established a threshold minimum of 1% - 2% of consolidated net position or 1% - 2% of consolidated revenues as an initial requirement for inclusion of an organization as a component unit in its financial statements. Other entities may be included, though, if the University determines that to exclude the entity would be misleading, according to clarified criteria presented on statement No. 61. For further discussion of component units, see Note 19.

BASIS OF PRESENTATION

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*. This was followed in November, 1999 by GASB Statement No. 35, *Basic Financial Statements and Management’s Discussion and Analysis for Public Colleges and Universities*. As a component unit of the State of Montana, the University was also required to adopt GASB Statements No. 34 and No. 35. The latter statement was adopted as amended by GASB Statements No. 37 and No. 38.

The financial statement presentation required by GASB Statements No. 34 and No. 35 provides a comprehensive, entity-wide perspective of the University’s assets, liabilities, net position, revenues, expenses, changes in net position, and cash flows, and replaces the fund-group perspective previously required.

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. Accordingly, the University’s financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

Certain prior year amounts have been reclassified or restated.

SIGNIFICANT ACCOUNTING POLICIES

Cash Equivalents – For purposes of the statement of cash flows, the University considers its unrestricted, highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Certain funds on deposit with trustees, as well as funds invested in the Short Term Investment Pool with the Montana Board of Investments (BOI) are considered cash equivalents, unless BOI management determines that a portion of its portfolio is sufficiently illiquid and should be considered investments. In such cases, each participant in the pool is allocated its pro-rata share of illiquid funds.

Investments – The University accounts for its investments at fair value in accordance with GASB Statement No. 31 *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and GASB Statement No. 72, *Fair Value Measurement and Application*, which was implemented during 2016. Investment income is recorded on the accrual basis. All investment income, including unrealized gains and losses on the carrying value of investments, is reported as a component of investment income. Investments include derivative instruments that do not qualify for hedge accounting in accordance with GASB Statement No. 53.

Accounts and grants receivable – Accounts receivable include tuition and fees charged to students and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also include amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable are reported net of estimated uncollectible amounts.

Allowances for uncollectible accounts – The University estimates the value of its receivables that will ultimately prove uncollectible, and has reported a provision for such as an expense in the accompanying financial statements.

Inventories – Inventories include consumable supplies, livestock, and food items and items held for resale or recharge within the University. Inventories are valued at lower of cost or market value, using First In First Out (FIFO) or specific identification methods.

Restricted cash and investments – Cash and investments that are externally restricted as to use are classified as non-current assets in the accompanying statement of net position. Such assets include endowment fund cash and investments.

Capital assets – Capital assets are stated at cost for purchased or constructed assets, and at estimated fair value for donated assets. Renovations to buildings, infrastructure, and land improvements that significantly increase the value, change the use, or extend the useful life of the structure are capitalized. Routine repairs and maintenance and minor renovations are charged to operating expense in the year in which the expense is incurred. Capitalization thresholds range from \$5,000 for equipment to \$500,000 for infrastructure.

Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the respective assets, ranging from 3 years for certain software to 75 years for certain infrastructure assets. The University has elected to capitalize museum, fine art and special library collections, but does not record depreciation on those items.

Unearned revenues – Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to events occurring in the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Compensated absences – Eligible University employees earn a minimum of 8 hours sick and 10 hours annual leave for each month worked, with additional annual leave accruals based on longevity, up to 16 hours per month worked. Eligible employees may accumulate annual leave up to twice their annual accrual, while sick leave may accumulate without limitation. Twenty-five percent of accumulated sick leave earned after July 1, 1971 and 100 percent of accumulated annual leave, if not used during employment, is paid upon termination.

Other Post-Employment Benefits (OPEB) – During the year ended June 30, 2018, the University adopted GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*. The University allows retirees to participate in the Montana University System's self-funded health insurance plan by paying an amount considered by the University to cover their full costs (as calculated using the pooled risk of retirees and active employees). An actuarial study determined that this blended rate structure results in an implicit rate subsidy to retirees, who are considered to be a higher-cost pool of participants. The

unfunded actuarial accrued liability is amortized over a 20-year period on an open basis beginning December 31, 2017. The state has not mandated funding of the liability. See Note 14 for further details.

Pensions – During the year ended June 30, 2015, the University adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which required the University to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions. See Note 14 for further information on pensions.

Net position – Resources are classified in one of the following four categories:

Net investment in capital assets – this represents the University's total investment in capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Restricted, non-expendable – this represents net balances subject to externally imposed stipulations requiring permanent maintenance. Such assets include the University's permanent endowment funds.

Restricted, expendable – this represents balances whose use by the University is subject to externally imposed stipulations as to use of the assets.

Unrestricted – this represents balances that are not subject to externally imposed stipulations. Unrestricted balances may be designated for specific purposes by action of management or the Board of Regents or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted balances are designated for specific purposes as described in Note 12.

Classification of revenues – The University has classified its revenues as either operating or non-operating according to the following criteria:

Operating revenues – include activities that have the characteristics of exchange transactions, including (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) most Federal, state and local grants and contracts and Federal appropriations, and (4) interest on institutional student loans.

Non-operating revenues – include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB No. 34, such as state appropriations and investment income.

Use of restricted revenues – When the University maintains both restricted and unrestricted funds for the same purpose, the order of use of such funds is determined on a case-by-case basis, depending on relevant law and other restrictions. Restricted funds remain classified as restricted until they are expended.

Income taxes – The University, as a political subdivision of the State of Montana, is excluded from Federal income taxes under Section 115(1) of the Internal Revenue Code, as amended. Certain activities of the University may be subject to taxation as unrelated business income under Internal Revenue Code Sections 511 to 514. Because tax liabilities are not considered to be material, no provision for income tax expense is reported in the accompanying financial statements.

Scholarship discounts and allowances – Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net position. Scholarship discounts and allowances are computed as the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants are recorded as operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

Accounting standards recently adopted – For the year ended June 30, 2022, the university implemented the provisions of GASB Statement No. 87, *Leases*. GASB Statement No. 87 establishes criteria for accounting and financial reporting for leases. It creates a single model for lease accounting and requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. With the implementation of GASB Statement No. 87, additional footnote disclosures are provided in Notes 7 and 10.

For the year ended, June 30, 2022, the university implemented the provisions of GASB Statement No. 93, Replacement of Interbank Offered Rates. The university has determined that the changes in Statement No. 93 will have no effect on the university's financial statements.

For the year ended June 30, 2020, the university implemented the provisions of GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32 (GASB 97). The primary objectives of this Statement are to increase consistency and comparability related to the reporting of fiduciary component units; mitigate costs associated with financial reporting; enhance relevance, consistency, and comparability of financial reporting. The requirements of this Statement will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans. The university has determined that the changes in Statement No. 97 will have no effect on the university's financial statements.

Accounting standards not yet implemented – In March 2020, GASB issued Pronouncement No. 94, Public-Private Partnerships and Availability Payment Arrangements which is aimed at improving the financial reporting for transactions surrounding these arrangements. Statement No. 94 will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to Public-Private Partnerships consistently and to disclose important information about these transactions.

In May 2020, GASB issued Pronouncement No. 96, Subscription-based Information Technology Arrangements (SBITA), which provides guidance on accounting and financial reporting for government end-users. The changes presented by this pronouncement will improve financial reporting by establishing a definition of SBITA's and providing uniform guidance for transactions that meet this criteria. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

NOTE 2 – CASH DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS

Cash deposits – The University must comply with State statutes, which generally require that cash and investments remain on deposit with the State treasury, and as such are subject to the State's investment policies. Certain exceptions exist, which allow funds to be placed on deposit with trustees to satisfy bond covenants or to maximize investment earnings through placing certain funds with recognized University foundations. Deposits with the State treasury and other financial institutions totaled \$121,117,830 at June 30, 2022.

Cash equivalents – These amounts consist of cash held by trustees as well as \$128,303,293 of the amount invested in the Short Term Investment Pool (STIP) with the BOI at June 30, 2022.

STIP participants include both state agencies and local governments. STIP uses net asset value to compute unit values. As described in the notes to the BOI Consolidated Unified Investment Program Financial Statements, investments must have a maximum maturity of 397 or fewer days unless they have reset dates.

Investments – GASB Statement No. 72, *Fair Value Measurement and Application*, requires that investments be classified according to a "fair value hierarchy." With respect to Statement No. 72's fair value hierarchy, GASB defines "inputs" as "the assumptions that market participants would use when pricing an asset or liability, including assumptions about risk." Statement No. 72 further categorizes inputs as observable or unobservable: observable inputs are "inputs that are developed using market data, such as publicly available information about actual events or transactions, and which reflect the assumptions that market participants would use when pricing an asset or liability"; unobservable inputs are "inputs for which market data are not available and that are developed using the best information available about the assumptions that market participants would use when pricing an asset or liability." GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, addresses accounting and disclosure for external investment pools and pool participants. The University participates in external investment pools, and has adopted Statement No. 79.

The University records its investments as noted in the table below, and categorizes them within the fair value hierarchy as follows:

- Level 1—Fair value is determined using quoted prices for identical assets or liabilities in active markets.
- Level 2—Fair value is determined using inputs, other than quoted prices included within Level 1, that are observable for an asset or liability, either directly or indirectly.
- Level 3 – Values are determined using unobservable inputs.

In addition, certain investments are classified as NAV, meaning Net Asset Value per share. This includes pooled investments, such as those held at the University’s supporting foundations and in the State of Montana external investment pools. Unit values for these investments are based upon the University’s allocated proportion of the fair value of underlying assets of the pools.

Cash equivalents and investments consisted of the following at June 30, 2022:

Security Type	Fair Value	Moody’s Credit Quality Rating at June 30, 2022	Effective Duration (years) or Weighted Average Maturity (days) at June 30, 2022	Basis of Valuation or Fair Value Level	Liquidity of NAV Assets
State of Montana Short Term Investment Pool	\$ 128,303,293	NR***	Weighted average maturity for the pool: 68 days	Net Asset Value	Daily
U. S. Bank Money Market Funds collateralized by U.S. Bank pool, not in the University’s name)	\$ 44,486,225	P-1	N/A	Cash equivalents, carried at amortized cost	
State of Montana Trust Fund Investment Pool*	\$ 59,769,970	NR***	5.95	Net Asset Value	Monthly
Foundation Pooled Cash Equivalents and Investments**	\$ 10,818,251	NR***	N/A***	Net Asset Value	No formal liquidity agreement
Non-hedging derivative investment value	\$ 323,832	A1	13.38	Level 2	

Weighted average maturity for the pool: 68 days NR*** \$128,303,293

* TFIP and Foundation investments are intended to be permanent investments.

** The Foundation investment pool is not considered a debt pool, and as such, a duration calculation is not applicable.

*** Not rated

Investments Recorded at Net Asset Value

State of Montana Short Term Investment Pool (STIP) and State of Montana Trust Fund Investment Pool (TFIP) – STIP and TFIP are external investment pools managed and administered under the direction of the Montana Board of Investments as statutorily authorized by the Unified Investment Program. Each is a commingled pool for investment purposes and participant requested redemptions from the pool are redeemed the next business day (STIP) or on a monthly basis (TFIP). The fair values of the investments in this category have been determined using the NAV per share (or its equivalent) of the investment. Refer to the fair value measurement note disclosures within BOI's annual financial statements for the underlying investments for commingled UIP assets within the fair value hierarchy. The BOI annual financial information is available from the BOI at 2401 Colonial Drive 3rd Floor, PO Box 200126, Helena, MT 59620-0126 or by calling 406-444-0001. The BOI's annual financial statements can be found on BOI's website at www.investmentmt.com.

Foundation investment pools – Foundation pools are external investment pools managed by the MSU Alumni Foundation, the MSU-Billings Foundation, and the MSU-Northern Foundation. The University's investment in these pools is intended to be permanent, for endowment and quasi-endowment funds, which make up the majority of the balance; as such, a liquidity term has not been formally established for these funds. Financial statements of the foundations, which are all component units, which include relevant investment disclosures, can be found as discussed in Note 19.

Endowment spending policy – The State of Montana has adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). A majority of the University's endowment funds are managed by the MSU Bozeman Alumni Foundation, in accord with their spending policy, which conforms to UPMIFA. The Foundation's spending policy is based on a 12-quarter weighted average of the endowment's market value multiplied by the Foundation's spending rate of 4%. Certain limits are applied: 1) the expendable amount cannot exceed 5% of the endowment's market value, and 2) assuming there is not a prohibition in the donor agreement against the use of the original gift, spending is curtailed when the value of the endowment drops to the 80% of the original contribution amount. Appreciation on permanent endowments owned by the University is not available for spending; only realized earnings may be expended, and are reflected as restricted, expendable net position in the accompanying statements.

Securities lending transactions – The BOI is authorized by law to lend its securities, and has contracted with its custodial bank, to lend the BOI's securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. On any day, including June 30th, markets may move in a positive or negative direction resulting in under or over collateralization. The custodial bank compensates for market movement by recalculating on the following business day to meet the collateralization requirements. The BOI and the bank split the earnings 85% and 15% respectively on security lending activities. The BOI retains all rights and risks of ownership during the loan period. The custodial bank indemnifies the BOI's credit risk exposure to the borrowers. The University's allocated portion of security lending cash collateral was \$913,300 at June 30, 2022.

During the fiscal year, the custodial bank loaned the BOI's public securities and received as collateral: U.S. dollar cash; U.S. Government and government sponsored agency securities; U.S. corporate debt securities and structured securities rated AA- or Aa3 or higher; sovereign debt securities of the G10 nations; and debt securities issued by certain supernational agencies. The custodial bank does not have the ability to sell collateral securities unless the borrower defaults.

The BOI did not impose any restrictions during fiscal year 2022 on the amount of securities available to lend the loans the custodial bank made on its behalf. However, STIP assets are currently not available for securities lending. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the period that resulted in a declaration and notice of default of the borrower. Moreover, there were no losses during fiscal year 2022 resulting from a borrower default of the borrowers or the custodial bank. As of June 30, no securities were recalled and not yet returned.

The cash collateral received for each loan was invested, together with the cash collateral of other qualified plan lenders, in an investment fund, the Navigator Securities Lending Government Money Market (Navigator) portfolio.

The BOI and the borrowers maintain the right to terminate all securities lending transactions on notice. Because the securities lending transactions were terminable at will, their duration did not generally match the duration of

the investments made with the cash collateral received from the borrower. The Navigation portfolio had an average duration of 1 day and the average weighted final maturity of 31 days in 2022.

Investment risks – The University’s investments are concentrated primarily with the State of Montana. A discussion of the risks of the applicable State investment products is relevant to the University’s investments and is summarized below. Detailed asset maturity and other information demonstrating risk associated with the BOI Unified Investment Program is contained in the BOI financial statements, and may be accessed by contacting the BOI at P.O. Box 200126, Helena, MT 59620-0126. Investment risks are described in the following paragraphs. Risks specific to derivative financial instruments are discussed in Note 10.

Credit Risk – Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligation. With the exception of the U.S. government securities, all BOI STIP and TFIP fixed income instruments have credit risk as measured by a nationally recognized statistical rating organization (NRSRO). All STIP money market investments are in U.S. government money markets. Cash held by trustees are invested in money market funds that have received AAA credit quality ratings from three NRSRO’s: Moody’s; Standard and Poor’s; and Fitch.

U.S. government securities are guaranteed directly or indirectly by the U.S. government. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the University will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The University holds funds at the BOI, in addition to, its foundations and trustee. Per BOI policy, the BOI’s custodial bank must be rated at a minimum at the 6th highest investment grade rating by at least two Nationally Recognized Statistical Rating Organizations (NRSROs) on an annual basis.

As of June 30th, all the public securities as well as securities held by the separate public equity account managers were registered in the nominee name for the BOI and held in the possession of the BOI’s custodial bank. The equity index funds, securities held at the State’s depository bank, real estate, mortgage, and loan investments were purchased and recorded in the BOI’s name. Commingled fund investments are also registered in the name of the BOI. Therefore, the BOI is not subject to custodial credit risk.

For funds held by the University’s foundations or its trustee for cases where bond proceeds are held in accordance with restrictions set forth in the University’s bond indenture, a specific custodial credit risk policy has not been adopted. Information with respect to pooled investments held at the MSU Foundation is included in Note 19 of the financial statements.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributable to the magnitude of any single investment per issuer name. Investments explicitly guaranteed by the U.S. Government are excluded from the concentration of credit risk requirement. The University invests funds at the BOI, specifically with TFIP and STIP, where concentration of credit risk is addressed with all investment policy statements as set by the BOI. The University also invests certain funds with its Foundations and trustees, where a concentration of credit risk policy has not been adopted by the University. Information regarding Foundation investments is available as described in Note 19 to the financial statements.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University invests funds with the BOI, which addresses interest rate risk in the investment policy statements as set by the BOI. Although the STIP investments held by the BOI have been rated by investment security type, STIP, as an external investment pool, has not been rated. STIP interest rate risk is determined using the WAM method. The WAM measure expresses investment time horizons – the time when investments are due or reset and payable in days, months or years – weighted to reflect the dollar size of the individual investments within an investment type. Inclusive of cash and cash equivalents, the WAM averages 68 days for the portfolio.

The BOI has selected the effective duration method as a measure of interest rate risk for all fixed income portfolios. The TFIP investment policy requires average duration of the non-core income asset class will be maintained in a range within 25% of the index duration. The TFIP investment policy requires the average duration of any internally managed portfolio will be maintained in a range within 20% of the benchmark duration.

For funds held by the University’s foundations or its trustee for cases where bond proceeds are held in accordance with restrictions set forth in the University’s bond indenture, a specific interest rate risk policy has not been adopted by the University.

Land grant earnings – The University benefits from two separate land grants which total 240,000 acres. The first granted 90,000 acres for the University under provisions of the Morrill Act of 1862. The second, under the Enabling Act of 1889, granted an additional 50,000 acres for agricultural institutions and 100,000 acres for state normal schools.

Under provisions of both grants, income from the sale of land and land assets must be reinvested and constitutes, along with the balance of the unsold land, a perpetual endowment fund. The State of Montana, Board of Land Commissioners, administers both grants and holds all endowed assets. The University's land grant assets are not reflected in these financial statements, but are included as a component of the State of Montana Basic Financial Statements that are prepared annually and presented in the Montana Comprehensive Annual Financial Report.

Investment income from the perpetual endowment is distributed periodically to the University by the State of Montana, Board of Land Commissioners, and is reported as revenue in the accompanying financial statements. The University has currently pledged such income to the retirement of revenue bond indebtedness; after satisfying the liens of the indenture, the University may expend the funds for any lawful purpose.

In addition to distributed endowment income, the University also receives revenue generated from trust land timber sales. The University has the flexibility to designate timber sales revenues as either distributable or for reinvestment, should it choose to expend the funds for certain specified purposes.

NOTE 3 – ACCOUNTS AND GRANTS RECEIVABLE

Accounts receivable consisted of the following as of June 30:

	2022
Accounts receivable	\$ 9,040,774
Other receivables, including private grants and contracts	6,161,420
Gross accounts and grants receivable	15,202,194
Less allowance for uncollectible accounts	(6,521,435)
Net accounts and grants receivable	\$ 8,680,759

NOTE 4 – INVENTORIES

Inventories consisted of the following as of June 30:

	2022
Bookstore	\$ 538,438
Food services	357,955
Facilities services	807,619
Livestock	814,276
Other	428,865
Total inventories	\$ 2,947,153

NOTE 5 – PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses consisted of the following as of June 30:

	2022
Library subscriptions	\$ 1,934,986
Other (including summer session payments)	2,194,886
Total prepaid expenses	\$ 4,129,872

NOTE 6 – LOANS RECEIVABLE

Student loans made under the Federal Perkins Loan Program constitute the majority of the University's loan balances. Included in non-current liabilities as of June 30, 2022 related to the program is \$14,219,412 that will be repayable to the Federal government as loans are repaid to the University by students. Students whose loans were approved and for whom the first installment disbursed prior to September 30, 2017, continued to receive loans throughout the 2017-2018 academic year. Hereafter, no new loans will be disbursed due to the elimination of the program by the Federal government.

The Federal portions of interest income and loan program expenses are shown as additions to and deductions from the amount due to the Federal government, and not as operating transactions, in the accompanying financial statements.

NOTE 7 – CAPITAL, LEASES, AND OTHER NON-CURRENT ASSETS

Following are the changes in capital assets during the year ended June 30, 2022:

	Balance				Balance
	July 1, 2021	Additions	Retirements	Transfers	June 30, 2022
Capital assets not being depreciated:					
Land	\$ 8,202,536	\$ —	\$ —	\$ —	\$ 8,202,536
Museum and fine art	6,099,767	—	—	—	6,099,767
Library special collections	3,831,069	39,785	—	—	3,870,854
Livestock for educational purposes	4,249,038	83,050	—	—	4,332,088
Construction work-in-progress	52,951,455	18,598,940	(43,345)	(60,254,968)	11,252,082
Total capital assets not being depreciated	\$ 75,333,865	\$ 18,721,775	\$ (43,345)	\$ (60,254,968)	\$ 33,757,327
Other capital assets:					
Furniture and equipment	\$ 177,926,052	\$ 10,039,781	\$ (2,916,430)	\$ 240,278	\$ 185,289,681
Library materials	67,412,475	635,742	(227,222)	—	67,820,994
Buildings	510,632,889	25,789,588	—	43,214,127	579,636,605
Building improvements	293,941,823	582,288	—	16,800,563	311,324,673
Land improvements	35,109,280	90,856	—	—	35,200,136
Infrastructure	45,121,634	—	—	—	45,121,634
Leasehold Improvements	8,667,986	—	—	—	8,667,986
Intangible Right to Use Equipment ¹	263,603	135,307	(3,567)	—	395,342
Intangible Right to Use Bldg ¹	35,541,405	807,369	—	—	36,348,774
	\$ 1,174,617,147	\$ 38,080,930	\$ (3,147,220)	\$ 60,254,968	\$ 1,269,805,825
Less accumulated depreciation for:					
Furniture and equipment	\$ (133,520,360)	\$ (9,237,209)	\$ 2,695,932	\$ —	\$ (140,061,637)
Library materials	(60,055,694)	(1,313,206)	227,222	—	(61,141,678)
Buildings	(193,801,216)	(12,845,389)	—	—	(206,646,605)
Building Improvements	(215,185,403)	(12,111,635)	—	—	(227,297,037)
Land Improvements	(18,288,461)	(1,264,824)	—	—	(19,553,285)
Infrastructure	(28,075,528)	(1,023,019)	—	—	(29,098,548)
Leasehold Improvement	(3,923,011)	(456,245)	—	—	(4,379,256)
Intangible Right to use Equipment	—	(147,687)	3,567	—	(144,120)
Intangible Right to Use Bldg	—	(4,357,689)	—	—	(4,357,689)
	\$ (652,849,673)	\$ (42,756,903)	\$ 2,926,721	\$ —	\$ (692,679,855)
Other capital assets, net	\$ 521,767,474	\$ (4,675,973)	\$ (220,498)	\$ 60,254,968	\$ 577,125,970
Intangible assets, net	\$ 614,321	\$ 237,000	\$ (475,045)	\$ —	\$ 376,276
Capital Assets, net	\$ 597,715,659	\$ 14,282,802	\$ (738,888)	\$ —	\$ 611,259,573

1. Due to the implementation of GASB Statement No. 87, the university's beginning balance of lease obligations was restated from fiscal year 2021. There was no impact to net position.

Historical records are not available for certain of the University's assets. As such, some values have been estimated based on insurance values, industry-accepted valuation techniques, or estimates made by University personnel knowledgeable as to the assets' values. Livestock held for educational purposes consist primarily of

cattle herds. Breeding cattle are routinely replaced in the herds by their offspring; additions and deductions from the asset cost are not reported for reproducing cattle replaced in this manner.

Lease receivables – The University's lease receivables are associated with the leasing of building space. For the fiscal year ended June 30, 2022, total lease revenue was \$375,195, and the related interest revenue was \$36,122.

Other non-current assets – Amounts as of June 30, 2022 include a receivable from the MSU Alumni Foundation related to a key employee deferred compensation plan, as described in Note 14.

NOTE 8 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following as of June 30:

	2022
Compensation, benefits and related liabilities	\$ 14,109,448
Accrued interest expense	805,495
Accounts payable and other accrued liabilities	13,112,811
Total	\$ 28,027,754

NOTE 9 – UNEARNED REVENUES

Unearned revenues consisted of the following as of June 30:

	2022
Grant and contract funds received in advance	\$ 8,807,505
Summer session payments received in advance	7,305,655
Other unearned revenues	1,647,504
Total	\$ 17,760,664

NOTE 10 – NON-CURRENT LIABILITIES AND DERIVATIVE INSTRUMENTS

Following are the changes in non-current liabilities for the year ended June 30, 2022:

	June 30, 2021	Additions	Reductions	June 30, 2022	Amounts due within one year
Bonds, notes payable, and lease obligations					
Bonds payable, net of discount	\$ 155,207,746	\$ 127,767,447	\$ (79,389,804)	\$ 203,585,389	\$ 8,285,000
Bonds payable, direct placement	15,228,805	9,105,000	(15,228,805)	9,105,000	305,000
Notes and other long-term liabilities	628,188	12,072	(158,725)	481,535	18,022
Lease obligations ¹	35,831,767	942,676	(4,112,908)	32,661,535	3,916,206
Total bonds, notes payable, and lease obligations	\$ 206,896,506	\$ 137,827,195	\$ (98,890,242)	\$ 245,833,459	\$ 12,524,228
Compensated absence liability	\$ 39,530,881	\$ 10,375,785	\$ (11,297,334)	\$ 38,609,332	\$ 11,279,955
Advances from primary government – InterCap	\$ 9,899,428	\$ 547,586	\$ (1,441,950)	\$ 9,005,064	\$ 1,259,837
Advances from primary government - MSTA	\$ 4,486,969	\$ —	\$ (67,942)	\$ 4,419,027	\$ 69,639
Advances from primary government - DEQ	\$ 2,613,350	\$ —	\$ (440,045)	\$ 2,173,305	\$ 450,645
Amounts due to Federal government	\$ 16,838,214	\$ 11,655	\$ (2,630,458)	\$ 14,219,411	\$ —
OPEB liability— implicit rate subsidy for retiree health insurance (beginning balance as restated)	\$ 32,324,640	\$ 2,894,917	\$ (8,385,646)	\$ 26,833,911	\$ —
Net pension liability	\$ 110,264,113	\$ 27,446,599	\$ (65,011,773)	\$ 72,698,939	\$ —
Derivative instrument liability	\$ 1,919,388	\$ —	\$ (1,840,519)	\$ 78,869	\$ —
Total NonCurrent Liabilities	\$ 424,773,489	\$ 179,103,737	\$ (190,005,909)	\$ 413,871,317	\$ 25,584,304

1. Due to the implementation of GASB Statement No. 87, the university's beginning balance of lease obligations was restated from fiscal year 2021. There was no impact to net position.

Amounts not due within one year are reflected in the non-current liabilities section of the accompanying Statement of Net Position.

Lease obligations — The University's lease obligations are associated with the leasing of copiers and space for offices, labs, and radio towers. The University has future minimum lease commitments for lease obligations consisting of the following at June 30, 2022:

Payable during the year ending June 30,	Principal	Interest	Total
2023	\$ 3,916,206	\$ 522,889	\$ 4,433,718
2024	3,375,353	455,534	3,836,264
2025	3,414,955	393,461	3,808,416
2026	2,679,711	340,777	3,020,488
2027	2,732,435	295,843	3,028,278
2028 - 2032	8,606,461	915,467	9,521,928
2033 - 2037	3,473,059	486,509	3,959,567
2038 - 2042	1,980,088	290,565	2,270,653
2043 - 2047	2,396,262	110,723	2,506,985
2048 - 2052	87,014	179	87,193
Total payments	\$ 32,661,544	\$ 3,811,947	\$ 36,473,490

Derivative financial instruments

Description – The University has two interest rate swaps as of June 30, 2022. Interest rate swaps are classified as hedging derivative instruments if the instruments meet the criteria of paragraphs 27 (a) and (b) of Governmental Accounting Standards Board Statement Number 53, or as investment derivative instruments if they do not.

The following table summarizes the interest rate swaps outstanding as of June 30, 2022:

Derivative Description	Trade Date	Effective Date	Termination Date	Terms	Counterparty
\$25.75 million fixed payer swap	3/10/2005	7/21/2005	11/15/2035	Pay 3.953%, Receive SIFMA	Deutsche Bank AG
\$25.25 million basis swap	12/19/2006	11/15/2007	11/15/2035	Pay SIFMA, Receive 86.8% of 10-year SIFMA	Morgan Stanley Capital Services Inc.

As of June 30, 2022, the fixed payer swap is classified as a hedging derivative instrument under Statement No. 53, whereas the basis swap is an investment derivative instrument because there is no identified financial risk being hedged by the basis swap that can be expressed in terms of exposure to adverse changes in cash flows or fair values. Statement No. 53 includes four methods for evaluating hedge effectiveness; a governmental entity may use any of the evaluation methods outlined in the Statement and is not limited to using the same method from period to period. The four methods described in Statement No. 53 are: consistent critical terms, synthetic instrument, dollar-offset, and regression analysis. In addition, Statement No. 53 permits a governmental entity to use other quantitative methods that are based on “established principles of financial economic theory.” The fixed payer swap passes the established criteria using the regression analysis methodology.

The fair values of the interest rate swaps were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps. To measure non-performance risk for a derivative liability, credit spreads implied by the credit rating for debt issues by entities with similar credit characteristics were used. This is the best method available under current market conditions since the University has no credit default swaps that actively trade in the marketplace. For a derivative instrument asset, the adjustment for non-performance risk of counterparties was determined by analyzing counterparty-specific credit default swaps, if available. If not available, credit default swaps in the market for entities of similar type and rating were used, along with information found in various public and private information services. This analysis is used to construct a credit curve that is applied to the discount curve on the net settlement payments of the derivative instrument.

The counterparty to the fixed payer swap had the right to terminate the swap at \$0 on December 14, 2016 (a European option) but did not exercise the option. As of the trade date, the option’s value included intrinsic value and time value. The intrinsic value (calculated as the difference between the at-market rate of 4.11% and the off-market rate of 3.953%) is accounted for as a loan receivable and is repaid by the off-market portion of each swap payment. On September 10, 2010, the Series J bonds were converted to index bonds. On September 4, 2018, the original Series J bonds were refunded in full with proceeds from the Series F 2018 bonds which were issued in a “SIFMA Index Rate” mode. While in the SIFMA Index Rate, and through the Index Interest Rate Period which spans from September 4, 2018 through and including September 1, 2023, the interest rate is reset weekly at a rate of the Securities Industry and Financial Markets Association (“SIFMA”) rate plus a fixed spread. The spread is based on the long-term, unenhanced rating assigned to the University with the current spread as of June 30 of 0.45% which remains constant through the Index Interest Rate Period. The dependent variable in the regression is the interest rates of the hedged cash flows; the independent variable is the floating rates due under the hedging derivative.

The table below summarizes the reported balances as of and the derivative instrument activity during the year ended June 30, 2022.

The fair value of the fixed payer swap liability as of June 30, 2022, is at fair value level 2, and was based on forward SIFMA rates using the three month Libor Zero Curve, and the BMA Swaption Volatility on the AA Rated Muni Revenue Curve. The fair value of the nonhedging derivative instrument investment is also at level 2 (see also Note 2), and was based on forward SIFMA rates using the 10-year forward BMA constant maturity swap using the three month Libor Zero Curve, and the BMA Swaption Volatility on the counterparty’s credit default swap.

Type of derivative instrument	Notional	Activity During 2022		Fair Value as of June 30, 2022	
		Classification	Amount	Classification	Amount
Cash flow hedge -					
Pay fixed interest rate swap	\$ 16,575,000	Interest expense	\$ 17,268	Loan receivable	\$ 157,412
		Investment income	\$ —		
		Deferred outflow increase/ (decrease)	\$ (2,243,318)		
				Derivative liability	\$ 78,869
Investment derivative -					
				Derivative borrowing	\$ 1,966,874
Basis swap	\$ 16,575,000	Investment revenue	\$ 80,179	Investment	\$ (78,968)

The objective and terms of the University's hedging derivative instrument outstanding as of June 30, 2022 is as follows:

Type	Objective	Notional amount	Effective Date	Termination Date	Cash (Paid)/ Received	Terms
Pay fixed, cancelable interest rate swap	Hedge interest rate risk on Series F 2018 Bonds	\$16,575,000	7/21/2005	11/15/2035	—	Pay 3.953% Receive SIFMA

Credit Risk – As of June 30, 2022, counterparty ratings were A2 by Moody's and BBB+ by Standard and Poor's. The University manages credit risk by requiring its counterparties to post collateral in certain events. The University is entitled to collateral from its fixed payer swap counterparty if the interest rate swap's fair value is greater than \$5MM and the counterparty is rated A+ or A, by S&P, or A1 or A2 by Moody's. If the counterparty to the fixed payer swap is rated A- or below, by S&P, or A3 or below by Moody's, the University is entitled to collateral up to 100% of the swap's fair value. The University is not required to post collateral. The University will continue to monitor counterparty credit risk.

The University enters into derivative instrument agreements with multiple counterparties to limit concentration of credit risk. Currently, the University has interest rate swaps with two different counterparties and each counterparty accounts for approximately 50% of outstanding notional. The University monitors counterparty credit risk on an ongoing basis.

Interest Rate Risk – Interest payments on variable rate debt typically increase as interest rates increase. The University believes it has significantly reduced interest rate risk by entering into a pay-fixed, receive floating interest rate swap. As interest rates increase, net swap payments decrease so that changes in hedged variable-rate debt interest payments, attributable to SIFMA, are largely offset by the net swap payments.

Basis Risk – The variable-rate cash flows being hedged by the pay-fixed swap will increase or decrease as SIFMA rates increase or decrease. Because the hedged cash flows are SIFMA based and the floating receipts of the pay-fixed swap are SIFMA based, there is no basis risk.

Termination Risk – The University or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. In addition, the University's fixed payer swap counterparty has the right to terminate the derivative instrument if the credit rating of the University's unenhanced long-term revenue bond rating is withdrawn, suspended or reduced below BBB-, in the case of S&P, or below Baa3 in the case of Moody's. If such an event occurs, the University could be forced to terminate the fixed payer swap in a liability position. As of June 30, 2022, the University's unenhanced long-term revenue bond rating was Aa3 by Moody's and A+ by Standard and Poor's.

Foreign Currency Risk – All hedging derivative instruments are denominated in US Dollars and therefore the University is not exposed to foreign currency risk.

Market Access Risk – Market access risk is the risk that the University will not be able to enter credit markets or that credit will become more costly. For example, to complete a derivative instrument's objective, an issuance of refunding bonds may be planned in the future. If at that time the University is unable to enter credit market, expected cost savings may not be realized.

NOTE 11 – BONDS, NOTES, ADVANCES PAYABLE AND DEFERRED LOSS ON DEBT REFUNDING

Revenue bond principal outstanding was as follows as of June 30:

	Coupon rate	2022
Series 2017 D	2.00%-5.00%	\$ 13,125,000
Series 2018 E	3.00%-5.00%	\$ 42,145,000
Series 2018 F*	1.36%	\$ 16,575,000
Series 2021 G	3.00%-5.00%	\$ 45,565,000
Series 2021 H	.214%-2.797%	\$ 72,150,000
Series 2022 I	2.91%	\$ 9,105,000
Total principal outstanding		\$ 198,665,000

* The interest rate on Series 2018 F is variable and adjusted weekly.

Revenue bonds are payable as follows:

During the year ending June 30,	Bonds Payable		Direct Placement Bonds		Net Hedging Derivative Interest	Total
	Principal	Interest	Principal	Interest		
2023	\$ 8,285,000	\$ 6,377,248	\$ 305,000	\$ 297,317	\$ 668,173	\$ 15,932,738
2024	8,545,000	6,178,462	350,000	250,988	634,301	15,958,751
2025	8,680,000	5,960,933	365,000	240,584	598,977	15,845,494
2026	9,020,000	5,690,146	375,000	229,817	562,160	15,877,123
2027	8,295,000	5,437,472	385,000	218,759	523,890	14,860,121
2028 - 2032	38,295,000	23,315,804	2,095,000	917,014	1,976,550	66,599,368
2033 - 2037	39,085,000	16,428,107	2,425,000	588,911	721,697	59,248,715
2038 - 2042	35,220,000	9,959,278	2,805,000	208,720		48,192,998
2043 - 2047	31,235,000	3,251,387	0	0		34,486,387
2048 - 2052	2,900,000	48,938	—	0		2,948,938
Total cash requirements	\$189,560,000	\$ 82,647,775	\$ 9,105,000	\$ 2,952,110	\$ 5,685,748	\$289,950,633
Unamortized premium (discount) net	14,023,001					
Bond payable, net	\$203,583,001		\$ 9,105,000			

Description of bonded indebtedness

Series A 2013, December 31, 2013 – In December 2013, the University issued \$55,480,000 in Series A 2013 Facilities Improvement Revenue Bonds to fund the construction of a new 400-bed residence hall on the Bozeman campus, as well as renovate an existing dining hall, partially fund a new dining hall, and fund major maintenance projects in one residence hall on the Bozeman campus. In October 2021, the remaining Series A bonds were refunded and are no longer considered to be outstanding per the indenture.

Series C 2016, February 24, 2016 – In February 2016, the University closed on its Series C 2016 Facilities Improvement Revenue draw-down bonds, which were issued to acquire a research building and construct a parking structure and dining hall on the Bozeman campus and fully drawn at \$16.455 million during the year ended June 30, 2018. The bonds bear interest on the outstanding principal balance. The interest rate was set at 2.92% until the first reset date, which was November 24, 2031. In October 2021, the remaining Series C bonds were refunded and are no longer considered to be outstanding per the indenture.

Series D 2017, July 25, 2017 – The University issued its Series D refunding debt in the principal amount of \$21.0 million. The proceeds were used for a current refunding of the Series K 2006 Facilities Refunding Revenue Bonds and an advance refunding of the Series M 2011 Facilities Improvement Revenue Bonds with stated maturities in 2022 and thereafter. The refunding resulted in an economic gain to the University of \$1.3 million. The proceeds of the Series D 2017 bonds were used to acquire direct general obligations, the maturing principal and interest on which are calculated to be sufficient to pay, when due, at maturity or upon redemption, the principal of and interest on all \$8.3 million of the Series K 2006 and \$12.7 million of the Series M 2011 bonds with maturities in the

year 2022 and thereafter. The refunded Series K 2006 bonds are no longer considered to be outstanding under the Indenture. The portion of the Series M bonds that were not refunded totals \$0.9 million. A portion of the Series D bonds matured in November 2021. The portion of Series D still outstanding include:

Maturity Date	Principal
11/15/2022	\$1,895,000
11/15/2023	\$1,995,000
11/15/2024	\$2,095,000
11/15/2025	\$2,205,000
11/15/2026	\$2,300,000
11/15/2027	\$2,390,000

Series E 2018, February 8, 2018 – The University issued \$44.8 million of Series E 2018 Facilities Improvement Revenue Bonds to fund the construction of a new residence hall on the Bozeman Campus. Payments are scheduled each May and November through November 2047. The bonds are secured by a first lien on and pledge of the net pledged revenues, as described in Note 16.

Series F 2018, September 4, 2018 – The University issued its Series 2018 F refunding debt in the principal amount of \$19.8 million. The proceeds were used for a refunding of the Series 2005 J Facilities Improvement Revenue Bonds, with stated maturities in November of the year 2018 and thereafter. The refunding was on a par-to-par basis at a rate of 0.45% above SIFMA. The proceeds of the Series F 2018 bonds were used to acquire direct general obligations, the maturing principal and interest on which are calculated to be sufficient to pay, when due, at maturity or redemption, the principal of and interest on all \$19.8 million Series 2005J bonds with maturities in November 2018 and thereafter. The refunded Series 2005J bonds are no longer considered to be outstanding under the Indenture.

Series M 2011, October 26, 2011 – In October 2011, the University issued \$14.1 million in Series M 2011 Facilities Improvement Revenue Bonds to fund the construction of a new suite-style residence hall on the Bozeman campus, as well as renovate public spaces in two existing residence halls and perform energy efficiency improvements including window and lighting fixture replacement. Payments are scheduled each May and November through November, 2027. The bonds are secured by a first lien on and pledge of the net pledged revenues, as described in Note 16. In July 2017, a significant portion of the Series M bonds were refunded. In November 2021, the remaining portion of the bonds were paid in full and are no longer considered to be outstanding under the indenture.

Series N 2012, October 17, 2012 – In October 2012, the University issued its Series N refunding debt in the principal amount of \$20.5 million. The proceeds were used to refund the Series H 2004 Facilities Improvement Revenue Bonds with stated maturities in the year 2015 and thereafter. The refunding resulted in an economic gain to the University of \$2.2 million. The proceeds of the Series N 2012 bonds were used to acquire direct general obligations, the maturing principal and interest on which are calculated to be sufficient to pay, when due, at maturity or upon redemption, the principal of and interest on the \$19.6 million Series H 2004 bonds with maturities in the year 2015 and thereafter. The refunded Series H 2004 bonds are no longer considered to be outstanding under the Indenture. The portion of the Series H bonds that were not refunded totals \$1.2 million. This portion matured in the year 2015 and was retired in accordance with the original repayment schedule. In October 2021, the remaining Series N bonds were refunded and are no longer considered to be outstanding per the indenture.

Series O 2012, October 17, 2012 – In October 2012, the University issued its Series O 2012 taxable refunding debt in the principal amount of \$28.4 million. The proceeds were used to refund the Series I 2004 Facilities Revenue Refunding Bonds with stated maturities in the year 2015 and thereafter. The refunding resulted in an economic gain to the University of \$1.6 million. The proceeds of the Series O 2012 bonds were used to acquire direct general obligations, the maturing principal and interest on which are calculated to be sufficient to pay, when due, at maturity or upon redemption, the principal of and interest on the \$25.8 million Series I 2004 bonds with maturities in the year 2015 and thereafter. The refunded Series I 2004 bonds are no longer considered to be outstanding under the Indenture. The portion of the Series I bonds that were not refunded totals \$1.5 million. This portion matured in the year 2015 and was retired in accordance with the original repayment schedule. In October 2021, the remaining Series O bonds were refunded and are no longer considered to be outstanding per the indenture.

Series G 2021, October 19, 2021 - In October 2021, the University issued its Series G 2021 tax-exempt bonds in the amount of \$45.6 million. Proceeds of \$12.4 million were used to refund the Series C 2016 Facilities Improvement Revenue draw-down bonds. The refunding resulted in an economic gain to the University of \$1.0 million. The proceeds of the Series G 2021 bonds were used to acquire direct general obligations, the maturing principal and interest on which are calculated to be sufficient to pay, when due at maturity or upon redemption, the principal of and interest on the \$12.4 million Series C 2016 bonds in the year 2022 and thereafter. The refunded Series C 2016 bonds are no longer considered to be outstanding under the indenture. Proceeds of \$33.2 million were used to fund the construction of the Wellness Center on the Bozeman campus. Payments are scheduled for each May and November through November 2046. Bonds are secured by a first lien on and pledge of the net pledged revenues, as described in Note 16.

Series H 2021, October 19, 2021 - In October 2021, the University issued its Series H 2021 refunding taxable debt in the amount of \$72.1 million. The proceeds were used for an advanced refunding of the Series N 2012 bonds, the Series O 2012 bonds, and the Series A 2013 bonds with stated maturities in 2022 and thereafter. The refunding resulted in an economic gain to the University of \$.8 million for Series N 2012, \$.2 million for Series O 2012, and \$8.2 million for Series A 2013. The proceeds of the Series H 2021 bonds were used to acquire direct general obligations, the maturing principal and interest on which are calculated to be sufficient to pay, when due, at maturity or upon redemption, the principal and interest on all Series N 2012, Series O 2012 and Series A 2013 bonds with maturities in 2022 and thereafter. Series N 2012, Series O 2012 and Series A 2013 are no longer considered to be outstanding under the indenture.

Series I 2022, March 25, 2022 - In March 2022, the University closed on its Series I 2022 General Revenue bonds for \$9.1 million, which were issued to acquire a research building on the Bozeman campus. Payments are scheduled each May and November through November 2041. The bonds are secured by a first lien on and pledge of the net pledged revenues, as described in Note 16.

Deferred Loss on Debt Refunding – Deferred loss on debt refunding is the excess of the reacquisition price of refunded debt over its net carrying amount. Deferred loss on debt refunding was \$4.6 million as of June 30, 2022. Though the transactions resulted in an accounting loss, the refundings resulted in an economic gain, in that future principal plus interest (including issuance costs) will be less than the principal and interest that would have been paid had the original debt been paid out to its scheduled maturity. This occurs due to lower interest costs over the life of the debt.

Notes payable – consisted of the following as of June 30:

	Interest Rate	Maturity Date	2022
Deere Credit Inc - tractor	—	6/30/2024	\$ 36,044
Total note principal outstanding			\$ 36,044

Notes are payable during the years ending June 30, as follows:

	Principal	Interest	Total
2023	\$ 18,022	—	\$ 18,022
2024	18,022	—	18,022
Total	\$ 36,044	\$ —	\$ 36,044

Advances payable to primary government – The University participates in the State’s InterCap loan program. InterCap loans contain a variable interest rate, which is based on the underlying bond rate of the BOI InterCap bonds, and is adjusted each February. The rate as of June 30, 2022 was 1.55%. InterCap loans are secured by the pledge of net income from revenue-producing facilities and student fees.

Other advances were made during the mid-1990s by the Montana Science and Technology Alliance (MSTA) to stimulate research and creative activities in Montana. Such loans were subsequently assumed by the State of Montana BOI. Amounts are expected to be repaid as follows; however, actual payments are allocated between three of the state institutions of higher education based on relative proportions of annual Research and Creative Activities expenditures, and actual repayments and the timing thereof may vary.

Advances were made to the University by the State Department of Environmental Quality (DEQ) as part of its State Building Energy Conservation Program (SBECP). The program provides funding for projects such as lighting, window replacement, and other energy-efficiency initiatives. The projects selected for funding under the program are done so only if utility savings resulting from the improvements are expected to offset the cost of the projects.

Amounts due to the State of Montana are scheduled to be repaid as follows:

During the year ending June 30,	Intercap Loans		MSTA Advances		DEQ SBECP		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2023	\$ 1,259,837	\$ 129,153	\$ 69,639	\$ 110,361	\$ 450,644	\$ 70,248	\$ 2,089,882
2024	1,205,091	123,342	71,378	108,622	347,072	52,798	1,908,303
2025	1,226,549	102,662	73,161	106,839	327,617	42,406	1,879,234
2026	1,164,051	81,869	74,988	105,012	337,917	32,114	1,795,951
2027	986,187	63,163	76,861	103,139	184,715	21,494	1,435,559
2028 - 2032	2,481,642	153,970	414,074	485,926	415,740	43,969	3,995,321
2033 - 2037	681,707	19,094	468,427	431,573	109,600	9,505	1,719,906
2038 - 2042	—	—	529,916	370,084	0	0	900,000
2043 - 2047	—	—	599,475	300,525	—	—	900,000
2048 - 2052	—	—	678,165	221,835	—	—	900,000
2053 - 2057	—	—	767,184	132,816	—	—	900,000
2058 - 2062	—	—	595,759	34,241	—	—	630,000
2063 - 2067	—	—	—	—	—	—	—
2068 - 2072	—	—	—	—	—	—	—
Total	\$ 9,005,064	\$ 673,253	\$ 4,419,027	\$ 2,510,973	\$ 2,173,305	\$ 272,534	\$ 19,054,156

NOTE 12 – NET POSITION

As of June 30, the University's unrestricted balances were as follows:

	2022
Board of Regents' approved reserves	\$ 49,316,732
Other designated purposes	93,072,453
Total unrestricted net position	\$ 142,389,185

Board of Regents' approved reserves represent cash and investments held for specific purposes that were generated through state appropriations and student tuition revenue in excess of operating expenses. The remainder of unrestricted net position is designated for other purposes that support the educational and general operations of the University. These resources also include those from auxiliary services, which are substantially self-supporting activities that provide services for students, faculty, and staff.

As of June 30, the University's restricted balances were as follows:

	2022
Restricted - nonexpendable:	
Endowments	\$ 8,615,720
Loans	2,680,260
Total restricted - nonexpendable	\$ 11,295,981
Restricted - expendable:	
Scholarships	\$ 2,868,650
Research and other	15,914,622
Loans	(716,943)
Construction and renewal of plant facilities	3,944,335
Debt retirement	1,032,987
Total restricted - expendable	\$ 23,043,651

NOTE 13 – OPERATING EXPENSES

Operating expenses were incurred in performance of the following during the years ended June 30:

	2022
Instruction	\$ 148,205,592
Research	139,463,352
Public service	47,261,514
Academic support	41,644,116
Student services	52,312,452
Institutional support	37,485,408
Plant-related expenses	41,839,046
Auxiliary enterprises	60,468,690
Scholarships and fellowships	53,408,192
Depreciation and amortization	43,398,666
Total	\$ 665,487,028

Operating expenses were incurred in the following categories during the years ended June 30:

	2022
Compensation and benefits	\$ 365,129,825
Pension	16,534,129
OPEB	2,841,409
Supplies and service	114,979,249
Travel	10,490,045
Utilities	8,689,554
Other operating expenses	49,966,284
Scholarship and fellowships	53,457,867
Depreciation and amortization	43,398,666
Total	\$ 665,487,028

NOTE 14 – RETIREMENT, TERMINATION AND OTHER POST-EMPLOYMENT BENEFITS

Retirement Plans

University employees eligible to participate in retirement programs are members of either the Montana Public Employees' Retirement System (PERS), the Game Wardens' and Peace Officers' Retirement System (GWPORS), Montana Teachers' Retirement System (TRS), the Montana University System Retirement Program (MUS-RP), Federal Employees' Retirement System (FERS), or the U.S. Civil Service Retirement System (CSRS). All are defined benefit plans except for the MUS-RP. Membership in the MUS-RP is compulsory for new faculty and administrative staff.

There are very few employees participating in the CSRS and FERS plans combined, and information is not available from the federal plan administrator with respect to the proportionate share for these employees. Due to the limited number of personnel involved, disclosure for these plans will be presented as if they were defined contribution plans.

MUS-RP – The MUS-RP is a defined contribution plan, established in 1988 under authority of Title 19, Chapter 21, MCA and is underwritten by the Teachers' Insurance and Annuity Association (TIAA). Benefits at retirement depend upon the amount of investment gains and losses and the employee's life expectancy at retirement. Under the MUS-RP, each employee enters into an individual contract with TIAA. The University records employee/ employer contributions, and remits monies to TIAA. Combined contributions cannot exceed 13% of the participants' compensation (MCA §19-21-203). Individuals are immediately vested with contributions. Annual reports that include financial statements and required supplemental information on the plan are available from TIAA, 730 Third Avenue, New York, New York 10017-3206, phone 1-800-842-2733.

FERS – This plan commenced in 1986 and is available to Federal employees joining the Extension Service staff that either had no prior covered service under CSRS or had a break in service. This retirement plan contains defined benefit plan components, a Basic Benefit Plan and Social Security, and a defined contribution component, the Thrift Savings Plan (TSP). Basic benefits can be received at age 55 with as little as 10 years of service, and minimum retirement benefits at age 62 with 5 years of service. The formula for basic benefits is 1% of the highest consecutive three-year-average salary multiplied by the number of years of service. The formula changes slightly if over 62 and over 20 years of service. At age 62, retirees are eligible for cost of living adjustments on retirement benefits. The employer is required to make at least a 1% contribution to the TSP. The TSP benefits at retirement depend upon the amount of employer contributions, employee voluntary contributions, and investment gains and losses. Further information regarding the Federal Employees Retirement System can be obtained from the U.S. Office of Personnel Management, 1900 E Street NW, Washington, DC 20415.

CSRS – This retirement plan is authorized under the Smith-Lever Act of 1914 as amended and is available to Federal employees who first entered covered service before January 1, 1987 and who are joining the Extension Service staff without a break in service. CSRS is a defined benefit plan. The retirement benefits are based upon the highest consecutive three-year-average salary. Retirees are eligible for cost of living adjustments the year after retirement. Benefits can be received at age 55 with 30 years of service, age 60 with 20 years of service, or age 62 with five years of service. Further information regarding the Civil Service Retirement System can be obtained from the U.S. Office of Personnel Management, 1900 E Street NW, Washington, DC 20415.

PERS-DCRP – This plan is administered by the Public Employees Retirement Board and is reported as multiple-employer plan established July 1, 2002, governed by Title 19, chapters 2 & 3, MCA. All new PERS members are initially members of the PERS-DBRP and have a 12-month window during which they may choose to remain in the PERS-DBRP or join the PERS-DCRP by filing an irrevocable election. Member and employer contribution rates are specified by state law as a percentage of the member's compensation. Contributions are deducted from each member's salary and remitted by participating employers. The state Legislature has the authority to establish and amend contribution rates. Benefits are dependent upon eligibility and individual account balances. Participants are vested immediately in their own contributions and attributable income. Participants are vested after 5 years of membership service for the employer's contributions to individual accounts and the attributable income. Non-vested contributions are forfeited upon termination of employment per 19-3-2117(5), MCA. Such forfeitures are used to cover the administrative expenses of the PERS-DCRP.

Key Employee Plans – One defined benefit plan and two defined contribution plans exist for a key employee of the University. The defined benefit plan and one defined contribution plan each will provide \$500,000 plus applicable employer payroll taxes. The defined benefit plan has vested, while the first defined contribution plan has not. The MSU Alumni Foundation has agreed to reimburse the University \$500,000 for the combined total \$1,000,000 base wage of the plans, which together provide for payments beginning upon the employee’s retirement. Expenses associated with the plan have been fully accrued for the vested portion and are being accrued throughout the vesting period for the remainder. The University is funding the plan with an outside administrator, to the extent that the IRS allows tax-advantaged contributions, with certain contributions occurring during the employee’s tenure and others which may occur within up to 5 years after retirement. Because the University is funding a substantial proportion of the plan with reimbursement occurring from the MSU Alumni Foundation, a significant liability and effect on net position does not exist; therefore, balances related to these plans are not included within the net pension liability calculations or other disclosures below. The remaining defined contribution plan exists to provide \$56,600 annually in deferred compensation to the key employee.

Pension data for the year ended June 30, 2022 for defined contribution and federal plans is as follows. Employer contributions for these plans are included within compensation and benefits in the accompanying financial statements.

	MUS-RP	CSRS	FERS	PERS- DCRP
Covered payroll*	\$174,744,049	\$253,061	\$105,482	\$3,451,708
Employer contributions/expense	\$10,827,508	\$14,844	\$6,349	\$309,618
% of covered payroll	6.01%-6.22%	5.87%	—	8.97 %
Employee contributions	\$12,427,786	\$14,844	\$2,045	\$272,684
% of covered payroll	7.06%-7.12%	5.87%	—	7.90 %

* Covered payroll excludes students employed under the College Work Study programs and part-time employees.

Total payroll for 2022 was \$260,589,264. Amounts contributed to retirement plans during the past three years were equal to the required contribution each year. Federal plan administrators have not provided information with respect to net pension liability. Because only three individuals employed by the University participate in these plans, the University believes the balances are not material to its financial position or results of operations.

The amounts contributed by the University and its employees were as follows for the years ended June 30:

	MUS-RP	CSRS	FERS	PERS- DCRP
2018	\$20,329,818	\$40,530	\$12,922	\$432,109
2019	\$21,261,078	\$27,584	\$6,606	\$506,089
2020	\$22,265,354	\$27,584	\$7,101	\$532,826
2021	\$23,514,881	\$30,011	\$7,190	\$636,123
2022	\$23,255,294	\$29,689	\$8,394	\$582,303

Defined Benefit Plans

Following is the total of the University’s share of balances for material defined benefit plans as of and for the years ended June 30:

	2022			
	TRS	PERS	GWPORS	Total
Net Pension Liability	\$9,443,846	\$62,354,720	\$900,373	\$72,698,939
Deferred Outflows of Resources	\$17,897,316	\$16,436,252	\$1,718,590	\$36,052,158
Deferred Inflows of Resources	\$3,085,855	\$26,277,393	\$2,471,280	\$31,834,528
Pension Expense (including state share paid on behalf of the University)	\$7,782,453	\$8,679,569	\$72,120	\$16,534,142

In accordance with Statement on Governmental Accounting Standard No. 68, Accounting and Financial Reporting for Pensions (Statement 68), employers are required to recognize and report certain amounts associated with their

participation in retirement plans. Statement 68 became effective June 30, 2015 and includes requirements to record and report the University's proportionate share of the collective Net Pension Liability, Pension Expense, Deferred Inflows, and Deferred Outflows of resources associated with pensions. As defined by Statement 68, the University has a special funding situation in which the State of Montana is legally responsible for making contributions directly to TRS and PERS that are used to provide pension benefits to the retired members of each of the plans. Due to the existence of a special funding situation, the University is also required to report the portion of the State of Montana's proportionate share of the collective Net Pension Liability (NPL) that is associated with the University.

Teachers' Retirement System (TRS)

TRS Plan Description

TRS is a mandatory-participation multiple-employer cost-sharing defined-benefit public pension plan that provides retirement services to individuals employed as teachers, administrators, and in other professional and skilled positions employed in public education in Montana. The TRS Board is the governing body, and the TRS staff administers the system in conformity with the laws set forth in Title 19, chapter 20 of the Montana Code Annotated and administrative rules set forth in Title 2, chapter 44 of the Administrative Rules of Montana. Additional information pertaining to membership, benefit structure, and prior years' actuarial valuations, as well as links to applicable statutes and administrative rules, may be obtained by visiting the TRS web site at trs.mt.gov.

TRS Eligibility for Participation

Membership in TRS is mandatory for all K-12 public educators, except for persons teaching fewer than thirty days in each fiscal year. A University faculty member who is already an active, inactive, or retired member of TRS, if hired into a position that was previously covered by TRS, may have a choice to remain in TRS or transfer to the [Montana University System Retirement Program \(MUS-RP\)](#). University employees not already members of TRS, or that are members of TRS but are hired into a position that was not previously covered by TRS, will become members of the MUS-RP.

TRS Summary of Benefits

Through June 30, 2013, all members enrolled in TRS participated in a single-tiered plan ("Tier One"). Employees with a minimum of 25 years of service or who have reached age 60 with 5 years of service are eligible to receive an annual retirement benefit equal to creditable service years divided by 60 times the average final compensation. Final compensation is the average of the highest three consecutive years of earned compensation. Benefits fully vest after 5 years of creditable service. Vested employees may retire at or after age 50 and receive reduced retirement benefits. Beginning July 1, 2013, new members in TRS participate in a second benefit tier ("Tier Two"), which differs from Tier One as follows:

- Tier Two uses a 5-year average final compensation (as opposed to 3-year AFC in Tier One)
- Tier Two provides for unreduced service retirement benefits at age 60 with 5 years of creditable service or at age 55 with at least 30 years of creditable service (rather than at age 60 with 5 years of service or at any age with creditable service in 25 years in Tier One)
- Tier Two provides for early retirement benefits with 5 years of creditable service at age 55 (rather than age 50 in Tier One)
- Tier Two has a one percent higher normal employee contribution rate (though a temporary 1% supplemental employee contribution rate is also now currently in place for Tier One members), and
- Tier Two provides for an enhanced benefit calculation - $1.85\% \times \text{AFC} \times \text{years of creditable service}$ - for members retiring with at least 30 years of creditable service and at least 60 years of age (rather than $1.6667 \times \text{AFC} \times \text{years of creditable service}$)

A guaranteed annual benefit adjustment (GABA) is payable on January 1st of each calendar year for each retiree who has received at least 36 monthly retirement benefit payments prior to that date. The GABA is applicable to both Tier One and Tier Two members. The GABA for Tier One members is 1.5% of the benefit payable as of January 1st. For Tier Two members, the GABA is a variable rate between 0.50% and 1.50% based on the retirement system's funding status and the period required to amortize any unfunded accrued actuarial liability as determined in the prior actuarial valuation.

The University's net pension liability (NPL) related to TRS was as follows for the years ended June 30,

			Percent of Collective NPL at June 30,		Increase (Decrease) in Percent of Collective NPL
	2022	2021	2022	2021	
University Proportionate Share	\$ 9,443,846	\$ 14,952,221	0.57 %	0.66 %	(0.09)%
State of Montana Proportionate Share associated with the University	2,911,918	4,875,285	0.17 %	0.22 %	(0.05)%
Total	\$ 12,355,764	\$ 19,827,506	0.74 %	0.88 %	(0.14)%

The NPL was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. Therefore, no update procedures were used to roll forward the total pension liability to the measurement date. The University's proportion of the net pension liability was based on the university's contributions received by TRS during the measurement period July 1, 2020, through June 30, 2021, relative to the total employer contributions received from all of TRS' participating employers.

TRS Changes in Actuarial Assumptions and Other Inputs

Since the previous measurement date, the following changes to actuarial assumptions were made:

- The discount rate was lowered from 7.34% to 7.06%.
- The investment rate of return assumption was lowered from 7.34% to 7.06%.

TRS Changes Between the Measurement Date and the Reporting Date

Between the measurement date of the collective net pension liability and the University's reporting date, there were no changes that are expected to have a significant effect on the University's proportionate share of collective net pension liability.

TRS Pension Expense

The University's pension expense related to TRS was as follows for the year ended June 30,

	2022
University expense	\$ 7,498,766
State of Montana expense/ University revenue recognized	283,687
Total	\$ 7,782,453

TRS Deferred Inflows and Outflows

The University share of deferred outflows of resources and deferred inflows of resources related to TRS was as follows:

	2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 148,321	\$ —
Changes in actuarial assumptions	1,075,329	4,850
Difference between projected and actual investment earnings	—	2,984,122
Difference between actual and expected contributions	8,147,453	96,883
Contributions paid to TRS subsequent to the measurement date *	8,526,213	—
Total	\$ 17,897,316	\$ 3,085,855

*Amounts reported as deferred outflows of resources related to pensions resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be fully recognized in pension expense during the year ending June 30:

	Net Amount To Be Recognized as an increase or (decrease) to Pension Expense	
2023	\$	4,448,174
2024	\$	2,493,304
2025	\$	290,700
2026	\$	(946,931)

TRS Overview of Contributions

TRS receives a portion of the total required statutory contributions directly from the State for all employers. The employers are considered to be in a special funding situation as defined by GASB 68 and the State is treated as a non-employer contributing entity. TRS receives 2.49% of reportable compensation from the State's general fund for School Districts and Other Employers. TRS also receives 0.11% of reportable compensation from the State's general fund for State and University employers. Finally, the State is also required to contribute \$25 million annually to TRS in perpetuity, payable on July 1st of each year.

TRS Actuarial Assumptions

The Total Pension Liability as of June 30, 2021, is based on the results of an actuarial valuation date of July 1, 2021. There were several significant assumptions and other inputs used to measure the total pension liability. The actuarial assumptions used in the July 1, 2021 valuation were based on the results of the last actuarial experience study, dated May 3, 2018. Among those assumptions were the following:

- Total Wage Increases*
 - 4.25% for University members,
 - 3.25%-7.76% for Non-University members
- Investment Return
 - 7.06%
- Price Inflation
 - 2.40%
- Post-retirement Benefit Increases
 - Tier One Members: If the retiree has received benefits for at least three years, the retirement allowance will be increased by 1.5% each January 1st.
 - Tier Two Members: The retirement allowance will be increased by an amount equal to or greater than 0.5% but no more than 1.5% if the most recent actuarial valuation shows the System to be at least 90% funded and the provisions of the increase is not projected to cause the funded ratio to be less than 85% (starting three years after retirement).
- Mortality among contributing members, service retired members, and beneficiaries
 - For Males and Females: RP-2000 Healthy Combined Mortality Table projected to 2022 adjusted for partial credibility setback for two years.
- Mortality among disabled members
 - For Males: RP- 2000 Disabled Mortality Table, set back three years, with mortality improvements projected by Scale BB to 2022.
 - For Females: RP 2000 Disabled Mortality Table, set forward two years, with mortality improvements projected by Scale BB to 2022.

*Total Wage Increases include 3.25% general wage increase assumption

TRS Discount Rate

The discount rate used to measure the total pension liability was 7.06%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Code Annotated. In addition to the contributions, the State general fund will contribute \$25 million annually to TRS payable July 1 of each year. Based on those assumptions, the TRS fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2124. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. No municipal bond rate was incorporated in the discount rate.

TRS Target Allocations

Asset Class	Target Asset Allocation	Long Term Expected Real Rate of Return
Domestic Equity	30.00%	5.90%
International Equity	17.00%	7.14%
Private Investments	15.00%	9.13%
Real Assets	5.00%	4.03%
Real Estate	9.00%	5.41%
Core Fixed Income	15.00%	1.14%
Non-Core Fixed Income	6.00%	3.02%
Cash	3.00%	-0.33%
	100.00%	

The long-term capital market assumptions published in the *Survey of Capital Market Assumptions 2021 Edition* by Horizon Actuarial Services, LLC, yield a median real return rate of 4.66%. Assumed inflation is based on the intermediate inflation assumption of 2.4% in the 2021 OASDI Trustees Report used by the Chief Actuary for Social Security to produce 75 year cost projections. Combining these two results yields a nominal return of 7.06%.

TRS Sensitivity Analysis

Below is information regarding the net pension liability calculated using the current and two additional rates:

	Assuming 1.0% Decrease (6.06%)	At Current Discount Rate (7.06%)	Assuming 1.0% Increase (8.06%)
University proportion of Net Pension Liability	\$14,031,716	\$9,443,846	\$5,615,343

TRS Summary of Significant Accounting Policies

TRS prepares its financial statements using the accrual basis of accounting. For the purposes of measuring the Net Pension Liability, deferred inflows of resources and deferred outflows of resources related to pensions, pension expense, information about the fiduciary net position of TRS and additions to/deductions from TRS's fiduciary net position have been determined on the same accrual basis as they are reported by TRS. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. TRS adheres to all applicable Governmental Accounting Standards Board (GASB) statements.

TRS's stand-alone financial statements, actuarial valuations and experience studies can be found online at <https://trs.mt.gov/TrsInfo/NewsAnnualReports>

Public Employees' Retirement System (PERS)

PERS Plan Description

The PERS-Defined Benefit Retirement Plan (DBRP), administered by the Montana Public Employee Retirement Administration (MPERA), is a multiple-employer, cost-sharing plan established July 1, 1945, and governed by Title 19, chapters 2 & 3, Montana Code Annotated (MCA). This plan covers the State and local governments, certain employees of the Montana University System, and school districts. Benefits are established by state law and can only be amended by the Legislature.

The PERS-DBRP provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service, and highest average compensation. Member rights are vested after five years of service.

PERS Eligibility for Participation

All new members in covered positions (generally all University classified employees which excludes faculty and professional staff) are defaulted to the PERS-DBRP and have a 12-month window during which they may choose to remain in the PERS-DBRP or join the PERS-DCRP by filing an irrevocable election. Members may not be members of both the defined contribution and defined benefit retirement plans. All new members from the University also have a third option to join the Montana University System Retirement Program (MUS-RP). For members that choose to join the PERS-DCRP or the MUS-RP, a percentage of the employer contributions is used to pay down the liability of the PERS-DBRP. A new employee of the University who is already an active or inactive member of one of the PERS Plans may remain in the current retirement option or transfer to the MUS-RP. Written election to move to the MUS-RP must be done within 30 days of becoming eligible to participate, or employees default to their existing retirement plan.

PERS Summary of Benefits

Service retirement:

Hired prior to July 1, 2011:	Age 60, 5 years of membership service Age 65, regardless of membership service or Any age, 30 years of membership service
Hired on or after July 1, 2011:	Age 65, 5 years of membership service Age 70, regardless of membership service

Early retirement, actuarially reduced:

Hired prior to July 1, 2011:	Age 50, 5 years of membership service Any age, 25 years of membership service
Hired on or after July 1, 2011:	Age 55, 5 years of membership service

Second Retirement (requires returning to PERS-covered employer or PERS service)

- Retired before January 1, 2016 and accumulate less than 2 years additional service credit or retired on or after January 1, 2016 and accumulate less than 5 years additional service credit:
 - A refund of member's contributions plus return interest (currently 2.02% effective July 1, 2018)
 - No service credit for second employment
 - Start the same benefit amount the month following termination
 - Guaranteed Annual Benefit Adjustment (GABA) starts again in the January immediately following the second retirement
- Retired before January 1, 2016 and accumulate at least 2 years of additional service credit:
 - A recalculated retirement benefit based on provisions in effect after the initial retirement
 - GABA starts on the recalculated benefit in the January after receiving the new benefit for 12 months
- Retired on or after January 1, 2016 and accumulate 5 or more years of service credit:
 - The same retirement as prior to the return to service
 - A second retirement benefit as prior to the second period of service based on laws in effect upon the rehire date
 - GABA starts on both benefits in the January after receiving the original and the new benefit for 12 months

Member's highest average compensation (HAC)

- Hired prior to July 1, 2011 – HAC during any consecutive 36 months
- Hired on or after July 1, 2011 – HAC during any consecutive 60 months

Compensation Cap

- Hired on or after July 1, 2013 – 110% annual cap on compensation considered as a part of a member's highest average compensation

PERS Monthly benefit formula

Members hired prior to July 1, 2011:

- Less than 25 years of membership service: 1.785% of HAC per year of service credit
- 25 years of membership service or more: 2% of HAC per year of service credit

Members hired on or after July 1, 2011:

- Less than 10 years of membership service: 1.5% of HAC per year of service credit
- 10 years or more, but less than 30 years of membership service: 1.785% of HAC per year of service credit
- 30 years or more of membership service: 2% of HAC per year of service credit

PERS Guaranteed Annual Benefit Adjustment (GABA)

After the member has completed 12 full months of retirement, the member’s benefit increases by the applicable percentage (provided below) each January, **inclusive** of other adjustments to the member’s benefit.

- 3% for members hired prior to July 1, 2007
- 1.5% for members hired between July 1, 2007 through June 30, 2013
- Members hired on or after July 1, 2013:
 - 1.5% for each year PERS is funded at or above 90%
 - 1.5% reduced by 0.1% for each 2% PERS is funded below 90%
 - 0% whenever the amortization period for PERS is 40 years or more

PERS Net Pension Liability

As defined by GASB Statement 68, the State of Montana contributed additional contributions, as the non-employer contributing entity, that qualify as special funding. The state contributed a Statutory Appropriation from the General Fund of \$34,290,660 that was paid to the plan. Those employers who received special funding are all participating employers. Due to the existence of the this special funding situation, all participating employers, including the University, are required to report the portion of the State of Montana’s proportionate share of the collective net Pension Liability that is associated with the employer. The State of Montana’s proportionate share of net pension liability associated with the university is \$17.7 million. This equals the ratio of state statutory contributions for the university to the total state contributions paid.

The University’s net pension liability related to PERS was as follows for the years ended June 30,

	2022	2021	Percent of Collective NPL at June 30,		Increase (Decrease) in Percent of Collective NPL
			2022	2021	
University Proportionate Share	\$ 62,354,720	\$ 90,852,389	3.44 %	3.44 %	0.00 %
State of Montana Proportionate Share associated with the University	17,651,148	27,542,683	0.97 %	1.04 %	(0.07)%
Total	\$ 80,005,868	\$ 118,395,072	4.41 %	4.48 %	(0.07)%

The Net Pension Liability (NPL) as of June 30, 2022, was determined based on the Total Pension Liability (TPL) using the actuarial valuation at June 30, 2020, with update procedures to roll forward the TPL to June 30, 2021. The roll forward procedure uses a calculation that adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the plan year, and then applies the expected investment rate of return for the year. The University’s proportion of the NPL was based on the University’s contributions received by PERS during the measurement period July 1, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERS’ participating employers.

PERS Changes in Actuarial Assumptions and Methods

The following changes in assumptions or other inputs were made that affected the measurement of the TPL:

- The discount rate was lowered from 7.34% to 7.06%.
- The investment rate of return was lowered from 7.34% to 7.06%.

PERS Changes Between the Measurement Date and the Reporting Date

There were no changes to the Plan between the measurement date of the collective NPL and the University’s reporting date that are expected to have a significant effect on the University’s proportionate share of the collective NPL.

PERS Pension Expense

The University's pension expense related to PERS was as follows for the years ended June 30,

	2022
University share	\$ 3,240,837
State of Montana expense/ University revenue recognized	5,438,731
Total PERS Pension expense recognized	\$ 8,679,568

PERS Deferred Inflows and Outflows

The University share of deferred outflows of resources and deferred inflows of resources related to PERS was as follows:

	2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 665,439	\$ 451,383
Changes in actuarial assumptions	—	25,260,540
Difference between projected and actual investment earnings	9,235,896	—
Change in proportionate share	1,107,328	565,470
Difference in expected versus actual contributions	—	—
Contributions paid to PERS subsequent to the measurement date *	5,427,588.9	—
Total	\$ 16,436,252	\$ 26,277,393

*Amounts reported as deferred outflows of resources related to pensions resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be fully recognized in pension expense during the years ending June 30:

	Net Amount To Be Recognized as an increase or (decrease) to Pension Expense
2022	\$ 871,086
2023	\$ (1,974,960)
2024	\$ (6,101,069)
2025	\$ (8,063,790)

PERS Overview of Contributions

Rates are specified by Montana Statutes and are a percentage of the member's compensation. The State legislature has the authority to establish and amend contribution rates to the plan.

PERS Member contributions

- Plan members are required to contribute 7.9% of their compensation. Contributions are deducted from each member's salary and remitted by participating employers.
- The 7.9% member contribution rate is temporary and will be decreased to 6.9% on January 1 in the year following an actuarial valuation in which results show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and additional member contribution rates.

PERS Employer contributions

- State and University employers are required to contribute 8.97% of members' compensation.
- Local government entities are required to contribute 8.87% of members' compensation.
- School district employers are required to contribute 8.60% of members' compensation.
- Following the 2013 Legislative Session, PERS-employer contributions were temporarily increased. Effective July 1, 2013, employer contributions increased 1.0%. Beginning July 1, 2014, employer contributions began increasing an additional 0.1% each year for 10 years, through 2024. The employer additional contributions including 0.27% added in 2007 and 2009, will terminate on January 1 of the year following actuarial valuation results that show the amortization period of the PERS-DBRP has dropped below 25 years and would remain below 25 years following the reductions of both the additional employer and member contributions rates.
- Effective July 1, 2013, employers are required to make contributions on working retirees' compensation, though member contributions for working retirees are not required.
- Effective July 1, 2013, the additional employer contributions for DCRP and MUS-RP were allocated to the defined benefit plan's Plan Choice Rate (PCR) unfunded liability. The PCR was paid off effective March 2016 and the contributions previously directed to the PCR are now directed to member accounts.

PERS Non Employer Contributions

Special Funding: The state of Montana, as the non-employer contributing entity, paid to the Plan, additional contributions that qualify as special funding. Those employers who received special funding are all participating employers.

Not Special Funding: Per Montana law, state agencies and universities paid their own additional contributions. The employer paid contributions are not accounted for as special funding for state agencies and universities but are reported as employer contributions.

PERS Stand-Alone Statements

The PERS financial information is reported in the Public Employees Retirement Board (PERB) Annual Comprehensive Financial Report. These reports, as well as the actuarial valuations and experience study, are available from the PERB at 100 North Park, PO Box 200131, Helena, MT 59620-0131, 406-444-3154 or are available on the MPERA website at <https://mpera.mt.gov/about/annualreports1/annualreports>.

PERS Actuarial Assumptions

The Total Pension Liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions.

- General wage growth* 3.50%
*includes Inflation at 2.40%
- Merit increases 0% to 4.80%
- Investment return (net of expenses) 7.06%
- Administrative expense as a % of payroll 0.28%
- Post-retirement benefit increases
Guaranteed Annual Benefit Adjustment (GABA) each January after the member has completed 12 full months of retirement, inclusive of all other adjustments to the member's benefit
 - 3.0% for members hired prior to July 1, 2007
 - 1.5% for members hired between July 1, 2007 and June 30, 2013
 - Members hired on or after July 1, 2013:
 - 1.5% for each year PERS is funded at or above 90%;
 - 1.5% reduced by 0.1% for each 2% PERS is funded below 90%; and
 - 0% whenever the amortization period for PERS is 40 years or more
- Mortality assumptions for contributing members, service retired members, and beneficiaries based on RP-2000 Combined Employee and Annuitant Mortality Tables projected to 2020 with scale BB, males set back one year.
- Mortality assumptions among Disabled Retirees are based on RP-2000 Combined Mortality Tables with no projections.

PERS Discount Rate

The discount rate used to measure the Total Pension Liability was 7.06%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities will be made based on the Board's funding policy, which establishes the

contractually required rates under Montana Code Annotated. The State contributes 0.10% of salaries paid by local governments and 0.37% paid by school districts. In addition, the State contributes a statutory appropriation from the general fund. Based on those assumptions, the PERS fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2126. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability. No municipal bond rate was incorporated in the discount rate.

PERS Target Allocations

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Cash	3.00%	-0.33%
Domestic Equity	30.00%	5.90%
International Equity	17.00%	7.14%
Private Investments	15.00%	9.13%
Real Assets	5.00%	4.03%
Real Estate	9.00%	5.41%
Core Fixed Income	15.00%	1.14%
Non-Core Fixed Income	6.00%	3.02%
	<u>100.00%</u>	

The long-term rate of return as of June 30, 2021, was calculated using the average long-term capital market assumptions published in the Survey of Capital Market Assumptions 2021 Edition by Horizon Actuarial Service, LLC, yielding a median real return of 4.66%. The assumed inflation is based on the intermediate inflation assumption of 2.40% in the 2021 OASDI Trustees Report used by the Chief Actuary for Social Security to produce 75-year cost projections. Combining these two results yields a nominal return of 7.06%. Best estimates of arithmetic real rates of return for each major asset class included in the PERS target asset allocation as of June 30, 2021, are summarized in the above table.

PERS Sensitivity Analysis

Below is information regarding the net pension liability calculated using the current and two additional rates:

	1.0% Decrease (6.06%)	Current Discount Rate (7.06%)	1.0% Increase (8.06%)
The University's proportion of Net Pension Liability	\$98,978,395	\$62,354,720	\$31,635,957

PERS Summary of Significant Accounting Policies

MPERA prepares its financial statements using the accrual basis of accounting. For the purposes of measuring the Net Pension Liability, deferred inflows of resources and deferred outflows of resources related to pensions, Pension Expense, information about the fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same accrual basis as they are reported by MPERA. For this purpose, member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Revenues are recognized in the accounting period they are earned and become measurable. Benefit payments and refunds are recognized in the accounting period when due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred. Investments are reported at fair value. MPERA adheres to all applicable pronouncements of the Governmental Accounting Standards Board (GASB).

Game Wardens' and Peace Officers' Retirement System (GWPORS)

GWPORS Plan Description

GWPORS is administered by the Montana Public Employee Retirement Administration (MPERA). It is a multiple-employer, cost-sharing defined benefit plan established in 1963, and governed by Title 19, chapters 2 & 8, MCA. Benefits are established by state law and can only be amended by the Legislature. GWPORS provides retirement, disability and death benefits to those employed as game wardens, warden supervisory personnel, or state peace officers, and their beneficiaries. Member rights are vested after five years of service.

GWPORS Service Retirement and Monthly Benefit Formula:

- Age 50 with 20 years of membership service.
- 2.5% of highest average compensation (HAC) x years of service credit

GWPORS Early Retirement

- Age 55, vested members who terminate employment prior to 20 years of membership service.
- A reduced retirement benefit calculated using the HAC and service credit at early retirement.

GWPORS Second Retirement

Applies to retirement system members re-employed in a GWPORS position on or after July 1, 2017:

- If the member works more than 480 hours in a calendar year and accumulates less than 5 years of service credit before terminating again, the member:
 - is not awarded service credit for the period of reemployment
 - is refunded the accumulated contributions associated with the period of reemployment
 - starting the first month following termination of service, receives the same retirement benefit previously paid to the member
 - does not accrue post-retirement benefit adjustments during the term of reemployment but receives a Guaranteed Annual Benefit Adjustment (GABA) in January immediately following second retirement
- If the member works more than 480 hours in a calendar year and accumulates at least 5 years of service credit before terminating again, the member:
 - is awarded service credit for the period of reemployment
 - starting the first month following termination of service, receives
 - the same retirement benefit previously paid to the member
 - a second retirement benefit for the period of reemployment calculated based on the laws in effect as of the members' rehire date
 - does not accrue post-retirement benefit adjustments during the term of reemployment but receives a GABA:
 - on the initial retirement benefit in January immediately following second retirement
 - on the second retirement benefit starting in January after receiving that benefit for at least 12 months
- A member who returns to covered service is not eligible for a disability benefit

GWPORS Member's Highest Average Compensation (HAC)

- Hired prior to July 1, 2011 – HAC is the average during any consecutive 36 months
- Hired on or after July 1, 2011 – HAC is the average during any consecutive 60 months

Compensation Cap

- Hired on or after July 1, 2013 – 110% annual cap on compensation considered as a part of a member's HAC

GWPORS Guaranteed Annual Benefit Adjustment (GABA)

After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage (provided below) each January, inclusive of all other adjustments to the member's benefit:

- 3.0% for members hired **prior to** July 1, 2007
- 1.5% for members hired **on or after** July 1, 2007

GWPORS Net Pension Liability

The University's net pension liability related to GWPORS was as follows for the years ended June 30,

			Percent of Collective NPL at June 30,		Increase (Decrease) in Percent of Collective NPL
	2022	2021	2022	2021	
University Proportionate Share	\$ 900,373	\$ 4,459,503	2.78%	3.30%	-0.52%

The Net Pension Liability as of June 30, 2022, was determined based on the Total Pension Liability using the actuarial valuation at June 30, 2020, with update procedures to roll forward the TPL to June 30, 2021.

GWPORS Changes Between the Measurement Date and Reporting Date

Between the measurement date of the collective net pension liability and the University's reporting date, there were no changes that are expected to have a significant effect on the University's proportionate share of collective net pension liability.

GWPORS Changes in Actuarial Assumptions or Methods

The following changes in assumptions or other inputs were made that affected the measurement of the TPL:

- The discount rate was increased from 5.65% to 7.06%.
- The investment rate of return was lowered from 7.34% to 7.06%.

GWPORS Pension Expense

The University's proportionate share of the pension expense related to GWPORS was as follows for the years ended June 30,

	2022
University expense	\$ 72,120

GWPORS Deferred Inflows and Outflows

At June 30, the University share of deferred outflows of resources and deferred inflows of resources related to GWPORS was as follows:

	2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 129,025	\$ 86,196
Changes in actuarial assumptions	—	763,582
Difference between projected and actual investment earnings	1,430,821	1,429,043
Changes in proportionate share	—	192,459
Contributions paid to GWPORS subsequent to the measurement date*	158,744	—
Total	\$ 1,718,590	\$ 2,471,280

* Amounts reported as deferred outflows of resources related to pensions resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be fully recognized in pension expense during the year ending June 30:

	Net Amount To Be Recognized as an increase or (decrease) to Pension Expense
2022	\$ (219,409)
2023	\$ (232,800)
2024	\$ (218,165)
2025	\$ (241,061)
Thereafter	\$ —

GWPORS Overview of Contributions

The State legislature has the authority to establish and amend contribution rates to the plan. Contribution rates are specified by Montana Statutes and are a percentage of the member's compensation. Plan members are required to contribute 10.56% of member's compensation. Contributions are deducted from each member's salary and remitted by participating employers. Each state agency and university employers are required to contribute 9.0% of members' compensation.

GWPORS Stand-Alone Statements

The GWPORS financial information is reported in the Public Employees Retirement Board (PERB) Annual Comprehensive Financial Report. These reports, as well as the actuarial valuations and experience study, are available from the PERB at 100 North Park, PO Box 200131, Helena, MT 59620-0131, 406-444-3154 or are available on the MPERA website at <https://mpera.mt.gov/about/annualreports1/annualreports>.

GWPORS Actuarial Assumptions

The Total Pension Liability in the June 30, 2021, actuarial valuation was determined using the following assumptions:

- General wage growth (includes inflation at 2.40%) 3.50%
- Merit increases 0% to 6.30%
- Investment return 7.06%
- Administrative expenses as a percent of payroll 0.17%
- Guaranteed Annual Benefit Adjustment (GABA)
Requires 12 full months of retirement before GABA will be made
 - For members hired prior to July 1, 2007 3.00%
 - For members hired on or after July 1, 2007 1.50%
- Mortality assumptions among service retired members and beneficiaries based on RP-2000 Combined Employee and Annuitant Mortality Tables projected to 2020 with scale BB, set back one year for males.
- Mortality assumptions among Disabled Retirees are based on RP-2000 Combined Employee and Annuitant Mortality Tables with no projections.

GWPORS Discount Rate

The discount rate used to measure the Total Pension Liability was 7.06%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Code Annotated. Based on those assumptions, the GWPORS fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2124. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability. A municipal bond rate was not incorporated in the discount rate.

GWPORS Target Allocations

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Cash	3.00%	-0.33%
Domestic Equity	30.00%	5.90%
International Equity	17.00%	7.14%
Private Investments	15.00%	9.13%
Real Assets	5.00%	4.03%
Real Estate	9.00%	5.41%
Core Fixed Income	15.00%	1.14%
Non-Core Fixed Income	6.00%	3.02%
	100.00%	

The long-term rate of return as of June 30, 2021, was calculated using the average long-term capital market assumptions published in the Survey of Capital Market Assumptions 2021 Edition by Horizon Actuarial Service, LLC, yielding a median real return of 4.66%. The assumed inflation is based on the intermediate inflation assumption of 2.40% in the 2021 OASDI Trustees Report used by the Chief Actuary for Social Security to produce 75-year cost projections. Combining these two results yields a nominal return of 7.06%. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2021, are in the table above.

GWPORS Sensitivity Analysis

Below is information regarding the net pension liability calculated using the current and two additional rates:

	1.0% Decrease (6.06%)	Current Discount Rate (7.06%)	1.0% Increase (8.06%)
University proportion of Net Pension Liability	\$2,191,403	\$900,373	\$(150,308)

GWPORS Summary of Significant Accounting Policies

The GWPORS prepares its financial statements using the accrual basis of accounting. For the purposes of determining the Net Pension Liability, deferred inflows of resources and deferred outflows of resources related to pensions, Pension Expense, information about the fiduciary net position and additions to/deductions from fiduciary net position have been recognized on the same accrual basis as they are reported by GWPORS. For this purpose, member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Revenues are recognized in the accounting period they are earned and become measurable. Benefit payments and refunds are recognized in the accounting period when due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred. Investments are reported at fair value. The GWPORS adheres to all applicable Governmental Accounting Standards Board (GASB) statements.

Termination Benefits

During the year ended June 30, 2022, certain employees were involuntarily terminated. The University agreed to contribute to their health insurance for a specified period of time as severance. Additionally, certain employees were offered a one-time payment as incentive to retire. Certain employees had elected the Teachers' Retirement System Option 1 payout during the fiscal year ended June 2022. During the year ended June 30, 2022, incentive pay of \$61,252 for voluntary and involuntary terminations plus benefits of \$276,478 (including TRS payment of \$264,073) were paid to a total of 9 employees, for a total of \$337,730 in expenses included in the accompanying financial statements.

Other Post-Employment Benefits

Other post-employment benefits (OPEB) are benefits, such as healthcare benefits, that are paid in the period after employment and that are provided separately from a pension plan. OPEB does not include termination benefits or termination payments for sick leave. Following is the total of the University's OPEB liabilities, deferred outflows and inflows of resources related to OPEB, and the OPEB expense as reported in accordance with GASB Statement No. 75, for the fiscal year ended June 30, 2022.

	<u>2022</u>
Total OPEB Liability	\$ 26,833,911
Deferred OPEB Outflows of Resources	\$ 26,089,633
Deferred OPEB Inflows of Resources	\$ 27,639,891
OPEB expense	\$ 2,841,408

Plan Description – The Montana University System (MUS) Group Health Insurance plan is administered by the Office of the Commissioner of Higher Education. The MUS provides optional post-employment healthcare benefits in accordance with Section 2-18-704, MCA to the following employees and dependents who elect to continue coverage and pay administratively established contributions: (1) employees and dependents who retire under applicable retirement provisions and (2) surviving dependents of deceased employees. Participants must elect to start medical coverage within 60 days of leaving employment. Coverage is effective the first day of the month following termination of employment. Medical, dental, and vision benefits are available through this defined benefit plan. The MUS OPEB plan is not administered through a trust; as such, no plan assets are eligible to be used to offset the total OPEB liability. The MUS group health insurance program operates in accordance with state law requiring it to be actuarially sound (20-25-1310, MCA) and have sufficient reserves to liquidate unrevealed claims liability and other liabilities.

The MUS OPEB plan is reported as single employer plan. The MUS pays for post-employment healthcare benefits on a pay-as-you-go basis from general assets from the MUS group health insurance plan. Section 20-25-1310, MCA gives authority for establishing and amending the funding policy to the Board of Regents for the MUS group health insurance plan. The MUS allows retirees to participate, as a group, at a rate that does not cover all of the related costs when retirees separated from the active participants in the group health insurance plan. This results in the reporting of the total OPEB liability in the related financial statements and note disclosures.

Employer proportionate share of total OPEB liability and basis for allocation – The total OPEB liability (TOL) was based on the actuarial valuation as of December 31, 2020, with a measurement date of March 31, 2022. The University's proportion of the TOL was based upon the total participants in the group health insurance plan. The actuary report presents a valuation of the TOL assigned to each participant in the group health insurance plan.

Proportionate share of collective total OPEB liability

The University's share of the total plan OPEB liability was as follows :

	<u>2022</u>		<u>2021</u>	
	OPEB Liability	OPEB Proportionate Share	OPEB Liability	OPEB Proportionate Share
Total OPEB Liability	\$26,833,911	53.68%	\$32,324,640	53.68%

OPEB Deferred Outflows of Resources and Deferred Inflows of Resources were as follows

The University's OPEB plan deferred outflows and inflows of resources are from the following sources:

	2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ —	\$ (16,762,331)
Changes in actuarial assumptions or other inputs	31,683,928	\$ (16,682,496)
Prior Period Amortization	(3,082,747)	3,117,635
FY21 Amortization	(2,511,548)	2,687,301
Total	\$ 26,089,633	\$ (27,639,891)

Other amounts reported as deferred outflows and inflows of resources related to OPEB will be fully recognized in expense during the fiscal years ending June 30, as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Amount To Be Recognized as an increase or (decrease) to OPEB Expense
2023	\$ 2,511,548	(2,687,301)	\$ (175,753)
2024	\$ 2,511,548	(2,687,301)	\$ (175,753)
2025	\$ 2,511,548	(2,687,301)	\$ (175,753)
2026	\$ 2,511,548	(2,687,301)	\$ (175,753)
2027	\$ 2,511,548	(2,687,301)	\$ (175,753)
Thereafter	\$ 13,531,893	(14,203,386)	\$ (671,493)

Actuarial Methods and Assumptions – The total OPEB liability (TOL) measured under GASB Statement No. 75 is based upon service cost and more standardized reporting assumptions than prior GASB Statements. As a pay-as-you-go public entity, GASB 75 requires a current municipal bond discount rate to establish an Actuarially Determined Contribution (ADC). The GASB 75 valuation is further required to show both historical and projected future net changes in TOL, as well as sensitivity to changes in key underlying assumptions. Actuarially determined amounts are subject to continual revisions being actual results are compared with past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

Information as of the latest actuarial valuation for the MUS OPEB plan follows:

Average annual contribution:	Retiree/ Surviving Spouse	Spouse	Actuarial assumptions:	
	Before Medicare eligibility	\$11,772	\$9,637	Discount rate
After Medicare eligibility	\$4,416	\$5,205	Projected payroll increases	2.5 %
Actuarial valuation date	December 31, 2020		Participation:	
Actuarial measurement date ⁽¹⁾	March 31, 2022		Future retirees	40 %
Actuarial cost method	Entry age normal funding method		Future eligible spouses	70 %
Amortization method	Level percent of pay		Marital status at retirement	70 %
Amortization period	20 years			
Asset valuation method	Not applicable since no assets meet the definition of plan assets under GASB 75			

⁽¹⁾ Updated procedures were used to roll forward the total OPEB liability to the measurement date.

Mortality - Health: For TRS and MUS-RP, healthy mortality is assumed to follow the RP-2000 Healthy Annuitant Mortality Table for ages 50 and above and the RP-2000 Combined Healthy Annuitant Mortality Table for ages below 50, set back four years for males, set back two years for females, with mortality improvements projected by Scale BB to 2018. For all other groups, healthy mortality is assumed to follow the RP-2000 Combined Mortality Table with improvements projected by Scale BB to 2020, set back one year for males.

Mortality - Disabled: For TRS and MUS-RP, disabled mortality is assumed to follow the RP-2000 Disabled Mortality Table, set forward one year for males and set forward five years for females, with mortality improvements projected by Scale BB to 2018. For all other groups, disabled mortality is assumed to follow the RP-2000 Combined Mortality Table with no projections.

Changes in actuarial assumptions and methods since last measurement date: No changes to methodology since the prior valuation. Changes to assumptions included a decrease to the interest/discount rate based on the average of multiple 03/31/2021 municipal bond rate sources.

Changes in benefit terms since last measurement date: Reduced carrier options to one.

Sensitivity of the TOL to changes in the healthcare cost trend rates

The following presents the Total OPEB Liability if calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Assuming 1.0% Decrease 5.0%	At Current Rate 6.0%	Assuming 1.0% Increase 7.0%
University proportion of total OPEB Liability	\$20,712,956	\$26,833,911	\$35,446,032

Sensitivity of the TOL to changes in the discount rate: The following presents the Total OPEB Liability if calculated using the 20-year municipal bond rates that are 1-percentage-point lower or 1-percentage-point higher than the March 31, 2019 20-year municipal bond rate:

	Assuming 1.0% Decrease 2.31%	At Current Rate 3.31%	Assuming 1.0% Increase 4.31%
University proportion of total OPEB Liability	\$35,046,498	\$26,833,911	\$20,818,901

Financial and plan information — The MUS Group Benefits Plan does not issue a stand-alone financial report, but is subject to audit as part of the State of Montana’s Basic Financial Statements, included in the Annual Comprehensive Financial Report (ACFR). A copy of the most recent ACFR can be obtained online at <https://sfsd.mt.gov/SAB/acfr> or by contacting the Montana Department of Administration, PO Box 200102, Helena, MT 59620-0102.

NOTE 15 – RISK MANAGEMENT

Due to the diverse risk exposure of the University and its constituent agencies, the insurance portfolio contains a comprehensive variety of coverage. Montana statutes, Sections 2-9-101 through 305, MCA, require participation of all state agencies in the self-insurance plan established by the Montana Department of Administration, Risk Management and Tort Defense Division (RMTDD). The self-insurance program includes coverage for automobile physical damage, aircraft physical damage and liability, general liability (including auto), and property exposures. The RMTDD provides coverage above self-insured retentions by purchasing other commercial coverage using Alliant Insurance Services as the primary insurance broker. Those coverages include Active Shooter coverage, volunteer accidental death & dismemberment, boiler & machinery, business interruption, crime, cyber/data information security, fine art, foreign liability and special risks, inland marine, student medical and non-medical professional liability, excess property, special events coverage, and Summer Camps Accident and Injury. The insurance broker for aviation excess liability and aircraft hull (physical damage) is held through a specialty broker, Mountain Air Aviation. MSU secures athletic injury and catastrophic sports injury insurance for its NCAA programs through AIG Insurance Company. In addition to these basic policies, the University’s Department of Safety and Risk Management establishes guidelines and provides consultation in risk assessment, avoidance, acceptance, and transfer. There have been no significant reductions in commercial property insurance protection from fiscal 2021 to fiscal 2022, and there were no instances in which settlements exceeded insurance coverage for the past three fiscal years.

Buildings and contents are insured for replacement cost value. For each loss covered by the State’s self-insurance program and commercial coverage, MSU elects a \$1,000 per occurrence retention.

General liability and tort claim coverage includes comprehensive liability for personal injury or property damage that may arise from a negligent act or omission of the state. Also included and provided for by the University’s participation in the State’s self-insurance program are automobile liability, UAV (drone) liability, and coverage for watercraft and mobile equipment. If the RMTDD pays damages on a claim, the division has the right to recover costs or damages from any party in connection with the claim. There is no agency deductible applied to tort liability claims. There is a \$250/\$500 deductible for comprehensive/collision claims on state owned, loaned, or leased vehicles.

The Tort Claims Act of the State of Montana, Section 2-9-102, MCA, provides that governmental entities are liable for its torts and of those of its employees acting within the course and scope of their employment or duties, whether arising out of a governmental or proprietary function, except as specifically provided by the Legislature. Accordingly, Section 2-9-305, MCA, requires that the State “provide for the immunization, defense and indemnification of its public officers and employees civilly sued for their actions taken within the course and scope of their employment.”

Self-Funded Programs include both health care and workers’ compensation. The University’s employee health care program is self-funded and is provided through participation in the Montana University System (MUS) Inter-unit Benefits Program. The MUS program is funded on an actuarial basis and the actuarial analysis indicates sufficient reserves to pay run-off claims related to prior years and considers premiums and University contributions sufficient to pay current and future claims.

The MUS provides workers’ compensation coverage through the MUS Self-Funded Workers’ Compensation Program (WC Program). The WC Program covers all Montana employees of the MUS while they are working within the course & scope of their MUS employment, including while in travel status inside & outside the U.S. The Program is self-insured for workers’ compensation claims to a maximum of \$750,000 per occurrence after July 1, 2013. Prior to July 1, 2013, the Program was self-insured for workers’ compensation claims to a maximum of \$500,000 per occurrence. Losses more than those limits, or \$1,000,000 for an aircraft-related claim, are covered by reinsurance with a commercial carrier. Employer’s liability claims are covered to a maximum of \$1,000,000 above

the self-insured amount. The MUS also purchases state-specific workers' compensation insurance policies for its permanent, non-MT employees.

The WC Program is administered by staff at the Office of the Commissioner of Higher Education. The Director reports to a governing Committee comprised of campus and OCHE representatives. Campuses pay work comp premiums to fund the Program based on risk class rates applied to payroll.

The WC Program utilizes a Third-Party Administrator with experienced senior staff to manage claims, and an actuary with experience in workers' compensation to calculate its claim liability and to ensure adequate premium rates and reserving for the liability. The Program and its actuary will continue to incorporate Montana University System claim data, trends, and experience into the estimate of current and non-current claims liability and adjust accordingly. The Program and its actuary monitor its potential liabilities and work collaboratively with campus safety and risk managers to identify and mitigate risks and with along with internal and external partners to secure the fiscal health of the Program.

Premium rates for all members are established by the WC Program's governing Committee based upon anticipated premiums needed as determined by the actuary. Premium rates are adjusted annually based on inflation, claims experience, and other factors. Premiums are recorded as revenue in the period for which coverage is provided. Members may be subject to supplemental assessments in the event of deficiencies and in the event of increased costs due to changes in law or excessive claims costs. The Program considers anticipated investment income in determining if a premium deficiency exists.

NOTE 16 – COMMITMENTS AND CONTINGENT LIABILITIES

Encumbrances – As of June 30, 2022, the University had issued purchase orders committing the expenditure of approximately \$31.1 million for equipment, supplies and services which had not yet been received.

Legal actions – Montana State University is a defendant in legal actions arising in the normal course of business. While outcomes cannot be determined at this time, management is of the opinion that the liability from these actions will not have a material impact on the University's financial position.

In addition, MSU has been named as a defendant in a class action lawsuit alleging that students are due a refund for their paid tuition and fees based on the switch to remote learning in the spring 2020 due to the COVID-19 pandemic. The University denies these claims and will actively defend them. Following preliminary motions, all but two of the initial claims have been dismissed. The parties are in active discovery. At this time, it is too early to determine the financial impacts, if any, of a potential adverse outcome. However, with the initial dismissal of claims any potential for fiscal impacts has been significantly reduced.

Refundable and transferable grants – The University receives grants and other forms of reimbursement from various Federal and State agencies. These funds are subject to review and audit by cognizant agencies. As of June 30, 2022, the University does not expect any material adjustments or repayments to result from such audits. Additionally, in the event that grant activity is moved to another University, as sometimes occurs when researchers leave for a different institution, assets acquired with grant funds may transferred at the request of the sponsoring agency with or without reimbursement.

Capital projects – As of June 30, 2022, the University had remaining budget authority on significant capital construction and renovation projects underway of approximately \$36.9 million. Select projects are funded wholly or partially by the State's Long Range Building Program, and are administered by the State Architecture and Engineering Division, and do not represent a commitment of funds on the part of the University.

Pledged revenues –

Revenue bonds issued by the University to defease and refund outstanding indebtedness and to fund capital improvements as described in Note 11, are secured by a first lien on the combined pledged revenue of the MSU campuses. As defined in the Indenture, the University has pledged all permitted revenues after certain charges for payment of operation and maintenance expense. The total principal and interest remaining on the debt as of June 30, 2022 can be found in Note 11. Annual debt service requirements range from \$15.2 million in FY23 to \$2.9 million in FY48, the final year of repayment.

A schedule of revenues pledged as security for the bonds listed in Note 11 is presented as follows as of June 30, 2022.

	<u>2022</u>
Net Operating and Non-operating Revenues	\$ 698,437,156.00
Tuition	(171,215,423)
Fees controlled by student associations	(3,614,861)
Grants and contracts	(177,177,651)
State Appropriations	(145,526,451)
Federal financial aid grants and contracts	(20,478,805)
Restricted gifts	(27,514,759)
Other restricted revenue	(2,965,027)
Interest Expense	8,088,907
Operation and maintenance expenses for Auxiliary operations	(36,225,681)
Net revenues pledged as security for debt	<u>\$ 121,807,405.00</u>

NOTE 17 – RELATED PARTIES

Private nonprofit organizations affiliated with the University include the MSU Foundation, the MSU-Billings Foundation, the MSU-Northern Foundation, the MSU Bobcat Club, the MSU-Bozeman Bookstore, Friends of KUSM, Friends of KEMC and the Museum of the Rockies, Inc. As discussed in Note 19, certain parties are considered Component Units of the University.

During the year ended June 30, 2022, the Foundations provided \$38,581,072 in scholarship, in-kind capital donations, and other gift support directly to the University, in addition to significant payments made to others in support of the University. The University paid to its Foundations \$2,157,194 during the year ended 2022, which included payments for contracted services, capital campaign support, and leases.

MSU-Bozeman leased certain office space from the MSU Foundation's wholly owned subsidiary, Advanced Technology Inc. (ATI). Rental and other payments to ATI totaled \$450,582 during 2022. Additional payments from the University to the Foundations for other operating items and capital contributions totaled \$651,137.

Friends of Montana Public Television provided \$1,618,481 during 2022 and Friends of KEMC Public Radio provided \$1,218,324 during 2022 in support of the University's television and radio stations.

The Museum of the Rockies, Inc. provided \$1,563,239 in support of the University, primarily as reimbursement for Museum staff salaries and benefits.

The MSU Bobcat Club provided \$391,166 in scholarship and other support during the fiscal year ended June 30, 2022. The University provided \$269,048 in salary support to the MSU Bobcat Club during the year ended June 30, 2022 for services provided.

NOTE 18 – SUBSEQUENT EVENTS

On November 18, 2022, the Montana University System Board of Regents granted Montana State University authority to refinance the Series F 2018 Facilities Revenue Bonds. The University's first optional date to refund the principal balance is on March 1, 2023, and are subject to mandatory tender for purchase by September 1, 2023.

On November 18, 2022, the Montana University System Board of Regents granted Montana State University authority to plan, program, and design a new student housing facility. Preliminary planning and design costs are authorized up to \$6 million.

In May 2022, the MSU Alumni Foundation entered into an agreement to acquire the land and facilities at 4350 Spain Bridge Road, Belgrade, Montana for \$4,725,000. The Foundation concluded the purchase on August 26, 2022. MSU is renting this property from the Foundation as a practice facility for the MSU Bobcat Rodeo team and is responsible for all operating and capital costs.

The MSU Alumni Foundation entered into an unsecured note payable on August 24, 2022, to finance the purchase of the MSU Bobcats Rodeo Facility. The 4.25% note payable is due in quarterly installments of interest accrued, and annual principal payments of \$520,000, maturing August 24, 2027.

NOTE 19 – COMPONENT UNITS

Entities included as component units of the University are nonprofit, tax exempt organizations operating exclusively for the purposes of encouraging, promoting and supporting educational programs, research, scholarly pursuits and athletics at, or in connection with the University. Although the University may not control the timing or amount of receipts from these entities, the majority of the revenues or incomes thereon that the entities hold and invest are restricted by donors to the activities of the University. The entities included as component units in the financial statements are the Montana State University Foundation (406-994-2053), the MSU-Billings Foundation (406-657-2244), the MSU-Northern Foundation (406-265-3711), the MSU Bobcat Club (406-994-3741), and the Museum of the Rockies, Inc. (406-994-3466).

The Foundations and the Museum of the Rockies, Inc., meet the test for component units based on the materiality of the support provided to the university. The Montana State University Bobcat Club has been included as a component unit because management believes it would be misleading to exclude it. Support received from this entity is significant and critical in relation to the operations of the individual sports it supports; additionally, many financial statement readers do not differentiate between the University and its sports support organizations, and would expect their financial information to be included within the University's audited statements.

Montana State University
Condensed Combining Schedule of Component Unit Statements of Financial Position
As of June 30, 2022 or December 31, 2021*

	Montana State University Alumni Foundation	Montana State University-Billings Foundation	Montana State University-Northern Foundation	Museum of the Rockies, Inc.	Montana State University Bobcat Club	Combined
Assets:						
Cash and investments	\$ 300,090,589	\$ 35,742,016	\$ 12,491,631	\$ 25,382,618	\$ 1,999,964	\$ 375,706,818
Amounts due from MSU	36,978	—	—	—	—	36,978
Other receivables, net	37,704,668	2,096,152	1,089,428	1,506,235	20,056	42,416,539
Capital assets, net	6,812,573	898,260	1,984,139	4,102,580	12,992	13,810,544
Other assets	1,047,168	110,350	27,059	421,042	994,599	2,600,218
Total assets	\$ 345,691,976	\$ 38,846,778	\$ 15,592,257	\$ 31,412,475	\$ 3,027,611	\$ 434,571,097
Liabilities:						
Accounts payable and other liabilities	\$ 1,768,522	\$ 928,208	\$ 11,802	\$ 666,854	\$ 28,612	\$ 3,403,998
Amounts due to MSU	211,732	—	—	205,319	—	417,051
Notes, bonds and debt obligations	4,271,957	158,304	969,472	149,900	—	5,549,633
Liabilities to external parties	5,504,741	363,862	861,309	—	—	6,729,912
Custodial funds	10,901,546	2,032,276	100,911	—	—	13,034,733
Total liabilities	22,658,498	3,482,650	1,943,494	1,022,073	28,612	29,135,327
Net assets:						
Without donor restrictions - undesignated	2,684,146	2,332,265	919,931	9,851,582	1,038,057	16,825,981
Without donor restrictions - designated	9,135,418	2,684,741	—	6,942,088	296,237	19,058,484
With restrictions	311,213,914	30,347,122	12,728,832	13,596,732	1,664,705	369,551,305
Total net assets	323,033,478	35,364,128	13,648,763	30,390,402	2,998,999	405,435,770
Total liabilities and net assets	\$ 345,691,976	\$ 38,846,778	\$ 15,592,257	\$ 31,412,475	\$ 3,027,611	\$ 434,571,097

*The Museum of the Rockies, Inc. maintains a December 31 year-end. All other component units' year-ends coincide with the University's June 30 fiscal year.

Montana State University
Condensed Combining Schedule of Component Unit Statements of Activities
For the Year Ended June 30, 2022 or December 31, 2021*

	Montana State University Alumni Foundation	Montana State University-Billings Foundation	Montana State University-Northern Foundation	Museum of the Rockies, Inc.	Montana State University Bobcat Club	Combined
Revenues:						
Contributions	\$ 53,742,625	\$ 2,309,118	\$ 4,075,078	\$ 3,704,797	\$ 535,266	\$ 64,366,884
Investment income and unrealized gain on investments	(9,970,267)	(3,558,805)	(1,266,403)	2,869,103	(55,863)	(11,982,235)
Support from University	1,750,000	224,990	182,204	—	—	2,157,194
Other income	2,779,273	870,205	51,932	4,641,096	570,281	8,912,787
Total revenues	48,301,631	(154,492)	3,042,811	11,214,996	1,049,684	63,454,630
Expenses:						
University support	29,658,614	1,455,151	119,498	1,387,771	24,643	32,645,677
Scholarships and other program expenses	8,041,207	1,290,372	939,686	828,919	391,166	11,491,350
Supporting services	9,713,063	965,168	442,053	1,138,260	801,899	13,060,443
Total expenses	47,412,884	3,710,691	1,501,237	3,354,950	1,217,708	57,197,470
Change in net assets before nonoperating items	888,747	(3,865,183)	1,541,574	7,860,046	(168,024)	6,257,160
Nonoperating items	(1,779,728)	—	—	—	—	(1,779,728)
Change in net assets	(890,981)	(3,865,183)	1,541,574	7,860,046	(168,024)	4,477,432
Net assets, beginning of fiscal year	323,924,459	39,229,311	12,107,189	22,530,356	3,167,023	400,958,338
Prior period adjustment	—	—	—	0	—	0
Net assets, beginning of fiscal year, as restated	323,924,459	39,229,311	12,107,189	22,530,356	3,167,023	400,958,338
Net assets, end of fiscal year	\$ 323,033,478	\$ 35,364,128	\$ 13,648,763	\$ 30,390,402	\$ 2,998,999	\$ 405,435,770

Component Unit Investment Composition*:		Component Unit Promises Receivable*:	
	2022		2022
Pooled investments**:			
Equity securities	\$ 128,637,543	Receivable in one year	\$ 5,715,064
Debt securities	67,513,256	Receivable in one to five years	15,028,835
Alternative investments	106,449,892	Receivable after five years	637,556
Real Estate	14,912,361	Less discounts and allowances	(1,652,231)
Cash equivalents	21,654,861	Total	\$ 19,729,224
Other pooled investments	9,891,763		
US Treasuries	1,235,759		
Other real estate	1,853,714		
Other investments	286,224		
Investments held in trust for others	12,848,864		
Total	\$ 365,284,237		

*The Museum of the Rockies, Inc. maintains a December 31 year-end. All other component units' year-ends coincide with the University's June 30 fiscal year.

**Foundation investment pools are not subject to regulatory oversight.

NOTE 20 – COVID-19 AND FEDERAL CARES LEGISLATION

In March 2020, the World Health Organization declared the novel coronavirus (COVID-19) outbreak a global pandemic. The University responded to the health crisis by moving to remote delivery of its courses and curtailing nonessential operating activities for much of the Spring 2020 semester. The financial impact to the University included a decline in auxiliary revenues due to refunds to students for room and board, costs associated with moving to online delivery of education, and COVID-19 mitigation costs, which were partially offset by CARES Act awards received during FY20 and FY21. In the Fall 2020, the University largely shifted back to normal class schedules and student living arrangements with an emphasis on social distancing and mitigation strategies. Efforts proved successful as the University welcomed a record incoming freshman class and its second largest enrollment in its history for the Fall 2021 census. At the end of fiscal year 2022, the university was largely operating under pre-pandemic conditions.

Expenditures for the CARES Act grants included COVID-19 mitigation and testing, replacing lost revenue due to the pandemic, and distributing grant aid for COVID-19 impacts to students. In fiscal year 2021, the four MSU campuses recorded \$47.9 million in CARES Act revenues. In fiscal year 2022, CARES Act revenues decreased to \$31.8 million. CARES Act revenues are expected to continue to decrease into fiscal year substantially 2023 as the university works towards fully expending the grant awards.

PENSIONS

TRS Schedule of the University's Proportionate Share of the Net Pension Liability

Year	University's Proportion of the NPL	University's Share of the NPL	State of Montana Share of the NPL Associated with the University	Total University Share of the NPL	University's Covered Employee Payroll	University's share of the NPL as a % of Covered Employee Payroll	Plan Fiduciary Net Position as a % of Total Pension Liability
2015	1.24%	\$19,038,438	\$7,645,390	\$26,683,828	\$12,179,563	156.31%	70.36%
2016	1.13%	\$18,636,406	\$7,277,054	\$25,913,460	\$11,281,960	165.19%	69.30%
2017	0.96%	\$17,469,027	\$6,550,303	\$24,019,330	\$9,738,223	179.39%	66.69%
2018	0.85%	\$14,368,327	\$5,183,426	\$19,551,753	\$9,353,995	153.61%	70.09%
2019	0.76%	\$14,016,684	\$4,927,408	\$18,944,092	\$7,852,741	176.69%	69.09%
2020	0.71%	\$13,638,368	\$4,607,737	\$18,246,105	\$7,587,849	179.74%	68.64%
2021	0.66%	\$14,952,221	\$4,875,285	\$19,827,506	\$7,247,446	206.31%	64.95%
2022	0.57%	\$9,443,846	\$2,911,918	\$12,355,764	\$6,446,990	146.48%	75.54%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available

TRS Schedule of University Contributions

Year	Contractually Required Contributions	Contributions Made*	Excess/ (Deficiency)	University's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2015	\$8,012,997	\$8,012,997	\$—	\$11,281,960	71.02%
2016	\$7,819,626	\$7,819,626	\$—	\$9,738,223	80.30%
2017	\$8,318,256	\$8,318,256	\$—	\$9,353,995	88.93%
2018	\$8,038,127	\$8,038,127	\$—	\$8,840,624	101.07%
2019	\$8,181,048	\$8,181,048	\$—	\$7,952,741	107.48%
2020	\$8,527,968	\$8,527,968	\$—	\$7,587,849	112.39%
2021	\$8,646,718	\$8,646,718	\$—	\$7,247,446	119.31%
2022	\$8,526,213	\$8,526,213	\$—	\$6,446,990	132.25%

*Includes contributions made as a percent of MUS-RP covered payroll as well as TRS covered payroll at statutory rates.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available

PERS Schedule of the University's Proportionate Share of the Net Pension Liability

Year	University's Proportion of the NPL	University's Share of the NPL	State of Montana Share of the NPL Associated with the University	Total University Share of the NPL	University's Covered Employee Payroll	University's share of the NPL as a % of Covered Employee Payroll	Plan Fiduciary Net Position as a % of Total Pension Liability
2015	4.06%	\$50,597,799	—	\$50,597,799	\$45,405,357	111.44%	79.90%
2016	4.12%	\$57,646,591	—	\$57,646,591	\$47,364,867	121.71%	78.40%
2017	4.08%	\$69,576,861	—	\$69,576,861	\$48,343,193	143.92%	74.71%
2018	4.18%	\$81,386,415	—	\$81,386,415	\$51,513,790	157.99%	73.75%
2019	3.22%	\$67,104,384	\$21,580,841	\$88,685,225	\$52,551,576	127.69%	73.47%
2020	3.35%	\$70,034,424	\$21,949,017	\$91,983,441	\$54,692,819	128.02%	73.85%
2021	3.44%	\$90,852,389	\$27,542,683	\$118,395,072	\$57,257,359	158.67%	68.90%
2022	3.44%	\$62,354,720	\$17,651,148	\$80,005,868	\$59,928,678	104.05%	79.91%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available

PERS Schedule of University Contributions

Year	Contractually Required Contributions	Contributions Made	Excess/ (Deficiency)	University's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2015	\$4,427,288	\$4,427,288	\$—	\$47,364,867	9.35%
2016	\$4,470,903	\$4,470,903	\$—	\$48,343,193	9.25%
2017	\$4,589,245	\$4,589,245	\$—	\$51,513,790	8.91%
2018	\$4,571,908	\$4,571,908	\$—	\$52,132,694	8.77%
2019	\$5,022,398	\$5,022,398	\$—	\$52,551,576	9.56%
2020	\$5,329,618	\$5,329,618	\$—	\$54,692,819	9.74%
2021	\$5,315,673	\$5,315,673	\$—	\$57,257,359	9.28%
2022	\$5,427,589	\$5,427,589	\$—	\$59,928,678	9.06%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available

GWPORS Schedule of the University's Proportionate Share of the Net Pension Liability

Year	University's Proportion of the NPL	University's Share of the NPL	University's Covered Employee Payroll	University's share of the NPL as a % of Covered Employee Payroll	Plan Fiduciary Net Position as a % of Total Pension Liability
2015	3.63%	\$548,897	\$1,511,439	36.32%	90.20%
2016	3.44%	\$723,801	\$1,546,185	46.81%	87.60%
2017	3.32%	\$1,089,310	\$1,562,149	69.73%	82.48%
2018	3.22%	\$1,201,302	\$1,490,991	80.57%	82.48%
2019	3.18%	\$1,303,370	\$1,617,730	80.57%	82.54%
2020	3.03%	\$1,234,096	\$1,570,338	78.69%	83.54%
2021	3.30%	\$4,459,503	\$1,773,943	251.39%	61.17%
2022	2.78%	\$900,373	\$1,665,544	54.06%	89.39%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available

GWPORS Schedule of University Contributions

Year	Contractually Required Contributions	Contributions Made	Excess/ (Deficiency)	University's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2015	\$139,455	\$139,455	\$—	\$1,546,185	9.02%
2016	\$140,761	\$140,761	\$—	\$1,562,149	9.01%
2017	\$143,393	\$143,393	\$—	\$1,490,991	9.62%
2018	\$129,188	\$129,188	\$—	\$1,450,141	8.91%
2019	\$141,072	\$141,072	\$—	\$1,617,730	8.72%
2020	\$159,872	\$159,872	\$—	\$1,570,338	10.18%
2021	\$149,899	\$149,899	\$—	\$1,773,943	8.45%
2022	\$158,744	\$158,744	\$—	\$1,665,544	9.53%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available

Notes to Required Supplementary Information – Pensions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and wage rates. Amounts determined regarding the plans are subject to continual revision as actual results are compared with past expectations.

TRS

The following actuarial methods and assumptions were used to determine actuarial contribution rates reported in the TRS schedules:

Actuarial valuation date	Actuarial cost method	Amortization method	Remaining amortization period	Asset valuation method	Inflation	Salary increase for non-University members	Salary increase for University Members	Investment rate of return (shown net of pension plan investment expense, and including inflation)
July 1, 2014	Entry age	Level percentage of pay, open	28 years	4-year smoothed market	3.25%	4.00% - 8.51%	5.00%	7.75%
July 1, 2015	Entry age	Level percentage of pay, open	26 years	4-year smoothed market	3.25%	4.00% - 8.51%	5.00%	7.75%
July 1, 2016	Entry age	Level percentage of pay, open	24 years	4-year smoothed market	3.25%	4.00% - 8.51%	5.00%	7.75%
July 1, 2017	Entry age	Level percentage of pay, open	22 years	4-year smoothed market	3.25%	4.00% - 8.51%	5.00%	7.75%
July 1, 2018	Entry age	Level percentage of pay, open	22 years	4-year smoothed market	3.25%	4.00% - 8.51%	5.00%	7.75%
July 1, 2019	Entry age	Level percentage of pay, open	31 years	4-year smoothed market	2.50%	3.25% - 7.76%	4.25%	7.50%
July 1, 2020	Entry age	Level percentage of pay, open	29 years	4-year smoothed market	2.50%	3.25% - 7.76%	4.25%	7.50%
July 1, 2021	Entry age	Level percentage of pay, open	29 years	4-year smoothed market	2.50%	3.25% - 7.76%	4.25%	7.50%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available

Changes That Affect Trend Data

Changes of Benefit Terms – The following changes to the plan provisions were made as identified:

The 2013 Montana Legislature passed HB 377 which provides additional revenue and created a two tier benefit structure. A Tier One Member is a person who first became a member before July 1, 2013 and has not withdrawn their member’s account balance. A Tier Two Member is a person who first becomes a member on or after July 1, 2013 or after withdrawing their member’s account balance, becomes a member again on or after July 1, 2013.

The second tier benefit structure for members hired on or after July 1, 2013 is summarized below.

- 1) **Final Average Compensation:** average of earned compensation paid in five consecutive years of full-time service that yields the highest average
- 2) **Service Retirement:** Eligible to receive a service retirement benefit if the member has been credited with at least five full years of creditable service and has attained the age of 60; or has been credited with 30 or more years of full-time or part-time creditable service and has attained age 55
- 3) **Early Retirement:** Eligible to receive an early retirement allowance if a member is not eligible for service retirement but has at least five years of creditable service and attained age 55
- 4) **Professional Retirement Option:** if the member has been credited with 30 or more years of service and has attained the age of 60, they are eligible for an enhanced allowance equal to 1.85% of average final compensation times all service at retirement. Otherwise, the multiplier used to calculate the retirement allowance will be equal to 1.67%
- 5) **Annual Contribution:** 8.15% of member’s earned compensation

- 6) **Supplemental Contribution Rate:** On or after July 1, 2023, the TRS Board may require a supplemental contribution up to 0.5% if the following three conditions are met:
 - a. The average funded ratio of the System based on the last three annual actuarial valuations is equal to or less than 80%; and
 - b. The period necessary to amortize all liabilities of the System based on the latest annual actuarial valuation is greater than 20 years; and
 - c. A State or employer contribution rate increase or a flat dollar contribution to the Retirement System Trust fund has been enacted that is equivalent to or greater than the supplemental contribution rate imposed by the TRS Board.
- 7) **Disability Retirement:** A member will not be eligible for a disability retirement if the member is or will be eligible for a service retirement on the date of termination
- 8) **Guaranteed Annual Benefit Adjustment (GABA):**
 - a. If the most recent actuarial valuation shows that Retirement System liabilities are at least 90% funded and the provision of the increase is not projected to cause the System's liabilities to be less than 85% funded, the GABA may increase from the 0.5% floor up to 1.5%, as set by the Board.

House Bill 377 increased revenue from the members, employers, and the State as follows:

- Annual State contribution equal to \$25 million paid to the System in monthly installments.
- One-time contribution payable to the Retirement System by the trustees of a school district maintaining a retirement fund. The one-time contribution to the Retirement System shall be the amount earmarked as an operating reserve in excess of 20% of the adopted retirement fund budget for the fiscal year 2013. The amount received was \$22 million in FY 2014.
- 1% supplemental employer contribution. This will increase the current employer rates:
 - School Districts contributions will increase from 7.47% to 8.47%
 - The Montana University System and State Agencies will increase from 9.85% to 10.85%.
 - The supplemental employer contribution will increase by 0.1% each fiscal year for fiscal year 2014 through fiscal year 2024. For fiscal years beginning after June 30, 2024, the total supplemental employer contribution will be equal to 2%.
- Members hired prior to July 1, 2013 (Tier 1) under HB 377 are required to contribute a supplemental contribution equal to an additional 1% of the member's earned compensation.
- Each employer is required to contribute 9.85% of total compensation paid to all re-employed TRS retirees employed in a TRS reportable position to the System.

Changes in actuarial assumptions and other inputs

The following changes to the actuarial assumptions were adopted in 2021:

- The discount rate was lowered from 7.34% to 7.06%.
- The investment rate of return assumption was lowered from 7.34% to 7.06%.

PERS

The following actuarial methods and assumptions were used to determine actuarial contribution rates reported in the PERS schedules:

Actuarial Valuation Date	Actuarial cost method	Amortization method	Remaining amortization period	Asset valuation method	Inflation	Salary increase	Investment rate of return (shown net of pension plan investment expense, including inflation)	Expenses	Other
June 30, 2013, rolled forward to 2014	Entry age	Level percentage of pay, open	29.3 years	4-year smoothed market	3.0%	General Wage Growth: 4.0% Merit: 0% - 6%	7.75%	0.27% administrative expenses as a % of payroll	GABA- 3.0% or 1.5% for hires after July 1, 2007
June 30, 2014, rolled forward to 2015	Entry age	Level percentage of pay, open	30 years	4-year smoothed market	3.0%	General Wage Growth: 4.0% Merit: 0% - 6%	7.75%	0.27% administrative expenses as a % of payroll	
June 30, 2015, rolled forward to 2016	Entry age	Level percentage of pay, open	27.2 years	4-year smoothed market	3.0%	General Wage Growth: 4.0% Merit: 0% - 6%	7.75%	0.27% administrative expenses as a % of payroll	GABA- 3.0% or
June 30, 2016, rolled forward to 2017	Entry age	Level percentage of pay, open	26 years	4-year smoothed market	2.75%	General Wage Growth: 3.5% Merit: 0% - 4.8%	7.65%	0.27% administrative expenses as a % of payroll	1.5% for hires after July 1, 2007 and before July 1, 2013; for members
June 30, 2017, rolled forward to 2018	Entry age	Level percentage of pay, open	30 years	4-year smoothed market	2.75%	General Wage Growth: 3.5% Merit: 0% - 4.8%	7.65%	0.26% administrative expenses as a % of payroll	hired after July 1, 2013: 1.5% for each year PERS is
June 30, 2018, rolled forward to 2019	Entry age	Level percentage of pay, open	30 years	4-year smoothed market	2.75%	General Wage Growth: 3.5% Merit: 0% - 6.3%	7.65%	0.26% administrative expenses as a % of payroll	funded at or above 90%; 1.5% is reduced by 0.1% for each 2% PERS is
June 30, 2019, rolled forward to 2020	Entry age	Level percentage of pay, open	30 years	4-year smoothed market	2.75%	General Wage Growth: 3.5% Merit: 0% - 8.47%	7.65%	0.26% administrative expenses as a % of payroll	funded below 90%; and, 0% whenever the amortization period for PERS is
June 30, 2020, rolled forward to 2021	Entry age	Level percentage of pay, open	30 years	4-year smoothed market	2.75%	General Wage Growth: 3.5% Merit: 0% - 8.47%	7.65%	0.30% administrative expenses as a % of payroll	40 years or more
June 30, 2021, rolled forward to 2022	Entry age	Level percentage of pay, open	30 years	4-year smoothed market	2.75%	General Wage Growth: 3.5% Merit: 0% - 8.47%	7.65%	0.28% administrative expenses as a % of payroll	

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available

Changes That Affect Trend Data

2017 Legislative Changes, General Revisions - House Bill 101, effective July 1, 2017

Working Retiree Limitations for PERS – If a PERS retiree returns as an independent contractor to what would otherwise be PERS-covered employment, general contractor overhead costs are excluded from PERS working retiree limitations.

Refunds

- 1) Terminating members eligible to retire may, in lieu of receiving a monthly retirement benefit, refund their accumulated contributions in a lump sum.
- 2) Terminating members with accumulated contributions between \$200 and \$1,000 who wish to rollover their refund must do so within 90 days of termination of service.
- 3) Trusts, estates, and charitable organizations listed as beneficiaries are entitled to receive only a lump-sum payment.

Interest credited to member accounts – Effective July 1, 2017, the interest rate credited to member accounts increased from 0.25% to 0.77%.

Lump-sum payouts – Effective July 1, 2017, lump-sum payouts in all systems are limited to the member’s accumulated contributions rate rather than the present value of the member’s benefit.

Disabled PERS Defined Contribution (DC) Members – PERS members hired after July 1, 2011 have a normal retirement age of 65. PERS DC members hired after July 1, 2011 who became disabled were previously only eligible for a disability benefit until age 65. Effective July 1, 2017, these individuals will be eligible for a disability benefit until they reach 70, thus ensuring the same 5-year time period available to PERS DC disabled members hired prior to July 1, 2011 who have a normal retirement age of 60 and are eligible for a disability benefit until age 65.

Changes in actuarial assumptions and other inputs

The following changes to the actuarial assumptions were adopted in 2021:

- The discount rate was lowered from 7.34% to 7.06%.
- The investment rate of return was lowered from 7.34% to 7.06%.

GWPORS

The following actuarial methods and assumptions were used to determine actuarial contribution rates reported in the GWPORS schedules:

Actuarial Valuation Date	Actuarial cost method	Amortization method	Remaining amortization period	Asset valuation method	Inflation	Salary increase	Investment rate of return (net of pension plan investment expense, including inflation)	Other
June 30, 2013, rolled forward to 2014	Entry age normal	Level percentage of pay, open	30 years	4-year smoothed market	3.0%	General Wage Growth - 4.00%	7.75%,	0.17% administrative expenses as a % of payroll
June 30, 2014, rolled forward to 2015	Entry age	Level percentage of pay, open	30 years	4-year smoothed market	3.0%	General Wage Growth - 4.00%	7.75%	0.17% administrative expenses as a % of payroll
June 30, 2015 rolled forward to 2016	Entry age	Level percentage of pay, open	30 years	4-year smoothed market	3.0%	General Wage Growth - 4.00%	7.75%	0.17% administrative expenses as a % of payroll
June 30, 2016 rolled forward to 2017	Entry age	Level percentage of pay, open	30 years	4-year smoothed market	2.75%	General Wage Growth - 3.5%	7.75%	0.17% administrative expenses as a % of payroll
June 30, 2017 rolled forward to 2018	Entry age	Level percentage of pay, open	30 years	4-year smoothed market	2.75%	General Wage Growth - 3.5%	7.65%	0.17% administrative expenses as a % of payroll
June 30, 2018 rolled forward to 2019	Entry age	Level percentage of pay, open	30 years	4-year smoothed market	2.75%	General Wage Growth - 3.5%	7.65%	0.23% administrative expenses as a % of payroll
June 30, 2019 rolled forward to 2020	Entry age	Level percentage of pay, open	30 years	4-year smoothed market	2.75%	General Wage Growth - 3.5%	7.65%	0.23% administrative expenses as a % of payroll
June 30, 2020 rolled forward to 2021	Entry age	Level percentage of pay, open	30 years	4-year smoothed market	2.75%	General Wage Growth - 3.5%	7.65%	0.16% administrative expenses as a % of payroll
June 30, 2021 rolled forward to 2022	Entry age	Level percentage of pay, open	30 years	4-year smoothed market	2.75%	General Wage Growth - 3.5%	7.65%	0.17% administrative expenses as a % of payroll

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available

Changes That Affect Trend Data

2017 Legislative Changes, General Revisions - House Bill 101, effective July 1, 2017

Working Retiree Limitations for GWPORS

- 1) Applies to retirement system members who return on or after July 1, 2017 to covered employment in the system from which they retired.
- 2) Members who return for less than 480 hours in a calendar year:
 - a. May not become an active member in the system; and
 - b. Are subject to a \$1 reduction in their retirement benefit for each \$3 earned in excess of \$5,000 in the calendar year.
- 3) Members who return for 480 or more hours in a calendar year:
 - a. Must become an active member of the system;
 - b. Will stop receiving a retirement benefit from the system; and
 - c. Will be eligible for a second retirement benefit if they earn 5 or more years of service credit through their second employment.
- 4) Employee, employer and state contributions, if any, apply as follows:
 - a. Employer contributions and state contributions (if any) must be paid on all working retirees;
 - b. Employee contributions must be paid on working retirees who return to covered employment for 480 or more hours in a calendar year.

Second Retirement Benefit for GWPORS

- 1) Applies to retirement system members who return on or after July 1, 2017 to active service covered by the system from which they retired.
- 2) If the member works more than 480 hours in a calendar year and accumulates less than 5 years of service credit before terminating again, the member:
 - a. Is not awarded service credit for the period of reemployment;
 - b. Is refunded the accumulated contributions associated with the period of reemployment;
 - c. Starting the first month following termination of service, receives the same retirement benefit previously paid to the member; and
 - d. Does not accrue post-retirement benefit adjustments during the term of reemployment but receives a Guaranteed Annual Benefit Adjustment (GABA) in January immediately following second retirement.
- 3) If the member works more than 480 hours in a calendar year and accumulates at least 5 years of service credit before terminating again, the member:
 - a. Is awarded service credit for the period of reemployment;
 - b. Starting the first month following termination of service, receives:
 - i. The same retirement benefit previously paid to the member, and
 - ii. A second retirement benefit for the period of reemployment based on the laws in effect as of the member's rehire date; and
 - c. Does not accrue post-retirement benefit adjustments during the term of reemployment but receives a GABA:
 - i. On the initial retirement benefit in January immediately following second retirement, and
 - ii. On the second retirement benefit starting in January after receiving that benefit for at least 12 months.
- 4) A member who returns to covered service is not eligible for a disability benefit.

Refunds

- 1) Terminating members eligible to retire may, in lieu of receiving a monthly retirement benefit, refund their accumulated contributions in a lump sum.
- 2) Terminating members with accumulated contributions between \$200 and \$1,000 who wish to rollover their refund must do so within 90 days of termination of service.
- 3) Trusts, estates, and charitable organizations listed as beneficiaries are entitled to receive only a lump-sum payment.

Interest credited to member accounts – Effective July 1, 2017, the interest rate credited to member accounts increased from 0.25% to 0.77%.

Lump-sum payouts – Effective July 1, 2017, lump-sum payouts in all systems are limited to the member's accumulated contributions rate rather than the present value of the member's benefit.

Changes in actuarial assumptions and other inputs

The following changes to the actuarial assumptions were adopted in 2021:

- The discount rate was increased from 5.65% to 7.06%.
- The investment rate of return was lowered from 7.34% to 7.06%.

Other Post-Employment Benefits

The MUS OPEB plan has not established a trust to accumulate employer contributions; as such, net assets are not considered irrevocable, legally required to be used to provide OPEB to plan members, or protected from creditors.

Schedule of the University's Proportionate Share of the total OPEB Liability

Measurement Year	University's Proportion of the OPEB Liability	University's Share of the OPEB Liability	University's Covered Employee Payroll	University's share of the OPEB Liability as a % of Covered Employee Payroll	Plan Fiduciary Net Position as a % of Total OPEB Liability
2018	48.92%	\$18,130,942	\$225,842,121	8.03%	0.00%
2019	54.44%	\$20,363,797	\$225,896,948	9.01%	0.00%
2020	53.22 %	\$15,052,050	\$239,454,928	6.29%	0.00%
2021	53.68%	\$32,324,640	\$247,082,152	13.08%	0.00%
2022	53.68%	\$26,833,911	\$253,259,209	10.60%	0.00%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available

Note to Required Supplementary Information – OPEB

Other Post-Employment Benefits (OPEB) Trend Data

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Changes to the plan that affect trends will be reported as they occur in the future.

Unaudited Supplemental Information

MONTANA STATE UNIVERSITY—ALL CAMPUSES AND AGENCIES

MSU-BOZEMAN

MONTANA AGRICULTURAL EXPERIMENT STATION (MAES)

MSU EXTENSION (ES)

FIRE SERVICES TRAINING SCHOOL (FSTS)

MSU-BILLINGS

MSU-NORTHERN

GREAT FALLS COLLEGE MSU



	MSU - Bozeman	MT Agricultural Experiment Station	MSU Extension Service	Fire Services Training School	MSU - Billings	MSU - Northern	Great Falls College MSU	Inter-campus Eliminations	MSU Consolidated Total
ASSETS									
Current assets:									
Cash and cash equivalents (Note 2)	\$ 227,145,984	\$ 10,995,077	\$ 4,035,252	\$ 257,554	\$ 36,358,878	\$ 9,409,327	\$ 6,276,068		\$ 294,478,139
Securities lending collateral	913,300								913,300
Accounts and grants receivable, net (Note 3)	7,093,313	10,911	183,808	11,135	882,433	468,434	30,725		8,680,759
Lease receivable	376,139				18,864				395,002
Amounts receivable from Federal government	25,109,949		153,377		73,308	244,533	1,716		25,582,884
Amounts receivable from primary government	947,336				62,018		20,932		1,030,286
Loans receivable, net (Note 6)	1,496,449				217,652	84,132			1,798,234
Inventories (Note 4)	1,351,240	814,276			287,898	184,497	309,242		2,947,153
Prepaid expenses and other current assets (Note 5)	3,591,003	1,626	2,496	2,857	375,820	166,825	(10,755)		4,129,872
Total current assets	\$ 268,024,713	\$ 11,821,890	\$ 4,374,933	\$ 271,546	\$ 38,276,871	\$ 10,557,748	\$ 6,627,928	\$ —	\$ 339,955,629
Noncurrent assets									
Restricted cash and cash equivalents	\$ 2,516				\$ 12,400	\$ 64,164			\$ 79,080
Restricted investments	8,443,693					100,911			8,544,603
Loans receivable, net (Note 6)	8,900,810				1,167,711	383,085			10,451,606
Investments	60,340,951				2,032,526				62,373,477
Capital assets, net (Note 7)	492,225,357	19,565,243	137,253	496,654	51,139,523	25,993,590	21,701,952		611,259,573
Lease receivable non-current	1,258,699				120,540				1,379,239
Other noncurrent assets (Note 7)	831,120								831,120
Total noncurrent assets	\$ 572,003,146	\$ 19,565,243	\$ 137,253	\$ 496,654	\$ 54,472,700	\$ 26,541,750	\$ 21,701,952	\$ —	\$ 694,918,698
Total assets	\$ 840,027,859	\$ 31,387,133	\$ 4,512,186	\$ 768,200	\$ 92,749,571	\$ 37,099,498	\$ 28,329,880	\$ —	\$ 1,034,874,327
DEFERRED OUTFLOWS									
Deferred loss on debt refunding (Note 11)	\$ 4,531,459				\$ 100,957				\$ 4,632,416
Deferred pension and OPEB outflows (Note 14)	45,006,140	2,974,121	2,346,886	108,602	7,275,299	2,661,747	1,768,992		62,141,787
Total deferred outflows	\$ 49,537,599	\$ 2,974,121	\$ 2,346,886	\$ 108,602	\$ 7,376,256	\$ 2,661,747	\$ 1,768,992	\$ —	\$ 66,774,203
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 889,565,458	\$ 34,361,254	\$ 6,859,072	\$ 876,802	\$ 100,125,827	\$ 39,761,245	\$ 30,098,872	\$ —	\$ 1,101,648,530

Montana State University Unaudited Consolidating Statements of Net Position (continued) As of June 30, 2022	MSU - Bozeman	MT Agricultural Experiment Station	MSU Extension Service	Fire Services Training School	MSU - Billings	MSU - Northern	Great Falls College MSU	Inter-campus Eliminations	MSU Consolidated Total
LIABILITIES									
Current liabilities:									
Accounts payable and accrued liabilities (Note 8)	\$ 21,578,875	\$ 748,333	\$ 530,798	\$ 28,449	\$ 2,810,893	\$ 1,743,100	\$ 587,304	\$ 1	\$ 28,027,754
Advances (current) and other amounts payable to primary government	992,065	325,000			374,677	63,804	75,352		1,830,897
Amounts payable to other State of Montana component units	262,795								262,795
Securities lending liability	913,300								913,300
Property held in trust for others	1,539,206				113,691	80,836	33,625		1,767,359
Unearned revenues (Note 9)	16,193,665		23,518	584	1,269,737	253,349	19,811		17,760,664
Current portion compensated absences	7,515,818	620,008	498,633	30,158	1,844,662	319,224	451,454		11,279,955
Current portion debt and lease obligations (Note 10)	10,927,187	41,457	—	17,815	1,532,387	5,382			12,524,228
Total current liabilities	\$ 59,922,912	\$ 1,734,797	\$ 1,052,948	\$ 77,006	\$ 7,946,047	\$ 2,465,695	\$ 1,167,547	\$ 1	\$ 74,366,952
Noncurrent liabilities:									
Advances from primary government	\$ 11,793,284				\$ 1,421,240	\$ 602,747			\$ 13,817,272
Debt, lease, and other obligations (Note 10)	229,092,024	40,731	—	205,193	3,976,666	(5,382)			233,309,233
Compensated absences	21,370,916	1,762,966	1,417,841	85,752	1,434,619	993,020	264,259		27,329,373
OPEB implicit rate subsidy	19,256,831	1,066,660	1,120,259	53,180	3,421,547	1,183,447	731,987		26,833,911
Net pension liability	50,884,283	3,633,974	1,734,890	80,838	9,979,317	3,948,307	2,437,330		72,698,939
Due to Federal government (Note 6)	11,449,724				1,274,679	1,495,008			14,219,412
Derivative instrument-- swap liability (Note 10)	78,869								78,869
Total noncurrent liabilities	\$ 343,925,931	\$ 6,504,331	\$ 4,272,990	\$ 424,963	\$ 21,508,070	\$ 8,217,148	\$ 3,433,575	\$ —	\$ 388,287,009
Total liabilities	\$ 403,848,843	\$ 8,239,129	\$ 5,325,938	\$ 501,969	\$ 29,454,117	\$ 10,682,843	\$ 4,601,122	\$ 1	\$ 462,653,961
DEFERRED INFLOWS									
Deferred Inflows-Pension and OPEB (Note 14)	\$ 41,964,091	\$ 2,234,767	\$ 1,786,523	\$ 104,225	\$ 8,578,043	\$ 2,954,372	\$ 1,852,398		\$ 59,474,419
Derivative financial instrument (Note 10)	323,931								323,931
Deferred Inflows-Leases	1,604,892				136,929				1,741,821
Total deferred Inflows	\$ 43,892,913	\$ 2,234,767	\$ 1,786,523	\$ 104,225	\$ 8,714,972	\$ 2,954,372	\$ 1,852,398	\$ —	\$ 61,540,171
NET POSITION									
Net investment in capital assets	\$ 290,109,349	\$ 19,480,756	\$ 137,253	\$ 273,646	\$ 43,940,831	\$ 25,156,980	\$ 21,626,765		\$ 400,725,581
Restricted - nonexpendable	10,483,793				389,445	411,442	11,300		11,295,981
Restricted - expendable	16,492,931	1,017,084	(35,724)		4,254,424	1,336,294	(21,358)		23,043,651
Unrestricted (Note 12)	124,737,628	3,389,518	(354,917)	(3,038)	13,372,038	(780,688)	2,028,644		142,389,185
Total net position	\$ 441,823,701	\$ 23,887,358	\$ (253,388)	\$ 270,609	\$ 61,956,738	\$ 26,124,029	\$ 23,645,351	\$ —	\$ 577,454,398
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 889,565,458	\$ 34,361,254	\$ 6,859,073	\$ 876,803	\$ 100,125,826	\$ 39,761,244	\$ 30,098,871	\$ 1	\$ 1,101,648,530

Montana State University
 Unaudited Consolidating Statement of Revenues, Expenses and Changes in Net Position
 As of and for the Year Ended June 30, 2022

	MSU - Bozeman	MT Agricultural Experiment Station	MSU Extension Service	Fire Services Training School	MSU - Billings	MSU - Northern	Great Falls College MSU	Intercampus Eliminations	Total
Operating revenues:									
Tuition and fees	\$ 189,473,334				\$ 16,823,555	\$ 4,648,441	\$ 2,504,873	\$ (18,100)	\$ 213,432,103
Federal appropriations		2,872,265	3,456,283						6,328,548
Federal grants and contracts	114,714,741	(40,701)	97,995		3,283,476	1,295,158	306,792	(159,617)	119,497,843
State grants and contracts	6,282,161		21,317		367,519	196,839	174,739		7,042,575
Non-governmental grants and contracts	11,312,241		250,669		274,515	20,500	18,311		11,876,236
Grant and contract facilities and administrative cost recoveries	26,999,906	17,708			269,875	98,911	24,441	(17,708)	27,393,133
Educational, public service and outreach revenues	19,813,316	3,397,573	4,509,254	126,774	1,549,666	232,914	93,312	(759,805)	28,963,004
Auxiliary - housing	25,187,974	7,758			1,354,175	591,508			27,141,414
Auxiliary - food service	24,824,998				1,002,974	622,911	81,994		26,532,878
Auxiliary - other auxiliary sales and services	6,218,974	119			1,574,608	364,381	606,039	(393,335)	8,370,787
Interest earned on loans	65,786				2,440	3,033			71,259
Other operating revenues	2,994,037	107,080	40		117,150	1,526	19,728		3,239,562
Total operating revenues	\$ 427,887,468	\$ 6,361,802	\$ 8,335,558	\$ 126,774	\$ 26,619,953	\$ 8,076,122	\$ 3,830,229	\$ (1,348,565)	\$ 479,889,342
Operating expenses:									
Compensation and benefits, including pensions	\$ 294,567,107	\$ 16,187,727	\$ 13,579,735	\$ 645,017	\$ 34,095,557	\$ 13,693,689	\$ 8,895,124		\$ 381,663,954
OPEB expense	2,072,390	114,792	120,561	5,723	318,780	118,977	90,186		2,841,409
Operating expenses	149,951,970	4,824,181	2,135,028	230,267	17,062,992	7,960,628	3,308,632	(1,348,565)	184,125,132
Scholarships and fellowships	38,733,970	24,612	1,952		8,265,410	2,956,472	3,475,452		53,457,867
Depreciation and amortization	35,012,490	1,256,208	27,851	82,743	3,917,912	1,653,755	1,447,706		43,398,666
Total operating expenses	\$ 520,337,927	\$ 22,407,520	\$ 15,865,127	\$ 963,750	\$ 63,660,651	\$ 26,383,521	\$ 17,217,100	\$ (1,348,565)	\$ 665,487,028
Operating loss	\$ (92,450,459)	\$ (16,045,718)	\$ (7,529,569)	\$ (836,976)	\$ (37,040,698)	\$ (18,307,399)	\$ (13,386,871)	\$ —	\$ (185,597,686)
Nonoperating revenues (expenses):									
State and local appropriations	\$ 77,784,788	\$ 17,869,990	\$ 7,290,876	\$ 814,549	\$ 24,471,363	\$ 10,517,395	\$ 7,446,793		\$ 146,195,755
Pell Grants	12,375,718				4,569,808	1,802,728	1,730,551		20,478,805
Federal CARES Act grant	18,026,333				7,574,294	2,858,425	3,304,094		31,763,145
Land grant and timber sales income	1,966,470				443,037				2,409,507
Gifts	22,535,628		81,360		3,142,634	1,455,648	299,490		27,514,759
Investment Income	(1,657,212)	31,632	10,314	587	(153,401)	25,418	17,411		(1,725,251)
Interest expense	(7,837,829)	(1,454)	—	(3,837)	(217,834)	(22,376)	(5,578)		(8,088,907)
Net nonoperating revenues (expenses)	\$ 123,193,896	\$ 17,900,168	\$ 7,382,550	\$ 811,299	\$ 39,829,901	\$ 16,637,238	\$ 12,792,761	\$ —	\$ 218,547,813
Income before other revenues, expenses, gains and losses	\$ 30,743,437	\$ 1,854,450	\$ (147,019)	\$ (25,677)	\$ 2,789,203	\$ (1,670,161)	\$ (594,110)	\$ —	\$ 32,950,127
Transfers in (out)	90,974	(94,802)	3,828	—	—	—	—		—
Gain or loss on disposal of capital assets	(47,646)	23,533		34,164	(14,345)		(28,203)		(32,498)
Additions to permanent endowments	16,166								16,166
Gifts, capital grants and contributions	23,909,835				1,198,015	81,792	391,587		25,581,229
Change in net position	\$ 54,712,766	\$ 1,783,181	\$ (143,191)	\$ 8,487	\$ 3,972,873	\$ (1,588,369)	\$ (230,726)	\$ —	\$ 58,515,024
Net position, beginning of year restated	\$ 387,110,935	\$ 22,104,177	\$ (110,197)	\$ 262,121	\$ 57,983,865	\$ 27,712,397	\$ 23,876,076	\$ —	\$ 518,939,374
Net position, end of year	\$ 441,823,701	\$ 23,887,358	\$ (253,388)	\$ 270,608	\$ 61,956,738	\$ 26,124,028	\$ 23,645,350	\$ —	\$ 577,454,398

Montana State University
 Unaudited Selected Cash Flow Data
 As of And For the Year Ended June 30, 2022

	MT Agricultural		MSU	Fire Services		Great Falls			
	MSU -	Experiment	Extension	Training	MSU -	MSU -	College	Intercampus	
	Bozeman	Station	Service	School	Billings	Northern	MSU	Eliminations	Total
Cash flows from operating activities:									
Tuition and fees	\$ 188,342,808	\$ —	\$ —	\$ —	\$ 16,565,660	\$ 4,757,358	\$ 2,561,234	\$ (18,100)	\$ 212,208,960
Federal appropriations	—	2,872,265	3,302,906	—	—	—	—	—	6,175,171
Federal grants and contracts	108,238,339	—	73,340	584	3,036,302	1,103,868	407,096	(159,617)	112,699,911
State grants and contracts	5,921,841	—	21,317	—	323,944	197,125	198,965	(17,708)	6,645,484
Private grants and contracts	12,064,607	—	250,669	—	297,061	20,500	18,311	—	12,651,147
Grant and contract indirect cost recoveries	25,974,837	17,708	—	—	269,875	98,911	24,441	—	26,385,772
Educational, public service and outreach revenues	17,646,693	3,427,724	4,527,888	119,879	1,415,390	232,914	102,928	(759,805)	26,713,610
Sales and services of auxiliary enterprises	56,001,289	7,877	—	—	3,884,356	1,614,248	700,936	(393,335)	61,815,372
Interest on loans receivable	65,786	—	—	—	2,440	3,033	—	—	71,259
Other operating receipts	2,380,217	107,080	40	—	(535,338)	(43,704)	46,287	—	1,954,583
Compensation and benefits	(295,282,695)	(16,115,617)	(13,482,724)	(631,241)	(34,644,328)	(14,008,856)	(9,480,923)	—	(383,646,383)
Operating expenses	(153,438,476)	(4,888,148)	(2,219,790)	(229,234)	(17,024,711)	(8,032,852)	(3,689,219)	1,348,565	(188,173,866)
Scholarships and fellowships	(38,733,970)	(24,612)	(1,952)	—	(8,265,410)	(2,956,472)	(3,475,452)	—	(53,457,867)
Loans made to students and federal funds repaid	(454,860)	—	—	—	44,213	274,962	—	—	(135,685)
Loan payments received from students	2,697,158	—	—	—	283,465	153,668	—	—	3,134,291
Intercampus payments	(325,000)	325,000	—	—	—	—	—	—	—
Net cash used in operating activities	\$ (68,901,426)	\$ (14,270,723)	\$ (7,528,306)	\$ (740,012)	\$ (34,347,081)	\$ (16,585,297)	\$ (12,585,396)	\$ —	\$ (154,958,241)
Cash flows from noncapital financing activities:									
Receipts (Payments) of funds held in trust for others	\$ (481,136)	\$ —	\$ —	\$ —	\$ 15,572	\$ 1,355	\$ (43,810)	\$ —	\$ (508,020)
Direct lending proceeds	63,853,552	—	—	—	10,867,336	2,223,585	2,629,110	—	79,573,583
Direct lending disbursements	(63,853,552)	—	—	—	(10,867,336)	(2,223,585)	(2,629,110)	—	(79,573,583)
State and local appropriations	77,784,788	17,869,990	7,290,876	814,549	24,471,363	10,517,395	7,446,793	—	146,195,755
Federal CARES Act Grant	18,026,333	—	—	—	7,574,294	2,858,425	3,304,094	—	31,763,145
Federal Pell grant funds received	12,375,718	—	—	—	4,569,808	1,802,728	1,730,551	—	20,478,805
Gifts and contributions (expendable)	22,535,628	—	81,360	—	3,142,634	1,455,648	299,490	—	27,514,759
Land grant income	1,966,470	—	—	—	443,037	—	—	—	2,409,507
government	(67,942)	—	—	—	—	—	—	—	(67,942)
Additions to permanent endowments	16,166	—	—	—	—	—	—	—	16,166
Transfers between campuses and agencies	90,974	(94,802)	3,828	—	—	—	—	—	—
Net cash flows from noncapital financing activities	\$ 132,246,999	\$ 17,775,188	\$ 7,376,064	\$ 814,549	\$ 40,216,708	\$ 16,635,551	\$ 12,737,118	\$ —	\$ 227,802,175
Cash flows from capital financing activities:									
Purchase of capital assets	\$ (36,605,811)	\$ (1,731,812)	\$ (50,734)	\$ (240,532)	\$ (3,480,179)	\$ (770,637)	\$ (781,556)	\$ —	\$ (43,661,261)
Proceeds from sale of capital assets	117,953	28,682	—	34,164	22,315	—	645	—	203,759
Gifts restricted for capital purchase	7,091,651	—	—	—	1,198,015	162,033	391,587	—	8,843,286
Other capital financing activities	174,601	—	—	—	—	—	—	—	174,601
Proceeds from borrowings	128,721,243	—	—	—	—	—	—	—	128,721,243
Debt principal paid	(88,357,659)	—	—	223,008	(840,981)	(61,579)	(76,741)	—	(89,113,952)
Payment of capitalized debt issue costs	—	—	—	—	—	—	—	—	—
Advances from primary government	—	—	—	—	(87,536)	—	—	—	(87,536)
Repayment of advances from primary government	(1,352,018)	—	—	—	243,466	—	—	—	(1,108,552)
Interest paid	(6,924,042)	(1,454)	—	(3,837)	(93,424)	(23,826)	(9,759)	—	(7,056,341)
Net cash change from capital financing activities	\$ 2,865,918	\$ (1,704,584)	\$ (50,734)	\$ 12,803	\$ (3,038,324)	\$ (694,009)	\$ (475,824)	\$ —	\$ (3,084,753)
Cash flows from investing activities:									
Purchase of investments	\$ (42,515,986)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (42,515,986)
Proceeds from sale of investments	(1,657,212)	—	—	—	304,181	—	—	—	(1,353,031)
Investment income	78,869	31,632	10,314	587	(174,519)	19,709	17,782	—	(15,625)
Net cash change from investing activities	\$ (44,094,329)	\$ 31,632	\$ 10,314	\$ 587	\$ 129,662	\$ 19,709	\$ 17,782	\$ —	\$ (43,884,642)
Net change in cash and cash equivalents	\$ 22,117,162	\$ 1,831,513	\$ (192,662)	\$ 87,927	\$ 2,960,965	\$ (624,046)	\$ (306,320)	\$ —	\$ 25,874,539
Balances at beginning of year	\$ 205,031,339	\$ 9,163,563	\$ 4,227,913	\$ 169,626	\$ 33,410,313	\$ 10,097,539	\$ 6,582,384	\$ —	\$ 268,682,677
Balances at end of year	\$ 227,148,501	\$ 10,995,076	\$ 4,035,251	\$ 257,553	\$ 36,371,278	\$ 9,473,493	\$ 6,276,064	\$ —	\$ 294,557,216

Montana State University—All Campuses and Agencies

Overview

The University campuses are accredited by the Northwest Commission on Colleges and Universities and, in addition, by national professional accrediting organizations in teacher education, nursing, environmental health, engineering, engineering technologies, architecture, foods and nutrition, chemistry, art, music and business.

Enrollment

Annual Full Time Equivalent Students

	2022	2021	2020
Montana residents			
Undergraduate	10,170	10,597	12,460
Graduate	887	962	1,038
Nonresidents			
Undergraduate	5,659	4,980	4,869
Graduate	588	596	500
Western Undergraduate Exchange	2,052	2,169	1,395
Total	19,356	19,304	20,262

Tuition and Fees

Tuition and fees vary from campus to campus, and on each campus differ for residents and nonresidents and for undergraduate students and graduate students. The ranges of tuition and fees charged for full-time students during the 2021-2022 academic year, on a per-semester basis, were as follows:

	Resident		Nonresident		
	Undergraduate	Graduate	Undergraduate	WUE ⁽²⁾	Graduate
Bozeman Campus	\$3,764	\$4,330	\$14,133	\$5,330	\$14,721
Billings Campus	\$3,041	\$3,738	\$9,706	\$4,231	\$10,638
Northern Campus	\$3,000	\$3,623	\$9,355	\$4,179	\$10,149
Great Falls Campus ⁽¹⁾	\$1,725	N/A	\$5,414	\$2,413	N/A

(1) Undergraduate program only.

(2) Western Undergraduate Exchange

Employees and Graduate Assistants

As of Fall 2021, the University had 6,561 employees and utilized 902 graduate assistants at the following degree-granting locations:

	MSU-Bozeman	MSU-Billings	MSU-Northern	Great Falls College MSU	Total
Faculty/Professional	2,166	329	147	101	2,743
State classified system	1,192	187	64	44	1,487
Temporary hourly	133	70	7	17	227
Students	1,839	162	85	18	2,104
Total employees	5,330	748	303	180	6,561
Graduate assistants	887	15	—	—	902

Non-tenure track faculty and classified employees at the University are members of and represented by various collective bargaining units. Currently, tenure track faculty, part-time employees and administrative professionals are not represented by any of the collective bargaining units.

MSU-Bozeman



Campus Overview

Montana State University was founded in 1893 as the Agricultural College of the State of Montana. By the 1920s, the institution's preferred name was Montana State College, and so it remained until July 1, 1965, when, in recognition of the advances in the college's commitment to scientific and humanistic research, the 39th Montana Legislature changed MSC's name to Montana State University. Located in Bozeman, the campus comprises approximately 1,800 acres and more than 40 academic and administrative buildings.

In 1994, the Montana Board of Regents approved a restructuring plan that created a four-campus Montana State University. The Bozeman campus was given administrative oversight of what became MSU Billings, Great Falls College MSU and MSU Northern. Statutory authority for Montana State University Bozeman is contained in Title 20, Chapter 25, Section 201 of Montana Code Annotated.

MSU is organized into seven undergraduate colleges: the College of Agriculture; College of Arts and Architecture; College of Education, Health and Human Development; Jake Jabs College of Business and Entrepreneurship; College of Letters and Science; Norm Asbjornson College of Engineering; and Mark and Robyn Jones College of Nursing. Post-graduate master's and doctoral degrees are offered through the Graduate School. One-year and two-year degrees, as well as certificates, are offered through Gallatin College MSU. The university's Honors College offers curriculum for students to qualify for one of three honors designations on their transcripts in addition to the degree in their chosen major of academic study.

The campus offers more than 250 academic programs including more than 115 graduate programs, including master's degrees, doctorates and many certificate options. In the 2022 fiscal year, Montana State University awarded 3,481 degrees, including 509 master's degrees and 130 doctorates.

The university's annual research expenditures — almost entirely federal dollars competitively won — set a record in fiscal year 2021 with total expenditures topping \$200 million. The total marks nine years in a row that research expenditures have exceeded \$100 million. The university is home to 300 laboratories, 44 research centers and

seven agricultural research stations. MSU is classified as having “very high research activity” by the Carnegie Classification of Institutions of Higher Education, and it is one of just two that also have the profile of “Very High Undergraduate” enrollment. MSU has also been named among the top universities in the world for its scientific impact and collaboration, ranking 163 out of the top 202 in the U.S. recognized for the largest contributions to international scientific journals by the CWTS Leiden Ranking.

MSU continues to be one of the top institutions in producing Goldwater scholars. The Goldwater Scholarship is a competitive national award given to math, science and engineering students. Since the scholarship’s inception in 1989, 84 MSU students have become Goldwater scholars. MSU’s number of scholarships ranks among, and indeed is ahead of, some other prominent schools like Johns Hopkins, Yale and Cornell.

In 2018, MSU won the Connections Award by the Association of Public and Land-grant Universities in recognition of its economic engagement efforts, specifically its work with public- and private-sector partners in Montana and the region to support economic development through innovation and entrepreneurship, technology transfer, talent and workforce development and community development.

In addition to its academic mission of educating students, MSU is home to numerous entities that help strengthen the state through outreach efforts. First among them is MSU Extension, which has agents serving all 56 Montana counties and seven reservations in the areas of youth development, agriculture, community development, and family and consumer science. MSU is also home to the Montana Manufacturing Extension Center, a statewide manufacturing outreach and assistance center whose professional staff have extensive experience in manufacturing and business in a variety of industries. Other examples of the university’s statewide reach include its Center for Mental Health Research and Recovery, Montana PBS and the Museum of the Rockies.

Enrollment

		Student FTE for Fiscal Years Ended June 30,				
		2022	2021	2020	2019	2018
Resident	Undergraduate	6,237	6,632	7,999	8,149	8,032
	Gallatin College	400	406	432	413	389
	Graduate	680	748	766	780	769
	Total resident	7,317	7,786	9,197	9,342	9,190
Nonresident	Undergraduate	5,185	4,579	4,338	4,093	3,855
	Gallatin College	296	228	167	148	125
	Graduate	551	561	487	499	520
	Total nonresident	6,032	5,368	4,740	4,500	4,170
Western Undergraduate Exchange		1,760	1,859	1,064	1,052	1,149
Total		15,109	15,013	15,001	14,894	14,509

		Degrees Granted - Fiscal Years Ended June 30,				
		2022	2021	2020	2019	2018
MSU Bozeman University Campus:						
	Certificates	8	3	3	3	1
	Associate	11	6	16	11	14
	Bachelor	2552	2669	2699	2558	2391
	Graduate	639	497	499	530	570
	TOTAL:	3,210	3,175	3,217	3,102	2,976
Gallatin College Campus:						
	Certificates	77	62	63	75	77
	Associate	104	114	104	97	88
	Bachelor	1	0	0	0	0
	TOTAL:	182	176	167	172	165
GRAND TOTAL:		3,392	3,351	3,384	3,274	3,141

Other highlights from MSU's enrollment headcount for fall 2022 included:

- The number of veteran students enrolled was 511, and the university saw a 6% increase in the number of international students enrolled at 403 total.
- MSU set records for enrollment in a number of categories among its student body, including 282 African-American students, 684 Asian students, 950 Hispanic students and 130 Native Hawaiian/Pacific Islander students. American Indian/Alaska Native students also recorded an enrollment of 776, the second highest total ever at MSU. The number of American Indian/Alaska Native students at MSU has grown 9% over the past five years. MSU saw an overall 3% increase compared to last year in students defined as "under-represented minorities" by the federal government.
- The total number of degrees awarded at MSU was 3,481. Among those, bachelor's degrees numbered 2,553 and master's degrees counted 509, a 25% increase over the prior year. Associate degrees totaled 115; graduate certificates were at 104 total; and the number of doctorates awarded increased 44% to 130.

Campus Outlook

In January 2019, the university adopted a new, seven-year strategic plan, Choosing Promise. The plan has three areas of focus - teaching, research and outreach - that also align with university's historic mission as articulated by the Morrill Land Grant College Act of 1862 and the subsequent Hatch and Smith-Lever acts passed by the U.S. Congress. Central to all parts of the plan is an emphasis to improve Montana, its people, its environment and its economy.

Few programs better epitomize the university's new strategic plan than its Hilleman Scholars program, named after Maurice Hilleman – an MSU alumnus now widely recognized as the most prolific vaccinologist in history. Now in its seventh year, the Hilleman Scholars program seeks Montana high school students who may not have performed well on traditional academic measures, but who have shown grit and promise. Each year, MSU selects at least 50 Hilleman Scholars from across Montana. The Hilleman story is one of how nurturing the promise in hard-working Montanans of ordinary or humble means can transform them, their families, the state and even the world.

In August 2021, the university announced a \$101 million investment from Mark and Robyn Jones, the founders of Goosehead Insurance. The funds were aimed at addressing one of the most defining challenges of our time: access to health care, particularly for rural and frontier communities. The gift — the largest gift ever given to a college of nursing at the time and the largest private gift in Montana history — will fund new nursing education buildings at each of the College of Nursing's five statewide campuses in Bozeman, Billings, Great Falls, Kalispell and Missoula; as well as create five endowed professorships and establish Montana's only certified nurse midwifery program preparing doctoral-level nurses to benefit maternal health care statewide.

And in early 2022, MSU announced that the Gianforte Family Foundation pledged \$50 million to construct a new building to house MSU's school of computing and computing-related fields such as cybersecurity, optics and photonics, electrical and computer engineering, and creative industries. The gift ties for the second largest in MSU history and is another of the largest philanthropic gifts in Montana history. Planning and design are underway for the future Gianforte Hall.

Change is occurring rapidly at Montana State University to accommodate the tremendous growth the university has experienced over the last decade. In fall 2021, the university opened its American Indian Hall, a \$20 million facility that serves as a home away from home for MSU's growing Native American/Alaska Native student population, a home for the Department of Native American Studies, and valuable classroom space shared by all of MSU.

The university also saw the grand re-opening of its Romney Hall in November 2021. This \$32 million renovation, funded in part by \$25 million from the 2019 Montana Legislature, repurposed MSU's original, century-old physical education building — which had fallen into disrepair — into a classroom building that now seats more than 1,000 students per hour in the heart of campus and provides a home for high-impact student services such as the MSU Writing Center, Disability Services, the Travis W. Atkins Veterans Support Center and the Christopher B. Lofgren Center for Excellence in Mathematics and Statistics.

Additionally in late 2021, MSU opened its Bobcat Athletic Complex, a 40,000-square-foot facility at Bobcat Stadium that supports student-athletes with study spaces, locker rooms and team meeting rooms, as well as training,

health and rehabilitation facilities. It also houses MSU's football program, including offices for coaches and staff. The building was funded with \$18 million in private donations raised in just two years.

These are in addition to the campus' recent notable building openings, including the classroom and laboratory building Norm Asbjornson Hall in spring 2019 and the 510-bed residence Hyalite Hall in fall 2020.

Looking ahead, MSU's new Student Wellness Center is currently under construction with an anticipated opening in late 2023. In March 2019, MSU lost two of its recreational gymnasiums due to a roof collapse caused by a 100-year snow event. The Montana Board of Regents subsequently approved a \$60 million project for MSU to replace the lost gymnasium space and to integrate a new home for its student health services. The facility, when complete, will conveniently co-locate all student health, counseling, recreation and fitness and other wellness services into a single facility.

The university is also seeing development moving forward on its Innovation Campus, located just west of the main MSU campus, where an 87,000-square-foot office space called INDUSTRY Bozeman is currently under construction and plans are in the works for a 78,000-square-foot facility for the self-driving vehicle technology company Aurora. Additionally, Hyundai Motor Group has announced plans to bring its New Horizons Studio headquarters to the Innovation campus to develop advanced all-terrain robotic vehicles.

All of MSU's physical growth is an attestation of its increased student population. The enrollment in the fall semester 2020 is the fifth highest in MSU's 129-year history, with the record set in fall 2018 at 16,902. MSU's fall 2022 retention rate – the percentage of first-year students returning for their second year – hit 75.2% percent. In addition, graduate enrollment is improving. The number of MSU graduate students, which sits at 2,057 this fall, has increased 4% over the past five years.

In fall 2022, MSU also attracted 136 recipients of the prestigious Montana University System Honors Scholarship – accounting for 60% of all recipients statewide. The scholarship grants four years of tuition at an eligible state campus.

Other highlights from MSU's enrollment headcount for fall 2022 included:

- The number of veteran students enrolled was 511, and the university saw a 6% increase in the number of international students enrolled at 403 total.
- MSU set records for enrollment in a number of categories among its student body, including 282 African-American students, 684 Asian students, 950 Hispanic students and 130 Native Hawaiian/Pacific Islander students. American Indian/Alaska Native students also recorded an enrollment of 776, the second highest total ever at MSU. The number of American Indian/Alaska Native students at MSU has grown 9% over the past five years. MSU saw an overall 3% increase compared to last year in students defined as "under-represented minorities" by the federal government.
- The total number of degrees awarded at MSU was 3,481. Among those, bachelor's degrees numbered 2,553 and master's degrees counted 509, a 25% increase over the prior year. Associate degrees totaled 115; graduate certificates were at 104 total; and the number of doctorates awarded increased 44% to 130.

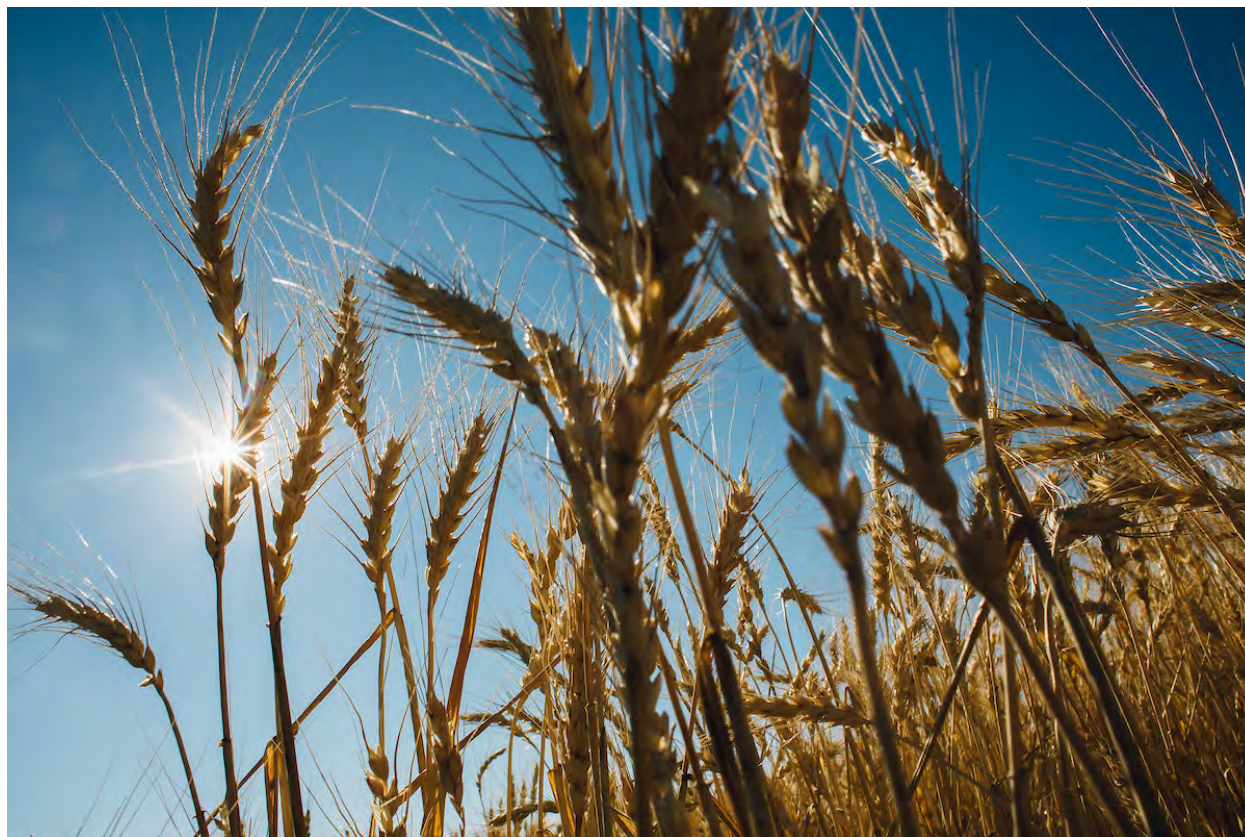
Montana Agricultural Experiment Station (MAES)

Agency Overview

The Hatch Act of 1887 created the Montana State Agricultural Experiment Station system. This unique federal/state partnership, supporting agricultural and natural resource research and outreach, is a contract for maintaining viable agricultural and natural resource communities and an affordable supply of food and fiber for America. In 1893, Montana endorsed the terms of the Morrill Act, creating the land-grant university and the designation of the Montana Agricultural Experiment Station (MAES). The MAES operates under these enabling Acts and subsequent federal and state legislation and amendments through the authority of the MAES Director as approved by USDA. MAES houses people and programs at its research centers throughout Montana and the main station at the Bozeman campus.

The research center system consists of: Northern Agricultural Research Center (ARC) at Havre, Northwestern ARC at Creston, Western ARC at Corvallis, Central ARC at Moccasin, Southern ARC at Huntley, Western Triangle ARC at Conrad, and Eastern ARC at Sidney. The research centers are located so they address the diverse climatological, ecological and environmental challenges of Montana's largest economic sector. Individual research center priorities reflect challenges faced by producers in that region. The oldest research centers, Central and Western, were established in 1907 with the most recent, Western Triangle, established in 1978. MAES also cooperates with the federal USDA ARS Fort Keogh Livestock and Range Research Laboratory at Miles City, a partnership that has been in place since 1924, and the USDA ARS research programs at the Northern Plains Agricultural Research Center in Sidney.

The Bozeman MAES component includes research in the academic departments of Agricultural Economics and Economics, Agricultural and Technological Education, Animal and Range Sciences, Land Resources and Environmental Sciences, Plant Sciences and Plant Pathology, and Microbiology and Cell Biology. The majority of the MAES faculty are located on the main station at MSU-Bozeman campus, with split appointments between research, teaching and extension service, which provides unique and high-quality educational opportunities on- and off-campus that are appropriate for the region, and also appeal to students and clientele from around the world.



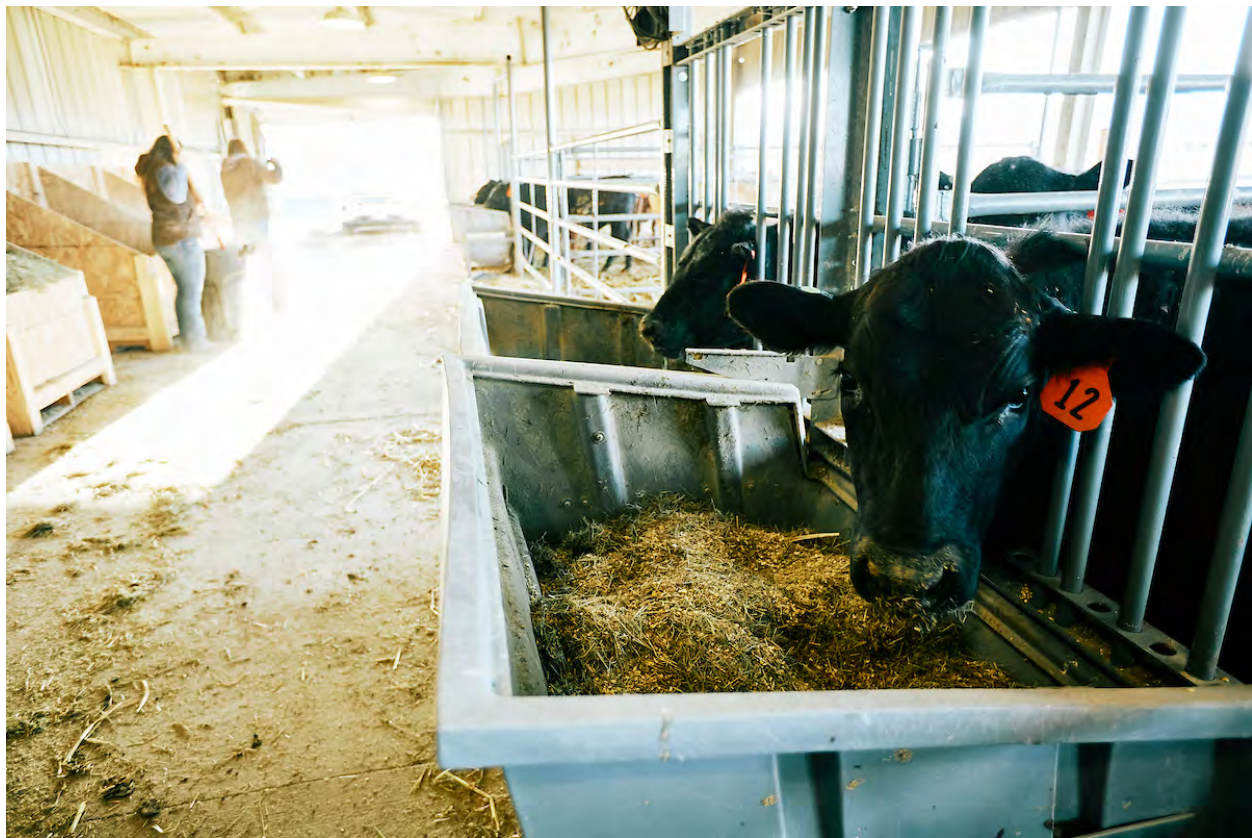
MAES cooperates with state, regional, and federal agencies on research to generate and disseminate superior knowledge and produce advances in technology that increase the competitiveness, profitability, and sustainability of agricultural and natural resource systems. MAES aids agricultural stakeholders in competing and succeeding in a global environment, preserving environmental quality, improving the quality of life, and adding value to state, regional and national resources within the global economy, as well as developing cutting-edge outreach and education programs.

Highlights

MAES and the College of Agriculture continue to be successful in securing and leveraging new extramural funding to support research programs. The College of Agriculture, which is collaboratively funded by MAES, has been among the most productive of the academic disciplines in terms of research expenditures with a total of \$48.2 million for FY2022. This represents a 5% increase in sponsored research from the prior year.

Outlook

MAES base-funded programs are financed by state (85%) and federal (15%) funding. MAES foresees continued legislative pressure to reduce Federal agricultural research funding, while competitive grant programs at state, regional and national levels are also significantly constrained. These concerns occur concurrently with the continued need for agriculture to succeed as a primary economic engine for Montana.



MSU Extension (ES)

Agency Overview

The mission of Montana State University Extension ("Extension" or "ES") is to improve the lives of Montana citizens by providing unbiased, research-based education and information that integrates learning, discovery and engagement to strengthen the social, economic and environmental well-being of individuals, families and communities.

To meet the educational needs of Montanans, Extension coordinates educational and research resources in the region through campus-based specialists and 54 local Extension offices, providing outreach to all 56 Montana counties and all seven Indian reservations. Because Montana's communities are as diverse as its landscape, the structure of Extension — MSU faculty living in Montana's small towns and cities — ensures that programs are in tune with local issues and can adapt quickly to changing needs.

The unique funding structure of ES combines state general fund, federal Smith-Lever and county resources. The state Legislature appropriates general funds on a biennial basis. Extension agents' salaries are paid from both federal Smith-Lever and county funding sources, while Extension specialists are paid from state general funds. Extension funds the payroll benefit costs for all employees hired on state funding, while county agents' benefits are paid from a blend of Federal Smith-Lever and state general fund dollars. Operational allocations are made to specialists based on a pre-established formula, and other operating dollars are allocated to support staff development, program development, personnel recruitment and general operating purposes.

To deliver the practical advice and information needed by Montana's agricultural community, Extension taps into the resources of the entire university system. Research results from the Agricultural Research Centers and funding through USDA assist in developing programmatic responses. Primary concerns related to sustainability and profitability, natural resources and the environment, and technology transfer/value-added opportunities are addressed through outreach efforts across the state.

Extension's Family & Consumer Sciences program area serves a wide variety of people and families and provides specialized programs, including those targeted toward the elderly, children, single parents and stepfamilies. Topics include food and nutrition, housing, health, family issues, personal finance, environmental health and many other subjects useful to Montanans. One special program emphasizes nutrition education for families with limited resources.

Extension agents also work with Montana 4-H programs to serve youth throughout the state. In 2021-2022, Montana 4-H reached 13,511 Montana youth, ages 6-19. Approximately 64% of these youth are involved in yearlong community clubs, while the remainder are active through a variety of short-term and special interest education programs. The COVID-19 pandemic greatly impacted the many 4-H program and school collaborations. Enrollment numbers are expected to rise as these partnerships become possible again. Montana 4-H youth are supported by 3,062 trained adult and youth volunteers who lead local programs and activities.

Local community and economic viability efforts continue to be an area of major emphasis for Extension's Community Development program. Extension continues to collaborate with state and federal agencies to provide local governance, strategic planning and leadership development education for communities and individuals. The MSU Extension Local Government Center provides the only extensive education and training for Montana's elected and government officials at the local and county level.

MSU Extension's strategic plan complements the university's strategic plan, "Choosing Promise," by focusing on engagement within Montana communities and the integration of learning, discovery and engagement. Extension is successful throughout the state in meeting and excelling at this tripartite mission. Within MSU's strategic plan, Extension has a clear leadership role in increasing the university's capacity as a statewide resource to collaborate, respond to local needs and address the state's greatest challenges.

Fire Services Training School (FSTS)

Agency Overview

The Fire Services Training School (FSTS) is state-level agency and is attached to MSU Extension. The FSTS is authorized in 20-31-102 of the Montana Code Annotated. Its purpose is to provide fire service personnel with professional training; identify new methods of fire prevention and suppression, and disseminate information; provide a resource center for use by local fire services; provide testing and certification for personnel and apparatus; and coordinate fire services training in the state. FSTS certifications are internationally accredited by two different accrediting agencies.

These goals are accomplished by building capacity in local governments for protecting citizens' lives and property and safeguarding the community tax base and infrastructure from harm caused by fires, accidents, injuries, hazardous materials incidents and other emergencies. FSTS trainers provide instruction and resources to local fire and rescue services and are strategically located in Cascade, Custer, Valley, Flathead, Missoula, Beaverhead and Yellowstone counties.

The FSTS audience consists of 10,000 fire fighters in more than 380 organizations, 96% of whom are volunteers. The FSTS provides 69% of its services to all-volunteer fire companies, 20% to combination fire companies (with both paid and volunteer firefighters), and 11% to all-paid fire companies.

The FSTS curriculum includes entry level recruit academies, hazardous materials and technical rescue courses, and leadership and management, as well as tactical- and strategic-level incident operations courses. The FSTS continues to introduce new methods and technology into local fire service organizations, resulting in enhanced firefighter safety, a higher level of citizen protection and significantly reduced costs for fire insurance premiums in many communities.



MSU-Billings



Campus Overview

Montana State University Billings is a regional comprehensive public four-year higher education institution located in Montana's largest population center, whose faculty is actively engaged in teaching, research, creative endeavors and public service. MSU Billings is unique in that it is one of a select few higher education institutions that also boasts an embedded two-year community college. The university's mission is to deliver a transformative education that empowers students from diverse backgrounds to succeed.

The institution, founded in 1927, was initially called Eastern Montana Normal School, and was established to prepare teachers for elementary schools in eastern Montana. It was again renamed in 1965 as Eastern Montana College (EMC). It merged into the Montana University System in 1994 under its present name. MSU Billings has grown, with the city of Billings and Yellowstone County, into the major comprehensive higher education center of south central and eastern Montana. The University has five colleges: the College of Liberal Arts & Social Sciences (CLASS), the College of Business (COB), the College of Education (COE), the College of Health Professions and Science (CHPS), and City College. City College serves the comprehensive two-year mission of the university. MSU Billings offers a full complement of certificate programs, associate, bachelor and master degrees, as well as pre-professional academic offerings in many academic areas, featuring 23 online degree programs. Several academic programs are unique to the Montana University System. In addition, MSU Billings offers graduate degrees from the CLASS, COE, and CHPS.

MSU Billings is accredited by the Northwest Commission on Colleges & Universities. The MSU Billings College of Business is accredited by the Association to Advance Collegiate Schools of Business, whose standards are used as the basis to evaluate a business school's mission, operations, faculty qualifications and contributions, programs, and other critical areas. The MSU Billings College of Education is accredited by the Council for the Accreditation of Educator Preparation for preparing elementary and secondary teachers and school counselors through the Bachelor of Science and Master of Education degrees, and the Master of Science in Special Education degree. Disciplinary departments that have received national accreditation include the Music Department (National Association of Schools of Music), the Art Department (National Association of Schools of Art and Design), the Department of Health and Human Performance (Commission on Accreditation of Athletic Training Education), the Department of Rehabilitation and Human Services (Council for Accreditation of Counseling and Related Educational Programs), and Department of Health Care Services (Commission on Collegiate Nursing Education).

The Association for Behavior Analysis International (ABAI) Accreditation Board has awarded MSU Billings' Master of Science in Special Education Advanced Studies Applied Behavior Analysis (MSSED ABA) degree program a five-year accreditation.

City College programs are accredited and approved by the Montana Board of Nursing, the National League for Nursing Commission for Nursing Education Accreditation, the Committee on Accreditation of Allied Health Education Programs, the Committee on Accreditation of Educational Programs for the EMS Professions, the Joint Review Committee on Education in Radiologic Technology, and International Fire Service Accreditation Congress.

Public service is integral to the mission of the University. Its two primary public service entities are Yellowstone Public Radio (KEMC), serving Montana and Northern Wyoming with local, regional and nationally acclaimed educational programming, including NPR; and the Montana Center for Inclusive Education (MCIE), which serves the diverse population of Montana and provides continuing professional development opportunities for educators and direct service providers.

In 2022, Montana State University Billings announced the launch of the Institute for Neurodiversity and Applied Behavior Analysis at the Montana Center for Inclusive Education (MCIE) on university campus. The Institute will serve children in the region with mental, social, and behavioral differences associated with autism spectrum disorders, developmental disabilities, similar mental health disorders, and other behavioral disabilities, by providing direct and telehealth clinical support.

Enrollment

	Student FTE for Fiscal Years Ended June 30,				
	2022	2021	2020	2019	2018
Resident					
Undergraduate	1,606	1,649	1,686	1,930	1,945
City College	544	549	540	571	588
Graduate	188	191	193	194	185
Total Resident	2,338	2,389	2,419	2,695	2,718
Nonresident					
Undergraduate	101	104	80	100	112
City College	15	13	15	13	8
Graduate	36	34	35	14	11
Total nonresident	152	151	130	127	131
Western Undergraduate Exchange					
Main Campus	180	188	190	184	192
City College	23	31	29	37	30
Total Western Undergraduate Exchange	203	219	219	221	222
Total	2,693	2,759	2,768	3,043	3,071

	Degrees Granted - Fiscal Years Ended June 30,				
	2022	2021	2020	2019	2018
University Campus:					
Associate Degrees	17	33	30	36	31
Bachelor's Degrees	415	409	434	412	408
Master's Degrees	110	104	116	110	131
Total University Campus	542	546	580	558	570
City College Campus:					
Certificates	48	44	48	42	41
Associate Degrees	185	188	182	206	187
Total City College	233	232	230	248	228
Grand Total Degrees	775	778	810	806	798

MSU Billings is the third largest public university in Montana. Alumni and workforce data show that graduates from MSU Billings stay in Montana and contribute to the state's economy and betterment of its communities. MSU Billings started the 2022-2023 academic year with 4,057 students enrolled, with 2,322 students at university campus and 1,735 enrolled at City College campus. In fall of 2022, MSU Billings welcomed its largest freshman class in three years, with increases in military-affiliated, Hispanic, and Native American student enrollment. Retention rates for first-time freshmen and transfer students have exceeded targets set by the newly formed Retention and Graduation Council and a record-high number of students are also taking online or HyFlex classes, reaffirming that MSU Billings is offering the right learning modalities to meet the needs of their students. High school student enrollment in University Connections courses also increased by 21%. This increase speaks to the strong partnership MSUB has with School District 2 and other Yellowstone County schools.

Fall 2022 enrollment data showed additional areas of growth including a first-time freshman increase of four percent and nontraditional freshmen student enrollment increase of 14 percent. Nontraditional students are classified as having been out of high school three or more years. Programs with significant enrollment growth include: Health and Human Performance 3+2 program (includes a combined bachelor's and master's program) 94%, Registered Nurse to Bachelor of Nursing program 37%, Master of Clinical Rehabilitation and Mental Health Counseling program 25%, Master of School Counseling program 22%, Bachelor of Business Administration – Finance Option 39.5%, Computer technology associate programs 23%, Fire science associate program 50%, and the Associate in Nursing 14%.

Campus Outlook

MSU Billings continues to serve our students and community with superior levels of excellence and efficiency. MSU Billings has invested in distance learning by developing full degree programs, and general education, online. This investment continues to provide educational offerings to Montana citizens who are place bound or time bound. Increasing opportunities for students to participate in internships and cooperative education experiences also continue to be a priority for the University.

Grants and research production continues. The University recently received notification of a new National Institutes of Health grant for \$1,221,143 over 5 years. This grant is designed to build knowledge, interest, and authentic community engagement in science. Also, the University received notification of a new National Science Foundation grant for \$173,296 for 3 years. This grant is a collaborative research project focusing on mental health opportunities for professional empowerment in STEM. Continuing major grants include TRIO – Upward Bound, Talent Search, SSS TRIO, NIH, Social Security, OPI, Corporation for Public Broadcasting, iEMBER, CCAMPIS, INBRE and Title III.

This fall, MSU Billings launched the Montana 10 program with 108 student scholars. Montana 10 is a new scholarship program from the Montana University System that offers academic, social, and financial support designed to help students succeed in college. Montana 10 scholars have a community of support staff who knows them individually and supports them along their college journey, ensuring they receive tailored support to achieve their educational and career goals. There are currently 77 Montana 10 scholars enrolled at the university campus and 31 students enrolled at the City College campus.

Support for the University continues to be strong. The Foundation distributed nearly \$1.1 million in scholarships for MSU Billings students in FY22.

MSU-Northern



Campus Overview

Founded by the Legislative Assembly of the State of Montana in 1913, "The Northern Montana Agricultural and Manual Training School" opened in Havre, Montana, under the name "The Northern Montana School." In 1931, the common use of "Northern Montana College" came into existence. In 1994, Northern Montana College became Montana State University-Northern (MSU-Northern) as part of the restructuring of the Montana University System.

The university is known for its supportive, student-centered environment in which a unique mix of academic programs are responsive to local, regional, and state workforce needs. MSU-Northern provides liberal arts, professional and technical programs, ranging from certificates through master's degrees, that serve a diverse student population; promotes a student-centered and culturally enriched environment which fosters student success; and partners with external entities to enhance and expand learning experiences.

MSU-Northern programs are in the disciplines of business, nursing, engineering and mechanical technology, teacher education, natural sciences, and humanities. Applied research and service functions are aligned with many of the university's disciplines and respond directly to the region's economic and societal needs.

MSU-Northern is accredited by the Northwest Commission on Colleges and Universities. The university's programmatic accreditations also include the Accreditation Commission for Education in Nursing (ACEN), the Montana State Board of Nursing, the Engineering Technology Accreditation Commission/Accreditation Board of Engineering Technology (ETAC/ABET), the National Automobile Technicians Education Foundation (NATEF) and the Montana Office of Public Instruction.

MSU-Northern values individualized attention to its students, experiential learning, and creating a culturally rich and intellectually stimulating environment. From its main campus on the Montana Hi-Line, the university serves as a regional cultural center and maintains strong partnerships with communities, education, business and industry.

Enrollment

	Student FTE for Fiscal Years Ended June 30,				
	2022	2021	2020	2019	2018
Resident					
Undergraduate	694	672	686	743	757
Graduate	19	23	23	34	28
Total resident	713	695	709	777	785
Nonresident					
Undergraduate	41	39	43	51	48
Graduate	1	1	0	0	1
Total nonresident	42	40	43	51	49
Western Undergraduate Exchange	84	87	99	108	112
Total	839	822	851	936	946

	Degrees Granted - Fiscal Years Ended June 30,				
	2022	2021	2020	2019	2018
Certificates	22	20	33	16	20
Associate	105	114	133	114	77
Undergraduate	135	121	134	141	125
Graduate	16	15	18	16	16
Total:	278	270	318	287	238

Campus Outlook

Located in Havre, Montana, Montana State University-Northern is north central Montana's comprehensive university offering programs and services at the associate, baccalaureate, and master's levels. Degree programs range from teacher education to engineering technology, emphasizing both technology and liberal arts education. MSU-Northern programs are in the disciplines of business, nursing, engineering and mechanical technology, teacher education, natural sciences, and humanities. Applied research and service functions are aligned with many of the university's disciplines and respond directly to the region's economic and societal needs.

Specializing in serving a large geographic region, MSU-Northern serves an area that includes four Native American reservations along with Montana's smallest and largest towns. The University functions as an important cultural resource and continuing education center.

MSU-Northern is deeply committed to providing a supportive, student-centered environment. Northern utilizes innovative teaching, alternate delivery methods and partnerships with tribal colleges across Montana and a number of two-year colleges throughout the Northwest helping these institutions expand their program offerings in the realm of 4-year Baccalaureate degrees. Together, we ensure that Northern students can attain an Education that Works.

After five consecutive years of enrollment declines starting in 2017, MSU-Northern reversed the trend and increased FTE enrollment in the fall 2022 census.

Great Falls College MSU



Campus Overview

Great Falls College Montana State University (GFC MSU), an affiliated campus of Montana State University, is an independently accredited, comprehensive two-year college primarily serving north-central Montana. GFC MSU prides itself on being a student-centered two-year college, providing quality educational opportunities responsive to community needs.

GFC MSU is a progressive public institution offering two-year transfer degrees as well as degrees and certificates preparing students to enter high-skill, high-wage, high-demand careers. Transfer degrees include general education (Associate of Arts, Associate of Science and the Montana University System Core) offerings. The Certificate and Associate of Applied Science degrees include one- and two-year applied programs in Health Sciences, Accounting, Trades, and Technology disciplines.

The college also works with employers to ensure students are getting the knowledge they need to be successful in employment. As a comprehensive two-year college, additional offerings related to workforce development, customized and contracted training, and community enrichment are provided as part of economic and community development. Several of the health sciences and trades programs are unique to the state and the region.

In partnership with Great Falls Public Schools, the Career and College Readiness program is also housed on the Great Falls College MSU campus. The college has a full complement of student, academic and administrative services reflective of a larger campus.

GFC MSU began as the Great Falls Vocational - Technical Center, established by the Montana Legislature in 1969 to offer employment training in vocational and technical fields with governance provided by the local school districts. In July 1989, the governance of the center and the other Montana vocational technical centers was transferred to the Montana Board of Regents. In January 1994, the Regents approved the restructuring of the Montana University System. Montana State University-Bozeman, Montana State University-Billings, Montana State University-Northern

and Great Falls College Montana State University are related through common management; however, they are separate and distinct entities.

GFC MSU is regionally accredited by the Northwest Commission on Colleges and Universities. Various academic programs are accredited individually as well, primarily those within medical fields. Since 2017, Great Falls College Montana State University has seen a steady decline in enrollment. This fits with national trends of a strong economy having negative impacts on overall enrollment at two-year institutions.

Enrollment

	Student FTE for Fiscal Years Ended June 30,				
	2022	2021	2020	2019	2018
Resident					
Undergraduate	689	689	705	791	933
Nonresident					
Undergraduate	21	17	14	24	30
Western Undergraduate Exchange	5	4	10	3	6
Total	715	710	729	818	969
	Degrees Granted - Fiscal Years Ended June 30,				
	2022	2021	2020	2019	2018
Great Falls College Campus:					
Certificate	80	92	79	145	136
Associate	205	222	207	265	278
Total	285	314	286	410	414

Campus Outlook

Great Falls College just wrapped up its seven-year strategic plan and is beginning to shape a new strategic plan that will look at programming mix and aligning resources and personnel to three areas of emphasis: increasing opportunities by expanding enrollment and engaging the community through branding, marketing, and alumni relations; becoming more inclusive by removing barriers and providing support in academics, non-instructional support, and forging a stronger campus community; and pursuing excellence by through learning, assessing and innovating by improving processes, and aligning resources. The college also is preparing a comprehensive facilities plan.

The college completed the expansion of its dental clinic in August 2021. The expansion was funded by a \$4.25 million appropriation from the 2019 Legislature thanks to wide bi-partisan support from all corners of Montana. The 12,000-square-foot addition that also features 6,600 square feet of renovated space will enable the state's only Dental Hygiene program to increase capacity from 18 to 25 students each year in addition to the 18 possible students in Dental Assisting.

Great Falls College beat out hundreds of colleges to be a finalist in the Lumina Foundation Million Dollar Community Challenge. It received \$100,000 to be used toward branding and marketing. In addition, the college will be strengthening its marketing efforts, community outreach, and development of internships for the Accounting, Business and Computer Technology programs as they provide good wages and employment opportunities for students.

Great Falls College was an early adaptor of HyFlex teaching modality in which student can participate in a class in-person, remotely synchronously, or remotely asynchronously. The demand continues for the HyFlex and online courses and the Teaching and Learning Center will continue to provide workshops and individualized training to support faculty's online and HyFlex teaching efforts.

The Respiratory Care program has been revitalized through the OneMSU Network with a three-campus partnership with City College and Gallatin College. The program is now offered using remote technologies, similar to Surgical Technology and the Practical Nursing program to provide access to more communities and health care partners.

Physical Therapist Assistant is looking to use this model as well after seeing respiratory program go from nine students in 2021 to full capacity in fall 2022.

Trades division will continue to strengthen its dual credit program with the Great Falls Public Schools, develop new ties to industry for internships and expand concurrent enrollment opportunities with local school districts. Working closely with the Trades division, the Continuing Education and Training department is rebranding to more accurately reflect its mission of providing community and continuing education programs plus customized training to business, community and military partners.

