

Enterprise Risk Management Report

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I. EXECUTIVE SUMMARY

The Montana University System (MUS) mission is to serve students through the delivery of high quality, accessible postsecondary educational opportunities, while actively participating in the preservation and advancement of Montana's economy and society.

The MUS implements enterprise risk management to enhance our understanding of systemwide risks, increase visibility and transparency of activities related to mitigating risk, share information across the System, and support informed decision-making. The systemwide enterprise risk management process seeks to complement and support risk management processes and activities across the MUS.

The MUS Enterprise Risk Management (ERM) Program continues to mature.

II. ABOUT THE MUS ENTERPRISE RISK MANAGEMENT PROGRAM

Per the systemwide [Charter](#), ERM is a disciplined process to identify, assess, respond to and report on key risks/opportunities to advance the MUS mission and create value for stakeholders. ERM helps inform MUS senior management and the Board of Regents (BoR) of the most critical risks to the strategic success of the MUS.

The ERM Program is implemented to:

- Build a common view of enterprise risks and risk management strategies
- Broaden communication and information sharing across the System
- Enhance the understanding of risk exposure across the System
- Increase understanding of how effectively the System mitigates risk
- Better inform decision-making
- Identify ways to share services in the management of risks

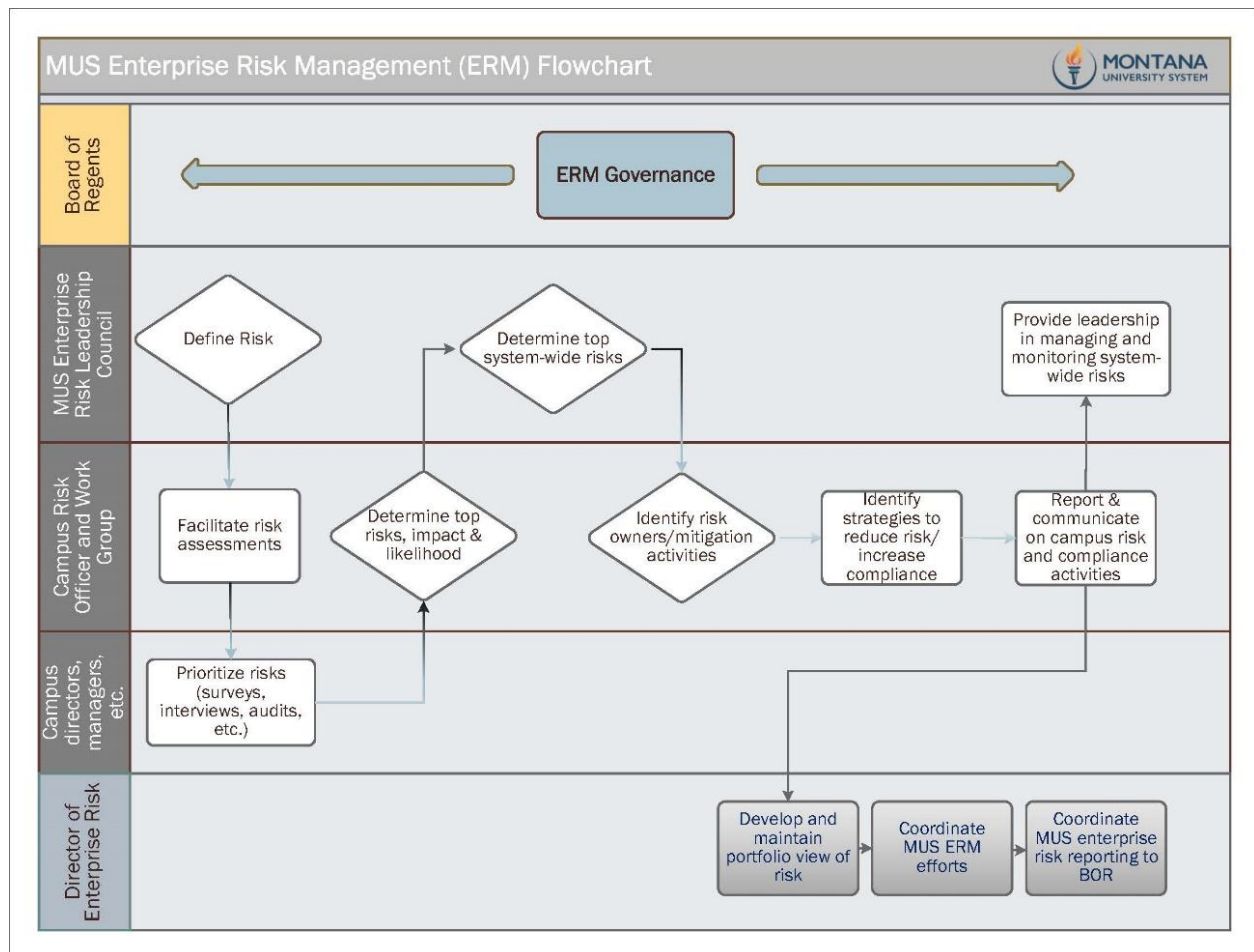
A. GOVERNANCE STRUCTURE

- **Board of Regents:** The Board of Regents supports the systemwide ERM Program and provides direction and guidance to the Program. The Regent's Budget, Administration, Audit and Planning Committee receives regular updates on the Program.
- **Commissioner's Cabinet:** The Commissioner's Cabinet consisting of the Commissioner, the Deputy Commissioners, and the Chief Legal Counsel supports the ERM Program, providing direction and guidance as needed.
- **The Enterprise Risk Leadership Council:** Composed of senior leaders across the System whose roles within MUS campuses and the Commissioner's Office allow informed insights regarding enterprise risks within and across their areas of responsibility.

- **Risk Officers:** Risk Officers at each campus assemble the campus Enterprise Risk Working Groups.
- **Campus Enterprise Risk Workgroups:** Membership varies from campus to campus. Campus workgroups are responsible for identifying, assessing, and mitigating campus-level risks.

B. ERM PROCESS

The MUS Enterprise Risk Leadership Council Charter is the governing document that outlines the purpose, organization, and responsibilities of ERM stakeholders across the system. The Charter establishes a formal, principles-based approach to identifying, managing, and monitoring risks across the MUS. Risk assessments from campuses are compiled by the Director of Assurance and Enterprise risk and presented to the Budget Committee of the Board of Regents annually. The diagram below depicts the systemwide ERM process.



C. MUS ERM FUNDING

The goal of the MUS ERM program is to create value through enterprise-wide integrated and holistic risk management. OCHE continues to incentivize campus participation in the ERM program by providing targeted funding (as available) for projects, equipment, software, training, or other services that may support the management of risks at campuses and across the MUS.

D. RISK MANAGEMENT AND TORT DEFENSE DIVISION – ERM DISCOUNT PROGRAM

The Department of Administration, Risk Management and Tort Defense Division (RMTD), in consultation with the OCHE, offers a 2.5% general liability insurance premium discount to campuses that implement effective ERM programs. Discounts are applied against the participant's budgeted general liability insurance premium in the next fiscal year.

Eight campuses, along with OCHE, participated in the FY2025 Enterprise Risk Management (ERM) program, with all entities receiving the full 2.5% discount. All eight campuses and OCHE have also committed to participating in the FY2026 program.

E. RISK MATURITY AND INTEGRATION

Fiscal Year 2025 reflects continued progress toward a more integrated approach to enterprise risk management across the Montana University System. Campuses are increasingly aligning their risk assessments with strategic planning efforts and cross-referencing identified risks with audit findings, compliance reviews, and institutional data. This evolution signals a growing, systemwide commitment to embedding proactive, data-informed risk management into decision-making and organizational culture.

III. FY 25 TOP SYSTEMWIDE RISK PROFILE UPDATE

Each MUS campus conducts an annual risk assessment led by a designated risk officer in collaboration with campus stakeholders. These assessments identify and prioritize top institutional risks, which are then submitted to the Office of the Commissioner of Higher Education (OCHE) and consolidated into the MUS systemwide risk register. While many core risks remain consistent year over year, their prioritization and framing evolve in response to internal needs, policy shifts, and legislative developments. The 2025 Legislative Session introduced new funding and initiatives that have a direct bearing on many enterprise risk areas.

FINANCIAL SUSTAINABILITY / BUSINESS MODEL

Maintaining long-term financial sustainability remains the MUS's top-ranked risk. Risks include increasing fixed costs, enrollment volatility, deferred maintenance, and resource constraints. In FY25, legislative action supported this area through:

- **\$80.6M biennial increase** in the *MUS budget* (16.4% over the prior biennium)
- Strategic capital investments and new program support, helping stabilize funding across multiple campuses

These investments strengthen the foundation for long-term planning and operational resilience.

CYBERSECURITY AND INFORMATION SECURITY

Cybersecurity continues to be a top-tier concern across the MUS. In response, the 2025 Legislature allocated:

- **\$3.1M** for the *CyberMontana Initiative* to expand cybersecurity education and training capacity at UM
- **\$1.0M** for *Security Information and Event Management (SIEM)*, supporting systemwide cybersecurity infrastructure and risk monitoring

These investments directly mitigate risks related to data breaches, ransomware, and the growing complexity of digital threats.

TALENT MANAGEMENT AND WORKFORCE STABILITY

Recruitment, retention, and long-term talent development remain high-priority risks. The Legislature approved:

- **\$32M** in *MUS Pay Plan funding* under HB 13 to support compensation and benefits, including health insurance adjustments

These initiatives help stabilize staffing pipelines and address compensation-related concerns systemwide.

INFRASTRUCTURE, FACILITIES, AND DEFERRED MAINTENANCE

Aging infrastructure and deferred maintenance remain among the most cited institutional risks.

- HB 5 authorized over **\$230M** in *capital projects*, including major renovations at UM (Mansfield Library, Music Building), MSU (Hamilton Hall, ADA upgrades), and MSUB (Cisel Hall HVAC)
- **\$24.7M** in *major repair funding* and \$140M in authority-only projects

- Additional funding for **MUS Facilities Planning position** to address staffing gaps tied to campus infrastructure oversight

These improvements address operational and compliance risk and modernize learning environments.

STUDENT SUCCESS, ENROLLMENT, AND DEMOGRAPHICS

Student success and enrollment challenges remain central across campuses. In FY25, several legislative investments directly support these goals:

- **\$7M** for *Montana 10*, a student success program offering targeted financial aid and support services
- **\$1.5M** annually for *One-Two-Free*, sustaining access to six free dual enrollment credits for high school students
- Shared policy goal between MUS and the Legislature supporting a **centralized application system** to streamline admissions and expand access
- **\$100K** for *Montana Promise Grants*, supporting students pursuing credentials in high-demand labor sectors
- OCHE supported systemwide **Behavioral Intervention Training (BIT)** at UM Western to promote best practices and team effectiveness.

These initiatives reflect an ongoing systemwide strategy to increase access, reduce barriers, and improve student outcomes.

COMPLIANCE, HEALTH, AND CAMPUS SAFETY

Compliance and campus safety remain interconnected priorities across the MUS, with risk areas including regulatory adherence, physical safety, laboratory environments, and emergency preparedness. In FY25, significant investments were made to strengthen institutional capacity in these areas:

- **\$736K** for *NAGPRA compliance*, supporting a systemwide assessment to ensure alignment with federal repatriation requirements
- **\$400K** in *Safety Smart funds* were distributed to campuses to support hazard mitigation, workplace injury prevention, and occupational health initiatives
- With financial support from OCHE, MSU took the lead in providing professional **Title IX training** to address training needs in this area across the system
- An additional **\$135K** in *OCHE-supported safety projects* (see ERM funding table below) funding campus improvements such as infrastructure upgrades, video surveillance expansion, and remediation of other high-risk safety areas
- **Capital project funding** targeted upgrades in *ADA accessibility, lab safety, and facility compliance* at multiple campuses

These actions collectively mitigate legal and reputational risk, enhance MUS's compliance posture, and improve the safety and well-being of the campus community.

FACULTY/STAFF WELLBEING AND RESILIENCE

Employee wellbeing continues to be an elevated systemwide concern, encompassing risks such as burnout, workload imbalance, and long-term workforce resilience. In FY25, the Legislature and OCHE targeted efforts to strengthen institutional support for faculty and staff:

- **\$32M** in *MUS Pay Plan funding* (HB 13) provided salary adjustments and increased employer contributions to health insurance
- OCHE allocated a **full-time Associate Director of Employee Wellbeing**, focused on advancing systemwide strategies for organizational health, workplace wellness, and employee support

These investments reflect a growing understanding that employee wellbeing is foundational to institutional stability and long-term success.

PUBLIC TRUST AND LEGISLATIVE ALIGNMENT

Reputational risk, political scrutiny, and stakeholder expectations are also systemwide concerns. OCHE has taken an active role in:

- Developing *Shared Policy Goals* with the Joint Education Appropriations Subcommittee
- Advocating for MUS-wide initiatives in *workforce development*, *student access*, and *infrastructure modernization*

This alignment ensures MUS remains responsive to public priorities and maintains trust with key constituencies.

IV. MUS TOP 10 RISKS (FY25)

Rank	Name	Definition
1	Financial Sustainability/Business Model	Inability to adapt the MUS business model to ensure financial sustainability, mitigate risk, and adjust to changing circumstances that influence funding or revenue.
2	Cybersecurity/Data Security	Inability to safeguard data and/or information systems to prevent unauthorized access - whether intentional or unintentional - by foreign or domestic actors or vendors with whom the MUS conducts business.
3	Talent Management	Inability to attract, recruit, and retain qualified, skilled, and reputable faculty and staff.
4	Facilities and Deferred Maintenance	Inability to maintain facilities, including the prioritization of ongoing and deferred maintenance, and/or develop facilities and infrastructure to attract and retain students, staff and faculty, and to support critical research.
5	Enrollment Management	Inability to sustain and/or increase enrollment of in-state, out of state, international, residential, commuter, undergraduate and/or graduate students.
6	Student Health and Mental Health Support	Inability to maintain capabilities and resources to support students' physical and mental health, development, and well-being.
7	Compliance and Regulatory Burden	Challenges to comply with increasing federal, state, and local regulations.
8	Leadership Development and Succession	Lack of strategies and resources to maintain operations when key leaders or staff resign, retire, or move on abruptly.
9	Campus Safety	Inability to maintain preparedness, response, and mitigation plans and capabilities related to any threat that could impact the health and safety of the campus community – including laboratory safety incidents – or require the evacuation of a facility, a portion of a campus, or an entire campus.
10	Faculty/Staff Wellbeing and Resilience	Resource challenges related to fostering faculty and staff health and wellbeing.

V. FY25 ERM FUNDING

OCHE offers funds (as available) for projects, equipment, software, training, or other services that may support the management of risks at campuses and across the MUS. Funding for ERM projects is tied to campus risk assessments and preference is given to campuses that work across the affiliation and/or system to identify shared strategies for managing risk.

Campus	Funding Area	Risks/Opportunities Identified	Amount
MSU Bozeman	Title VII Compliance	A USDA/NIFA audit of the Montana Agricultural Experiment Station (MAES) identified deficiencies in Title VII compliance related to national origin. As a condition of continued federal support, the University is required to implement corrective actions to address these issues and demonstrate ongoing compliance.	\$ 16,000
MSU Bozeman	Mandatory Reporting/Title IX and Workplace EHS Training	Purchase of a one-year license for professionally developed training courses, including: Environmental health and safety training (required by OSHA and other regulatory bodies) and Mandatory Reporting and Title IX training (federally mandated). Campuses requesting this support include MSU, MSUB, MSUN, and GFC MSU. The opportunity may be extended to other MUS institutions as well.	\$ 28,000
MSU Billings	Campus Safety	MSUB partnered with an architecture firm to assess campus infrastructure and advance nine priority projects aimed at reducing risk. The effort supports proactive improvements in safety, accessibility, and structural integrity, ensuring alignment with industry standards and regulatory requirements.	\$ 43,000
MSU Northern	Campus Safety	Improve a high-risk area near the Metals Technology building where students transport heavy materials. The uneven, unpaved surface limits winter maintenance and increases slip-and-fall risks.	\$ 42,000
MT Tech	Campus Safety	Funds will support the purchase and installation of security cameras at the HPER building, with potential for additional lighting around campus buildings.	\$ 48,000
Western	Information Security & Compliance	To support accessibility – particularly for rural and Indigenous students – UMW aims to retain Zoom access. Research shows Zoom is more user-friendly for individuals with disabilities, especially those who are blind.	\$ 4,000
Western	Enrollment Management	To enhance enrollment efforts and expand staff expertise in admissions and enrollment management, UMW will send three Admissions staff members to the National Small College Enrollment Conference (NSCEC).	\$ 9,000

Helena College	Campus Safety	Enhance existing video surveillance infrastructure by adding three security cameras to improve situational awareness, deter unauthorized activity, and support campus safety operations.	\$ 2,000
UM Missoula	Information Security	Assess Banner ERP to evaluate readiness for a unified, cloud-based SaaS deployment. Identify system-wide gaps and opportunities, guiding a transition to a single Ellucian SaaS tenant for greater efficiency, scalability, and long-term cost savings.	\$ 49,000
Total ERM Funding			\$ 241,000