

# Evaluating and Promoting the Financial Viability and Success of Our Postsecondary Institutions

*SHEEO – State Agency Workshop*

August 6, 2019  
Grand Ballroom C

**rpk** GROUP  
from mission to market

[www.rpkgroup.com](http://www.rpkgroup.com)

# Agenda

- Welcome and Session Leader Introductions – 5 minutes
- The State of Higher Education –30 minutes
- Introducing the ROI Lens –20 minutes
- Defining Success Under an ROI Lens – 45 minutes
- Break – 10 minutes
- Using the ROI Lens to Recognize Institutional Distress/Support Sustainable Models –45 minutes
- Break to get Lunch and Return to Room – 15 minutes
- Small Group Work – Case Study – 1 hour
- Action Plan Creation –15 minutes

## ■ State Representatives

- Michael Duffey, Senior Vice Chancellor (OH)
- Terrence Ginn, Deputy Commissioner for Finance and Administration (LA)
- Matthew LaBruyere, Associate Commissioner for Finance and Administration (LA)
- Thomas Simard, Deputy Commissioner for Administration & Finance (MA)

## ■ rpk GROUP

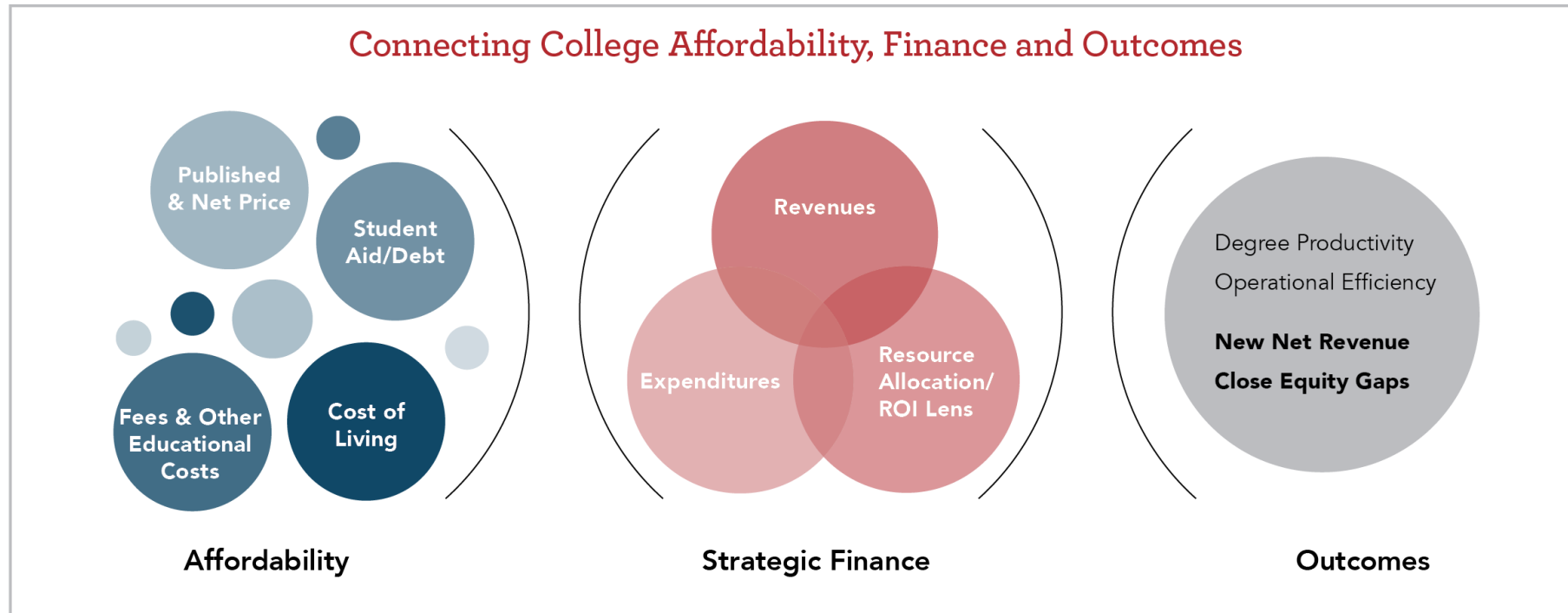
- Rick Staisloff, Senior Partner
- Donna Desrochers, Associate
- Lysa Teal, Senior Associate
- Tammy Kolbe, Associate Professor of Educational Leadership & Policy Studies at the University of Vermont.

# The State of Higher Education Finance

# What is the Current State of Higher Education Finance?

- How are affordability, finance, and outcomes connected?
- Where does the money come from?
- Where does it go?
- How do institutional characteristics impact spending?
- What levers and metrics can help colleges and universities implement and assess sustainable change?

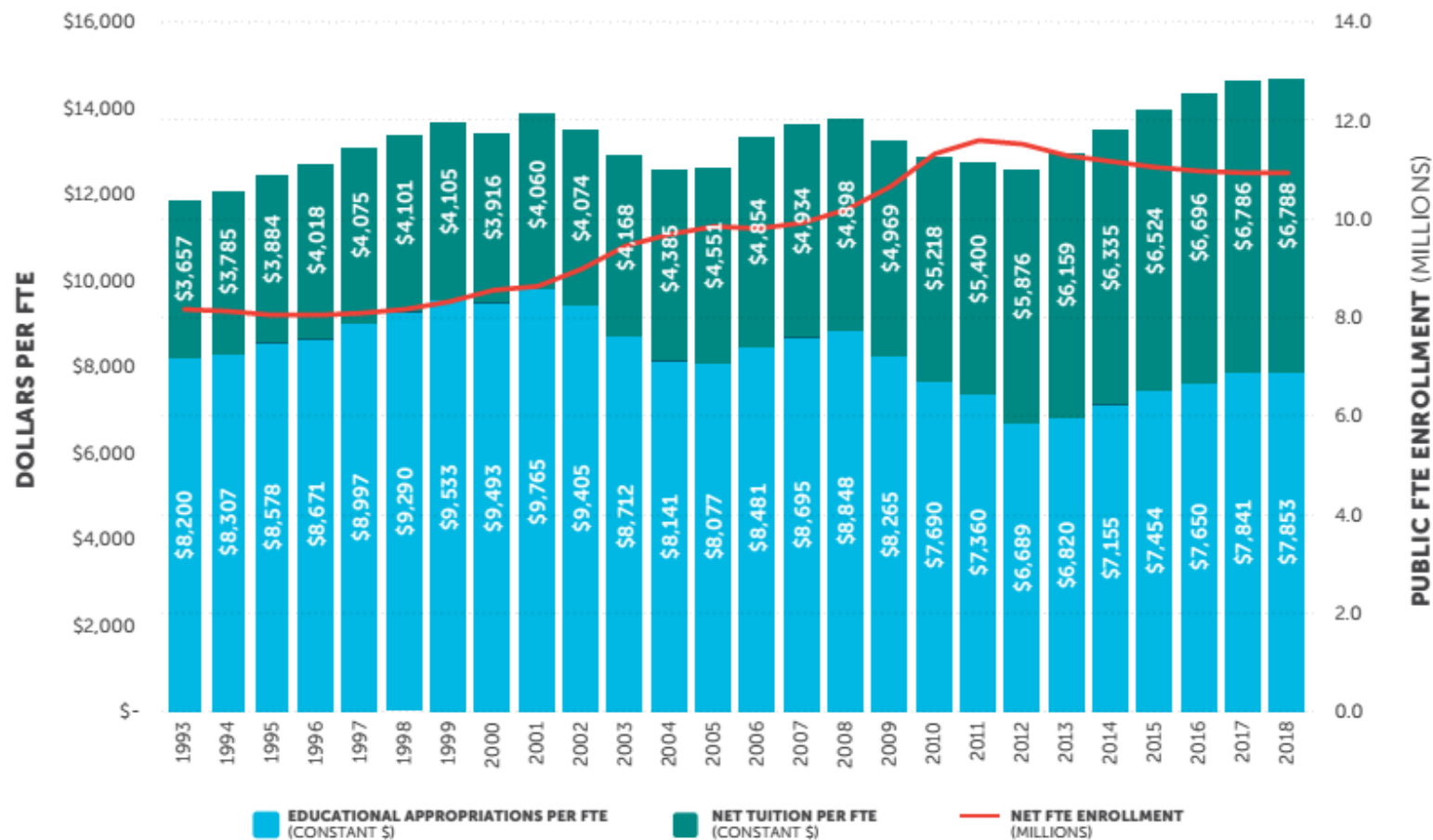
# Connecting Affordability, Finance and Outcomes



Reducing the cost of delivering a quality education that leads to a credential is important because it relieves pressure around raising new revenue. Ultimately, this allows colleges more latitude in addressing affordability concerns.

# Colleges Increasingly Rely on Student Funding

**PUBLIC FTE ENROLLMENT AND EDUCATIONAL APPROPRIATIONS PER FTE, U.S., FY 1993-2018**

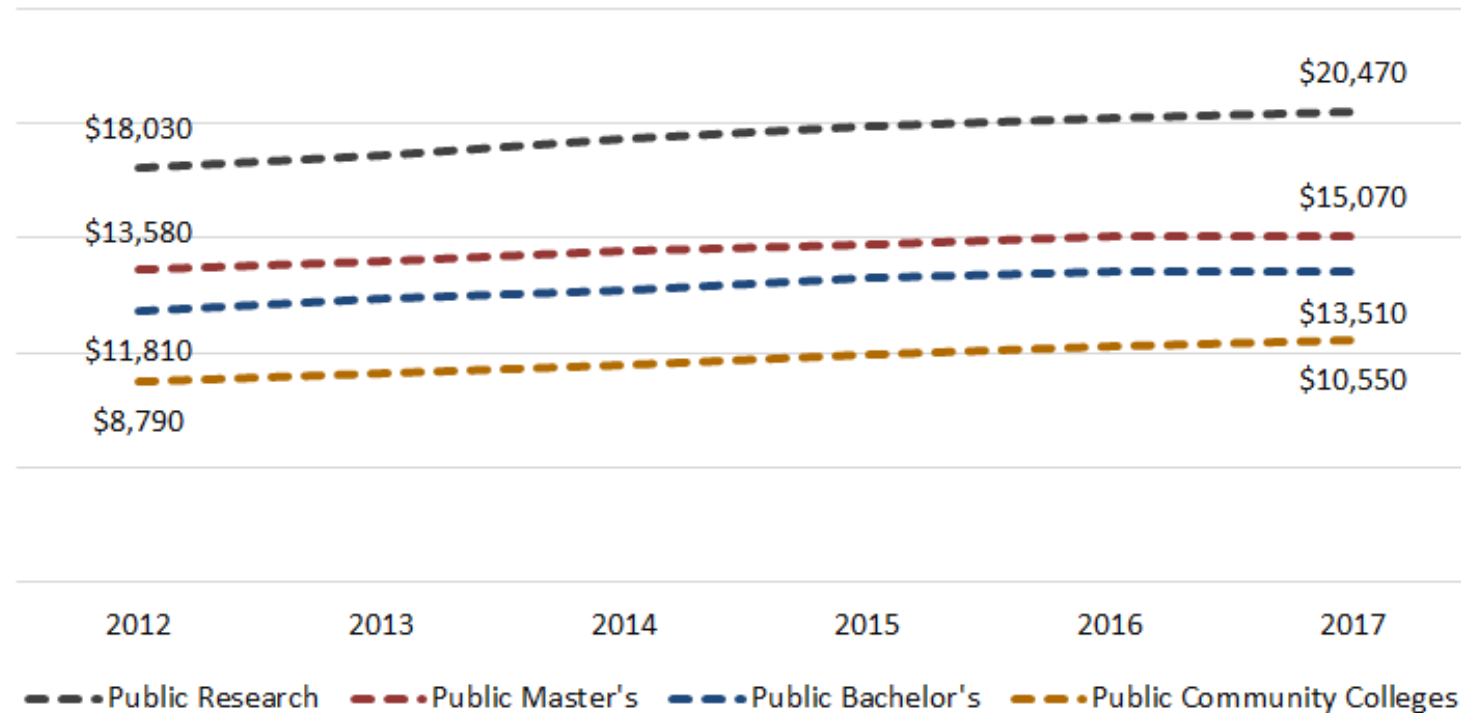


**NOTES:** 1. Net tuition revenue used for capital debt service is included in the above figures.  
2. Constant 2018 dollars adjusted by SHEEO Higher Education Cost Adjustment (HECA).

**SOURCE:** State Higher Education Executive Officers Association

# Education-related Spending per Student Increased

Average Education-related Spending per FTE Student,  
Public Institutions, FY2012-FY2017



Note: Education and related expenses include: instruction, student services, and a prorated share of institutional support and academic support.

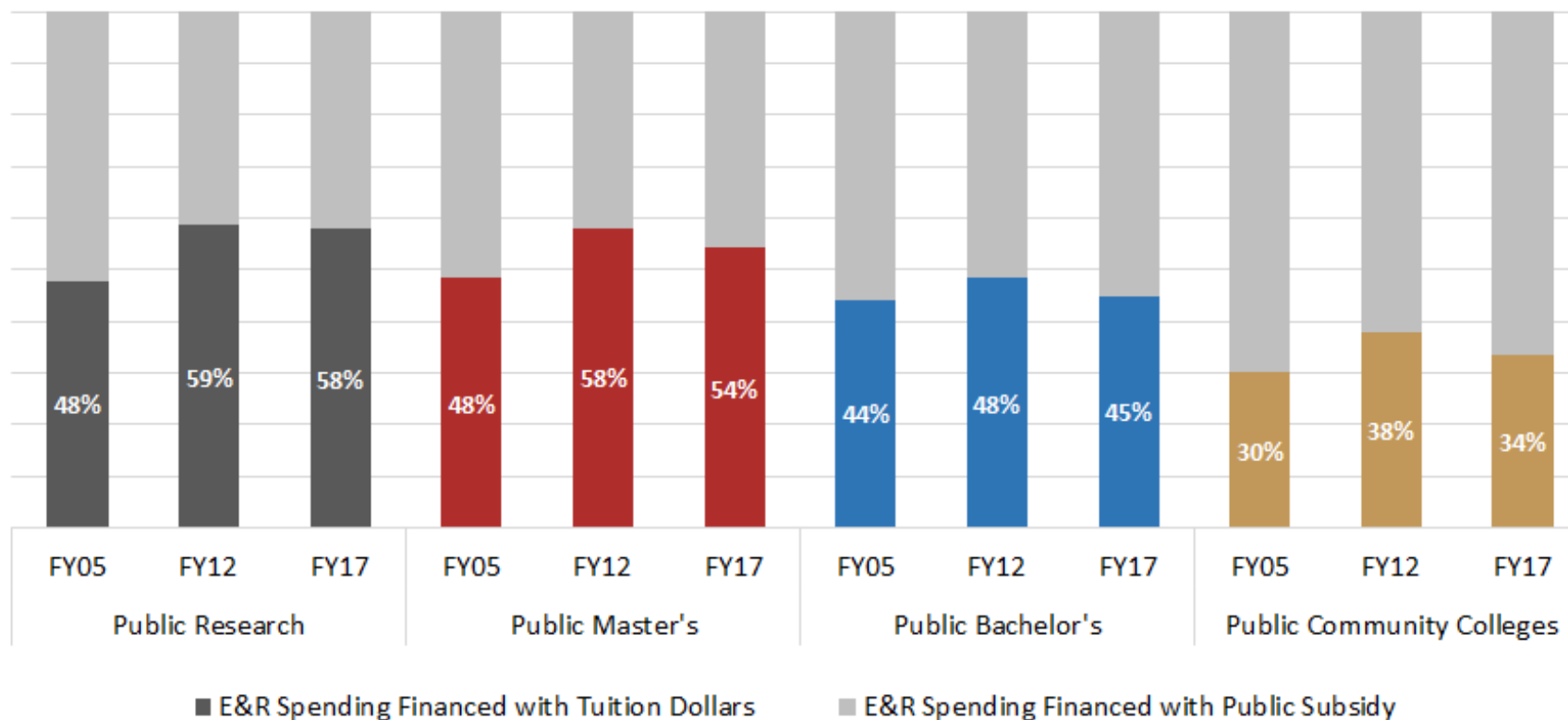
Source: rpk GROUP analysis of IPEDS, 2012-2017 (6-year matched set).

Data shown in 2017 dollars.



# Student Share of Spending is Trending Back Down

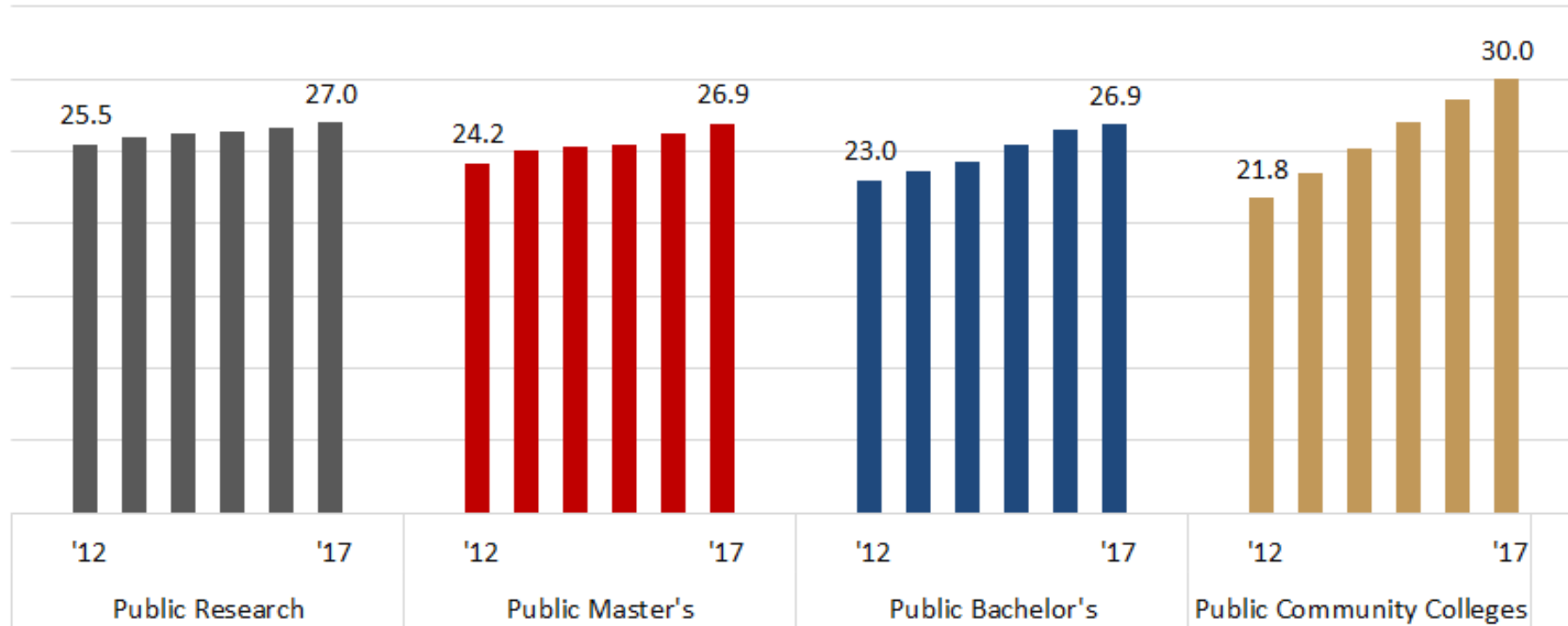
Share of Education-related Spending Financed by Tuition Dollars and State/Local Appropriations



Note: Data for 2005 may not be directly comparable with later years.  
Source: rpk GROUP analysis of IPEDS, 2012-2017 (6-year matched set).

# Degree Productivity Helps Offset Spending Increases

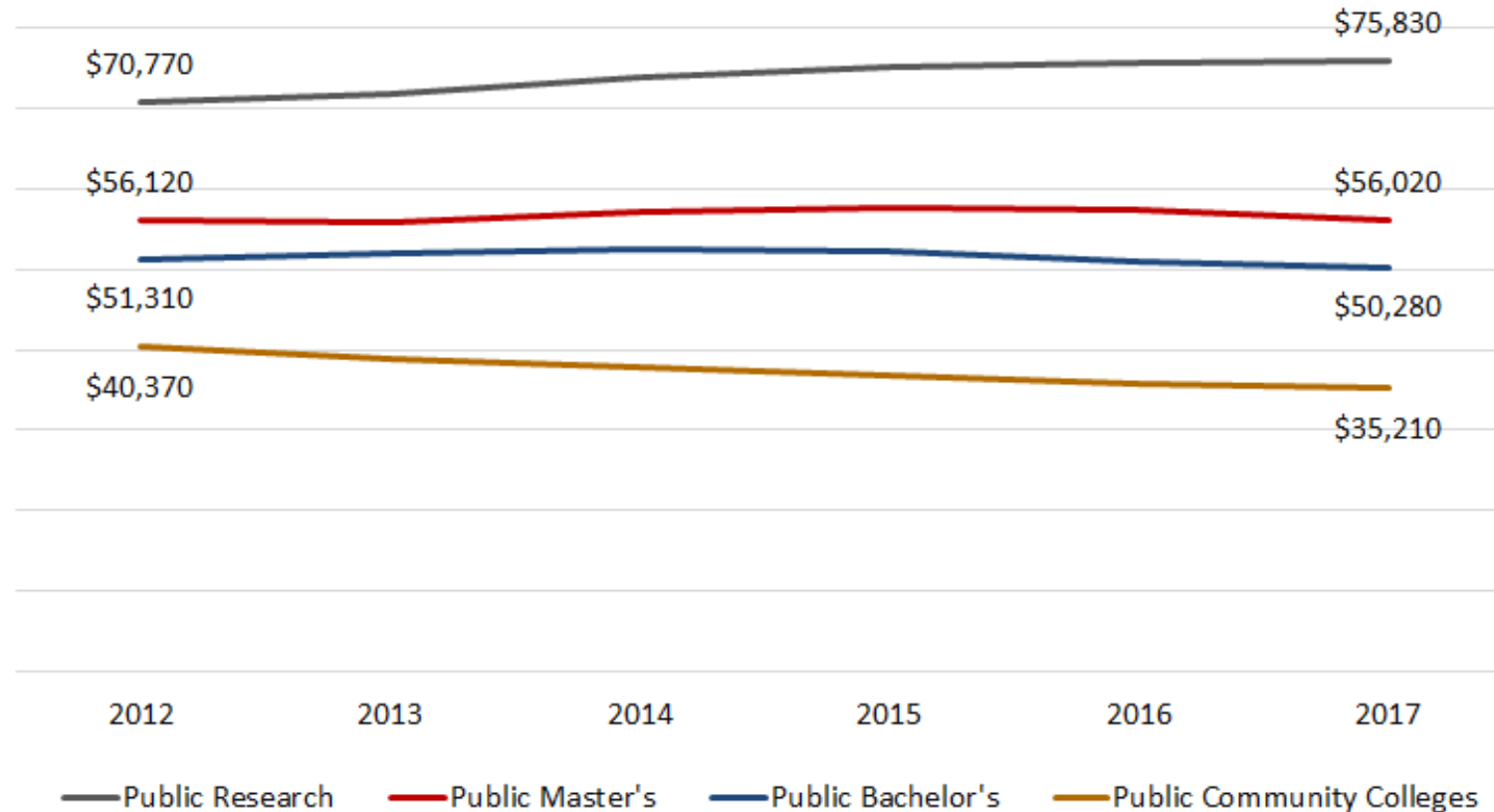
Average Number of Completions (degrees/certificates) per 100 FTE Students, Public Institutions, FY2012-FY2017



Source: rpk GROUP analysis of IPEDS, 2012-2017 (6-year matched set).

# Cost Efficiency Reveals Room for Improvement

**Average Education and Related Spending per Completion (degree/certificate)  
at Public Institutions, FY2012-FY2017**

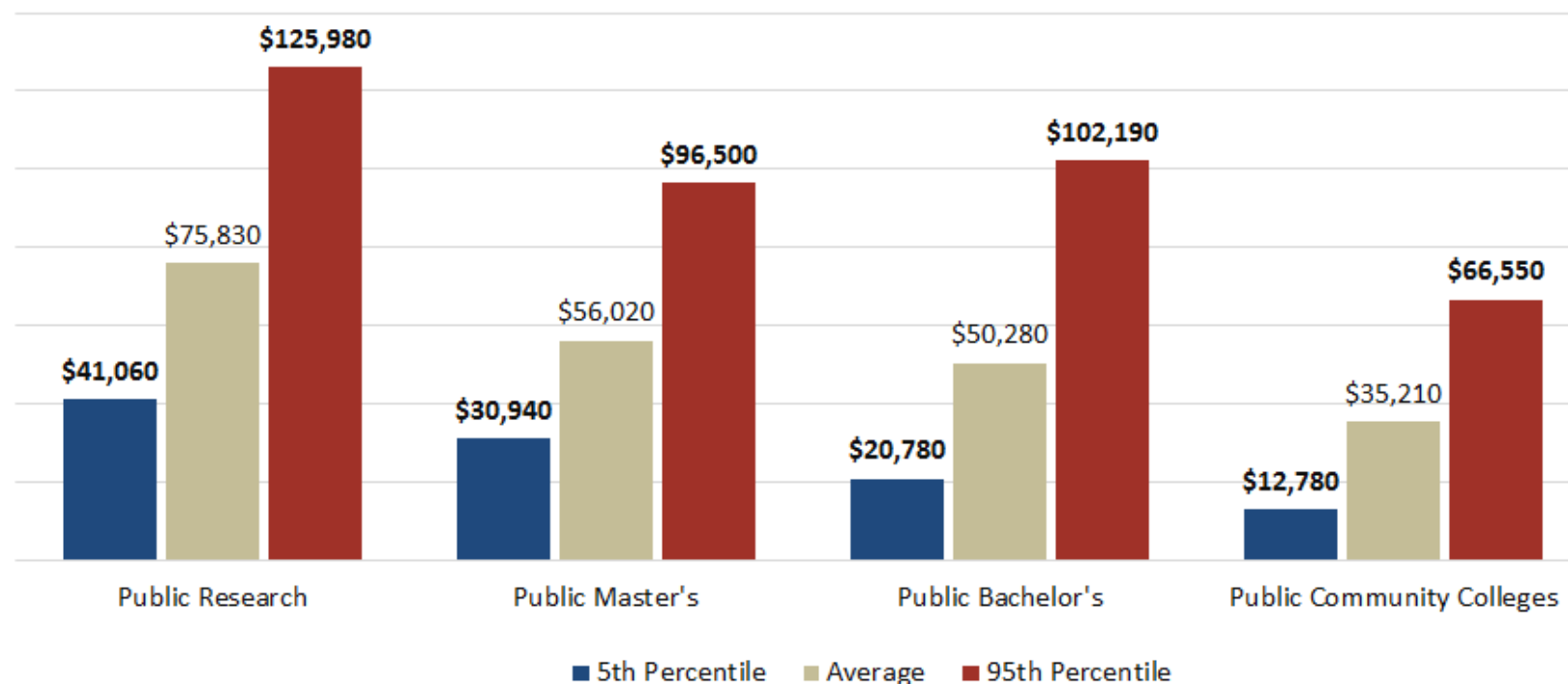


Source: rpk GROUP analysis of IPEDS, 2012-2017 (6-year matched set).  
Data shown in 2017 dollars.

# Spending per Completion Varies *Within* College Type

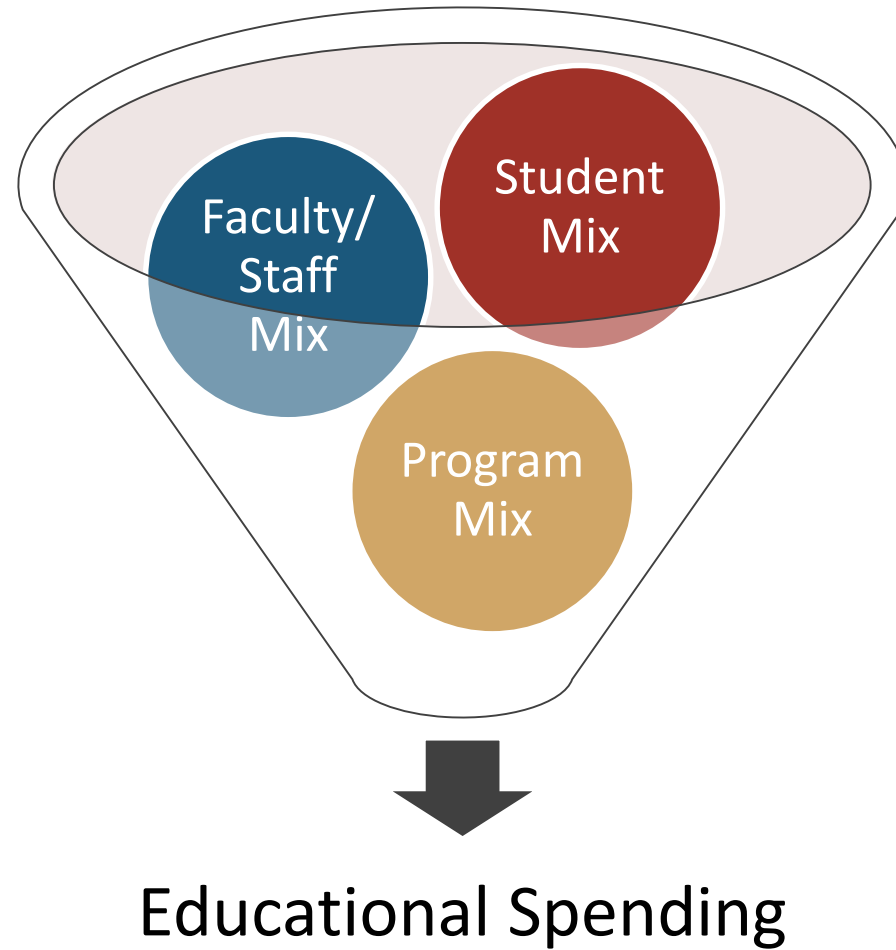
*Across public higher education, the most cost-efficient institutions spend about \$50k - \$85k less per credential awarded than the least cost-efficient institutions.*

**Average Education-related Spending per Completion,  
Public Institutions by Percentile, FY2017**



Source: rpk GROUP analysis of IPEDS, 2011-2016 (6-year matched set).

# Institutional Characteristics Vary and Impact Spending



# Metrics and Levers to Support Sustainable Change

## AFFORDABILITY

- » Tuition and fees
- » Total cost of attendance
- » Net price
- » Financial aid: percentage receiving Pell, federal loans, & institutional grant aid
- » Institutional grant aid per FTE student
- » Tuition discount rate

## REVENUE, SPENDING & FINANCIAL STABILITY

- » Revenue and spending per FTE student
- » Tuition-financed share of spending
- » Compensation per FTE employee and share of total spending
- » Net income ratio
- » Return on net assets ratio

## EFFICIENCY & ROI

- » Faculty throughput (SCH per FTE Faculty)
- » Student-to-faculty ratio
- » Retention
- » Average SCH load
- » Net revenue from 1% change in retention or average SCH load
- » Cost of unproductive credit hours

## OUTCOMES

- » Spending per completion
- » Spending per SCH
- » Completions per \$100K of spending
- » Completions per 100 FTE
- » SCH per completion

# Discussion Questions



1. What did the data confirm?
2. What was surprising?
3. How does this data inform your evolving role and an understanding of the challenges you will face?

# Introducing the ROI Lens

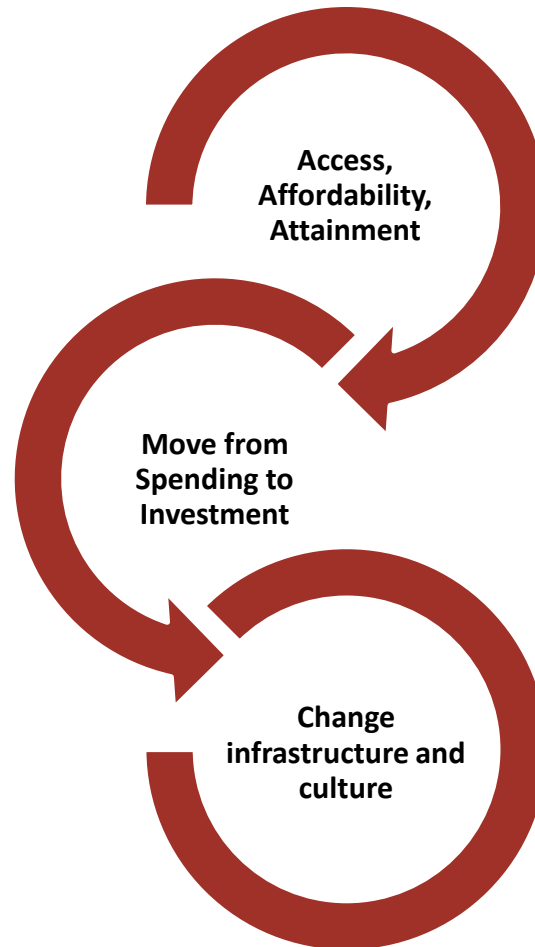


# Why Talk About Strategic Finance in Higher Education?

## Need to Shift the Frame:

from Cost Cutting to **Maximizing** Return on Investment

then we must get a **better return on investment** from current resources through understanding levers to change the business model...



If we are to **preserve access, ensure affordability and increase attainment**, in a world of constrained resources and fewer students...

which will require a strategic approach connecting **financial practice** with **institutional change models** and **culture**.

# What Do We Mean by ROI?

Transitioning to an ROI lens requires three fundamental shifts.

1

A holistic understanding  
of resources

2

A focus on unit cost

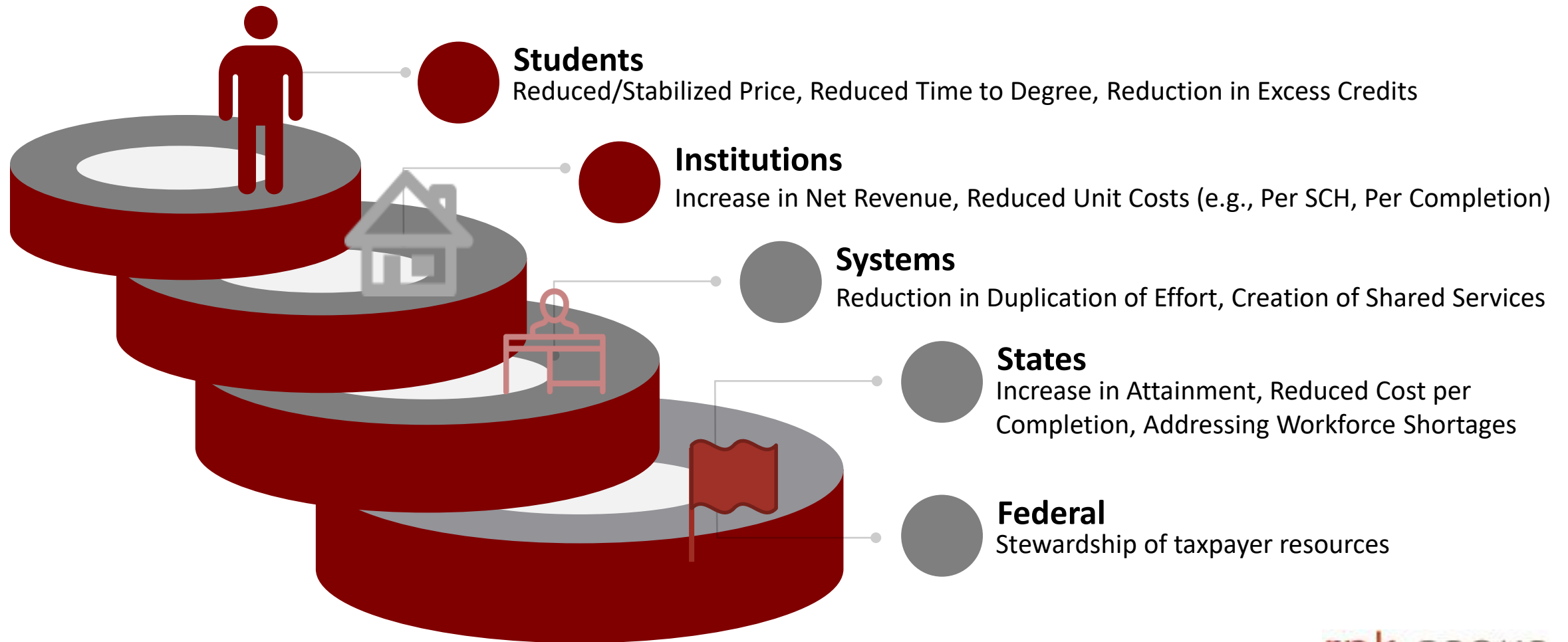
3

A connection between  
student success and financial  
sustainability

Once these ROI shifts occur:

- Institutional cost savings can be utilized to reduce pressures on price increases.
- Institutions are empowered to generate more of the resources needed for reinvestment in education quality and attainment.

# ROI Means Different Things for Different Stakeholders



# How Does ROI Connect to Student Affordability?

Historically, affordability has been approached with revenue based solutions. ROI solutions look to reduce the cost of delivering quality learning that leads to a credential.

## Revenue Solutions

- Increasing governmental support (state/local)
- Increasing financial aid

## ROI Solutions

- Understanding programs and services that generate net revenue
- Streamlining support services
- Aligning resources with student success investments
- Removing obstacles from attainment pathways
- Tracking metrics that demonstrate unit cost and student success

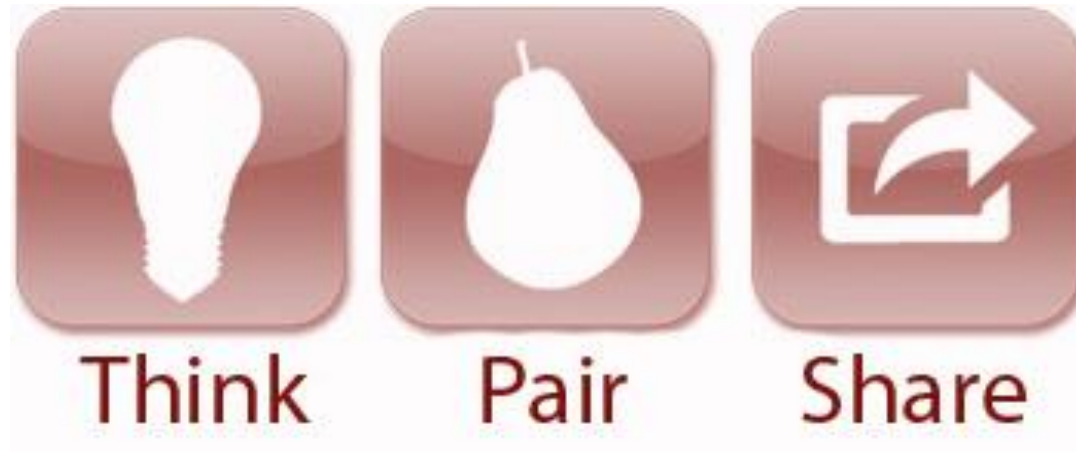
## Result of Using ROI Solutions

- Reduction/stabilization of cost, taking pressure off of price increases
- Increased efficiency in delivery of programs and services
- Alignment of affordability/attainment strategies with resources (people, time and dollars)

# Lessons Learned

- Applying an ROI lens has to touch on culture and be recognized as a change management process.
- Institutions need a framework to have the ROI conversation.
- That framework must reflect different views of ROI for different stakeholders.
- Once the framework is in place, tools can be used across the institution and system.
- The use of an ROI lens can create engagement across institutions and systems.

# Process with a Peer



- Is higher education ready to adopt an ROI lens?
- How does ROI represent a new way to consider the use of resources in higher education?
- How might the use of an ROI lens impact the SHEEO role?

# Defining Success Under an ROI Lens

# What Does “Success” Look Like?

- Questions for consideration and discussion:
  - How does your organization and/or state define “success” for colleges and universities – in the short, medium, and long-term?
  - What metrics and data are available to you and your constituents to measure/track success?
  - In what ways does a focus on institutional outcomes as a definition of “success” create opportunities and challenges for your organization?



## Ohio's Outcome Based Funding

# Ohio's Existing Performance-Based Funding

Ohio's basic subsidy is called the "State Share of Instruction" (SSI) and is 100% performance-based. Here is the current allocation:

	Universities	Community Colleges
Degree Completion	50%	25%
Course Completion	30.3%	50%
Success Points	0%	25%
Doctoral Set-aside	11.8%	0%
Medical	7.9%	0%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>

SSI is funded at \$2.02B in FY2020 and \$2.04B in FY2021.

# Ohio's Existing Performance-Based Funding

Each course is assigned to one of 26 cost models (subject/level):

- Arts & Humanities (1-6)
- Business, Education and Social Sciences (1-7)
- Science, Technology, Engineering, Math and Medical (1-9)
- Doctoral (1-2)
- Medical (1-2)

We utilize consultations with IHEs to decide weights/factors. Based on feedback and consensus, Ohio adjusted at-risk categories and details of calculations.

The more expensive the program, the more funding provided.

# Ohio's Existing Performance-Based Funding

Degree completion: Number of degrees awarded per year growing while enrollment is falling



Graduation



The number of degrees and certificates awarded increased by **20,196** (22%) from FY11 to FY17

# Ohio's Existing Performance-Based Funding

Retention at Ohio's public colleges and universities is improving



# Unemployment Insurance Wage Match

This is a standard unemployment insurance (UI) wage match (removed PI) available in Ohio through ODJFS.

OBS_EMPLID	EMPLOYER_ID	NAICS_CODE	PLANT_CODE	EMPLOYER_NAME	EMPLOYER_ADD RESS1	EMPLOYER_CITY	EMPLOYER_STATE	EMPLOYER_ZIP	WAGE_QTR	WAGE_LAST_ YR_NUM	WAGE_LAST_AMT	WEEKS_OF_ WORK_PAID
1234568	987654	424910	999	Farm Supply, LLC.	123 Street	New Bloomington	OH	433419532	4	2018	\$1,593	0
1234568	987654	722511	0	COFFEE CAFE, LLC	123 Street	Wooster	OH	44691	4	2018	\$1,162	0
1234568	987654	333120	0	MANUFACTURING LLC	123 Street	Wooster	OH	446918601	4	2018	\$862	2
1234568	987654	812113	999	HANNAH INC	123 Street	Lima	OH	458051201	4	2018	\$2,210	13
1234568	987654	921140	999	TWIN TWP, ROSS COUNTY	123 Street	BOURNEVILLE	OH	456170006	4	2018	\$845	0
1234568	987654	621910		Cof Ohio	123 Street	Columbus	OH	432289751	4	2018	\$7,753	12
1234568	987654	448140	0	RETAIL CO., (LL	123 Street	Pittsburgh	PA	152032382	4	2018	\$119	8
1234568	987654	623110	0	MANAGEMENT SERVICES, L	123 Street	Louisville	KY	402225158	4	2018	\$1,741	13
1234568	987654	621610	0	INTERIM HEALTHCARE	123 Street	Cincinnati	OH	452362907	4	2018	\$0	1
1234568	987654	213111	0	CONSTRUCTION, INC.	123 Street	Logan	OH	431381893	4	2018	\$4,610	12
1234568	987654	447110	0	E-Z MART, (INC.)	123 Street	GLOUSTER	OH	45732	4	2018	\$764	0
1234568	987654	238221	999	PLUMBING & MORE LLC	123 Street	Albany	OH	457109400	4	2018	\$0	0
1234568	987654	621910	0	AUDITOR C	123 Street	GALLIPOLIS	OH	45631	4	2018	\$5,580	13
1234568	987654	611110	0	GALLIA-JACKSON-VO	123 Street	RIO GRANDE	OH	45674	4	2018	\$4,265	4
1234568	987654	445110	999	FOOD INC.	123 Street	HUBBARD	OH	44425	4	2018	\$0	12

# Unemployment Insurance Wage Match

This is an example report of degrees by CIP code matched to median earnings.

Employment outcomes report – Summer 2010 - Spring 2015 graduates

CIP Code and Description	Number of Graduates Total	Number of Graduates Employed in Ohio 2nd Quarter After Graduation	Median Earnings 2nd Quarter After Graduation	Number of Graduates Employed in Ohio 4th Quarter After Graduation	Median Earnings 4th Quarter After Graduation
<b>Two-year community and technical college - Associate's degree</b>					
010101: Agricultural Business and Management, General	55	47	\$6,700	43	\$7,700
010199: Agricultural Business and Management, Other	53	38	\$5,400	40	\$5,700
010201: Agricultural Mechanization, General	75	47	\$8,700	45	\$8,800
010204: Agricultural Power Machinery Operation	43	37	\$8,100	39	\$8,500
010301: Agricultural Production Operations, General	20	13	\$4,500	11	\$5,200
010302: Animal/Livestock Husbandry and Production	66	50	\$3,800	46	\$4,900
010304: Crop Production	52	28	\$8,400	29	\$8,800
010507: Equestrian/Equine Studies	97	52	\$3,700	51	\$3,900
010601: Applied Horticulture/Horticulture Operations, General	45	34	\$4,400	34	\$6,500
010603: Ornamental Horticulture	44	35	\$4,300	36	\$4,600
010604: Greenhouse Operations and Management	29	20	\$5,300	19	\$5,700
010605: Landscaping and Groundskeeping	208	141	\$6,100	140	\$7,000
010607: Turf and Turfgrass Management	82	52	\$6,100	52	\$7,600
010905: Dairy Science	63	35	\$7,600	38	\$8,900



# Unemployment Insurance Wage Match

And matched to institution, degree and program.

Employment outcomes by degree level and program

CIP Code and Description	Number of Graduates Total	Number of Graduates Employed in Ohio 2nd Quarter After Graduation	Median Earnings 2nd Quarter After Graduation	Number of Graduates Employed in Ohio 4th Quarter After Graduation	Median Earnings 4th Quarter After Graduation
<b>Bowling Green State University-Main Campus - Bachelor's degree</b>					
030201: Natural Resources Management and Policy	118	78	\$3,700	73	\$4,800
030205: Water, Wetlands, and Marine Resources Management	19	16	\$4,100	17	\$7,100
040401: Environmental Design/Architecture	138	65	\$7,000	69	\$6,800
040501: Interior Architecture	114	85	\$5,800	81	\$6,900
050103: Asian Studies/Civilization	45	23	\$2,900	19	\$5,000
050207: Women's Studies	19	10	\$3,600	10	\$3,800
090401: Journalism	80	55	\$5,500	52	\$6,100
090402: Broadcast Journalism	38	20	\$5,000	16	\$5,700
090902: Public Relations/Image Management	85	58	\$5,400	54	\$7,300
099999: Communication, Journalism, and Related Programs, Other	229	153	\$4,100	149	\$5,500
100399: Graphic Communications, Other	83	60	\$6,800	62	\$7,800
110101: Computer and Information Sciences, General	183	128	\$10,500	134	\$11,900
110401: Information Science/Studies	13	13	\$12,100	13	\$12,900



# Employment Metrics

The state budget enacted this past month tasks our department with exploring the use of employment data to allocate state share of instruction funding.

## **“(J) STUDY ON THE USE OF EMPLOYMENT METRICS FOR THE STATE SHARE OF INSTRUCTION FORMULAS**

The Inter-University Council and Ohio Association of Community Colleges shall each recommend eight members representing their institutions to serve on the Employment Metrics Consultation, which shall assist the Chancellor of Higher Education to ***study the most appropriate formula weights for post-graduation employment measures that may be used in the distribution to universities and community colleges from the foregoing appropriation item 235501, State Share of Instruction, beginning in fiscal year 2022.*** The Chancellor, or the Chancellor's designee, shall lead the Consultation and call its first meeting. The Consultation shall research the most appropriate data sources available to measure employment outcomes and evaluate the public policy benefits of adding such measures to the current State Share of Instruction allocation formulas to reward institutional performance of job placement. The Consultation shall also identify and evaluate the most critical factors that should be considered as possible enhancements to the formula, such as the ***relevance of graduates' degrees to job placement, employment in Ohio versus out of state, placement in high demand fields, and other qualitative factors.*** Separate allocation factors may be considered within each sector's share of the foregoing appropriation item 235501, State Share of Instruction. The study shall be completed by ***June 30, 2020.***”

**133<sup>rd</sup> General Assembly, HB 166, pages 2462-2463**



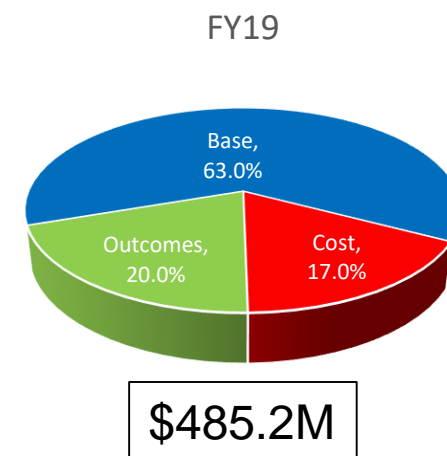
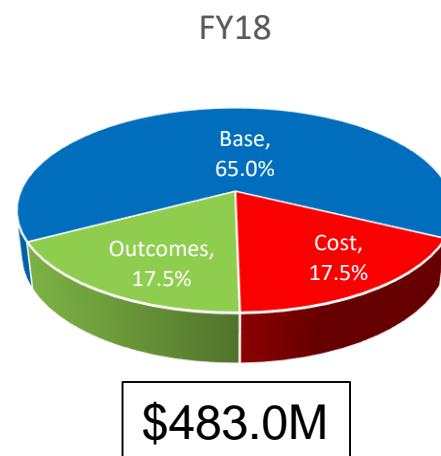
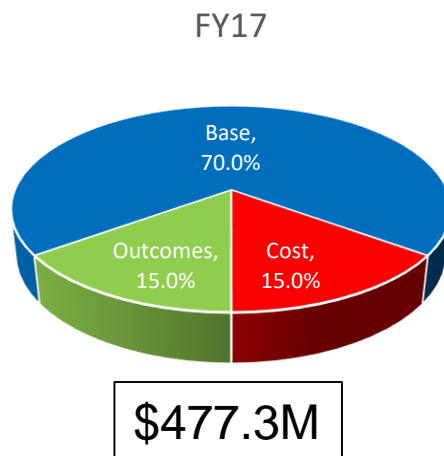
## Outcomes-Based Funding Formula

# Outcomes-Based Funding Formula - LA

- Act 462 of 2014 required Board of Regents (BOR) and management boards to create an outcomes-based formula;
- Funding formula is aligned to Master Plan and Attainment Goal;
- Formula alignment is focused on:
  - Student completion;
  - Equity completion (adults, income equity, and equity populations); and
  - Economic development through workforce and research.

# Outcomes-Based Funding Formula - LA

- Base – prior year funding allocation;
- Cost – includes weighted credit hours (based on level of student and program), SREB peer group data, class size, and support services;
- Outcomes - includes completer levels, transfers, completers in high demand fields (4&5-star jobs), time-to-degree, and enrollment and completion of Pell grant and adult students, and research.



- BOR currently matches completers by degree program to high wage/high demand jobs determined by LA Dept. of Economic Development.
- Next step is to begin using Unemployment Insurance (UI) wage data to better understand the following:
  - Industries completers are employed;
  - Wages earned by completers;
  - Wages earned by discipline.
- Issues receiving data from other state agencies.

# Exit Ticket for Break - Polling Slides

1. Use your device to go to: [www.menti.com](https://www.menti.com)
2. Enter code: 45 09 14
3. Submit answers to two polling questions





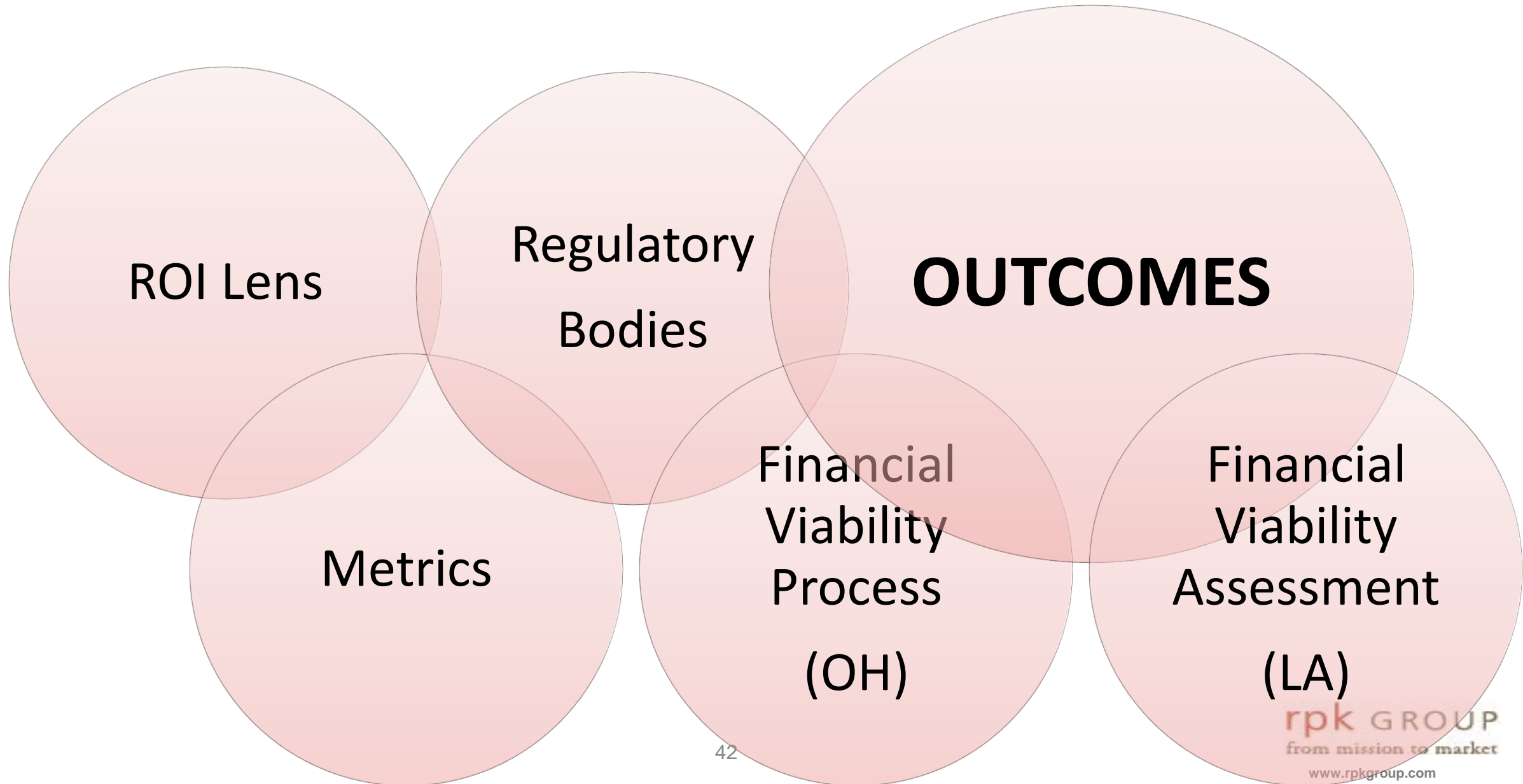
# Feedback from Polling Slides





# Implementing an ROI Lens to Recognize Institutional Distress and Support Sustainable Models

# Putting ROI into Action



# Are You Ready for Action?

- How effective are the tools you have in your state to recognize distress?
- If you find yourself in this situation, do you have the mechanisms to intervene?
- Who shares responsibility (accrediting body, legislature, attorney general)?



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Higher Education

# Recognizing and Addressing Distress – Massachusetts

# Many Private Nonprofit Institutions of HE Show Signs of Distress

- **40%** saw expense growth increase by five percentage points or more above revenue growth from 2012 to 2017
- **35%** saw a decline in their average U.S. Department of Education Financial Responsibility Composite Score in the five-year period ended 2017
- **31%** saw cumulative decreases in fall enrollment greater than 10% from FY2012-17, up from **14%** during the prior five years
- **25%** received C- or below on the Forbes College Financial Grades list in 2017

# Massachusetts' Proposed Regulatory Review Process

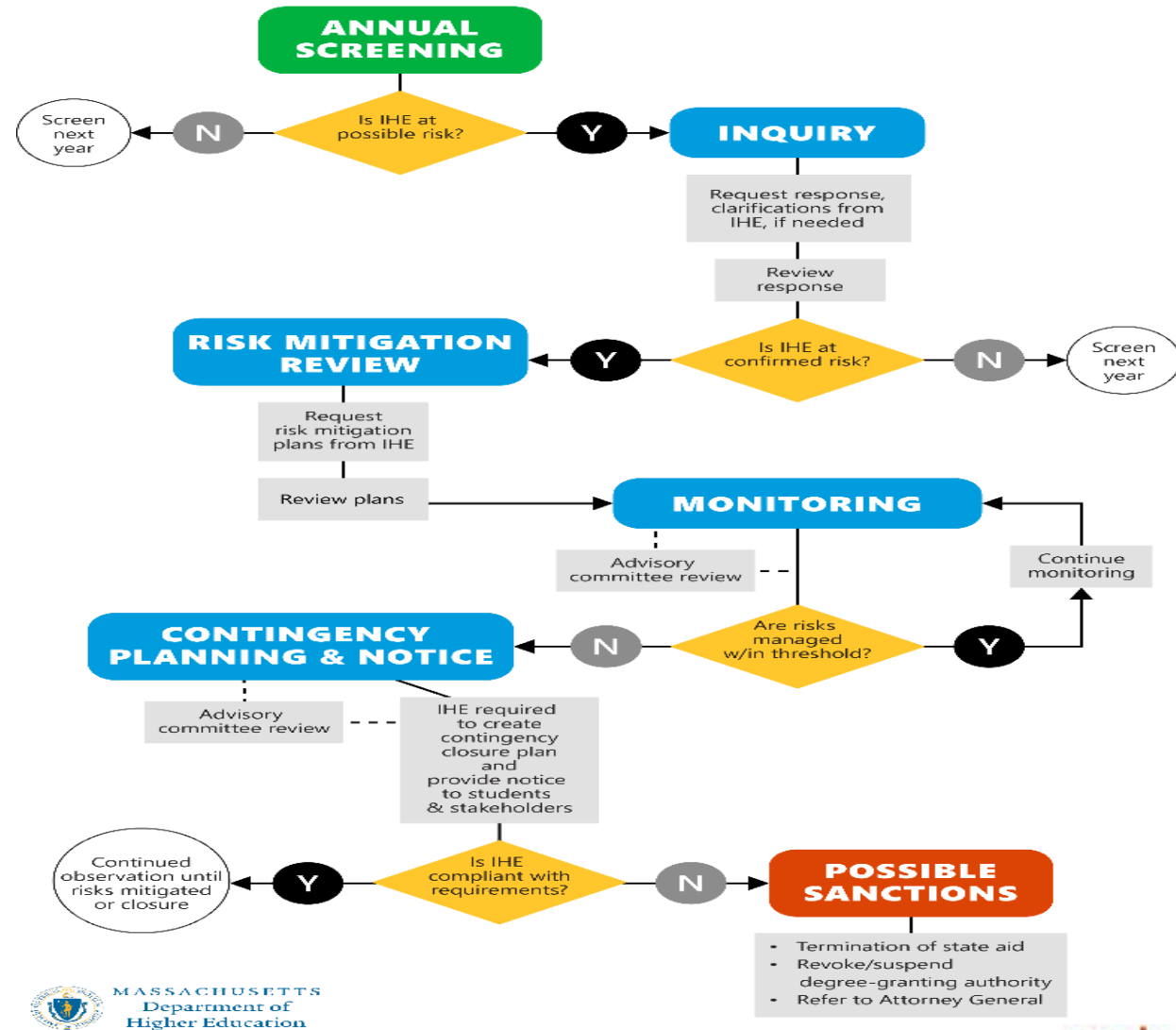
## I. Annual Review Process

- Screening & Inquiry
- Risk Mitigation Review & Monitoring
- Contingency Closure Planning & Notice

## II. Advisory Committee

## III. Confidentiality

## IV. Sanctions



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## Annual Review Process

- **ANNUAL SCREENING** of all IHEs
  - BHE Mandate: DHE annual function
  - Multiple measures and sources\*
  - Defined Standard: “at risk of imminent closure”
    - Approaching the 18-month rule\*
- **INQUIRY** opened for those ID'd as “at risk”
  - Opportunity to review results and respond
  - False positives: Screened out
  - Risk confirmed: IHE moves to next phase
- *To be refined through policy*

# Massachusetts' Annual Review Process (continued)

## RISK MITIGATION REVIEW

- IHEs screened as “at risk” must submit Risk Mitigation Plans to Commissioner
  - Content: Must substantiate capacity to substantially fulfill obligations to students for next 18 months
  - Notice to IHE governing board by DHE
- Commissioner reviews and determines\* whether Plans demonstrate likelihood of mitigating “risk of imminent closure”
  - If yes, **MONITORING**
  - If no, **MONITORING** plus **CONTINGENCY PLANNING & NOTICE** \*

*\* Use of Advisory Committee Review and Recommendations at these critical stages*





BOARD *of* REGENTS  
STATE OF LOUISIANA

## Fiscal Health Analysis

- In FY2017, BOR adopted a financial early warning system for the financial stress of institutions.
- The analysis is based on the Ohio model and provides a score based on the following:
  - Viability ratio: Expendable net assets divided by plant debt;
  - Reserve ratio: Expendable net assets divided by total operating expenses; and
  - Net income ratio: Change in total net assets divided by total revenues.
- A score of 1.75 places an institution on fiscal watch.

- Fiscal watch requires the system office submit a corrective action plan for the Board to review.
- The Fiscal Health Analysis identified an institution in FY17 that was under financial stress.
- In FY18, the analysis identified the same institution remained under financial stress.
  - Same year, the accrediting body placed the institution on watch status.
- Utilizing the accrediting body document and the corrective action plan submitted to BOR, the institution was able to receive additional funds from the legislature to correct the financial instability.

## Recognizing Institutional Distress in Ohio

# ROI Lens to Recognize Institutional Distress - Ohio

SB 6 of the 122nd General Assembly was enacted into law in 1997. It came as the result of financial issues and a state “bailout” at Central State University.

Using year-end audited financial statements submitted by each public IHE, the Ohio Department of Higher Education monitors each respective campus’s finances.

Senate Bill 6 requires state IHEs to submit quarterly financial reports to the Ohio Department of Higher Education within 30 days after the end of each fiscal quarter.

Failure to provide the financial data results in the state withholding monthly subsidy payments (SSI) until the quarterly report is received.

Learn more: <https://www.ohiohighered.org/campus-accountability>

# ROI Lens to Recognize Institutional Distress - Ohio

Each ratio is assigned a score ranging from 0 to 5.0, reflecting financial strength.

- Viability ratio: Expendable net assets divided by plant debt. (Note: if plant debt is zero, then ratio is not calculated and a viability score of 5 is automatically assigned.)
- Primary reserve ratio: Expendable net assets divided by total operating expenses.
- Net Income Ratio: Change in total net assets divided by total revenues.

Ratio Scores	0	1	2	3	4	5
Viability Ratio	< 0	0 to .29	.30 to .59	.6 to .99	1.0 to 2.5	> 2.5 or N/A
Primary Reserve Ratio	< -.1	-.1 to .049	.05 to .099	.10 to .249	.25 to .49	.5 or greater
Net Income Ratio	< -.05	-.05 to 0	0 to .009	.01 to .029	.03 to .049	.05 or greater

# ROI Lens to Recognize Institutional Distress - Ohio

A composite score is determined based on the following methodology:

- 50% - Primary reserve ratio
- 30% - Viability ratio
- 20% - Net income ratio

Based on these scores, a summary composite score is determined.

**Intervention – a composite score Of 1.75 or less for two consecutive years results in an IHE being placed on fiscal watch.**

**...or triggered by a “reportable event” such as defaulting on a payment to vendors.**

TABLE 1  
FY 2018 FINANCIAL RATIO ANALYSIS  
INSTITUTIONAL RATIOS AND SCORES (EXCLUDING ASSOCIATED IMPACTS OF GASB 68/75)

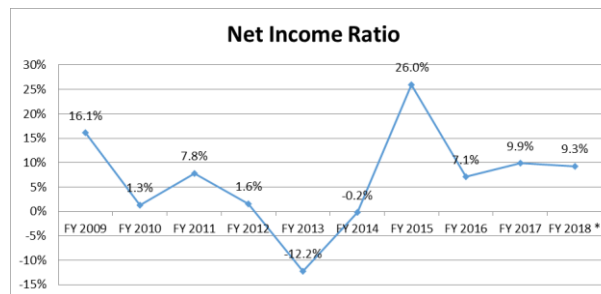
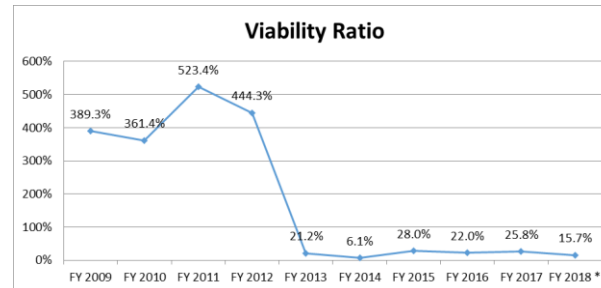
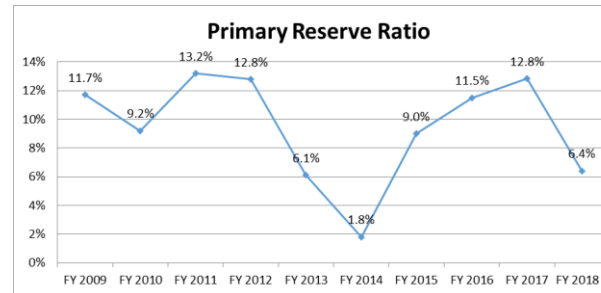
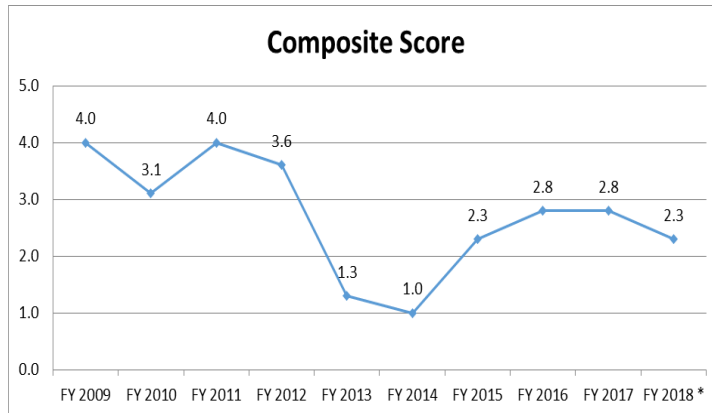
Institution	Composite Score	Viability		Net Income		Primary Reserve	
		Ratio*	Score	Ratio	Score	Ratio	Score
<b>UNIVERSITIES</b>							
BOWLING GREEN	3.10	63.3%	3.00	-4.2%	1.00	45.5%	4.00
CENTRAL STATE	2.30	15.7%	1.00	9.3%	5.00	6.4%	2.00
CLEVELAND STATE	3.90	80.3%	3.00	6.7%	5.00	49.7%	4.00
KENT STATE	3.60	96.4%	3.00	-1.2%	1.00	62.7%	5.00
MIAMI	4.70	110.4%	4.00	15.1%	5.00	114.3%	5.00
NEOMED	3.90	124.4%	4.00	-1.1%	1.00	53.8%	5.00
OHIO STATE	4.70	159.2%	4.00	12.5%	5.00	86.6%	5.00
OHIO UNIVERSITY	4.40	70.4%	3.00	7.7%	5.00	59.7%	5.00
SHAWNEE STATE	2.10	53.8%	2.00	-8.9%	0.00	17.9%	3.00
AKRON	3.20	38.8%	2.00	2.3%	3.00	38.2%	4.00
CINCINNATI	3.40	51.7%	2.00	4.4%	4.00	49.8%	4.00
TOLEDO	3.10	96.7%	3.00	-2.3%	1.00	29.9%	4.00
WRIGHT STATE	2.20	41.1%	2.00	2.0%	3.00	9.1%	2.00
YOUNGSTOWN STATE	3.30	81.7%	3.00	0.8%	2.00	32.1%	4.00
<b>COMMUNITY COLLEGES</b>							
BELMONT TECH	5.00	N/A	5.00	10.4%	5.00	65.9%	5.00
CINCINNATI STATE	2.30	48.8%	2.00	-1.9%	1.00	21.6%	3.00
CLARK STATE	4.00	125.2%	4.00	3.1%	4.00	41.2%	4.00
COLUMBUS STATE	4.20	627.6%	5.00	-1.6%	1.00	66.0%	5.00
COTC	4.80	28418.8%	5.00	3.7%	4.00	80.2%	5.00
CUYAHOGA	3.40	35.1%	2.00	4.0%	4.00	39.7%	4.00
EASTERN GATEWAY	2.80	203.0%	4.00	2.5%	3.00	5.9%	2.00
EDISON STATE	4.60	369.0%	5.00	1.1%	3.00	50.4%	5.00
HOCKING	3.90	89.3%	3.00	14.2%	5.00	45.6%	4.00
JAMES RHODES STATE	4.80	430.1%	5.00	4.3%	4.00	57.4%	5.00
LAKELAND	2.40	8.1%	1.00	1.9%	3.00	10.2%	3.00
LORAIN	4.00	93.6%	3.00	2.2%	3.00	52.3%	5.00
MARION TECH	3.70	N/A	5.00	-4.2%	1.00	29.9%	4.00

# ROI Lens to Recognize Institutional Distress - Ohio

We can map the ratios by year:

- Composite score
- Viability ratio
- Net income ratio
- Primary reserve ratio

This is actual data from an IHE.





# ROI Lens to Recognize Institutional Distress - Ohio

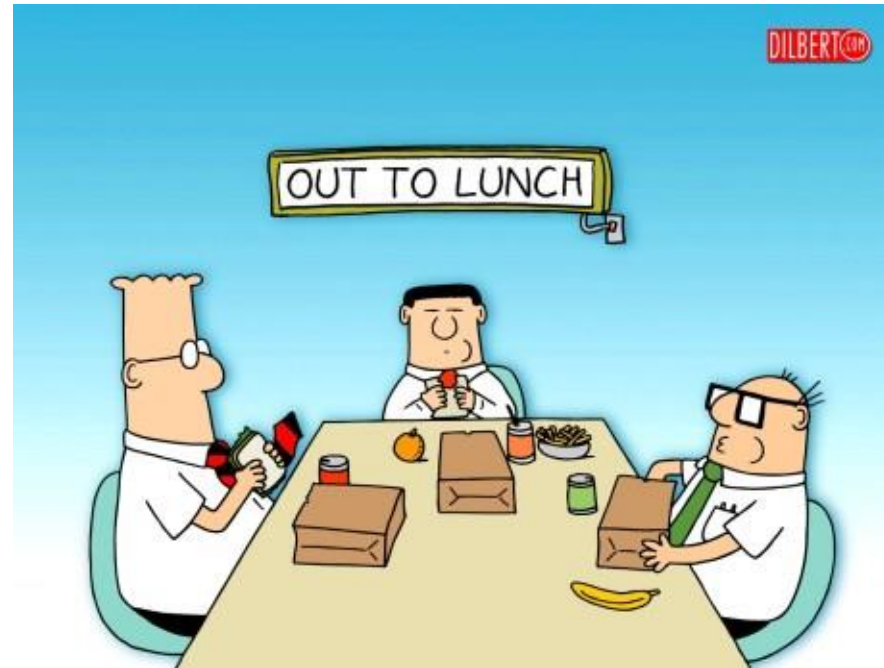
Interventions that follow Fiscal Watch status:

- Boards of Trustees must, within 90 days, adopt a “financial recovery plan”
- It must aim to end fiscal watch within three years; plan approved by chancellor
  - Causes of revenue/expenditure problems
  - Efforts or initiatives to solve the problems
  - Contingency plans for worsening difficulties
  - Forecast for three years
  - All other information chancellor requests
- New quarterly reporting and annual reports to the governor and legislature
- Termination of Fiscal Watch requires composite score of 2.40 or higher
- If all else fails, “Conservatorship” (OAC 126:3-1 G) after three years, which consists of five appointed governance authority members at pleasure of governor.

# How Might We Support Sustainable Financial Models?

- Understanding Academic Portfolios and Where the Economic Engines are
- Creating Shared Service Approaches
  - Instruction – Ex. Competency Based Education, Open Educational Resources
  - Administrative Services
- Focusing stakeholders on metrics that highlight sustainability
- How might the SHEEO role shift to support sustainability?
  - Working in a consultative model
  - Identifying, sharing and supporting best practice

# Break to Get Lunch (and come back to the room!)



# Case Study – Mt. Ida



# Case Study Questions for Review at Your Table

1. What evidence was there that Mt. Ida was struggling? Was this evidence enough to consider Mt. Ida not viable?
2. Are there specific metric outcomes that would or should be considered as a “sign” of future closure?
3. What are a State’s obligations in similar situations? Obligation to the institution? The students?
4. Who are the other players that should be included in these discussions? What roles do they play?
5. What structures, frameworks and tools currently exist in your state to support a response to institutional viability? What authority exists for your state to respond more proactivity in these situations?



# Moving to Action

- What would need to be true to put an ROI lens into action in your state?



# For a Deeper Dive Into Strategic Finance and ROI

rpk GROUP



Improving College Affordability  
with New Higher Education  
Business Models

JANUARY 2019

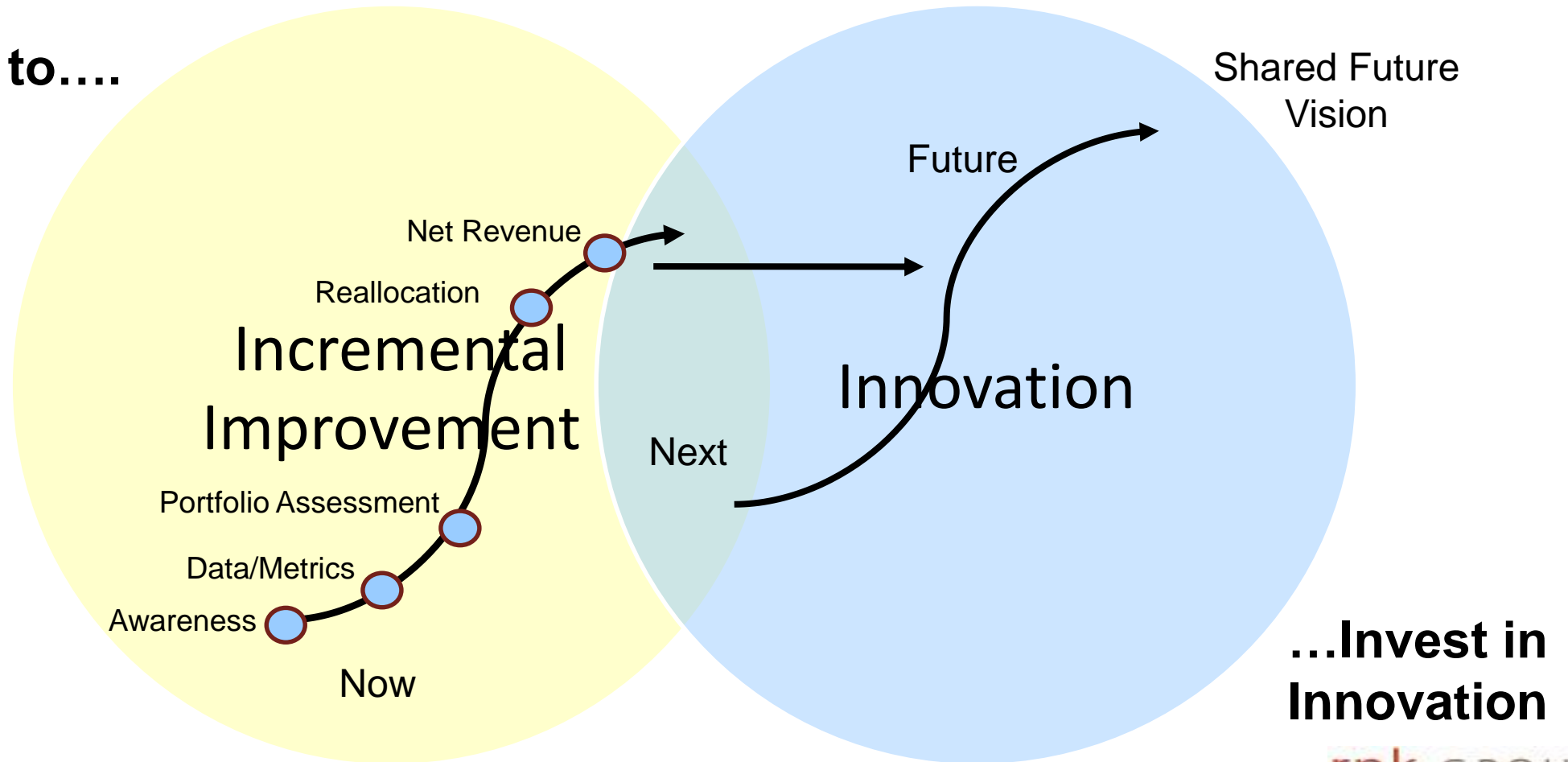
Donna M. Desrochers and Richard L. Staisloff

- <http://rpkgroup.com/resources/>
  - White Paper
  - Pre recorded webinar
- Resources on the business model behind:
  - OER
  - Tech Enabled Advising
  - CBE
  - System Level Transformation

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# How Can We Jump From One Curve to the Next?

**Harvest  
Resources to....**





# Session Feedback

