

# Identifying and Mitigating Risks: Financial Assessment & Risk Monitoring of Private IHEs

In Partnership with:

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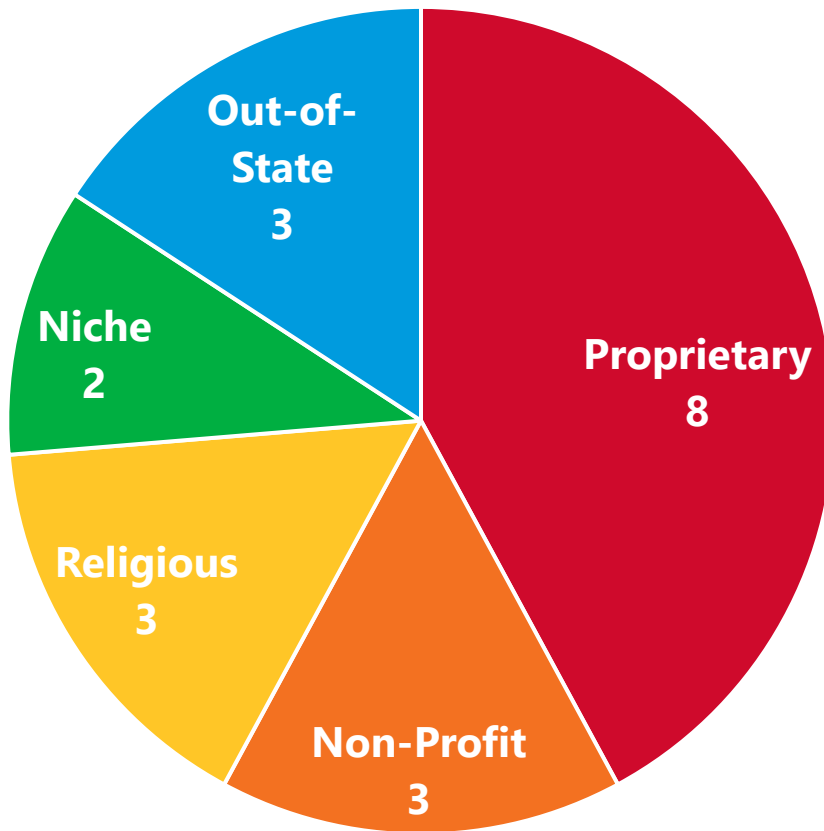
2025 SHEEO Higher Education Policy Conference – August 11-14, 2025

MASSACHUSETTS  
Department of  
Higher Education

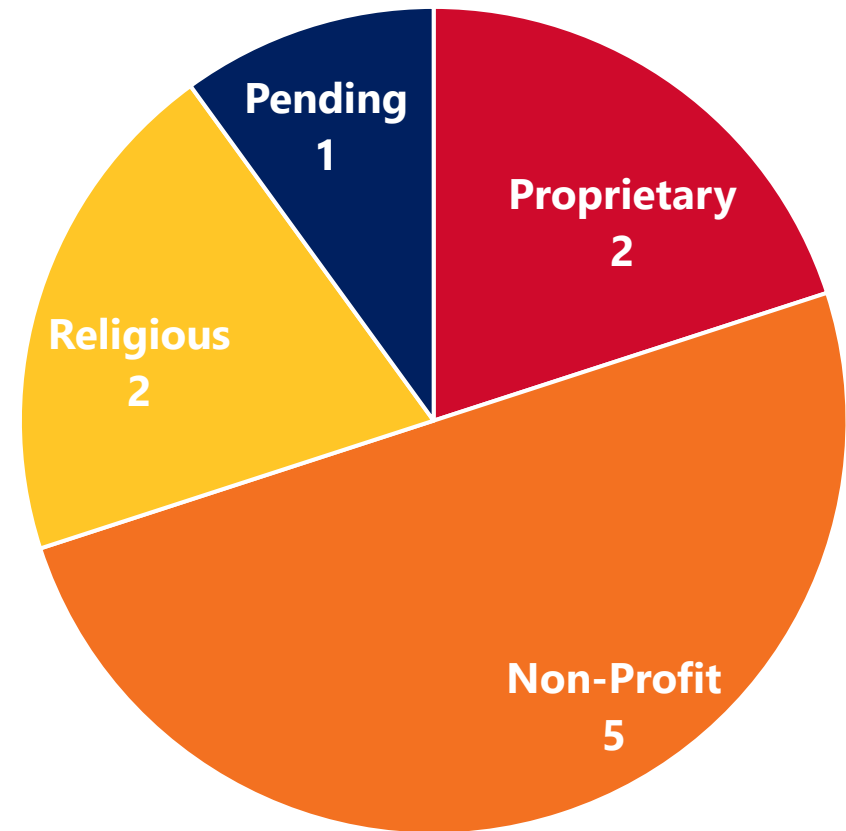
# Massachusetts FARM

# Context - Closure & Merger Trends 2015-2025

19 Closures



10 Mergers



# Mount Ida College Closure - May 2018

- **Announced April 2018**
- No closure plan or transfer pathways in place, no information shared in advance with the DHE
- 1,500 students impacted after failed merger attempt
- Resulted in legislative hearings and new statute



## Mount Ida Closure

Please continue to check in as the DHE will be updating this webpage with more information as it becomes available. Though Mount Ida has closed, it continues to provide updated information on student transitions to new programs, which can be found at: [here](#).

### Current Update

As of June 25, 2018

Mount Ida College's closure plan was received by the Board of Higher Education on May 16, 2018 and has been formally approved. The following information, from the closure plan as well as from the Department of Higher Education's own work on ensuring appropriate protections and pathways for Mount Ida students, may be helpful to you as you navigate this institutional closure:

- Mount Ida's student records, including transcripts, are now in the custody of the University of Massachusetts, Amherst. You may request a copy of your transcript by visiting UMass Amherst's website at <https://www.umass.edu/registrar/mtida>. Additional student records may also still be available; information can be found at UMass Amherst's website: <https://www.umass.edu/mic/former-students>.
- Transfer advising to former Mount Ida students continues to be available on the Mount Ida campus free of charge. To schedule an appointment with the transfer advisor, call 617-928-4706.
- UMass Dartmouth is continuing to accept former Mount Ida students until September 1. Information about UMass Dartmouth, including the application process and available programs, can be found here: <https://www.umassd.edu/mountida/>.
- The DHE continues to receive applications from institutions to "teach out" some of Mount Ida's specialized programs. The applications must be approved by the DHE before the institution can formally begin admitting former Mount Ida students to the program. Information about the status of the approvals of the specialized programs can be found on the right side of this webpage and is updated frequently. If an application for a program is not listed in this sidebar, the DHE has not yet received it from the institution.
- For Mount Ida's more traditional academic programs, the DHE approved several pathways for students prior to Mount Ida's closure. Many of these approvals involved detailed assessments of the curriculum at Mount Ida and the proposed transfer institution to ensure that the programs were as closely aligned as possible to allow for an easier transition for students and a greater possibility of credit transfer. When Mount Ida closed, this process ceased, as there were no longer any Mount Ida faculty members who could assist with this curriculum mapping. However, nearly 50 programs were approved before the effort ended. Information on approved programs can be found on Mount Ida's website: <https://www.umass.edu/mic/former-students/transfer/>. Please note that this table is

## Mount Ida Program & Teach-Out Proposals Received

Updated: August 28, 2018, 11:30 a.m.

### AS IN FUNERAL SERVICE

**Institution:** Cape Cod Community College  
**Proposal:** To teach out this program from September 1, 2018 through September 1, 2022  
**Status:** Proposal approved by DHE on July 30, 2018. Accreditation for teach out received by ABFSE COA on August 27, 2018.

### BS IN COMMERCIAL PHOTOGRAPHY

**Institution:** Framingham State University  
**Proposal:** To teach out this program from September 1, 2018 through May 30, 2022.  
**Status:** Proposal approved by DHE on June 20, 2018.

### AA & BS IN VETERINARY TECHNOLOGY

**Institution:** UMass Amherst  
**Proposal:** To teach out these two programs from July 1, 2018 through September 1, 2022.  
**Status:** Proposal

# FARM Statute Implementation Timeline – 2 Years

**May  
2018**

Mount  
Ida  
Closure

**Nov. 2019**

FARM Statute  
Signed into  
Law

**Apr. 2020**

Implementation  
Procedures,  
NECHE MOU  
Finalized

**Jun. 2018 –  
Jan. 2019**

BHE THESIS  
Working Group

**Jan. 2020**

FARM  
Regulations  
Promulgated

**May  
2020**

First  
Screening  
Cycle

# Annual Financial Assessments & Reporting



## **DHE\* Financial Screen**

annual process to identify IHEs “at risk of imminent closure”

**Required of DHE**



## **Notify**

IHEs must notify BHE of “known financial liabilities or risks”



## **Post Audited Financials**

IHEs must publicly post audited financials and summaries online

**Required of IHEs**



## **Train Trustees / Voting Board Members**

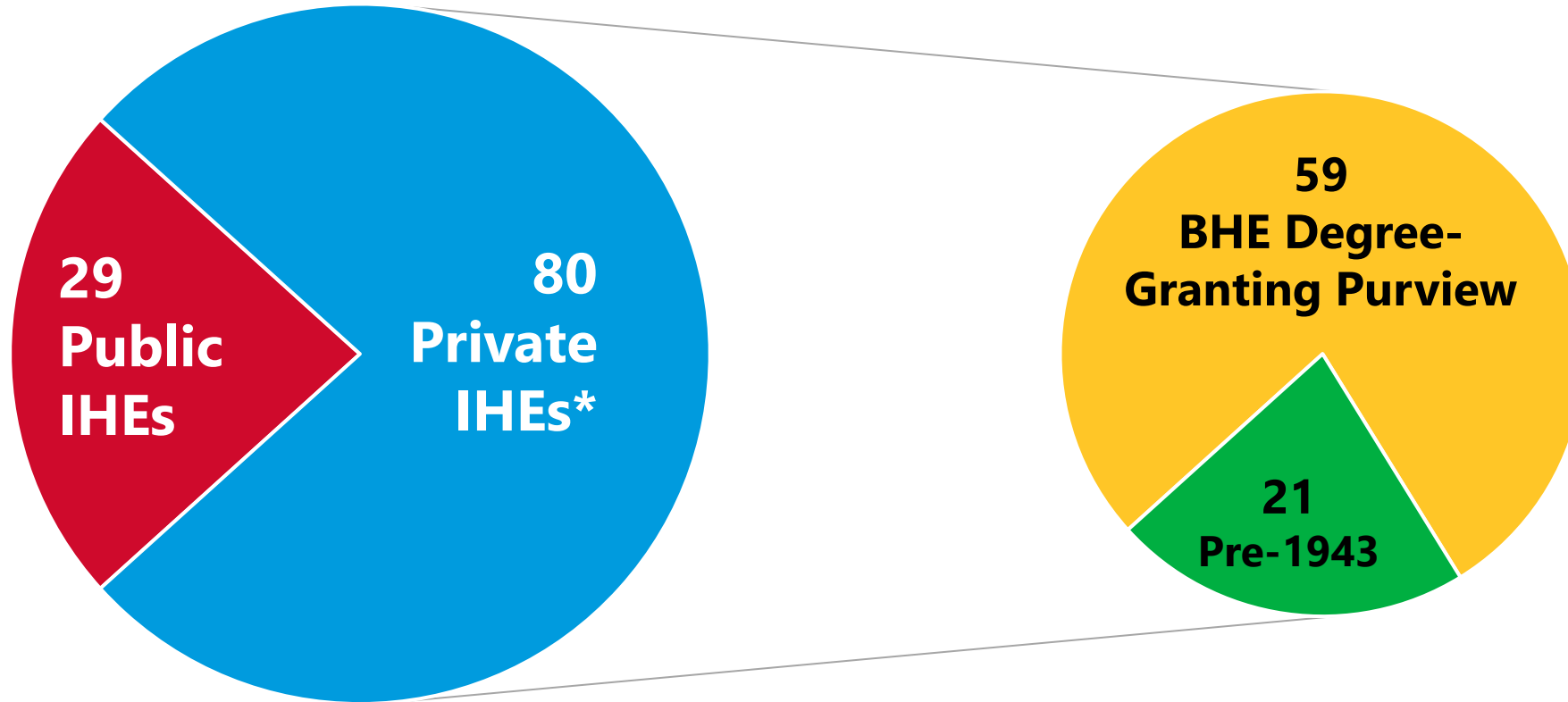
IHEs must provide training on financial metrics, legal and fiduciary responsibilities, and accreditation standards

\*may be conducted by NECHE pursuant to an MOU

# An Act to Support Improved Financial Stability in Higher Education, *Chapter 113 of Acts of 2019*

	Private Higher Education, Chapter 69, § 31B (amended)	Public Higher Education, Chapter 15A, § 45 (new)
<b>Scope</b>	Applies to <b><u>all</u> 80</b> private IHEs located in MA and authorized to grant degrees.	Applies to <b><u>all</u> 29</b> MA public higher ed institutions/ campuses.
<b>Annual Financial Assessments</b>	BHE must establish process to annually assess IHEs' financial information to identify whether an IHE is "at risk of imminent closure"	
<b>Trustee Training</b>	All private IHE trustees must receive instruction and training once every 4 years.	BHE must establish and implement comprehensive training program for trustees, in consultation w/ IGO, AGO.

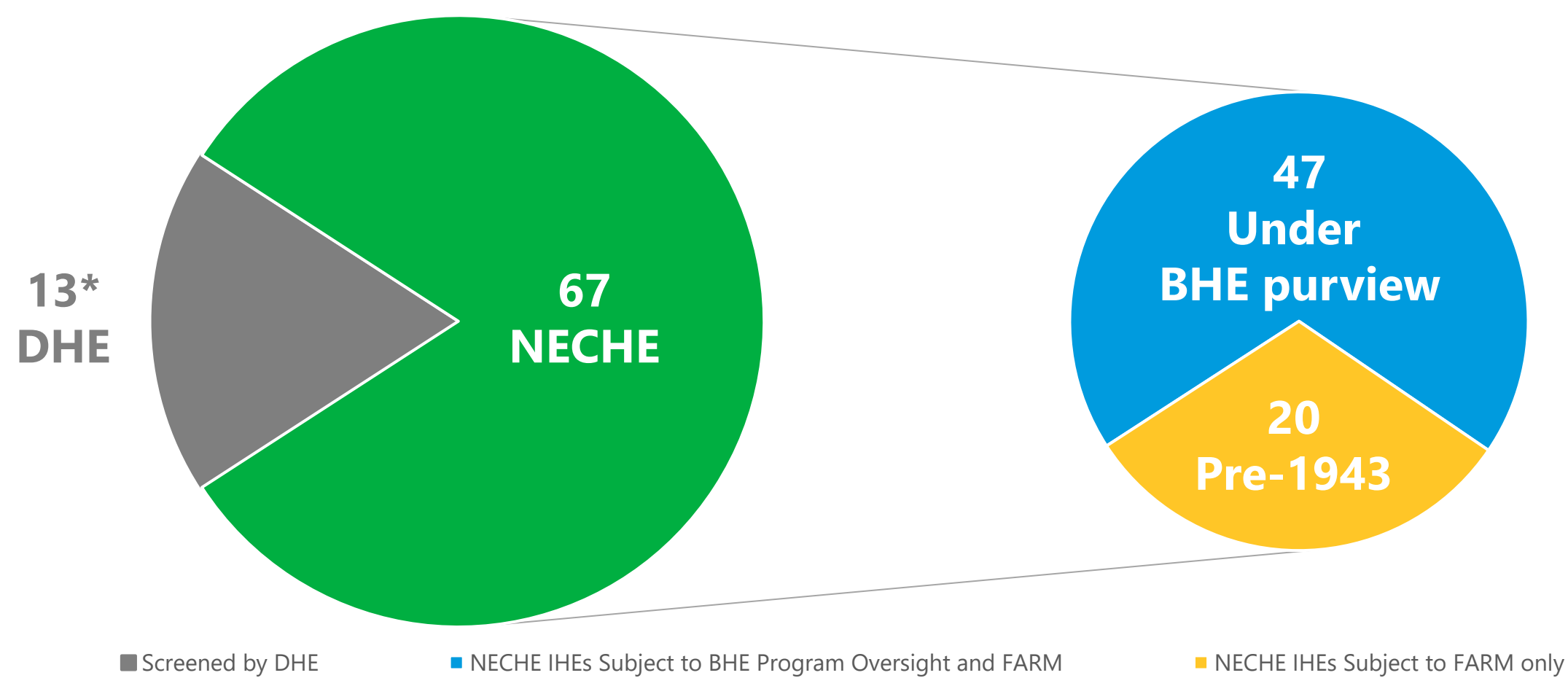
# Massachusetts Degree-Granting Higher Education Institutions (IHEs) by Sector - 109



\*located and authorized to grant degrees in the Commonwealth of Massachusetts



# Private Massachusetts IHEs by Screening Entity



\* This figure also includes Quincy College which is accredited by NECHE, but not screened by NECHE because it is a municipal public institution. 9

# Annual Financial Assessments - Purpose

- **Intent** - avert **precipitous** closures; consumer protection
- **Purpose of Law (and Regulations)** - Establish standards and processes to permit BHE/ DHE to:
  - **identify**, through annual screening, IHEs experiencing significant financial distress, placing them "at risk of imminent closure;"
  - **assess and monitor** identified IHEs while they either improve their financial condition or transition to closure; and
  - **require risk mitigation plans**, contingency closure planning and timely public notification in the event of imminent closure.

# Collaborative Model – Shared Functions



## **Academic Affairs & Student Success**

Accreditation;  
Contingency Closure  
Planning



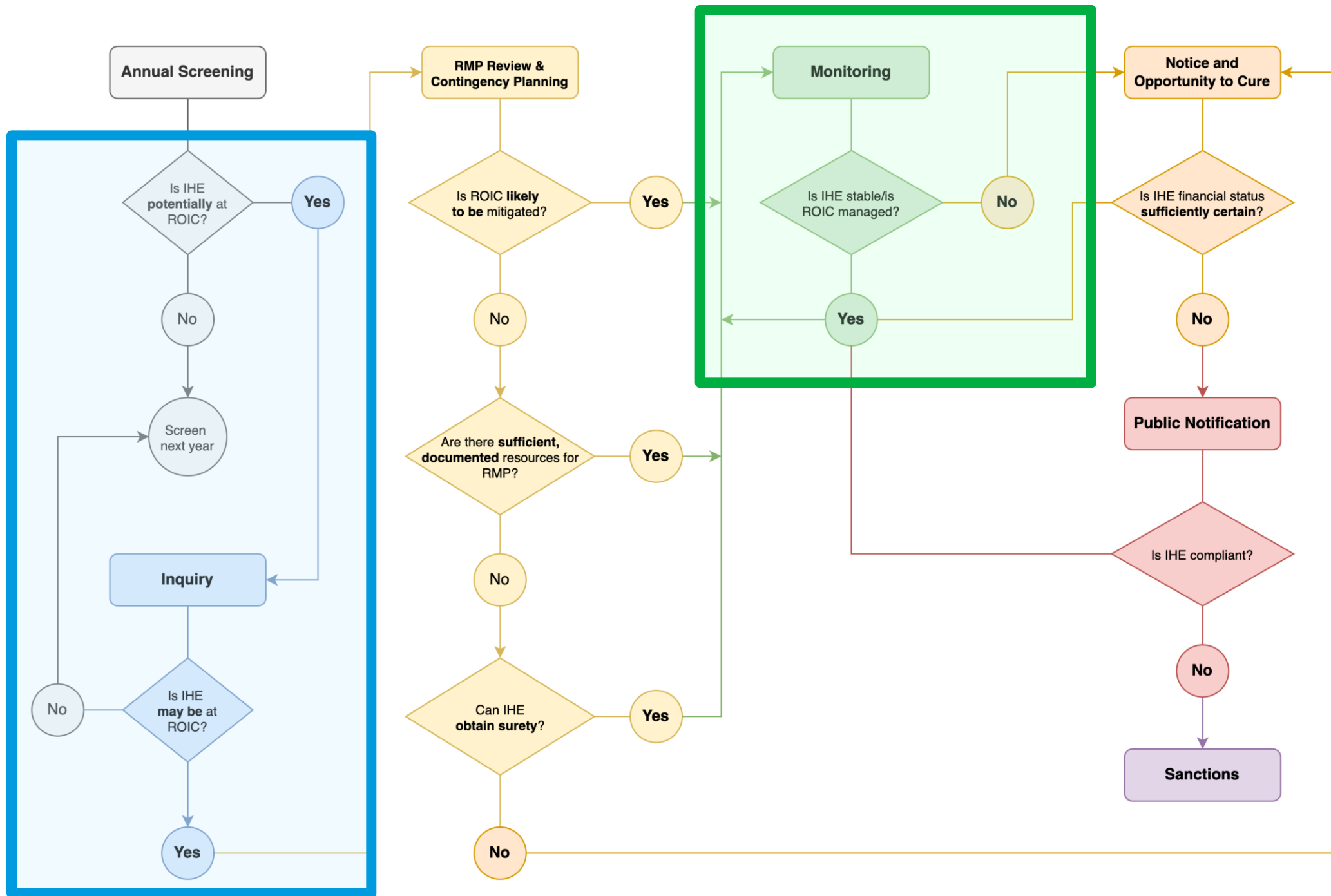
## **Administration, Finance & Operations**

Financial Screening  
and Assessment;  
Project Management



## **Legal**

Legal Drafting and  
Review; Regulatory  
Enforcement



# Pre-FARM Notice of Closure Template

## Document-Based Review – Iterative Phased Process



Administrative Details (rationale, date, locations)



Teach-Out Planning (timeline, transfer agreements)



Student Data & Services (quality, financial aid, GI Bill)



Administration/Fiscal (faculty, staff reductions, budgets)









Communications (students, faculty, staff, public)



Student Records (digitization, custodial agreements)

# Contingency Closure Planning under FARM

## Modified Notice of Closure Template

-  Administrative Details: **list of potential transfer partner IHEs**
-  Teach-Out Planning: **program inventory with CIP codes**
-  Student Data & Services: **enrollment, VA beneficiary numbers**
-  Administration/Fiscal: **existing collaborative IHE agreements**
-  Communications: **draft comms, contacts, impact assessments**
-  Student Records: **anticipated cohort completion dates**

# FARM Statute, Regulations, and Guidance

**Statute** M.G.L. c. 69, § 31B    **Regulations** 610 CMR 13

## Subregulatory Guidance

- FARM Implementation procedures (Formal – BHE Vote)
  - Describes methodology used in DHE financial screenings
  - Incorporates NECHE screenings into DHE annual FARM process
  - Provides procedural guidance to IHEs in development of:
    - risk mitigation plans, public notices, and contingency closure plans
  - Advisory committee- describes composition and responsibilities
- Commissioner's "Dear Colleague" Letters (Informal)
  - Details and specifics on compliance, including timelines
  - [DHE.FARMSubmissions@mass.gov](mailto:DHE.FARMSubmissions@mass.gov)    <https://www.mass.edu/strategic/farm.asp>



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# Mitigating Risk in New Jersey's Private Institutions of Higher Education

Leveraging Data to Strengthen Fiscal Resilience



# Why Risk Mitigation Matters



## Enrollment and Tuition Dependency

**High Sensitivity to Enrollment Declines:**  
Institutions with high tuition reliance are vulnerable to demographic shifts and pricing elasticity.



## Operating Costs

**Affordability Pressures Shrink Margins:**  
Tight operating margins challenge institutional capacity to maintain quality and competitiveness.



## Risk Management and Compliance

**Compliance Lapses Can Be Costly:**  
Governance failures or third-party violations jeopardize continuity and reputation.



## Deferred Maintenance and Capital Projects

**Deferred Maintenance Increases Future Risk:** Underinvestment leads to rising costs, safety concerns, and declining student appeal.

# Legal Foundations for Accountability

OSHE created the Financial Assessment and Risk Monitoring (FARM) program in 2022 to identify financial risk in independent and proprietary higher education institutions and promote long-term stability.

## **Legislation**

P.L. 2021, Chapter 27 authorizes OSHE to adopt rules for financial assessment and risk monitoring.

## **Secretary's Actions**

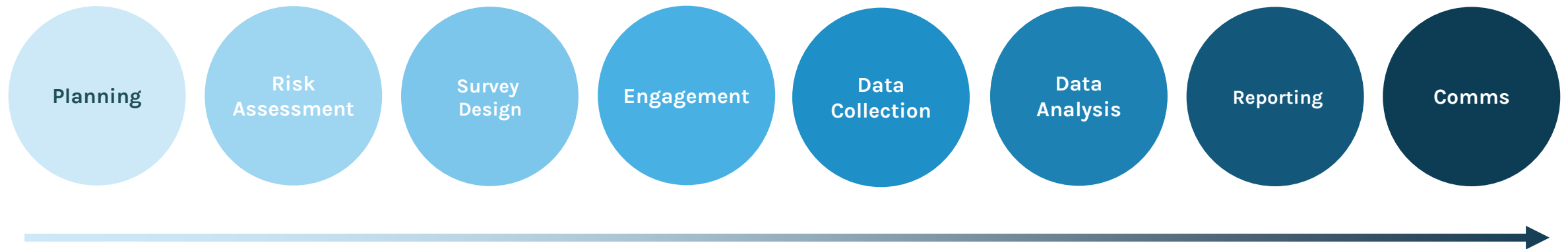
Determines whether institution is at risk of imminent closure. If yes, institutions must submit a contingency plan for closure or a risk mitigation plan.

## **Key Points:**

- Required fiscal reporting
- Mandatory risk notification and audit compliance
- Applies to independent and proprietary IHEs

# Overview of the Implementation Process

There are eight key steps in the financial assessment and risk monitoring process:



# FARM Methodology: Metrics and Risk Levels

## RISK CATEGORIES & METRICS



### Internal Risks

- Composite financial index, cash trends, operating expenses, and financial reserves.



### External Risks

- Enrollment, tuition reliance, revenue growth, and investment performance.



### Compliance Risks

- Debt affordability, debt covenant compliance, credit ratings, audit findings.

## RISK FRAMEWORK



### Evaluate Risk Metrics

- □ Acceptable; ■ Tolerable; ■ Undesirable; ■ Intolerable



### Weight Risk Metrics

- 1 = Low Priority; 2 = Limited Concern; 3 = Moderate Concern; 4 = High Priority; 5 = Critical Concern



### Apply Severity Scale

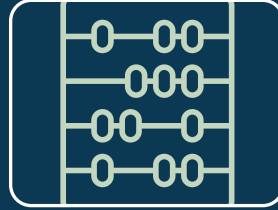
- Least (0); Minimal (1); Moderate (2); and Greatest (3).



### Establish Risk level

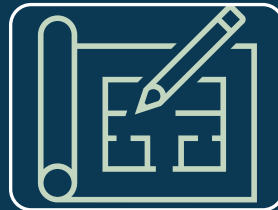
- □ Least Risk; ■ Minimal Risk; ■ Moderate Risk; ■ Greatest Risk

# Turning Risk Into Readiness: Risk Mitigation Plan



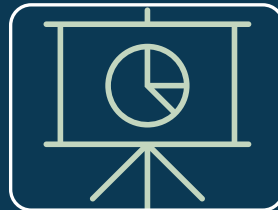
## Financial Summary

- A brief overview of the institution's current financial status, listing any known liabilities, risks, or financial issues.



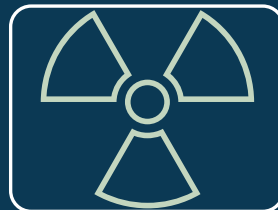
## Institutional Plan

- Both short-term and long-term initiatives focused on sustaining operations and improving financial stability.



## Assessment of Survey Results

- Detailed strategies and action plans for addressing specific vulnerabilities described in the notification of findings identified as the “Greatest Risk.”



## Additional Risk Mitigation Strategies

- Recommendations for addressing vulnerabilities described as “Moderate Risk” to prevent further deterioration in those areas.

# What Institutions Can Do





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## Have questions?

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# Mitigating Risk in Connecticut's Private Institutions of Higher Education



# Statutory Foundations for Accountability

- Before 2022, there were no statutes to conduct annual financial screenings of private institutions.
- Connecticut General Statute Section 10a-34h – Financial screening of independent institutions of higher education
- Statute allowed for the financial screening of private institutions in 2 ways:
  - Rely on the results of an accrediting agency that conducts annual financial screenings
  - OHE conducts its own financial screening of the institution
- Institution must submit additional information if found to be at imminent risk of closure through the financial screening.

# Implementation of annual financial screenings

- OHE able to successfully sign an MOU with New England Commission of Higher Education (NECHE – accreditor in the New England region) to provide results of annual financial screenings of Connecticut's private institutions
- OHE also implementing submission of audited financial statements for other institutions not accredited by NECHE.

# Challenges of annual financial screenings

- Need to amend legislation:
  - Create more explicit criteria for determining that an institution is at imminent risk of closure based on the annual financial screening
  - Have more robust strategy for institutions determined to be at imminent risk of closure