



# WRIGHT STATE UNIVERSITY

## FINANCIAL GOVERNANCE POLICY

Revised June 20, 2025

# **Wright State University**

## **Financial Governance Policy**

### **A. Overview**

Wright State University (WSU) is committed to transforming the lives of its students and the communities it serves. In order to accomplish this mission, WSU must remain financially strong with consistently positive operating margins, and responsible levels of reserves. Maintaining a strong financial position yields multiple benefits, among the most important of which include:

1. Ensuring sufficient and flexible resources for supporting the university's mission including its obligations to students, faculty, staff, and other stakeholders;
2. Protecting against financial stress from funding shortfalls or excessive operating expenses;
3. Providing responsible levels of reserves for absorbing short term financial shocks;
4. Maintaining a growing investment portfolio with appropriate liquidity which allows strategic investments for the future;
5. Providing access to capital markets at favorable interest rates.

The financial strength and credit rating of Wright State University are also strongly influenced by a number of non-financial factors including the quality of management and governance, student enrollment and retention, strength of research programs, and the institution's ability to attract and retain high quality faculty and staff. The level and consistency of state support is also an important factor in determining financial policy.

The Board of Trustees is responsible for ensuring WSU operates in a fiscally responsible manner. It performs this task primarily through the annual budgeting process and ongoing financial reviews through a finance committee. The purpose of this governance policy is to provide a framework through which the Board exercises its fiduciary duty regarding the ongoing financial health of the University.

### **B. Policy Objective**

The objective of this policy is to document guidelines for Wright State University's Board of Trustees to use in overseeing the university's financial affairs. The board's fiduciary responsibility is to ensure financial resources are used responsibly in support of the university's mission and that cash reserves are sufficient to protect against unexpected downturns in financial circumstances and to take advantage of strategic opportunities. Accordingly, this policy:

1. Defines roles and responsibilities of the WSU Finance, Audit, Governance, and Compliance Committee (FAGC);
2. Establishes benchmarks for evaluating financial performance;
3. Establishes key financial performance indicators for assessing overall financial health and long term trends;
4. Provides direction to the president or his/her designees regarding the board's financial expectations for strategic investments, normal operating purchasing/expenditures, and actions to be taken when reserves fall below minimum levels;
5. Requires the Board of Trustees to approve the university's investment strategy by adopting and regularly reviewing an Investment Policy Statement and investment performance over time;
6. Sets a policy for minimum funding levels required to begin capital projects and establishes a reporting/approval requirement for non-base budgeted strategic projects which exceed prescribed levels;
7. Sets appropriate reporting and policy review guidelines.

### **C. Finance, Audit, Governance, and Compliance Committee (FAGC)**

The FAGC is the Board of Trustees's primary means of overseeing WSU's financial affairs.

#### **1. Membership**

The chairperson of the Board of Trustees will appoint the chair and members of the FAGC. The committee shall consist of at least three members of the Board of Trustees (including national trustees) who shall be voting members. In addition:

- a. At least one member of the committee should be a financial professional. This is a person who has an understanding of concepts of commercial finance, generally accepted accounting principles, financial statements, managing budgets, investing, or related skills, with experience in applying such principles in a working environment. The financial professional may be a non-Board member who meets the criteria to serve in an advisory capacity but who shall not be a voting member.
- b. One member should be a representative of the Faculty Senate as recommended by faculty leadership. This person will be a non-voting member to lend faculty perspective to the Board of Trustees regarding university financial matters.
- c. One member should be a representative of the Staff Senate as recommended by staff leadership. This person will be a non-voting member to lend staff perspective to the Board of Trustees regarding university financial matters.

#### **2. Administrative Liaison**

The vice president of business and finance will serve as primary liaison to the FAGC. Other members of the Division of Business and Finance may assist the committee in its work.

#### **3. Meetings**

The FAGC shall meet at least four times per fiscal year, and may convene additional meetings as circumstances require. Meeting agendas will be prepared and provided in advance to members and participants along with appropriate briefing materials. A written summary of each meeting will be prepared and provided to the Board of Trustees.

#### **4. Duties and Responsibilities**

Duties and Responsibilities of the FAGC include, but are not limited to, the following:

- a. Engaging in long-range strategic financial planning;
- b. Recommending an annual budget to the full board for approval;
- c. Reviewing of the university's current and historical financial position including cash position, current and projected operating revenue and expenses as compared to board- approved budgets, actual and projected number of days of cash on hand, and other financial performance measurements as appropriate;
- d. Receiving the university's audited annual financial statements and related documents;
- e. Reviewing and making financial policy recommendations to the Board of Trustees;
- f. Ensuring that sound financial controls are in place;
- g. Recommending capital budgets for board approval and reviewing actual expenditures on such projects;
- h. Reviewing substantial expenditures according to current policy and, when appropriate, recommending board approval of such expenditures;
- i. Reviewing and recommending board approval regarding the issuance of new debt, and/or the early retirement of existing debt;
- j. Overseeing university investments and the board-approved Investment Policy Statement;
- k. Reporting on committee activities to the Board of Trustees;
- l. At the discretion of the committee chair, the FAGC may consider other financial matters as may arise from time to time;
- m. Reviewing key financial metrics.

## **D. Financial Performance Benchmarks**

The Board of Trustees directs the president to operate the university in a manner that supports its academic mission while maintaining a responsible level of financial health. The benchmarks in this section provide guidelines to assist the board in evaluating financial resources, debt levels and cash reserves available for serving the strategic and long term interests of Wright State University and its stakeholders.

1. Minimum Credit Rating: WSU will manage its financial affairs to maintain a minimum Moody's implied credit rating of A2 – Stable.
2. Composite Financial Index: In order to evaluate WSU's overall financial health and to assess its financial prospects, the university will adopt and track the Composite Financial Index (CFI) as developed by KPMG, LLC and Prager, McCarthy, & Sealy LLC. This index assists in understanding the university's current financial position and provides insight regarding future trends. The methodology utilizes core financial ratios, strength, and weighting factors to arrive at a composite score ranging from -4 to 10. A score of 1.1 represents the minimum score of a financially healthy university per the Higher Learning Commission (HLC). WSU targets a CFI score of 3.0 or higher as a measure of long-term financial health.
3. Senate Bill 6 Composite Score: This index, developed by Ohio's 122nd General Assembly and administered by the Ohio Department of Higher Education, utilizes a standard set of measures for monitoring the fiscal health of state colleges and universities based on both audited financial statements and quarterly forecasts. Composite scores range from 0 to 5. A composite score of 1.75 or below for two consecutive years results in an institution being placed on fiscal watch. WSU will target a Senate Bill 6 composite score of 3.0 or better.
4. Other Financial and Market Indicators: WSU will track other financial and market indicators that assist the board in evaluating the university's long term financial health. These indicators will not include targets but provide the FAGC with directional trends of the university (Appendix D: Other Financial and Market Indicators).

The Board of Trustees directs the president or his/her designee to submit an annual report to the board via the FAGC describing the university's most recent performance in these benchmark areas. The Board of Trustees will monitor key financial indicators over time to assess long term financial trends. The Board will make these financial indicators available for review by the university community.

## **E. University Reserves**

The Board of Trustees will monitor levels of reserves as described in this policy. In circumstances when unrestricted reserves fall below minimum guidelines (see Financial Benchmarks, above), the President will suspend spending of business unit carryovers and/or include accumulation of new reserves in the annual operating budget until minimum reserve levels for the University are met.

## **F. Strategic Investments**

The Board of Trustees recognizes the benefit of making strategic investments in projects that further the university's mission, and that such projects may at times require use of unrestricted reserves or debt capacity. Because of the unfunded nature of such projects the board directs the president to report expenditures of unbudgeted funds with a total expected cost of \$100,000 or more to the board accompanied by a cost/benefit analysis. Further, expenditures with a total expected cost of \$250,000 or more must be approved by the Board of Trustees prior to being started.

Guidelines for evaluating such projects and/or expenditures should include, but are not limited, to evaluations of the following:

1. The relationship of each investment to the university's strategic plan and the potential for helping achieve WSU's academic mission;
2. The potential to enhance the quality of the university's educational programs and/or and the student experience;
3. The extent to which an investment will increase the number of students who progress towards and ultimately graduate with a degree from WSU;
4. The extent to which an investment is required to maintain the condition of the campus and its facilities;
5. The expected future financial impact of the project including the effect on primary financial performance indicators, revenue-generating potential, and expenses which will become part of future budgets;
6. The relationship of each investment to university research priorities.

## **G. Purchases and Expenditures**

In order to exercise stewardship over financial resources, the board of trustees directs the president to develop a policy requiring the following with regard to multi-year agreements and single purchase transactions in a single fiscal year to a single vendor:

1. Notification to the FAGC of purchases between \$150,000 and \$249,999;
2. Approval by the FAGC of purchases between \$250,000 and \$499,999; and
3. Approval by the Board of Trustees of purchases of \$500,000 or more.

In addition, the administration will provide a list of the following expenditures at least annually:

1. A list of external consultants paid more than \$100,000 per fiscal year;
2. A list of external consultants employed by the university for more than two consecutive fiscal years.
3. A list of all stipends/allowances/bonuses paid by the university.

The actual amount of individual purchases approved by the Board of Trustees or FAGC may vary by 10% without further Board or Committee action. Purchases approved which exceed the approved amount by more than 10% must be re-approved by the Board of Finance Committee. Should a single project require the use of multiple vendors/suppliers, the aggregate amount spent should be reported/approved based upon the criterion defined above.

For capital projects, cost overruns exceeding 5% of approved projections are to be reported to the FAGC with a plan on how the overruns are to be funded. The FAGC should also be notified of cost overruns applicable to plant and facilities.

## **H. Investment Policy Statement**

The Board of Trustees will adopt an Investment Policy Statement to effectively define, monitor, and evaluate the university's investment strategy. The purpose of the Investment Policy Statement is to ensure university funds are prudently invested to maximize returns in asset classes that do not exceed policy guidelines for risk. The FAGC will review the Investment Policy Statement at least every three years and make recommendations to the Board of Trustees as may be appropriate.

## **I. Debt Policy Statement**

The Board of Trustees will adopt a Debt Policy Statement that establishes guidelines for managing and overseeing external debt. Debt management guidelines will provide a framework for implementing the university's debt issuances, imposing discipline on capital financing and operating budget decisions, managing interest rate risk and assisting in the continued investment in university facilities. The goal of the debt policy is to ensure adequate financial strength to service existing and proposed debt, to maintain leverage within acceptable risk tolerance while investing in strategic capital initiatives, and to enhance a strong financial profile to ensure continued access to capital and money markets. The FAGC will review the Debt Policy Statement at least every three years and make recommendations to the Board of Trustees as may be appropriate.

## **J. Use of Reserves for Capital Projects**

In order to maintain University unrestricted financial resources at responsible levels, the Board of Trustees directs the president to enforce a policy requiring 90% of project funding to be in hand prior to beginning capital projects. During times of financial stress where unrestricted reserves are below minimum levels as described in this policy, the board may require higher amounts of project funding be on hand prior to beginning projects. The President may request the Board of Trustees to make exceptions to this policy as conditions warrant.

#### **K. Use of Unrestricted Support from the Wright State University Foundation**

The Wright State University Foundation provides, annually, an amount of unrestricted financial support to the University to be used at the discretion of the president. Use of unrestricted foundation support is subject to the policies and directives of the University Board of Trustees.

Upon receipt of these funds the president shall provide the board with a general framework for how the funds are to be used for the benefit of students. In general, the board desires these funds to be used to support student scholarships, student groups, student events, and related purposes.

To ensure appropriate oversight of these funds, the university president shall also provide an annual report to the board of trustees showing how such funds were used. Further, the president must obtain prior approval from the board of trustees before directing any use of unrestricted support from the foundation for a purpose not related to the support of students.

#### **L. Financial Reporting**

The Board of Trustees, through the FAGC, will review annual audited financial statements and interim financial reports throughout each fiscal year. Accordingly, the President or his/her designee will present the following financial reports to the FAGC each fiscal year:

1. Audited fiscal-year ending financial statements;
2. Monthly cash report including sources and uses of cash and fiscal-year ending cash projections;
3. Monthly investment report with portfolio holdings and yield;
4. Operating Revenue/expense report including year-to-date actual versus budgeted revenues and expenses and fiscal year-ending actual versus budgeted revenue and expense projections;
5. 5-Year trends for annual financial performance benchmarks and other financial data (Appendix E).

#### **M. Policy Compliance**

The FAGC will monitor university financial performance for compliance with this policy. In the event the committee deems the university's performance falls substantially below the standards described herein, or in the event performance indicates negative trends which cannot be strategically justified, the committee may direct the president to present a written plan for reversing negative trends or bringing overall performance into substantial compliance with this policy.

#### **N. Policy Review**

This financial governance policy will be reviewed by the FAGC of the Board of Trustees at least every three years.

## Appendix A: Moody's Scorecard

A scorecard composed of nine factors (6 quantitative and 3 qualitative) used to assess the credit profile and relative strength of the university or as a part of a peer group.

Target: A2- Stable; Minimum Baa3 (investment grade)

Calculation: Based on mapping of each factor calculation to corresponding Moody's rating category and to a numerical score. The numeric score for each factor is multiplied by the weight for that factor, with the results then summed to produce an aggregate numeric score. The aggregate numeric score is then mapped back to a scorecard-indicated outcome (rating). Deficiencies in one factor can be compensated by factors with stronger metrics.

Component Ratio	Weight
<b>Quantitative Factors:</b>	
Scale of Operations (Adjusted Operating Revenue)	15%
Operating Performance (EBIDA Margin)	10%
Total Cash & Investments	10%
Total Cash & Investments to Operating Expenses	15%
Total Cash & Investments to Adjusted Debt	10%
Annual Debt Service Coverage	10%
<b>Qualitative Factors:</b>	
Brand and Strategic Positioning Initiatives	10%
Operating Environment	10%
Financial Policy and Strategy	10%

Aggregate Numerical Score Range	Scorecard Indicated Outcome
Over 0.5 to 1.5	Aaa
Over 1.5 to 2.5	Aa1
Over 2.5 to 3.5	Aa2
Over 3.5 to 4.5	Aa3
Over 4.5 to 5.5	A1
Over 5.5 to 6.5	A2
Over 6.5 to 7.5	A3
Over 7.5 to 8.5	Baa1
Over 8.5 to 9.5	Baa2
Over 9.5 to 10.5	Baa3

Below is Fiscal Year 2024 as an example

Factor	Value	Corresponding Score	Weight	Weighted Score
Operating Revenue	\$278 million	6.2	15%	0.93
Operating Cash Flow Margin	12.5%	5.6	10%	0.56
Cash & Investments	\$357 million	4.2	10%	0.42
Cash & Investments to Operating Expenses	1.34x	1.4	15%	0.21
Cash and Investments to Adjusted Debt	0.78x	5.0	10%	0.50
Annual Debt Service Coverage	5.74x	0.6	10%	0.06
Brand and Strategic Positioning	Good	9.0	10%	0.90
Operating Environment	Very Good	6.0	10%	0.60
Financial Policy and Strategy	Very Good	6.0	10%	0.60
Total Score:				4.78
Implied Rating:				A1

**Adjusted Operating Revenue**

Purpose: Is an important indicator of the overall depth of the university's business and its success in attracting students, donor and faculty, as well as resilience to shocks. Higher education institutions with larger scales of operations typically have higher brand recognition, broader diversification of educational programs and revenue sources and a greater ability to take advantage of economies of scale during economically challenged times.

Target: \$235 million or better (minimum A2 level)

Calculation: Unrestricted Operating Revenue, adjusted to account for pass-through Scholarships and Fellowship Expenses and normalized endowment draws.

**Operating Performance (EBIDA Margin)**

Purpose: Operating performance is an important indicator of the university's ability to repay debt from operating revenues as well as invest in academic programs and facilities to advance its strategic objectives. A core aspect of a university's operating performance as its earnings before interest, depreciation and amortization (EBIDA Margin).

Target: 10.4% or better (minimum A2 level)

Calculation: [Earnings before Interest, Depreciation, Amortization and other large non-cash expenses] divided by [Adjusted Operating Revenue]

**Total Cash and Investments**

Purpose: Total cash and investments is an important indicator of a university's financial flexibility and resilience and its ability to generate investment income.

Target: \$50 million or better (minimum A2 level)

Calculation: Cash and Investments (including Foundation)

**Total Cash and Investments to Operating Expenses (x)**

Purpose: Provides important indications of the extent to which the university could use financial reserves to meet expenses over time. The ratio is of particular importance during periods of financial stress, where revenue may be subject to volatility or declines.

Target: Minimum 0.59x (Moody's A2 minimum level)

Calculation: [Total Cash and Investments (including Foundation)] divided by [Operating Expenses]

**Total Cash and Investments to Total Adjusted Debt (x)**

Purpose: The ratio of total cash and investments to total adjusted debt is an important indicator of a university's ability to repay debt and other debt-like obligations such as pensions, over time. A university with a higher ratio is in a better position to repay its obligations.

Target: Minimum 0.47x (Moody's A2 minimum level)

Calculation: [Total cash and Investments (including Foundation)] divided by [Adjusted Debt (which includes unfunded pension liability, operating leases and guaranteed debt obligations)]

**Annual Debt Coverage Ratio**

Purpose: Measures the university's ability to consistently generate sufficient cash flow to repay debt.

Target: Minimum 1.66x (Moody's A2 minimum level)

Calculation: [Earnings before Interest, Depreciation, Amortization and other large non-cash expenses] divided by [Debt Service]



## **Appendix B: Composite Financial Index**

Purpose: A composite scorecard developed by Prager, Sealy & Co. LLC as a means to analyzing financial position and in assessing future prospects. In this regard the CFI functions as an “affordability index” for the institution’s strategic plan. The methodology utilizes four core financial ratios, strength and weighting factors to arrive at the composite score.

Target: Target is 3.0; Minimum is 1.1 (floor of -4 and ceiling of +10).

Calculation: Calculate the values of each core ratio. Divide each core ratio value by the threshold strength factor. Multiply the result by the weighting factor. Add the resulting scores together to arrive at the total CFI

Below is Fiscal Year 2024 as an example:

Ratio	Ratio Value	Strength Factor	Weighting Factor	Score
Primary Reserve	0.373	0.133	35%	1.49
Viability	3.772	0.417	35%	3.17
Return on Net Assets	8.13%	2.00%	20%	0.81
Net Operating Revenues	7.21%	1.30%	10%	0.55
Total Score:				6.02

### **Primary Reserve Ratio**

Purpose: Measures how long an institution could conduct operations if no new revenues were being generated. Measures relative wealth of the university and the financial viability.

Target: Long-term target of 0.40

Calculation: [Unrestricted Net Assets plus Expendable Restricted Net Assets] divided by [Operating Expenses (excluding Pension and OPEB) plus Interest on Capital Asset-Related Debt]

### **Viability Ratio**

Purpose: Measures the amount of debt that could repaid just from reserves.

Target: Long-term target of 1.25

Calculation: [Unrestricted Net Assets plus Expendable Restricted Net Assets] divided by [Long-Term Debt (Includes Premium)]

### **Return on Net Assets**

Purpose: Measures financial performance of the institution and indicates the percentage of net income the institution is generating from the assets. Higher return on net assets means the university is using its assets and working capital efficiently and effectively.

Target: Long-term target of 6.0%

Calculation: [Change in Total Net Assets] divided by [Beginning Net Assets]

### **Net Operating Revenues Ratio**

Purpose: Indicates whether an institution was able to conduct operating activities by using just the operating revenues generated during the period. An institution able to do this will contribute to reserves by generating more operating revenues than operating expenses.

Target: Long-term target of 2%

Calculation: [Operating Loss (adjusted for exclusion of Pension and OPEB) plus Net Nonoperating Revenues] divided by [Operating Revenues plus Nonoperating Revenues (adjusted for exclusion of Interest on Capital Asset-Related Debt)]

### **Appendix C: Senate Bill 6 Composite Score**

Purpose: A composite score used by the State of Ohio to assess the university's overall financial health. A score below 1.75 for two consecutive years places an institution on fiscal watch.

Target: Target is >3.0; Minimum is 1.75 (floor of 0 and ceiling of 5).

Calculation: Weighted average sum of Ratio Scores

The composite score equals the sum of the assigned viability score multiplied by 30%, the assigned primary reserve score multiplied by 50%, and the assigned net income score multiplied by 20%.

Ratio Scores	0	1	2	3	4	5
Primary Reserve Ratio	< -0.1	-.1 to .049	.05 to 0.099	.10 to .249	.25 to .49	.5 or greater
Viability Ratio	<0	0 to .29	.30 to .59	.6 to .99	1.0 to 2.5	> 2.5 or N/A
Net Income Ratio	< -.05	-.05 to 0	0 to .009	.01 to .029	.03 to .049	.05 or greater

Note: A composite score of or below 1.75 for two consecutive years would result in an institution being placed on fiscal watch. The highest composite score possible is 5.00.

Below is Fiscal Year 2024 as an example:

Ratio	Ratio Value	Assigned Score	Weighting Factor	Score
Primary Reserve	0.566	5	50%	2.5
Viability	3.772	5	30%	1.5
Net Income	0.072	5	20%	1.0
Total Score:				5.0

#### **Primary Reserve Ratio**

Purpose: Measures how long an institution could conduct operations if no new revenues were being generated. Measures relative wealth of the university and the financial viability.

Target: Long-term target of 0.40

Calculation: [Unrestricted Net Assets plus Expendable Restricted Net Assets] divided by [Operating Expenses (excluding Pension and OPEB) plus Interest on Capital Asset-Related Debt]

#### **Viability Ratio**

Purpose: Measures the amount of debt that could repaid just from reserves.

Target: Long-term target of 1.25

Calculation: [Unrestricted Net Assets plus Expendable Restricted Net Assets] divided by [Long-Term Debt (Excludes Premium)]

#### **Net Income Ratio**

Purpose: Measures change in total net assets (net income) as a percent of total revenues. Indicates return on revenue and financial efficiency.

Target: Long-term target of 0.04

Calculation: [Change in Total Net Assets] divided by [Operating Revenues plus Nonoperating Revenues (adjusted for exclusion of Interest on Capital Asset-Related Debt and Other Nonoperating Expenses) plus Capital Appropriations and Capital Grants and Gifts]

## **Appendix D: Other Financial and Market Indicators**

### **Other Financial Indicators**

#### **Days Cash on Hand:**

Purpose: Measures the number of days cash the university can continue to pay its operating expenses, given the amount of cash and liquid investments available.

Calculation: [Liquid Cash and Investments x 365] divided by [Operating Expenses]

Target: Minimum of 180 days

#### **Unrestricted Financial Resources/Debt (%)**

Purpose: Measures the University's most liquid funds as compared to outstanding debt.

Calculation: [The sum of Unrestricted Reserves] divided by [Total Debt]

#### **Leverage Ratio**

Purpose: Determines the proportion of debt contained in the institution's capital structure.

Calculation: [Available Net Assets] divided by [Long Term-Debt]

The numerator includes unrestricted and temporarily restricted net assets. Denominator includes all long-term debt.

#### **Age of Facility Ratio**

Purpose: Measures the average age of total plant facilities by measuring the relationship of current depreciation to total depreciation. It provides a sense of the age of facilities and the potential need for future resources to be invested in plant to cover deferred maintenance. A low ratio is better as it indicates less need for investment in facilities. A high ratio signifies the potential need for significant expenditure for plant facilities in the near future.

Calculation: [Accumulated Depreciation] divided by [Depreciation Expense]

#### **Total financial resources per student (\$)**

Purpose: Measures the amount of money from all sources available to the University per FTE student.

Calculation: [Unrestricted net assets + Restricted expendable net assets + Restricted nonexpendable net assets + (Foundation total net assets less foundation net investment in plant) ] divided by [Total FTEs]

#### **Total Tuition Discount Rate (%)**

Purpose: Measures the rate at which the institution subsidizes students on average relative to published tuition and fees.

Calculation: [(Scholarship discounts, fee waivers, and allowances paid by the institution in exchange for attendance) + (Scholarship expense)] divided by [Gross tuition and fee revenue]

#### **Net Tuition per Student**

Purpose: Measures the actual amount students pay to attend WSU. Does not include amounts paid via scholarship or forgiven via discounts and allowances.

Calculation: [(Gross tuition and fees revenue) - (Scholarship discount and allowances) - (Scholarship expense)] divided by [total FTEs]

## **Appendix D: Other Financial and Market Indicators**

### **Market Demand Indicators**

#### **Total Applications**

Purpose: Measures the total number of applications for admission. Applications are for a specific entry term and may be divided by various student types including: graduate, undergraduate, domestic, international, new, non-degree, other, and transfer.

Calculation: Total applications received.

#### **Selectivity**

Purpose: Measures the percentage of students admitted to the university relative to the number of applications.

Calculation: [Number of acceptances] divided by [Number of applicants]

#### **Yield Rate**

Purpose: Measures the number of students enrolling as a percentage of acceptances.

Calculation: [Number of students enrolling] divided by [Number of acceptances]

#### **Retention Rate**

Purpose: Measures the number of first-time, full-time, degree-seeking students, the number that are enrolled in courses at the same institution in the fall term of the following year.

Calculation: Number of first-time, full-time, degree seeking students enrolled second year] divided by [Number of first-time, full-time, degree seeking students enrolled first year]

## Appendix E: 5-Year Trend for Financial Performance Benchmarks and Other Financial and Market Indicators

	Target	Fiscal Years Ending June 30,				
		2020	2021	2022	2023	2024
Moody's Credit Implied Rating	A2	A3	A2	A2	A1	A1
Current Rating	A2 Stable	Baa1 Stable	Baa1 Stable	Baa1 Stable	A3 Positive	A2 Stable
Weighted Score	<6.5	6.55	5.62	5.85	4.58	4.78
Operating Revenue (in millions)	> \$235	\$293.4	\$291.7	\$277.0	\$272.0	\$278.0
Operating Performance Margin (EBIDA)	> 10.4%	7.9%	15.7%	11.5%	13.8%	12.5%
Cash & Investments (in millions)	> \$50	\$212.0	\$281.8	\$288.0	\$315.0	\$357.0
Cash & Investments to Operating Expenses (x)	>.59x	0.72x	1.06x	1.08x	1.22x	1.34x
Total Cash & Investments to Adjusted Debt (x)	> .47x	0.30x	0.40x	0.42x	.54x	.87x
Annual Debt Service Coverage (x)	> 1.66	2.90x	5.37x	3.97x	6.30x	5.79x
Brand and Strategic Positioning (qualitative)	Very Good	Good	Good	Good	Good	Good
Operating Environment (qualitative)	Very Good	Good	Good	Good	Very Good	Very Good
Financial Policy and Strategy (qualitative)	Very Good	Good	Good	Good	Very Good	Very Good
Composite Financial Index Score	>=3.0	1.73	4.40	3.65	4.58	6.02
Primary Reserve Ratio	0.40	0.203	0.373	0.426	0.532	0.566
Viability Ratio	1.25	0.955	1.774	2.396	2.670	3.772
Return on Net Assets	6.00%	3.81%	11.50%	3.48%	5.61%	8.13%
Net Operating Revenues	2.00%	0.23%	10.11%	2.20%	4.96%	7.21%
Senate Bill 6 Ratio Score	>=3.0	3.2	4.2	4.3	5.0	5.0
Primary Reserve Ratio	0.40	0.203	0.373	0.426	0.537	0.566
Viability Ratio	1.25	1.000	1.856	2.738	2.699	3.772
Net Income Ratio	0.04	0.038	0.121	0.043	0.076	0.072
<u>Other Ratios:</u>						
Days Cash on Hand	180	106	185	233	255	278
Unrestricted Financial Resources to Debt		0.886	1.7	2.3	3.1	3.5
Leverage Ratio		95.5%	177.5%	239.6%	318.7%	377.2%
Age of Facility Ratio		18.36	20.23	21.94	18.96	19.60
Total Financial Resources per student (\$)		18,222	27,528	30,341	32,332	35,826
Total Tuition Discount Rate %		39.5%	40.0%	45.0%	32.2%	29.7%
Net Tuition per Student		10,236	10,412	11,043	11,419	10,294
Total Applications Received		13,024	11,931	15,689	9,933	10,290
Selectivity Ratio		93%	94%	92%	96%	97%
Matriculation Ratio		39%	37%	32%	24%	23%
First Year to Second Year Retention Rate		65.2%	65.4%	64.0%	63.6%	68.0%