

System Financial Resiliency Framework



Board of Trustees
Finance and Facilities Committee
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Minnesota State Colleges and Universities

The Minnesota State Colleges and Universities system is an Equal Opportunity employer and educator.



System Financial Resiliency Framework

- Stemmed from Board request to evaluate each college and university's financial condition and ability to withstand enrollment declines
- Initial design shared with Board at their September retreat
- Design seeks to provide advance awareness of financial capacity to absorb negative impacts

System Financial Resiliency Framework

- Incorporates enrollment and financial measures
- Enrollment measures:
 - Volatility
 - Momentum

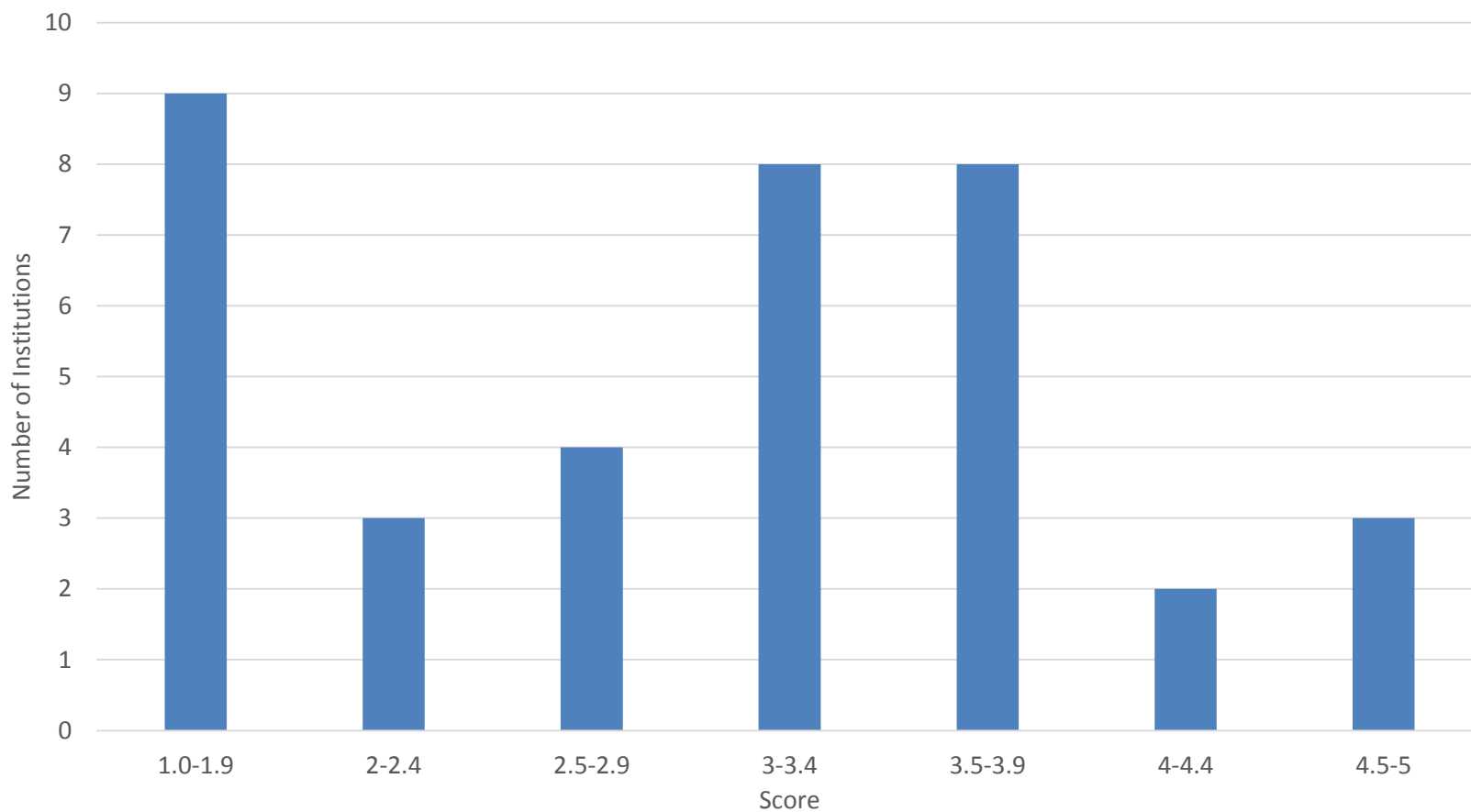
System Financial Resiliency Framework

- Financial measures:
 - CFI
 - Net income/loss
 - Change in unrestricted net assets
 - Cash position

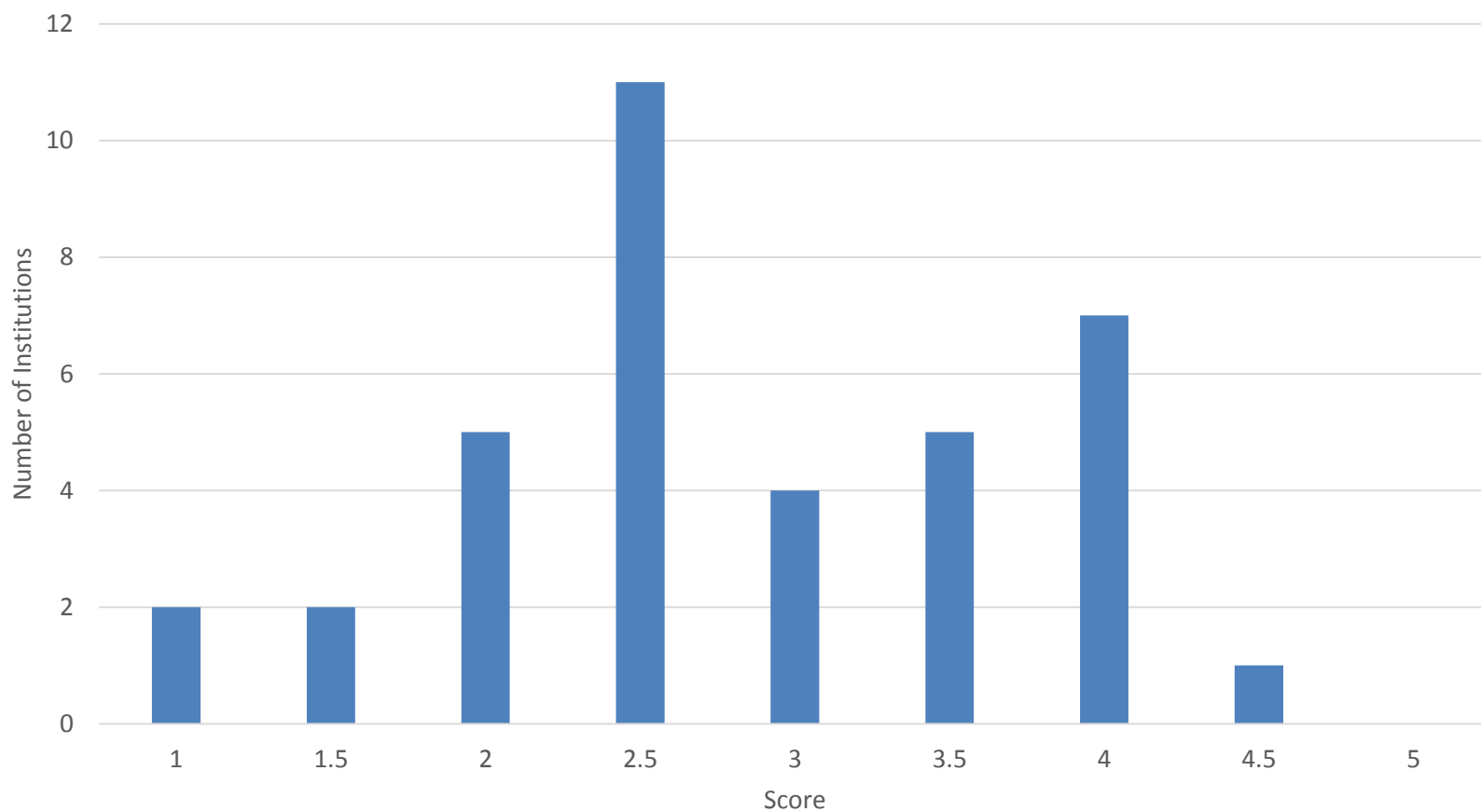
Design Notes

- Financial activity composite score:
 - Average of the four financial measures
 - With both balance sheet and income statement measures, the impacts of short term events evened out
 - Expected to become more meaningful as years of results are compared
- Enrollment activity composite score:
 - Average of two enrollment scores
 - Value of measures will be determined over time

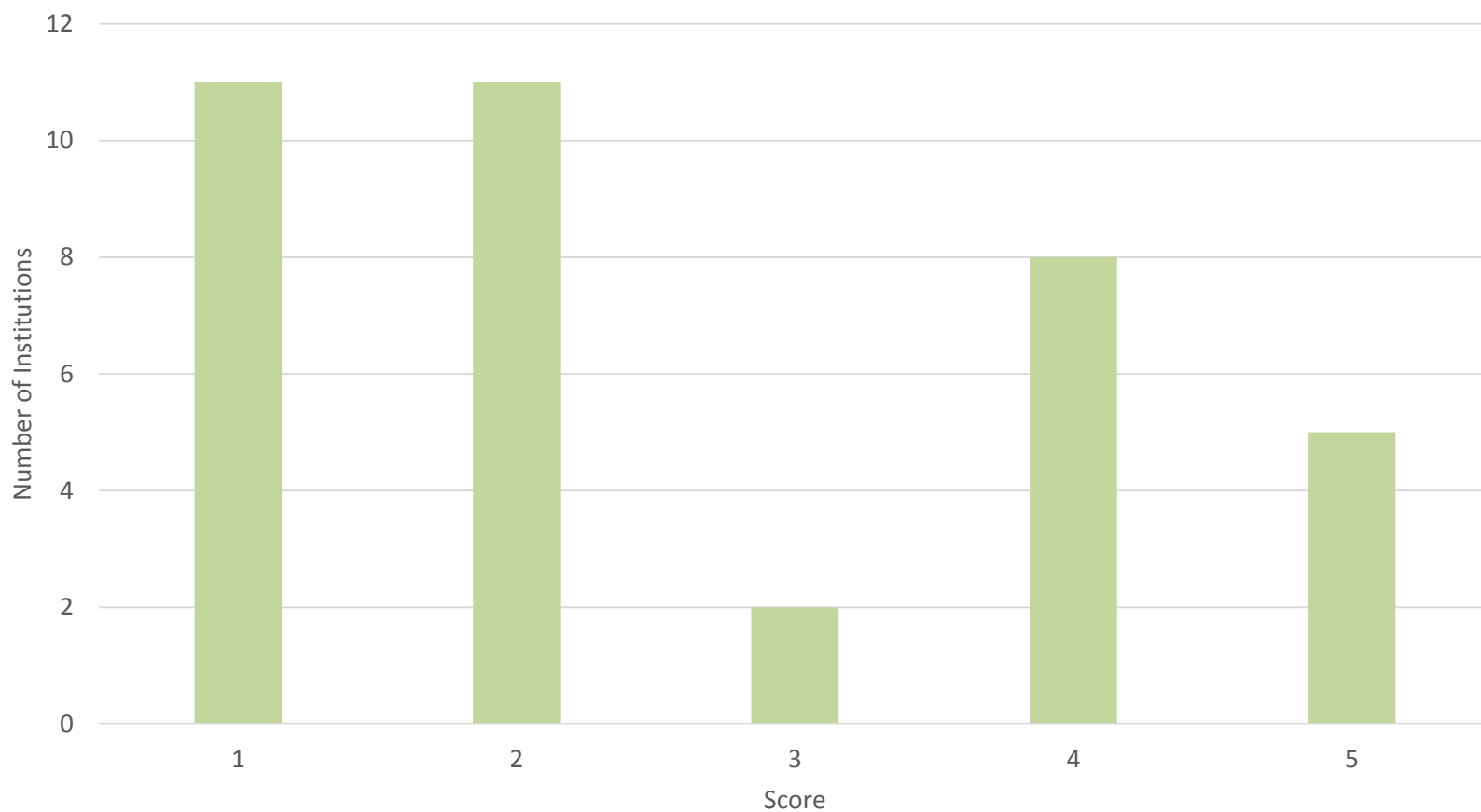
Financial Activity Composite Score



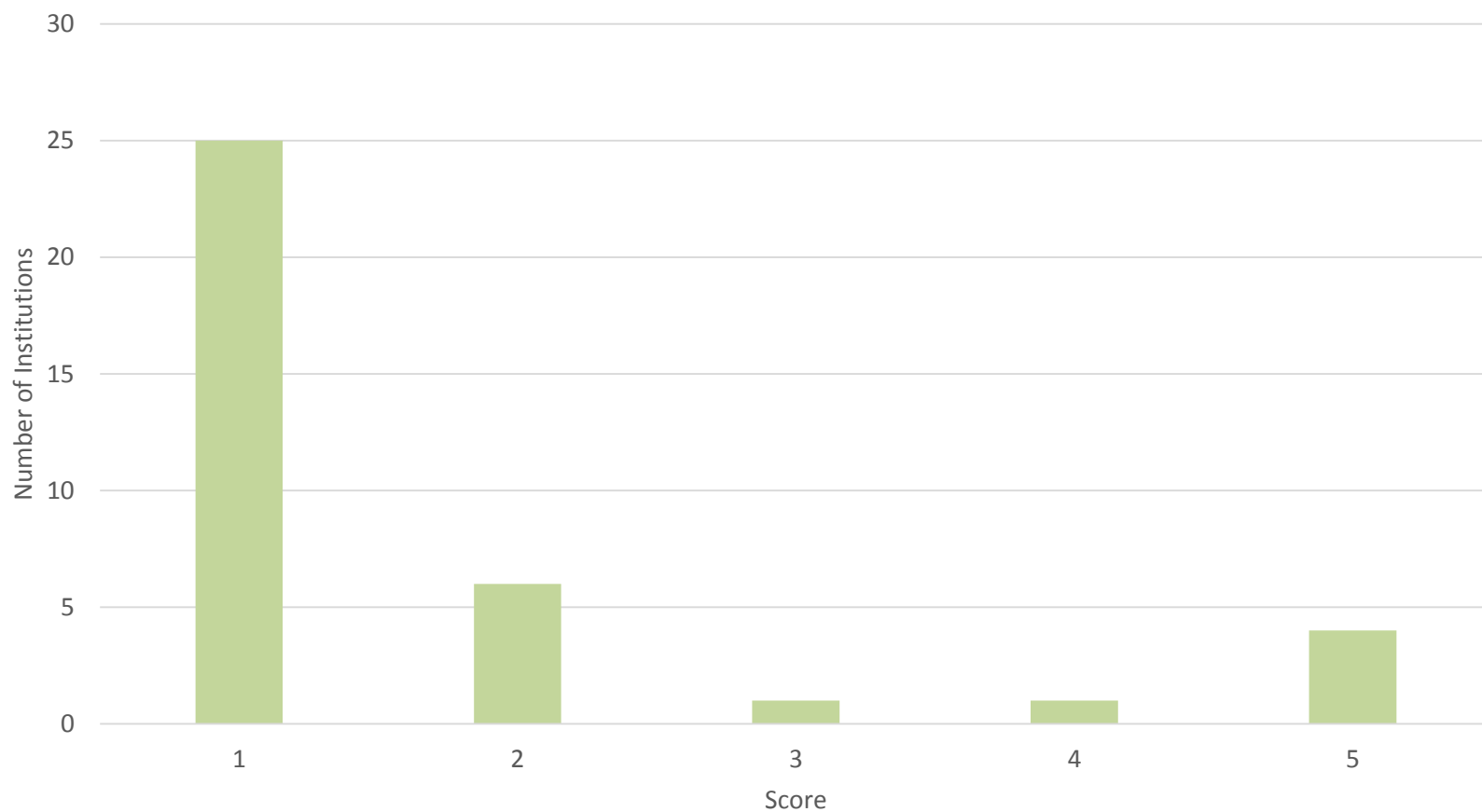
Enrollment Composite Score



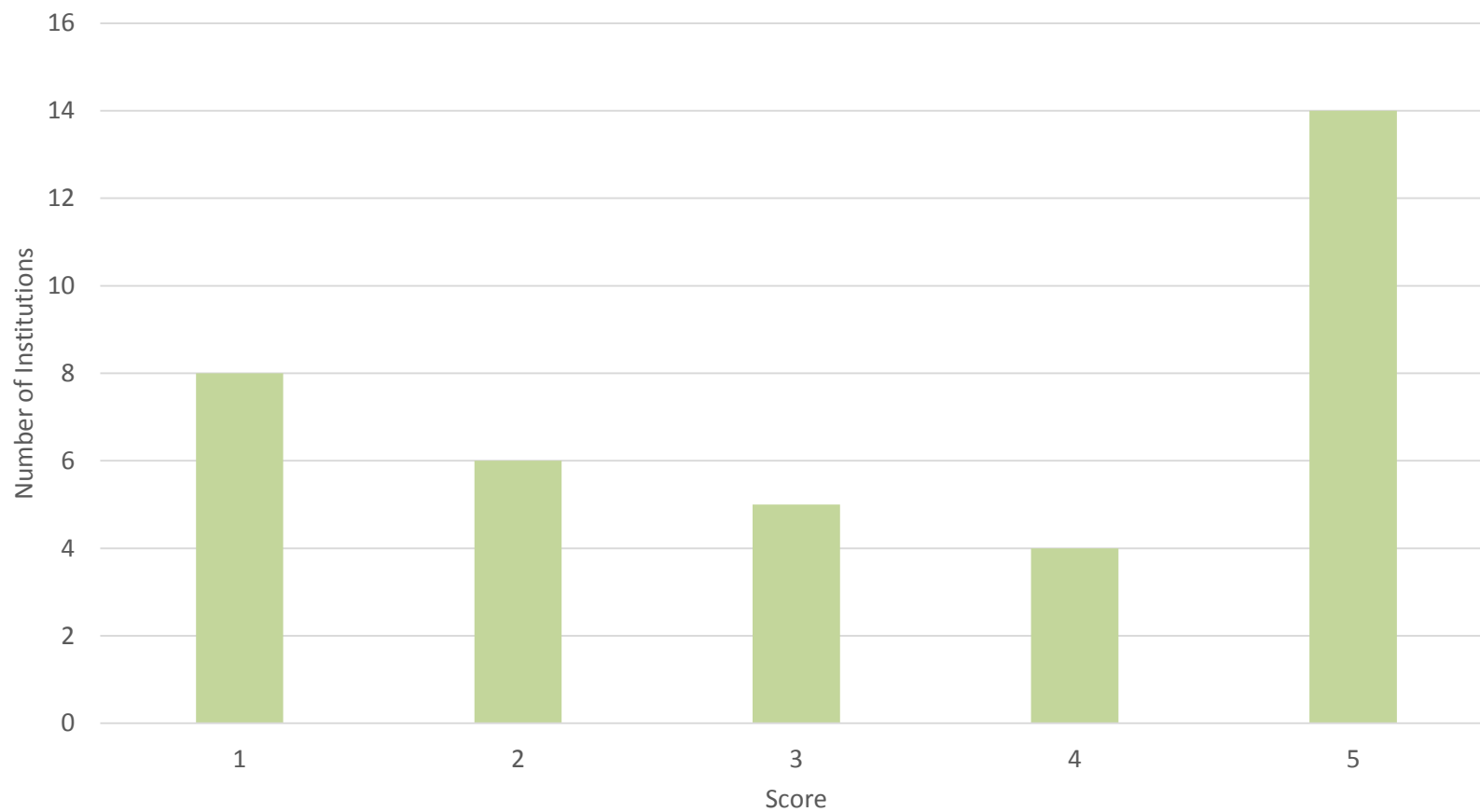
CFI – Two-Year Average



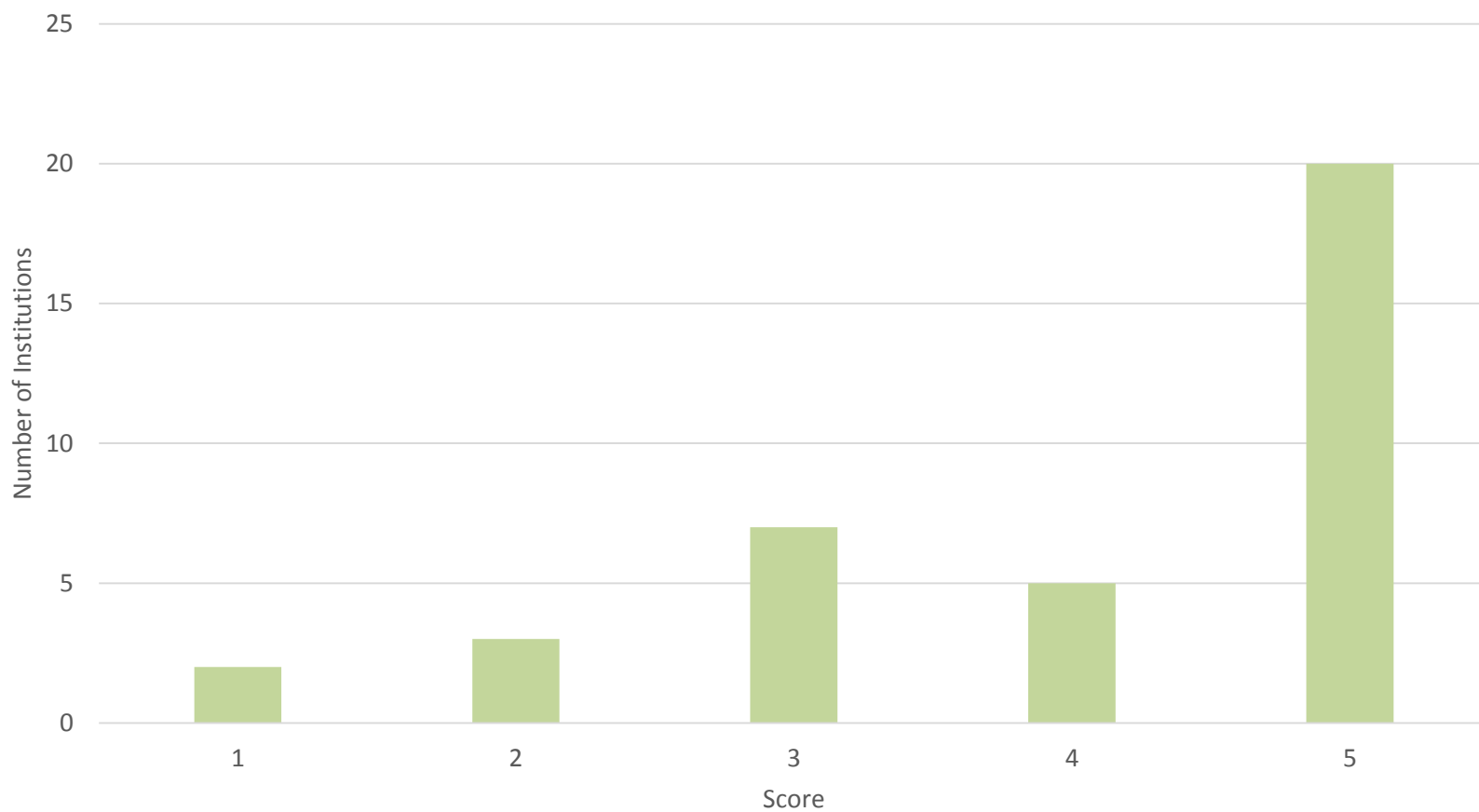
Net Income/Loss



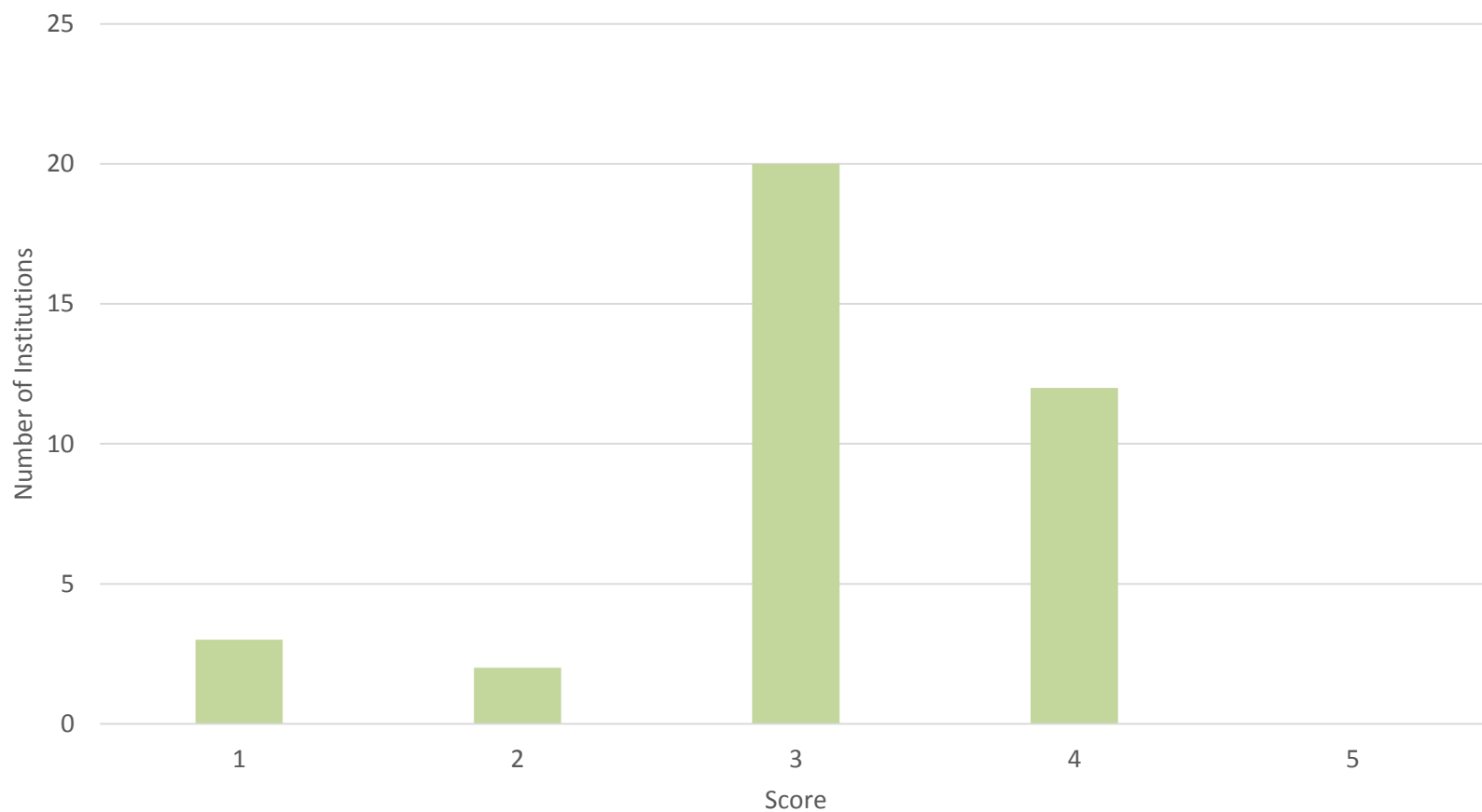
Change in Unrestricted Net Assets



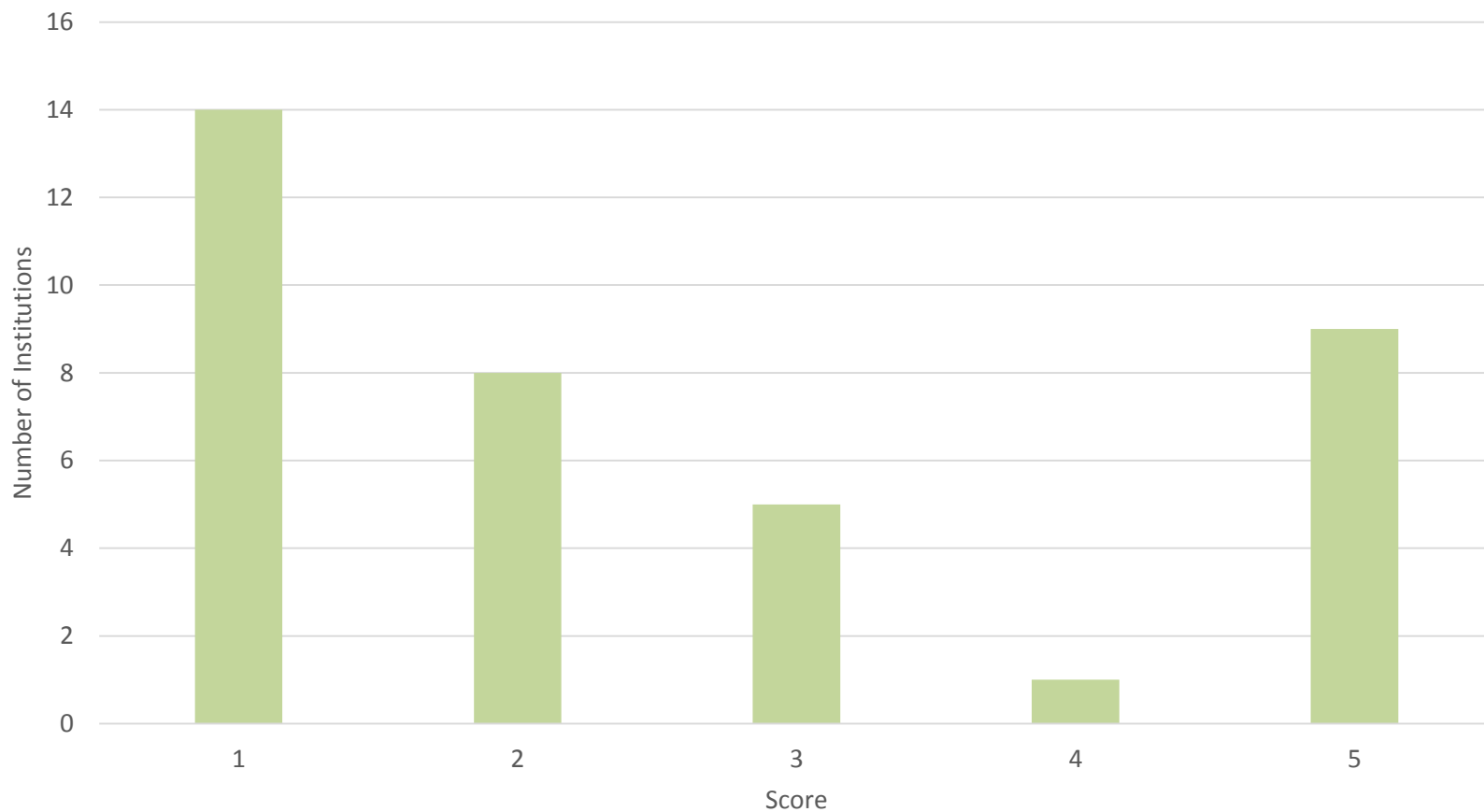
Cash Position



Enrollment - Volatility



Enrollment - Momentum



Conclusions

- Both colleges and universities scored higher on the cash and UNA measures and lower on the CFI and net income/loss measures
- Framework identified areas where the system was more resilient (cash position and net assets) and less resilient (net income/loss)
- Highlighted areas where more work could be done to support resiliency (enrollment projections)
- Improved ability to evaluate financial condition
- Correlates closely with other measures of financial health the system monitors