



Operating Instruction 7.3.16.2 Financial Health Indicator Responses

Part 1. Purpose

System Procedure 7.3.16 Financial Health Indicators, Part 3, provides financial health and stability measures to be reviewed annually. Each measure identifies a trigger that specifies when an institution needs to provide follow-up information. The purpose of this operating instruction is to provide descriptions of what to include in that follow-up information.

Part 2. Required Information

Institutions triggering financial health indicators will provide the information outlined below to the vice chancellor for finance and facilities in a timely manner. This information will be reviewed in meetings with the vice chancellor as needed. The vice chancellor will work with the leadership at a college or university to resolve any financial issues identified.

Subpart A. Enrollment-Based Risk Factors

1. Full-Year Equivalent (FYE) Enrollment Decline

An enrollment narrative must be submitted. The narrative should assess known or suspected causes for the enrollment decline, describe the degree to which the decline impacts the general fund budget, and summarize strategies being implemented to respond to the impact. To the degree possible, information should be summarized directly from an existing Strategic Enrollment Plan for the college or university.

Subpart B. Cash-Based Financial Risk Factors

1. Year-End Fund Balance – General Fund

2. Use of Fund Balance to balance the annual operating budget

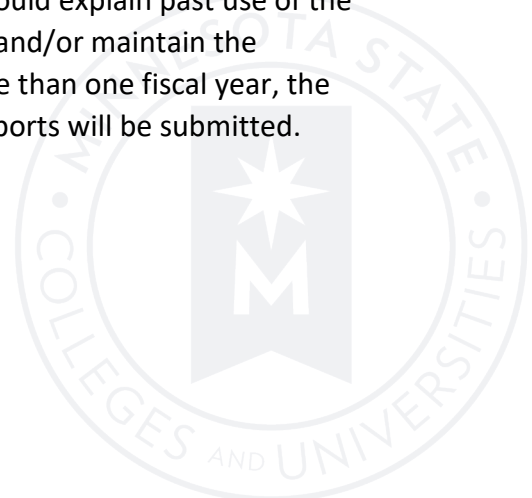
If either of these measures are triggered, a financial plan must be submitted that focuses on fund balance management. The financial plan should explain past use of the fund balance and include a timeline and strategy to restore and/or maintain the balance. If it is expected that corrective action will take more than one fiscal year, the plan should include the dates on which periodic progress reports will be submitted.

Subpart C. Accrual-Based Financial Risk Factors

1. Adjusted Composite Financial Index (CFI) score – All Funds

2. Change in Unrestricted Net Position – Revenue Fund

3. Maximum Annual Debt Service Coverage – Revenue Fund



One or two financial plans must be submitted, depending on whether the All Funds measure or either Revenue Fund measure is triggered. Each financial plan must focus on the steps that will be taken so that the college or university will not trigger the measure(s) in the future. The corrective action should include milestones with specific dates on which progress will be made. Interim reports during the fiscal year to the vice chancellor may be required.

Subpart D. Physical Plant Risk Factors

1. Repair and Replacement Expenditures

Repair and Replacement budgets are budgets coded Fund 180 in ISRS and parallel coding in the Workday system. A repair and replacement plan must be submitted for each fund with spending levels below its target: \$1.00 per square foot for the General Fund and \$2.50 per square foot for the Revenue Fund. Plans must outline the conditions and decisions that led to the spending level for that fund and should include strategies and a timeline to achieve or exceed the target.

2. Energy Consumption Reduction

An energy management plan must be submitted that focuses on strategies, planned investments, initiatives, and associated timelines to achieve and sustain on-going energy consumption reductions of at least two percent per year.

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Date and Subject of Amendments:

No additional HISTORY.