

NAVIGATING THE NEW NORMAL:

FINANCIAL IMPERATIVES FOR MSI EFFECTIVENESS AND AVOIDING FINANCIAL EXIGENCY

To aid trustees and other institutional leaders, the Southern Education Foundation (SEF) created a toolkit on financial effectiveness at Minority-Serving Institutions. The toolkit, which includes a worksheet, video, and brief, was designed to engage board of trustee members and other institutional leaders around issues of institutional finance and effectiveness.

Board of trustee members and other institutional leaders are encouraged to share the toolkit with their campuses using the following steps:

- 1. Watch and discuss the video on MSI Financial Effectiveness**
- 2. Convene institutional leaders to complete and discuss the MSI financial effectiveness worksheet**
- 3. Review and discuss the “Practical Steps for Boards and Administrations” listed on page 3 of “Navigating the New Normal: Financial Imperatives for MSI Effectiveness and Avoiding Financial Exigency”**

Use your most recent financial report to answer the 13 questions listed on the Institutional Finance Quiz.

Definitions for financial terms can be found on page 4 of the brief, “Navigating the New Normal: Financial Imperatives for MSI Effectiveness and Avoiding Financial Exigency.”

For questions that you were unable to answer, list the person and/or office who could provide you with the answer.

INSTITUTIONAL FINANCE QUIZ:

1. What is the discount rate for entering freshmen versus continuing students?
2. What is the blended discount rate?
3. How much is funded or unfunded institutional aid?
4. What is the spend rate from the endowment on an annual basis?
5. What is the composite financial index score (CFI) for purposes of the department of education’s financial responsibility test?
6. What percentage of total revenue is from tuition, fees, room, and board versus unrestricted annual fundraising?
7. What are the tenets of the bond covenants that must be met each year from annual operations?
8. What is the debt level of the institution?
9. How much is paid out annually towards this debt?
10. Do you know the value of the Unrestricted Net Assets, net of Plant, and Plant-Related Debt?
11. What is the size of the unrestricted endowment?
12. How many lines of credit are being accessed and what are the annual costs associated with these lines of credit?
13. What were the substantive issues raised by the auditors during the last audit? How are they being addressed?

DISCUSSION QUESTIONS:

1. Were there any answers that surprised you? Why/why not?
2. Are there any answers that you are concerned about?
3. Were you able to answer all the questions?
4. Were you familiar with this information prior to completing this activity? Why/why not?
5. What is the most significant financial challenges at your institution? What factors contribute to those challenges? What are some strategies for addressing these challenges?