



Docket Item:

Public University Evaluations, Process and Framework

Summary:

The HECC is required to conduct annual evaluations of public universities in the State. During the 2017 Legislative Session, SB 54 was enacted which amended the HECC public universities evaluation processes from one-year to two-year evaluation cycles. The change will improve the effective use of staff time for data collection, analysis, report writing and the substantive quality of the evaluation reports. The reports signal areas of key interest to the HECC that support the objectives of the State of Oregon: student success as measured by degree completion; access and affordability as measured by equity across socioeconomic, racial/ethnic and regional (urban/rural) groups; academic quality and research; financial sustainability; and continued collaboration across universities in support of the State's mission for higher education. Additionally, they describe how Boards of Trustees have operated since their formation. The reports rely on a combination of institutional accreditation reports, self-assessments, and criteria jointly developed with the HECC. This year four universities will be evaluated: Western Oregon University, Southern Oregon University, Eastern Oregon University, and Oregon Institute of Technology.

University Evaluation Timeline:

Date	Action
October 16, 2017	Completed and populated templates provided to all universities
November 6, 2017	Data discrepancies resolved & draft reports provided to institutions (WOU, EOU, SOU, OIT)
November 20, 2017	Feedback from institutions (WOU, EOU, SOU, OIT) due to HECC
November 27, 2017	Templates updated with Fall data incorporated and updated reports shared with institutions (WOU, EOU, SOU, OIT)
December 4, 2017	Feedback from institutions due (WOU, EOU, SOU, OIT)
December 14, 2017	Draft reports submitted to Commission for review
January 11, 2018	Reports submitted to Commission for adoption
January 31, 2018	Reports submitted to Legislature

Staff Recommendation:

Information for Discussion and feedback.

University Evaluation Framework

The University Evaluation Framework will be used annually for measuring institutional performance and success at Oregon’s public universities with governing boards. The framework will be used to collect quantitative and qualitative data and information which meet the criteria established in ORS 352.061(2) and to prepare an annual report to the legislature, the HECC (Commission), and the public. The report will first be issued in 2015.

University Profile Information academic year: 2016-2017

Institution:

Enrollment <i>(See Definitions and Notes section for definitional information)</i>		
DATA SOURCE: HECC		DATA SOURCE: INSTITUTIONS
Total Headcount: Non-Resident Alien: Headcount: Asian: Headcount: Pacific Islander: Headcount: Black (Non-Hispanic): Headcount: American Indian/Alaska Native: Headcount: Hispanic: Headcount: White (Non-Hispanic): Headcount: Two or More Races, Underrepresented Minorities: Headcount: Two or More Races, not Underrepresented Minorities: Headcount: Unknown: Headcount:	Pell Recipients: Headcount: Gender: Male: Headcount: Gender: Female: Headcount: Gender: No response: Headcount:	Student FTE to Faculty FTE Ratio: _____ Tenured/Tenure Track Faculty: Headcount: _____ Non-Tenured Track Faculty: Headcount: _____ Full-Time Faculty: Headcount: _____ Less Than Full-Time: Headcount: _____ Veterans: Headcount: ___ & %

Institutional Focus Area	Evaluation Component	Data Points	#	%	Data Source and Methodology Notes
		All Students			Student Centralized Administrative Reporting File (SCARF)
		Full-Time			SCARF
		Part-Time			SCARF
		Underrepresented Minorities			SCARF
		Pell Grant Recipients			SCARF
		Resident			SCARF
		Nonresident			SCARF
		Undergraduate			SCARF
		Graduate (Masters)			SCARF
		Graduate (Doctorate and Professional)			SCARF
		All Students			SCARF
		Underrepresented Minorities			SCARF
		Pell Grant Recipients			SCARF
		Average student debt load			SCARF
		Proportion of bachelor's degree recipients with debt			SCARF

¹ ORS 352.061 (2)(c) requires HECC to assess governing boards against the findings set forth in ORS 352.025 including that Governing Boards lead to great access and affordability for Oregon residents and do not disadvantage Oregon students relative to out-of-state students.

		Official Cohort Default Rates for Schools	Resident		SCARF	
			Nonresident		SCARF	
			All Students		Department Of Education	
			All Students		SCARF	
			Underrepresented Minorities		SCARF	
			Pell Grant Recipients		SCARF	
			All Students		SCARF	
			Underrepresented Minorities		SCARF	
			All Students		SCARF	
			Underrepresented Minorities		SCARF	
			Total in cohort		SCARF	
				#	%	
			4 Year: All Students			SCARF
			4 Year: Underrepresented Minorities			SCARF
			4 Year: Pell Grant Recipients			SCARF
			Still retained at 4 years			SCARF
			5 Year: All Students			SCARF
5 Year: Underrepresented Minorities			SCARF			

² ORS 352.061 (2) stipulates that HECC's evaluation of universities include an assessment of the universities progress toward achieving the mission of all education beyond high school as described in ORS 351.009 (40-40-20 goal).

			5 Year: Pell Grant Recipients			SCARF
			Still retained at 5 years			SCARF
			6 Year: All Students			SCARF
			6 Year: Underrepresented Minorities			SCARF
			6 Year: Pell Grant Recipients			SCARF
			Still retained at 6 years			SCARF
			All Students			SCARF
			Underrepresented Minorities			SCARF
			Pell Grant Recipients			SCARF
			All Students			SCARF
			Underrepresented Minorities			SCARF
			Pell Grant Recipients			SCARF
					Royalty revenue	All faculty, staff and students

³ ORS 352.061 (2)(c) requires HECC to assess governing boards against the findings set forth in ORS 352.025 including that Governing Boards act in the best interest of both the university and the State of Oregon as a whole.

		Number of startups enabled by university research	All faculty, staff and students		Institution
			All Students		SCARF & Oregon Employment Department (OED)
			Underrepresented Minorities		SCARF & OED
			Pell Grant Recipients		SCARF & OED
			All Students		SCARF & OED
			Underrepresented Minorities		SCARF & OED
			Pell Grant Recipients		SCARF & OED
	Research Expenditures	Total Research Expenditures	All faculty, staff and students	\$	Institution

Governing Board Focus Area	Evaluation Question	Supporting Narrative (documentation may include links to materials on board website)	Data Source
	Board meets at least quarterly. ORS 352.076(6).		Board of Trustees
	Board provides public notice of agenda and meetings. ORS 352.025(1)(a).		Board of Trustees
	The Board operates in a transparent manner and in compliance with Public Meetings and Public Records laws. ORS 352.025(1)(a).		Board of Trustees
	The Board has adopted bylaws. ORS 352.076(5).		Board of Trustees
	The Board demonstrates its accountability on behalf of the university and awareness of its mission and fiduciary duties.	(Please describe your Board's efforts to receive and understand important financial information regarding the institution, to ensure fiscal responsibility and stability, to safeguard institutional resources, to assess its own operations and effectiveness, and to otherwise operate in a manner that is consistent with governance best practices.)	Board of Trustees
	The Board has established a process for determining tuition and mandatory enrollment fees that provides for participation of enrolled students and the recognized student government of the university. ORS 352.102(2)		Board of Trustees
	Board selects and regularly assess the university president. ORS 352.096.		Board of Trustees

Engagement in the University's Mission (ORS 352.025(1)(b))	The Board adopts the mission statement. ORS 352.089(2).		Board of Trustees
	The Board forwards the university's mission statement to the HECC. ORS 352.089(1).		Board of Trustees
	The Board forwards any significant change in the university's academic programs to HECC. ORS 352.089(1).		Board of Trustees
Real Property Holdings (ORS 352.025 (2)(c))	Legal title to all real property, whether acquired before or after the creation of a governing board, through state funding, revenue bonds or philanthropy, shall be taken and held in the name of the State of Oregon, acting by and through the governing board.		Board of Trustees or Finance VPs?

Shared Services and University Collaborative Efforts

Service Participation:

Please indicate "P" for Participation and N/P for Non-Participation. See Notes section for additional information regarding these terms.

Provider	University Response
University Shared Services Enterprise (USSE, hosted by OSU)	
Financial Reporting	
Capital Asset Accounting (currently only OIT)	
Payroll & Tax Processing (includes relationship w PEBB, PERS/Federal retirement*)	
Collective Bargaining *	
Information Technology/5th Site ¹	
Treasury Management Services:	
Legacy Debt Services-Post Issuance Tax Compliance	
Legacy Debt Services-Debt Accounting	
Non-Legacy Debt Services	
Bank Reconciliations (and other ancillary banking services) ²	
Endowment Services	
Other Miscellaneous Statements of Work:	
Provosts Council Administrative Support	
Legislative Fiscal Impact Statement Support	
Risk Management Analyst (TRUs only)	
Public University Fund Administration ³	
Eastern Oregon University	
Retirement Plans *	
Legacy 401(a) Plan	
Legacy 403(b) Plan	
Optional Retirement Plan (ORP)	
Tax-Deferred Investment (TDI) Plan	
SRP Plan	
Public University Risk Management and Insurance Trust (Risk Management)	
Notes:	

*All public universities are required to participate in group health insurance, a select set of group retirement plans, and collective bargaining through July 1, 2019 per ORS 352.129

Other University Collaborations

Highlight areas of collaboration between the university and other universities and describe how collaborative efforts advancing the mission of the institution and the State’s higher education goals. Examples include the multiple university council’s such as Presidents Council, Provosts Council and the VPFA group, joint programs or degrees, non-USSE “back office” services, RAIN, or other research endeavors which span university boundaries.

Please indicate “P” for Participation and N/P for Non-Participation. See Notes section for additional information regarding these terms.

Other University Collaborations	University Response
Public University Councils:	
Presidents Council	
Provosts Council	
Vice Presidents for Finance and Administration (VPFAs)	
General Counsels (GCs)	
Public Information Officers (PIOs)	
Legislative Advisory Council (LAC)	
Cooperative Contracting	
Capital Construction Services	
OWAN	
NERO Network	
RAIN	
Orbis Cascade Alliance	
ONAMI	
Other	

Please provide narrative describing your institution’s work in collaborative activities with other postsecondary institutions in Oregon. Examples may include but are not limited to Dual Enrollment Partnerships and facility sharing agreements. *(Please limit narrative to three examples with a 600 word limit)*

Institutional Boards: Financial Metrics

Institutional financial metrics, when viewed together and over time, provide information regarding the overall financial health of the university. The metrics outlined below are industry standard and provide an overview of the strength of an institution’s balance sheet, operating results and the capacity of an institution to service its debt. All data utilized will be available from the audited financial statements of an institution and its component units or from one of three principal US bond rating agencies and will include four years of information to allow for trend analysis. Institutions will be required to submit their audited financial statements and bond ratings, if they so desire, and to calculate the metrics during the evaluation process. The definitions and notes section of this document provides information related to purpose and metric calculations.

Ratio Type	HECC Metrics	FY 2012	FY 2013	FY 2014	FY 2015	Comments
Balance Sheet	Viability Ratio	N/A	N/A			
	Primary Reserve Ratio	N/A	N/A			
	Net Operating Revenues Ratio	N/A	N/A			
	Return on Net Assets Ratio	N/A	N/A			
Debt Level	Bond Rating ¹ or Debt Burden Ratio	N/A	N/A			

Notes:
¹ An institution may submit its most recent bond rating in lieu of calculating the Debt Burden Ratio if the rating is issued during the same fiscal year as that being examined. The rating must be issued by one of three primary U.S. bond-rating agencies, Moody’s, Standard and Poor’s or Fitch.

Academic Quality

Focus Area	Indicator	Data Point	Data Source
	Accreditation	Institution provides a copy of NWCCU Commendation & Recommendations and where the institution is in the accreditation process (e.g. Yr. 1, Yr. 3, Yr. 7) Ask institution to provide bulleted list of specialized accredited programs.	Institution
	Academic Program Review and Approval Processes	Institution provides assurance that processes/policies exist and provide a link to the policies.	Institution
	The institution evaluates faculty using an identified faculty evaluation process.	Institution provides a link to the documents supporting and related to the process.	Institution
	Institution supports Faculty Professional Development	Short narrative describing some activities that support Faculty Professional Development <i>(Please limit narrative to three examples with a 600 word limit)</i>	Institution

Institution to attach copy of latest NWCCU self-study (1, 3 or 7 year depending on where they are in the cycle)

Definitions and Notes

Enrollment: Data Source: HECC: (Page 1)

Enrollment: List headcount number & percent

Two or More Races, Underrepresented Minorities: Students who identify as “Two or more races” are considered “Two or more races, Underrepresented Minorities” if they have identified with at least one or more of these URM ethnic groups: Black (Non-)Hispanic, Hispanic, American Indian-Alaska Native, Pacific Islander in combination with other URM or non-URM race/ethnicity categories. For example, a student who self-identifies as American Indian/Alaska Native and White (Non-Hispanic) is considered “Two or More Students, Underrepresented Minorities”.

Two or More Races, not Underrepresented Minorities: Students who identify as “Two or more races” are considered “Two or more races, not Underrepresented Minorities” if they have identified as White (Non-Hispanic) and Asian under the race/ethnicity categories.

Pell Recipients: Pell recipients are students who have received a Pell grant in any year of their academic career at their given institution.

Enrollment: Data Source: Institutions:

Student FTE to Faculty FTE Ratio: The Integrated Postsecondary Education Data System (IPEDS) calculated student to faculty ratio.

Tenured/Tenure Track Faculty: Tenure/Tenure Track Full-time Instructional Faculty as reported to IPEDS.

Non-Tenured Faculty: Non-Tenure Track Full-time Instructional Faculty as reported to IPEDS.

Full-Time Faculty: Full-time Instructional Faculty as reported to IPEDS.

Less than Full-Time: Part-time Instructional Faculty as reported to IPEDS.

"Instructional Staff", as defined by IPEDS, is comprised of staff who are either: 1) Primarily Instruction (PI); or 2) "Instruction combined with Research and/or Public Service" (IRPS). The intent of the "Instructional Staff" category is to include all individuals whose primary occupation includes instruction at the institution. "Primarily Instruction" are those individuals whose primary responsibility can be defined as teaching (e.g. the majority of their total time). "Instruction combined with Research and/or Public Service" (IRPS) are those individuals who have instruction as part of their job, but it cannot readily be differentiated from the

research or public service functions of their jobs (e.g. they teach, but a percentage of time spent teaching is not discernible since their teaching responsibilities are not clearly differentiated from their other responsibilities). Instructional staff could include postdoctoral students, if they meet the criteria for one of the above two categories. Adjunct Instructional Staff would also typically meet the criteria.

Veteran: The United States Census Bureau defines veterans as individuals who have served, but are not currently serving, on active duty in the U.S. Army, Navy, Air Force, Marine Corps, or the Coast Guard, or who served in the U.S. Merchant Marine during world World War II. People who served in the National Guard or Reserves are classified as veterans only if they were ever called or ordered to active duty, not counting the 4-6 months for initial training or yearly summer camps. <http://www.census.gov/hhes/veterans/about/definitions.html>

Veteran students are students who have self-identified as veterans, or have been identified through various institutional mechanisms as veterans. Please refer to your institution's methodology on accounting for veteran students.

Institutional Focus Area: Access & Affordability (Page 2)

Underrepresented Minorities: Underrepresented Minority (URM) students are those students who self-identify by race/ethnicity as Black (Non-Hispanic), Hispanic, American Indian/Alaska Native, or Pacific Islander. Non-Resident Alien, White (Non-Hispanic), and Asian students are not considered URM students.

Professional Student: A student enrolled in one of the following programs are considered a professional student:

- Chiropractic (D.C., D.C.M.)
- Dentistry (D.D.S., D.M.D.)
- Law (LL.B., J.D.)
- Medicine (M.B., M.D.)
- Optometry (O.D.)
- Osteopathic Medicine (D.O.)
- Pharmacy (Pharm.D.)
- Podiatry (D.P.M., D.P., Pod. D.)
- Theology (M.Div., M.H.L., B.D., Ordination)
- Veterinary Medicine (D.V.M., V.M.D.)

Total Students Credit Hours: All Students: Full Time Equivalency (FTE) is calculated by the following:

- 15 credit hours- undergraduate
- 12 credit hours- graduate

- 9 credit hours- doctorate

Student Debt:

- **Amount of Average Student Debt for those bachelor's degree recipients with debt: Average student debt load:** Reflects the average student debt load for the graduating class in the previous academic year.
- **Amount of Average Student Debt for those bachelor's degree recipients with debt: Proportion of bachelor's degree recipients with debt:** Percentage of bachelor's degree recipients with debt in the class of the previous academic year.
- **Official Cohort Default Rates for Schools:** The U.S Department of Education releases three-year official cohort default rates once per year. Please refer to <https://www2.ed.gov/offices/OSFAP/defaultmanagement/cdr.html> for more information

Institutional Focus Area: Retention & Completion: (Page 3)

Graduation Rates: Includes student completions from the institution *and* completions by students who started at the respective institution, transferred and completed at another Oregon public university.

Students who begin their cohort in the fall quarter of the academic year are considered graduated within four years if they graduate at any time up to and including the summer quarter following the fourth academic year; within five years if they graduate at any time up to and including the summer quarter following the five academic year; within six years if they graduate at any time up to and including the summer quarter following the six academic year. This is based on the IPEDS methodology.

Retention: Includes students who started in the fall term and were enrolled in the same institution in the following fall term of the next academic year *and* students who started in the fall term, transferred and were enrolled at another Oregon public university institution in the following fall term of the next academic year.

Shared Services and University Collaborative Efforts: (Page 8)

Participation:

- No information required. It is presumed that if an institution is participating in a non-mandatory shared service that it is either cost-competitive in the marketplace or the institution does not have the capacity to insource the service at competitive prices or to manage the outsourcing of the service to a non-shared vendor.

- If an institution wishes to provide information relating to the cost, service or dynamics associated with services which they have elected to, or are required to, participate in they may do so here.

Non-Participation:

- Data Section: highlighting the fiscal impact of choosing to not elect to participate in an offered shared service and the cost associated with insourcing or outsourcing the service indicating cost savings or additional expense associated with the option selected by the institution. Where possible the impact of the individual institutions choice on the total cost of services for all institutions will be evaluated.
- Written Section: provides an opportunity for the university to highlight the decision-making framework which precipitates their choice of service provider/framework. This section will include expected or realized benefits associated with the service delivery model.

Notes regarding service participation:

¹ *IT Fifth Site was a service shared only by the TRUs prior to dissolution of the university system; it is continued as a shared service for the TRUs through USSE. UO participates in database management related to their management of retirement plans.*

² *PSU performed its own bank reconciliations even while part of the Oregon University System.*

³ *During the 2014 Legislative Session, HB 4018 established the Public University Fund (PUF) for the purposes of pooling cash balances of the public universities. Under the provisions of HB 4018, public universities that desired to participate in the PUF selected OSU as the “Designated University” under the statute and OSU agreed to serve in that capacity.*

Financial Metrics

Definitions	
Ratio	Purpose and Calculation
Viability Ratio	<p>Purpose: The Viability Ratio measures one of the most basic determinants of clear financial health the availability of expendable net assets to cover debt should the University need to settle its obligations as of the balance sheet date.</p> <p>Calculation: For public institutions, the numerator includes all unrestricted net assets and all expendable restricted net assets, excluding those to be invested in plant, on a GASB basis plus unrestricted and temporarily restricted net assets on a FASB basis for its FASB component units, excluding net investment in plant and those temporarily restricted net assets that will be invested in plant. The denominator is defined as all amounts borrowed for long-term purposes from third parties and includes all notes, bonds and capital leases payable that impact the institution’s credit, whether or not the institution directly owes the obligation. Long-term debt includes both the current and long-term portions. This would include debt of the institution’s affiliated foundations, partnerships and other special-purpose entities. It would also include amounts owed to a system or state-financing agency as it represents debt issued on the institution’s behalf</p>

	$\frac{[(\text{Expendable Net Assets} + \text{FASB C.U. Expendable Net Assets}) / (\text{Long-Term Debt (total project-related debt)} + \text{FASB C.U. long-term debt (total project-related debt)})]}{}$
<p>Primary Reserve Ratio</p>	<p>Purpose: The Primary Reserve Ratio measures the financial strength of the institution by comparing expendable net assets to total expenses. Expendable net assets represent those assets that the institution can access relatively quickly and spend to satisfy its debt obligations. This ratio provides a snapshot of financial strength and flexibility by indicating how long the institution could function using its expendable reserves without relying on additional net assets generated by operations. Trend analysis indicates whether an institution has increased its net worth in proportion to the rate of growth in its operating size.</p> <p>Calculation: For public institutions, the numerator includes all unrestricted net assets and all expendable restricted net assets, excluding those to be invested in plant, on a GASB basis plus unrestricted and temporarily restricted net assets on a FASB basis for its FASB component units, excluding net investment in plant and those temporarily restricted net assets that will be invested in plant. The denominator comprises all expenses on a GASB basis in the statement of revenues, expense and changes in net position, including operating expenses and nonoperating expenses such as interest expense, plus FASB component unit total expenses in the statement of activities. Again, investment losses should be excluded from expenses for both the institution and its component units.</p> $\frac{[(\text{Expendable Net Assets} + \text{FASB C.U. Expendable Net Assets}) / (\text{Total Expenses} + \text{FASB C.U. Expendable Net Assets})]}{}$
<p>Net Operating Revenues Ratio</p>	<p>Purpose: This ratio is a primary indicator, explaining how the surplus from operating activities affects the behavior of the other three core ratios. A large surplus or deficit directly impacts the amount of funds an institution adds to or subtracts from net assets, thereby affecting the Primary Reserve Ratio, the Return on Net Assets Ratio and the Viability Ratio.</p> <p>Calculation: For public institutions, the numerator is available from the GASB statement of revenues, expenses and changes in net position and the FASB component unit statement of activities. The numerator includes nonoperating revenues and expenses, including governmental appropriations, investment income and operating gifts since these items support operating activities of the institution. Nonoperating expenses, such as interest on plant debt, are also related to operating activities. Plant and endowment gifts and capital appropriations are excluded since these are not for operating activities. For FASB component units, the numerator includes the total change in unrestricted assets from the statement of activities. The denominator is equal to GASB total operating revenues plus total net nonoperating revenues, excluding capital appropriations and gifts and additions to permanent endowments, plus FASB component units total unrestricted revenues, gains and other support, including net assets released from restrictions. If unrestricted investment losses are reported with expenses for the component unit, this amount is included as a reduction to total unrestricted revenue.</p> $\frac{[(\text{Operating Income (loss)} + \text{Net Non-Operating Revenues} + \text{C.U. Change in Unrestricted Net Assets})^* / (\text{Operating Revenues} + \text{Non-Operating Revenues} + \text{C.U. Total Unrestricted Revenues})^*]}{}$

	* eliminate any inter-entity amounts
<p>Return on Net Assets Ratio</p>	<p>Purpose: This ratio determines whether the institution is financially better off than in previous years by measuring total economic return. This ratio furnishes a broad measure of the change in an institution’s total wealth over a single year and is based on the level and change in total net assets, regardless of asset classification. Thus, the ratio provides the most comprehensive measure of the growth or decline in total wealth of an institution over a specific period of time.</p> <p>Calculation: For public institutions, the numerator is the change in GASB total net assets plus the change in FASB component unit total net assets regardless of whether they are expendable on nonexpendable, restricted or unrestricted. This information can be found in the GASB statement of revenues, expenses and changes in net position and the FASB component unit statement of activities. The denominator is the beginning of the year total net assets that can also be found in the GASB statement of revenues, expenses and changes in net position and the FASB component unit statement of activities.</p> <p>$[(\text{Change in Net Assets} + \text{Change in C.U. Net Assets})^* / (\text{Total Net Assets}^{\wedge} + \text{C.U. Total Net Assets})]$</p> <p>* eliminate any inter-entity amounts ^ beginning of year Net Assets</p>
<p>Debt Burden Ratio</p>	<p>Purpose: The Debt Burden Ratio is a key tool in measuring debt affordability and should be considered as a key financial indicator for any institution using debt. This ratio examines the institution’s dependence on borrowed funds as a source of financing its mission and the relative cost of borrowing to overall expenditures. It compares the level of current debt service with the institution’s total expenditures. Debt service includes both interest and principal payments.</p> <p>Calculation: For public institutions, the numerator of this ratio includes interest on all indebtedness, which is approximated by interest paid, plus the current year’s principal payments; both generally are available from the GASB and FASB component unit statements of cash flows. However, if an institution or affiliate has refinanced debt, the statement of cash flows would reflect a large principal repayment amount, and the contractual principal amount would be more appropriate to use, which can usually be found in the notes to the financial statements. The denominator is total GASB operating expenses plus nonoperating expenses less depreciation expense plus debt service principal payments, plus FASB component unit total expenses less depreciation expense plus debt service principal payments. Even if the component units are fundraising entities, inclusion of their expenses in the denominator is appropriate. Including the component unit portion in the numerator calculation would not be appropriate unless the component units were operating entities.</p> <p>$[(\text{Principal Payments} + \text{Interest Expense} + \text{C.U. Principal Payments} + \text{C.U. Interest Expense}) / (\text{Total Operating Expenses} + \text{Total non-Operating Expenses} - \text{Depreciation} + \text{Principal Payments} + \text{C.U. Total Expenses} - \text{C.U. Depreciation} + \text{C.U. Principal Payments})]$</p>

Note: All definitions and calculations from “[Strategic Financial Analysis for Higher Education](#).” Prager, Sealy & Co., LLC. 6th ed. 2005.