BOARD of REGENTS
STATE OF LOUISIANA

FINANCIAL ACCOUNTABILITY UNIFORM FISCAL POLICY

I. Purpose

In accordance with Act 772 of the 2026 Regular Legislative Session (contained in R.S. 17:3134), the purpose of this Financial Accountability Uniform Fiscal Policy is to establish consistent reporting requirements for the stewardship of public, federal, restricted, auxiliary, and other funds administered by all public postsecondary education institutions. The accountability framework provides for the systematic and ongoing evaluation of institutional fiscal health by the state's higher education management boards and the Board of Regents, as is the intent of the legislature.

II. Policy Statement

Public postsecondary education institutions shall administer all financial resources in accordance with applicable federal and state laws, regulations, appropriation requirements, bond or debt covenants, donor restrictions, grant and contract terms, accounting standards, statewide directives, board policies, and approved institutional procedures.

III. Scope

This policy applies to all public postsecondary education institutions in Louisiana and their respective management boards: the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College, Board of Supervisors of Southern University and Agricultural and Mechanical College, Board of Supervisors for the University of Louisiana System, and the Board of Supervisors of Community and Technical Colleges. In accordance with R.S. 17:3134, this policy is to be adopted by each public postsecondary education management board no later than December 31, 2026.

IV. Definitions

Definitions can be found in Appendix A of this policy.

V. Governance and Fiscal Accountability

In accordance with Act 772 of the 2026 RLS, all public postsecondary education institutions shall provide quarterly reports to the appropriate management board after the close of each fiscal quarter. Management boards shall submit the compiled reports to the Board of Regents after the close of each fiscal quarter. (See Appendix A for timeline definitions.)

5.1 Submission of Quarterly Financial Statements

The Chancellor/President and Chief Financial Officer of each public postsecondary institution shall ensure preparation of accurate, timely, and complete financial statements and management reports. Upon submission to the Board of Regents, reporting shall include an attestation statement reviewed and signed by the primary reporting entity for each higher education institution, along with the System President and System Chief Financial Officer.

To ensure timely reporting in accordance with this policy, the financial statements are to be submitted to the Regents' Finance Committee Chair and Board Chair, and attested by the Board Chair of the respective system management board prior to submission to the Board of Regents, with review and approval by the system's Board of Supervisors at its next meeting following submission.

Each management board shall identify all institution in financial distress, then provide a corrective action plan and timeline to address the fiscal challenges of the reported distressed institution(s). The Board of Regents will provide written reports to the President of the Senate, the Speaker of the House of Representatives, the House Committee on Appropriations, and the Senate Finance Committee on the status of the institutions' fiscal health no later than 60 days prior to the annual Regular Legislative Session.

5.2 Noncompliance

Failure to submit or late submission of institutional quarterly financials for two consecutive reporting periods by a management board shall result in a designation of noncompliance. The Board of Regents shall provide written notice of noncompliance to the Commissioner of Administration, the President of the Senate, the Speaker of the House of Representatives, the House Committee on Appropriations, and the Senate Finance Committee per R.S. 17:3134.

VI. Accounting and Financial Reporting

6.1 Financial Reports

According to Act 772, and the definitions in Section IV of this policy, administration of each public postsecondary education institution shall provide quarterly financial reports to the management board that include:

- Quarterly revenues and expenditures, including comparisons to budgeted amounts
- Fund balances, including unrestricted, restricted, athletics, and auxiliary funds
- Cash flow and liquidity metrics
- Outstanding debt obligations and material changes thereto
- Actual and quarterly projected tuition and fee revenue
- Account receivable balances
- Identification of actual or projected deficits or financial risks
- Institutional corrective action plans as needed
- Any additional information as required by the Board of Regents

Financial reports will include an attestation statement from the management Board Chair, system president, and system Chief Financial Officer.

The Board of Regents staff, with system financial leadership, will review and update the reporting template for collection of the fiscal health statements prior to the beginning of each fiscal year.

6.2 Student Registration/Payment Purge Policy

Institutions shall develop a policy regarding the handling of student registrations and "purging" of courses when a student fails to meet payment deadlines or to attend classes. The policy should include specifics on the timing of purging and criteria involved when evaluating whether a course registration should be purged from a student schedule. Dates on which purges occur should be clearly indicated on the published academic calendar of the institution and communicated to students. The policy shall be provided to system leadership, the appropriate management board, and the Board of Regents by July 1, 2027, for implementation in academic year 2027–2028.

6.3 Internal Audit

All internal audit reports completed, finalized, and approved by the respective management board during the applicable quarter shall be submitted to the management boards and Board of Regents with the quarterly financial reports. These reports will be used in conjunction with the annual audit report and quarterly financial reports by the management boards to identify conditions of financial distress, structural deficit, and risk of financial insolvency.

VI. Minimum Cash Balance

7.1 Policy Objective

All public postsecondary education institutions shall maintain sufficient cash reserves to ensure uninterrupted operations, meet financial obligations, and protect against unexpected revenue shortfalls or emergencies in accordance with their system's policy.

Each public postsecondary education system shall develop a Minimum Cash Balance policy outlining system requirements, calculations for both unrestricted and restricted funds, monitoring actions, and corrective actions should an institution be in noncompliance. The policy shall be approved by the appropriate management board by July 1, 2027, for implementation in academic year 2027–2028. The policy shall be submitted to the Board of Regents.

7.2 Minimum Operating Cash Balance

All public postsecondary education institutions, including specialized institutions, shall maintain a cash balance equal to no less than:

- a minimum of 60 days of unrestricted cash on hand as measured by the institutions' operating expenditures.

The unrestricted cash balance shall be benchmarked based on the amount of cash on hand at the beginning of the fiscal year.

7.3 Calculation

The minimum cash balance shall be calculated annually by the management board using the most recent operating budget adopted by the board and submitted to the institution at the beginning of each fiscal year. Average daily operating expenditures shall be determined by dividing the annual operating budget as reported on the BOR-1 submission by three hundred sixty-five (365).

7.4 Restricted Funds

By definition, restricted funds, including but not limited to grant funds, bond proceeds, capital project funds, athletics funds, and other legally restricted resources, shall not be included when calculating compliance with the minimum unrestricted cash balance requirement, but must be considered when reviewing the fiscal health of each institution.

It is highly recommended that all public postsecondary institutions maintain a minimum of 60 days of restricted cash on hand, inclusive of auxiliary and athletic funding, as measured by the institutions' restricted operating expenditures.

7.5 Monitoring

System leadership shall monitor cash balances quarterly and report compliance status with the minimum operating cash balance and report that information to the appropriate management board, as acknowledged in attestation statements.

During the period of time in which an institution is deemed in fiscal distress and requiring a corrective action plan, requests for changes to the institution's academic programs should prioritize cost savings efforts to restore campus fiscal viability.

VIII. Corrective Action Plan

If cash reserves fall below the required minimum threshold of 60 days of average operating expenditures and the management board determines that an institution is deemed in fiscal distress, then a Corrective Action Plan shall be submitted by the system as outlined below:

1. System leadership will identify the institutions in financial distress and report to the appropriate management board. Following such, any institutions determined to be in financial distress will be reported to the Board of Regents.
2. Within 90 days of an institution being deemed in financial distress by system leadership, a corrective action plan shall be developed by institution and system leadership, approved by the system management board and submitted to the Board of Regents.
    a) System leadership may include the system president, chief financial officer (CFO), chief academic officer (CAO), Student Success management, and Communications staff
    b) Institution leadership may include the president, CFO, provost, Human Resources personnel, and Enrollment and Marketing staff
3. The corrective action plan shall include the causes(s) and risk indicators (as defined) leading to financial distress, the operating cash deficit, comprehensive corrective measures, institution and system personnel responsible for implementation of the plan, implementation date(s) of the plan, and the expected resolution period. The plan may include:
    a) Expenditure reductions, revenue enhancements, deferred capital spending, and/or other measures necessary to restore fiscal compliance.
    b) Actions to be taken addressing the noted risk indicators.
    c) Actions to be taken to increase cash resources and achieve a stable/surplus situation within two-to-four years.
    d) Reporting from system/institution president, CFO, CAO, enrollment management, and marketing/communication teams.
4. If a corrective action plan is not received by the Board of Regents within 90 days of an institution being deemed in financial distress, the Office of State Inspector General shall be notified of the management board's noncompliance.

8.1 Corrective Action Plan Required Progress Report Contents

At a minimum, progress reports shall include:

1. A description of the financial distress condition identified, including the applicable warning indicator, the established threshold, and the institution's performance relative to that threshold at the time the condition was identified.
2. A summary of each corrective action initiative approved by the institution and management board to address the underlying cause of the financial distress condition.

3. The current implementation status of each corrective action initiative.
4. Actual financial results achieved to date compared with projected outcomes identified in the Corrective Action Plan.
5. Updated forecasts for all impacted financial metrics and warning indicators.
6. Identification of any barriers, risks, or delays affecting implementation and achievement of planned outcomes.
7. Progress against established milestones, deliverables, and implementation timelines.
8. Actions taken or proposed to address implementation challenges and mitigate identified risks.
9. An updated estimate of the timeline required to restore compliance and resolve the financial distress condition.

8.2 Emergency Use of Cash Reserves

Use of cash reserves when the reserve level is below the minimum operating balance must be approved by the appropriate management board and may only be used in the following circumstances:

- Declared emergencies by the governor of Louisiana or the president of the United States
- Significant unforeseen revenue losses (i.e., reduction in state appropriations such as mid-year cuts; reduction in federal funding via grants or indirect costs, etc.)
- Critical operational needs approved by the management board

Cash reserves may not be used to fund recurring expenditures.

A cash reserves replenishment plan shall be adopted within 90-150 days of any cash reserve drawdown. Institution and system leadership will develop the cash reserves replenishment plan, which shall be approved by the management board and reported to the Board of Regents.

IV. Policy Review

This policy shall be reviewed at least annually and amended as necessary to reflect operational, statutory, or financial changes.

This Uniform Fiscal Policy was adopted by the Board of Regents on Wednesday, September 23, 2026.



Dr. Kim Hunter Reed
Commissioner of Higher Education

October 20, 2026
Date

Appendix A: Definitions

1. **Account receivables** – Money owed to the institution which has not been collected. Receivables could include amounts owed by students, grants yet to be drawn down, etc.

2. **Accounts payable** – Money owed by the institutions to external parties for goods or services received but not yet paid.

3. **Actual vs. budgeted amounts –** "Actual" shall refer to the true cost of an expenditure made; "Budget" shall refer to the anticipated use of the funds for an expense.

4. **Athletic funds –** Financial resources an institution uses to support its intercollegiate athletic programs. These can include money for coaches and staff salaries, athletic scholarships, team travel, equipment, facilities, recruiting, game operations, and other related athletic expenses. Funding may come from the institution, student fees, ticket sales, donations, sponsorships, media revenue, or NCAA/conference distributions.

5. **Auxiliary funds –** Financial resources associated with self-supporting services and activities that operate primarily for students, faculty, or staff but are separate from the institution's core academic functions. Examples include student housing, dining services, bookstores, parking, and recreation centers. These activities typically generate their own revenue through fees, sales, or service charges, and that revenue is used to pay the expenses of operating the auxiliary service.

6. **Campus fiscal corrective action plans –** A comprehensive plan of action designed to address financial conditions at the institution after it has been deemed in a condition of financial distress by its management board. The corrective action plan should include specific information on timeline and expected outcomes in terms of dollars saved, budget expenditures reduced, new revenues generated, etc.

7. **Cash flow replenishment plan –** Actions taken to bring institutions back into compliance with the minimum cash reserves requirement.

8. **Close of fiscal quarter –** A period of thirty (30) days following the end of the Fiscal Quarter, allowing for higher education institutions to reconcile their accounts.

9. **Debt obligations –** Any bonds, loans, and/or lines of credit that an institution, or system or affiliated 501c(3) organization on behalf of an institution, has taken to cover costs for any institutional liability including, but not limited to, purchase of land, facility development/planning, new construction, equipment, financed asset, contractual obligations, etc.

10. **Debt Service coverage ratio –** The Debt Service Coverage Ratio (DSCR) of an institution's recurring and available revenues and other designated resources, after deducting applicable operating expenses and other required payments, to the annual

principal and interest requirements on debt issued or proposed to be issued for the capital project. The DSCR measures the institution's ability to meet its debt obligations from available operating resources.

11. **Financial distress –** An institution experiencing ongoing difficulty generating sufficient revenue and cash to meet its expenses and financial obligations.

12. **Financial risk indicators –** Indicators that an institution may be in fiscal distress including:
    - Structural Deficit
        - A structural deficit exceeding three percent (3%) of operating budget
            - (Operating Budget minus Operating Revenue) divided by Operating Budget is greater than or equal to 3% (0.03) in a fiscal year.
        - A structural deficit may also exist when recurring operating expenditures exceed recurring operating revenues by three percent (3%) or more in a fiscal year.
            - (Recurring Operating Expenditures minus Recurring Operating Revenues) divided by Recurring Operating Revenues.
        - An institution may be deemed at risk when the resulting ratio is greater than or equal to 3%.
    - Declining cash on hand below 60 days of operating unrestricted expenses
        - Consistent significant negative cash flow over all four (4) consecutive quarters exceeding 3% over the consecutive quarters
    - Increasing debt obligations or debt service ratios
        - An increasing debt service expenditure occurs when there is an increase by 10% or more.
        - In accordance with Moody's calculation of the Debt Service Coverage Ratio (DSCR), in which sustained the total debt service coverage ratio is below 1.2% on a net revenue basis.
            - DSCR = EBIDA (Net Operating Income plus Adjustments) divided by Total Annual Debt Service (Principal plus Interest)
            - *EBIDA (Earnings Before Interest, Depreciation, and Amortization)*
    - Consistent average annual enrollment declines over three (3) academic years
        - Occurs when full-time enrollment (FTE) declines by an average of 3% or more annually over three consecutive academic years
    - Management of Workforce
        - Academic programs with consistent decreasing enrollment/graduation levels over three (3) academic years and ongoing full-time employees tied to the programs
        - Full-time personnel employed one to two (1-2) years following the closure of administrative programs
        - Consistent increasing full-time institution personnel during consistent average annual declining enrollment over three (3) academic years
    - Accounts receivable balance increasing 10% or more from the previous fiscal year.

- Total accounts payable increases by 10% or more year-over-year; or when outstanding payments over 90-days are larger than 2% of the operating budget expenditures for the fiscal year.

13. **Fiscal early warning system –** System of metrics and indicators to be evaluated and adopted by the Board of Regents to identify institutions that are nearing a condition of financial distress based on information reported in quarterly revenue and expenditure reports.
    - Cash On Hand below 60-days of Operating Expenses
    - Predicted Deficits within non-operating unrestricted funds
    - Reserve Depletion – using reserve funding to cover operating restricted and unrestricted expenses
    - Repeated reliance on external non-operating unrestricted funds
    - Deficit above three percent of Operating Unrestricted Budget
    - Use of Restricted Funds for purposes outside of their intended restrictions or when restricted resources are routinely relied upon to support unrelated operating expenditures.
    - Dependence on non-recurring external funding sources to support ongoing operations for two (2) consecutive fiscal years.

14. **Fiscal quarter –** The four three-month periods starting July 1 of each fiscal year. (July 1 through September 30; October 1 through December 31; January 1 through March 31; and April 1 through June 30).

15. **Fund balances –** The net amount of assets compared to existing liabilities in a given fund.

16. **Liquidity metrics –** The two reportable liquidity metrics to be included in the Quarterly Financial Reports are the Current Ratio and Operating Cash Flow Ratio. The Current Ratio will be determined by measuring Current Assets to Current Liabilities. The Operating Cash Flow Ratio (OCFR), also known as "Days Cash on Hand", measures how many days an institution can cover its expenses using only its available cash and liquid assets. The OCFR calculation will be included in the reporting template.

17. **Management board –** The governing boards of the four Louisiana public university systems. (Boards of Supervisors for the Louisiana State University System, Southern University System, University of Louisiana System, and Louisiana Community and Technical Colleges System)

18. **Quarterly revenues and expenditures –** The net amount of revenue collected (restricted, unrestricted, auxiliary, and athletics) and expenditures made during each three-month fiscal quarter.

19. **Repeated failure –** No submission or late submission of the required financial reporting for two (2) consecutive reporting periods during a given fiscal year will be considered a repeated failure and designation of noncompliance.

20. **Reporting timeline –** Financial reports shall be submitted to the Board of Regents no later than 30 days after the close of each Fiscal Quarter. Institutions are allowed thirty (30) days following the last day of the Fiscal Quarter to "close out" the previous quarter.
    - First Quarter (Q1) – Due to management boards by October 30; due to Board of Regents by November 30
    - Second Quarter (Q2) – Due to management boards by January 30; due to Board of Regents by February 30
    - Third Quarter (Q3) – Due to management boards by April 30; due to Board of Regents by May 30
    - Fourth Quarter (Q4) – The institution's annual financial report (AFR) will serve as the reporting for the fourth quarter submission; due to the Board of Regents no later than September 30

21. **Restricted and Unrestricted funds –** Restricted funding can be used only for specific purposes defined by the donor, grantor, law, or other external requirements. Unrestricted funding can be used for general operating costs of an institution.

22. **Tuition and fee revenue –** Revenue generated from students based on credit-hour enrollment for instruction.