

## Elevate Louisiana: Financial Health Analysis

The Elevate Louisiana Initiative set forth several proposed actions including the development and adoption of a policy for financial early warning systems and financial stress of higher education institutions. This document was created to increase financial accountability of state colleges and universities by using a standard set of measures with which to monitor the financial health of campuses. Using the year-end audited financial statements of each higher education system, the Board of Regents will apply these standards annually to monitor individual campus finances. The analysis computes three ratios from which four scores are generated for each campus. A Composite Score of or below 1.75 signifies a campus under significant financial stress.

### Data

**Expendable net assets:** The sum of unrestricted net assets and restricted expendable net assets.

**Plant debt:** Total long-term debt (including the current portion thereof), including but not limited to bonds payable, notes payable, and capital lease obligations.

**Total Revenues:** Total operating revenues, plus total non-operating revenues, plus capital appropriations, capital grants and gifts, and additions to permanent endowments.

**Total operating expenses:** Total operating expenses, plus interest on long-term debt.

**Total non-operating expenses:** All expenses reported as non-operating with the exception of interest expenses.

**Change in total net assets:** Total revenues (operating and non-operating), less total expenses (operating and non-operating).

### Methodology

**Viability ratio:** Expendable net assets divided by plant debt. (Note: if plant debt is zero, then the viability ratio is not calculated and a viability score of 5 is automatically assigned.)

**Primary reserve ratio:** Expendable net assets divided by total operating expenses.

**Net Income Ratio:** Change in total net assets divided by total revenues.

Ratio Scores	0	1	2	3	4	5
Viability Ratio	< 0	0 to .29	.30 to .59	.6 to .99	1.0 to 2.5	> 2.5 or N/A
Primary Reserve Ratio	< -.1	-.1 to .049	.05 to .099	.10 to .249	.25 to .49	.5 or greater
Net Income Ratio	< -.05	-.05 to 0	0 to .009	.01 to .029	.03 to .049	.05 or greater

A summary score between 0 and 5 is derived from the scores above and termed the **Composite Score**, which is the primary indicator of fiscal health. The composite score equals the sum of the viability score multiplied by 30%, the primary reserve score multiplied by 50%, and the net income score multiplied by 20%. **A Composite Score of or below 1.75 signifies a campus under significant financial stress.**

FY24 Fiscal Health Analysis			
Institution	FY23-24 Composite Score	FY22-23 Composite Score	Change from FY23-FY24
Pennington Biomedical Research Center	3.80	3.20	0.60
Louisiana State University A&M	3.90	2.80	1.10
Louisiana State University - Alexandria	4.00	4.20	(0.20)
Louisiana State University - Eunice	3.20	1.30	1.90
Louisiana State University Agricultural Center	4.50	4.50	0.00
Louisiana State University - Shreveport	4.50	3.40	1.10
Louisiana State University HSC - NO	4.50	4.50	0.00
Louisiana State University HSC - Shreveport	4.70	4.70	0.00
<b>LSU SYSTEM AVERAGE</b>	<b>4.14</b>	<b>3.58</b>	<b>0.56</b>
Grambling State University	4.50	4.50	0.00
Louisiana Tech University	1.90	1.80	0.10
McNeese State University	4.70	5.00	(0.30)
Nicholls State University	3.10	2.60	0.50
Northwestern State University	5.00	5.00	0.00
Southeastern State University	3.90	3.90	0.00
University of Louisiana at Lafayette	3.10	2.90	0.20
University of Louisiana at Monroe	1.90	2.80	(0.90)
University of New Orleans	2.70	2.60	0.10
<b>UL SYSTEM AVERAGE</b>	<b>3.42</b>	<b>3.46</b>	<b>(0.04)</b>
Baton Rouge Community College	5.00	5.00	0.00
Bossier Parish Community College	4.50	4.50	0.00
Central LA Technical Community College	5.00	5.00	0.00
Delgado Community College	3.80	4.00	(0.20)
Nunez Community College	5.00	4.50	0.50
Fletcher Community College	4.10	3.70	0.40
LA Delta Community College	5.00	5.00	0.00
Northshore Technical Community College	4.50	4.50	0.00
Northwest LA Technical Community College	5.00	4.50	0.50
River Parishes Community College	5.00	4.20	0.80
South Louisiana Community College	5.00	5.00	0.00
Sowela Technical Community College	4.50	4.60	(0.10)
<b>LCTCS AVERAGE</b>	<b>4.70</b>	<b>4.54</b>	<b>0.16</b>
Institution	*FY22-23 Composite Score	*FY21-22 Composite Score	Change from FY22-FY23
Southern University A&M	4.50	4.00	0.50
Southern Law Center	3.50	4.00	(0.50)
Southern Agricultural Center	5.00	4.50	0.50
Southern University at New Orleans	3.50	4.00	(0.50)
Southern University at Shreveport	3.00	4.00	(1.00)
<b>SU SYSTEM AVERAGE</b>	<b>3.90</b>	<b>4.10</b>	<b>(0.20)</b>
A Composite Score of or below 1.75 signifies a campus under significant financial stress.			
*NOTE - The FY24 LLA audit was delayed for the Southern University system.			

FY24 Fiscal Health Analysis							
Institution	FY24	Viability		Primary Reserve		Net Income	
	Composite Score	Ratio*	Score	Ratio	Score	Ratio	Score
A Composite Score of or below 1.75 signifies a campus under significant financial stress.							
Pennington Biomedical Research Center	3.80	N/A	5	0.178	3	0.031	4
Louisiana State University A&M	3.90	0.84	3	0.278	4	0.086	5
Louisiana State University - Alexandria	4.00	1.42	4	0.265	4	0.046	4
Louisiana State University - Eunice	3.20	0.64	3	0.149	3	0.039	4
Louisiana State University Agricultural Center	4.50	445.74	5	0.421	4	0.094	5
Louisiana State University - Shreveport	4.50	4.92	5	0.326	4	0.086	5
Louisiana State University HSC - NO	4.50	91.13	5	0.481	4	0.083	5
Louisiana State University HSC - Shreveport	4.70	1.81	4	0.646	5	0.053	5
<b>LSU SYSTEM AVERAGE</b>	<b>4.14</b>						
Grambling State University	4.50	16.28	5	0.395	4	0.139	5
Louisiana Tech University	1.90	0.14	1	0.092	2	0.023	3
McNeese State University	4.70	2.22	4	0.769	5	0.126	5
Nicholls State University	3.10	0.40	2	0.176	3	0.182	5
Northwestern State University	5.00	N/A	5	0.574	5	0.184	5
Southeastern State University	3.90	0.61	3	0.256	4	0.094	5
University of Louisiana at Lafayette	3.10	0.33	2	0.192	3	0.072	5
University of Louisiana at Monroe	1.90	0.13	1	0.050	2	0.023	3
University of New Orleans	2.70	0.53	2	0.125	3	0.018	3
<b>UL SYSTEM AVERAGE</b>	<b>3.42</b>						
Baton Rouge Community College	5.00	N/A	5	0.829	5	0.328	5
Bossier Parish Community College	4.50	153.5	5	0.433	4	0.088	5
Central LA Technical Community College	5.00	N/A	5	0.733	5	0.240	5
Delgado Community College	3.80	19.29	5	0.199	3	0.032	4
Nunez Community College	5.00	N/A	5	0.504	5	0.113	5
Fletcher Community College	4.10	111.85	5	0.450	4	0.025	3
LA Delta Community College	5.00	N/A	5	0.830	5	0.139	5
Northshore Technical Community College	4.50	N/A	5	0.412	4	0.051	5
Northwest LA Technical Community College	5.00	N/A	5	0.567	5	0.142	5
River Parishes Community College	5.00	N/A	5	0.544	5	0.071	5
South Louisiana Community College	5.00	786.05	5	0.591	5	0.116	5
Sowela Technical Community College	4.50	N/A	5	0.423	4	0.566	5
<b>LCTCS AVERAGE</b>	<b>4.70</b>						
<b>**FY23 Fiscal Health Analysis</b>							
Southern University A&M	4.50	46.16	5	0.376	4	0.106	5
Southern Law Center	3.50	N/A	5	0.258	4	-0.082	0
Southern Agricultural Center	5.00	N/A	5	0.567	5	0.154	5
Southern University at New Orleans	3.50	N/A	5	0.377	4	-0.113	0
Southern University at Shreveport	3.00	1,449.56	5	0.247	3	-0.09	0
<b>SU SYSTEM AVERAGE</b>	<b>3.90</b>						

\* A viability ratio is not calculated for campuses that do not have long-term plant debt (N/N). In such instances, a viability score of 5 is automatically assigned.

\*\* The FY24 LLA audit was delayed for the Southern University System.

## FY24 Fiscal Health Analysis

Institution	Primary Reserve		PR Ratio Analysis*	
	Ratio	Score	in Months	in Days
Pennington Biomedical Research Center	0.178	3.00	2.1	65
Louisiana State University A&M	0.278	4.00	3.3	101
Louisiana State University - Alexandria	0.265	4.00	3.2	97
Louisiana State University - Eunice	0.149	3.00	1.8	54
Louisiana State University Agricultural Center	0.421	4.00	5.1	154
Louisiana State University - Shreveport	0.326	4.00	3.9	119
Louisiana State University HSC - NO	0.481	4.00	5.8	176
Louisiana State University HSC - Shreveport	0.646	5.00	7.8	236
<b>LSU SYSTEM AVERAGE</b>			4.1	125
Institution	Primary Reserve		PR Ratio Analysis*	
	Ratio	Score	in Months	in Days
Grambling State University	0.395	4.00	4.7	144
Louisiana Tech University	0.092	2.00	1.1	34
McNeese State University	0.769	5.00	9.2	281
Nicholls State University	0.176	3.00	2.1	64
Northwestern State University	0.574	5.00	6.9	210
Southeastern State University	0.256	4.00	3.1	93
University of Louisiana at Lafayette	0.192	3.00	2.3	70
University of Louisiana at Monroe	0.050	2.00	0.6	18
University of New Orleans	0.125	3.00	1.5	46
<b>UL SYSTEM AVERAGE</b>			3.5	107
Institution	Primary Reserve		PR Ratio Analysis*	
	Ratio	Score	in Months	in Days
Baton Rouge Community College	0.829	5.00	9.9	303
Bossier Parish Community College	0.433	4.00	5.2	158
Central LA Technical Community College	0.733	5.00	8.8	268
Delgado Community College	0.199	3.00	2.4	73
Nunez Community College	0.504	5.00	6.0	184
Fletcher Community College	0.450	4.00	5.4	164
LA Delta Community College	0.830	5.00	10.0	303
Northshore Technical Community College	0.412	4.00	4.9	150
Northwest LA Technical Community College	0.567	5.00	6.8	207
River Parishes Community College	0.544	5.00	6.5	199
South Louisiana Community College	0.591	5.00	7.1	216
Sowela Technical Community College	0.423	4.00	5.1	154
<b>LCTCS AVERAGE</b>			6.5	198

## \*\*FY23 Fiscal Health Analysis

Institution	Primary Reserve		PR Ratio Analysis*	
	Ratio	Score	in Months	in Days
Southern University A&M	0.376	4.00	4.5	137
Southern Law Center	0.258	4.00	3.1	94
Southern Agricultural Center	0.567	5.00	6.8	207
Southern University at New Orleans	0.377	4.00	4.5	138
Southern University at Shreveport	0.247	3.00	3.0	90
<b>SU SYSTEM AVERAGE</b>			4.4	133

**\*Based on ratio analysis, how long can the institution function by using reserves without the generation of any new net assets from operations.**

**\*\* - The FY24 LLA audit was delayed for the Southern University System**

**Note:** The Primary Reserve ratio benchmark is .4. Red highlight indicates under benchmark.

**Under benchmark:** 17 of 34 50%

**Under benchmark excluding Southern (FY23):** 13 of 29 45%