



Standard Weights for CFI Ratios

Ratio	Weight	Comments
Primary Reserve	35%	Are resources sufficient and flexible enough to support mission?
Viability	35%	Are resources, including debt, managed strategically to advance mission?
Return on Net Assets	20%	Does asset performance and management support the strategic direction?
Net Operating Revenues	10%	Do operating results indicate the institution is living within available resources?

Threshold Values

Overall CFI scoring 3 on 10-pt. scale equates to:

Primary Reserve	5 months of operations in reserve
Viability	1.25 times total debt owed
Return on Net Assets	6% return on combined financial and nonfinancial assets
Net Operating Revenues	2% net surplus to increase reserves

CFI Scoring Range

Action

negative 4 to negative 3	Consider whether financial exigency is appropriate. KBOR definition of financial exigency: budget cuts have been made and continuing need for more reductions would require layoff of tenured faculty.
negative 2 to 1	Consider structured programs to conserve cash and thus survive; assess debt and DOE compliance and remediation.
1 to 3	Consider substantive program adjustments, then re-engineer institution
3 to 5	Direct resources toward transformation
5 to 7	Focus resources to compete in future
7 to 9	Experiment with new initiatives; Design a robust mission
>9	Deploy resources to achieve robust mission

CFI Ranges

The Higher Learning Commission (HLC) has identified ranges, or zones, of CFI values that indicate whether further review is required.

Above the Zone

Public Institutions: 1.1 to 10.0

No additional follow-up is required for institutions with a CFI that falls above the zone.

In the Zone

Public Institutions: 0 to 1.0

First Year

If an institution reports a CFI that falls within the zone for the first time, HLC will issue a Letter of Concern. The institution is required to acknowledge receipt of this letter by submitting an institutional response from the CEO either confirming the financial information that was reported in the Institutional Update or requesting corrections and/or modifications to the financial information submitted. Any modifications to the data require supporting documentation.

Second or Subsequent Year

If an institution reports a CFI that falls within the zone for a second or subsequent consecutive year, HLC will require the institution to submit a report and additional financial documents for review by a panel of HLC peer reviewers.

Below the Zone

Public Institutions: -4.0 to -0.1

If an institution reports a CFI that falls below the zone, HLC will require the institution to submit a report and additional financial documents for review by a panel of HLC peer reviewers. In subsequent years, the institution will be required to submit a report for panel review following each Institutional Update until its CFI is above the zone.