SACSCOC Finance Update
CS-40 Financial & Physical Resources
Sunday, Dec. 3, 3:00-4:00
Crystal G1

Donna Barrett
SACSCOC Director of Institutional Finance
HOUSEKEEPING:
- Questions at end
- Or email me dbarrett@sacscoc.org until 12-15-23 (put CS-40 in subject)
- Handouts & presentation at www.sacscoc.org staff directory, Donna Barrett webpage (after mtg)

Donna Barrett
SACSCOC Director of Institutional Finance
DISCLAIMER

• Intended for Members
• Not on Your Committee
• No vote on SACSCOC Board
• Every institution is different
• General Information / Common Situations
• Many types of Institutions in this Session: Private, Public, For-Profit, large, small, etc.
• Other sessions at this meeting are more specific
LET'S MAKE A DEAL
SESSIONS OF INTEREST – FINANCE

• CS-40   Financial & Physical Resources – Barrett – ALL
• CS-65   Finance Training – Barrett & Worster PRIVATES
• CS-74   Curiosity to Clarity-A Path for Compliance PUBLICS
• CS-86   Finance Training for Public Institutions – Barrett-PUBLICS
• CS-144  Responding to Financial Monitoring – Barrett & Hall – ALL
• ORIENTATION WRAP-UP – Finance Issues – Class of 2026 A & B only
  (confirm these in final schedule)
ROAD MAP

• What is SACSCOC?
• Why do we care?
• What does SACSCOC want?
• When do you want it?

• Current Issues
  • QEP issues
  • Lease Issues
  • Changes to POA/Reaffirmation Process
Handouts & Presentations will be online – for now...
What is SACSCOC?

• Southern Association of Colleges and Schools, Commission on Colleges
• Established 1895
• Private, nonprofit, voluntary
• Approx. 800 members – they set standards
• Formerly Regional Accreditor / Institutional Accreditor
Principles of Accreditation

- Integrity
- Mission
- Basic eligibility
- Governing Board
- Administration and Organization
- Faculty
- Institutional Planning & Effectiveness
- Student Achievement
- Educational Program
- Educational Policies
- Library
- Academic & Student Support
- Financial & Physical Resources
- Transparency & Institutional Representation
What is SACSCOC?

• SACSCOC is YOU
(formerly known as) Regional Accreditors
Why do you care?

- Improve quality
- Assure public
- Gate-keeper Title IV federal financial aid

RISKS OF NONCOMPLIANCE
Go to [www.sacscoc.org](http://www.sacscoc.org)

- Who are your state’s members of the SACSCOC board of trustees?
- What is the status of your institution, or any other?
- Who is your assigned SACSCOC staff member?
What do you want from us?

- Compliance Certification – every ten years
- Fifth year report – in middle of ten-year reaffirmation term

AND THIS IS WHERE IT GETS A LITTLE STICKY...

- OCIS – new federal mandate for ALL institutions
- Substantive Change – may require audits
- News – headlines – media
- Complaints
- USDOE issues
CONSIDER BUILDING A RELATIONSHIP WITH...

Your Institution’s Accreditation Liaison
Your President’s office
Your Financial Aid Director

They may all get notifications you need to see
When do you want it?

Reaffirmation Timelines – look up your institution’s next reaffirmation & level

www.sacscoc.org

level I & II–track A (no graduate level)
level III & up– track B (graduate level)

Compliance Certification requires two years’ audits including most recent at due date

Fifth year requires (at a minimum) audits of federal and state aid
Reaffirmation Class of 2026-A

**Orientation:** December 2023

**Compliance Certification Due:** March 1, 2025 (w/FY 2024 audit & previous)

**Last day to send audits only for off-site:** April 7, 2025

(Do *not* need SACSCOC President approval, work with your SACSCOC VP)

**Off-Site Committee review (virtual):** April 22-25, 2025

**Institutional Response (Focused Report) & QEP:** Due 6 weeks before On-Site

**On-Site Committee Review:** September-November 2025 (in-person/hybrid)

**Institutional Response (Response Report)** Due: Spring 2026

(5 months after on-site)

(Need extension to get optional 2025 audit? Talk to your SACSCOC VP, need extension from SACSCOC President because Response Report goes to SACSCOC board)

**Reaffirmation Decision by SACSCOC Board:** June 8-11, 2026
Reaffirmation Class of 2026-B

**Orientation:** December 2023

**Compliance Certification Due:** September 8, 2025 (w/FY 2025 audit & previous)

**Last day to send audits (only) for off-site:** October 20, 2025

*(Do not need SACSCOC President extension approval, work with your SACSCOC VP)*

**Off-Site Committee review (virtual):** November 4-7, 2025

**Institutional Response (Focused Report) & QEP:** Due 6 weeks before On-Site

**On-Site Committee Review:** January-April 2026 *(in-person/hybrid)*

**Institutional Response (Response Report)** Due: Fall 2026

(5 months after on-site)

*(Need extension to get 2025 audit? Talk to your SACSCOC VP, need extension from SACSCOC President because Response Report goes to SACSCOC board)*

**Reaffirmation Decision by SACSCOC Board:** December 2026
## REAFFIRMATION TIMELINES (online)

<table>
<thead>
<tr>
<th>Class</th>
<th>Level</th>
<th>Orientation</th>
<th>Compliance Certification Due ** (Institution prepares)</th>
<th>Off-Site Committee Review (virtual)</th>
<th>Institution Responds to Off-Site Report &amp; submits QEP &amp; Updated Institutional Summary Form</th>
<th>On-Site Committee Visits Your Campus (in-person/hybrid)</th>
<th>Institution Responds to On-Site Committee Report (5 months after visit)</th>
<th>SACSCOC Reaffirmation Decision (public announcement)</th>
<th>Fifth-Year letter sent re-questing report ***</th>
<th>Due Date - Fifth Year Report</th>
<th>SACSCOC Committee Reviews Fifth-Year Report</th>
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<td>December-19</td>
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At Reaffirmation...

Monitoring Clock starts ticking...unless it’s already running.

Monitoring is limited to two years – can be no sanction, Warning, or Probation.

Two additional years after that are possible but must be on Probation for Good Cause.

Session CS-144 for more details.
Reaffirmation Class of 2029-A
Fifth-Year Interim Schedule

Letter Requesting Report: October 2023

(YOU NEED THIS LETTER, sent to President & Accreditation Liaison)

Fifth-Year Report Due: September 2024 (w/federal & state aid audits at minimum)

(LETTER MAY ASK FOR ADDITIONAL FINANCIAL INFORMATION)

Fifth-Year Committee peer review: November 2024

If noncompliance: Referral Report due June or December 2025

(REFERRAL REPORT BOARD REVIEW STARTS MONITORING)
Why does my fifth-year letter ask for additional financial information?

- SACSCOC Board may have asked for a follow-up report due to previous financial noncompliance  
  (FOLLOW-UP REPORTS START MONITORING)

- Financial Profile indicators may have negative trends (letter cites self-reported financial information)

- Unsolicited Information can impact this
REAFFIRMATION / Board Action

SACSCOC decisions become public
Noncompliance with a CR requires sanction
CURRENT ISSUES in financial noncompliance

(highlighting pieces of responses to standards-not complete response)

- UNAEP (13.1 / 13.3)
- OPERATIONAL OUTCOMES (13.1 / 13.3)
- TITLE IV AUDIT EVIDENCE AND COMPLIANCE (13.6)
- STATE AUDIT EVIDENCE AND COMPLIANCE (13.6)
- PHYSICAL RESOURCE ADEQUACY (13.7)
- Information related to INVESTIGATIONS BY USDOE Office of Civil Rights (13.8)
- Student Borrower Guidance (12.6)
- QEP – capability (7.2.d)
- Right-of-Use Lease entries
Resource Base for Day-to-Day Operations
UNAEP
(a trend of this number is required, detail in CR 13.2)
Unrestricted Net Assets exclusive of Plant and Plant-related Debt

- Unrestricted = “Without Donor Restriction”
- PRIVATES - Your audit may or may not provide
- PUBLICS – Finance evaluators adjust for OPEB, Pensions, CA
- FOR-PROFITS – All net assets are considered unrestricted
- Only “number” required
- Let’s look at a few examples
**NET ASSETS**

<table>
<thead>
<tr>
<th>Without Donor Restriction</th>
<th>1,000,000</th>
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</thead>
<tbody>
<tr>
<td>With Donor Restriction</td>
<td>1,000,000</td>
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<tr>
<td><strong>TOTAL NET ASSETS</strong></td>
<td><strong>2,000,000</strong></td>
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**NET ASSETS**

<table>
<thead>
<tr>
<th>Without Donor Restrictions</th>
<th>1,000,000</th>
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</thead>
<tbody>
<tr>
<td>With Donor Restriction</td>
<td></td>
</tr>
<tr>
<td>By Time or Purpose</td>
<td>500,000</td>
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<tr>
<td>In Perpetuity</td>
<td>500,000</td>
</tr>
<tr>
<td><strong>TOTAL NET ASSETS</strong></td>
<td><strong>2,000,000</strong></td>
</tr>
</tbody>
</table>

**NET ASSETS**

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<tr>
<th>Without Donor Restrictions:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment, land, buildings &amp; equipmt, net debt</td>
<td>1,500,000</td>
</tr>
<tr>
<td>Undesignated</td>
<td>(500,000)</td>
</tr>
<tr>
<td>With Donor Restriction</td>
<td>1,000,000</td>
</tr>
<tr>
<td><strong>TOTAL NET ASSETS</strong></td>
<td><strong>2,000,000</strong></td>
</tr>
</tbody>
</table>
PRIVATES - Maybe it could look like this...

NET ASSETS

Without Donor Restriction

Undesignated (UNAEP) (500,000)
Investment in Property & Plant, net 1,500,000
WITHOUT DONOR RESTRICTION, TOTAL 1,000,000

With Donor Restriction

Restricted by Time and Purpose 500,000
Restricted in Perpetuity 500,000
WITH DONOR RESTRICTION, TOTAL 1,000,000

TOTAL NET ASSETS 2,000,000
The Goal
CLARITY
for everyone
PRIVATES

SACSCOC Finance Evaluators often exclude these items from UNAEP
(debt reserves, horses, artwork, investment land, uncollected receivables, intangible assets)
NET POSITION
Net Investment in Capital Assets  7,375,834
Restricted-Nonexpendable    290,136
Restricted-Expendable       3,144,033
Unrestricted                (36,380,521)
TOTAL NET POSITION          (25,570,518)

SACSCOC Finance Evaluators adjust for:
Pensions, OPEB, Compensated Absences
- adjust UNAEP
- adjust operational outcomes for allocations

PUBLICS
Your audit might look like this...
PUBLIC INSTITUTIONS – UNAEP discussion

• Complete sample of adjustments in CS-86
• Finance Training Public Institutions
• Sample will be in handouts
### A Brief PUBLIC example

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2023</th>
<th>FY 2022</th>
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<tbody>
<tr>
<td>Unrestricted Net Assets</td>
<td>-$5,305,563</td>
<td>-$4,028,363</td>
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<tr>
<td>Add Back Compensated Absences-current</td>
<td>$33,185</td>
<td>$27,767</td>
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<tr>
<td>Add Back Compensated Absences-noncurrent</td>
<td>$298,665</td>
<td>$249,908</td>
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<tr>
<td>Add back OPEB liability - current</td>
<td>$0</td>
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<tr>
<td>Add back OPEB liability - noncurrent</td>
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<td>Add Liability-Pension GASB 68 current</td>
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<td>Add Liability Pension noncurrent</td>
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<td>Add Deferred Inflows of Resources-Pension</td>
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<td>$296,466</td>
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<tr>
<td>Unrestricted Net Assets, adjusted (w/o CA, OPEB &amp; Pensions)</td>
<td>$4,055,667</td>
<td>$4,128,479</td>
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</tbody>
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The three-legged stool...

- Positive Operational Outcomes
- Positive Operational Cash Flows
- Positive and Improving UNAEP
CURRENT ISSUES:
Requires evidence of audit of federal and state financial aid audits
Requires evidence of compliance with Title IV (through lack of findings in the above)
AUDITS OF STATE FINANCIAL AID FREQUENTLY MISSING

DOES NOT REQUIRE / DO NOT SEND
Your Program Participation Agreement
Your USDOE correspondence
Your ECAR, IPEDs

LOOMING ISSUE
Delays in audits still particularly at public institutions
CURRENT ISSUES:
Substantive Change Concerns

13.6 **DOES NOT REQUIRE / DO NOT SEND**
Your Program Participation Agreement
Your USDOE correspondence

LOOMING ISSUES
Questions in Substantive Change Requests did not change 13.6 requirements
For example, status questions such as HCM1 or HCM2 or Reimbursement or provisional status

ALL INSTITUTIONS
13.6 Federal & State Responsibilities
CURRENT ISSUES: Adequate Physical Facilities and Resources "that appropriately serve"
- surveys of faculty and staff
- space / capacity studies
- campus master plans
- capital campaigns
- areas of concern
- etc. Resource Manual has list of ideas

Technological Infrastructure
- must be discussed here
CURRENT ISSUES:

In addition to the general response to 13.8 MUST include:

*Information related to USDOE Office of Civil Rights investigations alleging sexual violence*

Should discuss any since last reaffirmation

If there are none, say so
CURRENT ISSUES:

How is your institution providing guidance to students on managing their debt and finances?

DO NOT SEND

Exit Counseling Information
Entrance Counseling Information
Any Title IV related information

This is not a Title IV standard
QEP Capability  7.2.d

• Commits Resources to Initiate, Implement and Complete the QEP
• Quality Enhancement Plan
• 42% of QEPs class 2021 were noncompliant due to lack of capability
• INITIATION – start-up costs, one-time costs, people, equipment, facilities
• IMPLEMENTATION – ongoing costs
• COMPLETION – when will this end? Never?
• BUDGET for all the above
• Sources – existing? Grants? Donors? Additional revenues?
INVITE YOURSELF TO THE QEP PARTY!
RIGHT-TO-USE LEASES / LEASES

Privates
- Not plant, not plant-related debt, no effect on UNAEP calculation

Publics
- Not plant, not plant-related debt, no adjustment to UNAEP
EASIEST ROAD TO COMPLIANCE

Constant vigilance
Questions?