Monitoring Institutional Health
KPI’s Every Board Should Consider

Dr. John Derry
President Emeritus, Hope International University
ABHE Board Governance Coach
The Dashboard of Key Performance Indicators

How would you characterize the condition of your college?

- Sustaining and Strategic
- Surviving
- Life Support

What do you need to know to answer that question?

Effective leaders rely on consistent, carefully curated, comprehensive data that enable them to evaluate and ensure mission achievement for the short and long term.
The Role and Benefits of KPI’s

- **Definition**
  - A quantifiable measure used to determine how well your college is meeting its operational and strategic goals.

- **Purpose**
  - Evaluation and Assessment of Success
  - Alert Leadership to Problem Areas
  - Sustainability – What is the condition of the college?
  - Benchmarking
  - Decision-making

ABHE Annual Meeting
Prior to each trustee meeting, the administration will provide the board with a concise report of key **metrics** that indicate the status of institutional health and effectiveness.

- Get the support and approval of the Board of Trustees.
- Designed and Prepared by the Administration.

ABHE Annual Meeting
"I’ve analyzed, condensed and simplified the data... it was a good quarter."

ABHE Annual Meeting
Dashboard Metrics

- Essential **High-Level** and **Relevant** Facts
- Visually Presented for Quick Comprehension
- Consistently Provided at Each Board Meeting
- Aligned with Mission and Sustainability
- Executive Summary/Narrative as Appropriate

**Reminder:** The Dashboard is NOT an exhaustive recap of activity and developments in all areas of the college.
Selecting Appropriate KPI’s

How do you decide which metrics to track?

- Academic
- Advancement
- Enrollment
- Finance
- Student Affairs
<table>
<thead>
<tr>
<th>Indicator</th>
<th>Definition</th>
<th>Source</th>
<th>Prepared by</th>
<th>Green</th>
<th>Yellow</th>
<th>Red</th>
</tr>
</thead>
<tbody>
<tr>
<td>Headcount</td>
<td>Number of students enrolled in degree programs</td>
<td>Registrar</td>
<td>VP Enrooment</td>
<td>Increase of 5% or more</td>
<td>Decrease of 4% to increase of 4 %</td>
<td>Decrease of more than 5 %</td>
</tr>
<tr>
<td>FTE</td>
<td>Full Time Equivalent for students enrolled in degree programs</td>
<td>Registrar</td>
<td>VP Enrooment</td>
<td>Increase of 5% or more</td>
<td>Decrease of 4% to increase of 4 %</td>
<td>Decrease of more than 5 %</td>
</tr>
<tr>
<td>Tuition Discount Rate</td>
<td>Unfunded scholarships percent of tuition revenue</td>
<td>Business &amp; Finance</td>
<td>VP Business</td>
<td>45% or less</td>
<td>46% to 52%</td>
<td>53% or more</td>
</tr>
<tr>
<td>Net Tuition Revenue</td>
<td>Net tuition generated by TUG, OUG, GRAD</td>
<td>Business &amp; Finance</td>
<td>VP Business</td>
<td>Increase over previous year</td>
<td>Equal to previous year</td>
<td>Less than previous year</td>
</tr>
<tr>
<td>Gift income</td>
<td>Total of donor giving to restricted and unrestricted funds</td>
<td>Advance. Office</td>
<td>VP Advancement</td>
<td>At or above budget</td>
<td>5% below budget</td>
<td>10% below budget</td>
</tr>
<tr>
<td>Operating Budget Surplus or Deficit</td>
<td>Net loss or gain at end of fiscal year</td>
<td>Business &amp; Finance</td>
<td>VP Business</td>
<td>No Budget Deficit</td>
<td>Deficit of ___% to ___%</td>
<td>Deficit of ___% or more</td>
</tr>
<tr>
<td>DOE Financial Responsibility Score</td>
<td>Composite rating based on cash reserves, assets, debt, etc.</td>
<td>Business &amp; Finance</td>
<td>VP Business</td>
<td>1.5 or above</td>
<td>1.1 to 1.4</td>
<td>1.0 or below</td>
</tr>
<tr>
<td>Housing Occupancy</td>
<td>Percent of capacity of residence hall occupancy</td>
<td>Residence Life</td>
<td>VP Student Affairs</td>
<td>375 or above</td>
<td>325 to 374</td>
<td>324 or below</td>
</tr>
</tbody>
</table>
Creating a Useful Dashboard Processes and Reports

- User Friendly
- Visually Attractive
- Right Chart
- Color Coded
- Show Trends
- Simplicity
- Provide Context

ABHE Annual Meeting
## The Balanced Scorecard Model Adapted for Higher Education

<table>
<thead>
<tr>
<th>Financial or Stewardship</th>
<th>Customer &amp; Stakeholder</th>
<th>Internal Process</th>
<th>Organizational Capacity or Learning &amp; Growth</th>
<th>Debt</th>
<th>Endowment</th>
<th>Composite Score</th>
<th>Default Rate</th>
<th>Donations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Performance</td>
<td>Customer Value</td>
<td>Efficiency</td>
<td>Human Capital</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effective Resource Use</td>
<td>Satisfaction and/or Retention</td>
<td>Quality</td>
<td>Infrastructure &amp; Technology</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Culture</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Graduation & Retention Rates
- Placement Rates
- Student Satisfaction Inventory
- Tuition Discount
- Enrollment and Yield Rates
- Accreditation Status
- Facility Capacity/Occupancy
- Employee Status
- Faculty/Student Ratio
# Digital Dashboards

## Vision, goal, strategy

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Target</th>
<th>Current</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insert text here</td>
<td>54+</td>
<td>5</td>
</tr>
<tr>
<td>Insert text here</td>
<td>54+</td>
<td>5</td>
</tr>
<tr>
<td>Insert text here</td>
<td>54+</td>
<td>5</td>
</tr>
<tr>
<td>Insert text here</td>
<td>54+</td>
<td>5</td>
</tr>
<tr>
<td>Insert text here</td>
<td>54+</td>
<td>5</td>
</tr>
</tbody>
</table>
A Low-Budget Dashboard

Summer/Fall "Snapshot" of Total Credit Hours

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## A Low-Budget Dashboard

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross Tuition</strong></td>
<td>$1,500,000</td>
<td>$1,750,000</td>
<td>17%</td>
</tr>
<tr>
<td><strong>Scholarships</strong></td>
<td>(500,000)</td>
<td>(550,000)</td>
<td>10%</td>
</tr>
<tr>
<td><strong>Net Tuition</strong></td>
<td>$1,000,000</td>
<td>$1,200,000</td>
<td>20%</td>
</tr>
<tr>
<td><strong>Church giving</strong></td>
<td>$350,000</td>
<td>$375,000</td>
<td>7%</td>
</tr>
<tr>
<td><strong>Donor giving</strong></td>
<td>250,000</td>
<td>260,000</td>
<td>4%</td>
</tr>
<tr>
<td><strong>Total Operating Gifts</strong></td>
<td>$600,000</td>
<td>$635,000</td>
<td>6%</td>
</tr>
<tr>
<td><strong>Net Endowment Draw</strong></td>
<td>$1,000,000</td>
<td>$950,000</td>
<td>-5%</td>
</tr>
<tr>
<td><strong>Other Income</strong></td>
<td>$250,000</td>
<td>$235,000</td>
<td>-6%</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$2,850,000</td>
<td>$3,020,000</td>
<td>6%</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>$3,000,000</td>
<td>$3,000,000</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Operating Surplus (Deficit)</strong></td>
<td>$(150,000)</td>
<td>$20,000</td>
<td></td>
</tr>
</tbody>
</table>
Graduation rates are reported for each incoming fall cohort of both first-time, full-time and first-time transfer students for four, six, and eight-year completions.

6 year benchmark: 50%, **GREEN** = >45%, **YELLOW** = 35% to 45%, **RED** = <35%.

Retention and graduation rates are key indicators that are monitored by both accrediting associations and government agencies. In addition, these figures provide necessary information for academic, budgetary, and other elements of strategic planning. Federal reporting for these rates applies only to first-time, full-time students who enter in the fall semester. Both the four and six-year rates are presented for first-time, full-time students. Also shown are the graduation rates for transfer students. While these students vary in the amount of credits they transfer in from different institutions, they demonstrate a comparable six-year graduation rate to first-time students.
Monitoring financial indicators is essential for ongoing fiscal health. These four metrics, as well as a fifth – Student Loan Default Rate – are very instrumental. The 2017-18 fiscal year ended with a net surplus. This has a significant bearing on the DOE Composite Score that is currently estimated at 2.0. The Student Loan Default rate has seen a slight yet steady climb that is consistent with national trends. The Student Loan Default Rate is based on a three-year cohort. Schools with a default rate of 30% or greater in three consecutive years or 40% in the most recent fiscal year may be subject to sanctions in the school’s Title IV program participation.

GREEN = < 5%; YELLOW = 5%-15%; RED = = 15%
Using OKR’s with KPI’s

▸ Objectives and Key Results – A goal-setting model to help organizations reach goals through identifiable and measurable results.
  • Objective – What are you trying to accomplish?
  • Key Result – How will you know you have achieved it?

▸ Key Performance Indicators - Quantifiable measures that track performance

▸ Align KPI’s with OKR’s
Questions for Reflection

1. How well does our Dashboard of Key Performance Indicators inform us of the data necessary to govern strategically?

2. What metrics and trends are we not currently monitoring that need to be included in our dashboard?
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Questions and Discussion