A BRIEF REVIEW:
TAYLOR AND MASSY ‘S TEN KEY INDICATORS THAT ADDRESS INSTITUTIONAL FUNCTIONING AND VIABILITY

TEN KEY INDICATORS

1. REVENUE STRUCTURE
2. EXPENDITURE STRUCTURE
3. EXCESS OF CURRENT FUND REVENUES OVER EXPENDITURES
4. PERCENT OF FRESHMAN APPLICANTS ACCEPTED AND PERCENT OF ACCEPTED APPLICANTS WHO ENROLL
5. STUDENT/FACULTY RATIO
6. INSTITUTIONAL SCHOLARSHIPS AS A PERCENT OF TOTAL TUITION AND FEES INCOME
7. TENURE STATUS OF FULL-TIME EQUIVALENT FACULTY
8. PERCENT OF TOTAL FULL-TIME EQUIVALENT EMPLOYEES WHO ARE FACULTY
9. ESTIMATED MAINTENANCE BACKLOG AS A PERCENTAGE OF THE REPLACEMENT VALUE OF THE PLANT
10. PERCENT OF LIVING ALUMNI WHO HAVE GIVEN AT ANY TIME DURING THE PAST FIVE YEARS
Tuition dependency is a real issue for many colleges. It is not uncommon to find 2/3 to 3/4 of total revenue coming from tuition. At a tuition dependent institution a stable revenue stream is an indirect measure of the effectiveness of admissions and student life units.

Effective institutions diversify revenue streams and monitor key revenue streams such as tuition for stability and reliability. Dramatic variation in the relative contribution of various revenue streams suggest an institution faced with uncertainty as a result of not being able to manage revenue streams. (our state appropriations and salary/benefit funding) The capacity to monitor revenue streams and to benchmark their contribution to the budget compared with peer institutions is critically important.
Are spending patterns at the institution consistent and stable with respect to the proportion of education and general expenditure allocated to instruction, academic support, student services, financial aid, and administrative functions?

Incremental growth over time in any given category should raise questions about the underlying causes of the growth.
This measure examines the extent to which the volume of revenue exceeds or falls short of the volume of expenditure. The goal is to have larger revenues than expenditures, and such a measure is a rough indicator of how long a given institution could operate without additional revenues. At one time this measure was only meaningful to private institutions. In the past decade state support for higher education has significantly declined in most states and “public” college revenue streams are increasingly mimicking those of private institutions.
The percent of freshman applicants that are accepted is an indicator of institutional selectivity. Since FY 2005 selectivity has decreased 10 percentage points.

- The percentage of accepted applicants who enroll indicates the yield rate. Yield indicates how attractive the institution is within the admissions marketplace. The higher the rate the more desirable the institution. Since FY 2005 the yield rate has decreased 4 percentage points.
For the past 3-years the ratio has remained stable at 18 students to 1 faculty member. Since FY 2005 the student side of the ratio has increased by 2 students.
Tuition discounting is a measure of the extent to which institutions use tuition and fee revenues to subsidize the cost of attendance. Financial aid can be used as a tool for attracting and retaining students. This is important because the higher the level of tuition discounting the lower the availability of tuition and fees to support the institutional mission.

Tuition discounting over the past 5-years.

Tuition discounting as a percent of the total tuition and fee income.
The higher the tenure rate the less flexible the institution can be to bring in new faculty. This impedes the ability to add new programs or to enhance existing programs to meet ever changing student demand. Colleges are achieving some measure of flexibility by creating full-time non-tenure faculty lines whose sole function is teaching.
This is an important indicator that must be carefully and appropriately interpreted. A high percentage of full-time employees designated as faculty can be representative of one of two scenarios: either the institution is emphasizing the academic facet of the institutional missions and is staffing up to support teaching, research, and service, or the institution is not appropriately staffed in a manner that fully supports effective functioning, and faculty are being asked to assume multiple roles. Consequently, depending on the interpretation of this measure, a high faculty percentage of full-time employees is a measure of either institutional effectiveness or inefficiency.
Institutions should set aside 2% to 5% of the replacement value of the plant to be used for facilities renewal and renovation. Deferred maintenance seriously jeopardizes institutional effectiveness and efficiency. Money spent on addressing serious issues of deferred maintenance represents resources no longer available for functions central to the institutional mission.

DATA TO FOLLOW
The extent to which alumni choose to financially support their alma mater may be viewed as an assessment of their satisfaction with both the quality and the effectiveness of programs and services available to them during their college careers.

DATA TO FOLLOW
What next?

- The Taylor and Massy strategic indicators provide broad-brush measures of institutional performance and are a basis for framing more specific questions related to the effectiveness of the full range of institutional services.

- The Institutional Effectiveness Committee will monitor these indicators and provide the forum for developing the more specific questions that need to be asked.