Terra Firma

Onward with Purpose

The Terra Firma Way: Definitions with Performance Thresholds

Enrollment Volume & Flow

Is the enrollment pipeline producing sufficient, predictable, and durable student volume?

This area evaluates whether the institution is bringing in enough students and whether enrollment patterns are consistent and predictable over time. It focuses on the full pipeline from prospective student to enrolled student.

- **Undergraduate FTE Enrollment Trend (3-year):**
  Green: Growth (+) | Yellow: Flat | Red: Decline (–) *Tracks demand trajectory and institutional risk.*

- **Application-to-Enrollment Yield:**
  Green: ≥25% | Yellow: 15–24% | Red: <15%
  The percentage of applicants who actually enroll. A higher yield means the institution is attractive and competitive.

- **Deposits with ISIR on File:**
  Green: ≥85% | Yellow: 70–84% | Red: <70%
  Measures how many committed students have completed financial aid verification. A strong percentage suggests students are financially prepared to enroll.

- **Deposit-to-Census Melt:**
  Green: ≤10% | Yellow: 11–18% | Red: >18%
  Shows how many students who paid a deposit fail to show up at the start of classes. Lower "melt" means better follow-through and more reliable enrollment predictions.

Persistence & Conversion Quality

Are enrolled students persisting at rates that sustain both mission and revenue?

Measures whether students who enroll remain and progress, reflecting institutional effectiveness and student experience.

Freshman-to-Sophomore Retention Rate:

Green: ≥75% | Yellow: 65–74% | Red: <65%

The percentage of first-year students who return for their second year. This is one of the most important indicators of student success, satisfaction, and institutional stability.

Pricing & Aid Efficiency

Is tuition discounting generating sustainable net revenue—or simply buying volume?

Evaluates whether financial aid strategy supports long-term financial health.

- **Discount Rate & Net Tuition Revenue per student (FTFY):**
  Green: ≤50% and NTR increasing
  Yellow: 51–59% or NTR flat
  Red: ≥60% and NTR declining

  The discount rate shows how much tuition is reduced through aid. The key question: Are discounts increasing actual revenue—or just attracting more students without financial benefit?

- **Institutional Aid as % of Gross Tuition:**
  Green: ≤40% | Yellow: 41–50% | Red: >50%

  Indicates how much the institution is "giving back" in aid. High levels can signal financial strain if not balanced by strong enrollment or pricing strategy.

Marketing

Marketing & Recruitment Metrics

Is marketing spend appropriately scaled—and does it efficiently convert demand into enrolled students?

- **Marketing Spend as % of Operating Budget:** Green: 3–5% | Yellow: 1.5–2.9% | Red: <1.5%

  Shows how much the institution invests in attracting students. Too little may limit growth; too much may reduce resources elsewhere.

- **Marketing Spend as % of Tuition Revenue (Portfolio-Level Over the Student Lifecycle) :**
  Undergraduate: 3–6%
  Graduate/Online: 5–10%

Helps determine whether marketing investment is proportional to the revenue it generates across a student's lifecycle.

Per New Undergraduate Student

Do our recruitment and marketing investments produce enrolled undergraduate students at a cost that our net tuition revenue can sustainably support?

- **Average Paid Media Spend per Enrolled Student (UG):** Benchmark: $400–600

  Measures how much is spent on advertising for each enrolled student.

- **Cost per Enrolled Student (CPES- UG only):**
  Green: <$4,000 | Yellow: $4,000–6,000 | Red: >$6,000

  A key efficiency metric: how much it costs total (marketing + recruitment) to secure one new student.

- **Inquiry-to-Application Conversion Rate (UG):** Green: ≥15% | Yellow: 8–14% | Red: <8%

  Indicates how effective outreach is at turning interest into actual applications.

- **Cost per Inquiry:**
  Benchmark: $50–150

  Measures how expensive it is to generate initial student interest.

Per Graduate/Online Student

Graduate and online programs often require different marketing strategies and higher acquisition costs. Are we acquiring graduate and online students at a cost that preserves program margins and justifies the level of marketing and recruitment investment required?

- **Per-Student Acquisition Cost (Grad/Online):**
  Benchmark: 20–25% of first-year tuition (~$3,500–$4,000)

  The total cost to recruit one student, compared to the tuition they will generate.

  Inquiry-to-Application Conversion Rate (Grad/Online):
  Green: ≥25% | Yellow: 15–24% | Red: <15%

  Measures how effectively marketing converts interest into applications at the graduate level.

- **Cost per Lead (Grad/Online):** Benchmark: $150–400

  The cost of generating a qualified prospective student.

Athletics

Scale & Enrollment Dependency

Assesses how much the institution relies on athletes to meet enrollment goals.

Is athletics appropriately sized or carrying enrollment risk?

- **Athletic Enrollment Concentration:**
  ≤35% balanced | 36–45% dependent | 46–55% high-risk | >55% exposed

  If too many students are athletes, the institution may be overly dependent on athletics for enrollment stability.
- **Athletic Yield Rate:**
  Green: ≥25% | Yellow: 15–24% | Red: <15%

  Measures how many recruited athletes actually enroll.
- **Roster Utilization (enrolled ÷ expected):**
  Green: ≥90% | Yellow: 80–89% | Red: <80%

  Indicates whether teams are filled to expected capacity.
- **Athlete Enrollment Share vs Peers:** ≤conference median Green: ≤median | Yellow: +1–5 pts | Red: >+5 pts

Financial Efficiency & Cost Structure

Examines whether athletic spending is sustainable.

Is athletic spending sustainable and aligned?

- **Total Athletic Spend (salaries + direct + indirect) as % of budget (fully loaded):** Green: <25% | Yellow: 25–35% | Red: >35%

  Shows how much of institutional resources go to athletics.

Cost (all-in) per Athlete:
<$10K efficient | $10–15K stretched | >$15K misaligned

Determines whether spending per athlete aligns with institutional priorities.

- **Athlete Discount Differential:**
  Green: ≤+5 pts | Yellow: +6–10 pts | Red: >+10 pts

- **Coaching Intensity:**
  Green: ≥ 25 athletes per coaching FTE | Yellow: 20–24 | Red: < 20

  Measures how many coaches are available per athlete (resource allocation).

- **Athletic Spend vs Peers:**
  Green: ≤median | Yellow: 101–115% | Red: >115%

Persistence & Outcome Quality

Are athletes persisting at rates that justify athletics as a sustainable enrollment strategy rather than a short-term volume play? Looks at whether student-athletes stay enrolled and succeed.

- **Athlete Retention Rate:**
  Green: ≥75% | Yellow: 65–74% | Red: <65%

  Indicates whether athletics contributes to long-term student success or just short-term enrollment gains.

Academics

Academic Scale & Complexity

Evaluates whether the institution offers too many programs for its size.

Are we overextended for our size?

- **Majors-to-Enrollment Ratio:**
  Green: 1:40 + | Yellow 1:25–39 | Red 1 : <25
  Too many majors with too few students can lead to inefficiency.

- **Degrees Conferred per Program:**
  Green ≥6 | Yellow 4–5 | Red <4
  Measures productivity of academic programs.

- **Average Majors per Program:** Green ≥25–30 | Yellow 15–24 | Red <15 **Lower vs Upper Division Credit Mix:**

Green balanced | Yellow ±10 -14 pts | Red >±15 pts

- **Curricular Breadth (Students per Active Course Section):**
  Green ≥10 | Yellow 7–9 | Red <7
  Shows whether class sizes are sustainable or too small.

Faculty Capacity and Productivity

Is faculty effort aligned with instructional demand? Assesses how efficiently faculty resources are used.

- **Student–Faculty Ratio (Instructional):**
  Green 16–20:1 | Yellow 13–15:1 | Red ≤12:1
  Lower ratios mean smaller classes but may be more expensive.

- **Faculty Teaching Load (Annual Credits):**
  Green 18–24 | Yellow 15–17 | Red ≤14
  How many courses or credits faculty teach annually.

- **Student Credit Hours per FT Faculty:** Green ≥300 | Yellow 240–299 | Red <240 *Indicates workload and productivity.*

- **Adjunct Instructional Share:**
  Green 20–35% | Yellow< 20% or 36–45% | Red >45%

Instructional Efficiency

Does the academic core pay for itself?

- **Course Section Fill Rate:**
  Green ≥75–80% | Yellow 60–74% | Red <60%

  Measures how full classes are—low rates suggest wasted resources.

- **Instructional Cost as % of Net Tuition:**
  Green ≤45–50% | Yellow 51–60% | Red >60%

  Determines whether teaching costs are aligned with revenue.

Advancement

Alumni Engagement & Participation

Depth and breadth of alumni connection to the institution.

- **Alumni Giving Rate:**
  Green ≥12% | Yellow 8–11% | Red <8% *A key*

  indicator of alumni loyalty and satisfaction.

- **Annual Fund Donor Retention Rate:**
  Green ≥65% | Yellow 50–64% | Red <50% *Shows*

  whether donors continue giving over time.

- **Repeat Donors Rate (gave 2 consecutive years):** Green ≥55% | Yellow 40–54% | Red <40%

Leadership & Governance Commitment

Whether institutional leadership sets the tone for philanthropy.

- **Board Giving Participation:**
  Green 100% | Yellow 90–99% | Red <90%
  Strong participation signals institutional confidence and leadership commitment.

- **Boars Leadership Gifts (top third of board):** Green strong | Yellow uneven | Red minimal

Annual Fund Strength & Donor Quality

Health of the institution's core philanthropic engine.

- **Annual Fund Dollars per Living Alumni:**
  Green ≥$100 | Yellow $50–99 | Red < $50
  Measures giving strength relative to alumni base.

- **$1K Donor Club Participation:** Green ≥500 | Yellow 200–499 | Red <200

- **Concentration Risk:**
  Green ≤40% | Yellow 41–60% | Red >60%
  Assesses whether donations rely too heavily on a small number of donors.

Advancement Efficiency & Momentum

Effectiveness and sustainability of advancement operations.

- **Cost to Raise $1:**
  Green ≤$0.30 | Yellow $0.31–0.45 | Red >$0.45

  A core efficiency metric for advancement offices.

- **Year-Over-Year Giving Trend (3-year lookback):** Green increasing | Yellow flat | Red declining • **Major Gift Pipeline Coverage (Next 12-24 months):** Green ≥3x | Yellow 1.5–2.9x | Red <1.5x *Indicates future fundraising potential.*

Facilities

Evaluates whether campus buildings are financially sustainable.

Facilities Cost Burden

Whether physical assets are appropriately sized and funded.

- **Facilities & Maintenance Spend as % of Operating Budget** Green 5–10% | Yellow 10.1–12% | Red >12% *Measures ongoing maintenance investment.*

- **Deferred Maintenance Backlog per Gross Square Footage (Annual):**
  Green <$50 | Yellow $50–99 | Red ≥$100
  Represents repairs that have been postponed—large backlogs signal risk.

- **Deferred Maintenance Investment per Gross Square Foot (Annual):** Green ≥$10 | Yellow $5–9 | Red < $5

Asset Condition & Sustainability

Current and future risk embedded in the physical plant.

- **Deferred Maintenance as % of Replacement Value:** Green ≤5% | Yellow 6–10% | Red >10%
  Indicates how much of the campus needs repair.
- **Modernization of Core Academic & Residential Facilities:** Green ≥60% | Yellow 30–59% | Red <30%
- **Energy Cost per GSF (adjust for regional climate variation):** Green ≤$2.50 | Yellow $2.51–3.25 | Red >$3.25 *Measures efficiency of campus operations.*

Space Utilization & Scale

Alignment of physical footprint with enrollment reality.

- **Gross Square Feet per Student:**
  Green 140–180 | Yellow 181–220 | Red >220
  Too much space can mean inefficiency and higher costs.
- **Classroom & Lab Utilization (weekday peak):** green ≥65% | yellow 50–64% | red <50%
  Measures how often classrooms are actually used.

- **Residence Hall Occupancy (fall census):** green ≥90% | yellow 80–89% | red <80%

Finance

Liquidity & Financial Cushion

Ability to withstand disruption and short-term volatility.

- **Days Cash on Hand**: Green ≥120 days | Yellow 60–119 | Red <60 *How long the institution can operate without new revenue.*

- **Primary Reserve Ratio**: Green ≥0.40 | Yellow 0.20–0.39 | Red <0.20 *Measures financial flexibility and reserves.*

- **Composite Financial Index (CFI)**: Green ≥3.0 | Yellow 1.5–2.9 | Red <1.5
  The CFI is designed to answer four fundamental financial questions about an institution:
  1. *Viability – Can the institution cover its debt with available resources?*
  2. *Flexibility – How much financial cushion does it have?*
  3. *Sustainability – Is it generating enough resources to maintain and grow operations?*
  4. *Return on Assets – Are assets being used effectively to generate value?*

- **Reliance on Line of Credit for Operations:** Green: None / seasonal only | Yellow: intermittent | Red: structural dependence

Structural Operating Performance

Ability to consistently live within available resources.

- **Operating Margin (including depreciation)**: Green ≥2% | Yellow 0–1.9% | Red <0%
  Indicates whether revenues exceed expenses.

- **Balanced Budget (3-year lookback)**: Green 3 of 3 years | Yellow 1–2 of 3 | Red 0 of 3
  Tracks financial discipline over time.

- **Salaries & Benefits as % of Net Tuition and Fees**: Green ≤75% | Yellow 76–85% | Red >85%

- **Salaries & Benefits as % of Total Expenses**: Green ≤50% | Yellow 51–60% | Red >60%

- **Net Tuition Revenue per Employee (tuition & fees only)**: Green ≥$75,000 | Yellow $60,000–$74,999 | Red <$60,000

Revenue Dependence & Balance Sheet Risk

Exposure to enrollment volatility and leverage.

- **Net Tuition and Fees as % of Total Revenue**: Green 60–75% | Yellow 50–59% or 76–85% | Red <50% or >85%
  High dependence increases vulnerability to enrollment declines.

- **Viability Ratio**: Green ≥1.25 | Yellow 0.75–1.24 | Red <0.75 *Shows ability to cover debt with available resources.*

- **Debt Service as % of Operating Budget**: Green ≤5% | Yellow 5.1–8% | Red >8% *Measures how much revenue goes toward paying debt*.