Enacted in 1997, Senate Bill 6 provides a framework for state policymakers to annually evaluate the financial health of Ohio’s public colleges and universities. S.B. 6 is codified in state law:

*Ohio Revised Code §3345.72
*Ohio Administrative Code §126:3-1-01.

S.B. 6 requires the Ohio Department of Higher Education to employ a scoring system using each state university’s audited financial statements as the basis for three key performance ratios, calculated as follows:

*Net income ratio*: change in total net assets ÷ total revenues. = 20% of composite score

*Viability ratio*: expendable net assets ÷ plant debt. = 30% of composite score

*Primary reserve ratio*: expendable net assets ÷ total operating expenses + interest on debt. = 50% of composite score

YSU’s FY 2019 ratios and scores are depicted in the table below:

**Net income ratio**: compares expenses and revenues to determine if a campus is operating within its resources.

**Viability ratio**: measures a campus’s ability to manage long-term debt obligations.

**Primary reserve ratio**: measures a campus’s ability to use reserves in the absence of future revenue.

Key metric: **Composite Score**, the sum of weighted scores of the net income, viability and primary reserve ratios.

YSU’s S.B. 6 composite score has changed over the last 10 years but have been stable and fiscally strong since FY13.

### Institutional Comparisons

The FY 2019* preliminary and unofficial S.B. 6 Composite Scores for Ohio’s state universities are shown in the graph below:

YSU Composite Score = sum total of ratio scores above: **3.30**
• 5.0 is highest possible score, indicating a very strong financial position.

• A score of 1.75 or below for two consecutive years would trigger state **fiscal watch**:
  – State conservatorship = loss of institutional control
  – Negative publicity and media attention
  – Bad for student recruitment
  – Bad for accreditation
  – Bad for S&P and Moody’s bond ratings