



HLC Accreditation Evidence

Composite Financial Index Range

URL:

Office of Origin: HLC

Contact(s):

- Vice President of Administration



Financial and Non-financial Indicators

Accredited and candidate institutions are required each year to provide data to HLC through the [Institutional Update](#). HLC reviews financial and non-financial data for specific risk indicators and conducts follow-up with institutions when certain indicators occur. The purpose of this process is to identify institutions that may be at risk of not meeting components of the [Criteria for Accreditation](#).

Indicator Procedure 

Financial Indicators

The financial data submitted in the Institutional Update generate a Composite Financial Index (CFI). For private institutions, HLC uses the financial ratios provided by the U.S. Department of Education and for public institutions, HLC relies on the financial ratios

recommended in *Strategic Financial Analysis for Higher Education: Identifying, Measuring & Reporting Financial Risks (Seventh Edition)*, by KPMG LLP; Prager, Sealy & Co., LLC; Attain LLC.

CFI Ranges

HLC has identified ranges, or zones, of CFI values that indicate whether further review is required.

Above the Zone

Private Institutions: 1.5 to 3.0

Public Institutions: 1.1 to 10.0

No additional follow-up is required for institutions with a CFI that falls above the zone.

In the Zone

Private Institutions: 1.0 to 1.4

Public Institutions: 0 to 1.0

First Year

If an institution reports a CFI that falls within the zone for the first time, HLC will issue a Letter of Concern. The institution is required to acknowledge receipt of this letter by submitting an institutional response from the CEO either confirming the financial