



To: Senator Jerry Cirino, Chairman, Senate Finance Committee
Representative Brian Stewart, Chairman, House Finance Committee
Senator Paula Hicks-Hudson, Ranking Member, Senate Finance Committee
Representative Bride Rose Sweeney, Ranking Member, House Finance Committee
Ms. Kimberly Murnieks, Director, Office of Budget & Management
Ms. Wendy Zhan, Director, Legislative Service Commission

From: Mike Duffey, Chancellor

Date: September 9, 2025

Subject: Fourth Quarter Financial Reports for FY25

Please find enclosed the quarterly financial reports for the fourth quarter of fiscal year 2025, which were submitted by Ohio's 36 public institutions of higher education. Pursuant to Ohio Revised Code §3345.72, these reports are to be distributed to you.

The report contains fourteen questions to be answered by the campus fiscal officer or an appropriate designee. The questions are designed to probe for any serious cash flow problems and to provide early warnings of significant problems with the current year budget. The desirable answer to each question is *No*. Of the 36 public colleges and universities, five institutions answered yes to at least one of the fourteen questions in their quarterly report.

- Two institutions (Youngstown State University and Columbus State Community College) indicated “yes” to question #5: An increase in liabilities that do not occur during normal business operations (including new debt issues).
 - The affirmative response to this question was due to both institutions issuing new debt in FY25.
- Marion Technical College answered “yes” to question #3: Any unanticipated capital purchases.
 - The affirmative response to this question was due to the college purchasing property with grant funds received from the U.S. Small Business Administration.
- Rio Grande Community College answered “yes” to question #1: An unanticipated decrease in operating cash and investments, and question #6: Any other facts or circumstances that could negatively impact the SB 6 composite score.
 - Rio Grande Community College has experienced unforeseen delays in several major initiatives that have impacted both Rio Grande Community College and The University of Rio Grande and has significantly increased inter-institutional receivable balances. While these receivables are not expected to become uncollectible, they have temporarily reduced the College's available operational cash for the upcoming academic and fiscal year. ODHE was notified, however,

that enrollment at both the University and the College is trending positively this fall.

- Central State responded “yes” to question #4: Fail to make payments to vendors when due as a result of a cash deficiency or a substantial deficiency in the payment processing system, and question #8: Become identified by the federal government or regional accrediting organization that the institution is subject to heightened reporting standards or special monitoring status including but not limited to the United States Department of Education's (ED's) heightened cash monitoring process.
 - As described in previous memos, Central State was placed on heightened cash monitoring (HCM) level 1 by the ED and declared to be under a state of fiscal watch by the Ohio Department of Higher Education (ODHE). ODHE and its fiscal consultant continue to regularly work with the University's leadership to monitor its financial status and ensure compliance with its financial recovery plan. The University is also working with another Ohio institution to review key metrics in its academic, financial, and infrastructure systems to help accelerate recovery.
 - The Auditor of State has not released the FY23 or FY24 audits for Central State University.
 - Central State hired a new CFO in August who shared several strategies the University is implementing to improve administrative oversight and operational efficiency.

Lastly, the Auditor of State has not released the FY24 audit for Terra State. Moody's recently downgraded Terra State's bond rating to Caa1 from B3 with a negative outlook. Moody's cited Terra State's depleted liquidity and continued deficit operations as factors leading to the downgrade. ODHE has had several meetings with Terra State to discuss cash flow needs and issues related to accounting and finance staff turnover. Based on its FY24 unaudited financial statements, Terra State's SB6 FY24 score is projected to be 1.3, down from a FY23 score of 3.6. Terra State's finance and accounting office is now fully staffed and expects to have its FY24 audit completed soon and its FY25 audit completed by the end of the calendar year.

Should you have any questions concerning the content of the enclosed reports or have other questions about the fiscal conditions of institutions, you are welcome to contact me personally.

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