Financial Improvement Plans

To provide guidance for colleges and institutions, a definition of financial improvement plans (FIP) is as follows.  FIP’s are narrative descriptions of planned initiatives taken in the next 12 to 18 months to improve the institution’s financial position or profitability.  The FIP could include objectives to reduce expenditures, increase revenues and/or improve its financial management.  These objectives should be specific and include measurable expectations.

There is no one way to develop these plans.  Each is dependent of the institution’s circumstances and financial structure.  For example, if the cause for the financial distress is declining student enrollment, then a solution would be to improve the marketing of students or job opportunities for graduates.  Another example for increasing revenues would be to seek additional public or private grants for student achievement or to raise tuition fees.  The institution should also consider reducing expenses, such as facility rentals and leases or consider selling or leasing non-earning assets (property, buildings, etc.).  An analysis of staff (administrative and instructional) to student population may also be warranted with adjustments as necessary.

If a change in management is considered, then explain how this change will affect its financial profitability or reduce its losses.  Also, consider improving internal controls or better management of its loan administration and collections.

The FIP does not have to be long, many are no more than 2 or 3 pages in length.  However, the better FIP’s contain sufficient details on the initiatives and a description of how the institution will analyze and measure its results and effectiveness.