



## Ohio Revised Code

### Section 3345.721

Effective: September 30, 2025

Legislation: House Bill 96

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(A) The chancellor of higher education, in consultation with the office of budget and management, shall adopt rules in accordance with section 111.15 of the Revised Code that include all of the following:

(1) Criteria for determining when to review and, if necessary, declare a state university or college under fiscal caution. The criteria may include, but not be limited to, consideration of the following:

(a) A significant drop in enrollment from the prior year;

(b) A decline in enrollment for consecutive years;

(c) A significant increase in enrollment;

(d) A significant increase in adjunct faculty;

(e) An increase in student complaints;

(f) A substantial increase in the number of third-party service providers who are paid based on success;

(g) Federal financial aid processing delays;

(h) Reduced or increased reliance on state share of instruction;

(i) Receipt of substantial nonrecurring revenue, from any source, that could signify a structural budget deficit;

(j) Failure to reconcile or file annual reports promptly, which may cause a delay in completing a



yearly audit even if granted an extension;

(k) A lack of proper institutional segregation of critical duties, functions, or responsibilities;

(l) Significant turnover of faculty, staff, or administrators;

(m) A significant amount of past due student receivables;

(n) A significant increase in tuition or fee waivers;

(o) Change in accreditation status by a nationally recognized accrediting agency;

(p) A significant increase in indebtedness;

(q) A federal program review or actions taken by a federal agency that adversely affects the state university's or college's finances, cash management, or educational program offerings;

(r) Significant changes in a state university's or college's educational program eligibility or compliance with satisfactory academic progress requirements in 34 C.F.R. 668.34, including an increase in the use of correspondence or asynchronous learning materials.

(2) A requirement that a state university or college declared to be on fiscal caution shall submit a financial recovery plan, within a defined period of time after the declaration as determined by the chancellor, that may include, but is not limited to, any of the following:

(a) Projections of revenues and expenditures over a three-year time horizon and on such other time horizons as may be requested by the chancellor;

(b) A comprehensive review of current staffing levels, a comparison of staffing levels to the number of enrolled students, and a five-year historical summary of staffing levels;

(c) A review of the most recent submission of institutional recommendations for courses and programs based on enrollment and duplication with other state institutions of higher education, as



required by section 3345.35 of the Revised Code, and submission of revised recommendations as determined to be necessary;

(d) A review of any approved tuition waivers, tuition guarantees, reciprocity agreements, or scholarship programs;

(e) A plan to reduce expenditures over a six-month, twelve-month, eighteen-month, and twenty-four-month period, as necessary, to align ongoing revenue with ongoing expenses;

(f) A review of contracts that are the largest portion of the state university's or college's expenditures;

(g) A program viability analysis, or analyses, as determined by the chancellor to be necessary in accordance with section 3333.073 of the Revised Code.

(3) A requirement that a state university or college declared to be on fiscal caution shall submit a three-year forecast of revenues and expenditures, approved in a resolution adopted by the board of trustees of the state university or college. The three-year forecast shall be structurally balanced based on a set of underlying assumptions, including enrollment projections, tuition revenue, and state funding levels, that are evidence-based and practicable ;

(4) A requirement that a state university or college declared to be on fiscal caution shall consult with the auditor of state regarding any necessary or appropriate steps to bring the books of account, accounting systems, and financial procedures and reports of the state university or college into compliance with requirements prescribed by the auditor of state regarding desirable modifications and supplementary systems and procedures pertinent to the university or college. The auditor of state shall provide a written report to the board of trustees of the state university or college outlining the nature of the financial accounting and reporting problems of the university or college and recommendations for actions to be undertaken to correct the financial accounting and reporting problems. If requested by the state university or college or recommended by the chancellor, the auditor of state may additionally perform a performance audit of the state university or college.

(5) A requirement that for the duration of a fiscal caution, a state university or college shall submit regular reports on any of the above matters or new matters identified by the auditor of state or the



chancellor as contributing to the reason for the declaration, preventing the recovery of the state university or college, or the inability to be removed from fiscal caution.

(6) Criteria for determining when to declare the termination of the fiscal caution of a state university or college.

(B) A state university or college shall provide the chancellor with all information requested under this section in the time and manner determined by the chancellor. Notwithstanding any law to the contrary, failure to comply in a satisfactory manner, as determined by the chancellor, may result in a declaration of fiscal watch under section 3345.72 of the Revised Code.

(C) Notwithstanding any law to the contrary, the chancellor may impose limitations on a state university or college that fails to comply with this section or the rules adopted pursuant to this section or fails to take decisive action to improve the state university's or college's financial condition. Such limitations may include, but are not limited to, the following:

(1) Limitations on eligibility to participate in grants and programs administered by the chancellor;

(2) Limitations on approval of a new degree program or associated certificates;

(3) Suspension of additional enrollment in an educational program;

(4) Restriction of an increase in any special fee or a creation of a new fee;

(5) Limitations on the power of the board of trustees to enter into new or renewed contracts without prior approval from the chancellor;

(6) Withholding approval of any controlling board request for capital projects.

(D) The chancellor, the office of budget and management, or the auditor of state may conduct any audit or analysis necessary to assess the fiscal condition of any state university or college.