Let’s use an example: A hypothetical university just released its audited financial statements for the 2023 fiscal year. This university ended the year with $400 million saved in the form of cash. And its aggregate operating expenses across the entirety of 2022-23 amounted to $1 billion. Divide that $400 million in cash savings by $1 billion in operating expenses, and you get a ratio of 0.40. Multiply by 365 days: 146 days’ cash on hand.

But suppose you wanted to conceptualize that 0.40 ratio differently. And so, you multiply that 0.40 ratio by $1,000. The product, $400, would tell you that our hypothetical university had $400 of cash on hand for every $1,000 the institution generated in operating expenses across the 2023 fiscal year.

Those two terms — “146 days’ cash on hand” and “$400 of cash on hand for every $1,000 in operating expenses” — are articulating the same underlying ratio, with the multiplier changing how we make sense of it.