Northern Illinois University
Your Future. Our Focus.

NIU Budget Status

October 10, 2023
2022 Budget Planning Resource Group Recommendations

- Educate broader university community about fiscal challenges facing NIU as result of state disinvestment, enrollment declines, rising costs, ongoing need to investment in students, faculty, staff, infrastructure and innovative ideas.

- Create annual and multiyear budgets that are inclusive of NIU needs, and then move to address NIU’s multimillion-dollar operating budget deficit through the combination of revenue generation, expense reduction and resource reallocation.

"Managing change will require a great deal of everyone involved in campus leadership. Implementing a multiyear budgeting process will also require significant time and effort from staff at all levels."

"The university must change in order to survive, therefore, this initiative requires university-wide commitment, shared leadership, resource development and fiscal responsibility”
NIU Fiscal Challenge

FY24 Budget Deficit $32 million
Could grow to $40 million if no action

Goal

Identify strategies to reduce deficit by half during the course of FY24
• Continue to engage the BoT
• Hire permanent VP and CFO
• Transition budget process to more strategic budgeting
• Advance timeline for more equitable iterative budget process
• Make available training and education
• Create and maintain innovation fund
• Incentivize revenue generation
Why it has been and will be hard
Source: EAB New Provost Intensive, July 2023

The Data Problem
The Trust Issue
Zero Degrees of Freedom
No Stone Left Unturned

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Academically Responsive & Fiscally Responsible

Strategic Priorities

Sustainable Budget
Right-size base budgets: base needs addressed with base funds
All funds budget incorporating all sources of revenues

Current/Past Practices
Status Quo – Doing what we’ve always done
Incremental budgeting with no base examination

Only two of these can be prioritized at any given time

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FY24 Revenue Budget

Tuition & Student Fees, 40.9%, $164.3M
State of Illinois, 24.6%, $98.6M
Sales & Services, 20.4%, $82M
Other, 14.1%, $56.5M

Notes: Excludes sponsored research revenue (44 fund).

Total Revenue Budget: $401.4M

Constraints:
Tuition & Student Fees: Affordability concerns; Market conditions; "Truth-in-Tuition" policies; Demographic changes; Political pressure.
Sales & Services: Affordability concerns; Market conditions; Aging/obsolete infrastructure; Public service mission.
State of Illinois: State revenues/Economic headwinds; Competing priorities including healthcare.
Other: Market conditions; Student population.
FY24 Expense Budget

Personnel Services, 53.9%, $233.4M

Goods, Equipment, Capital Repairs, 6.1%, $26.3M

Contractual Services, 18.0%, $78.0M

Scholarships, 15.4%, $66.6M

Debt Service, 5.1%, $22.1M

Other, 1.6%, $6.7M

Total Expense Budget: $433.2M

Notes: Excludes sponsored research revenue (44 fund).
Disinvestment by State of Illinois

FY 2015 State Appropriation: $91.1 Million

Adjusted to Inflation in FY24 Dollars: $121.2 Million
Actual Appropriation: $98.6

Difference between FY24 Appropriation and FY15 Appropriation: $22.4.
The Challenge: What’s been met and what remains?

<table>
<thead>
<tr>
<th>FY24 Compared to FY15 (Inflation adjusted):</th>
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<tbody>
<tr>
<td>Decline in State appropriations</td>
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<tr>
<td>Decline in tuition &amp; fee Revenue</td>
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<tr>
<td>Increase in NIU commitment to scholarships</td>
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<td><strong>Total of items above:</strong></td>
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<td><strong>FY24 budgeted deficit:</strong></td>
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Deficit Mitigation Target (short term)

Goal

Identify strategies to reduce deficit by half during the course of FY24

$32 million → $16 million

throughout FY24 in preparation for FY25
Deficit Mitigation Plan

• Increase Revenue
  – Generate New Sources of Revenue
  – Reallocate Resources to Grow Revenue
  – Increase Student Recruitment and Retention

• Reduce Expenses
  – Stop Doing Things (non-essential/non-priority)
  – Reallocate Resources to Decrease Costs
Recent Progress

Revenue Enhancement
• Adult learner plans and proposals (Goal 6A – revenue generation)
• Incentivizing auxiliary revenue generation (Goal 6A – revenue generation/gainsharing)

Expense Reallocation
• More strategic awarding of NIU Foundation scholarships
• Optimizing course size

Expense Reduction
• Reducing curricular complexity
• Realignment of positions
BPRG Recommended:

- **Multi-year planning**
  - In process
  - Developed beta tool for financial forecasting
- **Increased financial transparency**
  - Quarterly BoT reports
  - Increasing access to financial information
- **Budget training**
  - On track to meet December goal
- **Gainsharing**
  - Work with Auxiliary owners to create model
  - Work with College of Business to pilot a program
Call to Action

As campus leaders, discuss the following with your teams and submit to your division leader:

1. What can our team stop doing or do more efficiently to reduce expenses?
2. What can our team do to support increased student enrollment and retention?
3. What can our team do to generate new revenue?

Division Leaders will compile the results by December and we will present to Campus in February.
Thank you!