Monthly Leadership Meeting

April 30, 2024
• Where are we in terms of multi-year budgeting and the deficit?

• What have we been doing to address the deficit?

• FAFSA – Cause for Concern

• Our Response and Call to Action
Guiding Principles

• Access and Affordability
• Student Success
• Investing in Our Employees
• Budget Planning Resource Group Recommendations
FY24 Revenue Budget

Tuition & Student Fees, 40.9%, $164.3M

Sales & Services, 20.4%, $82M

State of Illinois, 24.6%, $98.6M

Other, 14.1%, $56.5M

Constraints:
- State of Illinois: State revenues/Economic headwinds; Competing priorities including healthcare
- Sales & Services: Affordability concerns; Market conditions; Aging/obsolete infrastructure
- Other: Market conditions; Student population
- Tuition & Student Fees: Affordability concerns; “Truth-in-Tuition” policies; Demographic changes; Political pressure

Notes: Excludes sponsored research revenue (44 fund).

Total Revenue Budget: $401.4M
FY24 Expense Budget

Personnel Services, 53.9%, $233.4M
Goods, Equipment, Capital Repairs, 6.1%, $26.3M
Contractual Services, 18.0%, $78M
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).
FY24 Deficit -- FY25 Goal

**FY24 Deficit:** $401.4M Revenue — $433.2M Expenses = ($31.8M)

**University Goal 6A:**
*Identify strategies during FY24 to reduce deficit by half for FY25 through university-wide efforts focused on revenue generation as well as expense reduction and reallocation.*

**Target:** $16M
## FY25: Proposed Appropriations

<table>
<thead>
<tr>
<th></th>
<th>Operations Appropriations</th>
</tr>
</thead>
<tbody>
<tr>
<td>NIU BoT Approved Request</td>
<td>$ 116,400,000 (+18%)</td>
</tr>
<tr>
<td>Higher Ed proposed Budget (IBHE)</td>
<td>$ 106,236,400 (+7.8%)</td>
</tr>
<tr>
<td>Governor’s Proposed Budget</td>
<td>$ 100,643,300 (+2.0%)</td>
</tr>
</tbody>
</table>

### Public Funding Commission Assessment of NIU Funding Adequacy

- 55.6% of Adequacy Target Funded
- Further from adequacy target than 9 other public universities
### Additional Revenue - Tuition Increase (projected)

<table>
<thead>
<tr>
<th>Academic Year (AY)</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>AY 2024-25</td>
<td>$ 1,545,152</td>
</tr>
<tr>
<td>AY 2025-26</td>
<td>$ 2,880,064</td>
</tr>
<tr>
<td>AY 2026-27</td>
<td>$ 3,795,394</td>
</tr>
<tr>
<td>AY 2027-28</td>
<td>$ 4,483,550</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 12,704,160</strong></td>
</tr>
</tbody>
</table>

* - Assumes flat enrollment and historical retention rates.
## Summary: Deficit Mitigation

<table>
<thead>
<tr>
<th>Action</th>
<th>FY25 Impact (approx.)</th>
<th>Multi-year Impact or Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition and Fee Pricing, Reenrollment and Retention</td>
<td>$5.4 million revenue</td>
<td>+$12 million over 4 years</td>
</tr>
<tr>
<td>Maximizing Existing Residence Hall Space (+160 Beds)</td>
<td>$1.8 million revenue</td>
<td>At least +$1.8 million annually</td>
</tr>
<tr>
<td>Increased FY25 State Appropriation</td>
<td>$1,973,000 revenue</td>
<td>N/A</td>
</tr>
<tr>
<td>Athletics guarantees/licensing</td>
<td>$1 million revenue</td>
<td>$1 million annually</td>
</tr>
<tr>
<td>Additional Revenue Generation-facilities, infrastructure, sales &amp; service</td>
<td>$9 million revenue</td>
<td>TBD</td>
</tr>
<tr>
<td>Scholarship and Financial Aid Deployment Strategies</td>
<td>$4.1 million expense reallocation</td>
<td>At least - $4.1 million annually</td>
</tr>
<tr>
<td>Expanded Community College Partnerships</td>
<td>minimal</td>
<td>$1.5 million over next 2 years</td>
</tr>
</tbody>
</table>

**Total Impact**: $23.3 million
Richard Cordray Takes the Fall for FAFSA Fiasco

The Federal Student Aid chief and debt-relief czar is stepping down after months of criticism over the bungled FAFSA overhaul. But is now the right time for accountability?

By Katherine Knott and Liam Knox
Through April 19, 2024, 40.2% of the high school class of 2024 in Illinois has completed a FAFSA. There have been 63,608 completions in Illinois, a -30.1% change (-27,381 completions) compared to last academic year.

Estimated Percent of Seniors Completing a FAFSA

Year-Over-Year % Change in FAFSA Completions

Your Future. Our Focus.
## FAFSA Impact on NIU

### As of April 22, 2024

<table>
<thead>
<tr>
<th>Aid Applicants</th>
<th>New Freshmen</th>
<th>New Transfers</th>
<th>Other UGRD</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>AY 23-24</td>
<td>11,295</td>
<td>1,177</td>
<td>6,886</td>
<td>19,358</td>
</tr>
<tr>
<td>AY 24-25</td>
<td>7,292</td>
<td>835</td>
<td>5,103</td>
<td>13,230</td>
</tr>
<tr>
<td>% Change</td>
<td>-35%</td>
<td>-29%</td>
<td>-26%</td>
<td>-32%</td>
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</tbody>
</table>

### As of April 29, 2024

<table>
<thead>
<tr>
<th>Aid Applicants</th>
<th>New Freshmen</th>
<th>New Transfers</th>
<th>Other UGRD</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>AY 23-24</td>
<td>11,446</td>
<td>1,218</td>
<td>6,979</td>
<td>19,643</td>
</tr>
<tr>
<td>AY 24-25</td>
<td>8,893</td>
<td>917</td>
<td>5,260</td>
<td>15,070</td>
</tr>
<tr>
<td>% Change</td>
<td>-22%</td>
<td>-24%</td>
<td>-24%</td>
<td>-23%</td>
</tr>
</tbody>
</table>
FAFSA Impact on NIU (cont’d)

• A positive or negative 1% change in enrollment is associated with a $1.27M change in anticipated tuition and fee revenues.

• Housing, Dining and other units will be directly affected.
• Discuss Current Conditions with Your Teams
• Reduce Spending Across All Categories
  o Needs vs. Wants
• Apply Greater Scrutiny to Personnel Decisions
  o Hiring, Vacancy Refills, Extra Help, Add Pay and Overtime
• Prioritize Personalized Student Engagement for Returning and New Students
• Currently Working Through Multiple Budget Scenarios
  o FAFSA – Resolved in May with Minimal Impact
  o FAFSA – Beyond May with Extended Impact
  o Multi-Year Budgeting
• Timely Communication Updates Forthcoming
Summary

• NIU Goal is to Reduce Deficit by $16M in FY25 via Enhanced Revenue and Reduced Spending

• FAFSA Unknowns Call for Immediate Action to Achieve FY25 Goal-- and Respond to the Potential for a Worsened Enrollment Forecast

• We're Working Through FAFSA Scenarios and Multi-Year Budgeting Guidance Concurrently

• We are Again in a Dynamic Environment that Requires Short and Long-Term Strategies
Discussion/Questions