



Northern Illinois University

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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

2023 University Goals – Theme 6



- 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



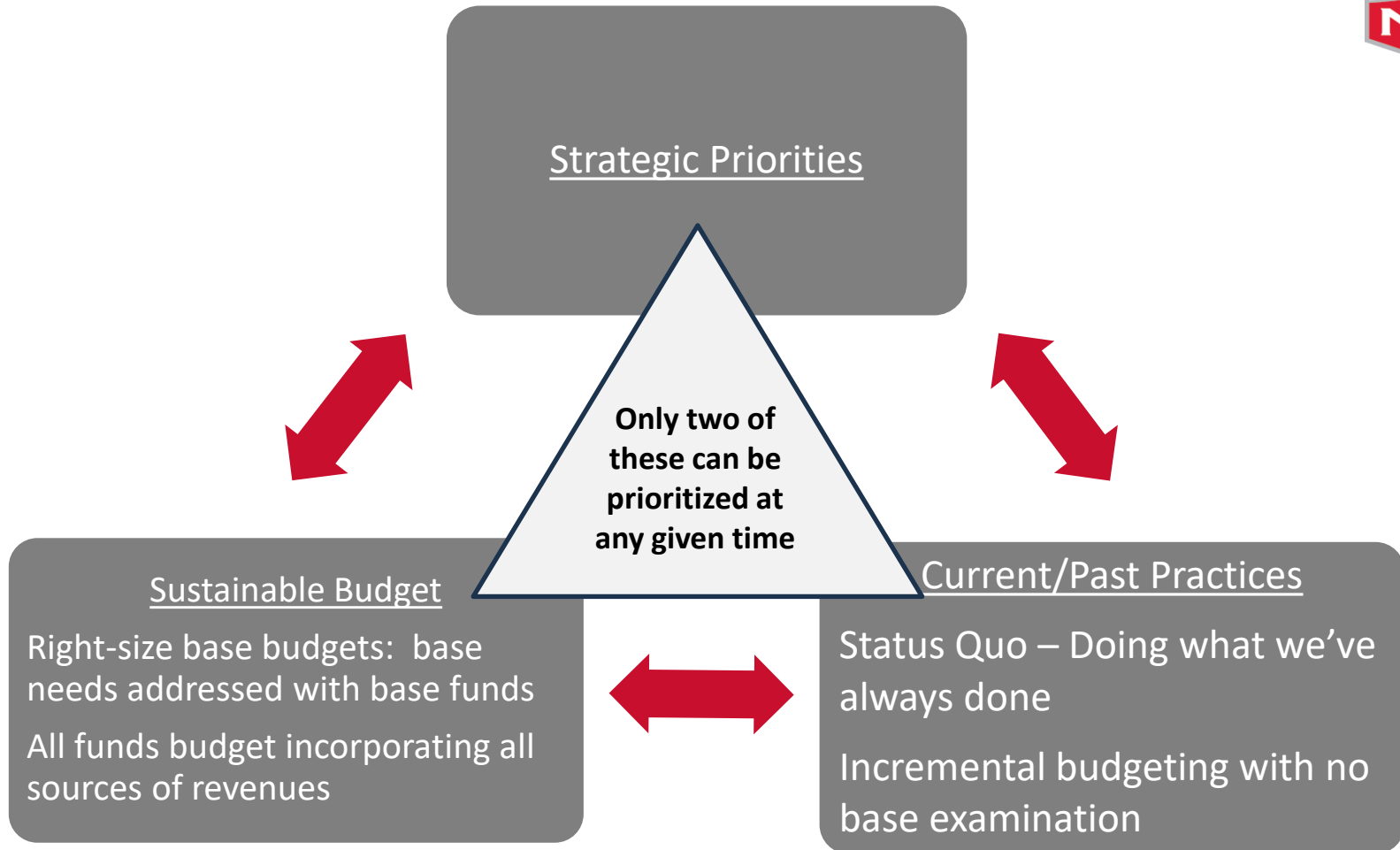
Zero Degrees of Freedom



No Stone Left Unturned

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Academically Responsive & Fiscally Responsible



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FY24 Revenue Budget

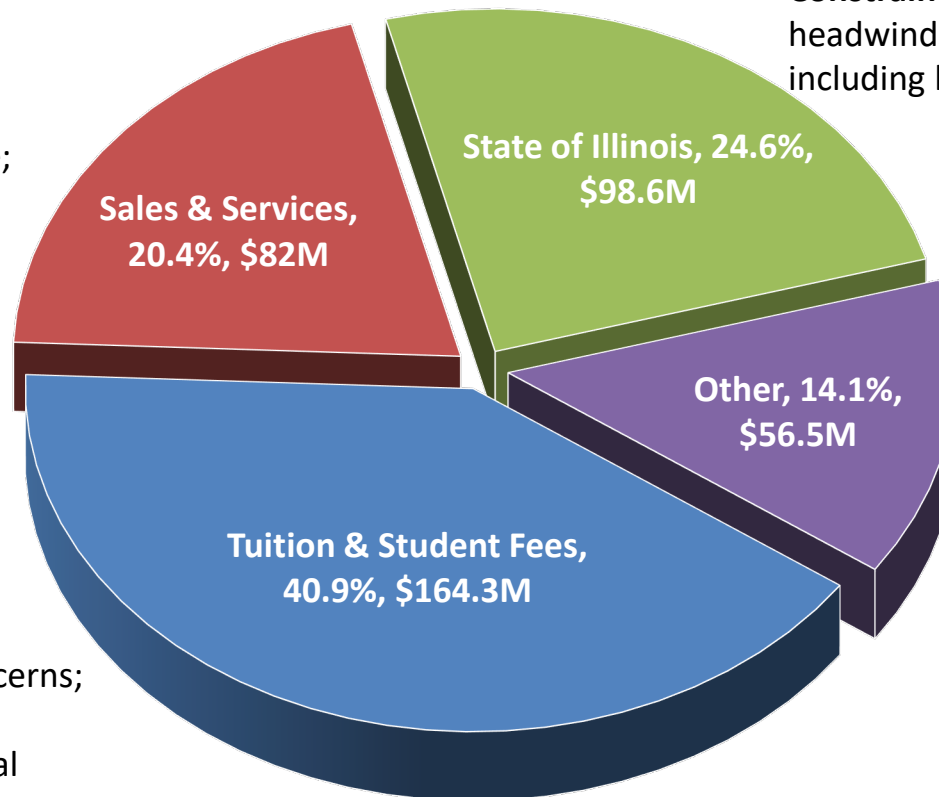


Sales & Services

Constraints: Affordability concerns; Market conditions; Aging/obsolete infrastructure; Public service mission

State of Illinois

Constraints: State revenues/Economic headwinds; Competing priorities including healthcare



Other

Constraints: Market conditions; Student population

Tuition & Student Fees

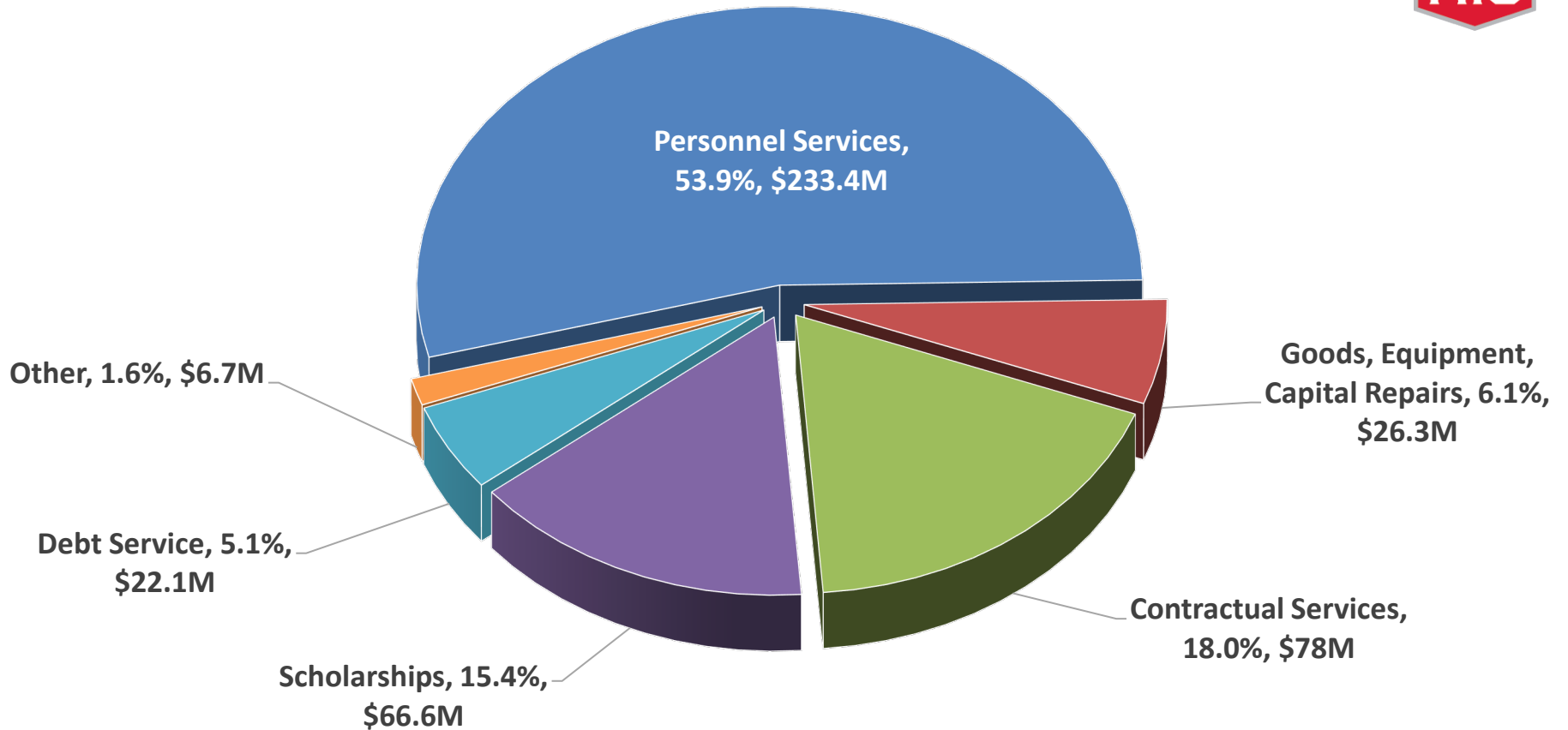
Constraints: Affordability concerns; "Truth-in-Tuition" policies; Demographic changes; Political pressure

Notes: Excludes sponsored research revenue (44 fund).

Total Revenue Budget:
\$401.4M

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FY24 Expense Budget



Notes: Excludes sponsored research revenue (44 fund).

Total Expense Budget:
\$433.2M

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Disinvestment by State of Illinois



FY 2015 State
Appropriation:
\$91.1 Million

Adjusted for Inflation



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?



FY24 Compared to FY15 (Inflation adjusted):	
Decline in State appropriations	\$22.4 million
Decline in tuition & fee Revenue	\$93.7 million
Increase in NIU commitment to scholarships	\$8.4 million
Total of items above:	\$124.5 million
FY24 budgeted deficit:	\$31.8 million

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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

Collaborative Strategic Decision Making



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!

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