



Northern Illinois University

Shared Leadership, Resource Development and Fiscal Responsibility

October 4, 2022
Monthly Leadership Meeting

AY2021-2 (FY22) University Goals



6. Resource Development & Fiscal Responsibility

After a difficult period over the past decade of declining resources, fiscal deficits and operational challenges, including the COVID pandemic, NIU is ready to begin a growth trajectory that reflects additional student success, expanded research impact and enhanced community partnerships and engagement.

Moving forward will require courageous leadership, organizational alignment and hard choices, as our fiscal model is rescaled to match public support and revenue available from tuition, fees and other sources.

AY2021-2 (FY22) University Goals



Goal 6A

- Continue to refine and implement a multi-year, comprehensive planning and budget process.
- Empower a cross-functional team(s) to develop a transparent, inclusive university budget planning process as part of shared leadership development.





**Northern Illinois
University**

**Recommendations of the Budget
Planning Working Group**

October 2022

BPWG Charge



Provide input and recommendations on a new planning process that:

- Focuses on the mission, vision, and values of the university
- Fosters and promotes shared leadership and accountability for decision-makers
- Accommodates multiyear planning
- Right sizes the budget and addresses the historical structural deficit
- Creates an environment for innovation and entrepreneurship around revenue generation

Membership: VP Blazey, Dean Brinkmann, VP Edghill-Walden

BPWG Timeline



- **November – Dec 2021:**
Research and data collection
- **Jan – Feb 2022:**
Initial and follow-up meetings with stakeholders
- **March – Aug 2022:**
Draft Report and Recommendations
- **Aug – Dec 2022:**
University discussion and multiyear goal development

Stakeholder Consensus Themes



- Encourage and incentivize innovation through revenue sharing
- Encourage initiation of new programs
- Encourage termination of poorly performing academic and administrative programs
- Examine and reduce impediments to process
- Enable full utilization and multi-year retention of funds
- Implement a timely budget process that supports hiring decisions and programmatic developments
- Increase staff salaries to market levels
- Familiarity with the financial and budget systems is low and education unavailable

Budget Model



At the highest level we recommend a multi-year budget model that equitably and predictably results in financial sustainability while providing incentives for innovation.



Two Main Components



- The **structural component** would fund the basic operations of the university aligned with mission, vision and value priorities.
 - Characterized by moderate change reflecting long term commitments.
 - With changes influenced by performance and assessment.
- The **innovation component** would promote innovation and programmatic evolution
 - Characterized by more rapid change.
 - Could be implemented through an innovation fund.
- Together the two components should ensure sustainability, stability and evolution.

Removing Impediments



- Clarity as to what is a state roadblock and what is an NIU-imposed roadblock to revenue generation
- Identifying and eliminating bureaucratic roadblocks to revenue generation.
- A thorough review and update with best practices and modern technology of finance and accounting processes and procedures.
- Creation of policies to support obligation of funds across budget years (aka. carry-over).



Energizing Innovation



- Develop a revenue sharing plan that incentivizes units, helps retire the deficit, and builds an investment pool.
- Solicit revenue generation ideas from the campus community.
- Provide evaluation and mentorship for promising ideas.
- Evaluate revenue generating programs on an annual and multi-year basis.



Annual Budget Review and Timeline



We recommend adoption of a multi-year (3-5 years) budget process in which planning for a fiscal year begins 12 months prior to the beginning of that fiscal year, and which includes open, iterative discussion during development.



Key Elements of the Review and Timeline



- Release of university goals, budget priorities, preliminary targets, equity rubrics, and templates
- Divisions submit annual budget templates and narratives as well as a three-year multi-year budget statement
- Division budget hearings (attended by president, divisional leadership, and shared governance leadership)
- Senior leadership discussions and feedback
- Budget revisions submitted based on feedback
- Final guidance released
- Divisions submit final budget sheets
- Submission for board approval
- Reconciliation with appropriations and other external impacts, if required.

} Iterative

Education, Reporting and Forecasting, and Managing Change



- To move this forward, the university needs to establish an education sequence to be offered both in person and online that
 - covers basic terminology and fundamental budgetary concepts and processes and
 - outlines the NIU budget process, timeline, and expectations.
- Financial information and status should be easily available to the entire university community and useful for making decisions. We need better models, dashboards and forecasts.
- Leadership needs to manage change in an environment that will be challenging. Clear communication strategies need to be in place.



Summary- Broad Recommendations



- BPWG recommends an equitable, multi-year budget model and process addressing the financial realities facing the institution and capable of adjusting to future conditions and opportunities.
- The model
 - is responsive to consistent feedback from university stakeholders
 - provides support for the core functions and to incentivize innovation
 - rests on innovative revenue generation, deficit reduction, and operational support
 - must include processes and activities that serve as infrastructure to support its operation.

Summary- Specific Recommendations



The BPWG recommends that NIU

- set a university goal for enhanced **net** revenue generation- and suggest a specific goal of \$2-4 million dollars annually.
- target elimination of \$10 million in costs with the understanding that the goal may be modified if net revenue generation initiatives have sufficient success



Leadership Response to BPWG (High-Level)



BPWG Recommendations Are Consistent with National Trends & Expert Insights



- The price tags of urgent strategic priorities are growing, as colleges and universities strive to differentiate and meet student expectations in the post-pandemic “next normal”.
- Institutions are redesigning budget models in response to current pressures, as well as to reorient institutional decision making and build resilience.
- There is widespread interest in redesign opportunities that generate funds for strategic investment from within.
- All budget models require strong executive leadership and direction to be successful, as well as sufficient IT and data capabilities.

BPWG Recommendations Are Responsive to the Charge & Accepted for Further Action



- ✓ Budget Planning Process- Equitable, Iterative, Multiyear, and Aligned with Mission, Vision and Values
- ✓ Separate Structural Budget and Innovation Fund
- ✓ Need for Revenue Generation, Expense Reduction, Reallocation of Existing Resources
- ✓ Need to Incentivize Units (through “Gainsharing”)
- ✓ Education, Reporting/Forecasting, Change Management = Means to Increased Transparency and Accountability
- ✓ Need to Remove Impediments/Strengthen Infrastructure

This fiscal year, we will



- Address essential needs for staffing and expertise
- Repeat the innovation funding opportunity
- Develop and pilot a gainsharing strategy
- Integrate the BPWG recommendations with annual and multiyear university goals

