

Financial Sustainability Planning Document Summer 2022

Overview

Recently, President Huang commented on the significance of developing a financial sustainability plan for our institution: "When I became WIU's president in January 2021, I shared that one of my many priorities is financial sustainability. We continue to advocate for increased state support so that we can continue a positive trajectory for Western Illinois University. This, along with growing our enrollment and retention, will put us on track to a more financially sustainable future. Long-term financial stability, year-over-year margins, and the ultimate goal of financial viability and prosperity are the hallmarks of a successful institution, and what WIU strives to accomplish."

To prioritize financial sustainability for Western Illinois University, the President has formed a Financial Sustainability Committee. The committee's membership is:

Amber Schultz, Vice President of Enrollment Management
Angela Bonifas, Director of Institutional Research and Planning
Billy Clow, Dean of the College of Fine Arts and Communications
Ketra Roselieb, Executive Director of Financial Affairs
Mark Mossman, Associate Provost and Associate Vice President of Academic Affairs
Renee Georges, University Budget Officer
Russ Morgan, Associate Provost and Associate Vice President of Academic Affairs
Shannon Sutton, Interim Vice President for Finance and Administration; Chair of the Committee
Manoochehr Zoghi, Provost and Vice President of Academic Affairs

This committee will develop a bold plan and timeline that works toward the goal of long-term financial sustainability.

Specific Charge and Timeline

In August 2021, after the successful visit of the HLC Evaluation Team, and after a careful consideration of that team's recommendations regarding the University's financials, President Huang charged the group above with the development and implementation of a plan that will ensure the institution's financial well-being. Specific elements of this charge include the following:

- Identify additional metrics that measure financial sustainability
- Create goals within these metrics that will allow the institution to make progress towards financial sustainability
- Report with regularity to the President, Senior Leadership, and the University community on progress, new or adjusted metrics, and other aspects of financial sustainability

The timeline for this work will be as follows:

- By July 1, 2022: Initial Plan completed and posted on the Assessment, Accreditation, and Strategic Planning website, under the Integrated Parallel Plans heading;

- By August 1, 2022: Financial Aid Optimization group produces and posts a planning document;
- By September 1, 2022: Per direction of the Initial Plan, Focus Groups formed to review and develop financial sustainability planning; these groups work with the defined institutional budget priorities (listed below) in mind;
- By March 1, 2023: implementation of policy changes underway and President Huang reports activities to the BOT.

Larger Commitments, Key Objectives, Reformed Budget Model, and the Definition of Financial Sustainability

The commitments driving this work include:

- A commitment to student success
- A commitment to understand stewardship and the larger social justice implications of this work
- A commitment to transparency and collaboration
- A commitment to use research, scholarship, peer institution and student data, and Western's mission, vision, and core values as the basis for analysis and decisions included in this work
- A commitment to create a fiscal culture that, through its sustainability, leads to a flourishing and thriving university in the decades ahead

The key objective of this plan, which is linked to the larger revised strategic plan, *Higher Values in Higher Education (HVHE)*, is to address numerous institution-wide fiscal issues and then provide ways to proactively meet the challenging fiscal environment within which the University now operates. Within the last decade this environment has included enrollment fluctuations, a state budget impasse, unfunded mandates, reduced state appropriation, a global pandemic, and other extraneous factors. Although the University has successfully stabilized its current financial position, significant enrollment loss coupled with the structural deficits that resulted from the 2015-2017 Illinois state budget crisis requires us to address the long-term financial sustainability of the institution's budget models. In proactively engaging financial sustainability, we will move towards the exciting future we envision for our Western campuses.

To create an environment of financial sustainability, we will first begin a process that leads to larger budget reform at Western. A reformed budgeting model will help achieve success. This new, multi-year planning and budgeting model will address:

- A resource allocation formula aligned with the strategic plan
- A clear forecast and plan for each budget cycle
- An enhanced ability to adapt to fluctuations in revenue sources
- A meaningful way to identify and find growth, investments, and funding, while building towards regular central reserve contributions
- Increased accountability in budgeting by individual units
- Emphasis on and comprehensive understanding of the student/faculty ratio and student/staff ratio in each unit of the institution

Finally, we will note that financial sustainability will be defined by evidence provided by key metrics and indicators, such as an increase in net tuition revenue, a balanced all funds budget, optimized financial aid, a decrease in student indebtedness, successful time-to-degree rates, an increase in new sources of revenue, a growth in cash on hand, as well as an analysis of institutional debt capacity, discount rates, identified financial gaps for students, and other similar metrics.

Long-Term Planning, Organization, and Implementation

The implementation of this plan will allow Western to move closer to financial sustainability. The development and early implementation of this plan will be tied directly to the parameters of the current strategic plan, will be reviewed at the expiration point of that strategic plan in 2027, and will be incorporated into the next university-level strategic planning document.

This work will be organized around the following key areas:

- **Budget Modeling.** The development of a multi-year planning and budgeting model.
- **Student/Faculty Ratio.** The goal is to have an overall ratio of 17:1. Our current ratio (Fall 2021) is 13:1 (student FTE = 6,068 and faculty FTE = 459). As such, our targets will be as follows:
 - Fall 2024, 15:1
 - Fall 2026, 16:1
 - Fall 2027, 17:1 (student FTE = 7,326 and faculty FTE = 430)

In order to achieve a 17:1 ratio by 2027, these targets will be adjusted as objectives, practices, and protocols are assessed annually.

- **Enrollment and Retention.** The goal is to have a 3% increase in new undergraduate and graduate students, transfer students, and international students every year until 2027. Likewise, the goal is to have a 1% annual increase in student retention in the next five years.
- **Increase Revenue Generation.** The institution will consider every option that will lead to an increase in revenue across the institution, including an analysis of the student cost guarantee, percentage increases in fees, tuition, and auxiliary services.
- **Expense Evaluation.** To be financially sustainable, we must have institutional expenses in line with income on an annual basis, with long term planning and investment in mind. The campus will consider measures that will lead to operational efficiencies within expenses at Western and a balanced all funds budget.
- **Hiring Strategy.** The institution will develop a comprehensive hiring strategy that aligns with the institutional budgeting priorities.

The implementation of this plan will involve the ecosystem of the entire institution. Again, a central commitment in this work is to be transparent and inclusive. As such, we will organize the work through all of the organizational areas of the institution, which include:

- Academic Affairs
- Enrollment Management
- Finance and Administration
- Advancement and Alumni Relations

- Student Success
- Quad Cities Campus Operations
- Intercollegiate Athletics
- University Communications, Marketing, and Media Relations

Institutional Funding Priorities

In the opening sentence of his 2019 book, *How University Budgets Work*, Dean O. Smith asserts that, “As planets revolve around the sun, universities revolve around budget” (vii).

This is true for Western Illinois University, and as our institution evolves into the future we must center future planning around achieving long-term financial sustainability.

As such, we must focus our attention on a clear identification of institutional funding priorities and an alignment of those priorities with the student-centered outcomes listed in our revised strategic plan (*Higher Values in Higher Education, 2017-2027*). According to these outcomes, students will:

- Develop problem-solving skills and engage in transformative learning experiences;
- Acquire significant content knowledge, various disciplinary skill sets, and engrained professional behaviors that lead to success;
- Practice professional integrity and ethical decision making;
- Celebrate diversity, equity, inclusion, and anti-racism.

In order to identify the priorities in a transparent manner, during the next 24-36 months the following working groups will be constituted. Each of the groups below will identify priorities for its area and, simultaneously, provide a rationale for these priorities that is linked directly to the revised HVHE strategic plan. The groups are:

- Working Group for Academic Affairs
- Working Group for Enrollment Management
- Working Group for Finance and Administration
- Working Group for Advancement and Alumni Relations
- Working Group for Student Success
- Working Group for Quad Cities Campus Operations
- Working Group for Intercollegiate Athletics
- Working Group for University Communications, Marketing, and Media Relations

As we move forward in this process, our belief is that a sustainable budget model will emerge through the activities and reporting of the working groups identified above.

This new model will allow us to accomplish the following goals:

- Increasing cash reserves
- Forecasting and planning for each budget cycle

- Allocating of resources so that the allocation aligns with the mission of our educational institution
- Reducing expenses
- Clarifying each piece and part of the budget for the Western community
- Increasing total annual revenue

This new model will also allow us to better define and accomplish our institution-wide budget priorities, which are:

- A 17:1 student/faculty ratio by 2027;
- An investment in first-year programming in order to increase freshmen fall-to-fall retention;
- An investment in the development, management, and marketing of online programs;
- A long-term investment in institutional distinctiveness;
- A commitment to cost savings.

Conclusion

In our University's Vision Statement, we boldly declare the following: "Western Illinois University aims to be the leading public regional university in providing educational quality, opportunity, and affordability." One of the ways to realize this vision is for the institution to achieve financial sustainability. The development of this plan and its initial implementation is the first step in a process that will lead to this achievement.