

# Northwestern

ILLINOIS UNIVERSITY

## State of the University Address

President Sharon K. Hahs  
September 24, 2015



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Thank you, Chair Howenstein. Thanks to you and to all members of the Faculty Senate for the invitation to speak to the University community and for your leadership.

Good afternoon Northeastern!—and welcome to the State of the University Address. And a special greeting to everyone who is viewing this from CCICS, El Centro, and CCAS.

### Appreciation

As we begin this afternoon, I would like to take a moment to express our appreciation for contributions to the life of the University as reflected in a variety of representative groups. As you are acknowledged, I would ask that you please stand.

Newly Promoted and Tenured Faculty

The Bernard Brommel Research Award, Emina Stojkovic, and  
The Audrey Reynolds Distinguished Teaching Award recipient, Cynthia Moran

Excellence Award Recipients—Teaching Professionals, Instructors, and Academic Support Professionals

Employee Excellence Awards Recipients

University Planning and Budget Council of 2014-15, for your guidance and leadership for the Refresh of the Strategic Plan and the budget process.

All members of the Strategic Planning Steering Committee and the Planning Team, for your execution of the planning process.

Marketing and PR team, led by Mark LaCien, for the development of our new recruitment video and other materials.

Natalie Brouwer Potts, Director of Affirmative Action, Equal Employment, and Ethics, for the development of our official Affirmative Action Plan, an important part of our compliance.

The Purchasing-Card Implementation Team, for the pilot implementation of P-cards.

And now, as is our tradition, I would like to recognize the members of the University who have served Northeastern for more than 20 years, and have you stand and remain standing. Next I would like to ask everyone who has served Northeastern for 11-20 years to stand and remain standing; next, those who have served 6-10 years; and 1-5 years; and those in your first year. All of you are to be commended for your good service in these challenging times.

We thank you ALL for your contributions!

## Opening

This year, as we gather to consider the state of the University, I want to share sample marketing pieces we have developed to enhance our branding and reputation and strengthen our recruitment work. Let's begin with aerial views of the Caruthers Center (our Frank Lloyd Wright historic building), our new El Centro, and our Main Campus. Take a look.

We are always proud of our programs—including those at CCAS and the University Center of Lake County—it's nice to pause to be proud of our interesting and beautiful physical locations as well.

So, what is the state of the University? How are we doing? Are we making progress? What is our future? This year, I am acutely aware that the absence of a state budget and questions of how this is impacting our University are uppermost in everyone's mind. I will do my best to address these concerns through my remarks as well as my responses to your questions at the end. Notwithstanding the absence of a state appropriation for FY2016, the answers to how are we doing, and what is our future, are based on Northeastern's Strategic Plan—our Mission, Vision, Values, and Goals. Additionally, each Goal has a series of Action Steps; specific activities are selected each year based on the Action Steps. Collectively, these activities are called the Annual Work Plan.

In fall of 2014, the University initiated a process to refresh the 2008 Strategic Plan. It was led by a 15-member Steering Committee of UPBC members and senior leadership, and co-chaired by Dr. Marcelo Sztainberg, UPBC Chair, and myself. The Planning Team of 39 was developed from nominations of faculty, staff and students. Review and recommendations began on University Day, October 9, and continued through December. At each step, input, including electronic input, was sought from the entire University community. The polished draft was reviewed in open sessions on the Main Campus, El Centro and CCICS in mid-December. The UPBC endorsed the new plan on January 9, 2015; I approved it the same day. The Board of Trustees gave its endorsement on February 5, 2015. The Plan in its entirety can be found on the Strategic Planning webpage. The University thanks the members of the University Planning and Budget Council, the Strategic Planning Steering Committee, and the Strategic Planning Team for your service to the University and its future.

Progress in implementing our Strategic Plan (now the 2015 Plan) is demonstrated in two ways. First, are we doing what we say we are going to do? (Do we walk the talk?) These are the annual Work Plans and their Results. Both the Results of the FY2015 Work Plan and the new activities selected for the coming year, the FY2016 Work Plan, are posted on the Strategic Planning webpage, to be found under the "About" section or by using the search function.

The second way of demonstrating progress on our Strategic Plan is the Key Performance Indicators, or KPIs. These are specific quantitative outcome measures for each of the six Strategic Goals. The six Goals are Student Success, Academic Excellence and Innovation, Urban Leadership, Exemplary Faculty and Staff, Enhanced University Operations, and Fiscal Strength. The KPIs are updated annually and are posted on the Strategic Planning webpage as well as on the Institutional Research webpage. They help to answer, "Are we making progress on our Goals?" Like the Plan itself, they guide decisions that are strategic rather than based on daily operations, and they promote campus alignment.

Today, I won't try to cover all of these items, so I encourage you to check the Strategic Planning webpage for the full array of things we accomplished last year, things we have planned for this year, and the progress we have made on accomplishing our Goals.

## Important Trends

Each year we take a quick look at four graphs for you to see our progress in student enrollments. Last year, I added a fifth graph to broaden our understanding. While official enrollments for Fall 2015 are not yet available, here is the unofficial data:

*Graph 1, Undergraduate Enrollment and Credit Hours:* Enrollments have continued their downward trend, although the rate is slowing. We must continue to work hard to understand and act on this trend. This graph is, of course, the sum of recruiting new students and the retention of current students. Thus, it reflects our overall fiscal health.

*Graph 2, Graduate Enrollment and Credit Hours:* The trend leveled off last year but has made a slight dip this year. We need to stay focused on this.

*Graph 3, New Freshman and New Transfer Enrollments:* New transfer student enrollments are up slightly, a good sign. New freshman enrollments are still trending downward but modestly. And, while not on the graph, our new re-admit students have increased since last year. We must re-double our recruitment efforts and expand our marketing work.

*Graph 4, Degrees Conferred:* This measure is lower than previous years, likely due to the lower retention rates of a few years ago. Retention should remain a key concern and priority.

*Graph 5, Fall to Fall retention of new freshmen:* There is a modest increase here, the first time in several years. It is another good sign. First to second year retention is a reflection (not a measure) of overall retention. We have critical work to do here.

In addition to the graphs, we have seen increases in College of Business and Management enrollments, and El Centro enrollments. Thanks to a focused marketing campaign, summer enrollments were level with last year's after several years of decreases. So we are narrowing the gaps, although the enrollment declines continue to be a cause for concern.

Last year we took a careful look at the factors affecting the decline in new students—the economy, the shrinking high school demographic, the national concern over the cost and value of a college education. In short, there is increased competition for the same students, with no significant relief in sight. This means that we must increase our market share just to stay even. We can't allow others to out-compete us. We are working to expand our marketing initiatives.

Beyond this, we must focus even more on retention to produce an even greater impact and fulfill our mission. Working together, we continue to address this, and I call on everyone to help. Here are some examples of how we are doing this:

-New reports, data, tools and information are being used to inform our decisions.

-With leadership from the Faculty Council on Academic Affairs and support from Institutional Research, the University re-designed admissions requirements and connected students with academic support programs, including the new Wentworth Scholars program.

-We increased staffing for recruiters and transfer enrollment specialists (a UPBC recommendation).

-New initiatives such as the summer Emerge program are supporting student success. Emerge is a summer intensive program for new students who place into developmental English or math. They are brought to campus during the summer, given intensive instruction and retested with hopes of moving them into college level English or math. The students from the first year of the program, summer 2014, were retained into Fall 2015 at a significantly higher percentage than our overall average of 61% for first to second year students. For those who took either math or English, 69% were retained; for those who took both math and English, the retention rate was 77%. These are excellent results.

-Our increased grant activity is meeting with success that supports many aspects of student learning, faculty development, recruitment and retention. Two quick examples:

CCAS was awarded a National Science Foundation grant of nearly a million dollars, to work with University of Illinois at Chicago's Psychology Department, the Chicago Public Library and the Museum of Science and Industry to develop an instructional protocol to better elicit students' computational thinking skills in formal and informal learning spaces.

Northeastern Illinois University, the University of Illinois at Chicago and Northwestern's Robert H. Lurie Comprehensive Cancer Center and the Feinberg School of Medicine joined forces to build on our deep connections and our respective cancer health equity research, training, education and community outreach efforts to build an application for the National Cancer Institute U54 funding mechanism to create a "Chicago Collaborative Center to Promote Cancer Health Equity." This is a \$20 million highly competitive grant that will focus on reducing cancer burden in low-income and minority Chicago communities through meaningful scientific discovery, education, training, and outreach.

As an aside, we have almost daily good news of funded grants and other accomplishments. I encourage you to check our weekly Noteworthy at Northeastern feature from Public Relations.

-The Bachelor of Science in Environmental Science, the Master of Arts in Community and Teacher Leaders, and the Masters of Social Work have been approved by the Illinois Board of Higher Education.

-And we will open our first residence hall for fall 2016.

We must also continue to be vigilant, assuring that we have the best combination of course sections in an era of fewer offerings; that we coordinate services; that we continue to have excellent teaching that includes new content and the latest approaches; that our requirements are clear; and that we have helpful, positive, effective interactions to assist all students on their paths to success.

As we look to the future, we must emphasize excellence with innovation. We will need to evolve our curriculum by replacement, and be creative in all aspects of the University. A faculty member recently sent me a news clip that Texas State University has developed a partnership with Modern States Education Alliance to allow prospective students, especially adult students, to take online courses for free, demonstrate mastery through CLEP or AP exams, and earn college credits toward the Freshman year. I mention it simply as an example.

We will be asked to innovate, re-structure, re-invent, create, even as we work to assure our long-term health.

And we must protect our reputation. The University's Insurance Broker and the Risk Management Society recently conducted a national survey in which higher education leaders identified injury to the University brand or reputation as the second greatest risk, after economic conditions. Let us proactively protect, guard, and enhance our reputation.

I encourage everyone's attention to all of these efforts and ideas.

## **Fiscal Matters**

Let me turn to fiscal matters. We continue to live in challenging times. The development of our budgets and the stewardship of our resources need greater and greater care and attention every year. We work with the University Planning and Budget Council to match priorities and funding; their work is reflected in the Operating and Request budgets we develop each year.

Obviously, the budget process did not occur in the usual manner this year. The spring began with the Governor proposing a 31.5% cut in the appropriations for the State Universities. We conducted a University-wide process to establish our preliminary FY2016 budget. While we did not anticipate that this would be the final figure, we set about working towards a cut of 15-20% in preparation for whatever was to come. We held an Open Budget Forum on March 3, outlining the role of the UPBC, the tentative budget cut assignments for each Vice Presidential area (primarily proportional with a small decrease for Academic Affairs), and a review by the UPBC in late spring. Each area conducted its own process and all the Vice Presidents hosted brown bag discussions across the University.

At the same time, the Vice Presidents, the Budget Director, the UPBC Chair and I met weekly to analyze and discuss our findings. The Provost held a Town Hall on April 21 to present the potential cuts, including instruction, in Academic Affairs. The weekly meetings continued and the budget reductions were categorized into four groups: cuts to non-personnel expenses (such as equipment and commodities); cuts to vacant non-instructional positions; cuts to filled non-instructional positions, and cuts to instruction. An additional Budget Update meeting was held on May 6 at the request of the Faculty Senate. The Vice Presidents presented their recommendations to UPBC on May 8. With no state appropriation yet, the Council forwarded the information to me without recommendation. In late spring the Legislature developed and forwarded to the Governor a budget that included an 8.6% reduction from the original FY2015 appropriation. The preliminary FY2016 budget presented to and approved by the Board of Trustees at its June meeting contained cuts in the first three categories with no cuts to instruction. The process took several months. Altogether, over 60 positions were eliminated; 40 of those were vacant. Some individuals whose positions were eliminated were able to fill other vacant positions that were not being eliminated. In the end, there were a dozen individuals who were laid off, with just over half being Civil Service staff, and the remainder A and P staff. This was a complex, painful and difficult task. I want to acknowledge the hard and sensitive work of HR and all offices that received new members and everyone who was required to make a change. Thank you all.

The Governor vetoed the budget, as we all know. At this point we still lack an appropriation and have no indication of when we will have one or what it will be. Over the course of the summer, much of the overall state budget (90%) has begun to be paid out as the result of various consent decrees. Beyond the reach of this de facto budget are a few human service agencies, lottery winners who won over \$25,000, and—remarkably—public universities.

The presidents of all the public universities work together through weekly conference calls—we have done so since July. We have strong networks of our Chief Financial Officers and Budget Directors, our Government Relations people, our General Counsels, and our Chief Academic Officers. Recently, we all agreed to front the MAP funding for our students, pending the MAP appropriation. Last week, we agreed to request a meeting with the Governor, having met with his staff and the legislative leadership previously. We continue to examine ways to put pressure on Springfield to act. I will keep you informed.

Last Thursday our Board of Trustees adopted a resolution which we have conveyed to Springfield—the Governor, the Speaker, the Senate president, and the minority leaders. It reads as follows:

### RESOLUTION of the NORTHEASTERN ILLINOIS UNIVERSITY BOARD OF TRUSTEES

Whereas, the Board of Trustees of Northeastern Illinois University expresses its concern that the State of Illinois has not appropriated a fiscal year 2016 budget; and

Whereas, the Board wishes to express its deep concern for our students and for the future of the state;

Now therefore be it resolved that the Board of Trustees of Northeastern Illinois University encourages an adequate and timely solution to the budget crisis that reflects an appropriation to support a quality education for the students of Northeastern Illinois University.

Approved and adopted by the President and Board of Trustees of Northeastern Illinois University this 17th day of September, 2015.

The Operating and Capital Request Budgets for FY2017 were presented to the Board of Trustees last Thursday. All of these budgets are provided on the Board of Trustees webpage. The Request Budgets are simply an exercise with a due date to the IBHE. In recent years they have had essentially no impact on the final appropriations for their given year.

The preliminary FY2016 operating budget will stand until we receive an appropriation. At that time, we will make adjustments and submit the revised, final operating budget to the Board of Trustees for approval. A quick look at the current budget:

For FY2016, in terms of revenue, our state appropriation *assumption* is \$ 34.5 million, a decrease of 8.6% or just over \$3.2 million. The Income Fund projection, \$56.1 million, is based on level enrollment. With careful planning, the budget is stable for now, even with an enrollment shortfall. No further action will be taken to do any further budget adjustments until the appropriation is received. The Spending Plan includes salary obligations, and a limited number of UPBC priorities. Many decisions are on hold.

For the fifth consecutive year, we have accommodated the delay in receiving our state appropriation. At the beginning of this fiscal year, July 1, the state still owed Northeastern over \$7.3 million (20%) from last fiscal year. The full amount was received last week. Our ability to manage this is based on our careful use of tuition dollars and our ability to borrow from our reserve funds until the state funds are received.

As state support effectively dwindles and we are presented with more and more operational challenges, we must take steps to become ever more self-sufficient—increase our marketing and recruitment efforts for enrollment growth, strengthen retention efforts, build institutional financial aid for our neediest students, continue with limited increases in tuition for incoming students, seek grant funding for appropriate projects, and raise additional private funds for student scholarships and other strategic initiatives. In order for Northeastern to cope in this difficult climate and economy, we must proactively build our financial security.

## **Moving Forward**

Let me now turn to some of the things we are doing to move forward.

### New Strategic Planning Development Fund

Last Thursday, our Board approved the Strategic Planning Development Fund as an additional mechanism for managing our end of year funds. As you know, Legislative Audit Commission (LAC) guidelines dictate that remaining funds at the end of a fiscal year must be placed in the Income Fund and become unrestricted net assets (reserves) to be used only for equipment replacement, extraordinary maintenance, and developmental and similar purposes, with Board approval for each major project; examples include land acquisition for our new El Centro, the utility upgrade for the Education building, and the detention basin expansion for the residence hall. These funds cannot be used for operating, or recurring, costs including salaries.

When I came to Northeastern in 2007, we had minimal reserve funds. The Vice President for Finance and Administration at that time, Mark Wilcockson, and I set about developing a plan to grow the reserves to meet the Higher Learning Commission Composite Financial Ratio guidelines to be able to “direct resources for institutional transformation.” Over the next few years, with enrollment growth, the funds reached an acceptable level. We began to make plans for the future. Then, as enrollment slowed we still had positive balances at the end of each year. This has been due to a variety of factors—the enrollment mix, given the tuition guarantee program with six different tuition rates; technology and facilities projects that are deferred or cancelled; and salary funds accrued during position vacancies until new staff are hired.

So, for about the last 18 months Vice President Pierick and his team have examined possibilities to add flexibility to our use of funds, with particular concern for the reserves. After a great deal of work and information gathering, we proposed the Strategic Planning Development Fund. The purposes are fostering growth, University improvements, and projects established as priorities by the UPBC. At the close of each fiscal year, the Board determines what portion of the positive balance is placed into the reserves and into the Strategic Planning Development Fund. The President is authorized to use the funds as defined, with a yearly report to the Trustees. We have a new tool and I commend the team for its good work.

For the current year, the unaudited positive balance is \$1.9 million; the Board approved the placement of \$750,000 into the fund for this year.



## Shared Governance

Our 2015 Strategic Plan has an Action Step, 4.6, which reads, “Develop an effective application of shared governance at Northeastern.” This is especially timely given some of the concerns and difficulties with respect to shared governance we experienced last year.

In our June memorandum entitled Moving Forward Together, the Provost and I spoke of a variety of ways we might address this Action Step. Accordingly, we hosted a number of coffees in late summer with the leadership of our shared governance groups—UPBC, UAC, Faculty Senate, Faculty Councils, A and P Council, Civil Service Council, SGA, plus representative academic leaders such as deans, assistant/associate provosts, and chairs. Some themes emerged around developing a common understanding of what is shared governance; strengthening communication; reviewing and enhancing our current structure as well as a common understanding of the process to address concerns and make decisions; giving others the benefit of doubt; and the concept of a leadership summit to more fully develop these ideas and approaches. And, as we indicated in that same message, we are looking forward to working with the Faculty Senate on dialogues, and with the UAC in whatever way that Council might wish.

## The Decade of Dreams

The main campus Facilities Master Plan, “The Decade of Dreams,” was unveiled two years ago. It was designed to reflect the various projects and needs identified in Northeastern’s capital requests and other documents.

The Education Building has been progressing. Here are renderings of the south and west sides of the building! It is funded through a state appropriation to the Capital Development Board (CDB). Smithgroup/JJR Architectural is designing the building. Preliminary Construction documents have been forwarded to the CDB; however, approval will not be forthcoming at this time. All capital projects have been put on hold by the Governor until the state has a budget.

While we hoped to open the Education building in fall of 2017 or spring of 2018, coinciding with Northeastern’s sesquicentennial year, this is not assured.

You may recall that a utility infrastructure expansion is needed to support the Education building and all future buildings on the south end of the Main campus. Construction bids have been approved and the work will begin soon. While the Education building is funded through the CDB appropriation, the cost of the infrastructure expansion must be covered by the University. We will use reserve funds, as is appropriate for one-time costs that support long-term needs for the University.

The expansion of the Pedroso Center to include the Women’s and LGBTQA Resource Centers, is nearly complete. Here is a rendering. The original completion date, prior to the fall semester, had to be extended due to the massive amounts of rain in June when foundation work would have been done. We will celebrate soon.

Our first student residence hall, The Nest (a reference to the Golden Eagles), is on schedule to be completed for Fall 2016 move in! It is literally rising before our eyes—here is our rendering. The hall is located south of the Parking Garage (where you can get an excellent view of the progress). The groundbreaking took place on May 14. The addition of an affordable, supportive living and learning environment close to academic programs and student services will greatly enhance our ability to recruit and retain students. Northeastern is the last public university in Illinois to add a student housing program; we are at a competitive disadvantage without it. We will leverage our Chicago location and our transformative educational experience to attract students from across the region and around the globe. Student housing complements our excellent academic experience, fosters a greater sense of community for all our students, and improves retention. It will also support growth and economic vitality for the University and for the area as a whole.

We were also pleased to complete renovations for two science labs, open the El Centro Welcome Center, and complete the new roof and upper masonry façade repairs for Library. The PE Complex roof is on hold since it is a CDB funded project.

## Transforming Lives: The Campaign for Northeastern Illinois University

Northeastern has launched our first comprehensive fund-raising campaign in the University’s history with goal to raise \$10 million over five years in cash, pledges and planned gifts. Called *Transforming Lives: The Campaign for Northeastern Illinois University*, it is student-focused and will span calendar years 2014 through 2018. We are currently in what is called the quiet phase, or the advance phase to acquire the nucleus fund, the largest gifts. The public phase typically commences when 50-60% of goal has been reached. To date we have met about 45% of our goal. This includes our first charitable remainder trust and our largest single gift of \$1 million in our history.

The campaign process began nearly two years ago with our Development Council working together to identify potential projects and programs to include in the campaign. This was followed by training in February 2014 for Foundation Board Members, Institutional Advancement development staff and the Council. The case for support was drafted, reviewed by some of our donors, and revised accordingly, resulting in a donor driven campaign. There are two broad initiatives:

## I. Creating Extraordinary Scholarship Support (\$6-8 million)

We hope to double the number of scholarships, most of which are endowed, to 240, to include internships, mentoring, study abroad, student travel and research, co-curricular opportunities, and student housing scholarships. The initiative includes a wide variety of support to assist students in completing their academic goals.

## II. Creating Exceptional Learning Environments (\$2-4 million)

Learning environments includes physical and programmatic support. It can include naming opportunities, e.g., the new education building, the residence hall, and the community-based centers. It can include direct support for the Library, the Center for Academic Writing, or the Student Center for Science Engagement, research grants for faculty and students, lectureships, and college specific funds to support the goals and vision of deans and their faculties. This initiative is very broad, encompassing all manner of access to a transformative educational experience.

While our first campaign is a modest one, it sets the foundation for future campaigns of greater magnitude. We are taking a significant step toward greater financial security.

## Closing

So, what is the state of the University? Our foundation is strong, we have many good things in place and many committed and talented faculty and staff. I remain optimistic for the future. But we have a significant damper—the lack of state appropriation—that creates a dark cloud over the University. It is extraordinarily hard to deal with what is unknown and beyond our control. This is a hinge time in history, for our nation, our state, and our university—we are living it. Let us work to turn this crisis into a challenge to be met.

Let us focus on what we can do, to come together to fulfill our Mission. Each of us has a role and each of us should execute that role to the best of our ability. Let us focus on the future even as we struggle with the present. Let us remain anchored in our Mission and Vision:

Mission:

*Northeastern Illinois University, as a public comprehensive university with locations throughout Chicago, provides an exceptional environment for learning, teaching, and scholarship. We prepare a diverse community of students for leadership and service in our region and in a dynamic multicultural world.*

Vision:

*Northeastern Illinois University will be a leader among metropolitan universities, known for its dedication to its urban mission, for the quality of its programs, for the success of its graduates, and for the diversity of its learning environment.*

Moving forward will require continued commitment—not just to the University—its Mission and Vision—but to our Northeastern Illinois community which binds us all together.

I began today with videos that view the University from above. I will close with one—a clip from our new recruitment video—that views the University from the heart.

I believe and I have often said that Northeastern is a special place. This video reflects beautifully why we serve. It is my heartfelt belief that we will persevere, we will find our way through this, we will do it for our students. While we can't see very much of the path ahead, the clouds will clear.

I thank you for your good work on behalf of our students, our University and the future.

