

## **VI Financial Resources Goal**

***Maximize Illinois Wesleyan's financial base and focus the use of financial resources on supporting strategic goals.***

### **STRATEGY A: MANAGING TUITION AND FINANCIAL AID**

**Design tuition and financial aid policies that permit us to generate needed revenues, to be accessible for qualified applicants, and to recruit a strong and diverse student body.**

#### **Background:**

The offices of Enrollment Management and Financial Aid continue to assist the University in designing and implementing effective tuition and financial aid policies that align with the University goals for desired enrollment. Recruiting a highly qualified student body with declining high school enrollments and increased competition from other colleges in our primary and secondary markets will continue to provide challenges in enrolling an entering class with racial and geographic diversity, balance of academic interests, and gender balance while generating sufficient revenue to support the University.

Tuition increases in recent years have moderated as a reflection of the economy, the increased sensitivity of prospective students and parents regarding college costs, loan indebtedness and perceived value of a college degree. The sensitivity of moderate tuition increases has been an important issue for the President and the Board of Trustees especially at a time when family incomes of financial aid applicants has been flat and are expected to remain flat for the next few years.

Since the 2006 Strategic Plan, the University has engaged with Human Capital Research Corporation as a partner to review and adjust financial aid and tuition strategies to maximize tuition revenue while enrolling and retaining highly qualified students. Initially, HCRC conducted a review of our merit-based policies and strategies. This analysis led to developing a merit-based scholarship program that was more sophisticated than awarding scholarships based only on standardized-testing and class rank which was the criteria used previously.

In 2009, HCRC was asked to analyze our entire financial aid budget to include policies and strategies for our need-based aid. Their initial analysis indicated the University was spending the financial aid budget very efficiently and was maximizing tuition revenue for the number of students who enrolled. Based on our analysis, the University will not be able to use the current method of expending our financial aid budget to alone significantly increase the enrollment of the University. Determining the optimal enrollment for the University will prove helpful in developing strategies for the future.

Each year, HCRC provides a summary analysis for the University and provides counsel and perspective on such issues as tuition increases and adjustments to merit- and need-based strategies for the upcoming year. HCRC also provides a sounding board to the Dean of Enrollment Management, Director of Financial Aid and Dean of Admission regarding new and emerging strategies especially those being used by our competitors within our region and nationally.

The University continues to adjust to the rapidly changing demographics and competition to enroll a highly-qualified student body. In the spring of 2013, the Admission Office finalized plans to add an admission counselor who would live in China and concentrate his efforts on attracting more international students especially those living in China and Southeast Asia. Additionally, in the fall of 2013, the Admission Office has placed an admission counselor in Dallas, TX to assist with further development of the Dallas/Ft. Worth and Austin, TX territory. Both of these representatives are living and working in areas where the University has its largest inquiry pool outside of the Midwest. Increasing the applicant pool from these regions will allow us to diversify the footprint of our applicant pool, increase the admission selectivity and hopefully increase the name recognition of the University.

The attractiveness and appeal of liberal arts colleges have become more challenging as well. Since the downturn of the economy in 2009, reports of articles in the mainstream media questioning the value of a college degree have surfaced. This will require the University to continue to promote the benefits of a college degree and a liberal arts degree specifically. Outcomes of students and graduates also continue to provide prospective students and parents with the perceived value of an Illinois Wesleyan education.

A noteworthy change for the Admission Office was moving into the Minor Myers, jr Welcome Center in September 2008. The Welcome Center houses the Admission Office and the Hart Career Center. Both offices greatly appreciate the new facility which uses geo-thermal heating and cooling and was designated as a Silver LEED-certified building.

Additionally, in January 2012, the Admission Office implemented a new SIS software solution from Technolutions, Inc. After about a six month training and preparation period, the Admission Office converted data from the Banner system over to the Slate system to use for the 2012-13 admission cycle. The Slate tool is a web-based solution with multiple functions and allowed the admission office to go to a paperless application and review process saving time and approximately 40,000 sheets of paper annually.

## **TACTICS:**

- 1. Move to a net tuition revenue (NTR) model for enrollment management and budgeting to most effectively generate maximum levels of net revenue for the University, while maintaining our mission, and our ability to preserve our standards of quality and student experience, and be accessible to and recruit a diverse student body.**

While tuition and aid policies and strategies are reviewed annually, the University is moving toward a net tuition revenue (NTR) model for enrollment and budgeting. Moving toward a net tuition revenue model instead of a headcount model will assist in enrollment and aid budget management. This move is in response to the need to better manage and predict the financial aid budget as well as the overall budget for the University. Using the NTR model will ideally allow the enrollment management, financial aid and admission offices to meet revenue expectations within certain desired enrollment ranges. The University is seeking ways to continue to generate the maximum NTR while remaining an affordable and accessible option for prospective students. The variables of NTR, headcount and discount rate for enrolling highly qualified students still require constant attention and annual analysis.

Metrics:

Begin using NTR model and incorporate it into the development of the annual budget.

**2. Increase efforts to maintain our high student retention level.**

The retention rate at Illinois Wesleyan continues to remain quite high when compared to national standards of approximately 77%\*. The first-year to sophomore retention rate has typically hovered at or near the 90% rate with an all-time high of 93%. We have seen a slight erosion of first-to-second year retention and this erosion has elevated the focus of our faculty and staff towards improving our retention of students. Retention efforts are coordinated through the Retention Committee. The topic of faculty involvement in recruiting and retention of students was the theme for the Fall Faculty Conference in 2012 and 2013. The Recruitment and Retention Ad Hoc Task Force was created by the faculty to evaluate how faculty might be more effective and efficient in assisting with the recruitment of new students as well as retaining currently enrolled students.

Metrics:

Adding faculty representation to the permanent Retention Committee is suggested. Evaluate the goal of achieving a first-to-second-year retention rate of students to 90% or better.

\*According to NCES, IPEDS Fall 2010 Enrollment Retention Rate File

## **STRATEGY B: INCREASING PHILANTHROPIC SUPPORT AND GROWING THE ENDOWMENT**

**Consistently and substantially increase philanthropic support for Illinois Wesleyan University to augment tuition as a source of operating funds, and grow the endowment fund to provide an ongoing financial base for the University.**

### Background:

In 2006, the University strategic plan included this statement: *While Illinois Wesleyan has made great strides in developing its academic program, co-curricular activities and physical plant, its ability to maintain those programs and facilities has not kept pace with the needs of the University. The University's financial requirements have been growing at a time when it has added debt, and its endowment reserves have seen unprecedented fluctuation in value. After the most recent stock market downturn, the University temporarily drew from the endowment at a higher than normal rate. At the same time, the University reduced spending on facilities renewal, and restricted new hiring.*

*If the University is to remain affordable for an increasingly diverse student body, and at the same time grow the quality of our programs and facilities, increased fundraising must be a high priority. Increased fundraising will help the University offer new and better programs, provide for needed staffing, and better maintain facilities. All of these activities would not be attainable without additional support from corporations, foundations, alumni, and friends. A capital campaign to strengthen the endowment, provide for the renewal of the physical plant, and support current and future operations would be an appropriate tactic in support of this strategy*

Many things have changed since that goal was written:

- The U.S. economy went through an even deeper decline and today still struggles with recovery;
- Student indebtedness has risen to unprecedented levels and families dealing with unemployment and reduced income are increasingly unable to afford college tuition;
- Public and government scrutiny of the costs of higher education has become more intense, and even families of some financial means are more selective and demanding in terms of what they are willing to pay for higher education;
- The University's expenses, particularly for financial aid, are increasing exponentially.

As recommended in the 2006 plan, a major campaign was launched and is in its final stages, well on its way to raising the goal of \$125 million. The University's annual fund in 2012/13 reversed a five-year decline in participation rates, toward a goal of increasing dollars and donors to support University operations. At the end of Fiscal 2013, the Wesleyan Fund switched from the use of a call center program known as SmartCall and transitioned to Ruffalo Cody, a company that is a well known leader in higher education call center fundraising. The University's Grants and Foundation Relations office had a very productive year in 2012/13, as both the number of grant proposals submitted and total dollars raised increased from previous years.

Nevertheless, to operate within a balanced budget, the University still finds itself in the position of having to restrict hiring, limit salary and benefit increases, tightly manage

expenses and lose admitted students who want to attend IWU but need more financial aid than we can provide.

**In this current environment, which is unlikely to change in the near future, increasing philanthropic support is an essential, critical priority for the University to simply maintain its current position and then eventually to strengthen the endowment.**

#### **TACTICS:**

- 1. Upon completion of the Transforming Lives campaign in 2014, maintain existing staff and resources in order to continue pursuit of major gifts, scholarship support, endowed faculty positions, and to prepare for additional major campaigns in the future.**

#### Metrics

- Surpass the Transforming Lives campaign goals including \$125 million overall and 20 endowed chairs
- Continued growth in overall University endowment relative to the NACUBO endowment report
- Growth in Promise Scholarship funds (80 by 2018)
- Preparation for and possible launch of next major campaign

- 2. Invest in staff and resources to expand annual giving participation and dollars raised, with a particular focus on alumni donors, using a multi-faceted grassroots approach, working in tandem with a comprehensive alumni engagement program.**

#### Metrics

- Per the approved Wesleyan Fund Strategic Plan, the goal is to reach 28% alumni participation by 2022. However, with recent successes in turning around the participation rate drop, an ambitious goal of 30% by 2020 seems within reach.
- The dollar goal is more difficult to define because it is driven by external factors and set on an annual basis by Trustees, the President, the Vice President for Business & Finance and Vice President for Advancement. It is recognized that it will be mandatory to realize steady and sustainable growth.

- 3. Invest in staff and resources to expand the individual and collective efforts of the faculty and professional staff to obtain funding and external fellowships from federal, state, private, and other external sources for research and scholarship, teaching, professional development, service, and departmental and institutional goals and priorities; and support the post-award administration of these grants.**

#### Metrics

Work to increase the number of first-time proposal inquiries and grant application proposals submitted as important steps in increasing grant support

- 4. Because IWU's current financial situation precludes adding numerous additional staff, it is important to recognize, nurture and celebrate the significant role that volunteers play in fund-raising and in support of the University's mission through a more formalized program of recruiting, retaining and engaging volunteers, coordinated as part of ongoing alumni engagement activities.**

Metrics

By 2015, working collaboratively with other departments on campus including Alumni Relations, establish method to identify and track all alumni volunteers. Number of volunteers involved in fundraising increases by approximately 5% annually.

- 5. To support all of these efforts, provide resources to enhance the University's Advancement data management program which will provide staff and volunteer fund-raisers with comprehensive, timely and accessible information.**

Metrics

Roles are changing in the area of Advancement Data Management in terms of staff and software. Analysis is underway to determine the best distribution of those resources.

**STRATEGY C: USING EXISTING RESOURCES STRATEGICALLY.**

**Systematically review resource allocations to ensure resources are being expended in the most cost-effective and sustainable manner and consider adjustments in support of the University's strategic goals.**

**TACTICS:**

**1. Intensify efforts to increase the flexibility of resource allocations to meet strategic objectives.**

Effective allocation of resources is critical as the University shifts to more flexible planning models that, for example, focus on net tuition revenue rather than maintaining enrollment headcounts. We now have in place many new resources that facilitate resource allocation planning, including the Assistant Vice President for Institutional Research, Planning and Evaluation, the Dean of Enrollment Management, and the Strategic Planning and Budgeting Committee (SPBC). Continue to integrate these resources into the budget planning process with an emphasis on effective resource allocation.

Metrics

Increased emphasis should be placed by major budget planning units on whether budget allocations are changing in response to the changing priorities of the university. The administration should move systematically from a model that emphasizes across the board budget adjustments to one that places greater allocation adjustments to targeted units. Proposed adjustments in allocations should receive regular attention by the SPBC and the Business Affairs Committee of the Board of Trustees. Also, full development of the innovation fund is important because successful cost effective initiatives will result in efficient resource reallocations.

**2. Continue to monitor the allocation of endowment investments to balance the twin goals of achieving reasonable returns and low risk.**

The initiatives that have been made in recent years to create greater investment diversity should be continued with the objective of creating a favorable return with moderate risk.

Metrics:

Continue to monitor the performance of endowment investments both in terms of volatility (risk) and returns. Report on performance relative to peer institutions to SPBC and the Board of Trustees. Make adjustments to the portfolio as conditions change.

**3. Reexamine priorities for major gifts in preparation for the next capital campaign.**

The current successful “Transforming Lives” campaign placed emphasis on creating endowed scholarships (“Endowment for Students”), endowed professorships (“Endowment for Faculty”), and endowed programs (“Endowment for Excellence”), in addition to major gifts for buildings. New endowment allocation goals should be established as soon as this strategic plan is adopted.

Metrics:

A broad-based committee should establish new major gift goals that are consistent with the strategic objectives of the university. The administration, SPBC and the Board of Trustees should then carefully review these goals to assure they are feasible and consistent with the strategic interests of the University.

**4. Conduct a careful review of the allocation of resources for construction and maintenance of physical structures.**

A detailed “condition report” should be completed to determine the most pressing needs of existing facilities in terms of renovation and maintenance. The university should also revisit the 2002 Campus Master Plan to determine whether adjustments are needed. If it is determined that the current plan is no longer relevant, the University should either amend the 2002 Master Plan or construct a new comprehensive plan.

Metrics

Complete detailed condition report by 2015 with full consultation with the Cabinet, SPBC, CUPP, and the Board of Trustees. A study of the relevance of the 2002 Master Plan should also be completed by 2015. If the plan is judged to no longer be in line with the new strategic goals of the university, a new planning cycle should be launched with the goal of having a new comprehensive Master Plan for new construction in place by 2017 with appropriate consultation by all constituencies, especially SPBC, CUPP and the Board of Trustees. Any new plans should emphasize the university’s commitment to sustainability.

**5. Because of the intense competition between universities for qualified students, ensure that resource allocations in the admissions area allow for appropriate responses to emerging opportunities.**

This is extremely important because of low projected levels of high school graduation in our traditional Midwest recruiting areas. Direct recruiting efforts in China and establishment of a lacrosse program are examples of current efforts that have produced positive results. It is critical that admissions planning, including the geographic placement of admissions personnel continues to respond to changing market conditions.

Metrics

The success of reallocations of admissions resources should be carefully assessed with attention to the costs of specific efforts and the net tuition revenue generated by those efforts.

**6. Make wise and forward looking decisions regarding the allocation of information technology resources.**

A consultant report (Spencer Report) indicated that IT resources at IWU often lagged behind peer institutions. IWU must assure that we don’t fall behind peers in the rapidly changing IT environment by allocating sufficient resources to strategically important IT functions. Because of the increasing importance of information technology at IWU, it is important that IT is represented at all levels of planning.

Metrics

Monitor progress in having IT interests represented in all levels of strategic planning.



Consider including the Chief Technology Officer as an ex-officio member of SPBC and other important decision making bodies.

**STRATEGY D: DEVELOPING NEW OR ENHANCED SOURCES OF REVENUE.**

**Continuously explore potential additional revenue sources to enable the University to further its mission.**

Background:

While there are many sources of revenue at the University, including the primary streams of tuition, fees and philanthropic support, which are referenced in Strategies A and B, in this era of constrained financial resources, it prudent for the University to explore increasing revenues by enhancing or expanding selected existing endeavors, and developing new sources of income. It is paramount that any new sources of revenue generated be in keeping with the University's Mission.

**TACTICS**

**1. Study efforts that would require faculty input/action related to academic programs.**

**Such efforts could include, but not be limited to:**

- Determining the viability of continuing to offer May Term in the current or a new/revised format;
- Exploring the feasibility of offering summer courses;
- Exploring the possibility of reinstating a summer studies program where high school students can accrue University credits, such as the former College Credits in Escrow program;
- Reviewing current curricular offerings to consider adding new programs or areas of study that would attract additional students.

**2. Investigate non-curricular program or product opportunities that could provide additional revenues and are consistent with a university/higher education endeavor.**

**Such opportunities could include but not be limited to:**

- Conducting a feasibility study to determine viability of expanding summer conferences;
- Encouraging staff and faculty to develop summer camps for high school students, which could support recruitment efforts as well as generate revenues;
- Changing the on-campus student residency requirement from two to three years;
- Exploring creation of an Innovations Center to review, approve and provide start-up funding for ideas identified that would increase revenues or would enhance the efficiency of current operations in a way that reduces expenses.

Metrics:

Establish a process to complete review of the ideas listed here by end of 2014 and to continuously identify other potential opportunities.