

## **2023-2024 Year-End Committee Report**

<b>Committee:</b>	Budget and Planning
<b>Charge:</b>	
<b>Chair:</b>	Therese McGuire
<b># of Meetings:</b>	The committee met three times, all in-person: October 30, 2023; November 30, 2023; April 9, 2024

### **Completed Business and/or Accomplishments**

At our October 30, 2023 meeting, the B&P committee discussed and agreed to put forward to the full Senate a resolution on the impact of the new stadium on the mission of the university. The chair of the B&P committee presented the resolution at the November 15, 2023 meeting of the Faculty Senate. The resolution was approved by the FS.

As an example of the B&P committee's strong partnership with Mandy Distel, Chief Finance Officer for the university, at Mandy's request, three senators (not members of the B&P committee) identified by the chair of the B&P committee agreed to meet with Mandy to review and provide feedback on a draft of the presentation that Mandy and Kathleen Hagerty would make at the January 10, 2024 FS meeting.

At our November 30, 2023 meeting, we had a detailed discussion with Mandy Distel (CFO) and Daniel Durack (Chief Budget Officer) of the university's budget-setting process as it exists today and a preliminary discussion of how we might involve the B&P committee in the process moving forward.

At our April 9, 2024 meeting, again with Mandy Distel and Daniel Durack joining the committee, we discussed in detail a report prepared by Tricia England on Northwestern's endowment spend policy and the endowment spend policies of 16 peer universities. We concluded that Northwestern's endowment spend policy is in line with our peers' policies. We summarized our findings and conclusions in a one-page report (dated May 9, 2024) that we shared with the Faculty Senate at the FS meeting on June 5, 2024.

### **Unfinished/Continuing Business**

The conversations with Mandy Distel and Daniel Durack on how to increase involvement of the B&P committee, and faculty more generally, in the university's annual budget-setting process were not conclusive. It is a complicated topic, involving many players (several administrators, the provost and president, the deans of each school, staff in the schools, etc.). At the April 9, 2024 meeting of the B&P committee, Mandy suggested that it would be most helpful to have faculty involvement with the central administration process late in the fall quarter as priorities are being set and early in the spring quarter as allocations are being finalized. None of us had a clear idea for how to involve faculty in the conversations at the individual school level.

This is obviously an important issue, one that the faculty care deeply about and one that is central to the mission of the B&P committee. I would suggest that the new chair of the B&P committee, possibly with a carry-over member of the 2023-24 B&P committee, meet with Mandy and Daniel during the quiet time of the summer to strategize about how to make progress on a proposal for structuring faculty involvement, the B&P committee specifically, in the budget-setting process.

#### **New Business for Next Year**

None to suggest.

Resolution to ensure the building and maintenance of the new football stadium does not have a deleterious impact on the University's ability to maintain and enhance its mission

November 15, 2023

WHEREAS – Northwestern University's mission states that it is committed to excellent teaching, innovative research, and the personal and intellectual growth of its students in a diverse academic community; and

WHEREAS – Northwestern's stated priorities embody commitments to global eminence in research, innovation and education, and the strengthening of its academic community across our Evanston, Chicago and Qatar campuses; and

WHEREAS – Northwestern's stated priorities include a commitment to excellence and equity across athletic programs, as well as an assurance the athletic program's goals remain aligned with the University values and always place student safety and welfare at the forefront; and

WHEREAS – Continued development and improvement of teaching and research infrastructure is critical to support the mission of the University; and

WHEREAS – Competitive salaries, stipends, scholarships and benefits for students, faculty and staff are crucial to furthering the mission of the University by attracting and retaining the most talented people; and

WHEREAS – Previous actual and predicted financial shortfalls within the university have led to, inter alia, the delay of planned infrastructure improvements (e.g., Jacobs Center), staff reductions, faculty hiring freezes, reduced salary pools, and the temporary suspension of faculty retirement contributions; and

WHEREAS – The construction of an \$800 million stadium and the costs associated with its ongoing maintenance has the potential to place financial pressure on the University's operations and commitment to its own mission;

BE IT RESOLVED THAT – The Faculty Senate holds Northwestern University's Board of Trustees responsible for maintaining proper fiduciary oversight of the University such that it can maintain and enhance its mission; and

BE IT FURTHER RESOLVED THAT – The building and maintenance of the new stadium will not lead to a reduction in resources for any aspect of the mission of the University.

Faculty Senate Budget & Planning Committee  
Report on Peer Endowment Spend Policies  
May 9, 2024

The Budget & Planning Committee met on April 9, 2024 to review and discuss information compiled by Faculty Senate researcher Tricia England on the endowment spend policies of Northwestern University and several peer universities for the years FY 22 and FY 23. We drew a few conclusions.

- All 17 universities examined<sup>1</sup>, including Northwestern, spent in the range of 3.0-5.5% of their endowment value in FY 22 and FY 23. The mean for the universities was 4.0% in FY 22 and 4.6% in FY 23. The values for Northwestern were 4.3% in FY 22 and 4.9% in FY 23.
- Many universities have targets for their spend percentages or targets that sit in a range of spend percentages. Northwestern's target percentage varied over the two years examined.
- Many universities, including Northwestern, arrive at their spend percentages by applying a formula that weighs both the market value of the endowment and the current year's endowment spend amount.
- Some universities utilize a formula with inflation and tax adjustments so that total endowment spend is kept within a predetermined percentage.

To give a sense of the differences and similarities, we present in the table below information for ten of the 17 universities examined.

	Endowment Size FY 23 (in billions)	Endowment Size FY 22 (in billions)	Endowment Payout Percentage FY 23	Endowment Payout Percentage FY 22
<b>Northwestern</b>	<b>\$13.7</b>	<b>\$14.1</b>	<b>4.9%</b>	<b>4.3%</b>
Harvard	\$50.7	\$50.9	4.7%	4.2%
Yale	\$40.5	\$41.1	4.3%	3.8%
Stanford	\$36.5	\$36.3	5.3%	5.5%
Princeton	\$33.4	\$35.1	4.5%	4.1%
MIT	\$23.5	\$24.6	4.4%	3.1%
Pennsylvania	\$21.0	\$20.7	4.6%	4.2%
Washington U	\$11.5	\$12.3	4.4%	3.0%
Chicago	\$10.0	\$10.3	5.5%	5.5%
Johns Hopkins	\$10.5	\$8.2	4.1%	4.1%

Note: the payout percentages are calculated differently from institution to institution, with the value of the endowment used for the calculation assessed differently and at different points in time.

---

<sup>1</sup> The 17 universities in the sample were Northwestern, Harvard, Yale, Princeton, Columbia, Pennsylvania, Dartmouth, Brown, Cornell, Stanford, MIT, Chicago, Caltech, Duke, Johns Hopkins, Vanderbilt, Washington (St. Louis).