

Northwestern University  
Minutes of the Faculty Senate  
Guild Lounge and Videoconference  
January 15, 2025

The Northwestern University Faculty Senate held a standing monthly meeting on January 15, 2025, in Scott Hall's Guild Lounge and over Zoom videoconference. President Jill Wilson (Industrial Engineering and Management Sciences) called the meeting to order at 5:01 p.m. A quorum was present.

The president noted that the minutes from the November 13, 2024, meeting were approved electronically and entered into the record.

**Actions**

1. No formal governing actions were taken during this meeting.

**Meeting Summary**

**I. University Budget Update**

Provost Kathleen Hagerty and Vice President and Chief Financial Officer Mandy Distel gave their [annual University budget update](#) (slides 6-37).

Provost Hagerty began with a brief strategic overview and context for the state of the University. She said the University's financial standing is strong, with a positive operating margin and improving balance sheet. She noted the many successes over the past year, including a rise to number six in U.S. News and World report rankings, over \$1 billion in research funding, maintaining diversity in undergraduate admissions, strong graduate student recruitment, among the many other incredible accomplishments. She also highlighted investments in data science and IT and enhancing Northwestern's academic facilities.

Vice President Distel then shared specific figures for Fiscal Year 2024 (FY24). She gave a broad overview of the budget. The University's operating budget exceeds \$3 billion annually. She said that operating performance (operating revenues less operating expenses) is managed with the goal to at least break-even in order to maintain resources for both operating and capital investment going forward. Vice President Distel said the University's consolidated financial performance is aggregated from more than thirty schools and units, with different budget models.

Vice President Distel said Northwestern has four different budget categories in its model:

- **Appropriated schools** (WCAS, SoC, SESP, McCormick, TGS, Medill, and Bienen), which are partially supported by a budget appropriation, along with other school-specific revenue sources
- **Non-appropriated schools** (Feinberg, Kellogg, Pritzker, SPS, NUQ), which keep their own revenues, but also support their expenses, including central overhead costs
- **Auxiliary units** (Residential Services, Athletics, Parking) use sales and services revenues to support their operations
- **Administrative units** are supported by a budget appropriation.

Vice President Distel said the primary sources of operating revenue are tuition, endowment payout, private gifts, grants and contracts, and sales and services. She stressed that many of those are limited in their growth potential, and some come with restrictions, from say a donor or a sponsor. She said that on an annual basis they look at unrestricted revenues to determine where to invest. The University's expense base is taken up largely by compensation and benefits.

Vice President Distel then shared more detailed figures on the University's operating revenue for FY24 (slides 23-24).

Provost Hagerty (slide 25) noted that financial capacity and asset allocation are critical for success, and Northwestern is competing with schools with much larger endowments. She

cited future financial pressures like not raising tuition (one of the university's main revenue sources) to maintain affordability and a reduction in endowment payout due to year-over-year growth stabilizing after significant growth in FY23 and FY24. Persistent financial pressures (slide 27) include labor contracts, employee benefits, research, financial aid, etc.

Vice President Distel then announced a multi-year budget reform process (slides 28-30) intended to improve NU's budget practices. She said the goal of this initiative is to improve resource allocation, including increasing transparency and understanding of the budget, incentivizing entrepreneurial activity and strategic growth, and promoting adaptability to advance University priorities. Vice President Distel said there is a steering committee leading this project made up of school and unit representatives that developed a set of guiding principles (slide 29). She added that Deloitte is assisting with the project and will help bring some of the best practices from peer universities.

Vice President Distel then went over the [financial statements](#) for FY24. She focused on the Statement of Activities (annual operating performance, \$54.6 million on a total expense base of \$3.3 billion), Statement of Financial Position (wealth, i.e. \$19.2 billion in total assets), and Statements of Cash Flow (cash usage, \$3.6 billion, 2.4 of which is outstanding debt as of 8/31/24, which is expected to increase as capital projects like the Jacobs Center ramp up). She highlighted the increase in endowment payout and small decreases on the revenue side of the ledger, and compensation on the expenses side. See link to slides above for further context.

The president then opened the floor for questions.

Several senators focused on the increasing costs of benefits like health insurance and the relatively small raise of faculty salaries, noting that salaries can decrease when the cost of benefits outpaces their raises. While the salary pool was 3% last year, schools are given discretion to oversee merit raises. Provost Hagerty said they exert zero influence over the deans' decision making when it comes to faculty salaries. She added that there are competing costs, like undergraduate aid and rising stipends for graduate students after they unionized, and the administration must make tough decisions on how those resources are allocated.

Senators wondered whether there could be a different model then for raises, not a merit pool, but rather an across cost-of-living increase where each faculty member gets the same amount.

The Senate thanked Provost Hagerty and Vice President Distel, who both promised to answer any further questions faculty had about budget processes.

Senators who asked Provost Hagerty and Vice President Distel a question: Dan Mroczek (Medical Social Sciences), Sara Solla (Neuroscience), Debu Chakravarti (Ob-Gyn), Regan Thomson (Chemistry, Past President), Ana Maria Acosta (Physical Therapy and Human Movement Sciences), Susan Pearson (History), Rick Cohn (NEO), Greg Beitel (Molecular Biosciences), Ann Bradlow (Linguistics),

## **II. Report of the Faculty Senate President**

The president's report can be found in the slide deck linked above (slides 40-42). Below are brief updates the president provided.

- OCR training must be completed by February 1<sup>st</sup>.
- Faculty Forum on Artificial Intelligence will take place on Friday, February 7<sup>th</sup>, from 12-1 p.m. in room 107 of Swift Hall.
- Updates to Senate processes
  - Change in voting forms that now does not require netID login.
  - On those question forms, there will be an option to share confidential thoughts in advance of the meeting. The president stressed this is not to dilute difficult conversations, but rather to get a good sense of where the Senate stands on various issues.
  - President Schill plans to host more lunches with senators this quarter and next.
- An outline of the upcoming Senate meetings was provided, including reports from standing committees, a visit from Board Chair Peter Barris, an admissions discussion, and an athletics discussion.

### **III. Salary and Benefits Committee Report**

Senator Ian Horswill (Computer Science), chair of the Salary and Benefits Committee, laid out the committee's plans for the year (slides 45-47). They will follow up on last year's committee's efforts to investigate the Blue Cross Blue Shield Premium PPO and the claim that it is "dominated" by other tiers. The committee also would like to find some low cost, high gain benefits. They also plan to hone their annual faculty salary report to ensure they get accurate data on salary changes for faculty continuing in rank. Lastly, they plan to poll the deans to improve merit raise transparency. He said they will generate a concise summary of their findings at the end of the year.

Senators expressed interest in knowing more about the Premium PPO plan. Senator Horswill likewise said he is open to feedback from senators regarding faculty salary and benefits.

Senators who asked a question: Greg Beitel (Molecular Biosciences), Sara Solla (Neuroscience)

### **IV. Faculty-Athletics Interaction Workgroup**

Senator and President-Elect Ian Hurd (Political Science) gave a brief update on a working group he serves on that considers issues at the interface between athletics and academics. He said there were four working groups, one examining the Committee on Athletics and Recreation (CAR), one dealing with the University's policies or guidelines or practices on hazing, another on how people can report problems, and the fourth is on the general relationship between faculty and athletics. He said outputs from these working groups are inputs to the University President who will then share their findings. Senator Hurd asked senators to please send their feedback to him as their work is winding down.

A question was raised about varsity athletics versus intramurals. Senator Hurd the committee was considering all types of athletics and would welcome and feedback on either one. Some senators also encouraged Senator Hurd to provide his own report independent of the

President's Office to ensure more direct and transparent communication. Senator Hurd said he will do what he can because he does believe that is important.

Senators who spoke during this portion of the meeting: Seth Lichter (Mechanical Engineering), Susan Pearson (History), Rick Cohn (NEO)

With no further business, the meeting adjourned at 6:33 p.m.

Respectfully submitted,  
Jared Spitz  
Secretary to the Faculty Senate