

President's Report to the Finance, Buildings and Grounds Committee  
of the Board of Trustees of Northeastern Illinois University  
**September 19, 2024**

**Information Item: FY24 Q4 Budget to Actuals**

The Northeastern Illinois University Board of Trustees at its May 31, 2023 meeting approved the University preliminary operating budget, which represented preliminary spending plans for fiscal year 2024 (FY2024). The final or revised operating budget was presented to the Finance, Building and Grounds Committee on September 21, 2023 and approved by the Board of Trustees (BOT). The information herein reflects a comparison of actual expenditures to that budget, as well as previous year-to-date actual expenditures.

The operating budget for FY2024 totals \$133,063,200, with an additional authorization for spending up to \$2.5 million by the BOT. Of that total, \$85,300,000 is the University's unrestricted general operating budget supported by State appropriation and student tuition. In addition, the University's restricted funds budget amount of \$47,763,200 is supported by student fee programs, auxiliary services, grants, and contracts.

At the Board's request, quarterly reports are provided for the unrestricted operating budget, which supports most University departments and ongoing operations. This report provides an update on fourth quarter spending in the unrestricted budget and is summarized in Table 1, which also includes a comparison with year-to-date spending for FY2023.

**Table 1**  
NORTHEASTERN ILLINOIS UNIVERSITY  
FISCAL YEAR 2024 BUDGET TO ACTUAL COMPARISONS  
FOR THE PERIOD ENDED JUNE 30, 2024  
UNAUDITED FIGURES

	FY2023 Q4			FY2024 Q4				
	Adopted Budget	FY23 Actual YTD	% of Budget	Adopted Budget	Current Budget	Actual Year to Date	% of Current Budget	FY2024 Actual vs FY2024 Budget
<b>Revenue</b>								
State Appropriations	\$ 37,345,300	\$ 37,345,300	100.0%	\$ 39,960,000	\$ 39,960,000	\$ 39,959,500	100.0%	\$ (500) i
Net Tuition Revenue	42,172,200	45,686,721	108.3%	41,874,400	41,874,400	42,531,461	101.6%	657,061 i
Net Differential Tuition Revenue	972,400	821,177	84.4%	689,000	689,000	809,035	117.4%	120,035 i
Investment Income	1,000,000	3,044,517	304.5%	2,276,600	2,276,600	4,631,473	203.4%	2,354,873 {A}
All Other Sources	2,450,100	606,832	24.8%	500,000	500,000	856,393	171.3%	356,393 i
<b>Total Revenue</b>	<b>\$ 83,940,000</b>	<b>\$ 87,504,547</b>	<b>104.2%</b>	<b>\$ 85,300,000</b>	<b>\$ 85,300,000</b>	<b>\$ 88,787,862</b>	<b>104.1%</b>	<b>\$ 3,487,862</b>
<b>Expenditures</b>								
Personal Services	\$ 67,142,441	\$ 67,957,468	101.2%	\$ 67,901,380	\$ 68,217,902	\$ 70,310,447	103.1%	\$ (2,092,545) {B}
Contractual Services	11,208,876	11,285,377	100.7%	14,631,783	14,186,055	11,736,130	82.7%	2,449,925 {C}
Equipment	846,410	451,482	53.3%	431,986	1,079,630	657,686	60.9%	421,944 i
Commodities	775,075	552,244	71.3%	807,401	963,645	708,097	73.5%	255,548 i
Telecommunications	176,422	174,139	98.7%	176,700	175,705	122,358	69.6%	53,347 i
Travel	168,841	190,874	113.0%	197,750	293,691	201,855	68.7%	91,836 i
Permanent Improvements	25,000	-	0.0%	25,000	-	-	0.0%	- i
Operation of Auto Equip	20,935	29,073	138.9%	21,000	46,780	35,066	75.0%	11,714 i
Tuition Scholarships	1,299,000	1,383,176	106.5%	1,299,000	528,592	396,297	75.0%	132,295 i
Debt Service and Other Transfers	2,277,000	2,206,109	96.9%	2,308,000	2,308,000	2,360,264	102.3%	(52,264) i
Total Expenditures	83,940,000	84,229,942	100.3%	87,800,000	87,800,000	86,528,200	98.6%	1,271,800
BOT Reserve Allocation	-	-	-	(2,500,000)	(2,500,000)	-	-	(2,500,000) {D}
<b>Net Expenditures</b>	<b>\$ 83,940,000</b>	<b>\$ 84,229,942</b>	<b>100.3%</b>	<b>\$ 85,300,000</b>	<b>\$ 85,300,000</b>	<b>\$ 86,528,200</b>	<b>101.4%</b>	<b>\$ (1,228,200)</b>
<b>Excess Revenue Over Expenditures</b>						<b>\$ 2,259,662</b>		

**Notes:**

1. Adopted Budget column reflects the FY2024 budget presented to the Finance, Building and Grounds Committee on September 21, 2023.
2. The Current Budget reflects budget transfers processed between organizations and accounts.
3. "Actual Year to Date" or "Actual YTD" is current year expenses recorded or booked through September 11, 2024 and does not include encumbrances.

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**Northeastern Illinois University  
FY2024 Budget to Actual  
Explanation for Variance**

{A} The favorable variance of \$2.4 million in investment income is attributed to higher short-term interest rates.

It is important to note that, initially, the Preliminary FY2024 Operating Budget estimated investment income at \$1.5 million. However, as interest rates remained elevated, the investment income projection was revised to \$2.2 million in Final FY2024 Operating Budget. The revised budgeted amount of \$2.2 million represents approximately 75% of the updated projection at that time, serving as a conservative estimate for budgeting purposes. This approach was designed to ensure that any surplus in investment income could offset the Board’s allocation of reserves to support the operating budget, should the projected income be realized.

The increase in investment income mostly are income earned from the Illinois Funds. Note that reimbursements from the State are deposited to the Illinois Funds. See comparison below.

	<b>Investment Income Earned from the Illinois Funds</b>		
	<b>As of June 2024</b>	<b>As of June 2023</b>	<b>Difference</b>
July	\$ 315,902	\$ 96,636	\$ 219,266
August	301,428	130,298	171,130
September	313,904	145,887	168,017
October	373,045	190,579	182,466
November	366,970	226,813	140,157
December	375,115	257,126	117,989
January	375,299	285,186	90,113
February	337,144	259,532	77,612
March	392,238	311,399	80,839
April	389,012	351,245	37,767
May	381,826	355,997	25,829
June	361,700	332,020	29,680
	<u>\$ 4,283,583</u>	<u>\$ 2,942,718</u>	<u>\$ 1,340,865</u>

{B} The budget to actual variance personal services line item category is primarily due to substantial increases in faculty overload and summer instruction costs, increasing from \$1.9 million in FY2023 to \$4.1 million in FY2024.

{C} The favorable variance of \$2.4 million in contractual services primarily stems from the State grant that University received amounting to \$2.2 million (IBHE Pell55) designated for various student support initiatives. Of this grant, \$1.9 million was allocated to support initiatives that had originally been funded by the University’s FY2024 unrestricted operating budget, including contractual services and tuition scholarships. This reallocation enabled the University to direct unrestricted funds towards one-time initiatives in Academic Affairs, Enrollment Management, and Student Affairs, all aimed to benefit students and faculty.

{D} The University’s revenue exceeded expectations, eliminating the need to tap into the \$2.5 million Board of Trustees-approved reserves set aside for FY2024. This is mainly due to the increase in investment income totaling \$2.4 million over budget. See explanation in {A} above.

i Change from prior fiscal year is immaterial.

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Table 2 provides relevant information on the projected credit hours used in the budgeting process. In FY2024, there was a decrease of 3% in overall credit hour enrollment compared to FY2023, equaling a decline of 3,908 credit hours. However, the realized enrollment for FY2024 exceeded the budget projections by 3%, with an increase of 3,343 credit hours. Of this increase, 28% can be attributed to new undergraduate student enrollment, while 72% is from continuing undergraduate students.

**Table 2**  
NORTHEASTERN ILLINOIS UNIVERSITY  
ENROLLMENT COMPARISON OF PROJECTION AND ACTUALS

FY2024 ACTUAL					FY2023 ACTUAL					FY2024 BUDGET				
Enrollment (Actual)	Fall	Spring	Summer	FY	Enrollment	Fall	Spring	Summer	FY	Credit Hour Proj.	Fall	Spring	Summer	FY
UG - New	14,692	3,962	1,249	19,903	UG - New	14,361	4,178	1,169	19,708	UG - New	14,762	3,128	499	18,389
UG - Continuing	28,014	35,300	7,374	70,688	UG - Continuing	29,732	35,815	8,092	73,638	UG - Continuing	27,724	33,726	6,528	67,978
Grad. - New	3,126	1,584	757	5,467	Grad. - New	3,099	1,592	831	5,522	Grad. - New	3,337	1,675	1,025	6,037
Grad. Continuing	6,013	7,571	4,201	17,785	Grad. Continuing	6,720	7,899	4,263	18,882	Grad. Continuing	6,312	7,888	3,896	18,096
<b>Total</b>	<b>51,845</b>	<b>48,417</b>	<b>13,581</b>	<b>113,843</b>	<b>Total</b>	<b>53,912</b>	<b>49,484</b>	<b>14,356</b>	<b>117,751</b>	<b>Total</b>	<b>52,135</b>	<b>46,417</b>	<b>11,948</b>	<b>110,500</b>
FY24 % Diff. from FY23					Actual % Diff. from Proj.									
UG - New	2%	-5%	7%	1%	UG - New	0%	27%	150%	8%					
UG - Continuing	-6%	-1%	-9%	-4%	UG - Continuing	1%	5%	13%	4%					
Grad. - New	1%	-1%	-9%	-1%	Grad. - New	-6%	-5%	-26%	-9%					
Grad. Continuing	-11%	-4%	-1%	-6%	Grad. Continuing	-5%	-4%	8%	-2%					
<b>Total</b>	<b>-4%</b>	<b>-2%</b>	<b>-5%</b>	<b>-3%</b>	<b>Total</b>	<b>-1%</b>	<b>4%</b>	<b>14%</b>	<b>3%</b>					

**Notes:**

1. Enrollment represents credit hour enrollment as of the census date for each semester within a fiscal year.
2. Credit Hour Projection is built from a mixture of E.M. goals on new student enrollment (NFTF, Transfers) and model projections adjusted for estimates by E.M.

**Information Item: Notification to the Board of Certain Expenditures: Purchases of at Least \$100,000 but Less Than \$250,000**

Board of Trustees' Regulations require that the President report to the Board purchases of at least \$100,000 but less than \$250,000, other than those exempt from Board approval (e.g. utilities). The following lists those purchases since the last Board meeting.

<b>VENDOR</b>	<b>DESCRIPTION</b>	<b>CONTRACT AMOUNT</b>
Stuckey Construction Co. (Non-BEP)	Recital Hall and Stage Center Renovations	\$208,934.50

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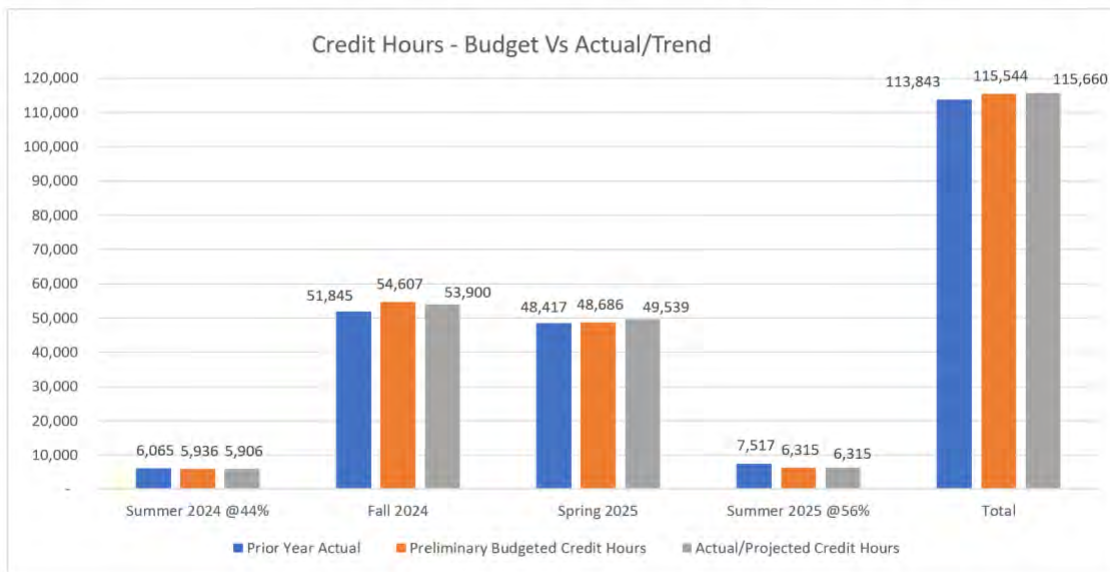
**Summary**

The University is requesting an operating budget of \$90,913,000 for Fiscal Year 2025. This represents an increase of 6.6 percent from FY2024, due primarily to stabilizing operations. The FY2025 budget is based on a 2.0 percent increase in the State appropriation and a 7.4 percent increase in projected tuition. The requested operating budget is balanced between revenues and expenditures, in part due to relying on favorable returns from investment income. This funding source may not be available in FY2026, and sustainability planning is necessary to address the gap.

The FY2025 Final Operating budget presented in this request is significantly similar to the FY2025 Preliminary Operating Budget approved by the Board of Trustees on May 28, 2024. The enrollment outcomes for the Summer and Fall semesters were sufficiently close to projections that there is no need to revise the projected credit hours or the resulting net tuition revenue for FY2025.

**Figure 1**  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**FY2025 Budget Vs Actual/Projected Credit Hours**

	Summer 2024 @44%	Fall 2024	Spring 2025	Summer 2025 @56%	Total
Preliminary Budgeted Credit Hours	5,936	54,607	48,686	6,315	115,544
Actual/Projected Credit Hours	5,906	53,900	49,539	6,315	115,660
Difference	(30)	(707)	853	-	116



- "Budgeted Credit Hours" reflects the FY2025 enrollment projections presented to the Finance, Building and Grounds Committee/Board of Trustees in May 2024.
- Spring 2025 is based on enrollment projections from trend model after Fall 2024 census. This is aligned with the historical Spring return rate as follows:



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Average Historical Spring  
Return Rate: **91%**

Term	Fall Actual	Spring Actual/Trend	Spring Return Rate from Fall	Enrollment	
				Student FTE (Fall and Spring)	Student Headcount (Fall and Spring)
FY2019	75,557	67,225	89%	9,846	15,329
FY2020	70,027	63,429	91%	9,246	14,186
FY2021	67,050	61,097	91%	8,944	13,736
FY2022	59,461	53,107	89%	7,874	12,202
FY2023	53,912	49,484	92%	7,214	11,076
FY2024	51,845	48,417	93%	6,989	10,709
FY2025	53,900	49,539	92%	7,210	11,009

3 The Summer term is crossing fiscal years and related revenue is allocated between fiscal years based on the following percentages:

	Allocation	Budget	Actual/Forecast
Summer I	44%	5,936	5,906
Summer II	56%	6,315	6,315
	100%	12,251	12,221

Summer Term Total Budgeted Credit Hours: 12,251  
Summer 2024 Actual Total Credit Hours: 13,423

**Overview**

The Northeastern Illinois University Board of Trustees is asked to approve the University operating budget that represents estimated spending plans for the current fiscal year beginning on July 1, 2024 and ending on June 30, 2025. A preliminary FY2025 budget was approved at the May 28, 2024 Board of Trustees meeting.

In August 2003 the Illinois Board of Higher Education (IBHE) adopted Recommended Actions to Expand and Enhance Public University Annual Operating Budget Review, Approval and Oversight. Actions included a requirement that each public university adopt a “preliminary/estimated spending plan” prior to July 1 that includes:

- funding sources reported by, at a minimum, State-appropriated funds, University income funds, and all other non-appropriated funds, and
- expenditures by object of expenditure (e.g., personal services, contractual services, equipment).

This report provides the information required by the IBHE for the FY2025 internal budget.

Table 1 shows a breakdown of revenues between the Unrestricted and Restricted operating budgets. The breakdown in Table 1 is shown for the Final FY2024 Budget, (Unaudited) FY2024 Actuals, the FY2025 Preliminary Budget and the proposed FY2025 Final Budget. The University’s unrestricted operating budget, which is shown in the top portion of the table, comprises two main sources of (revenue) funding - State general funds appropriations (approximately 45 percent of operating revenues) and University income funds (approximately 55 percent of operating revenues). The Restricted operating budget has four

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primary sources which include student fees, auxiliary enterprises, grants (local, state and federal) and contracts (local, state and federal).

The budgeted revenues shown in Table 1 are the anticipated source of funding for the budgeted expenses for FY2025. The budgeted expenses are broken down between the Unrestricted operating budget (Table 2) and Restricted operating budget (Table 3). Within each of these tables, the expenditures are broken down by functional and line item categories. The breakdown by "functional category" mirrors the reporting structure used in the audited financial reports. Further details on the functional categories can be found in the text following Table 2.

The breakdown by "line item categories" is based on requirements from the Illinois Comptroller and the IBHE (see SAMS Manual)<sup>1</sup>. These categories are used by the University to communicate both budget and expenditure information to the State; for example, these categories are used in both the Resource Allocation and Management Program (RAMP) and Illinois State Legislature (ISL) reports.

**Preliminary vs. Final Operating Budgets**

The Final Unrestricted Operating Budget has been set at \$90,913,000 which is an increase of \$82,474 or 0.1 percent over the approved Preliminary Operating Budget. This adjustment was necessary to accommodate a higher level of tuition differential due to the reconciliation of budgeted and realized enrollments in FY2024. As a practice, any tuition differential earned is utilized for its designated purpose. Each year, a reconciliation is conducted to ensure that the budgeted and realized tuition differentials align. Any variance is then adjusted in the following budget year to maintain accuracy. For FY2025, the additional revenue has been allocated between the College of Business and Technology (70.0 percent) and Academic Affairs (30.0 percent) to fulfill contractual obligations. Similarly, the Final Restricted Operating Budget has been set at \$64,059,075, marking an increase of \$4,642,166 or 7.8 percent over the approved Preliminary Operating Budget. This increase reflects the net impact of new grants received, including the IBHE Pell55 grant totaling \$2,240,000, an anticipated increase in MAP grant funding due to the additional funding allotted by the State to the program, and updates on projected spendings.

**State appropriation**

In FY2024, the University received an appropriation of \$39,959,500. In June 2024, the Governor signed into law a budget that called for a 2.0 percent increase of \$798,700, to a total of \$40,758,700 for FY2025. The preliminary and final budget presented here includes this level of appropriation.

**Net Tuition Revenue**

The unrestricted operating budget reflects the tuition and fee rates previously adopted by the Board and enrollment projections developed internally by the University. The forecast for FY2025 tuition revenues is based on an examination of the flow of new and continuing graduate and undergraduate students and was created in collaboration between the Budget Office and Enrollment Management.

The preliminary and final operating budgets both anticipate a total of 115,544 credit hours for FY2025. This projection represents an increase of 5,044 credit hours or 4.6 percent from the FY2024 final operating budget and an increase of 1,701 credit hours or 1.5% from realized credit hour enrollment in FY2024.

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<sup>1</sup>See pages 477 through 534 of the Statewide Accounting Management System (SAMS) manual, <https://illinoiscomptroller.gov/media/sites/comptroller/assets/File/Agencies/Sams/SAMSMannualMaster.pdf>

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Following the census date for Fall 2024 enrollment, an updated trend projection was created to evaluate if there was a need to revise the budgeted level of net tuition revenue for FY2025. Despite a slight shortfall of 737 credit hours or 1.2 percent in the Summer and Fall 2024 semesters compared to budgeted levels, the year-over-year comparison reveals a notable increase of 2,055 credit hours or 4.0 percent in Fall 2024. Looking ahead to Spring 2025 enrollment, the trend model is forecasting an increase of 853 credit hours, or 1.8 percent, from the budgeted level. This indicates that the current projections are on track, and there is no immediate need for a mid-year revision to the operating budget. Figure 1 provides a summary of the updated projections, as well as a comparison of the FY2025 budget to actual credit hours realized after the Fall 2024 census.

**Investment Income**

Investment income is derived from the interest paid on the University's cash balances. In recent years, the University has seen a steady increase in investment income due to rising short-term interest rates. In FY2024, the realized investment income reached \$4,631,473, exceeding the final Operating Budget by 203.4 percent. For FY2025, the University is cautiously budgeting for \$3.7 million in investment income, representing about 92% of the most recent projection. This decision reflects the volatile nature of investment returns, which can quickly change if the Federal Reserve decides to lower short-term rates. Despite the uncertainties, the University is relying on investment income to help balance the budget in FY2025.

**Others**

Other income sources include revenue from space rental and various miscellaneous fees and income (such as lab fees, transcript fees, NSF charges, late fees, etc.). The FY2025 budget for this category remains unchanged from FY2024 amounting to \$500,000, as forecasting income in this area is unpredictable and subject to fluctuations, other than the space rentals.

**Expenditures**

Expenditures for FY2025 are balanced to anticipated operating revenues of \$90,913,000 as outlined above. Relative to FY2024, expenditures covered by operating revenues are budgeted to increase by \$3.1 million or 3.5 percent in FY2025. The increase in expenses was primarily due to the costs previously covered by grants that are returning to the operating budget, and salary increases based on the assumed or contracted wage increases in FY2025.

**Restricted operating funds**

In addition to the unrestricted operating budget, the final plan includes forecasts for the restricted operating budget. The restricted operating budget includes expenditures from revenue sources that are restricted either by an external requirement or by internal accounting policy; these restrictions apply to student fee programs, auxiliary services, indirect costs and grant sources (local, State, federal and private). The budgets for Student Fee Programs reflect the student fee rates as approved by the Board of Trustees in November 2023.

The revenues for restricted operating funds are projected to total \$64,059,075 in FY2025. This represents an increase of \$16,295,875 or 34.1 percent from FY2024, primarily due to projected spending on grants based on award and/or historical spending as well as increased revenue from mandatory fees as a result of projected increase in credit hour enrollment.

The total FY2025 budget is summarized in Table 1. Resources available for operating purposes in FY2025 are estimated at \$154,972,075, an increase of \$21.9 million or 16.5 percent, from the final FY2024 budget.



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**Recommended Action**

I request that the Finance, Buildings and Grounds Committee recommend approval of the final FY2025 budget as presented in Tables 1, 2 and 3 and as described above.

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**Table 1**  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**Fiscal Year 2025 Final Operating Budget**  
(with comparable data provided for Fiscal Year 2024)

REVENUES	FY2024	FY2024	FY2025	FY2025 Final	Final vs	FY2025 Final Budget vs	
	Final Budget	Actual (Unaudited)	Preliminary Budget	Budget	Preliminary Dollar Δ	Dollar Δ	Percent Δ
<b>Unrestricted Operating Budget</b>							
State General Funds Appropriations	\$ 39,960,000	39,959,500	\$ 40,758,700	\$ 40,758,700	\$ -	\$ 798,700	2.0 % (a)
University Income Fund - Tuition	41,874,400	42,531,461	45,134,178	45,134,178	-	3,259,778	7.8 (b)
University Income Fund - Tuition Differential	689,000	809,035	737,648	820,122	82,474	131,122	19.0 (b)
University Income Fund - Investment Income	2,276,600	4,631,473	3,700,000	3,700,000	-	1,423,400	62.5 (c)
University Income Fund - Others	500,000	856,393	500,000	500,000	-	-	0.0
<b>Unrestricted Operating Budget</b>	<b>\$ 85,300,000</b>	<b>88,787,862</b>	<b>\$ 90,830,526</b>	<b>\$ 90,913,000</b>	<b>\$ 82,474</b>	<b>\$ 5,613,000</b>	<b>6.6 %</b>
<b>Restricted Operating Budget</b>							
Student Fee Programs	\$ 8,973,800	\$ 9,632,550	\$ 11,438,391	\$ 11,438,391	\$ -	\$ 2,464,591	21.5 % (d)
Sales & Services	2,755,000	2,689,363	2,551,750	2,551,750	-	(203,250)	(8.0) (e)
Auxiliary Services	1,723,500	1,399,107	1,534,524	1,534,524	-	(188,976)	(12.3) (e)
Indirect Costs Recovery	1,301,400	1,561,960	1,167,050	1,167,050	-	(134,350)	(11.5)
State and Local Grants and Contracts	13,812,500	21,248,772	15,521,711	20,492,861	4,971,150	6,680,361	43.0 (f)
Federal Grants and Contracts	17,680,000	24,539,805	25,833,455	25,572,993	(260,462)	7,892,993	30.6 (f)
Non-governmental Grants and Contracts	1,517,000	1,482,544	1,370,028	1,301,506	(68,522)	(215,494)	(15.7) (f)
<b>Restricted Operating Budget</b>	<b>\$ 47,763,200</b>	<b>62,554,101</b>	<b>\$ 59,416,909</b>	<b>\$ 64,059,075</b>	<b>\$ 4,642,166</b>	<b>\$ 16,295,875</b>	<b>34.1 %</b>
<b>Total Operating Budget</b>	<b>\$ 133,063,200</b>	<b>151,341,963</b>	<b>\$ 150,247,435</b>	<b>\$ 154,972,075</b>	<b>\$ 4,724,640</b>	<b>\$ 21,908,875</b>	<b>16.5 %</b>

**Explanation for significant changes:**

- (a) The change from FY2024 reflects a 2% increase in State appropriations for public universities' general operations, as approved by the Governor in June 2024.
- (b) The increase in budgeted net tuition and net tuition differential revenue is primarily attributed to the projected increase in credit hours, with FY2025 budgeted at 115,544 compared to 110,500 in FY2024. Additionally, the allowance for bad debt and tuition waivers has been reduced from 12% in FY2024 to 10% in FY2025, largely due to the positive impact of student initiatives like Assist to Persist and NEIU For You 2.0. The final FY2025 budget also includes an adjustment of \$82,474 in net tuition differential revenue to account for the higher level of tuition differential resulting from the reconciliation of budgeted versus actual enrollments in FY2024. Each year, this reconciliation ensures alignment between budgeted and realized tuition differentials. Any discrepancies are corrected in the subsequent budget year to ensure that funds are appropriately allocated for its designated purpose.
- (c) With short-term interest rates remaining elevated, the University anticipates that investment income will continue to be strong. Investment income will be monitored on a quarterly basis to ensure that it aligns with the budgeted projections.

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*(d) Student fees revenues are based on projected credit hours (115,544) multiplied by \$85 (standard rate) and include certain pass-through transactions (i.e. student UPASS). Note that FY2024 final budget was updated to reflect the change in presentation of certain student fees (i.e. campus improvement and student union) from Auxiliary Services to Student Fee Programs. See table below for explanation of variance.*

	<u>FY2024 Budget</u> <u>@110,500 CHs</u>	<u>FY2024 Actual</u> <u>@113,843 CHs</u>	<u>FY2025 Budget</u> <u>@115,544 CHs</u>	<u>FY2024 Budget vs FY2025 Budget Variance</u>	<u>Explanation for Change</u>
Student Fees	\$ 9,392,500	\$ 9,279,404	\$ 9,821,240	\$ 428,740	Increase in revenue is due to increase budgeted credit hours from 110,500 in FY2024 to 115,544 in FY2025.
UPASS	708,400	627,566	816,541	108,141	FY2024 and FY2025 budget were projected based on historical trends and anticipated results of
Bad Debts	(1,127,100)	(274,420)	(294,637)	832,463	Increase in revenue was due lower bad debt rate used to align with FY2024 actual bad debt @2.96% (from 12% in FY2024 to 3% in FY2025).
Carry-over Balance	-		1,095,247	1,095,247	Increase in revenue was due to carry-over balance to cover funding gaps on CDB projects
	<u>\$ 8,973,800</u>	<u>\$ 9,632,550</u>	<u>\$ 11,438,391</u>	<u>\$ 2,464,591</u>	

*(e) Sales and auxiliary services revenues/expenses were projected by respective Finance Managers based on historical trends and anticipated results of operations.*

*(f) For FY2024, the budget projections were centered on tuition grants, including Pell Grants and MAP, and were based on the information available at the time of preparation. In contrast, the FY2025 budget projections were developed in collaboration with Grants Accounting Department, using an assessment of ongoing grants, current approved funding, and historical spending patterns. This approach does not account for any grants that may be awarded midway through the fiscal year or those currently under review. Consequently, the FY2025 projected figures closely mirror the actual results from FY2024.*

*For State and Local Grants and Contracts, the FY2025 budget incorporates tuition grants from the State (e.g. AIM HIGH, MAP) and other State grants. Additionally, the final FY2025 operating budget reflects adjustments for new grants, including the IBHE Pell 55 grant of \$2.24 million, an anticipated increase in MAP grant funding due to the additional funding allotted by the State to the program as a whole, and updates on projected spending.*

*For Federal Grants and Contracts, the FY2025 budget includes financial aid from federal grants (e.g. SEOG, FWS, TEACH, PELL) as well as research grants and other federal grants contracts.*

*To align with financial statement presentation, Grants and Contracts - Education and Private Grants and Contracts have been consolidated into Non-Governmental Grants and Contracts*

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**Action Item: Approval of Final Fiscal Year 2025 University Operating Budget**

Table 2  
NORTHEASTERN ILLINOIS UNIVERSITY  
Fiscal Year 2025 Final Operating Budget - UNRESTRICTED  
by Function and Line Item  
(with comparable data provided for Fiscal Year 2024)

**EXPENDITURES**

Functional Categories	FY2024	FY2024 Adjusted	FY2024	FY2025			FY2025 Final	FY2025 Final Budget vs	
	Final Budget	Budget	Actual (Unaudited)	Preliminary Budget	Budget Adjustments	Additional Expenditures	Budget	Dollar Δ	Percent Δ
Instruction	\$ 46,940,907	\$ 45,438,061	\$ 47,064,656 (a)	\$ 47,726,641	\$ 525,748	\$ 82,474	\$ 48,334,863	\$ 1,393,956	3.0%
Organized Research	199,227	199,227	199,253	205,206	-	-	205,206	5,979	3.0%
Public Service	788,804	854,484	808,856	820,150	3,541	-	823,691	34,887	4.4%
Academic Support	7,242,132	7,756,259	6,711,311	7,420,530	(44,164)	-	7,376,366	134,234	1.9%
Student Services	4,071,584	4,903,668	4,068,482	4,172,157	77,588	-	4,249,745	178,161	4.4%
Institutional Support	14,445,375	14,722,916	13,592,305	15,778,265	(659,213)	-	15,119,052	673,677	4.7% (b)
Operations and Maintenance	12,048,478	11,861,892	11,933,688	12,500,953	131,700	-	12,632,653	584,175	4.8%
Independent Operations	-	-	-	35,200	(35,200)	-	-	-	0.0%
Benefits/Social Security/Medicare	986,893	986,893	1,077,049	1,098,824	-	-	1,098,824	111,931	11.3%
Health Insurance Reserve Fund	1,076,600	1,076,600	1,072,600	1,072,600	-	-	1,072,600	(4,000)	-0.4%
<b>Total Expenditures</b>	<b>87,800,000</b>	<b>87,800,000</b>	<b>86,528,200</b>	<b>90,830,526</b>	<b>-</b>	<b>82,474</b>	<b>90,913,000</b>	<b>3,113,000</b>	<b>3.5%</b>
<i>BOT Reserve Allocation</i>	<i>(2,500,000)</i>	<i>(2,500,000)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>2,500,000</i>	<i>-100.0%</i>
<b>Net Expenditures</b>	<b>\$ 85,300,000</b>	<b>\$ 85,300,000</b>	<b>\$ 86,528,200</b>	<b>\$ 90,830,526</b>	<b>\$ -</b>	<b>\$ 82,474</b>	<b>\$ 90,913,000</b>	<b>\$ 5,613,000</b>	<b>6.6%</b>

Line Item Categories	FY2024	FY2024	FY2024	FY2025			FY2025 Final	FY2025 Final Budget vs	
	Final Budget	Adjusted Budget	Actual (Unaudited)	Preliminary Budget	Budget Adjustments	Additional Expenditures	Final Budget	Dollar	Percent
Personal Services	\$ 65,837,887	\$ 66,068,253	\$ 68,160,798 (a)	\$ 68,759,141	\$ (100,763)	\$ -	\$ 68,658,378	\$ 2,820,491	4.3%
Contractual Services	14,631,783	14,186,055	11,736,130	14,611,675	127,563	82,474	14,821,712	189,929	1.3%
Travel	197,750	293,691	201,855	193,650	-	-	193,650	(4,100)	-2.1%
Commodities	807,401	963,645	708,097	818,150	-	-	818,150	10,749	1.3%
Equipment	428,986	1,079,630	657,686	410,786	(26,800)	-	383,986	(45,000)	-10.5%
Telecommunications	176,700	175,705	122,358	176,700	-	-	176,700	-	0.0%
Operations of Auto	24,000	46,780	35,066	24,000	-	-	24,000	-	0.0%
Permanent Improvements	25,000	-	-	25,000	-	-	25,000	-	0.0%
Awards and Grants	1,299,000	528,592	396,297	1,299,000	-	-	1,299,000	-	0.0%
Benefits/Social Security/Medicare	986,893	1,077,049	1,077,049	1,098,824	-	-	1,098,824	111,931	11.3%
Health Insurance Reserve Fund	1,076,600	1,072,600	1,072,600	1,072,600	-	-	1,072,600	(4,000)	-0.4%
Other/Transfer Out/Debt Service	2,308,000	2,308,000	2,360,264	2,341,000	-	-	2,341,000	33,000	1.4%
<b>Total Expenditures</b>	<b>87,800,000</b>	<b>87,800,000</b>	<b>86,528,200</b>	<b>90,830,526</b>	<b>-</b>	<b>82,474</b>	<b>90,913,000</b>	<b>3,113,000</b>	<b>3.5%</b>
<i>BOT Reserve Allocation</i>	<i>(2,500,000)</i>	<i>(2,500,000)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>2,500,000</i>	<i>-100.0%</i>
<b>Net Expenditures</b>	<b>\$ 85,300,000</b>	<b>\$ 85,300,000</b>	<b>\$ 86,528,200</b>	<b>\$ 90,830,526</b>	<b>\$ -</b>	<b>\$ 82,474</b>	<b>\$ 90,913,000</b>	<b>\$ 5,613,000</b>	<b>6.6%</b>

**Notes:**

Overall, the increase in the budget between FY2024 and FY2025 relates to salary adjustments based on the University's current collective bargaining agreements with a similar increase for non-negotiated staff and any outstanding labor contracts; as well as increases related to faculty promotion and addressing overall equity and compression of salaries.

Final vs Preliminary FY2025 Operating Budget: The Final FY2025 Unrestricted Operating Budget incorporates several important adjustments from the Preliminary FY2025 Budget. Notably, it includes an increase in Net Tuition Differential due to higher enrollment figures in FY2024. This adjustment has led to an additional \$82,474 allocated to the unrestricted operating budget for FY2025. Additionally, the final budget reflects updates made after the preliminary budget's approval in May 2024, such as corrections to FOAP strings and reallocation of expenses.

**Explanation of significant changes:**

(a) The budget to actual variance in the instruction functional category and personal services line item category is primarily due to substantial increases in faculty overload and summer instruction costs, increasing from \$1.9 million in FY2024 to \$4.1 million in FY2025.

(b) The increase in institutional support primarily reflects expenses that were previously covered by pandemic funding, which has been completely depleted as of June 30, 2024.



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Table 3  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**Fiscal Year 2025 Final Operating Budget - RESTRICTED**  
**by Function and Line Item**  
(with comparable data provided for Fiscal Year 2024)

**EXPENDITURES**

<u>Functional Categories</u>	<u>FY2024</u>	<u>FY2024 Adjusted</u>	<u>FY2024</u>	<u>FY2025</u>	<u>Budget</u>	<u>FY2025</u>	<u>FY2025 Final Budget vs</u>	
	<u>Final Budget</u>	<u>Budget</u>	<u>Actual (Unaudited)</u>	<u>Preliminary</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Dollar Δ</u>	<u>Percent Δ</u>
Instruction	\$ 10,166,591	\$ 13,353,112	\$ 12,652,589	\$ 14,922,310	\$ (1,068,201)	\$ 13,854,109	\$ 3,687,518	36.3%
Organized Research	962,864	2,955,201	1,820,096	2,112,418	594,112	2,706,530	1,743,666	181.1%
Public Service	3,045,124	4,502,255	2,916,944	2,995,111	-	2,995,111	(50,013)	-1.6%
Academic Support	1,403,376	2,500,259	1,947,499	2,236,283	-	2,236,283	832,907	59.4%
Student Services	22,866,323	36,058,352	34,544,340	27,003,022	6,652,237	33,655,259	10,788,936	47.2%
Institutional Support	3,018,204	2,899,390	1,950,352	990,202	97,000	1,087,202	(1,931,002)	-64.0%
Operations and Maintenance	2,432,229	3,640,024	3,173,975	4,444,632	2,921	4,447,553	2,015,324	82.9%
Independent Operations	2,565,852	1,925,978	1,739,165	3,158,338	(1,636,477)	1,521,861	(1,043,991)	-40.7%
Benefits/Social Security/Medicare	1,302,637	2,112,496	1,410,711	1,554,593	574	1,555,167	252,530	100.0%
<b>Total</b>	<b>\$ 47,763,200</b>	<b>\$ 69,947,067</b>	<b>\$ 62,155,671</b>	<b>\$ 59,416,909</b>	<b>\$ 4,642,166</b>	<b>\$ 64,059,075</b>	<b>\$ 16,295,875</b>	<b>34.1%</b>

<u>Line Item Categories</u>	<u>FY2024</u>	<u>FY2024 Adjusted</u>	<u>FY2024</u>	<u>FY2025</u>	<u>Budget</u>	<u>FY2025</u>	<u>FY2025 Final Budget vs</u>	
	<u>Final Budget</u>	<u>Budget</u>	<u>Actual (Unaudited)</u>	<u>Preliminary</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Dollar Δ</u>	<u>Percent Δ</u>
Personal Services	\$ 7,972,622	\$ 11,571,622	\$ 8,816,181	\$ 10,490,361	\$ 27,276	\$ 10,517,637	\$ 2,545,015	31.9%
Contractual Services	13,450,104	15,703,228	12,978,270	14,087,999	794,561	14,882,560	1,432,456	10.7%
Travel	230,348	576,650	433,930	418,294	-	418,294	187,946	81.6%
Commodities	425,931	1,006,507	403,813	562,925	32,460	595,385	169,454	39.8%
Equipment	769,500	947,337	674,057	1,228,854	-	1,228,854	459,354	59.7%
Telecommunications	6,404	144,522	82,609	48,260	-	48,260	41,856	653.6%
Operations of Auto	-	9,008	808	5,680	-	5,680	5,680	100.0%
Awards and Grants	21,856,503	32,523,832	32,849,670	27,469,898	3,817,650	31,287,548	9,431,045	43.1%
Benefits/Social Security/Medicare	1,302,637	2,112,496	1,410,711	1,554,593	574	1,555,167	252,530	19.4%
Other/Transfer Out/Debt Service	1,749,152	5,351,864	4,505,622	3,550,045	(30,355)	3,519,690	1,770,538	101.2%
<b>Total</b>	<b>\$ 47,763,200</b>	<b>\$ 69,947,066</b>	<b>\$ 62,155,671</b>	<b>\$ 59,416,909</b>	<b>\$ 4,642,166</b>	<b>\$ 64,059,075</b>	<b>\$ 16,295,875</b>	<b>34.1%</b>



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**Notes:**

*The significant variations above reflect the dynamic and unique nature of grants and contracts. Grant spending is tightly regulated by the approved guidelines, and any modifications to the budget typically require approval from the granting agency to ensure compliance. Additionally, grants often operate on cycles that differ from the University's fiscal year, meaning that a grant might span across multiple fiscal years. This necessitates assumptions about how to allocate the grant funds across these periods. Moreover, grant funding levels can fluctuate, with potential increases, reductions, or even discontinuations of funding over time. Finally, grants frequently allow for unspent funds to be rolled over to the next period or offer no-cost extensions, which can further complicate budgeting and financial reporting.*

**FY2024 final budget vs. FY2024 adjusted budget.** *The FY2024 final budget projections primarily focused on tuition grants, such as Pell Grants and the Monetary Award Program (MAP), and incorporated anticipated changes based on available information at the time the budget was prepared. Conversely, the FY2024 adjusted budget for grants and contracts reflects the funding available for the current award period, which may not align with the University's fiscal year. For instance, the 21st Century Grant period is from July 1, 2023, to August 31, 2024, illustrating how grant periods can extend beyond the standard fiscal year.*

**FY2024 adjusted budget vs. FY2024 actual (unaudited).** *The reflected underspent on grant programs may be attributed to several factors:*

*Grant Period vs. Fiscal Year Alignment: The FY2024 adjusted budget for grants and contracts reflects the available funding for the current award periods, which may not align with the University's fiscal year. For example, one grant has a funding period from July 1, 2023, to August 31, 2024, with a total allocation of \$231K. However, as of June 30, 2024, only \$138K had been spent. This misalignment between grant periods and fiscal years can contribute to apparent underspending within the fiscal year.*

*Slow or Delayed Spending: Many grants allow for unspent funds to be rolled over to subsequent periods or offer no-cost extensions. This flexibility means that spending can occur beyond the fiscal year, leading to lower expenditures within FY2024 compared to the adjusted budget.*

**FY2024 preliminary budget vs. FY2025 final budget.** *Reflects the net impact of new grants received as of date of preparation of the final FY2025 budget, including the IBHE Pell55 grant totaling \$2,240,000, an anticipated increase in MAP grant funding to NEIU due to the additional funding allotted by the State to the program as a whole, and updates on projected spendings.*

**FY2024 final budget vs. FY2025 final budget:** *For FY2024, the budget projections were centered on tuition grants, including Pell Grants and MAP, and were based on the information available at the time of preparation. In contrast, the FY2025 budget projections were developed in collaboration with Grants Accounting, using an assessment of ongoing grants, current approved funding, and historical spending patterns. This approach does not account for any grants that may be awarded midway through the fiscal year or those currently under review. Consequently, the FY2025 projected figures closely mirror the actual results from FY2024.*

**FY2025 final budget vs. FY2024 actual (unaudited).** *The FY2025 final budget projects an overall increase of \$1,903,404, or 3.1%, compared to FY2024 actual (unaudited) figures. Key changes across functional and line item categories are as follows:*

*Instructions: The increase in instructions relate to net impact of closed grants or for which notices of award have not yet been received as of the FY2025 final budget preparation date (e.g. pandemic-related funding, NSF grants, certain State grants, etc.) and anticipated increases in spending on grants in FY2025 compared to FY2024. Actual spending will be contingent upon decisions made by program directors*

*Organized Research: The increase in organized research is mainly attributable to new grants received which includes additional funding from National Science Foundation (NSF) and National Institutes of Health (NIH) totaling \$970K.*

*Institutional Support: The decrease in institutional support is primarily due to the expiration of pandemic-related funding at the end of FY2024. This reduction reflects the end of temporary financial relief measures that were in place during the pandemic.*

*Student Services/Awards and Grants: The decrease is mainly driven by lower Pell grant awarded to NEIU for FY2025 (from \$12.2 million in FY2024 to \$10.9 million in FY2025).*

*Operations and Maintenance: The increase in the projected operations and maintenance expenditures is largely driven by anticipated increases in spending on certain grants in FY2025 compared to FY2024. The extent of this increase depends on the decisions and priorities set by program directors.*

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**Functional Categories (Table 2 and 3)**

Table 2 and 3 report expenses using the National Association of College & University Business Officers (NACUBO) functional categories. These categories were established to create a standard reporting structure for expenses according to the purpose for which the costs are incurred; that is these categories are intended to convey why an expense was incurred. These same categories are used to report and track expenses on the University's Audited Financial States (for example, see the "Statement of Revenues, Expenses, and Changes in Net Position").

Instruction: Expenses for all activities related to instructional programs including credit and non-credit courses but also conferences, workshops and seminars.

Organized Research: Expenses that are directly linked to activities that produce research.

Public Service: Expenses derived from activities that are intended to provide non-instructional services to individuals or groups external to the institution.

Academic Support: Expenses for activities that provide support to the institutions primary programs for instruction, research and public services. These activities include libraries, museums, galleries, academic administration, faculty development and course and/or curriculum development.

Student Services: Expenses for services or activities that support a student's development outside the formal instruction program. These services and activities can include counseling and career guidance, social or cultural development, administration of financial aide or loans, admissions and records support and health services.

Institutional Support: Expenses related to executive level management and planning activities for the entire institution. This would include expenses related to the President's Office, public relations, financial operations, investment management, and auditing.

Operations and Maintenance: Expenses related to the physical plant or physical assets of the institution. This would include all expenses supporting the administration, supervision, operation, maintenance, preservation, and protection of the institution's physical assets.

Independent Operations: Expenses related to operations that are independent but may enhance the institution's mission but are otherwise owned or controlled by the institution. For NEIU this would include expenses related to parking, the Student Union, conference operations, childcare, retail and concession operations, student housing and management of the Student U-Pass.

Benefits/Social Security/Medicare and Health Insurance Reserve Fund: Expenses related to payments to local governments.

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**NACUBO Definitions from the "Financial Accounting and Reporting Manual for Higher Education"**

Instruction: The instruction classification includes expenses for all activities that are part of an institution's instruction program.

Expenses for credit and noncredit courses; academic, vocational, and technical instruction; remedial and tutorial instruction; and regular, special, and extension sessions are included. Expenses for departmental research and public service that are not separately budgeted are also included in this classification.

This classification excludes expenses for those academic personnel whose primary activity is administration—for example, academic deans.

Organized Research: The research classification includes all expenses for activities specifically organized to produce research, whether commissioned by an agency external to the institution or separately budgeted by an organizational unit within the institution. Subject to those conditions, the classification includes expenses for individual and/or project research as well as that of institutes and research centers. This classification does not include all sponsored programs, nor is it necessarily limited to sponsored research, since internally supported research programs, if separately budgeted, might be included in this classification.

Expenses for departmental research that are separately budgeted are included in this classification. However, the research classification does not include expenses for departmental research that are not separately budgeted. Departmental research that is not separately budgeted is included in the instructional category.

Public Service: The public service classification includes expenses for activities established primarily to provide non-instructional services for the benefit of individuals and groups that are external to the institution. These activities include community service programs (excluding instructional activities) and cooperative extension services. Included in this classification are conferences, institutes, general advisory services, reference bureaus, radio and television, consulting, and similar non-instructional services to particular sectors of the community.

Academic Support: The academic support classification includes expenses incurred to provide support services for the institution's primary programs of instruction, research, and public service. It includes activities such as:

- The retention, preservation, and display of educational materials, such as libraries, museums, and galleries.
- The provision of services that directly assist the academic functions of the institution, such as demonstration schools associated with a department, school, or college of education.
- Media, such as audio-visual services, and technology, such as computing support.
- Academic administration (including academic deans but not department chairpersons) and personnel providing administrative support and management direction to the three primary missions.
- Separately budgeted support for course and curriculum development

For institutions that currently charge some of the expenses; for example, computing support, directly to the various operating units of institution, this classification does not include those expenses.

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Student Services: The student services classification includes expenses incurred for offices of admissions and the registrar and activities that, as their primary purpose, contribute to students' emotional and physical well-being and intellectual, cultural, and social development outside the context of the formal instruction program. This classification includes expenses for student activities, cultural events, student newspapers, intramural athletics, student organizations, intercollegiate athletics (if the program is not operated as an auxiliary enterprise), counseling and career guidance (excluding informal academic counseling by the faculty), student aid administration, and student health service (if not operated as an auxiliary enterprise).

Institutional Support: The institutional support classification includes expenses for central, executive-level activities concerned with management and long-range planning for the entire institution, such as the governing board, planning and programming operations, and legal services; fiscal operations, including the investment office; administrative information technology (when not accounted for in other categories); space management; employee personnel and records; logistical activities that provide procurement, storerooms, printing, and transportation services to the institution; support services to faculty and staff that are not operated as auxiliary enterprises; and activities concerned with community and alumni relations, including development and fundraising.

Appropriate allocations of institutional support should be made to auxiliary enterprises, hospitals, and any other activities not directly related to the primary programs, instruction, research, and public service, or their related support classifications.

Operations and Maintenance: The operation and maintenance of the plant category includes all expenses for the administration, supervision, operation, maintenance, preservation, and protection of the institution's physical plant. These expenses include items such as janitorial and utility services; repairs and ordinary or normal alterations of buildings, furniture, and equipment; care of grounds; maintenance and operation of buildings and other plant facilities; security; earthquake and disaster preparedness; safety; hazardous waste disposal; property, liability, and all other insurance relating to property; space and capital leasing; facility planning and management; and central receiving.

For external financial reporting purposes, independent institutions are required to allocate the costs assigned to this classification to the other functional categories. However, most independent institutions still use this functional expense category internally to capture costs prior to allocation. Consequently, although this category is necessary and important to an independent institution's general ledger structure—and a necessary cost pool for cost reporting under the Uniform Guidance—the expenses are not considered a functional expense category (for GAAP reporting) for independent institutions.

Independent Operations: The independent operations classification includes the expenses of separately organized operations owned or controlled by an institution that are unrelated to, or independent of, the institution's mission but that may enhance its mission. This classification generally is limited to expenses associated with commercial enterprises and specific federally funded research and development centers (FFRDCs) operated by the institution but not established to provide services primarily to students, faculty, or staff.

Activities operated as auxiliary enterprises (that is, those established to provide a service to students, faculty, or staff and charging a fee related to the cost of the service) are excluded from this classification, as are operations with commercial aspects that primarily support instruction, research, and/or public service. (For example, hospitals and ancillary support activities are excluded.) Also excluded are expenses associated with property owned and managed as investments of the institution's endowment funds.

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The relationship between the institution and the independent operation needs to be carefully examined to determine the proper accounting. Independent institutions need to determine if the relationship requires consolidation of the independent operation or use of the equity method of accounting (if the independent operation is a corporation).



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**Action Item: FY2026 Operating & Capital Budgets Request**

**Overview of Operating and Capital Budget Requests**

Annually, public universities are required to submit operations and capital requests budgets to Illinois Board of Higher Education (IBHE) in October. IBHE then prepares a budget that they present to their board for approval in December/January, this is then submitted by IBHE to the Governor's Office of Management and Budget. The Governor introduces a state budget in February and the General Assembly begins the appropriations process which determines the operations and capital budgets the University receives for the fiscal year.

The budget requests brought before the Northeastern Illinois University (University or NEIU) Board of Trustees and summarized in this report are FY2026 requests, for the year beginning July 1, 2025 and ending June 30, 2026.

The FY2026 Unrestricted Operating Budget request is based upon the FY2025 Unrestricted Operating Budget for the University and the University's budget requests for new funding for FY2026. Included in the Unrestricted Operating Budget are State-appropriated funds and the University Income Fund, which is established by State statute to account for student tuition and certain fee revenue. The total of State appropriations and University Income Fund revenues represents the University's Unrestricted Operating Budget. Developing the Unrestricted Operating Budget request requires a balance between the new and ongoing financial needs of the University and a reasonable expectation of support from the State of Illinois and our students.

In the FY2025 budget, the State appropriation comprises 44.8 percent of projected revenues, while tuition and other revenues comprised 55.2 percent. For the FY2024 budget, State appropriation comprised 46.8 percent of projected revenues and 44.5 percent of the FY2023 budget. This highlights the State's crucial role in funding higher education institutions as ongoing challenges to student enrollment continue to persist.

This budget request includes moderate funding requests for salary and cost increases, as well as University's strategic planning initiatives. The total of State appropriations and University Income Fund revenues represents the Unrestricted Operating Budget request that requires Board of Trustees approval and will be sent, following approval, to the Illinois Board of Higher Education for consideration.

The following summarizes the budget information provided in this report.

**FY2025 Budget Development Schedule:** Table 1 provides a schedule of the budget development process. The Board of Trustees receives the initial FY2026 budget request in September, 2024, and the Board is scheduled to take action on the University's FY2026 preliminary Operating Budget in June, 2025 and on the FY2026 final Operating Budget in September, 2025.

**Operations:** The University's Unrestricted Operating Budget request for FY2026 is summarized in Table 2 and additional information supporting the request is provided in this report. Table 3 summarizes the requests for salary and cost increases. Table 4 summarizes the recommended strategic planning initiatives for FY2026.

**Capital Improvements:** Table 5 summarizes the FY2026 requests for capital improvements. Capital requests are discussed in the two broad categories used by the Illinois Board of Higher Education to classify state-funded projects - Regular Capital projects and Capital Renewal projects. Regular Capital projects include requests for new construction or significant remodeling or renovation. These projects typically provide new space or provide a significantly different use for remodeled space. Capital Renewal

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projects are of a lesser scope than Regular Capital projects. They include the remodeling or renovation of space, infrastructure renewal, and improvement projects that address deferred maintenance.

The capital requests were developed using the FY2025 cost factors provided by the Illinois Capital Development Board. The Illinois Board of Higher Education and the Capital Development Board recognize the differences in construction costs among the various locales in Illinois, most notably Chicago. The two boards approved higher construction cost standards for certain areas of the state where labor and material costs are significantly greater than other areas of the state. As a result, for Northeastern, higher and more accurate cost figures are used to develop the capital requests.

**Table 1**  
**FY2026 BUDGET DEVELOPMENT SCHEDULE**  
**FY2026 begins on July 1, 2025 and ends on June 30, 2026**  
**(Development schedule is subject to change)**

<b>September 2024</b>	Discussion and approval of the FY2026 operating and capital budget requests by NEIU Board of Trustees
<b>October 2024</b>	NEIU Board Finance Committee review and recommendation on FY2026 tuition and fee rates
<b>November 2024</b>	NEIU Board action on FY2026 tuition and fee rates
<b>January 2025</b>	Illinois Board of Higher Education action on FY2026 higher education operations, grants, and capital improvements recommendations
<b>February 2025</b>	Governor's FY2026 Budget Address
<b>May 2025</b>	General Assembly's action on FY2026 appropriations
<b>June 2025</b>	Governor's action on FY2026 appropriations  NEIU Board of Trustees' action on preliminary FY2026 University Operating Budget
<b>September 2025</b>	NEIU Board of Trustees' action on final detailed FY2026 University Operating Budget

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**FY2026 OPERATING REQUEST**

Developing the FY2026 Unrestricted Operating Budget request requires that the University reach a balance between the new and ongoing financial needs of the University and a reasonable expectation of support from the State of Illinois and our students. This budget includes modest funding requests for salary increases and selected strategic initiatives.

The University also recognizes the need for adequate State funding to support instructional and support programs. Over the past few years, nearly all University departments have had their available spending reduced or held to support faculty and staff salaries and unavoidable cost increases.

The University’s Unrestricted Operating Budget request for FY2026 totals \$104,410,900, an increase of \$13,497,900, or 14.8% percent, above the FY2025 Unrestricted Operating Budget. The FY2026 Unrestricted Operating Budget request includes salary and cost increases totaling \$10,047,900, and requests of \$3,450,000 for strategic planning initiatives. Table 2 summarizes the Unrestricted Operating Budget request.

**Table 2**  
**FY2026 OPERATING BUDGET REQUEST**  
**STATE APPROPRIATIONS AND UNIVERSITY INCOME FUNDS**

(in thousands of dollars)

<b>Base (FY2025 Budget)</b>	<b>\$</b>	<b>90,913.0</b>
<hr/>		
Projected Salary and Cost Increases		10,047.9
Strategic Program Initiatives		3,450.0
<hr/>		
<b>FY2026 Operating Budget Request</b>	<b>\$</b>	<b>104,410.9</b>
<hr/>		
Dollar Change From Previous Year		13,497.9
Percent Change From Previous Year		14.8%

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**Salary and Cost Increases**

The request includes salary increases so that employee salaries remain competitive with market rates. The requests are summarized in Table 3 and include an estimated general salary increase of \$2,275,900 or 3.3 percent. The estimated increase is based on the University’s current collective bargaining agreements with a similar increase for non-negotiated staff and any outstanding labor contracts; as well as increases related to faculty promotion and addressing overall equity and compression of salaries.

Non-salary cost increases include a 4.0 percent increase based on the 2023 Higher Education Price Index (HEPI). This is the most recent data available.

The request also includes additional fiscal pressures identified in FY2026 such as cost escalation of Capital Development Board (CDB) projects, impact of new Federal labor rules, and funding needed for a new academic program expected to launch in FY2026.

**Table 3  
FY2026 OPERATING BUDGET REQUEST  
SALARY AND COST INCREASES**

(in thousands of dollars)	FY2025 Base	FY2026 Increase	
		Amount	Percent
Salary and Benefits Increases	\$ 69,757.2	\$ 2,312.3	3.3%
Additional Fiscal Pressures Identified in FY2026	-	3,289.4	3.0
Unfunded Mandates	2,786.0	58.5	2.1
All Other Operating Costs	18,369.8	4,387.7	23.9
<b>Total</b>	<b>\$ 90,913.0</b>	<b>\$ 10,047.9</b>	<b>11.1%</b>

**Notes:**

1. Increased amount does not include strategic priorities in Table 4.
2. Other operating costs include such items as maintenance and service contracts, equipment for instructional and support programs, and general supplies.
3. Additional fiscal pressures identified in FY2026 include the following:

Description	Amount
Cost escalation of CDB projects	\$ 2,580.0
Impact of new Federal labor rules	644.4
Cost of new academic program expected to launch in FY26 - Ed.D. in Leadership, Equity, & Inquiry	65.0
<b>Total</b>	<b>\$ 3,289.4</b>

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4. Unfunded mandates include the following:

Description	Amount
Health Insurance Reserve Fund	\$ 1,072.6
Paid Leave for All Workers	1,000.0
Wellness Kiosk	5.0
Feminine Hygiene Products	15.0
Mandatory Waivers:	
Veterans and National Guard Scholarship	276.7
Reserve Officers' Training Corps (ROTC)	50.2
Teacher Special Education	278.5
Department of Children and Family Services (DCFS)	19.9
Children of Employees	47.1
Senior Citizens	21.1
<b>Total</b>	\$ <b>2,786.0</b>



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**President's Strategic Planning Initiatives**

Table 4 presents an overview of the strategic planning initiatives included in the FY2026 budget request.

**Table 4**  
**FISCAL YEAR 2026**  
**PRESIDENT'S STRATEGIC PLANNING INITIATIVES**

**Student Success**

President's Strategic Initiative: NEIU One-Stop Shop	\$ 2,200,000
The One Stop Center will serve all NEIU students by providing seamless, accessible services that reflect the diversity of our campus community. This includes not only the 48% of Latinx students, with dedicated bilingual support for advising, enrollment activities, and inquiries, but also extending our commitment to our African American students, low-income individuals, adult learners, and evening students. Our goal is to ensure that every student, regardless of background or circumstance, experiences equitable and comprehensive guidance in navigating their academic journey.	

**Academic Excellence and Innovation**

Nursing Program and Simulation Lab	1,250,000
Purchase necessary equipment and supplies for the development of the nursing simulation lab. Completion of the lab is an important milestone in moving the new nursing program forward for assessment and approval. Given NEIU's Latino enrollment demographics, the program will respond to several nursing demands, including the need of more Latino nurses to serve the increasing number of Latinos in the U.S. which is projected to reach 30% of the nation's population by 2050, according to the U.S. Census Bureau and Pew Research Institute.	

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<b>Total</b>	<b>\$ 3,450,000</b>
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Both of these initiatives are strategically designed to enhance student success, with a specific focus on supporting Latinx, Black, and Pell-eligible students, and also serve as a building block towards getting the Seal of Excelencia.

Further, as part of an NEIU multi-year strategic planning and development process, the University will include re-establishment of an annual integrated strategic planning into budget development process with NEIU's University Planning and Budget Council (UPBC), and will review the last three fiscal years of proposed strategic planning initiatives.

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**TUITION AND FEES**

Timing the formal request for the approval of tuition and fee rates involves balancing the informational needs of students and parents to ensure they are fully informed of college cost when making enrollment decisions and the ability of the University to consider the available State funding. In November 2023, the NEIU Board of Trustees adopted tuition and fee rates for FY2025, the academic year beginning with the Fall of 2024 semester with no increase in tuition and fees. For FY2026, the tuition and fee recommendations will be brought to the Board Finance Committee for discussion in October 2024, and to the Board for action at the November 2024 meeting.

**CAPITAL IMPROVEMENTS**

Table 5 summarizes capital improvement requests for FY2026. Requested capital projects total \$399,143,355 with \$332,633,258 in Regular Capital projects and \$66,510,097 in Capital Renewal projects. The requests also include a priority number for each project, as requested by the Illinois Board of Higher Education.

**Table 5  
FISCAL YEAR 2026 REQUEST  
CAPITAL APPROPRIATIONS**

(in thousands of dollars)	<u>Priority No.</u>	<u>Estimated Project Cost</u>
<b><u>REGULAR CAPITAL PROJECTS</u></b>		<b>\$ 332,633.3</b>
Education Building, furniture, fixtures & equipment	1	14,018.0
Mixed use facility	2	60,362.5
Science Building, planning	3	11,208.3
Science Building, construction	4	143,197.0
Science Building, furniture, fixtures equipment	5	27,129.0
Lech Walesa Hall, remodeling	6	21,235.9
Ronald Williams Library renovation	7	55,482.5
<b><u>CAPITAL RENEWAL PROJECTS</u></b>		<b>\$ 66,510.1</b>
Cogeneration and Efficiency	1	3,320.7
Campus Roof Replacement	2	13,030.2
PE Complex, Pool Leak Repair	3	9,398.4
ADA Restrooms	4	4,102.9
Parking lot D replacement	5	2,051.5
Masonry and Building Envelope, replacements	6	12,309.2
Building D and E exterior window wall, replacement	7	4,167.4
Five science lab renovations	8	6,431.7
Fume hoods	9	1,440.5
Lower Level Egress and Fire Separation	10	10,257.7
<b><u>TOTAL CAPITAL REQUESTS</u></b>		<b>\$ 399,143.4</b>

Note: All projects reflect FY2025 Capital Development Board cost guidelines.

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A brief description of each project follows. The projected cost of all projects reflects the FY2025 Illinois Capital Development Board cost guidelines for FY2026 budget preparation.

**A. Regular Capital Projects**

**2026-1 Education Building, Furniture, Fixtures & Equipment - \$14,018,000**

This request is for funds to provide moveable equipment in the new Education Building, which is slated to be completed by September 2026. Equipment includes classroom and office furniture, computer laboratory equipment and furniture, and general supportive equipment for the academic departments and support services.

**2026-2 Mixed Use Facility - \$60,362,534**

NEIU is landlocked. The recent addition of the Student Residence and the upcoming Education Building, and future New Science Building will displace Building J, the Grounds Maintenance building, and reallocate the site of parking lots H and J. A mixed use facility is planned to house the Trades and Grounds departments and provide necessary additional parking.

**2026-3 Science Building Planning - \$11,208,280**

**2026-4 Science Building Construction - \$143,197,001**

This request is for planning funds through the preparation of bid documents for a new Science Building. Construction of a new Science Building is necessary to address the continuing growth, success, and pressing needs of the University. This project will permit Northeastern Illinois University to meet needs in the areas of teaching laboratory, student and faculty research laboratory, classroom and office space, along with improved overall space utilization on campus.

**2026-5 Science Building Modernization, Furniture, Fixtures & Equipment - \$27,129,000**

This request is for funds to provide moveable equipment in the new Science Building, which are Capital Project requests 2026-3 and 2026-4. Equipment includes classroom and office furniture, wet and dry laboratory equipment and furniture, and general supportive equipment for the academic departments and support services.

**2026-6 Lech Walesa Hall Remodeling - \$21,235,935**

This project is closely linked with the construction of the Education Building and will renew existing finishes, modernize H.V.A.C. and utility systems, replace fixed equipment, and remodel interior areas in response to programmatic changes in the Lech Walesa Hall since it was constructed in 1973. The project includes realigning administrative space throughout the building by consolidating various departmental offices. It also reconfigures the second-floor open computer laboratories, consolidates the University's computer center and support offices, and adds student meeting and group study places in support of a student-centered environment. The project also provides for modifying lighting, electrical, and data distribution systems to support remodeling; and renews and replaces interior finishes and fixed equipment in classrooms, corridors, stairwells, and washrooms.

The departments and programs in the building have changed substantially since the building was first occupied, but the assignment and configuration of space have never been readjusted in a comprehensive manner. Over the years, most office spaces have been reassigned on the basis of existing partition configurations. However, departments and colleges have been reorganized, classrooms have integrated computers, and support space originally intended for audio-visual projection has become obsolete and pressed into use as office space. With the completion of the Building B Remodeling in September 2002 and CBM Building (formerly Building A) in September 2009, and the Education Building thereafter, a

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number of major departments, along with the College of Education and College of Business and Management, will vacate the Lech Walesa Hall. This will be an opportune time to review space assignments and adjust partition layouts to better support the building functions.

The Lech Walesa Hall is a 148,660 gross square foot four-story concrete frame building constructed in 1973. It has a brick exterior with vertical aluminum window wall panels, and all of the interior partitions are painted concrete masonry blocks. All of the building construction and systems are original with the exception of the roof, which was replaced in 1989. The building contains two large lecture halls that rise from the lower level to the first floor. The second and third floors have classrooms arranged around an atrium in the middle of the building with offices around the perimeter of the floor. The lower level and fourth floor are primarily office spaces.

In order to determine the specific changes related to the University's goals and program priorities in the Lech Walesa Hall, the University reviewed all current and mid-range academic program needs and the Facility Master Plan with architects Ross Barney and Jankowski in August 1999. This review recommended the following actions:

- a. Relocate faculty and staff offices from lower-level spaces to spaces at and above grade level, providing better environmental conditions for the occupants, and freeing up space in the lower levels of the buildings for much-needed additional storage space and auxiliary offices.
- b. Implement recommendations for classrooms from "Study of Teaching Space" completed in February 1994, prepared by Educational Consulting Services Ltd. The recommendations include expanding the current transmission mode of existing classrooms with other room types, including seminar rooms, case study rooms, electronic classrooms and methods rooms, as well as providing high-profile and universally accessible locations.
- c. Provide adequate consolidated offices for University Computing Services, Administrative Information Systems, Network and Distributed Services, and Telecommunications, which have been located, as space has allowed, in various locations throughout the Lech Walesa Hall.

Based on the above objectives, the amount of available space in the buildings, and their locations on campus, a tentative remodeling program was developed. This will be validated during the conceptual design phase.

The University's first open computer laboratory was located on the second floor in the atrium and was expanded into a number of classrooms. A portion of the laboratory was relocated into the remodeled Building B, the stations moved out of the classrooms, and the classroom functions were restored. All of the other 33 classrooms in the building will be refurbished with new fixed equipment and provisions made for the installation of multimedia teaching stations and notebook computer docking stations. Fixed seating and casework in the lecture halls will be replaced and fitted with provisions for computer docking. Floor and wall surfaces will also be refurbished in all of the corridors, two stairwells, and five men's and five women's washrooms along with new toilet fixtures and partitions. Lighting will be upgraded along with power and network distribution throughout the building.

Gross abatement of all floor tile and mastic containing asbestos will be completed. Asbestos abatement consists of the removal of the floor tile and mastic.

**2026-7 Ronald Williams Library Renovation - \$55,482,508**

The role of the academic library has dramatically evolved since the opening of the Ronald Williams Library in 1977. The Library in 2014 completed a master space plan to define its future trajectory. The planning process was conducted in conjunction with CannonDesign, a firm with extensive experience in space

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planning for academic libraries. The Strategic Plan for Library Services FY2012 Action Plan and the Association of College and Research Libraries Report on the Innovation Roundtable at Ronald Williams Library were foundational elements in the planning. The design team undertook an in-depth study of contemporary trends and initiatives at academic libraries across North America.

The master space plan addresses both necessary upgrades to building systems and finishes, as well as a reimagining of the existing spaces. An expansion of the Library facility is not needed in order to serve University needs. However, the amount of seating available is insufficient to serve the current student population, and these seats are primarily at traditional reading tables and study carrels, with minimal lounge, computer, and group study spaces. Currently, only 44% of available seats are adjacent to an electrical connection, limiting the functionality of more than half the seating, and leading to ad hoc furniture arrangements arising from a quest for electrical outlets. The Library hosts multiple external partner institutions and programs that enrich the learning environment but lead to a confusing multiplicity of reception desks and issues with wayfinding.

**B. Capital Renewal Projects**

**2026-1 Cogeneration and Efficiency - \$3,320,653**

Northeastern seeks to further its electrical upgrade, allowing for all campus spaces to continue modernization, security, and efficiency. This project would provide funds to rebuild the infrastructure needed to preserve our Cogeneration apparatus on campus, extending its life and improving its overall efficiency.

Additionally, this project would include efficiency upgrades campus wide to equipment from lighting to HVAC to lower our overall energy needs making our cogeneration more feasible on the days when we experience the highest need while also saving the university money annually in utility costs.

**2026-2 Roof Replacement - \$13,030,192**

This project renews the building envelope and roof integrity and protects interior spaces for the University buildings listed below. The south portion of the PE Complex roof (over swimming pool area only) was repaired in late 2017; this request is for the remainder of the roof.

All buildings are experiencing an increase in roof leaks and moisture penetration through exterior walls. They are also exhibiting severe signs of distress. The university is proposing extensive repairs and renovations to address these concerns.

The specific work items (along with construction dates of existing roof):

- A. Building B (1989):
  - (i) Roof replacement and all associated work (including flashing, coping, etc. as required).
  
- B. Building C (1989):
  - (i) Roof replacement and all associated work (including flashing, coping, etc. as required).
  - (ii) Repairs to deteriorated exterior concrete overhang slabs and posts, which act as sunscreen.
  
- C. Building D (1987):
  - (i) Roof replacement and all associated work (including flashing, coping, etc. as required).

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- D. Building E (1987): (i) Roof replacement and all associated work (including flashing, coping, etc. as required).
- E. Building F (1987): (i) Roof replacement and all associated work (including flashing, coping, etc. as required).
- F. Building J (1992): (i) Roof replacement and all associated work (including flashing, coping, etc. as required).
- G. Library (1977): (i) Penthouse roof replacement and all associated work (including flashing, coping, etc. as required).
- H. PE Complex (1988): (i) Partial roof replacement and all associated work (including flashing, coping, etc. as required).
  - (ii) Replacement of deteriorated roof deck and insulation as required.
  - (iii) Repairs to exterior masonry walls repairs as required to prevent moisture penetration.

**2026-3 Physical Education Complex, Pool Leak Repair - \$9,398,393**

The 35-year-old concrete pool structure in the has started to demonstrate significant water loss of up to 5,000 gallons/day due to degraded waterproofing membrane inside the supply/drainage trench, leaking joints in the pool floor and cracks in the pool walls and gutter, other areas of localized tile substrate deterioration on the pool walls and freshwater mortar supply trenches in the pool floor. The concrete surfaces of the south pool deck, crawl space underneath, and in the mechanical room have evidence concrete and steel deterioration in a form of delaminated concrete, leaking cracks in the walls and underside of the pool deck, section loss at steel pipe drains and scuppers and corrosion of steel platform supports. Structural settlement observed at the west pool deck and cracks in the CMU walls have appeared. For the pool to remain serviceable, the aforementioned deteriorated items should be repaired by conventional repair methodologies executed by an experienced specialty concrete repair contractor and the structural settlement issues addressed.

The scope will also include replacing the outdated water filtration system and associated piping, roof leaks due to structural settlement, and repairs of the steel sump pump pit will require a specialty contractor depending on the repair approach.

**2026-4 ADA Restrooms Renovations - \$4,102,932**

Over the past 5 years, NEIU has constructed 7 new ADA restrooms across three locations. However, many of NEIU's buildings were built in the 1970s. They have aging facilities that need renovation. All restrooms do not meet the same ADA compliances or comfort levels. The project would cover 11 ganged restrooms and 5 single-use restrooms.

**2026-5 Parking Lot D Renovation - \$2,051,534**

This project will renovate the deteriorating Parking Lot D (corner of Bryn Mawr and Access Road). This parking lot was last resurfaced in 1996 and holds 277 parking spots. There are currently wide cracks on over 50 percent of the surface. There are also significant amounts of severe depressions in wheel locations due to the inability of the substructure to support the wheel loads. Alligator cracking is evident in a few areas, most notably near the loading dock and the entrance to the parking lot. This parking lot was slated to be rebuilt in 2015.

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**2026-6 Masonry and Building Envelope, Replacements - \$12,309,204**

This project renews the masonry and building envelope, and protects interior spaces for multiple University buildings. All buildings are experiencing an increase in moisture penetration through exterior walls, and exhibiting severe signs of distress. The University proposes extensive repairs and renovations to address these concerns.

The university is proposing masonry repairs/replacement and exterior glazed curtain walls repairs and/or replacements to address these concerns.

**2026-7 Buildings D & E Exterior Window Wall Replacement - \$4,167,406**

This project replaces 1,800 linear feet of the original window wall in Buildings D & E and adjacent enclosed cross corridors. These buildings are two of the original campus buildings constructed in 1961. The existing window wall is floor-to-ceiling single-glazed clear glass with sliding glass windows between mullions. Replacement of the window wall will significantly reduce energy costs.

The existing floor-to-ceiling window wall will be removed and replaced with a new window wall with a thermal break frame with operable windows, and a combination of low - E reflective glass and insulated panels. This work includes a total of 16,200 square feet of window wall around Buildings D and E and adjacent cross corridors to Buildings A, B, and F.

**2026-8 Five Science Lab Renovations - \$6,431,659**

This project will renovate five existing science labs to minimally meet current needs for teaching, student, and faculty research laboratories. The current building has undergone only minor updating and renovation since construction in 1972. Science teaching technology has changed dramatically since the building was constructed, and laboratory health and safety procedures and building code regulations have changed. Lab renovations are needed to enhance our ability to educate new scientists.

**2026-9 Fume Hoods - \$1,440,455**

Bernard Brommel Hall (Science Building) was constructed in 1972 and has 39 fume hoods. The majority of the fume hoods are original to the building. This project provides a replacement of new energy-efficient fume hoods that will result in cost and energy savings. The fume hoods, fans, and connecting ductwork will have to be replaced to achieve energy efficiency and reliability.

**2026-10 Lower Level Egress and Fire Separation - \$10,257,669**

This project addresses lower level fire separation and egress requirements for connected main campus buildings. The scope of work includes planning, new code required egress signs, fire separations at openings, new construction to meet separation, and connection to the university addressable fire alarm system.

**Recommended Action**

I request that the Finance, Buildings and Grounds Committee recommend approval of the FY26 Operating and Capital Budgets Request as presented.

**Action Item: FY2026 Operating & Capital Budgets Request**

**APPENDIX 1**

**STRATEGIC GOALS**

The University has identified six strategic goals that guide the budget planning process and implementation.

**Strategic Goal One - Student Success**

Advance student success from recruitment through graduation by engaging all members of the Northeastern community.

**Strategic Goal Two - Academic Excellence and Innovation**

Implement and support curricular and pedagogical best practices aligned with the mission of the institution, student needs, the standards of the disciplines, and career and civic engagement opportunities.

**Strategic Goal Three - Urban Leadership**

Build upon Northeastern's tradition of community partnership and engagement by collaborating with educational, social service, governmental, philanthropic, and business organizations in Chicago and the region.

**Strategic Goal Four - Exemplary Faculty and Staff**

Invest in and support faculty and staff to foster a nationally recognized urban university and create a thriving work environment that makes Northeastern an employer of choice.

**Strategic Goal Five - Enhanced University Operations**

Improve operating efficiencies, physical and technological infrastructure and systems, and environmental sustainability in order to provide a supportive learning, teaching and working environment.

**Strategic Goal Six - Fiscal Strength**

Enhance Northeastern's financial position by diversifying revenue sources and by strengthening institutional relationships with donors, public and private entities, and alumni.

These were Strategic Priorities developed with the cabinet in alignment with the Illinois Board of Higher Education's strategic plan.

**Equity**

*Recruitment:* Advance outreach and recruitment to reinforce NEIU as a diverse, inclusive "university of choice" for Latina/o/x, African Americans and other students from underserved backgrounds.

*Retention:* Develop and advance best practices for academic and social support structures that enhance student success and retention.

**Sustainability**

*Fundraising:* Increase affordability of and access to NEIU students by leveraging public and private philanthropy, partnerships and shared fiscal responsibility.



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**Growth**

*Graduation:* Increase placement of NEIU graduates in high demand positions to diversify the workforce and address historical inequities. (education initiatives) (career education, inclusive talent development, innovations and job creation)

**Action Item: EXPENDITURE RECOMMENDATIONS FOR PURCHASES OF \$250,000 OR MORE:  
Approval of Shortfall Funding for Capital Development Project No. 817-010-082 -  
Science Building (BBH) HVAC System Upgrade Project**

**Project Background and Scope**

The Capital Development Board (CDB) has appropriated funds in the amount of \$2,360,209 to upgrade the HVAC system located in the Science Building (BBH) at the University's main campus.

This Project will retrofit the ventilating system, including all exhaust hoods in the Science Building with new equipment and controls. This retrofit will ensure occupant safety, maintain compliance with current regulations, improve occupant comfort and energy efficiency, and provide flexibility for future change. The building, constructed in 1972, utilizes a constant velocity ventilation system with reheat coils.

This Project has a few major components. First the air handling system will be converted from a constant supply to a variable volume supply system. All of the existing mixing boxes will be replaced and variable drives will be installed on all main supply and return fans and exhaust hood fans. The second component will be to add controls connecting the new mixing boxes with the existing exhaust hoods in the rooms, allowing the required air supply to each room to meet the demand. The building vestibules will be constructed where possible to improve occupant comfort and energy efficiency.

After several project budget cost reviews, it was determined that the project will actually cost \$2,731,300 resulting in an appropriated funds shortfall totaling \$371,091. NEIU has been asked to fund the shortfall for this project.

Once the funding shortfall funding is approved, CDB will review work performed on the project, approve payment requests to the Illinois Comptroller for project costs using appropriated funds, and send payment requests to the University for project costs using University funds.

**Project Cost**

The revised total cost of the Project is \$2,731,300 as follows:

CDB Funds:	\$2,360,209
<b>NEIU Contribution:</b>	<b>\$371,091 (Shortfall)</b>

This agreement ends June 30, 2028

**Source of Funds**

Academic Enhancement Fee

**Recommended action**

I request that the Finance, Buildings and Grounds Committee recommend approval of shortfall funding not to exceed \$371,091 toward the Science Building (BBH) HVAC renovation (CDB Project No. 817-010-082), with a contract expiration date of June 30, 2028.

**Action Item: Recommendation to Approve Nature Preserve Additions and Nature Preserve Buffer Zones to the Gensburg-Markham Prairie**

**Summary**

Northeastern Illinois University's (NEIU) Gensburg-Markham Prairie, a 100-acre remnant prairie, is a live picture of what once covered the state of Illinois. Saved from development by NEIU, The Nature Conservancy, and Natural Land Institute in the 1970's, the prairie is now a dedicated Illinois Nature Preserve and National Natural Landmark. This one-of-a-kind natural area is refuge to threatened and endangered species and provides student internship and research opportunities. The dedication of these parcels is consistent with Northeastern's long term objectives to enhance the quality of all areas of its preserve. Dedication of these parcels is also consistent with NEIU's commitment from a September 20, 2007 Board resolution. These parcels are already owned by NEIU and the dedication will not incur any cost.

The Illinois Nature Preserves Commission (INPC) serves as the state agency that assists private and public landowners, including Northeastern Illinois University, to protect high quality natural areas and habitats of threatened and endangered species, in this case the Gensburg-Markham Prairie. To dedicate the remaining parcels under NEIU possession as 'Nature Preserve Additions' or 'Nature Preserve Buffer Additions' will elevate their status and be afforded the highest level of legal protection available in Illinois under THE Illinois Natural Areas Preservation Act.

The University is requesting approval to move forward with the dedication process along with the Illinois Nature Preserves Commission of parcels within the Gensburg-Markham Prairie boundaries and three parcels owned by NEIU that are part of the larger Indian Boundary Prairies system in Markham, IL.

**Background**

Northeastern Illinois University's Gensburg-Markham Prairie (GMP), located within the City of Markham, is a 100-acre remnant of the lake plain prairies on which the greater Chicagoland area is built. Gensburg-Markham Prairie is part of a conglomerate of prairies that have been collectively referred to as the Indian Boundary Prairies (IBP). These are surviving remnants of the vast prairie that once extended for miles along Lake Michigan and the Lake Plain Section of glacial Lake Chicago. The most pristine of five IBP sites, Gensburg-Markham Prairie supports several endangered and threatened species including the Eastern Prairie Fringed Orchid. The prairie is open to the public and used by Northeastern and local elementary classes, volunteer groups, environmental professionals and researchers, and other members of the general public. Its status as an Illinois Nature Preserve ensures its legal protection in perpetuity so its features may endure for future generations.

Four of the five IBP preserves are owned and managed by The Nature Conservancy (TNC), one of the largest non-profit environmental organizations in the country. For more than 40 years, Northeastern Illinois University has worked closely with TNC to expand, manage and protect the Indian Boundary Prairies.

**Dedication Process and Requirements**

A complete written proposal detailing the site's natural resources and allowable uses is submitted to the Illinois Nature Preserves Commission for review. The proposal was written by Martha Lopez-Salazar, Naturalist for GMP, with help from INPC's Kim Roman, Region 2 Natural Areas Preservation Specialist, and TNC's Karl Gnaedinger, Site Manager for the Indian Boundary Prairies. The written proposal will be presented during a public meeting of the INPC for its 9-member board to vote on the site's suitability in the Illinois Nature Preserves system. If approved, the legal instrument of dedication will be prepared for the signatures representing NEIU, INPC, Illinois Department of Natural Resources, and the Governor of Illinois to be presented at another public meeting of the INPC.

**Action Item: Recommendation to Approve Nature Preserve Additions and Nature Preserve Buffer Zones to the Gensburg-Markham Prairie**

There is no cost to NEIU to dedicate land as a Nature Preserve. Individual parcel legal descriptions and maps have already been prepared. INPC and IDNR will cover the cost of recording documents with Cook County.

The dedication of these parcels is consistent with Northeastern's long term objectives to enhance the quality of all areas of the preserve. Dedication of these parcels is also consistent with NEIU's commitment from the September 20, 2007 Board resolution:

1. Northeastern agrees to accept to the inholdings of vacated property that is transferred to the University as the result of the vacation of the land previously dedicated for use as a public roadway, at no cost to the University.
2. Northeastern agrees upon vacation of land previously dedicated for use as a public roadway, the University will execute a dedication of such land as an Illinois State Nature Preserve under the Illinois Natural Areas Preservation Act, as the current adjacent University-owned parcels are already so dedicated.

**Recommended Action**

I request that the Finance, Buildings and Grounds Committee recommend approval for certain land parcels at the Gensburg-Markham Prairie to be dedicated as Illinois State Nature Preserve additions and Illinois State Nature Preserve buffer zones as provided for under the Illinois Natural Areas Preservation Act. This recommendation is made with the understanding that approval of such changes to the Gensburg-Markham Prairie does not financially bind the University.

