

**ACTION ITEM: EXPENDITURE RECOMMENDATIONS FOR PURCHASES OF \$100,000 OR MORE –  
REAL ESTATE BROKER SERVICES FOR THE BRYN MAWR PROPERTIES**

**Background**

In early 2020, the University contracted with Jones, Lange, LaSalle, LLC (JLL) to provide comprehensive professional real estate advisory services related to identifying the highest and best use of the University's real estate holdings on both sides of N. Bryn Mawr Ave. from N. Kimball Ave. to N. Bernard Street ("Bryn Mawr Property"), and its properties located at the intersections of N. Avondale Ave., W. Henderson St., and N. Kimball Ave. ("El Centro Property").

JLL completed their analysis and presented recommendations to the Board of Trustees on April 14, 2021. A copy of JLL's report with their financial recommendations was provided to the board. The board accepted JLL's recommendations. In order to execute the recommendations made by JLL, it was necessary to conduct a separate Request for Proposal (RFP) to select a Real Estate Broker to operationalize the recommendations.

**Scope of Services**

The real estate broker services will include commercial real estate brokerage, marketing and leasing services, negotiation of real estate ground leases and development agreements, and owner's representative services for the Bryn Mawr properties only. The broker will also prepare marketing strategies specific to objectives created for the Bryn Mawr properties which may include compatibility with adjacent operations and zoning restrictions, and reputational risk to the University. In addition, the vendor/broker will facilitate the recruitment of interested parties that align with the Bryn Mawr property objectives and maximize the financial benefit to the University.

**Recommended Vendor**

CBRE, Inc. is recommended as the real estate broker based on their considerable resources and experience in Chicago real estate and higher education real estate matters. The CBRE team members have worked on higher education projects across Illinois, including Illinois State University and have worked on a similar project with other state agencies. CBRE has a partnership with a BEP vendor, Ware Realty Group, which also brings considerable expertise in commercial real estate in higher education and Chicago, is committed to being an integral part of the team, and has demonstrated such commitment and participation with CBRE in the past on similar projects. CBRE has committed to the 30% BEP goal.

As an Illinois Public University, Northeastern adheres to the Illinois Procurement Code set forth in the Illinois Compiled Statutes (30 ILCS 500). A competitive sealed process via an RFP for Real Estate Broker Services was posted to the Illinois Procurement Bulletin.

An Evaluation Committee made up of three University employees who have knowledge and experience relevant to the procurement was assembled to review proposals. The University received one proposal. Based on the analysis of the responsive proposal, the evaluation committee deemed it to be responsive, the pricing fair and reasonable, and in the best interest of the University. The evaluation committee recommended CBRE, Inc. as the vendor to move forward as its real estate broker for the Bryn Mawr properties.

Upon Board approval, a contract will commence on the date of signing and has an initial term of five (5) years with five (5) one-year renewal options to be exercised up to five times at the sole discretion of the University, based on continuing need for services and the awarded vendor's ongoing satisfactory performance. The five one-year renewal options are warranted to account for the length of time it may take to identify find a developer and to ultimately execute ground leases. The goal is to finalize the ground leases for the Bryn Mawr properties and pay the vendor fees within the initial five-year term. However,

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should the University need additional time to finalize ground leases, it can exercise the renewal options, one year at a time. The absence of a renewal option would require additional time and resources at the end of the initial contract term to begin a new procurement process. From the contract:

Please note: renewal options are not automatic. Before a renewal option is exercised, various approvals are required, including the President, and the State Purchasing Officer. In addition, our contract includes a clause for Termination for Convenience should the University decide the broker services are no longer desired. The contract also includes a Termination for Default clause should the vendor not perform the services according to contract requirements.

Contract pricing is dependent on the value of the negotiated leasing costs that arise out of this agreement. CBRE is asking for an 8% commission rate of the final ground lease of the properties. CBRE presented two potential scenarios based on the RFP, representing the commission costs anticipated under a ground lease for retail/mixed development or office/industrial mixed-use development. Any commission would be dependent on the actual ground lease that is negotiated, and would be financed out of funds received from the lease. For instance, under the retail/mixed scenario with a \$1,490,000 lease value, an 8% commission would total \$119,000, and in the office/industrial mixed scenario with a \$6,330,000 lease value, an 8% commission would total \$506,400. The realized commission will depend on the proposals submitted by the developers and ultimately selected for the property.

Note that in the event the high-end estimates are realized, it simply means that the University and CBRE have been more successful in obtaining a high-value leases and development opportunities. The proposal evaluation committee also notes that the commission-based structure enhances the incentives for the broker to seek a high-value opportunity more than a flat-fee based deal structure.

The committee also notes that there may be additional costs to the University related to demolition, site preparation, surveys, environmental impact, and transportation studies. This award does not create an obligation for those costs, which are not customarily borne by the brokerage firm, and any costs would need to follow necessary procurement processes. Actual costs will be dependent on actual development proposals and procurement needs, and pricing would be evaluated in the context of those proposals. The University will have the opportunity to engage in negotiations, as necessary, in regards to final development plans and may include these costs as part of any agreement.

The evaluation committee is recommending Board approval to select CBRE, Inc. as the vendor for Real Estate Broker Services for the Bryn Mawr properties.

**Cost**  
8% of final ground lease

**Source of Funds**  
Land lease

**Recommended Vendors**

**Prime Vendor**  
CBRE (Non-BEP)  
Chicago Office  
321 N. Clark Street, Suite 3400  
Chicago, IL 60654

**Subcontractor**  
Ware Realty Group (BEP - African American Female)

**Summary of Respondents**  
CBRE, Inc.

**Recommended Action:**

I request that the Finance, Buildings and Grounds committee recommend approval of the selection of CBRE, Inc. as the real estate broker for the Bryn Mawr properties for an initial five-year agreement with five one-year renewal options, and an 8% commission rate based on final ground leases.

**ACTION ITEM: EXPENDITURE RECOMMENDATION FOR PURCHASES OF \$100,000 OR MORE –  
SNOW PLOWING SERVICES**

**Background**

Northeastern Illinois University contracts with a firm to provide snow removal services during major snow accumulations. The current vendor contract expires on June 30, 2022 with no renewal options available. An Invitation for Bid solicitation was advertised on April 12, 2022. The scope of services includes snowplowing services for the University's Main Campus and Carruthers Center for Inner City Studies (CCICS). One bid was received on April 21, 2022 from Snow Systems, Inc. for both locations. Snow Systems, Inc. is the current vendor for snow removal at the main campus.

**Considerations**

Main Campus: the vendor is only called when accumulated snowfall is more than 4 inches. The vendor is responsible for removing snow from parking lots and access roads on the main campus only. The University's Grounds Department is responsible for adding salt to the walkways, access roads and around building entrances.

CCICS: The vendor is required to remove snow and salt the parking lot, sidewalks, and around entrances when snowfall is more than 2 inches.

Estimated cost for both locations (Main Campus and CCICS) is \$500,000.00.

Snow Systems, Inc. has met the 30% BEP goal by subcontracting with AMS Elite Solutions, Inc. The University deemed the sole bid responsive, the cost fair and reasonable, and an award to the incumbent to be in the best interest of the University.

The University is seeking Board approval to enter into a five (5) year contract on an as-needed basis with Snow Systems, Inc. There are no renewal options available on this contract.

**COST:**

Not to exceed \$500,000.00 for 5 years

**SOURCE OF FUNDS:**

Parking Fee

**RECOMMENDED VENDOR:**

Snow Systems, Inc. (Non-BEP)  
600 N. Wolf Court  
Wheeling, IL 60090

**BEP Subcontractor:**

AMS Elite Solutions, Inc. (BEP- CF)

**SUMMARY OF BIDS:**

Snow Systems, Inc.  
600 N. Wolf Court  
Wheeling, IL 60090

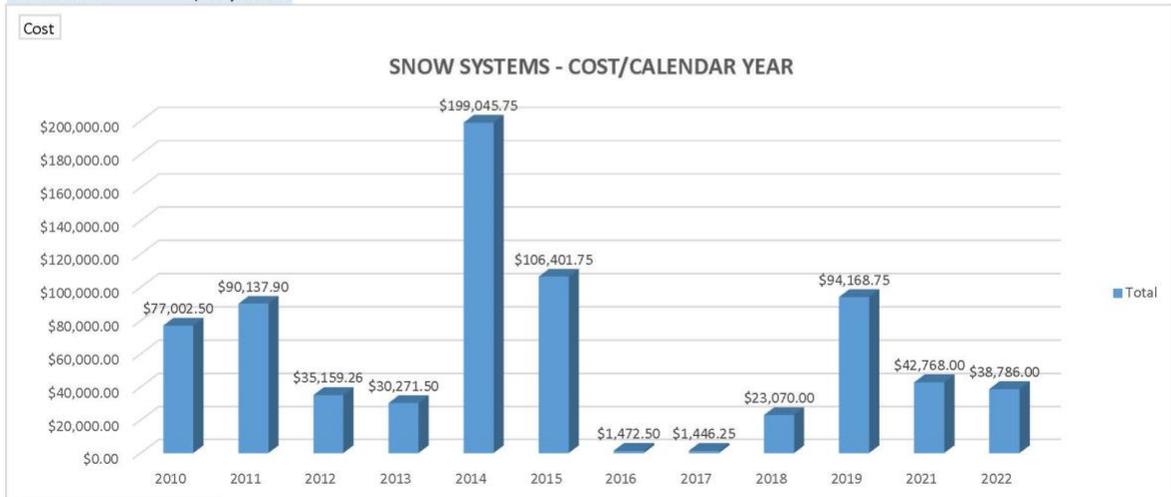
**Recommended Action**

I request that the committee recommend approval to enter into a five-year contract for snow plowing services with Snow Systems, Inc. on an as-needed basis for a total contracted amount not to exceed \$500,000.00.

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**SNOW SYSTEMS  
COST BY CALENDAR YEAR**

Calendar Year	Cost
2010	\$77,002.50
2011	\$90,137.90
2012	\$35,159.26
2013	\$30,271.50
2014	\$199,045.75
2015	\$106,401.75
2016	\$1,472.50
2017	\$1,446.25
2018	\$23,070.00
2019	\$94,168.75
2021	\$42,768.00
2022	\$38,786.00
<b>Grand Total</b>	<b>\$739,730.16</b>



## **ACTION ITEM: PRELIMINARY FY23 OPERATING BUDGET**

### **Summary**

The University is requesting an operating budget of \$86,129,700 for Fiscal Year 2023. This represents a decrease of 4.5% from FY2022, primarily due to the loss of Federal COVID-19 relief funding. The FY2023 budget is based on a 6% decline in projected tuition revenue and a 5% increase in the State appropriation. The requested operating budget is balanced between revenues and expenditures.

### **Overview**

The Northeastern Illinois University Board of Trustees is asked to approve the University operating budget that represents preliminary estimated spending plans for the upcoming fiscal year beginning on July 1, 2022 and will be asked to approve the final FY2023 detailed budget at its September 2022 Board 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 FY2023 internal budget.

The University's unrestricted operating budget is comprised of two main sources of funds – state general funds appropriations (approximately 43 percent of operating revenues) and university income funds, mostly tuition (approximately 57 percent of operating revenues).

At the September 2022 Board meeting a final detailed budget for FY2023 will be presented for approval.

### **State appropriation**

In FY2022, the University received an appropriation of \$35,566,900. In April 2022, the Governor signed into law a budget that called for a 5% increase of \$1,788,400, to a total of \$37,345,300 for FY2022. The preliminary budget presented here includes this level of appropriation.

### **Income fund**

The unrestricted operating budget reflects the tuition and fee rates adopted by the Board in November 2021 for FY2023, and enrollment projections developed internally by the University. These tuition rates include no increase in undergraduate tuition, currently \$420.44 per credit hour for Illinois residents, and a two percent increase for new graduate students from \$441.46 to \$450.29 per credit hour for Illinois residents.

The FY2022 budget was developed during the evolving COVID-19 pandemic in a year where nearly all classes and a majority of employees were learning and working remotely. Enrollment and registration patterns through the pandemic have been atypical, making forecasting difficult. In the end, the FY2022 budget anticipated a 9% decline in student credit hours, while in actuality, the decline is trending at approximately 12% below FY2021 levels.

The forecast for FY2023 tuition revenues is based on an examination of the flow of new and continuing graduate and undergraduate students. For continuing students, declining enrollment in recent years leads to persistent future declines as well, as incoming classes are not sufficient to replace the flow of students

### **ACTION ITEM: PRELIMINARY FY23 OPERATING BUDGET**

who are graduating. For this reason, this budget anticipates a decline in continuing credit hours for FY2023 as well, with retained student credit hours anticipated to fall approximately 9% below FY2022 budgeted levels and approximately 6% below the current FY2022 projections.

For new student credit hours, this budget considers the likely impact of the NEIU for You 2.0 program approved by the Board of Trustees during FY2022. This program is designed to reverse the declining trend in new student enrollment and has established targets of 400 new first-time full-time freshmen, 900 new transfer students, and 538 new graduate students for Fall 2022. The FY2023 budget is built around these targets. This would represent a total increase of 220 new students relative to the previous year, a substantial improvement but not enough to offset the headwinds associated with the declines of the recent past. In total, the FY2023 budget anticipates a 6 percent decline in tuition revenue, from \$50,780,200 to \$47,412,000.

In addition to appropriation and tuition revenue, the University generates a small amount of other income from interest on cash balances and miscellaneous sales. This amount is budgeted at \$400,000 for FY2023. In FY2022, Other Income included \$2,788,000 in federal COVID-19 relief funding which will not be available moving forward. In the coming weeks, as fall enrollments materialize, the final budget will consider any known changes to state funding and tuition revenues and high priority spending needs.

### **Expenditures**

Expenditures for FY2023 will be balanced to anticipated operating revenues. At this time, the University is finalizing spending plans based on the anticipated revenues of \$86,129,700 as outlined above. The FY2023 request budget was approved at a level of \$95,685,500, and the FY 2022 final operating budget was set at a level of \$90,227,800. While the expenditure budget reflects a significant decline from the FY2022 budget and the FY2023 request budget approved by the Board in September 2021, reorganization and improved efficiencies have seen expenditures for the current and past (FY2021) budget years come in substantially below budget. While a significant cause of lower than anticipated spending has been personnel turnover and vacant positions, it is not the only change. The pandemic affected workflow and work processes, often making them more efficient, and as the University adjusts to the new normal, personnel and non-personnel budgets are being adjusted to reflect this changed environment.

### **Restricted operating funds**

In addition to the unrestricted operating budget, this preliminary plan includes forecasts for the restricted operating budget, which includes student fee programs, auxiliary services, indirect costs and grant sources. The restricted operating budget includes expenditures from revenue sources that are restricted either by an external requirement or by internal accounting policy. Preliminary student fee program budgets reflect the fee rates as approved by the Board of Trustees in November 2021. These restricted operating funds are projected to total \$59,279,300 in FY2022. This represents a decline of \$5,676,000 from FY2023, primarily due to the decline in federal COVID-19 support and a decline in student fee-supported activities due to anticipated declines in credit hour enrollment.

The total preliminary FY2023 budget is summarized in Table 1. Resources available for operating purposes in FY2023 are estimated at \$145,409,000, a decrease of \$9,774,200 or 6.3 percent, from the FY2021 budget. Approximately \$6,788,000 of this decline represents the end of federal COVID-19 relief funding.

### **Recommended Action**

I request that the committee recommend approval of the FY2022 preliminary budget as presented in Tables 1 and 2 and described above.

**ACTION ITEM: PRELIMINARY FY23 OPERATING BUDGET**

**Table 1**  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**Fiscal Year 2023 Preliminary Operating Budget**  
**(with comparable data provided for Fiscal Year 2022)**

	<b>FY2022 Budget</b>	<b>FY2023 Preliminary Budget</b>	<b>Annual Change</b>	
			<b>Dollar</b>	<b>Percent</b>
<b><u>Unrestricted Operating Budget</u></b>				
State General Funds Appropriations	\$ 35,566,900	\$ 37,345,300	\$ 1,778,400	5.0 %
University Income Fund - Tuition	50,780,200	47,412,000	(3,368,200)	(6.6)
University Income Fund - Tuition Differential	692,000	972,400	280,400	40.5
University Income Fund - Other	3,188,700	400,000	(2,788,700)	(87.5)
<b><i>Unrestricted Operating Budget</i></b>	<b>\$ 90,227,800</b>	<b>\$ 86,129,700</b>	<b>\$ (4,098,100)</b>	<b>(4.5) %</b>
<b><u>Restricted Operating Budget</u></b>				
Student Fee Programs	\$ 9,001,100	\$ 8,412,600	\$ (588,500)	(6.5) %
Sales & Services	2,817,100	2,463,800	(353,300)	(12.5)
Auxiliary Services	3,977,900	4,056,500	78,600	2.0
Indirect Costs Recovery	2,138,900	1,870,600	(268,300)	(12.5)
Grants & Contracts-Education	600,000	600,000	-	-
State and Local Grants & Contracts	12,704,400	12,028,100	(676,300)	(5.3)
Federal Grants & Contracts*	32,926,000	28,926,000	(4,000,000)	(12.1)
Private Grants & Contracts	790,000	921,700	131,700	16.7
<b><i>Restricted Operating Budget</i></b>	<b>\$ 64,955,400</b>	<b>\$ 59,279,300</b>	<b>\$ (5,676,100)</b>	<b>(8.7) %</b>
<b>Total Operating Budget</b>	<b>\$ 155,183,200</b>	<b>\$ 145,409,000</b>	<b>\$ (9,774,200)</b>	<b>(6.3) %</b>

**ACTION ITEM: PRELIMINARY FY23 OPERATING BUDGET**

**Table 2**  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**Fiscal Year 2023 Preliminary Operating Budget**  
**by Function and Line Item**

<b>Functional Categories</b>	<b>Unrestricted Operating Budget (State and Tuition)</b>	<b>Restricted Operating Budget</b>	<b>Total</b>
Instruction	\$ 47,271,500	\$ 7,883,300	\$ 55,154,800
Organized Research	119,300	1,671,600	1,790,900
Public Service	558,500	13,850,600	14,409,100
Academic Support	5,942,800	2,358,600	8,301,400
Student Services	3,833,400	24,358,500	28,191,900
Institutional Support	15,413,600	1,631,200	17,044,800
Operations and Maintenance	10,863,000	2,984,100	13,847,100
Independent Operations	-	4,541,400	4,541,400
Benefits/Social Security/Medicare	1,005,000	-	1,005,000
Health Insurance Reserve Fund	1,122,600	-	1,122,600
<b>Total</b>	<b>\$ 86,129,700</b>	<b>\$ 59,279,300</b>	<b>\$ 145,409,000</b>

<b>Line Item Categories</b>	<b>General Operating Fund (State and Tuition)</b>	<b>Restricted Funds</b>	<b>Total</b>
Personal Services	\$ 67,150,600	\$ 14,562,000	\$ 81,712,600
Contractual Services	11,700,000	12,010,600	23,710,600
Travel	110,000	250,500	360,500
Commodities	589,900	871,600	1,461,500
Equipment	670,000	646,600	1,316,600
Telecommunications	180,300	61,300	241,600
Awards/Grants/Tuition Waivers	1,322,000	22,591,300	23,913,300
Permanent Improvements	46,300	122,500	168,800
Benefits/Social Security/Medicare	1,005,000	3,673,000	4,678,000
Health Insurance Reserve Fund	1,122,600	-	1,122,600
Indirect Costs	-	2,138,900	2,138,900
Other/Transfer Out (Debt Service)	2,233,000	2,351,000	4,584,000
<b>Total</b>	<b>\$ 86,129,700</b>	<b>\$ 59,279,300</b>	<b>\$ 145,409,000</b>

## **INFORMATION ITEM: FY24 OPERATING & CAPITAL REQUEST**

### **Introduction**

Each year, the Board of Trustees of Northeastern Illinois University is required to adopt an operating and capital budget request and submit that request to the Illinois Board of Higher Education (IBHE). This preliminary report is being presented as an information item. A final request will be presented to the Board of Trustees as an item for review, discussion, and approval at the September 2022 Board meeting. After Board approval, the request will be submitted to the IBHE before its deadline of October 15.

This FY2024 Unrestricted Operating Budget request presented to the Board of Trustees acknowledges the current financial constraints in the State of Illinois, as well as recent enrollment trends and actions taken to impact student recruitment. This budget is intended to advance the strategic goals developed by the University community and endorsed by the Board. This budget request includes funding for new and continuing items that address the strategic initiatives identified by the University community and support our Strategic Goals and Action Steps.

The University continues to incorporate strategic planning and shared governance into budget development. The University Planning and Budget Council (UPBC) is the Board-recognized governance body for providing input and counsel to the University administration in the planning, development, and implementation of the University budget. The UPBC has two elected representatives from each of the academic colleges, one faculty member from the Library, the current NEIU faculty representative on the IBHE Faculty Advisory Council, two representatives from the Administrative and Professional Council, two from the Civil Service Council, two students appointed by the Student Government Association, and one dean chosen by the Provost's Deans Council. A UPBC chair having a three-year appointment is selected. Also, the University President, the Vice President for Finance and Administration, and the Executive Director of University Budgets are ex-officio members.

This FY2024 request budget reflects structural and strategic initiatives identified by the UPBC. During FY2022, the UPBC focused on initiatives that would positively impact enrollment and residence life. This budget reflects the results of those recommendations, as well as strategic initiatives previously identified by the UPBC but not previously funded.

### **Overview of Operating and Capital Budget Requests**

The budget requests brought before the Northeastern Illinois University Board of Trustees and summarized in this report are FY2024 requests, for the year beginning July 1, 2023 and ending June 30, 2024

The FY2024 Unrestricted Operating Budget request is based upon the FY2023 Unrestricted Operating Budget for the University and the University's budget requests for new funding for FY2023. 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 current year (FY2022) budget, the State appropriation comprised only 39 percent of projected revenues, while tuition and other local revenues comprised 57 percent and one-time federal funding related to the COVID-19 pandemic made up the remaining four percent.

This budget request includes moderate funding requests for salary and cost increases, and the strategic planning initiatives reviewed by the University Planning and Budget Council. These are the University's highest priorities. The total of State appropriations and University Income Fund revenues represents the

**INFORMATION ITEM: FY24 OPERATING & CAPITAL REQUEST**

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.

**FY2022 Budget Development Schedule** Table 1 provides a schedule of the budget development process. The Board of Trustees will receive the initial FY2024 budget request in September, 2022, and the Board is scheduled to take action on the University’s FY2024 preliminary Operating Budget in June, 2023 and on the FY2024 final Operating Budget in September, 2024.

**Operations** The University’s Unrestricted Operating Budget request for FY2024 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 priority strategic planning initiatives for FY2024. These represent the highest University priorities identified through collaboration with the University Planning and Budget Council.

**Capital Improvements** Table 5 summarizes the FY2024 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 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 FY2022 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**  
**FY2024 BUDGET DEVELOPMENT SCHEDULE**  
**FY2024 begins on July 1, 2023 and ends on June 30, 2024**  
**(Development schedule is subject to change)**

<b>October 2021</b>	Discussion of preliminary FY2024 strategic priorities with University Planning and Budget Council
<b>May 2022</b>	Review from the University Planning and Budget Council to address FY2024 strategic priorities
<b>September 2022</b>	Discussion and approval of the FY2024 operating and capital budget requests by NEIU Board of Trustees
<b>October 2022</b>	NEIU Board Finance Committee review and recommendation on FY2024 tuition and fee rates
<b>November 2022</b>	NEIU Board action on FY2024 tuition and fee rates

**INFORMATION ITEM: FY24 OPERATING & CAPITAL REQUEST**

<b>January 2023</b>	Illinois Board of Higher Education action on FY2024 higher education operations, grants, and capital improvements recommendations
<b>February 2023</b>	Governor's FY2024 Budget Address
<b>May 2023</b>	General Assembly's action on FY2024 appropriations
<b>June 2023</b>	Governor's action on FY2024 appropriations  NEIU Board of Trustees' action on preliminary FY2024 University Operating Budget
<b>September 2023</b>	NEIU Board of Trustees' action on final detailed FY2024 University Operating Budget

**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.

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These are the president's FY22 Strategic Priorities developed with the cabinet in alignment with the Illinois Board of Higher Education's new 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.

### **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)

## **FY2024 OPERATING REQUEST**

Developing the FY2024 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 recommended by the University Planning and Budget Council.

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 level to support faculty and staff salaries and unavoidable cost increases.

The University Unrestricted Operating Budget request for FY2022 totals \$89,059,800 an increase of \$2,930,100, or 3.4 percent, above the FY2021 Unrestricted Operating Budget base. The FY2022 Unrestricted Operating Budget request includes salary and cost increases totaling \$2,115,100, and requests of \$815,000 for priority strategic planning initiatives. Table 2 summarizes the Unrestricted Operating Budget request.

**INFORMATION ITEM: FY24 OPERATING & CAPITAL REQUEST**

**Table 2**  
**FY2024 OPERATING BUDGET REQUEST**  
**STATE APPROPRIATIONS AND UNIVERSITY INCOME FUNDS**

(in thousands of dollars)

<b>Base (FY2023 Budget)</b>	<b>\$</b>	<b>86,129.7</b>
Projected Salary and Cost Increases		2,115.1
Strategic Program Initiatives		815.0
<b>FY2024 Operating Budget Request</b>	<b>\$</b>	<b>89,059.8</b>
Dollar Change From Previous Year		2,930.1
Percent Change From Previous Year		3.4%

**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 \$1,653,600 or 2.5 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.

Non-salary cost increases reflect a 2.3 percent increase based on the 2021 Higher Education Price Index Preliminary forecast (HEPI). This is the most recent data available.

**INFORMATION ITEM: FY24 OPERATING & CAPITAL REQUEST**

**Table 3  
FY2024 OPERATING BUDGET REQUEST  
SALARY AND COST INCREASES**

(in thousands of dollars)

	<u>FY2023 Base</u>	<u>FY2024 Increase</u>	
		<u>Amount</u>	<u>Percent</u>
Salary Increases	\$ 66,145.6	\$ 1,653.6	2.5%
Social Security/Medicare	1,005.0	25.1	2.5
Utilities			
Electricity	2,289.0	52.6	2.3
Natural Gas/Propane	415.0	9.5	2.3
Water/Sewer	44.0	1.0	2.3
Subtotal	2,748.0	63.1	
Library Books and Materials	465.0	10.7	2.3
All Other Operating Costs	15,766.1	362.6	2.3
<b>Total</b>	<b>\$ 86,129.7</b>	<b>\$ 2,115.1</b>	<b>2.5%</b>

Notes:

Other operating costs include such items as maintenance and service contracts, equipment for instructional and support programs, and general supplies.

Compensation increases are required by collective bargaining agreements and provided to non-negotiated employees.

Cost increases except for compensation are based upon the Higher Education Price Index (HEPI), most recent available data for existing inflation.

**INFORMATION ITEM: FY24 OPERATING & CAPITAL REQUEST**

**Strategic Planning Initiatives - Integrating Strategic Planning Into Budget Development**

The budget recommendations presented to the Board again include the recommendations and priorities identified by the UPBC. The vice presidents submitted to the UPBC projects for their areas and outlined their proposed work plans for meeting those priorities. The UPBC then reviewed and discussed the project requests.

To support those recommendations, \$815,000 is included in this FY2024 operating budget request. This includes strategic planning initiatives totaling \$300,000 that were endorsed by the UPBC during the current year planning process, along with \$515,000 in unfunded initiatives from prior years. Last year, requests totaling \$2,927,500 were included in the requested operating budget, and items totaling \$2,412,500 have been completed or have funding identified through HEERF COVID Relief funding, Strategic Planning Development Fund, NEIU for YOU, or the base operating budget. Table 4 presents an overview of the strategic planning initiatives included in the FY2024 request budget request.

**Table 4  
FISCAL YEAR 2024  
STRATEGIC PLANNING INITIATIVES**

<b><u>Student Success</u></b>	<b><u>\$ 350,000</u></b>
NEIU Sports exploratory committee <sup>1</sup>	200,000
Online Center to support online certificates and programs <sup>2</sup>	150,000
<b><u>Urban Leadership</u></b>	<b><u>\$ 50,000</u></b>
Recruitment of public-sector cohorts <sup>1</sup>	50,000
<b><u>Student Success and Academic Excellence and Innovation</u></b>	<b><u>\$ 75,000</u></b>
Open Educational Resources <sup>2</sup>	75,000
<b><u>Exemplary Faculty and Staff</u></b>	<b><u>\$ 50,000</u></b>
Faculty Speakers Bureau <sup>1</sup>	50,000
<b><u>Fiscal Strength</u></b>	<b><u>\$ 290,000</u></b>
Capital Campaign Support Personnel (2)	240,000
Alumni Relations Coordinator <sup>2</sup>	50,000
<b><u>Total</u></b>	<b><u>\$ 815,000</u></b>

Note: UPBC concludes its FY2022 meeting calendar on May 9, 2022 and the list of

1. Endorsed by UPBC during the current fiscal year planning process.
2. Prior year initiatives not yet funded or completed.

## **INFORMATION ITEM: FY24 OPERATING & CAPITAL REQUEST**

### **Strategic Planning Initiatives**

NEIU Sports Exploratory Committee: In collaboration with the proposal initiated by Student Government Association, prepare an exploratory study around the potential to bring intercollegiate athletics to Northeastern Illinois University.

Online Center: Create a centralized unit to coordinate and standardize the development of online certificate and degree programs.

Recruitment of Public Sector Employees: Local public sector employees may have an education benefit (tuition reimbursement) to pursue relevant degrees. Proposal suggests creating degree programs to attract and serve them, but we may already have several relevant degrees. Cohort and/or contract course model also suggested as possible avenue.

Open Educational Resources: Fund program to incentivize faculty to use/create open educational resources (OER) to decrease student textbook costs

Faculty Speakers Bureau: Faculty experts speaking to the community through various off-campus venues could raise our visibility to potential students. Creating and marketing a database of speakers, stipends for faculty participation.

Capital Campaign Support Personnel: Recruit one capital Campaign Development Officer: Increase fundraising capability by adding a full-time fundraising professional to maximize NEIU's capacity for donor outreach.

Alumni Relations Coordinator: Hire Alumni Communications Manager to enhance Alumni Relations Office program offerings and to oversee the revenue-generating membership program, and to manage daily office tasks.

### **TUITION AND FEES**

Timing the formal request for the approval of tuition and fee rates involves compromising, between early adoption, allowing students and their parents to better plan for college costs, and later adoption, allowing the University to consider available state funding in determining tuition rates.

In November 2019, the Northeastern Board of Trustees adopted tuition and fee rates for FY2023, the academic year beginning in the fall of 2022. A set of tuition and fee recommendations for FY2024 will be brought to the Board Finance Committee for discussion in October 2022, and to the Board for action at the November 2022 meeting.

**INFORMATION ITEM: FY24 OPERATING & CAPITAL REQUEST**

**CAPITAL IMPROVEMENTS**

Table 5 summarizes capital improvement requests for FY2024. Requested capital projects total \$338,245,700, with \$281,897,600 in Regular Capital projects and \$56,318,100 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 2024 REQUEST  
CAPITAL APPROPRIATIONS**

(in thousands of dollars)	<u>Priority</u>	<u>Estimated Project Cost</u>
<b>REGULAR CAPITAL PROJECTS</b>		<b>\$ 281,927.6</b>
Education Building, equipment	1	11,546.0
Science Building, planning	2	10,072.2
Science Building, construction	3	128,649.0
Science Building, equipment	4	21,280.0
Mixed use facility	5	48,783.7
Lech Walesa Hall, remodeling	6	17,173.7
Ronald Williams Library renovation	7	44,423.0
<b>CAPITAL RENEWAL PROJECTS</b>		<b>\$ 56,318.1</b>
Renovate E and F - One Stop Shop	1	10,803.3
Campus Roof Replacement	2	8,960.0
Lower Level Egress and Fire Separation	3	8,212.7
ADA Restrooms	4	3,285.1
Asbestos Abatement	5	3,285.1
Fume hoods	6	1,153.1
Building D and E exterior window wall, replacement	7	3,354.5
Masonry and Building Envelope, replacements	8	9,855.8
Five science lab renovations	9	5,343.9
Parking lot D replacement	10	2,064.6
<b>TOTAL CAPITAL REQUESTS</b>		<b>\$ 338,245.7</b>

Note: Projects reflect FY2023 Capital Development Board cost guidelines and will be updated as new guidelines are established.

A brief description of each project follows. The projected cost of all projects reflects the FY2022 Illinois Capital Development Board cost guidelines for FY2022 budget preparation.

## **INFORMATION ITEM: FY24 OPERATING & CAPITAL REQUEST**

### **A. Regular Capital Projects**

#### **2024-1 Education Building, Equipment - \$11,546,000**

This request is for funds to provide moveable equipment in the new Education Building, which is slated to be completed by January 2021. Equipment includes classroom and office furniture, computer laboratory equipment and furniture, and general supportive equipment for the academic departments and support services.

#### **2024-2 Science Building Planning - \$10,072,165**

#### **2024-3 Science Building Construction - \$128,649,015**

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.

The current Science Building was constructed in 1972. It is a 3-story concrete frame, masonry veneer building. The major laboratories and other teaching spaces are located in the center of the building, with the offices located around the perimeter. Most of the offices are constructed in a unique double deck fashion with a group of offices located a half story up and down from the main circulation corridor. All of these offices are not, and cannot be modified to meet ADA accessibility requirements.

Since the building was constructed, the University enrollment has tripled, science teaching technology has changed, and laboratory health and safety procedures and building code regulations have changed. In 2004, the University initiated an effort to plan a modernization of the existing Science Building. The planning took approximately 15 months and was a collaborative effort between University administrators, science faculty, students, facilities management, and two architectural consultants, LCM and Burt, Hill. This process resulted in a plan to modernize the occupied Science Building in five phases over seven years.

The extensive phasing is necessary to keep as many laboratories available as possible during all phases and would be extraordinarily disruptive to the programs resident in the Science Building. Up to half of the labs in a given discipline would be undergoing modernization during each phase, so the phasing would require reduction in scheduled classes and their associated labs. In order to continue to have sufficient general classrooms available to support a minimal science teaching program, portable temporary buildings would also have to be rented to house the classrooms and offices that would be displaced during each phase.

In 2007, this multi-phased modernization of the building and associated costs was estimated to cost \$42.2 million. This was projected to be \$6.9 million more than if the building was completely vacated and remodeled in a single phase. The resulting modernized Science Building would not have any significant expansion, the labs would be half the size of the current recognized lab standard size, and the offices would still be inaccessible to handicapped persons.

Due to the increased costs and time required to remodel the existing building in phases, a new Laboratory Building near the current Science Building was considered as an alternative to phased remodeling. This approach would provide larger new laboratories, a somewhat shorter construction period, increased classroom space as the current labs in the Science Building are converted to classrooms, and much less disruption of ongoing University Programs. A new lab building would of course be separated from the faculty offices and classrooms, and the faculty offices in the current Science Building would still be

## **INFORMATION ITEM: FY24 OPERATING & CAPITAL REQUEST**

handicapped inaccessible. A new lab building location would need to be constructed on limited land close to the present Science Building. Construction in this area would disrupt other campus long-range plans and may not be the best use of limited real estate. A new laboratory building would cost an estimated \$39.8 million.

After looking closely at remodeling the existing Science Building, and the alternative of a separate Laboratory Building, a completely new building with classrooms, teaching labs, research labs and offices was decided to be the most cost and time efficient way to provide a state-of-the-art science building which would support not only current programs but future programs in an environment much more conducive to utilizing current and future pedagogies than the current outdated structure. A new science building would cost an estimated \$69.8 million.

Located in the city of Chicago with the most diverse student population in the Midwest, a new science building together with the new Education Building puts Northeastern in the forefront of providing a first-class educational environment for the 21st century. Northeastern Illinois University is uniquely positioned to continue to address the needs of elementary and secondary education by providing diverse and well-prepared new teachers and supporting the continuing educational needs of current teachers, in particular, those in the Chicago Public Schools. Providing and supporting teachers in the 21st century, however, calls for new pedagogies, state-of-the-art science labs and research labs to attract top quality faculty.

Northeastern is requesting funding for a new Science Building to enhance its ability to contribute to the State of Illinois in the training of new teachers and in providing professional development opportunities to current teachers. The University is a proven leader in successfully graduating Hispanics and Asians. Northeastern's programs exemplify success, diversity, innovation, service, growth, and results.

### **2024-4 Science Building Modernization, Equipment - \$21,280,000**

This request is for funds to provide moveable equipment in the new Science Building, which are Capital Project requests 2020-6 and 2020-7. Equipment includes classroom and office furniture, wet and dry laboratory equipment and furniture, and general supportive equipment for the academic departments and support services.

### **2024-5 Mixed Use Facility – \$48,783,715**

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 parking.

The parking spaces that need to be added back into the site 950 spaces @ \$27,973 each. An additional \$5,379,500 is required for the mixed used facility.

### **2024-6 Lech Walesa Hall Remodeling (formerly Classroom Building) – \$17,173,693**

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 replacing perimeter heating and cooling units; 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.

## **INFORMATION ITEM: FY24 OPERATING & CAPITAL REQUEST**

The departments and programs in the building have changed substantially since the building was first occupied, but the assignment and configuration of space has 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 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 block. 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 space.

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 space 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 restored. All of the other 33 classrooms in the building will be refurbished with new fixed equipment and provisions made for installation of multimedia teaching stations and notebook computer docking stations. Fixed seating and

## **INFORMATION ITEM: FY24 OPERATING & CAPITAL REQUEST**

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.

The hot water and chilled water is provided to the building from a central plant. Interior spaces are served by a constant velocity air system, and the perimeter is served by induction terminal perimeter heating and cooling units. These induction units have been a major source of problems because the condensate pan in each unit is not connected to a drain system. The pans frequently overflow, resulting in water damage to the ceilings, walls and the contents of the rooms. These units have been rebuilt numerous times and key components are no longer available. These units will be replaced and a drainage system for the condensate pans installed. Gross abatement of all floor tile and mastic containing asbestos will be completed. Asbestos abatement consists of removal of the floor tile and mastic.

### **2024-7 Ronald Williams Library Renovation – \$44,423,034**

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 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 way finding.

The master plan calls for a phased implementation on the first floor, and independent project pieces for the lower level and floors two through four, with particular budgets as follows:

1. Phase 1A – Outfitting the first floor with a new diversity of individual and collaborative furnishings, and providing an “Information Commons” of centrally located public computers.
2. Phase 1B – The renovation of current administrative services space into a new Library services area with new furniture, building systems, and furniture. Provision of a new printing area.
3. Phase 1C – Renovation of the southern half of the first floor, including demolishing of current reference desk. Provision of renovated building systems and finishes.
4. Lower Level – Construct a new seminar room, condense and combine the server room spaces, rearrange the Illinois Regional Archives Depository spaces, and install compact shelving.
5. Second floor – Renovate the existing technical services and ombuds space into an administrative suite, quiet study space, and a relocated ombuds office.

## **INFORMATION ITEM: FY24 OPERATING & CAPITAL REQUEST**

6. Third floor – Construct small meeting rooms adjacent to the Center for Teaching and Learning, provide 14 group collaboration spaces, add a library instruction room, several large group study spaces, and varied casual seating spaces.
7. Fourth floor – Convert or renovate existing space for TRIO Program and the Language Learning Lab. Renovate entire floor with building systems, finishes, and furniture.
8. General spaces and other – Refurbish restrooms, stairwells, main entry vestibule, and security systems (access control, security cameras), update audiovisual systems, and hazardous materials abatement.

### **B. Capital Renewal Projects**

#### **2024-1-CR – One Stop Shop - \$10,803,339**

Remodeling E and F is needed to address deferred maintenance and programmatic needs. Building E has an HVAC system past its life cycle which supports its Auditorium, Accounts Payable, Media Services and Bookstore spaces. Abatement, HVAC, and ADA upgrades are necessary. Changes in space assignments are required to create a One Stop Shop to meet student needs. Current and growing programmatic needs cannot be met. A renovation is required to create a One Stop Shop to meet student needs. Building F requires an electrical upgrade.

#### **2024-2-CR Roof Replacement – \$8,959,861**

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 roof):

- A. Bernard Brommel Hall (1990):
  - i. 2<sup>nd</sup> and 3<sup>rd</sup> Floor roofs replacement and all associated work (including flashing, coping, etc. as required) of small roofs.
  - ii. Repairs to exterior masonry walls and all associated work, as required to prevent moisture penetration.
- B. Building B (1989): Roof replacement and all associated work (including flashing, coping, etc. as required).
- C. Building C (1988): Roof replacement and all associated work (including flashing, coping, etc. as required).
  - i. Repairs to deteriorated exterior concrete overhang slabs and posts, which act as sunscreen.
- D. Building D (1987): Roof replacement and all associated work (including flashing, coping, etc. as required).

## **INFORMATION ITEM: FY24 OPERATING & CAPITAL REQUEST**

- E. Building F (1987): Roof replacement and all associated work (including flashing, coping, etc. as required).
- F. Building J (1992): Roof replacement and all associated work (including flashing, coping, etc. as required).
- G. Library (1977): 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.

### **2024-3-CR Lower Level Egress and Fire Separation -- \$8,212,746**

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.

### **2024-4-CR ADA Restrooms Renovations – \$3,285,099**

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 1970's. They have aging facilities that need renovating. All restrooms do not meet the same ADA compliances or comfort level. The project would cover 11 ganged restrooms and 5 single use restrooms.

### **2024-5-CR Asbestos Abatement - \$3,285,099**

This project provides abatement of encapsulated asbestos material. Currently, safe non friable asbestos flooring material is removed when a renovation project occurs in the space. This project would make the removal of asbestos flooring and asbestos containing materials a goal to be done at once. It would also provide the necessary new flooring and piping re-insulation.

### **2024-6-CR Fume Hoods - \$1,153,070**

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.

### **2024-7-CR Buildings D & E Exterior Window Wall Replacement – \$3,354,477**

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.

**INFORMATION ITEM: FY24 OPERATING & CAPITAL REQUEST**

**2024-8-CR Masonry and Building Envelope, Replacements \$9,855,781**

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 curtainwalls repairs and/or replacements to address these concerns.

**2024-9-CR Five Science Lab Renovations - \$5,343,888**

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.

**2024-10-CR Parking Lot D Renovation - \$2,064,567**

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 was slated to be rebuilt in 2015.

## **INFORMATION ITEM: THIRD QUARTER BUDGET TO ACTUAL REPORT**

### **Summary**

Through the third quarter of FY2022, the University is tracking below budgeted revenues and expenditures. Tuition revenues are less than budgeted due to enrollment declines in excess of forecasts. Persistent hiring vacancies has led to personnel spending below budget, but spending in other categories is similar to their year-to-date levels from FY 2021 and tracking toward less than budgeted totals. A mid-year increase in the appropriation from the state of Illinois will partially offset the enrollment shortfall. The Office of University Budgets continues to monitor enrollments for the Summer 2022 term, as well as COVID-19 spending for lost revenue and other needs.

### **Overview**

The Northeastern Illinois University Board of Trustees at its June meeting approved the University's preliminary operating budget, which represented preliminary spending plans for fiscal year 2022 (FY2022). The Board of Trustees approved the final FY2022 operating budget in September 2021.

The operating budget for FY2022 totals \$155,183,200. Of that total, \$90,227,800 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 \$64,955,400 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 first quarter spending in the unrestricted budget and is summarized in Table 1 at the end of this report. Table 1 also includes a comparison with year-to-date spending from FY2021.

### **Revenues**

The FY2021 budget includes State support of \$35,566,900 for the University's unrestricted general operating budget, or 39.4 percent of that budget. University Income Funds are comprised primarily of tuition revenues. The FY2021 budget includes estimated tuition revenue of \$51,472,200, or 57.1 percent of the general operating unrestricted budget. Other income sources make up \$3,188,700, or 3.5 percent, and this includes an anticipated \$2,788,700 in federal COVID-19 relief funding.

In April, the Governor signed into law a budget that included an additional \$1,778,400 in current-year appropriation fund. This funding will be applied toward personal service expenses in the current year.

Through the third quarter, the University has vouchered a total of \$35,263,283 against the appropriation, all of which has been received.

Through the third quarter, 86.8 percent of FY2022 planned tuition and income fund revenue was recorded, after adjusting for anticipated waivers and bad debt. Registration for Summer 2022 terms are ongoing, and the University continues to monitor enrollments and revenue projections for summer.

Enrollment projections and the resultant revenue projections for the FY2022 budget are based upon historical enrollment trends, the advice of Enrollment Management staff, and available current registration data. The FY2022 budget was built against an anticipated 9.0 percent decline in student credit hours from FY2021 levels. Through Summer 2021, Fall 2021, and Spring 2022 credit hour enrollment is falling approximately 13 percent behind the previous year.

**INFORMATION ITEM: THIRD QUARTER BUDGET TO ACTUAL REPORT**

It is important to note that for both the State appropriation and tuition income, revenues are recorded and reflected in this report as they are billed. Final revenue numbers will be available after the University makes all accounting adjustments during the year-end reconciliation period following June 30, 2021. These adjustments are required to account for activity such as class drop refunds, statutory waivers, bad debt allowances, and fees associated with outstanding account balances.

The FY2022 budget includes \$2,788,700 in anticipated COVID-19 relief funding. The University can claim this under federal guidelines and will do so as necessary to support University operations and ensure that FY2022 actual revenues are sufficient to meet current year expenses. The University continues to fund needs related to the pandemic and other allowable expenses under the grant guidelines. In light of the mid-year increase in support from the state which will offset some revenue loss, the university will continue to assess the need to claim lost revenue as originally projected, relative to other allowable needs.

**Expenses**

Through the third quarter, the University spent \$57,656,200 or 63.9 percent of the total \$90,227,800 general operating unrestricted preliminary budget. During the previous fiscal year, FY2021, the University operated primarily remotely, and federal COVID-19 relief funding was leveraged to support operational changes related to the virtual environment. While the University has returned primarily to in-person work, expenditures continue to mirror those of the work-from-home period. Labor market conditions in the broader economy have created planned and unplanned vacancies that have delayed the University's return to full staffing levels and allowed for expenditure adjustments to meet declining enrollments. This has kept expenses below projected levels and will allow the university to maintain expenses in line with revenues in the current fiscal year. As mentioned above, the University continues to monitor the need to claim lost revenue and anticipates that available COVID-19 relief funding will be exhausted within the terms of the federal grant guidelines.

Table 1 provides an outline of the actual University revenues and expenses compared to budget and the previous year actuals through the first quarter of FY2022.

**INFORMATION ITEM: THIRD QUARTER BUDGET TO ACTUAL REPORT**

**Table 1**  
NORTHEASTERN ILLINOIS UNIVERSITY  
FISCAL YEAR 2022 BUDGET TO ACTUAL COMPARISONS  
FOR THE PERIOD ENDING March 31, 2022  
UNAUDITED FIGURES

**General Operating Budget**

	FY2021	FY2022			% of Current Budget
	Actual Prior Year to Date	Actual Year to Date	Adopted Budget	Current Budget	
Revenue					
State Appropriations	\$ 35,114,524	\$ 35,263,283	\$ 35,566,900	\$ 35,566,900	99.1%
Net Tuition Revenue	48,686,289	44,054,649	50,780,200	50,780,200	86.8
Net Differential Tuition Revenue	535,693	766,822	692,000	692,000	110.8
All other sources	308,760	418,190	3,188,700	3,188,700	13.1
Total Revenue	84,645,266	\$ 80,502,945	\$ 90,227,800	\$ 90,227,800	89.2%
	-				
Expenditures					
Personal Services	\$ 50,356,029	\$ 47,565,706	\$ 71,378,700	\$ 71,683,348	66.4%
Contractual Services	7,121,295	6,919,987	13,113,300	12,805,062	54.0
Equipment	336,421	171,991	844,996	787,215	21.8
Commodities	210,094	289,113	840,300	877,788	32.9
Telecommunications	147,942	93,828	236,300	222,872	42.1
Travel	198	21,247	188,300	209,469	10.1
Permanent Improvements	-	-	49,600	47,845	-
Operation of Auto Equip	22,090	16,951	21,304	31,039	54.6
Tuition Scholarships	1,152,255	902,628	1,322,000	1,330,162	67.9
Debt Service	1,647,464	1,674,750	2,233,000	2,233,000	75.0
Total Expenditures	\$ 60,993,789	\$ 57,656,201	\$ 90,227,800	\$ 90,227,800	63.9%

**Notes:**

1. Adopted Budget column reflects the FY2022 budget approved by the Board of Trustees in September, 2021.
2. Year-to-date expense activity does not include encumbrances.
3. The Current Budget reflects budget transfers processed between organizations and accounts.

# ***NEIU Credit Rating Upgrade***

- NEIU received a 3-Notch upgrade from B3 to BA3 in December 2021 with Stable outlook from Moody's
- NEIU received an *additional* 1-Notch upgrade from Ba3 to Ba2 in April 2022
- S&P upgraded NEIU's rating from BB to BB+ in May 2022
- Moody's upgrade reflects expectations that we will continue managing expenses as the university faces continued enrollment pressures. Factors that could lead to future upgrades include:
  - Significant improvement in strategic position, reflected in enrollment and net tuition revenue growth and less reliance on the state to fund operations
  - Material strengthening of liquidity, operating performance and debt service coverage
  - Continued growth in balance sheet reserves

President's Report to the Finance, Buildings and Grounds Committee  
of the Board of Trustees of Northeastern Illinois University  
**May 16, 2022**

**INFORMATION ITEM: NOTIFICATION TO THE BOARD OF CERTAIN EXPENDITURES  
PURCHASES OF AT LEAST \$50,000 BUT LESS THAN \$100,000**

Board of Trustees' Regulations require that the President report to the Board purchases of at least \$50,000 but less than \$100,000 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>PURCHASE ORDER AMOUNT</b>
Gabes Installation Services, Inc. (BEP)*	E Building Stair Tread Installation & Materials	\$50,239.40
Davis & Campbell, LLC. (Non-BEP)	Litigation & Support Services	\$99,000.00

\*Gabes Installation Services, Inc - HM

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**INFORMATION ITEM: CONSTRUCTION UPDATE**

**CDB Project - Electric Cable Replacement Project: Phase 1**

The contractor, Linear Electric, has informed us that the construction start will likely be delayed to mid-August 2022 due to difficulty in product availability. Contractor will submit updated construction schedule.

**CDB Project - Campus Roof Replacements**

CDB has informed us that the awarded contractor has backed out. The project will need to be rebid with reduced scope due to unavailability of additional CDB funding. A/E consultant will submit revised schedule.

**CDB Project - Campus Entrance and Walkway Repairs**

The project is currently out to bid. Bids are due May 25, 2022.

**CDB Project - BBH Upgrades to the HVAC Systems**

A/E consultants, Nest Builders, Inc., has submitted 100% design documents for review and approval. CDB will submit review comments.

**CDB Project - LWH Upgrades to the HVAC Systems**

The A/E consultant, Delta Engineering, has submitted 100% design documents for review and approval. CDB will submit review comments.

**INFORMATION ITEM: CONTRACT TERMS**

**Background**

Northeastern Illinois University, at times, engages in longer term contracts with vendors when it is deemed beneficial to the University and achieves economies of scale. Benefits of longer term contracts can include:

1. Locking in pricing for multiple years. This is beneficial from a financial perspective due to inflationary pressures (currently over 8%) and other considerations such as rising costs for production, fuel, and labor.
2. Incentive for BEP and other smaller contractors to participate in the RFP bidding process. Preparation of bidding documents requires a great amount of time and effort to prepare. Guaranteeing longer term contracts eliminates the burden on vendors to keep submitting bids or additional paperwork for annual renewals.
3. Labor savings. NEIU Purchasing Department has only one Director and two Procurement Specialists for a \$150 million per year operation. Preparing bidding documents, advertising solicitations, reviewing bids, drafting contracts, working with the State Procurement Office, and processing annual renewals puts additional burden and pressures on the limited purchasing staff.
4. The use of a Termination for Convenience clause. Vendor contracts initiated through the state's procurement process include terms and conditions vendors must agree to, such as termination for convenience. This clause allows the University to terminate a contract at any time with a thirty (30) day notice.
5. The use of a Termination for Default clause. Vendor contracts initiated through the state's procurement process also provide additional protections to agencies. The University can terminate a contract should the vendor be in default of any of the terms and conditions and the vendor does not cure the default in a timely manner.

**INFORMATION ITEM: CAMPUS LANDSCAPING**

**Background**

Northeastern Illinois University has a rich tradition of planting and cultivating native plants that provide a beautiful, hardy, drought-resistant, low maintenance landscape while benefiting the environment. This tradition has served as a learning tool for students from various departments who have played a large part in planning and implementing this sustainable vegetation. The campus flora has also provided additional beneficial learning and land management activities such as the annual prairie burn; tree plantings on Arbor Day (funded by the Student Green Fee Committee); prestigious membership in Tree Campus USA; the physical tagging of all campus trees, and the detailed database of all campus trees maintained by the University's Geography and Environmental Studies (GES) Department.

Facilities Management will begin its spring planting of both annual and perennial flowers and plants, shortly. Seasonal flowers and plants will be strategically placed along areas of heavy pedestrian traffic, areas of general congregation, and areas of high visual impact. In an effort to help avoid frost damage, seasonal beautification efforts usually begin around the 15<sup>th</sup> of May. This ensures the plantings will survive the last bit of cold spring weather, leaving them to flourish throughout the summer and be ready to welcome back students for the Fall semester.

Facilities Management will also research the feasibility of planting a tree line or installing a privacy screen along the NEIU access road to diminish the view of the neighboring cemetery.