

Board of Trustees of Northeastern Illinois University

**Finance, Buildings and Grounds Committee Special Meeting Minutes**

October 3, 2022

A special meeting of the Finance, Buildings and Grounds Committee of the Board of Trustees of Northeastern Illinois University was convened on Monday, October 3, 2022 in the Golden Eagles Room located at 5500 N. St. Louis Avenue, Chicago, IL. Sherry Eagle, Chair of the Committee, called the meeting to order at 8:39 a.m.

**Roll was called and the following Trustees were present:** Sherry Eagle and Charles Serrano

**Other Trustees present:** Jim Palos

**Also present:** Gloria Gibson, President; Peter Land, Acting General Counsel (via video); Mary Pat Burns, Board Counsel (via video); Karl Voigt, Assistant Secretary to the Board; vice presidents; staff; and University community members

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**Motion to Allow Remote Participation by Trustees**

Trustee Jim Palos, seconded by Trustee Charlie Serrano, moved to allow Trustee Carlos Azcoitia to participate in the meeting via video.

Discussion: Trustee Azcoitia provided sufficient advanced notice to the Assistant Secretary to the Board in accordance with the provisions outlined within the Illinois Open Meetings Act (5 ILCS 120/2.01) and the Board's Bylaws, Section II. Meetings, regarding remote participation.

Roll was called and the vote was as follows:

Eagle: Yes                      Serrano: Yes                      Palos: Yes

The motion carried.

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**Opportunity for Public Comment in Accordance with P.A. 91-0715**

Trustee Eagle announced the opportunity for public comment. There were no requests to speak.

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**Chair's and President's Remarks**

Trustee Eagle thanked everyone for being able to come together for today's special meeting.

President Gibson offered her thanks to everyone who has helped put together today's revised budget reports. Although the University's departments and areas have trimmed their budgets, the focus remains on increasing enrollment.

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**ITEMS FOR CONSIDERATION AND POSSIBLE ACTION**

**Consideration of FY23 Operating Budget**

Mike Wenz, Executive Director of University Budgets, reported that the operating budget being presented today is substantially different from the FY2023 Preliminary Operating Budget request approved by the Board on June 9, 2022 and from the Final FY23 Operating Budget request presented to the Finance, Building and Grounds committee on August 15, 2022. After the August committee meeting, realized enrollments for the Fall 2022 semester came in significantly below forecast. In response, the committee

requested a revision to the final budget. Key differences in the revised budget include increased reliance on lost revenue grants through COVID-19 relief funding, an increase in anticipated interest income, higher-than-anticipated NEST occupancy, delayed hiring of vacant positions, limited restructuring of operations, and some reduction in non-personnel expenses. FY23 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 forecast for new student credit hours includes the impact of the NEIU for You 2.0 program approved by the Board of Trustees during FY2022. The program established targets of 400 new first-time full-time freshmen, 900 new transfer students, and 538 new graduate students for Fall 2022. The FY2023 preliminary budget was built around these targets. However, actual fall enrollments were 516 freshmen, 581 transfers, and 449 graduate students. In total, this represents 16% fewer new enrolled students than anticipated. The preliminary budget anticipated 128,300 credit hours for FY2023. The revised budget is based on a projection of 112,900 credit hours. Based on the cohort mix of students, this translates into a decline in tuition revenue of 11.1% from the preliminary budget.

With respect to continuing students, declining enrollment in recent years leads to persistent future declines as well. For this reason, the preliminary budget anticipated a decline of 7.9% in continuing enrollment. Based on fall enrollments, the forecast has been revised to reflect an anticipated 14% decline. The time period to claim expenditures against the associated federal COVID-19 grants has been extended. As a result, the University is budgeting for \$2,400,000 in COVID-19 relief funding during FY2023. The University generates some income from interest on cash balances and miscellaneous sales. A favorable interest rate environment has led to a larger than anticipated inflow in interest income, leading to an increase in projected interest of \$650,000 since the preliminary budget was prepared.

Expenditures for FY2023 are balanced to anticipated operating revenues of \$83,940,000. In response to the enrollment shortfall relative to the preliminary budget projections, financial managers were asked to identify both one-time and ongoing structural adjustments. Reductions included \$2.9 million in personal services costs, primarily through elimination of vacant positions and course scheduling adjustments, \$200,000 in reduced occupancy contributions due to increased enrollment in the Nest, and \$235,000 in non-personnel costs. Restricted operating funds that include student fee programs, auxiliary services, indirect costs and grant sources are projected to total \$59,279,300 in FY2023. This represents a decline of \$5,676,000 from FY2022, 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.

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

	FY2022 Budget	FY2023 Preliminary Budget	FY2023 Budget	Annual Change	
				Dollar	Percent
<b>Unrestricted Operating Budget</b>					
State General Funds Appropriations	\$ 35,566,900	\$ 37,345,300	\$ 37,345,300	\$ 1,778,400	5.0 %
University Income Fund - Tuition	50,780,200	47,412,000	42,172,200	(8,608,000)	(17.0)
University Income Fund - Tuition Differential	692,000	972,400	972,400	280,400	40.5
University Income Fund - Other*	3,188,700	1,600,000	3,450,100	261,400	8.2
<b>Unrestricted Operating Budget</b>	<b>\$ 90,227,800</b>	<b>\$ 87,329,700</b>	<b>\$ 83,940,000</b>	<b>\$ (6,287,800)</b>	<b>(7.0) %</b>
<b>Restricted Operating Budget</b>					
Student Fee Programs	\$ 9,001,100	\$ 8,412,600	\$ 8,412,600	\$ (588,500)	(6.5) %
Sales & Services	2,817,100	2,463,800	2,463,800	(353,300)	(12.5)
Auxiliary Services	3,977,900	4,056,500	4,056,500	78,600	2.0
Indirect Costs Recovery	2,138,900	1,870,600	1,870,600	(268,300)	(12.5)
Grants & Contracts-Education	600,000	600,000	600,000	-	-
State and Local Grants & Contracts	12,704,400	12,028,100	12,028,100	(676,300)	(5.3)
Federal Grants & Contracts**	32,926,000	28,926,000	28,926,000	(4,000,000)	(12.1)
Private Grants & Contracts	790,000	921,700	921,700	131,700	16.7
<b>Restricted Operating Budget</b>	<b>\$ 64,955,400</b>	<b>\$ 59,279,300</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>\$ 146,609,000</b>	<b>\$ 143,219,300</b>	<b>\$ (11,963,900)</b>	<b>(7.7) %</b>

\* Other Income includes \$2.4 million in COVID-19 relief funding

**Table 2**  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**Fiscal Year 2023 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	\$ 43,698,185	\$ 9,438,497	\$ 53,136,682
Organized Research	195,831	1,314,104	1,509,935
Public Service	634,273	4,885,147	5,519,420
Academic Support	7,369,382	4,043,027	11,412,409
Student Services	4,002,989	29,804,869	33,807,858
Institutional Support	13,968,056	4,437,864	18,405,920
Operations and Maintenance	11,943,684	1,877,745	13,821,429
Independent Operations	-	3,478,047	3,478,047
Benefits/Social Security/Medicare	1,051,000	-	1,051,000
Health Insurance Reserve Fund	1,076,600	-	1,076,600
<b>Total</b>	<b>\$ 83,940,000</b>	<b>\$ 59,279,300</b>	<b>\$ 143,219,300</b>

<b>Line Item Categories</b>	<b>General Operating Fund (State and Tuition)</b>	<b>Restricted Funds</b>	<b>Total</b>
Personal Services	\$ 65,015,113	\$ 11,040,600	\$ 76,055,713
Contractual Services	11,208,604	10,575,926	21,784,530
Travel	168,841	103,920	272,761
Commodities	774,575	1,284,770	2,059,345
Equipment	867,845	4,555,505	5,423,350
Telecommunications	176,422	48,919	225,341
Awards/Grants/Tuition Waivers	1,299,000	27,047,677	28,346,677
Permanent Improvements	25,000	-	25,000
Benefits/Social Security/Medicare	1,055,000	2,359,584	3,414,584
Health Insurance Reserve Fund	1,072,600	-	1,072,600
Indirect Costs	-	702,397	702,397
Other/Transfer Out (Debt Service)	2,277,000	1,560,003	3,837,003
<b>Total</b>	<b>\$ 83,940,000</b>	<b>\$ 59,279,300</b>	<b>\$ 143,219,300</b>

\* Other Income includes \$2.4 million in COVID-19 relief funding

Trustee Palos, seconded by Trustee Serrano, moved to recommend approval of the FY23 operating budget as revised.

Discussion: Trustees discussed enrollment and retention, and staffing and program evaluation in consideration of enrollment. Further discussion about longer-term institutional sustainability will be presented at the upcoming regular Finance, Buildings and Grounds Committee. A special board meeting will need to be convened in the next few days to approve the revised budget.

Roll was called and the vote was as follows:

Azcoitia: Yes      Eagle: Yes      Serrano: Yes      Palos: Yes

The matter is recommended.

**Consideration of Preliminary FY24 Unrestricted Operating and Capital Budgets Request**

Mike Wenz reported that 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. 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. The University Unrestricted Operating Budget request for FY2024 totals \$86,817,600 an increase of \$2,877,600, or 3.4 percent, above the FY2023 Unrestricted Operating Budget base. The FY2024 Unrestricted Operating Budget request includes salary and cost increases totaling \$2,062,600, and requests of \$815,000 for priority strategic planning initiatives.

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

(in thousands of dollars)

<b>Base (FY2023 Budget)</b>	<b>\$</b>	<b>83,940.0</b>
Projected Salary and Cost Increases		2,062.6
Strategic Program Initiatives		815.0
<b>FY2024 Operating Budget Request</b>	<b>\$</b>	<b>86,817.6</b>
Dollar Change From Previous Year		2,877.6
Percent Change From Previous Year		3.4%

Requested capital projects for FY2024 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. Priority order also reflects consultation with the NEIU Board of Trustees.

**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.

Trustee Serrano, seconded by Trustee Palos, moved to recommend approval of the FY2024 unrestricted operating and capital budgets request as revised.

Discussion: Trustees understand this is a preliminary budget

Roll was called and the vote was as follows:

Azcoitia: Yes      Eagle: Yes      Serrano: Yes      Palos: Yes

The matter is recommended.

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**Old/New Business**

Trustee Eagle asked if there was any old or new business to discuss. Priority registration for Spring 2023 semester starts on October 10. There was no further business.

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**Motion to Adjourn**

At 9:25 a.m. Trustee Palos, seconded by Trustee Serrano, moved to adjourn. The meeting was adjourned by acclamation.

Respectfully submitted,

Sherry Eagle, Chair of the Committee  
Karl Voigt, Assistant Board Secretary  
Approved November 17, 2022