

Overview of the FY24 Budget and Planning Process

DRAFT (March 1, 2023) – *Subject to Revision, Update and Improvement*

Summary of Process to Date

- Process started in October 2021 and will continue through final board approval Oct/Sept. 2024.
 - Over time projections and scenarios become realizations but since enrollments are unknown until census uncertainty remains during the budget year.
- Projections Related to FY24 Budget Projection.
 - Preliminary FY24 Operating Budget of \$86.8 million (Oct).
 - Preliminary look (Dec. 22/Jan. 23) estimated a potential FY24 budget deficit between \$11.3 million (Scenario 1, FY24 Expenses) and \$3.02 million (Scenario 3, FY23 expenses).
 - Largest unknowns were the level of enrollment and the state appropriation.
- Current Projection (Feb. FY24 Budget Update)
 - Update to enrollment projections (trend model update based on Spring 2023 enrollment)
 - Changed assumption from a flat appropriation to the Governor's recommendation.
 - Continue to refine expense projections for FY24, including an increase in expected Nest Support (+\$960K, total now \$3,100,000)
 - Incorporated an explicit calculation and accounting for differential tuition.
 - Feb. FY24 Budget projection results in a potential FY24 budget deficit of \$4.4 million.

FY24 Development Schedule

Table 1 FY2024 BUDGET DEVELOPMENT SCHEDULE FY2024 begins on July 1, 2023 and ends on June 30, 2024 (Development schedule is subject to change)	
October 2021	Discussion of preliminary FY2024 strategic priorities with University Planning and Budget Council
May 2022	Review from the University Planning and Budget Council to address FY2024 strategic priorities
September 2022	Discussion and approval of the FY2024 operating and capital budget requests by NEIU Board of Trustees
October 2022	NEIU Board Finance Committee review and recommendation on FY2024 tuition and fee rates
November 2022	NEIU Board action on FY2024 tuition and fee rates
January 2023	Illinois Board of Higher Education action on FY2024 higher education operations, grants, and capital improvements recommendations
February 2023	Governor's FY2024 Budget Address
May 2023	General Assembly's action on FY2024 appropriations
June 2023	Governor's action on FY2024 appropriations
	NEIU Board of Trustees' action on preliminary FY2024 University Operating Budget
September 2023	Fall 2023 Census (Sept. 1) NEIU Board of Trustees' action on final detailed FY2024 University Operating Budget

- Incorporated into Board materials approved at Special Board Meeting (Oct. 11, 2022), except the addition of the Fall 2023 Census date

Feb. FY24 Budget Update

- **Enrollment:** Level of enrollment based on a model based on a trend model (new Grad, continuing UG/Grad) and projections from Enrollment Management (new UG).
 - Dec. projection, based on Fall 2022 enrollment, was for 101,377 credit hours.
 - Updated projection, following Spring 2023 census, is for 110,506 credit hours.
 - Enrollment will continue to be the primary source of budgetary uncertainty.
- **Net Tuition Revenue:** Increase of \$4,091,653, due to higher projected credit hour enrollment.
- **Net Tuition Differential:** Increase of \$61,395, due to higher projected credit hour enrollment.
 - This projection includes an explicit calculation and allocation of differential tuition revenue.
- **State Appropriation:** The prior budget projection for FY24 assumed a flat or \$0 increase in the state appropriation. Following the Governor's address, the assumed appropriation for FY24 was increased from \$37,345,300 to \$39,959,471; an increase of 7% over the FY23 appropriation.
 - Current assumption is for an approved appropriation consistent with Governor's recommendation. Exact level of appropriation will remain unknown until approved
- **Other Revenue:** Continue to refine projections for various forms of other revenue, including interest income. The projected level of Other Revenue is \$1 million higher than the previous version.
- **Operating Revenue:** Collectively, the above changes result in an operating revenue projection that is \$7,767,291 higher than the previous projection for FY24.
- **Operating Expenses:** The projection increased by \$1,108,655, largely driven by an increase in assumed support for the NEST.
- **Projected Budget Deficit: (\$4,442,111)**
 - The projection is highly sensitive to enrollment projections. If enrollment were to come in at 105,942 (the mid-point of the Dec. and Feb. projection), the projected deficit increases by \$1.7 million to **(\$6,175,493)**.

Overview of Changes to FY24 Budget Projections

Comparison of Recent Budgets (Actuals and Projections)

	FY23 (Prelim.) Budget	FY23 (Revised) Budget	Prelim Look at FY24 Budget Proj (Sc. 2)	Feb. Update to FY24 Budget Projection	Δ from FY23 (Revised)	Δ from Prelim FY24
(Date/Timing)	(June/July 2022)	(Sept./Oct. 2022)	(Dec. 22/Jan. 23)	(Feb./March 23)		
Enrollment (Credit Hours)	128,300	112,800	101,377	110,506	(2,294) -2.0%	9,130 9.0%
Net Tuition Revenue	\$47,412,000	\$42,172,200	\$37,779,816	\$41,871,469	(300,731) -0.7%	4,091,653 10.8%
Net Tuition Differential*	\$972,400	\$972,400	\$645,888	\$707,283	(265,117) -27.3%	61,395 9.5%
State Appropriation	\$37,345,300	\$37,345,300	\$37,345,300	\$39,959,471	2,614,171 7.0%	2,614,171 7.0%
Other Revenue	\$1,600,000	\$3,450,100	\$1,000,000	\$2,000,000	(1,450,100) -42.0%	1,000,000 100.0%
Total (Operating) Revenue	\$87,329,700	\$83,940,000	\$76,771,005	\$84,538,223	598,223 0.7%	7,767,219 10.1%
Total (Operating) Expenses	\$87,329,700	\$83,940,000	\$87,851,679	\$88,960,334	5,020,334 6.0%	1,108,655 1.3%
Projected Budget Deficit	\$0	\$0	(\$11,080,674)	(\$4,422,111)		6,658,563 -60.1%

Projection

Values in yellow boxes represent projected, instead actual or approved values

* Differential Tuition in FY24 included a reconciliation from FY22 of \$249,000.