

INFORMATION ITEM: 4TH QUARTER BUDGET TO ACTUAL REPORT - REVISED

Summary

Pending final revisions and subject to the annual audit, the University experienced revenues above budgeted levels and expenditures just below budgeted amounts through the fourth quarter of FY2023. Tuition revenues are expected to exceed budgeted amounts due to stabilizing credit hour enrollment. Enrollment for FY2023 totaled 117,169 credit hours, approximately 3.8% above the level for the final approved FY23 budget but 9% below the credit hour enrollment assumed in the FY23 preliminary budget (128,300). The stabilization of credit hour enrollment contributed approximately \$1.04 million to net revenue for FY23. Additionally, the high interest rate environment resulted in higher than budgeted revenue for other sources.

Spending on personnel categories is expected to be at or above budgeted levels, in part due to a higher than budgeted cost associated with the UPI contract renewal. The persistent hiring vacancies experienced in prior years have continued but incorporating salary salvage has aligned the budgeted and actual spending levels. Spending across the other spending categories is relatively consistent with prior years with the exception of Travel which significantly increased with the lapsing of COVID restrictions. Once all spending is recorded in FY23, spending is expected to be just \$55,000 below budgeted levels.

The current change in net position (surplus), based on the operating budget, and subject the final revisions, the annual audit and certain state expenses recognized by the University, is estimated to be in the range of \$1.2 million. This value has been closely watched through out the year and has been earmarked for use in the renovations of the pool.

Overview

The Northeastern Illinois University Board of Trustees at its June meeting approved the University preliminary operating budget, which represented preliminary spending plans for fiscal year 2023 (FY2023). A revised version was presented to the Finance, Building and Grounds Committee on August 15, 2022 and a second revision was presented to a special meeting of the Finance, Building and Grounds committee on October 3, 2022. The information herein reflects a comparison of actual expenditures to that budget, as well as previous year-to-date actual expenditures.

The operating budget for FY2023 totals \$143,219,300. Of that total, \$83,940,000 is the University's unrestricted general operating budget supported by State appropriation and student tuition. In addition, the University's restricted funds budget amount of \$59,279,300 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 third 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 FY2022.

Revenues

The FY2023 budget includes State support of \$37,345,300 for the University's unrestricted general operating budget, or 44.5 percent of that budget. University Income Funds are comprised primarily of tuition revenues. The FY2023 budget includes estimated tuition revenue of \$43,144,600, or 51.4 percent of the general operating unrestricted budget. Other income sources make up \$3,450,100, or 4.1 percent and is primarily comprised of investment income.

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Through the fourth quarter, the University has vouchered a total of \$37,345,300 against the appropriation, all of which has been received.

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Through the fourth quarter, 102% percent of FY2023 planned tuition and income fund revenue was recorded, after adjusting for anticipated waivers and bad debt. 105.8% of budgeted revenue from other sources was also recorded.

Enrollment projections and the resulting revenue projections for the FY2023 budget were based upon historical enrollment trends, the advice of Enrollment Management staff, and available current registration data. The Final FY2023 budget was built with an anticipated 11.0 percent decline in student credit hours from FY2022 levels. Realized credit hour enrollment fell approximately 9 percent behind the previous year. The less severe decline than expected resulted in the \$1.04 million revenue surplus relative to budget but also accounts for the \$3.5 million short fall in net tuition revenue relative to FY2022.

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, 2023. 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.

Expenses

Through the fourth quarter, the University spent \$81,027,910 or 96.5 percent of the total \$83,940,000 general operating unrestricted preliminary budget. Once all personnel expenses that have been paid have been recorded, this is anticipated to grow to \$83,416,124 or 99.4% of the total general operating budget. Labor market conditions continue to create unplanned vacancies that have delayed the University's return to full staffing levels. To better align spending and budget for personnel expenses, the University incorporated salary salvage into the budgeting process. During FY23, the University captured \$2.3 million in lapsed salary budgets into the overall operating budget, allowing for distribution of those budget dollars across the University.

Spending in non-personnel categories is currently at \$16.2 million for FY2023 or approximately 93.3% of the current budget. This represents a \$1.13 million increase over FY2022 spending levels. This may increase to \$16.6 million once known encumbrances and anticipated changes due to the recording of benefits are included in the final totals. The spending levels relative to budget for certain categories including equipment, commodities, telecommunications, and travel continue to lag budgeted amounts. While this amount is small relative to the overall budget, these budget allocations will be reviewed to better understand the underutilization.

Table 1 provides an outline of the actual University revenues and expenses compared to budget and the previous year's actuals through the fourth quarter of FY2023.

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Table 1
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL YEAR 2023 BUDGET TO ACTUAL COMPARISONS
FOR THE PERIOD ENDING JUNE 30th, 2023
UNAUDITED FIGURES

	FY2022		FY2023			
	Actual Prior Year to Date	% of Budget	Adopted Budget	Current Budget	Actual Year to Date	% of Current Budget
Revenue						
State Appropriations	\$ 35,566,900	100.0%	\$ 37,345,300	\$ 37,345,300	\$ 37,345,300	100.0%
Net Tuition Revenue	46,986,267	92.5	42,172,200	42,172,200	43,410,008	102.9
Net Differential Tuition Revenue	823,452	119.0	972,400	972,400	780,255	80.2
All other sources	862,867	27.1	3,450,100	3,450,100	3,646,863	105.7
Total Revenue	\$ 84,239,486	93.4%	\$ 83,940,000	\$ 83,940,000	\$ 85,182,426	101.5%
Expenditures						
Personnel Services	\$ 67,184,434	93.7%	\$ 67,142,441	\$ 66,577,429	\$ 64,822,221	97.4%
Contractual Services	10,906,114	85.2	11,208,876	11,450,896	11,247,871	98.2
Equipment	396,663	50.4	846,410	887,085	450,421	50.8
Commodities	528,752	60.2	775,075	829,673	536,545	64.7
Telecommunications	171,341	76.9	176,422	220,301	174,139	79.0
Travel	88,911	42.4	168,841	269,574	187,203	69.4
Permanent Improvements	-	-	25,000	-	-	-
Operation of Auto Equip	33,547	108.1	20,935	38,942	29,073	74.7
Tuition Scholarships	1,220,634	91.8	1,299,000	1,389,100	1,383,176	99.6
Debt Service	2,232,727	100.0	2,277,000	2,277,000	2,275,503	99.9
Transfer in from Other Funds	(498,786)		-	-	(78,242)	
Total Expenditures	\$ 82,264,337	91.2%	\$ 83,940,000	\$ 83,940,000	\$ 81,027,910	96.5%

Notes:

1. Adopted Budget column reflects the FY2023 budget presented to the Finance, Building and Grounds Committee 10/3/22
2. The Current Budget reflects budget transfers processed between organizations and accounts.
3. Year-to-date expense activity does not include encumbrances, which are currently calculated at \$504,000.
4. Year to Date personnel services expenditures does not include \$2.4 million of paid payroll expenses.
5. Difference in budget and actuals for differential tuition revenue is due to the year-over-year reconciliation process.

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The same information is also presented in Table 2, which provides additional context and comparison within FY2022 and FY2023.

Table 2
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL YEAR 2023 BUDGET TO ACTUAL COMPARISONS
FOR THE PERIOD ENDING JUNE 30th, 2023
UNAUDITED FIGURES

	FY2022		FY2022		FY2023				Actual - Budget	
	Budget Prior Year	Actual Prior Year (7/18/22)	% of Budget	Actual Prior Year to Date	% of Budget	Adopted Budget	Current Budget	Actual Year to Date		% of Current Budget
Revenue										
State Appropriations	\$ 35,566,900	\$ 35,263,283	99.1%	\$ 35,566,900	100.0%	\$ 37,345,300	\$ 37,345,300	\$ 37,345,300	100.0%	\$ -
Net Tuition Revenue	50,780,200	44,054,649	86.8	46,986,267	92.5	42,172,200	42,172,200	43,410,008	102.9	\$ 1,237,808
Net Differential Tuition Revenue	692,000	766,822	110.8	823,452	119.0	972,400	972,400	780,255	80.2	\$ (192,145)
All other sources	3,188,700	418,190	13.1	862,867	27.1	3,450,100	3,450,100	3,646,863	105.7	\$ 196,763
Total Revenue	\$ 90,227,800	\$ 80,502,945	89.2%	\$ 84,239,486	93.4%	\$ 83,940,000	\$ 83,940,000	\$ 85,182,426	101.5%	\$ 1,242,426
Expenditures										
Personnel Services	\$ 71,683,348	\$ 66,160,271	92.3%	\$ 67,184,434	93.7%	\$ 67,142,441	\$ 66,577,429	\$ 64,822,221	97.4%	\$ (1,755,208)
Contractual Services	12,805,062	10,440,540	81.5	10,906,114	85.2	11,208,876	11,450,896	11,247,871	98.2	\$ (203,025)
Equipment	787,215	384,783	48.9	396,663	50.4	846,410	887,085	450,421	50.8	\$ (436,664)
Commodities	877,788	491,498	56.0	528,752	60.2	775,075	829,673	536,545	64.7	\$ (293,128)
Telecommunications	222,872	157,996	70.9	171,341	76.9	176,422	220,301	174,139	79.0	\$ (46,162)
Travel	209,469	70,667	33.7	88,911	42.4	168,841	269,574	187,203	69.4	\$ (82,371)
Permanent Improvements	47,845	-	-	-	-	25,000	-	-	-	\$ -
Operation of Auto Equip	31,039	29,781	95.9	33,547	108.1	20,935	38,942	29,073	74.7	\$ (9,869)
Tuition Scholarships	1,330,162	1,220,634	91.8	1,220,634	91.8	1,299,000	1,389,100	1,383,176	99.6	\$ (5,924)
Debt Service	2,233,000	2,232,727	100.0	2,232,727	100.0	2,277,000	2,277,000	2,275,503	99.9	\$ (1,497)
Transfer in from Other Funds	-	-	-	(498,786)	-	-	-	(78,242)	-	\$ (78,242)
Total Expenditures	\$ 90,227,800	\$ 81,188,895	90.0%	\$ 82,264,337	91.2%	\$ 83,940,000	\$ 83,940,000	\$ 81,027,910	96.5%	\$ (2,912,090)

Notes:

1. Adopted Budget column reflects the FY2023 budget presented to the Finance, Building and Grounds Committee 10/3/22
2. The Current Budget reflects budget transfers processed between organizations and accounts.
3. Year-to-date expense activity does not include encumbrances, which are currently calculated at \$504,000.
4. Year to Date personnel services expenditures does not include \$2.4 million of paid payroll expenses.
5. Difference in budget and actuals for differential tuition revenue is due to the year-over-year reconciliation process.

[Table 3 is found on the next page]

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Table 3 includes relevant information on the projection of credit hours used in the budgeting process. This table shows that relative to FY2022, there was an increase in FY23 in credit hour enrollment for new (incoming) undergraduate students. The table also shows that relative to the projections used to set the Final FY2023 budget. The realized enrollment represented an increase of 4,746 credit hours, with 25% of that improvement coming from credit enrollment for new students and 75% coming from continuing students.

Table 3
NORTHEASTERN ILLINOIS UNIVERSITY
ENROLLMENT COMPARISON OF PROJECTION AND ACTUALS

FY2023				
Enrollment (Actual)	Fall	Spring	Summer	FY
UG - New	14,361	4,178	1,239	19,778
UG - Continuing	29,723	35,815	7,651	73,188
Grad. - New	3,099	1,592	875	5,566
Grad. Continuing	6,720	7,899	4,018	18,637
Total	53,903	49,484	13,783	117,169

FY2022					FY2023				
Enrollment	Fall	Spring	Summer	FY	Credit Hour Proj.	Fall	Spring	Summer	FY
UG - New	13,687	3,756	1,081	18,524	UG - New	14,361	3,744	711	18,816
UG - Continuing	34,306	38,621	8,734	81,661	UG - Continuing	29,723	33,989	6,186	69,898
Grad. - New	3,681	1,574	776	6,031	Grad. - New	3,099	1,468	831	5,398
Grad. Continuing	7,787	9,157	4,577	21,521	Grad. Continuing	6,720	8,017	3,574	18,311
Total	59,461	53,107	15,168	127,736	Total	53,903	47,219	11,302	112,423

FY23 % Diff. from FY22					Actual % Diff. from Proj.				
	Fall	Spring	Summer	FY		Fall	Spring	Summer	FY
UG - New	4.9%	11.2%	14.6%	6.8%	UG - New	0.0%	11.6%	74.2%	5.1%
UG - Continuing	-13.4%	-7.3%	-12.4%	-10.4%	UG - Continuing	0.0%	5.4%	23.7%	4.7%
Grad. - New	-15.8%	1.2%	12.8%	-7.7%	Grad. - New	0.0%	8.4%	5.3%	3.1%
Grad. Continuing	-13.7%	-13.7%	-12.2%	-13.4%	Grad. Continuing	0.0%	-1.5%	12.4%	1.8%
Total	-9.3%	-6.8%	-9.1%	-8.3%	Total	0.0%	4.8%	22.0%	4.2%

Notes:

1. Enrollment represents credit hour enrollment as of the census date for each semester within a fiscal year.
2. Credit Hour Projection is derived from an (ARIMA) trend model. The output helps inform the calculation of tuition revenue in the operating budget.
3. The Credit Hour Projection shown above was run following the census date of the Fall 2022 semester, after enrollment for Fall 2022 was known.