

Information Item: FY24 First Quarter Budget to Actual Report

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 2024 (FY2024). The final or revised operating budget was presented to the Finance, Building and Grounds Committee on September 1, 2023 and approved by the Board of Trustees (BOT). The information herein reflects a comparison of actual expenditures to that budget, as well as previous year-to-date actual expenditures.

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

At the Board's request, quarterly reports are provided for the unrestricted operating budget, which supports most University departments and ongoing operations. This report provides an update on 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 FY2022 and FY2023.

Revenues

The unrestricted operating budget for FY2024 is set at \$85,300,000. This budget includes State support of \$39,960,000, approximately 47 percent percent of budgeted revenue, and estimated net tuition revenue of \$42,563,400, or 49.9 percent budgeted revenue. Other income sources make up the remainder of budgeted revenue for the unrestricted operating budget at \$2,776,000, or 3.3 percent of the budget.

Through the first quarter, 38.8 percent of budgeted revenue, including the estimated tuition and income fund revenue, was recorded. The reported values for tuition are net of adjustments for anticipated tuition waivers and bad debt.

The University receives appropriations from the State by submitting reimbursement vouchers for payroll expense. Given that personnel expenses significantly exceed appropriations in a given year, the University usually receives the majority of their appropriation by Q3. Through the first quarter, the University has vouchered and received a total of \$10,376,923 of the state appropriation. This is \$3.7 million less than FY2023 but consistent with the appropriations received in FY2022. The difference between FY2023 and FY2024 is due to a difference in requested reimbursement and timing of payments from the State. The University expects to receive the full appropriation amount during FY2024.

The forecast for FY2024 tuition revenues was based on an examination of the flow of new and continuing graduate and undergraduate students. The final FY2024 budget anticipated 110,500 credit hours for FY2024. Following the Fall 2023 semester, the enrollment trend model estimates total credit hour enrollment as 113,303 credit hours for FY2024. Despite this positive trend, enrollment for the Fall 2023 semester, at 50,008 credit hours, is still below enrollment for the Fall 2022 semester, which was 51,845 credit hours, a drop of 3.5 percent. Relative to Fall 2022, Fall 2023 enrollment for new students increased by 1.9% but enrollment for continuing students declined 6.4%.

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The fact that enrollment is currently tracking above budgeted levels for FY2024 but below enrollment for FY2023 helps to explain why net tuition revenue is currently at 52.4 percent of budget (relative to 44.2 percent in FY2023) but the dollar value of net tuition revenue is lower by \$506,818.¹

In addition to the appropriation and tuition revenue, the University generates some income from interest on cash balances and from miscellaneous sales. A favorable interest rate environment continues to lead to a high level of interest income with interest income for the first quarter of FY2024 of \$1,025,049 which is significantly above the investment income of \$378,240 for the first quarter of FY2023. If the current elevated level of interest rates persists and there are no unanticipated draws on the current cash balance, investment income is projected between \$3.6m and \$5.4m for FY2024, this will significantly exceed the budgeted level of \$2.27m.

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 first quarter, the University spent \$16,035,076, or 18.8 percent of the total \$85,300,000 unrestricted operating budget. This is a slight decrease compared to the prior year and primarily due to a difference in the timing for recording of debt service payments.

Across the various expenditure categories, expenses are tracking closely to FY2023 levels in both terms of the “% of Current Budget” spent and in dollar terms, “FY24 – FY23”. The two exceptions are contractual expenses which are currently \$144,707 below FY2023 and Debt Service, which is \$560,103 below FY2023. The difference in debt service expense is due to a timing difference for when certain debt payments are recorded. Certain University debt has payments due 10/1 and depending on when those payments are made, the expense may get booked in Q1 (FY2023) or in Q2 (FY2022). The difference in contractual spending appears to be slower utilization of contractual budgeted funds.

¹ The current net tuition revenue includes tuition from the Summer 2023 and Fall 2023 semesters. The summer term bridges two fiscal years, accruals are made to apportion the tuition revenues and operating expenses between fiscal years.

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Table 1
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL YEAR 2024 BUDGET TO ACTUAL COMPARISONS
FOR THE PERIOD ENDING SEPTEMBER 30th, 2023
UNAUDITED FIGURES

| | FY2022 | | | FY2023 | | | FY2024 | | | FY24 - FY23 |
|----------------------------------|----------------------|----------------------|--------------|----------------------|----------------------|--------------|----------------------|----------------------|----------------------|--------------|
| | Adopted Budget | FY22 Actual YTD | % of Budget | Adopted Budget | FY23 Actual YTD | % of Budget | Adopted Budget | Current Budget | Actual Year to Date | |
| Revenue | | | | | | | | | | |
| State Appropriations | \$ 35,566,900 | \$ 9,044,949 | 25.4% | \$ 37,345,300 | \$ 14,090,488 | 39.6% | \$ 39,960,000 | \$ 39,960,000 | \$ 10,376,923 | 26.0% |
| Net Tuition Revenue | 50,780,200 | 24,782,613 | 48.8 | 42,172,200 | 22,462,349 | 44.2 | 41,874,400 | 41,874,400 | 21,955,530 | 52.4 |
| Net Differential Tuition Revenue | 692,000 | 440,109 | 63.6 | 972,400 | 393,139 | 56.8 | 689,000 | 689,000 | 395,480 | 57.4 |
| All other sources | 3,188,700 | 157,401 | 4.9 | 3,450,100 | 617,730 | 19.4 | 2,776,600 | 2,776,600 | 1,198,548 | 43.2 |
| Total Revenue | \$ 90,227,800 | \$ 34,425,073 | 38.2% | \$ 83,940,000 | \$ 37,563,706 | 44.8% | \$ 85,300,000 | \$ 85,300,000 | \$ 33,926,481 | 39.8% |
| Expenditures | | | | | | | | | | |
| Personnel Services | \$ 71,683,348 | \$ 14,409,509 | 20.1% | \$ 67,142,441 | \$ 13,426,502 | 18.7% | \$ 67,901,380 | \$ 67,901,380 | \$ 13,345,164 | 19.7% |
| Contractual Services | 12,805,062 | 1,639,491 | 12.8 | 11,208,876 | 1,597,342 | 12.5 | 14,631,783 | 14,525,909 | 1,452,634 | 10.0 |
| <i>BOT Reserve Allocation</i> | - | - | - | - | - | - | (2,500,000) | (2,500,000) | - | - |
| Equipment | 787,215 | 8,211 | 1.0 | 846,410 | 77,304 | 9.8 | 431,986 | 463,146 | 53,821 | 11.6 |
| Commodities | 877,788 | 44,759 | 5.1 | 775,075 | 31,417 | 3.6 | 807,401 | 811,958 | 48,884 | 6.0 |
| Telecommunications | 222,872 | 17,122 | 7.7 | 176,422 | 8,345 | 3.7 | 176,700 | 177,400 | 643 | 0.4 |
| Travel | 209,469 | 554 | 0.3 | 168,841 | 6,508 | 3.1 | 197,750 | 244,007 | 1,458 | 0.6 |
| Permanent Improvements | 47,845 | - | - | 25,000 | - | - | 25,000 | 25,000 | - | - |
| Operation of Auto Equip | 31,039 | 2,222 | 7.2 | 20,935 | 6,053 | 19.5 | 21,000 | 34,100 | 2,008 | 5.9 |
| Tuition Scholarships | 1,330,162 | 496,481 | 37.3 | 1,299,000 | 627,394 | 47.2 | 1,299,000 | 1,309,100 | 558,664 | 42.7 |
| Debt Service | 2,233,000 | 558,250 | 25.0 | 2,277,000 | 1,131,903 | 50.7 | 2,308,000 | 2,308,000 | 571,800 | 24.8 |
| Transfer in from Other Funds | - | - | - | - | - | - | - | - | - | - |
| Total Expenditures | \$ 90,227,800 | \$ 17,176,598 | 19.0% | \$ 83,940,000 | \$ 16,912,768 | 20.1% | \$ 85,300,000 | \$ 85,300,000 | \$ 16,035,076 | 18.8% |

Notes:

1. Adopted Budget column reflects the FY2024 budget presented to the Finance, Building and Grounds Committee 9/21/22
2. The Current Budget reflects budget transfers processed between organizations and accounts.
3. "Actual YTD" is current year expenses recorded or booked through October 16th 2023 and does not include encumbrances

Information Item: Budget Calendar for FY2024 and FY2025

The purpose of this item is to communicate the anticipated steps in setting the FY2025 budget and reviewing the outcome for FY2024. The calendar in Table 1 highlights some key dates and milestones from the State, as well as timing for when certain steps, action or information will be provided to the Finance, Building and Ground (FBG) committee and the Board of Trustees (BOT). This item is provided as an information item only but feedback on timing, topics and coverage is appreciated.¹ The calendar includes notes and thoughts on the various topics.

For FY2024 the focus will be on reviewing the spending and expenditure outcomes for FY2024, including whether the special budget allocation of \$2.5 million from the BOT will be required to support the operating budget for FY2024. This will include a department level review of budget and spending prior to the approval of the FY2025 budget.

The process for setting up the FY2025 budget has begun. As assumptions are made for setting the preliminary FY2025 budget, they will be presented and approved by the President's Cabinet (Nov. 2023) and the FBG (Jan/Feb. 2024). These assumptions will be used to generate preliminary revenue and expense estimates for FY2025, which will serve as the basis for internal planning and review activity. The outcome of this activity will be the initial presentation of the FY25 preliminary operating budget in March/April as an information item, FBG approval in the April/May timeframe, and BOT approval in the May/June timeframe.² Once approved, the preliminary operating budget will be loaded into the University's financial systems.

The approval for the final FY2025 operating budget has been pushed back slightly from the previous budget calendar. This is to ensure that the Fall enrollment census has occurred before the final FY2025 operating budget is presented for approval. The final approvals should occur in September to allow for inclusion of the final numbers in state required reporting and the FY2026 preliminary operating and capital budgets request.

¹ The attached calendar in Table 1 is a draft calendar and subject to review and feedback from the President's Cabinet. Additionally, since the FBG meeting schedule for 2025 has not been set, certain topics may be need to be moved to fit the final meeting schedule.

² Timing for the final approval of the preliminary operating budget will be influenced by the timing for the FY25 appropriation for the University. If uncertainty exists regarding the appropriation, this may delay the timing of approval, as occurred for the FY2024 budget.

Information Item: Budget Calendar for FY2024 and FY2025

Table 1
NORTHEASTERN ILLINOIS UNIVERSITY
BUDGETING CALENDAR FOR FY2024 AND FY2025

| Topic # | Month | Year | Committee/ Actor | Action or Activity | Notes / Thoughts |
|---------|-------------|------|-------------------------|---|---|
| (1) | September | 2023 | FGB/BOT | - Approval of FY25 Request Budget | |
| (2) | October | 2023 | FBG | - FY25 Tuition and Fees Recommendation - FY2024 Q1 Budget to Actuals | |
| (3) | November | 2023 | BOT | - FY25 Tuition and Fees Final Action | Given no meetings are scheduled in December or January, FY tuition and fee rates will need to be approved at this meeting. |
| (4) | | | Cabinet | - Review and approval of assumptions for Preliminary FY25 control number calculations. - Confirmation of positions and Org chart structure for Preliminary FY25 control number calculations. | The purpose of the preliminary budget is to establish spending targets or control numbers for Vice Presidents and Deans. |
| (5) | December | 2023 | Cabinet | - Review initial calculation of preliminary FY25 control number calculations for revision and updating | This calculation is to help the cabinet understand how the assumptions and structure impact an initial calculation. |
| (6) | February | 2024 | FBG | - FY2024 Q2 Budget to Actuals, including update on likely revenue given Spring enrollment and current salary salvage - Presentation of initial assumptions for use in FY25 preliminary operation budget. | Likely assumptions include the anticipated inflation, FY25 enrollment levels, state appropriation, investment returns, funding for strategic priorities and distribution of student fee revenue. |
| (7) | | | State of IL | Governor’s FY2025 Budget Address | |
| (8) | | | Budget Office / HR / AA | Agreement on expected compensation changes for FY25 based on current assumptions and agreements, including calculation of likely compensation for FY25. | |
| (9) | March | 2024 | Cabinet | - Review and approval of Preliminary FY25 control number for distribution | |
| (10) | March/April | 2024 | FBG | - Presentation of FY25 Preliminary Operating Budget - FY2024 Q3 Budget to Actuals (if April) | Informational Item prior to distribution to VP/Deans. |
| (11) | | | Budget Office | Distribution of Preliminary Budget Worksheets (state and local FOAPs) | |
| (12) | April/May | 2024 | FBG | - Presentation of FY25 Preliminary Operating Budget | |
| (13) | May | 2024 | State of IL | General Assembly’s action on FY25 Appropriation | |
| (14) | May/June | 2024 | FBG | Approval of FY25 Preliminary Operating Budget | |
| (15) | June | 2024 | State of IL | Governor’s action on FY2025 appropriations | |
| (16) | | | BOT | Approval of Preliminary FY2025 University Operating Budget | |
| (17) | July/August | 2024 | Cabinet | Review of FY24 Budget and Spending by Departments. | Review to be completed by financial managers (July) and presented by each VP/Dean to cabinet (Aug). This should provide the BOT essential information before the approval of the final FY25 Operating Budget. |
| (18) | August | 2024 | FBG | FY2024 Q4 Budget to Actuals (Preliminary) | An estimate will be provided regarding the closing of the fiscal year an expenses not recognized but likely to be booked. |
| (19) | September | 2024 | FBG | Presentation of FY2025 Final Operating Budget | My recommendation is to push this back until after Fall census. Unless it is obvious from the enrollment during the summer that there is a significant difference between budgeted and enrolled credit hours. |
| (20) | | | FBG | FY2024 Q4 Budget to Actuals (Final) | This will be an informational items as an update to the August presentation and represents a near final values for FY2024. |
| (21) | September | 2024 | BOT | Presentation of FY2025 Final Operating Budget | |

Information Item: Budget Calendar for FY2024 and FY2025

Action Item: FY2025 Tuition and Fees

Beginning with the Fall 2024 semester, the University is recommending the following increases:

- 3.0% for the undergraduate per credit hour tuition rate, from \$430.95 to \$443.88.
 - ❖ This is an increase of \$12.93/credit hour or \$310.28 for 24 credit hours.
- 5.0% for the graduate per credit hour tuition rate, from \$462.53 to \$486.71
 - ❖ This is an increase of \$23.18/credit hour or \$620.57 for 24 credit hours.
- 5.0% for the consolidated, per credit hour (up to 16 credit hours) mandatory fees, from \$85 to \$89.25.
 - ❖ This is an increase of \$4.25/credit hour or \$102 for 24 credit hours.

With a commitment centered on increased student recruitment and retention, and while recognizing the financial realities presented by the current inflationary environment, the University believes that the following proposed tuition increase is its best pathway to advancing the mission of providing “an exceptional environment for teaching, learning, and scholarship.” Further detail on the proposed increases is presented in the attached Table 1, while additional detail and supporting information can be found in the Appendix.

This document continues to memorialize and clarify tuition rates for students pursuing a second bachelor's degree. These students will be assessed tuition as a continuing student in their original cohort and will be assessed tuition differential for courses affected by the appropriate differential rate.

Background

In FY2023, the University did not raise tuition for undergraduate students and increased tuition for graduate students by 2.0 percent. In FY2024, the University experienced a modest enrollment increase of 2.5% and 5%, respectively. Under the tuition guarantee program in Illinois, undergraduate students are guaranteed the tuition rate they receive upon entering the university for their first four years and the effective tuition rate from the second year for their fifth and sixth years. This guarantee means that the impact of tuition setting policy persists across several years but also has a limited impact in a given year, meaning that it can be difficult to “catch up” if necessary. This reality is summarized in Table 2 below, which shows that for FY2025, the proposed tuition increase for undergraduate students would impact the newly enrolled student in FY2025 (Fall 2024) and the students who initially enrolled in FY2019 or before. In FY2025, the proposed increase would not impact any other current cohorts of undergraduate students that initially enrolled between FY2020-FY2023.

Action Item: FY2025 Tuition and Fees

Table 2. Current Tuition Rates for Undergraduate Students by Enrollment Cohort

| FY of Enrolled | Student's Enrollment Cohort | | | | | | |
|-------------------|-----------------------------|--------|--------|--------|--------|---------------|---------------|
| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
| 2019 | 396.19 | | | | | | |
| 2020 | 396.19 | 404.11 | | | | | |
| 2021 | 396.19 | 404.11 | 412.20 | | | | |
| 2022 | 396.19 | 404.11 | 412.20 | 420.44 | | | |
| 2023 | 404.11 | 404.11 | 412.20 | 420.44 | 420.44 | | |
| 2024 | 404.11 | 412.20 | 412.20 | 420.44 | 420.44 | 430.95 | |
| 2025 | <i>443.88</i> | 412.20 | 420.44 | 420.44 | 420.44 | 430.95 | <i>443.88</i> |
| 2026 | | | 420.44 | 420.44 | 420.44 | 430.95 | <i>443.88</i> |
| 2027 | | | | 420.44 | 430.95 | 430.95 | <i>443.88</i> |
| 2028 | | | | | 430.95 | <i>443.88</i> | <i>443.88</i> |
| 2029* | | | | | | <i>443.88</i> | <i>443.88</i> |
| 2030* | | | | | | | <i>443.88</i> |

** For students who initially enrolled in FY2025, the FY2029 & FY2030 rates reflected assume no increase in the FY2026 rates for newly enrolled students.*

For FY2025, anticipated cost increases are generally due to inflation, collective bargaining agreements and non-negotiated personnel costs. Initial estimates for FY2025 suggest that costs supported by the operating budget are estimated to increase by approximately \$5.65 million in FY2025. Broadly these cost increases come from three categories; general cost inflation as measured by the Higher Education Price Index (HEPI) (\$520,000), increases in personnel costs (negotiated: \$1.2 million, non-negotiated: \$800,000), the expiration of the NEIU for You 2.0 special allocation for personnel expenses (\$592,000), and expiration of the board’s one-time commitment to support the FY2024 operating budget (\$2.5 million).

If adopted, the proposed tuition rate increases are estimated to generate additional tuition and fee revenue of approximately \$1.2 million during FY2025 based on a flat enrollment scenario. The remaining gap of \$4.4 million would need to be covered by a mixture of increased enrollment, revenue enhancements, cost reductions or state appropriations. To maintain a balanced budget in the above scenario, strictly on the basis of enrollment, enrollment would need to increase by approximately 11,650 credit hours or about 11% over projected FY2024 levels.

While the University is working hard to reverse past enrollment trends, given the reality of enrollment in prior years the University has considered several alternative ways to produce an ongoing balanced budget. These include both revenue enhancements and expense consolidation.

Revenue Considerations

- In response to the current fiscal surplus in Illinois, the University will work to identify state-level funding opportunities over and above state appropriations. These include research and infrastructure support grants with the potential to generate indirect cost recovery and partnership opportunities.
- The University will seek to leverage investments in facilities and organizational capacity such as the Business Innovation and Growth (BIG) center that can provide opportunities for additional revenue to support grants, faculty revenue-generating activity and scholarships.

Action Item: FY2025 Tuition and Fees

- The University will examine expanded differential tuition to provide targeted support to critical and higher-cost programs.
- Implementing best practice early-warning systems through advanced technology has the potential to enhance retention and persistence to degrees.
- The University will continue partnering with the NEIU Foundation to identify and develop private support to offset the cost of tuition through private funding.

Expense Considerations

- The University will monitor enrollments to ensure classes run at minimum to higher class size per contractual agreement to ensure fiscal sustainability and to ensure that instructional resources are allocated in proportion to declining enrollment.
- The University will work to build a technologically efficient advising infrastructure through investments in software to support student-to-advisor ratios that are consistent with industry standards as outlined in the collective bargaining agreements.

Additional Considerations

- **NEIU Foundation:** During the last five years, the NEIU Foundation has nearly doubled the endowment drawdown from \$292,750 in FY20 to \$550,000 in FY2024. Foundation endowed funds primarily support student scholarships.
- **Pell Grant:** During the last five years there has been a steady increase in funding available via the Pell Grant, with the maximum award increasing by \$1,200 or 19.3% since FY2020.
 - For the FY2025 award year, the Department of Education will replace the expected family contribution (EFC) with the Student Aid Index (SAI). This is not expected to have a major impact on the award levels for the majority of NEIU students.
- **MAP Grant:** During the last five years there has been a significant increase in funding available via the MAP Grant, with the maximum award increasing by \$3,060 or 57.3% since FY2020.
- When combined, the maximum award for the Pell and MAP programs increased by \$1,700 for FY2024. Table 3 shows a summary of maximum Pell, MAP and AIM High grant amounts that can be offered to students. Also included is the tuition and fees that would be charged to incoming students or students beyond the six years of the tuition guarantee program. The tuition and fee values are for 30 credit hours per academic year (fall & spring) or 15 credit hours per semester.

Action Item: FY2025 Tuition and Fees

Table 3: Comparison of Max. Award Offers to Tuition and Fees
(assumes 15 credit hours per semester)

| Academic Year | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 |
|---------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Semesters | Fall 2019 / Spring 2020 | Fall 2020 / Spring 2021 | Fall 2021 / Spring 2022 | Fall 2022 / Spring 2023 | Fall 2023 / Spring 2024 |
| Max Pell | 6,195 | 6,345 | 6,495 | 6,895 | 7,395 |
| Max MAP | 5,340 | 5,340 | 5,496 | 7,200 | 8,400 |
| Max AIM High | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 |
| Total Programs | | | | | |
| Max Award | 15,535 | 15,685 | 15,991 | 18,095 | 19,795 |
| NEIU Tuition and Fees (New UG) | 13,380 | 13,729 | 14,000 | 14,024 | 14,359 |

Note: The total maximum award across the three highlighted programs has exceeded NEIU tuition and fees for a full-time student since at least FY2020. But, due to the significant increases in Pell and Grant funding of the last several years, starting in FY 2023, the total maximum award from Pell and MAP exceeded NEIU's full-time tuition and fees for a new undergraduate student (based on 15 credit hours).

- State Appropriations:** In FY2024, net tuition revenue is anticipated to make up 55% of projected operating revenue while appropriations from the state are anticipated to be 42.5% of operating revenue. Over the past several years the state has increased direct appropriations to the University, with increases of \$1.8 million for FY2022 and \$2.6 million in FY2024 or collectively, \$4.4 million over the past two years. In credit hour terms, using FY2024 tuition rates, this would be the revenue equivalent of 4,617 credit hours (FY2023) and 6,788 credit hours (FY2024). Stated differently, if state appropriations had continued at FY2022 levels, the University would need 11,405 additional credit hours to maintain a balance budget.

The initial planning for each fiscal year assumes flat appropriations from the state. The University does not consider an increase or decrease in state appropriations in its budget planning due to the timing of when appropriations are determined each year.

If state appropriations were to decrease the funding gap (\$5.6 million) discussed in the Background section above would increase, while if state appropriations were to increase, the funding gap would decrease. Unfortunately, the direct appropriations are not known until months or weeks prior to the next fiscal year; after the enrollment cycle has largely played out. Given this reality the University has historically set tuition rates early in the enrollment cycle to ensure prospective students and families have clarity on expected tuition costs.

Recommended Action 1:

I request that the Finance, Buildings and Grounds Committee recommend Board approval of the Fiscal Year 2025 Tuition Recommendations as detailed in Table 1 providing for a 3.0 percent tuition increase for undergraduate students not covered by the guaranteed tuition program and a 5.0 percent tuition increase for graduate students.

Recommended Action 2:

Action Item: FY2025 Tuition and Fees

I request that the Finance, Buildings and Grounds Committee recommend Board approval of the Fiscal Year 2025 Fee Recommendations as detailed in Table 1 providing for an increase in the general fee for students to \$89.25.

Action Item: FY2025 Tuition and Fees

PRESIDENT'S REPORT TO THE
BOARD OF TRUSTEES OF NORTHEASTERN ILLINOIS UNIVERSITY

Table 1
NORTHEASTERN ILLINOIS UNIVERSITY
Schedule of Proposed Tuition and Fees

| | FY2023 | FY2024 | FY2025 | Change FY23 to FY24 | |
|--|-----------------|-----------------|-----------------|------------------------|--------------|
| | | | | Dollar | Percent |
| TUITION (per credit hour) | | | | | |
| Undergraduate - post 6-year (enrolled prior to Fall 2018)* | 420.44 | \$ 430.95 | 443.88 | \$ 12.93 | 3.0 % |
| Undergraduate - newly enrolled Fall 2019 ¹ | 404.11 | 412.20 | 412.20 | - | - |
| Undergraduate - newly enrolled Fall 2020 ¹ | 412.20 | 412.20 | 420.44 | 8.24 | 2.0 |
| Undergraduate - newly enrolled Fall 2021 ¹ | 420.44 | 420.44 | 420.44 | - | - |
| Undergraduate - newly enrolled Fall 2022 ¹ | 420.44 | 420.44 | 420.44 | - | - |
| Undergraduate - newly enrolled Fall 2023 ¹ | - | 430.95 | 430.95 | - | - |
| Undergraduate - newly enrolled Fall 2024 | - | - | 443.88 | n/a | n/a |
| CBT Undergraduate Differential | | | | | |
| Graduate | 441.46 | 463.53 | 486.71 | \$ 23.18 | 5.0 % |
| CBT Graduate Differential | | | | | |
| Non-resident Undergraduate - post 6-year * | 840.88 | 861.90 | 887.76 | \$ 25.86 | 3.0 % |
| Non-resident Undergraduate - newly enrolled Fall 2019 ¹ | 808.22 | 824.40 | 824.40 | 16.18 | 2.0 |
| Non-resident Undergraduate - newly enrolled Fall 2020 ¹ | 824.40 | 824.40 | 840.88 | - | - |
| Non-resident Undergraduate - newly enrolled Fall 2021 ¹ | 840.88 | 840.88 | 840.88 | - | - |
| Non-resident Undergraduate - newly enrolled Fall 2022 ¹ | 840.88 | 840.88 | 840.88 | - | - |
| Non-resident Undergraduate - newly enrolled Fall 2023 ¹ | - | 861.90 | 861.90 | - | - |
| Non-resident Undergraduate - newly enrolled Fall 2024 | - | - | 887.76 | n/a | n/a |
| Non-resident Graduate | 882.92 | 927.07 | 973.42 | \$ 46.35 | 5.0 % |
| MANDATORY FEES | | | | | |
| General Student Fee | 83.50 | 85.00 | 89.25 | \$ 4.25 | 5.0 % |
| U-Pass (Full-time Students only) | 155.00 | 155.00 | 155.00 | - | - |
| TUITION AND FEES (based on 15 credit hours) | | | | | |
| Undergraduate - continuing * | 7,717.10 | 7,894.27 | 8,151.94 | 257.68 | 3.3 |
| Undergraduate - newly enrolled Fall 2019 ¹ | 7,472.15 | 7,613.00 | 7,676.75 | 63.75 | 0.8 |
| Undergraduate - newly enrolled Fall 2020 ¹ | 7,593.50 | 7,613.00 | 7,800.35 | 187.35 | 2.5 |
| Undergraduate - newly enrolled Fall 2021 ¹ | 7,717.10 | 7,736.60 | 7,800.35 | 63.75 | 0.8 |
| Undergraduate - newly enrolled Fall 2022 ¹ | 7,717.10 | 7,736.60 | 7,800.35 | 63.75 | 0.8 |
| Undergraduate - newly enrolled Fall 2023 ¹ | - | 7,894.27 | 7,958.02 | 63.75 | 0.8 |
| Undergraduate - newly enrolled Fall 2024 | - | - | 8,151.94 | n/a | n/a |
| Graduate | 8,032.40 | 8,383.00 | 8,794.39 | 411.40 | 4.9 |
| Non-resident Undergraduate - continuing * | 14,023.70 | 14,358.53 | 14,810.14 | 451.61 | 3.1 |
| Non-resident Undergraduate - newly enrolled Fall 2019 ¹ | 13,533.80 | 13,796.00 | 13,859.75 | 63.75 | 0.5 |
| Non-resident Undergraduate - newly enrolled Fall 2020 ¹ | 13,776.50 | 13,796.00 | 14,106.95 | 310.95 | 2.3 |
| Non-resident Undergraduate - newly enrolled Fall 2021 ¹ | 14,023.70 | 14,043.20 | 14,106.95 | 63.75 | 0.5 |
| Non-resident Undergraduate - newly enrolled Fall 2022 ¹ | 14,023.70 | 14,043.20 | 14,106.95 | 63.75 | 0.5 |
| Non-resident Undergraduate - newly enrolled Fall 2023 ¹ | - | 14,358.53 | 14,422.28 | 63.75 | 0.4 |
| Non-resident Undergraduate - newly enrolled Fall 2024 | - | - | 14,810.14 | n/a | n/a |
| Non-resident Graduate | 14,654.30 | 15,335.99 | 16,095.04 | 759.05 | 4.9 |

* Post 6-year students in FY2025 are those enrolled prior to Fall 2019 (or FY2020).

¹ Per Public Act 93-0028 starting Fall 2004, Illinois undergraduate students newly enrolled will have their tuition held constant for a period of four continuous academic years. This policy was extended at NEIU to non-resident undergraduate students. Public Act 96-1293 effective Fall 2010, extended the tuition guarantee for two additional years at the rate of the following class.

Note: Other than the Upass Fee, tuition and fees are charged on a credit hour basis for each credit hour enrolled per semester up to 16 credit hours. There will be no tuition and fee charges for credit hours enrolled above 16 hours per semester.

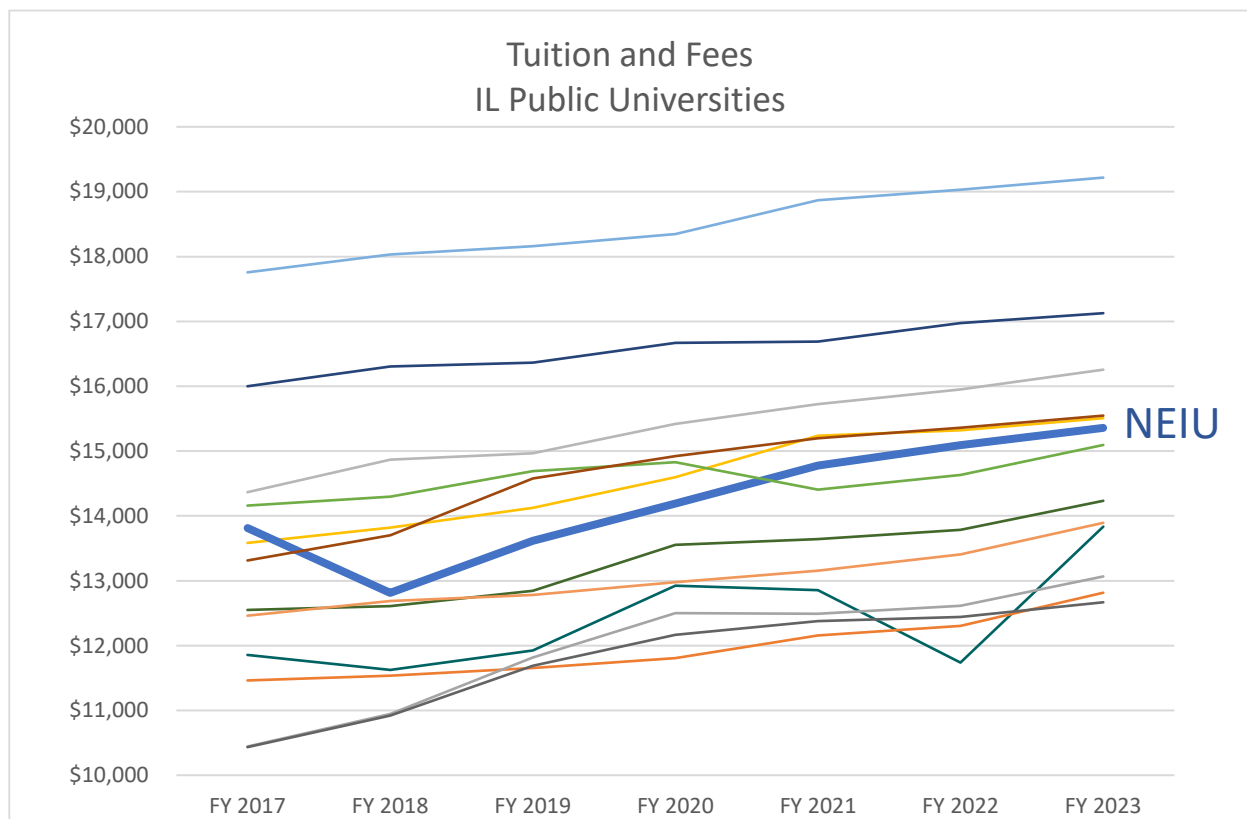
Action Item: FY2025 Tuition and Fees

Appendix

Calculation of Additional Revenue from Recommended Increases

| Estimate of Additional Net Revenue | | Assumptions | |
|------------------------------------|------------------|----------------------|---------|
| Undergrad Tuition | 381,425 | Credit Hours | 110,500 |
| Graduate Tuition | 405,666 | % CH Undergrad | 82% |
| Mandatory Fee | 413,270 | % UG CH, New | 28% |
| Total | 1,200,361 | % UG CH, Post Yr 6 | 9% |
| | | Bad Debt and Waivers | 12% |

NEIU Weighted Tuition and Fees combined are below the state average for undergraduate students at Illinois public universities.

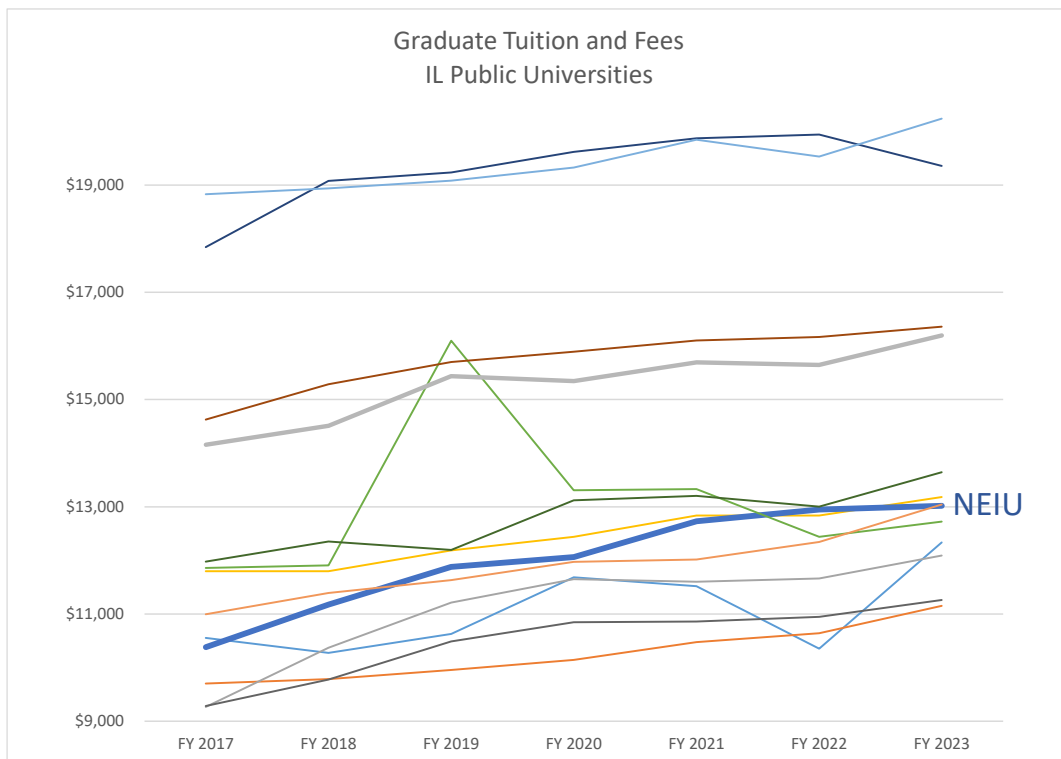


Action Item: FY2025 Tuition and Fees

| Tuition and Fees Combined | | | | | | | |
|-------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
| Chicago State University | \$ 11,858 | \$ 11,628 | \$ 11,927 | \$ 12,926 | \$ 12,857 | \$ 11,737 | \$ 13,833 |
| Eastern Illinois University | \$ 11,464 | \$ 11,537 | \$ 11,655 | \$ 11,806 | \$ 12,156 | \$ 12,305 | \$ 12,818 |
| Governors State University* | \$ 10,443 | \$ 10,945 | \$ 11,818 | \$ 12,501 | \$ 12,492 | \$ 12,616 | \$ 13,066 |
| Illinois State University | \$ 13,585 | \$ 13,822 | \$ 14,127 | \$ 14,597 | \$ 15,237 | \$ 15,319 | \$ 15,510 |
| Northeastern Illinois University | \$ 13,813 | \$ 12,816 | \$ 13,618 | \$ 14,193 | \$ 14,779 | \$ 15,094 | \$ 15,356 |
| Northern Illinois University | \$ 14,160 | \$ 14,299 | \$ 14,693 | \$ 14,828 | \$ 14,404 | \$ 14,631 | \$ 15,093 |
| <u>Southern Illinois University</u> | | | | | | | |
| Carbondale | \$ 13,312 | \$ 13,701 | \$ 14,578 | \$ 14,920 | \$ 15,196 | \$ 15,359 | \$ 15,547 |
| Edwardsville* | \$ 10,436 | \$ 10,921 | \$ 11,690 | \$ 12,169 | \$ 12,378 | \$ 12,443 | \$ 12,669 |
| <u>University of Illinois</u> | | | | | | | |
| Chicago | \$ 16,000 | \$ 16,304 | \$ 16,366 | \$ 16,671 | \$ 16,688 | \$ 16,974 | \$ 17,129 |
| Springfield | \$ 12,552 | \$ 12,610 | \$ 12,844 | \$ 13,554 | \$ 13,645 | \$ 13,783 | \$ 14,233 |
| Urbana/Champaign | \$ 17,755 | \$ 18,032 | \$ 18,160 | \$ 18,348 | \$ 18,869 | \$ 19,029 | \$ 19,216 |
| Western Illinois University | \$ 12,464 | \$ 12,687 | \$ 12,782 | \$ 12,977 | \$ 13,154 | \$ 13,406 | \$ 13,896 |
| State Weighted Average | \$ 14,366 | \$ 14,870 | \$ 14,967 | \$ 15,420 | \$ 15,723 | \$ 15,952 | \$ 16,254 |

Source: IBHE Weighted Average Tuition and Fees

NEIU Graduate Tuition and Fees are below the average for Illinois public universities.



Action Item: FY2025 Tuition and Fees

| Tuition and Fees Combined | | | | | | | |
|-------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
| Chicago State University | \$ 10,554 | \$ 10,275 | \$ 10,631 | \$ 11,683 | \$ 11,521 | \$ 10,355 | \$ 12,334 |
| Eastern Illinois University | \$ 9,705 | \$ 9,785 | \$ 9,958 | \$ 10,144 | \$ 10,477 | \$ 10,640 | \$ 11,153 |
| Governors State University* | \$ 9,268 | \$ 10,372 | \$ 11,215 | \$ 11,651 | \$ 11,600 | \$ 11,662 | \$ 12,090 |
| Illinois State University | \$ 11,798 | \$ 11,798 | \$ 12,185 | \$ 12,441 | \$ 12,835 | \$ 12,835 | \$ 13,179 |
| Northeastern Illinois University | \$ 10,381 | \$ 11,174 | \$ 11,879 | \$ 12,063 | \$ 12,731 | \$ 12,948 | \$ 13,017 |
| Northern Illinois University | \$ 11,858 | \$ 11,905 | \$ 16,096 | \$ 13,307 | \$ 13,328 | \$ 12,439 | \$ 12,723 |
| <u>Southern Illinois University</u> | | | | | | | |
| Carbondale | \$ 14,627 | \$ 15,283 | \$ 15,700 | \$ 15,892 | \$ 16,099 | \$ 16,166 | \$ 16,357 |
| Edwardsville* | \$ 9,285 | \$ 9,779 | \$ 10,487 | \$ 10,846 | \$ 10,860 | \$ 10,947 | \$ 11,261 |
| <u>University of Illinois</u> | | | | | | | |
| Chicago | \$ 17,841 | \$ 19,075 | \$ 19,232 | \$ 19,617 | \$ 19,871 | \$ 19,942 | \$ 19,356 |
| Springfield | \$ 11,979 | \$ 12,350 | \$ 12,197 | \$ 13,120 | \$ 13,202 | \$ 13,002 | \$ 13,645 |
| Urbana/Champaign | \$ 18,827 | \$ 18,938 | \$ 19,079 | \$ 19,327 | \$ 19,847 | \$ 19,530 | \$ 20,237 |
| Western Illinois University | \$ 10,997 | \$ 11,394 | \$ 11,631 | \$ 11,972 | \$ 12,018 | \$ 12,344 | \$ 13,042 |
| State Weighted Average | \$ 14,157 | \$ 14,509 | \$ 15,437 | \$ 15,344 | \$ 15,695 | \$ 15,643 | \$ 16,194 |

Source: IBHE Weighted Average Tuition and Fees

Action Item: FY2025 Tuition and Fees

Academic Research

In considering an increase in tuition, the potential negative impact on potential enrollment must be considered. Analyzing the impact of tuition on enrollment levels is difficult in practice, as tuition differentials, discounting strategies, scholarships, and student loans create differences between the published tuition rate and the effective price borne by students. Nevertheless, the importance of the topic has led to a significant amount of research. A recent comprehensive study (Deming and Walters, 2018) addressed this issue and found that a 1% increase in tuition rates leads to a decrease of 0.0958% in enrollments. This is consistent with magnitudes found in earlier research (Hemelt and Marcotte, 2012) that also takes a comprehensive approach.

Table A-1 utilizes the estimates from Deming and Walters, 2018 to examine how the impact of the proposed tuition increase could impact enrollment and tuition revenue. The essential question, from a financial point of view, is whether the increase from higher tuition rates is offset by lost revenue from lower enrollment levels. For this analysis the cohort for Fall 2023 was used as the baseline. Overall, an increase in tuition revenue would generate \$480,809 in additional tuition revenue from the FY2024 entering cohort, and would reduce new student enrollment by just six students across new students (new freshmen, new transfers and new graduates collectively).

Table A-1: Impact of Increase in Tuition on Enrollment and Gross Tuition Revenue

| | New Freshmen | New Transfers | New Graduate | Total Impact (1Yr) |
|--|---------------------|----------------------|---------------------|-------------------------------|
| Tuition (per credit hour, FY24 rates) | \$ 430.95 | \$ 430.95 | \$ 463.53 | |
| Enrollment (Headcount) | 553 | 596 | 470 | |
| Gross Revenue | \$ 6,424,273 | \$ 6,056,413 | \$ 3,187,299 | |
| Recommended Increase | 3.00% | 3.00% | 5.00% | |
| After Recommended Increase | | | | |
| Tuition (per credit hour) | \$ 443.88 | \$ 443.88 | \$ 486.71 | |
| Enrollment | 551 | 594 | 468 | |
| Gross Revenue | \$ 6,597,984 | \$ 6,220,177 | \$ 3,330,634 | |
| Net Change, Gross Tuition Revenue | \$ 173,711 | \$ 163,764 | \$ 143,334 | \$ 480,809 |
| <i>% Change in Gross Tuition Revenue</i> | <i>2.70%</i> | <i>2.70%</i> | <i>4.50%</i> | <i>3.07%</i> |

References

Deming, D.J., & Walters, C.R. (2018). The Impact of State Budget Cuts on U.S. Postsecondary Attainment.

Hemelt, S. W., & Marcotte, D. E. (2012). The Impact of Tuition Increases on Enrollment at Public Colleges and Universities. Educational Evaluation and Policy Analysis, 33(4), 435–457.

**Action Item: Amendment to the Board's Regulations Section V. Administrative Affairs,
B. Purchases, 1. a. Approval, and 2. Reports**

Background

Section V. of Northeastern Illinois University's Board Regulations has been in place since April 7, 1998. Prior to formal adoption, these regulations were followed by the Board of Regents of the State of Illinois until January 1, 1996, when, under 110 ILCS 680 Northeastern Illinois University Law, all such rules and regulations became the rules and regulations of the Board of Trustees of Northeastern Illinois University.

Since 1996, all other Illinois public universities have changed the monetary thresholds for which board approval is required for procurement. Northeastern Illinois University is the last remaining university to abide by the threshold amounts carried over from the Regulations of the Board of Regents of the State of Illinois.

| <u>University</u> | <u>Board Approval Threshold</u> | <u>FY22 State Appropriation</u> | <u>FY22 Operating Budget</u> | <u>FY22 Total Annual Budget</u> |
|-------------------|---------------------------------|---------------------------------|------------------------------|---------------------------------|
| CSU | 250,000 | \$36,770,000 | \$20,659,000 | \$86,996,000 |
| EIU | 250,000 | \$43,496,000 | \$36,758,000 | \$154,813,000 |
| GSU | 250,000 | \$24,353,000 | \$32,539,000 | \$106,393,000 |
| ISU | 500,000 | \$73,100,000 | \$205,906,000 | \$536,238,000 |
| NEIU | 100,000 | \$37,345,000 | \$50,462,000 | \$155,755,000 |
| NIU | 250,000 | \$92,195,000 | \$157,404,000 | \$425,214,000 |
| SIU* | 1,000,000 | \$201,066,000 | \$195,061,000 | \$936,777,000 |
| WIU | 500,000 | \$52,067,000 | \$58,005,000 | \$205,976,000 |
| U of I** | see below | \$274,141,000 | \$840,300,000 | \$2,450,243,000 |

*Carbondale Campus only

** From University of Illinois Procedures and Rules, Board of Trustees Schedule and Approval Thresholds, Approval Thresholds:

The following purchase transactions require prior approval by the Board of Trustees:

- Contracts for professional services requiring payment by the University of Illinois System in one fiscal year: \$1,000,000 or more
- Purchases of supplies, equipment and non-professional services requiring payment by the U of I System in one fiscal year: \$1,000,000 or more
- Individual capital project budgets: \$5,000,000 or more
- Contracts for professional services related to capital projects requiring payment by the U of I System: \$1,000,000 or more
- Construction contracts requiring payment by the U of I System: \$2,500,000 or more

Change orders related to medical center operations that exceed 25% of the original Board approved contract or purchase agreement, and change orders that are not related to the medical center operations that exceed 5% of the original Board approved contract for construction or professional services or original Board approved purchase agreements for supplies or equipment, will be reported to the Board at its next scheduled meeting but do not require prior authorization of the Board.

**Action Item: Amendment to the Board's Regulations Section V. Administrative Affairs,
B. Purchases, 1. a. Approval, and 2. Reports**

Proposed Change

Section V., B. Purchases, 1.a. *Dollar amount requiring approval would be increased*

from:

- a. *All transactions involving the acquisition of real property and purchases of \$100,000 or more (except as specified in paragraph d. below) shall require approval by the Board of Trustees.*

to:

- a. *All transactions involving the acquisition of real property and purchases of \$250,000 or more (except as specified in paragraph d. below) shall require approval by the Board of Trustees.*

and

Section V., B. Purchases, 2. *Reporting requirements would be changed*

from:

At each regular meeting of the Board, the President shall present a report on purchases of at least \$50,000 but less than \$100,000 (other than purchases listed in paragraph 1. d. above) made since the preceding regular Board meeting.

to:

At each regular meeting of the Board, the President shall present a report on purchases of at least \$100,000 but less than \$250,000 (other than purchases listed in paragraph 1. d. above) made since the preceding regular Board meeting.

Benefit to the University

It is generally a good exercise to review the full Board regulations periodically for the following reasons:

- to follow best practices
- to be consistent with peer Illinois Public Institutions
- to focus the Board's attention to contracts of significant value

Recommended Action

I request that the Finance, Buildings and Grounds Committee recommend that the Board approve the changes to Section V. Administrative Affairs, B. Purchases, 1. a. Approval to increase the Board approval threshold from \$100,000 to \$250,000, and changes to Section V., B., 2. Reports to update the reporting requirements from purchases of at least \$50,000 but less than \$100,000, to a report on purchases of at least \$100,000 but less than \$250,000, thereby aligning NEIU with other Illinois public university business practices.