



# President's Report

to the  
Board of Trustees

September 19, 2024



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**ACTION ITEM I. A. BOARD ACTION ON COMMITTEE RECOMMENDATION REGARDING  
THE FY23 AUDITS**

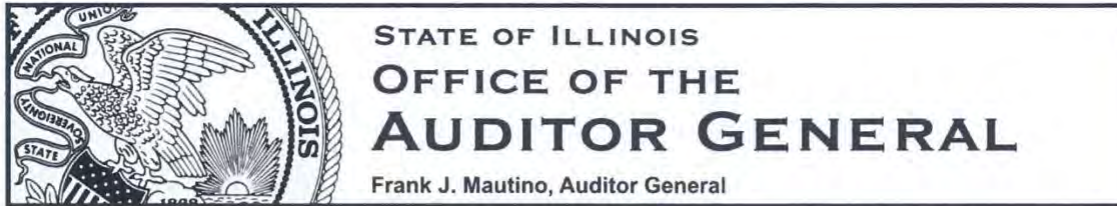
At its most recent meeting, the Audit Committee of the Board of Trustees received a briefing from the University's Internal Auditor, Christie Temples, on the following external audits of the University for fiscal year 2023:

- Compliance Examination for the period ending June 30, 2023
- Single Audit for the period ending June 30, 2023
- Financial Audit for the period ending June 30, 2023

**Recommended Action**

I request that the Board of Trustees Accept and File the FY23 Audits as presented.

**ACTION ITEM I. A. BOARD ACTION ON COMMITTEE RECOMMENDATION REGARDING THE FY23 AUDITS**



**SUMMARY REPORT DIGEST**

**NORTHEASTERN ILLINOIS UNIVERSITY**

State Compliance Examination  
 For the Year Ended June 30, 2023

Release Date: May 23, 2024

FINDINGS THIS AUDIT: 13				AGING SCHEDULE OF REPEATED FINDINGS			
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	3	3	2022	23-02, 23-03		
Category 2:	4	6	10	2020	23-01	23-07	
Category 3:	0	0	0	2019		23-04, 23-08	
<b>TOTAL</b>	<b>4</b>	<b>9</b>	<b>13</b>	2018		23-12, 23-13	
				2017		23-05	
<b>FINDINGS LAST AUDIT: 12</b>							

**INTRODUCTION**

This digest covers the Northeastern Illinois University (University) Compliance Examination for the year ended June 30, 2023. Separate digests covering the University's Financial Audit and Single Audit as of and for the year ended June 30, 2023 were previously released on March 28, 2024. In total, this report contains 13 findings, 7 of which were reported in the Financial Audit and Single Audit collectively.

**SYNOPSIS**

- (23-08) The University did not maintain adequate internal controls related to its cybersecurity programs and practices.
- (23-10) The University did not comply with the Campus Security Enhancement Act of 2008.
- (23-12) The University did not have adequate controls over its property and equipment.

<b>Category 1:</b>	Findings that are <b>material weaknesses</b> in internal control and/or a <b>qualification</b> on compliance with State laws and regulations (material noncompliance).
<b>Category 2:</b>	Findings that are <b>significant deficiencies</b> in internal control and <b>noncompliance</b> with State laws and regulations.
<b>Category 3:</b>	Findings that have <b>no internal control issues but are in noncompliance</b> with State laws and regulations.

**ACTION ITEM I. A. BOARD ACTION ON COMMITTEE RECOMMENDATION REGARDING  
THE FY23 AUDITS**

**FINDINGS, CONCLUSIONS, AND  
RECOMMENDATIONS**

**Weaknesses in Cybersecurity Programs and Practices**

The University did not maintain adequate internal controls related to its cybersecurity programs and practices.

As a result of the University's mission to provide higher educational opportunities to its student body, the University maintains computer systems that contain large volumes of confidential or personal information such as names, addresses, educational records, and Social Security numbers within its computerized systems.

The Illinois State Auditing Act (30 ILCS 5/3-2.4) requires the Auditor General to review State agencies and their cybersecurity programs and practices. During our examination of the University's cybersecurity program, practices and control of confidential information, we noted:

**University lacked documented on-boarding policy or HR Manual for University contractors**

**Specific control actives were not identified for each evaluated category**

- The University does not have a documented on-boarding policy or Human Resource (HR) Manual for University contractors that outlines policies, procedures, guidelines, and rules governing various aspects of contractual obligations within the University.
- Cybersecurity policy reviews are captured when a revision is made to the University's policies. However, evidence of reviews that do not result in revisions do not appear to be documented.
- Specific control activities were not identified for each of the categories evaluated in the Risk Register and Risk Assessment.
- There was no documented evidence that the provided reports were complete or accurate related to listings of new employees and contractors hired.
- 1 of 13 (8%) new employees tested and 1 of 7 (14%) new contractors tested with access to the University's system(s) did not complete cybersecurity training and did not acknowledge the University's policies.

This finding was first reported in Fiscal Year 2019. In subsequent years, the University has been unsuccessful in establishing adequate controls related to cybersecurity. (Finding 08, pages 25-26). **This findings has been reported since 2019.**

We recommended the University:

- Modify all onboarding and HR Manuals to include contractors.
- Update policies for review dates in addition to revised dates.

**ACTION ITEM I. A. BOARD ACTION ON COMMITTEE RECOMMENDATION REGARDING THE FY23 AUDITS**

- Further develop the risk register and risk assessment to ensure specific control activities are thoroughly documented.
- Document evidence employee listing are complete and accurate.
- Ensure annual cybersecurity training and acknowledgement of policies is completed and acknowledged by all employees and contractors.

**University agreed with auditors**

The University agreed with the recommendation.

**NONCOMPLIANCE WITH THE CAMPUS SECURITY ENHANCEMENT ACT OF 2008**

The University did not comply with the Campus Security Enhancement Act of 2008 (Act).

In our testing of 7 employees in security-sensitive positions we noted:

**Employees in security-sensitive positions did not complete background investigation timely or at all.**

- One (14%) employee did not have a criminal background investigation completed until over 19 months after their hire date.
- One (14%) employee did not have a criminal background investigation completed. (Finding 10, page 29)

We recommended the University complete criminal background investigations for their employees in security sensitive positions prior to the beginning of their employment. In addition, we recommended the University complete criminal background investigations for all employees in security-sensitive positions for which a prior background check was not obtained.

**University agreed with auditors**

The University agreed with the recommendation.

**INADEQUATE CONTROLS OVER UNIVERSITY PROPERTY AND EQUIPMENT**

The University did not have adequate controls over its property and equipment.

During our testing of 25 equipment additions totaling \$189,449, we noted the following:

**Equipment additions were not timely recorded in the University's property records or in the correct fiscal year**

- 12 (48%) additions tested were not recorded in the University's property records within 90 days of acquisition.
- 5 (20%) assets purchased and received during 2023 were entered into the fixed asset system as 2024 additions.

**ACTION ITEM I. A. BOARD ACTION ON COMMITTEE RECOMMENDATION REGARDING  
THE FY23 AUDITS**

**Auditors noted weakness over  
University's annual inventory count**

During the inventory observation, 1 of 6 (17%) items observed for testing, a projector, could not be located within the inventory listing.

The University did not have approved written policies and procedures on certain critical functions and processes related to equipment management such as:

- Proper conduct of the physical count process including the objective of the count, timing and types of counts, instructions for counting and recording, and researching and adjusting discrepancies, as well as procedures and trainings to new employees to perform the count.
- Delineating the categories of equipment that are subject to theft with value less than the nominal value to ensure equipment is marked with a unique identification number. Without a policy addressing the accountability and control of high theft equipment items, there is an increased risk of University property loss without timely detection. (Finding 12, pages 31-32) **This finding has been reported since 2018.**

We recommended the University improve its procedures to ensure equipment records are accurately maintained and assets are properly accounted for. We also recommended the University establish relevant equipment management policies to ensure procedures are observed consistently by employees.

**University agreed with auditors**

The University agreed with the recommendation.

**OTHER FINDINGS**

The remaining findings are reportedly being given attention by the University. We will review the University's progress towards the implementation of our recommendations in our next State compliance examination.

**AUDITOR'S OPINIONS**

The financial audit was previously released. Our auditors stated the financial statements of the University as of and for the year ended June 30, 2023 are fairly stated in all material respects.

The single audit was previously released. Our auditors conducted a Single Audit of the University as required by the Uniform Guidance and stated the University complied, in all material respects, with the types of compliance requirements that could have a direct and material effect on the University's major federal programs for the year ended June 30, 2023.

**ACTION ITEM I. A. BOARD ACTION ON COMMITTEE RECOMMENDATION REGARDING  
THE FY23 AUDITS**

**ACCOUNTANT'S OPINION**

The accountants conducted a State compliance examination of the University for the year ended June 30, 2023, as required by the Illinois State Auditing Act. The accountants qualified their report on State compliance for Findings 2023-001, 2023-002, and 2023-003. Except for the noncompliance described in these findings, the accountants stated the University complied, in all material respects, with the requirements described in the report.

This State compliance examination was conducted by Plante & Moran, PLLC.

**SIGNED ORIGINAL ON FILE**

JANE CLARK  
Division Director

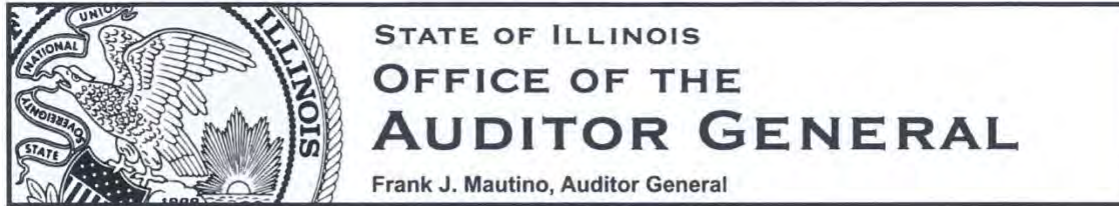
This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

**SIGNED ORIGINAL ON FILE**

FRANK J. MAUTINO  
Auditor General

FJM:JGR

**ACTION ITEM I. A. BOARD ACTION ON COMMITTEE RECOMMENDATION REGARDING THE FY23 AUDITS**



STATE OF ILLINOIS  
**OFFICE OF THE  
 AUDITOR GENERAL**

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**NORTHEASTERN ILLINOIS UNIVERSITY**

**Financial Audit  
 For the Year Ended June 30, 2023**

**Release Date: March 28, 2024**

<b>FINDINGS THIS AUDIT: 6</b>				<b>AGING SCHEDULE OF REPEATED FINDINGS</b>			
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	<u>Repeated Since</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
<b>Category 1:</b>	<b>1</b>	<b>2</b>	<b>3</b>	2022	<b>23-2</b>		
Category 2:	1	2	3	2020	<b>23-1</b>		
Category 3:	<u>0</u>	<u>0</u>	<u>0</u>	2019		23-04	
<b>TOTAL</b>	<b>2</b>	<b>4</b>	<b>6</b>	2017		23-05	
<b>FINDINGS LAST AUDIT: 4</b>							

**INTRODUCTION**

This digest covers the Northeastern Illinois University's (University) Financial Audit as of and for the year ended June 30, 2023. The University's Compliance Examination and Single Audit will be issued in separate reports.

**SYNOPSIS**

- **(23-01)** The University did not have adequate internal control over reporting its census data and did not have a reconciliation process to provide assurance census data submitted to its pension and other postemployment benefits plans was complete and accurate.
- **(23-02)** The University did not timely complete and did not have adequate review of its year-end reconciliations
- **(23-04)** The University did not document independent internal control reviews over service providers.

<b>Category 1:</b>	Findings that are <b>material weaknesses</b> in internal control and/or a <b>qualification</b> on compliance with State laws and regulations (material noncompliance).
Category 2:	Findings that are <b>significant deficiencies</b> in internal control and <b>noncompliance</b> with State laws and regulations.
Category 3:	Findings that have <b>no internal control issues but are in noncompliance</b> with State laws and regulations.

**ACTION ITEM I. A. BOARD ACTION ON COMMITTEE RECOMMENDATION REGARDING  
 THE FY23 AUDITS**

**NORTHEASTERN ILLINOIS UNIVERSITY  
 FINANCIAL AUDIT  
 For the Year Ended June 30, 2023**

<b>STATEMENT OF NET POSITION (in thousands)</b>	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
Cash and cash equivalents.....	\$ 86,822	\$ 86,000
Accounts and student loans receivable, net.....	22,112	21,638
Capital assets, net.....	172,122	169,339
Other.....	2,207	744
Total Assets.....	<u>283,263</u>	<u>277,721</u>
<b>Deferred Outflows of Resources.....</b>	<u>1,322</u>	<u>1,949</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities.....	18,411	13,683
Unearned revenues.....	3,781	3,689
Subscription liabilities.....	2,666	-
Accrued compensated absences.....	5,124	5,354
Revenue bonds and Certificates of participation.....	41,485	44,332
Other post-employment benefits.....	10,111	27,234
Other.....	152	360
Total Liabilities.....	<u>81,730</u>	<u>94,652</u>
<b>Deferred Inflows of Resources.....</b>	<u>50,070</u>	<u>40,736</u>
<b>Net Position</b>		
Net investment in capital assets.....	102,718	99,990
Restricted.....	5,869	7,680
Unrestricted.....	44,197	36,612
Total Net Position.....	<u>\$ 152,784</u>	<u>\$ 144,282</u>
<b>STATEMENT OF REVENUES, EXPENSES AND              CHANGES IN NET POSITION (in thousands)</b>	<b>2023</b>	<b>2022</b>
<b>Revenues</b>		
State appropriations.....	\$ -	\$ 37,345
On-Behalf and Special Funding for fringe benefits.....	-	48,684
Tuition and fees, net.....	34,384	39,666
Auxiliary enterprises.....	1,682	1,679
Federal and State grants and other contracts.....	12,003	52,398
Capital additions.....	-	1,254
Other.....	2,780	2,071
Total Revenues.....	<u>50,849</u>	<u>183,097</u>
<b>Expenses</b>		
Instruction.....	62,317	83,793
Research.....	1,296	1,368
Public service.....	4,472	5,754
Academic support.....	8,031	10,336
Student services.....	9,235	12,444
Institutional support.....	16,193	24,259
Operation and maintenance of plant.....	12,140	16,089
Scholarships and fellowships.....	6,695	15,033
Auxiliary enterprises.....	5,514	6,456
Depreciation.....	7,930	5,985
Interest.....	-	1,771
Total Expenses.....	<u>133,823</u>	<u>183,288</u>
<b>Increase in net position.....</b>	<u>\$ (82,974)</u>	<u>\$ (191)</u>
<b>UNIVERSITY PRESIDENT</b>		
Current: Interim President - Dr. Katrina Bell-Jordan		
During Audit Period: President - Dr. Gloria Gibson (Up to 6/30/23)		

**ACTION ITEM I. A. BOARD ACTION ON COMMITTEE RECOMMENDATION REGARDING  
THE FY23 AUDITS**

**FINDINGS, CONCLUSIONS, AND  
RECOMMENDATIONS**

**INADEQUATE INTERNAL CONTROLS OVER  
CENSUS DATA**

**Internal controls over census data  
need improvement**

The University did not have adequate internal control over reporting its census data and did not have a reconciliation process to provide assurance census data submitted to its pension and other postemployment benefits (OPEB) plans was complete and accurate.

Census data is demographic data (date of birth, gender, years of service, etc.) of the active, inactive, or retired members of a pension or OPEB plan. The accumulation of inactive or retired members' census data occurs before the current accumulation period of census data used in the plan's actuarial valuation (which eventually flows into each employer's financial statements), meaning the plan is solely responsible for establishing internal controls over these records and transmitting this data to the plan's actuary. In contrast, responsibility for active members' census data during the current accumulation period is split among the plan and each member's current employer(s). Initially, employers must accurately transmit census data elements of their employees to the plan. Then, the plan must record and retain these records for active employees and then transmit this census data to the plan's actuary.

We noted the University's employees are members of both the State Universities Retirement System (SURS) for their pensions and the State Employees Group Insurance Program sponsored by the State of Illinois, Department of Central Management Services (CMS) for their OPEB. In addition, we noted these plans have characteristics of different types of pension and OPEB plans, including single employer plans and cost-sharing multiple-employer plans.

Additionally, CMS' actuary uses census data for employees of the State's public universities provided by SURS, along with census data for the other participating members provided by the State's four other pension plans, to prepare their projection of the liabilities of CMS' plan. Finally, SURS' actuary and CMS' actuary used census data transmitted by the University during Fiscal Year 2021 to project pension and OPEB-related balances and activity at the plans during Fiscal Year 2022, which is incorporated into the University's Fiscal Year 2023 financial statements.

During testing we noted the following:

**An initial complete reconciliation  
had not been performed**

- The University had not performed an initial complete reconciliation of its census data recorded by SURS to its internal records to establish a base year of complete and accurate census data.

**ACTION ITEM I. A. BOARD ACTION ON COMMITTEE RECOMMENDATION REGARDING THE FY23 AUDITS**

**Instances of data transmission errors noted during cut-off testing**

- After establishing a base year, the University had not developed a process to annually obtain from SURS the incremental changes recorded by SURS in their census data records and reconcile these changes back to the University's internal supporting records.
- During our cut-off testing of data transmitted by the University to SURS, we noted 1 instance of an active employee becoming inactive and 1 instance of an inactive employee becoming active were reported to SURS after the close of the fiscal year in which the event occurred. There was also 1 instance previously reported that impacted the June 30, 2021 census data. (Finding 1, Pages 88-90)

We recommended the University continue to work with SURS to complete the base year reconciliation of Fiscal Year 2021 active members' census data from its underlying records to a report of census data submitted to SURS' actuary and CMS' actuary and after completing an initial full reconciliation, the University may limit the annual reconciliations to focus on the incremental changes to the census data file from the prior actuarial valuation, provided no risks are identified that incomplete or inaccurate reporting of census data may have occurred during prior periods. We also recommend any errors identified during this process should be promptly corrected by either the University or SURS, with the impact of these errors communicated to both SURS' actuary and CMS' actuary. We further recommended the University ensure all events occurring within a census data accumulation year are timely reported to SURS so these events can be incorporated into the census data provided to SURS' actuary and CMS' actuary.

**University agreed with the auditors**

University officials agreed with the finding.

**LACK OF CONTROLS OVER YEAR-END REVIEWS AND RECONCILIATIONS**

The University did not timely complete and did not have adequate review of its year-end reconciliations.

During testing we noted the following:

**Improper cutoff recognition between fiscal years noted**

- We noted a Fiscal Year payment for 4 invoices totaling \$310,443 which should have been accrued for in Fiscal Year 2023, an invoice totaling \$100,950 which should have been accrued for in Fiscal Year 2023, and a vendor with 3 invoices totaling \$15,000 which should have been accrued for in Fiscal Year 2024 but were accrued for in Fiscal Year 2023.

**ACTION ITEM I. A. BOARD ACTION ON COMMITTEE RECOMMENDATION REGARDING THE FY23 AUDITS**

**Inability to generate accurate data from new Payroll and Human Resources system resulted in use of estimates for payroll deferrals and accruals**

- When University went live on April 16, 2023 with their new Payroll and Human Resources system there were conversion issues with how the activity was calculated and recorded in the University's general ledger. Several corrections had to be made to both employee pay and amounts posted into the University's general ledger. Due to the inability to get accurate data from the new system, the University recorded estimates for deferred faculty pay and accrued sick and vacation as of June 30, 2023, based on historical trend information and recorded an additional liability of \$483,130. The University also recorded an entry in late October for retroactive pay of \$1,245,337 that was paid in July 2023 for Fiscal Year 2023.

**Untimely federal and state grant receivables reconciliation**

- The University did not reconcile federal and state grant receivables and revenue until October 2023. The University recorded a receivable of \$1,502,692, federal grant revenues of \$2,029,994, and a net reduction of state grant and other grant revenues by \$527,757.

**Untimely SBITA analysis**

- The University did not complete a final analysis and recording of subscription-based information technology arrangements (SBITAs) until November 2023. The amounts recorded increased assets by \$3,326,049, liabilities (current and noncurrent) by \$3,009,333, as well as impacted several expense accounts including rent expense and amortization. (Finding 2, Pages 91-92)

We recommended the University strengthen its internal controls by performing timely and accurate reconciliations throughout the year, as well as, at year end. In addition, we recommended the University closely monitor allocation of resources based on priorities to ensure there are sustained internal controls on a consistent basis.

**University agreed with the auditors**

University officials agreed with the finding.

**LACK OF CONTROLS OVER REVIEW OF INTERNAL CONTROLS OVER SERVICE PROVIDERS**

The University did not document independent internal control reviews over service providers.

The University entered into agreements with various service providers to assist with significant processes such as (1) receipts processing for online credit card payments, (2) disbursement processing of purchasing card, (3) handling of Perkins student loans, (4) tracking of property and equipment, and (5) hosting its Enterprise Application System.

**ACTION ITEM I. A. BOARD ACTION ON COMMITTEE RECOMMENDATION REGARDING THE FY23 AUDITS**

**Provided listing of services providers was incomplete**

We requested the University to provide a population of service providers. In response to this request, the University provided a listing of service providers. However, our testing noted the listing contained all vendors of the University Technology Services. In addition, we identified service providers from testing that were not on the list. Due to this deficiency, we were unable to conclude the University's records were sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AU-C § 330, AU-C § 530, and AT-C § 205.36) to test the University's controls over service providers.

Even given the population limitation, we selected five service providers from the listing provided by the University. During our testing, we noted the University had not:

**University failed to establish adequate policies or procedures over service providers**

- Established a documented and comprehensive policy or procedures to guide vendor's due diligence when onboarding third-party service provider.
- Established documented policies and procedures to monitor performance and contractual compliance of service providers.

**University failed to map CUEC from service providers**

- Mapped the Comprehensive User Entity Controls (CUECs) noted in service providers' to existing internal controls at the University. (Finding 4, Pages 95-96)

We recommended the University strengthen its controls in identifying and documenting all service providers. Further, we recommended the University:

- Continue to obtain and document its review of SOC reports (including subservice organizations) or conduct independent internal control reviews at least annually.
- Establish a regular review process to monitor specified performance measures, problems encountered, and compliance with contractual terms with the service providers.
- Monitor and document the operation of the CUECs relevant to the University's operations.

**University agreed with the auditors**

University officials agreed with the finding.

**OTHER FINDINGS**

The remaining findings pertain to noncompliance with the Fiscal Control and Internal Audit Act, computer security weaknesses and lack of adequate change management controls. We will review the University's progress towards

**ACTION ITEM I. A. BOARD ACTION ON COMMITTEE RECOMMENDATION REGARDING  
THE FY23 AUDITS**

the implementation of our recommendations in our next financial audit.

**AUDITOR'S OPINION**

The auditors stated the financial statements of the University as of and for the year ended June 30, 2023 are fairly stated in all material respects.

This financial audit was conducted by Plante & Moran, PLLC.

**SIGNED ORIGINAL ON FILE**

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JANE CLARK  
Division Director

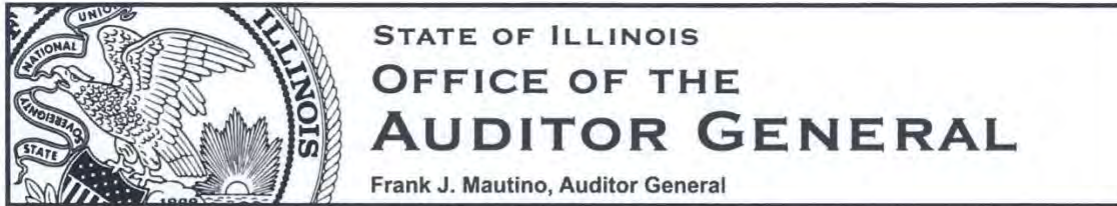
This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

**SIGNED ORIGINAL ON FILE**

\_\_\_\_\_  
FRANK J. MAUTINO  
Auditor General

FJM:JGR

**ACTION ITEM I. A. BOARD ACTION ON COMMITTEE RECOMMENDATION REGARDING THE FY23 AUDITS**



STATE OF ILLINOIS  
**OFFICE OF THE  
 AUDITOR GENERAL**

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**NORTHEASTERN ILLINOIS UNIVERSITY**

Single Audit  
 For the Year Ended June 30, 2023

Release Date: March 28, 2024

FINDINGS THIS AUDIT: 7				AGING SCHEDULE OF REPEATED FINDINGS			
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	1	2	3	2022	23-2		
Category 2:	1	3	4	2020	23-1	23-07	
Category 3:	0	0	0	2019		23-04	
<b>TOTAL</b>	<b>2</b>	<b>5</b>	<b>7</b>	2017		23-05	
<b>FINDINGS LAST AUDIT: 7</b>							

**INTRODUCTION**

This digest covers the Northeastern Illinois University’s (University) Single Audit for the year ended June 30, 2023. A separate digest covering the University’s Financial Audit was separately released. In addition, a separate digest covering the University’s State Compliance Examination will be released at a later date. In total, this digest contains 7 findings, 6 of which were reported in the Financial Audit.

**SYNOPSIS**

- (23-07) The University did not have adequate procedures in place to ensure reports were accurate and timely submitted and posted to their website.

<b>Category 1:</b>	Findings that are <b>material weaknesses</b> in internal control and/or a <b>qualification</b> on compliance with State laws and regulations (material noncompliance).
<b>Category 2:</b>	Findings that are <b>significant deficiencies</b> in internal control and <b>noncompliance</b> with State laws and regulations.
<b>Category 3:</b>	Findings that have <b>no internal control issues but are in noncompliance</b> with State laws and regulations.

**ACTION ITEM I. A. BOARD ACTION ON COMMITTEE RECOMMENDATION REGARDING  
THE FY23 AUDITS**

**FINDINGS, CONCLUSIONS, AND  
RECOMMENDATIONS**

**NONCOMPLIANCE WITH GRANT REPORT  
REQUIREMENTS**

The University did not have adequate procedures in place to ensure the Education Stabilization Fund - Higher Education Emergency Relief Fund (HEERF) reports were accurate and timely submitted to the U.S. Department of Education and posted to NEIU's website.

During our testing of the University's compliance with the grant reporting requirements for HEERF, we noted the University did not review the required reports to ensure accuracy and compliance with the reporting requirements of the grant agreement. We noted the following:

- Four of 4 (100%) Quarterly Public Reports were improperly completed and/or reported incorrect Student Aid amounts.
- Three of 4 (75%) Quarterly Public Reports were posted 15 days, 30 days, and 107 days late to the University's website. (Finding 7, pages 26-27)

**Grant reports were improperly  
completed and posted late**

We recommended the University improve its grant reporting and monitoring process to adhere with grant requests for reporting.

**University agreed with auditors**

University officials agreed with the finding.

**OTHER FINDINGS**

The findings from the financial audit incorporated into the Single Audit report pertain to census data, lack of adequate controls over year end reports and reconciliations, noncompliance with the Fiscal Control and Internal Audit Act, service providers, computer security weaknesses, and lack of adequate change management controls. We will review the University's progress towards the implementation of our recommendations in our next financial audit and single audit.

**AUDITOR'S OPINION**

The financial audit was released separately. The auditors stated the financial statements of the University as of and for the year ended June 30, 2023, are fairly stated in all material respects.

**ACTION ITEM I. A. BOARD ACTION ON COMMITTEE RECOMMENDATION REGARDING  
THE FY23 AUDITS**

The auditors also conducted a Single Audit of the University as required by the Uniform Guidance. The auditors stated the University complied, in all material respects, with the types of compliance requirements that could have a direct and material effect on the University's major federal programs for the year ended June 30, 2023.

This Single Audit was conducted by Plante & Moran., PLLC.

**SIGNED ORIGINAL ON FILE**

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JANE CLARK  
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

**SIGNED ORIGINAL ON FILE**

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FRANK J. MAUTINO  
Auditor General

FJM:JGR

**ACTION ITEM I. B. BOARD ACTION ON COMMITTEE RECOMMENDATION REGARDING THE STATEMENT OF AUDITOR INDEPENDENCE, INTERNAL AUDIT CHARTER, AND THE 2025-26 INTERNAL AUDIT PLAN**

At its most recent meeting, the Audit Committee of the Board of Trustees heard from the University's Internal Auditor, Christie Temples, who made presentations on the following internal audit functions:

- Internal Audit Charter
- 2025-26 Internal Audit Plan
- Statement of Auditor Independence

**Recommended Action**

I request that the Board of Trustees Accept and File the Statement of Auditor Independence, the Internal Audit Charter, and the 2025-26 Internal Audit Plan as presented.

**ACTION ITEM I. B. BOARD ACTION ON COMMITTEE RECOMMENDATION REGARDING THE STATEMENT OF AUDITOR INDEPENDENCE, INTERNAL AUDIT CHARTER, AND THE 2025-26 INTERNAL AUDIT PLAN**



[www.neiu.edu](http://www.neiu.edu)

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Chicago, IL 60625-4699  
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## Internal Auditing Charter

### Purpose and Mission

The purpose of Northeastern Illinois University's (NEIU) Internal Audit Department is to provide independent, objective assurance and consulting services designed to add value and improve NEIU's operations. The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. The Internal Audit Department helps NEIU accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

### Standards for the Professional Practice of Internal Auditing

NEIU is committed to the professional practice of internal auditing. The Internal Audit Department will function in compliance with the Illinois Fiscal Control and Internal Auditing Act (FCIAA) and follow the by-laws and requirements established by the State Internal Advisory Board (SIAAB). As required by SIAAB, the Department will govern itself by adherence to The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing* and the definition of Internal Auditing (*Standards*). At NEIU the Director of Internal Auditing performs the role of the Chief Auditor/Chief Audit Executive. The Director of Internal Auditing will report periodically to the President of the University and the Board of Trustees (BOT) Audit Committee regarding the Internal Audit Department's conformance to the *Standards*.

### Organization and Authority

The Director of Internal Auditing will report functionally to the President of the University and the BOT Audit Committee and administratively to the Vice President of Finance and Administration. To establish, maintain and assure that NEIU's Internal Audit Department has sufficient authority to fulfill its duties, the President and the Board of Trustee Audit Committee will:

- Approve the Internal Audit Department's charter.
- Approve the two-year, annual internal *Audit Plan*.
- Approve the Internal Audit Department budget and resource plan (following normal university procedures.)
- Receive communications from the Director of Internal Auditing on the Internal Audit Department's performance relative to its plan and other activities.
- Approve decisions regarding the appointment and removal of the Director of Internal Auditing.
- Approve the remuneration of the Director of Internal Auditing (following Normal University procedures).
- Make appropriate inquires of management and the Director of Internal Auditing to determine whether there are inappropriate scope or resource limitations.

**ACTION ITEM I. B. BOARD ACTION ON COMMITTEE RECOMMENDATION REGARDING THE STATEMENT OF AUDITOR INDEPENDENCE, INTERNAL AUDIT CHARTER, AND THE 2025-26 INTERNAL AUDIT PLAN**

**Internal Auditing Charter**

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The Director of Internal Auditing will have unrestricted access to, and may communicate and interact directly with the Board of Trustee's Audit Committee, including in private meetings, without management present.

- The Internal Auditing Department has full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
- The Director is authorized to allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives and to issue reports.
- The Internal Auditing Department can obtain assistance from the necessary NEIU personnel, as well as specialized services from within or outside NEIU in order to complete engagements. Management's approval will be obtained when it is deemed necessary for resources external to NEIU.

**Independence and Objectivity**

The Director of Internal Auditing will ensure that the Internal Audit Department remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the Director determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgement on audit matters to others.

Internal auditors will not have direct operational responsibilities or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgement including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing any operational duties for NEIU or its affiliates.
- Initiating or approving transactions external to the Internal Audit Department.
- Directing the activities of any NEIU employee not employed by the Internal Audit Department, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.

Where the Director of Internal Auditing has or is expected to have roles and/or responsibilities outside of Internal Audit, safeguards will be established to limit impairments to independence or objectivity.

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties.
- Exhibit professional objectivity in gathering, evaluating and communicating information about the activity or process being examined.
- Make balanced assessments of all available and relevant facts and circumstances.

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**Internal Auditing Charter**

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- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgements.

The Director of Internal Auditing will confirm to Management and the Board of Trustees Audit Committee at least annually, the organizational independence of the Internal Audit Department.

The Director of Internal Auditing will disclose to the appropriate governance level, any interference and related implications in determining the scope of internal auditing, performing work, and/or communication results.

**Scope of Internal Audit Activities**

Scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Board of Trustees Audit Committee, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for NEIU. Internal audit assessments include evaluating whether:

- Risks relating to the achievement of NEIU's strategic objectives are appropriately identified and managed.
- The actions of NEIU's officers, directors, employees, and contractors are in compliance with NEIU's policies, procedures, and applicable laws, regulations and governance standards.
- The results of operations or programs are consistent with established goals and objectives.
- Operations of programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws and regulations that could significantly impact NEIU or its affiliates.
- Information and the means used to identify, measure, analyze, classify, and report such information are reliable and have integrity.
- Resources and assets are acquired economically, used efficiently and protected adequately.

The Director of Internal Auditing will report periodically to senior management and the Board of Trustees Audit Committee regarding:

- The Internal Audit Department's purpose, authority and responsibilities.
- The Internal Audit Department's plan and performance relative to its plan.
- The Internal Audit Department's conformance with the *Standards*, and action plans to address any significant conformance issues.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by the Board Audit Committee.
- Results of audit engagements or other activities.
- Resource requirements.
- Any response to risk by management that may be unacceptable to NEIU.

The Director of Internal Auditing also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed. The Internal Audit Department may perform advisory and related client service activities, the nature

**ACTION ITEM I. B. BOARD ACTION ON COMMITTEE RECOMMENDATION REGARDING THE STATEMENT OF AUDITOR INDEPENDENCE, INTERNAL AUDIT CHARTER, AND THE 2025-26 INTERNAL AUDIT PLAN**

### Internal Auditing Charter

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and scope of which will be agreed upon with the client, provided the Internal Audit Department does not assume management responsibility.

Opportunities for improving the efficiency of governance, risk management and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

### Primary Duties & Responsibilities

The primary responsibilities of the Internal Audit Department include:

- Submitting, annually by June 30, to the President of the University and the BOT Audit Committee a two-year, risk-based annual *Internal Audit Plan* for review and approval.
- Communicating to the President of the University and the BOT Audit Committee the impact of resource limitation on the *Internal Audit Plan*.
- Review and adjust the *Internal Audit Plan*, as necessary, in response to changes in NEIU's business, risks, operational programs, systems, and controls.
- Communicate to senior management and the BOT Audit Committee any significant interim changes to the *Internal Audit Plan*.
- Ensure each engagement on the *Internal Audit Plan* is executed, including the establishment of objectives and scope, the assignment of appropriate resources, the documentation of work programs and testing results and the communication of engagement results with applicable conclusions and recommendations to appropriate parties.
- Follow-up on engagement findings and corrective actions, and report periodically to senior management and the BOT Audit Committee any corrective actions not effectively implemented.
- Ensure the principles of integrity, objectivity, confidentiality and competency are applied and upheld.
- Ensure the Internal Audit Department collectively possesses or obtains the knowledge, skills and other competencies needed to meet the requirements of the Internal Audit Charter.
- Ensure that emerging trends and emerging issues that could impact NEIU are considered and communicated to senior management and the BOT Audit Committee as appropriate.
- Ensure emerging trends and successful practices in internal auditing are considered.
- Establish and ensure adherence to policies and procedures designed to guide the Internal Audit Department.
- Ensure adherence to NEIU's relevant policies and procedures, unless such policies and procedures conflict with the Internal Audit Charter. Any such conflicts will be resolved or otherwise communicated to the President of the University and the BOT Audit Committee.
- Ensure conformance of the Internal Audit Department with the *Standards* with the following qualifications:
  - If the Internal Audit Department is prohibited by law or regulation from conformance with certain parts of the *Standards*, the Director of Internal Auditing will ensure appropriate disclosures and will ensure conformance with all other parts of the *Standards*.

**ACTION ITEM I. B. BOARD ACTION ON COMMITTEE RECOMMENDATION REGARDING THE STATEMENT OF AUDITOR INDEPENDENCE, INTERNAL AUDIT CHARTER, AND THE 2025-26 INTERNAL AUDIT PLAN**

**Internal Auditing Charter**

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- o If the *Standards* are used in conjunction with requirements issued by other authoritative bodies (i.e., Generally Accepted Governmental Auditing Standards (GAGAS), the Director of Internal Auditing will ensure the Internal Audit Department conforms with the *Standards*, even if the Internal Audit Department conforms to more restrictive requirements of other authoritative bodies.
- Ensure by September 30, of each year that a written report detailing how the *Internal Audit Plan* for the previous fiscal year was carried out, the significant findings and the extent to which recommended changes were implemented is provided to the President of the University and BOT Audit Committee.
- Ensure audits of major information systems of internal accounting and administrative control are considered for review at least once every two years. This includes review of the design of major, new information systems and major modifications of those systems before installation.
- Assist management in the coordination of the FCIAA certification of internal controls process.
- Assist in the investigation of potentially fraudulent activities and ensure due diligence is performed to identify fraud in planned audits.
- Coordinate with external auditors and regulatory agencies concerning the scope of work performed to reduce duplication and the optimization of audit coverage.

**Quality Assurance and Improvement Program**

The Internal Audit Department will maintain a quality assurance and improvement program that covers all aspects of the Internal Audit Department. The program will include an evaluation of the Internal Audit Department's conformance with the *Standards*. The program will also assess the efficiency and effectiveness of the Internal Audit Department's activities and identify opportunities for improvement.

The chief audit executive will communicate to senior management and the Board of Trustees Audit Committee on the Internal Audit Department's quality assurance and improvement program, including results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor from outside the NEIU organization.

**Approval/Signatures**

  
\_\_\_\_\_  
Chrystal D. Temples, Director of Internal Auditing

6/30/2024

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Dr. Katrina E. Bell-Jordan, President

  
\_\_\_\_\_  
Date

\_\_\_\_\_  
Anna Meresidis, BOT Secretary

\_\_\_\_\_  
Date

**ACTION ITEM I. B. BOARD ACTION ON COMMITTEE RECOMMENDATION REGARDING THE STATEMENT OF AUDITOR INDEPENDENCE, INTERNAL AUDIT CHARTER, AND THE 2025-26 INTERNAL AUDIT PLAN**



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**MEMORANDUM**

DATE: September 19, 2024  
TO: Dr. Katrina Bell-Jordan, President  
FROM: Christy Temples, Director of Internal Auditing *CT*  
CC: Anna Meresidis, Board of Trustees, Audit Committee Chair  
Beni Ortiz, Interim Vice President for Finance and Administration  
SUBJECT: Auditor Independence Statement

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The purpose of this statement is to provide information regarding the independence of the Internal Audit Department personnel of Northeastern Illinois University (NEIU). This information is necessary to:

- Provide documentary evidence that the Internal Audit Department is monitoring the independence of office personnel; and
- Properly determine that audit engagements are staffed with independent personnel.

I have read the rules of professional conduct promulgated by the Institute of Internal Auditors. I understand that independence is to be maintained in spirit as well as in fact. I have determined to the best of my knowledge and belief that I do not have a direct financial interest in any organization, activity or affiliate of NEIU.

I have not accepted personal benefits from any University personnel, organization or affiliates which would impair my credibility or my independence in the minds of a reasonable person familiar with the facts.

I am an authorized fiscal agent and perform other administrative duties only for the Internal Audit Department of NEIU. I do not serve as an officer and/or director of any organizations that transact business with the University.

**ACTION ITEM I. B. BOARD ACTION ON COMMITTEE RECOMMENDATION REGARDING THE STATEMENT OF AUDITOR INDEPENDENCE, INTERNAL AUDIT CHARTER, AND THE 2025-26 INTERNAL AUDIT PLAN**

**Northeastern Illinois University  
 Internal Audit Department  
 FY 2025-2026  
 Detailed Audit Plan**

2025 (July 1, 2024 – June 30, 2025)		2026 (July 1, 2025 – June 30, 2026)	
Audit Projects	Hours	Audit Projects	Hours
Information Technology – Security <sup>(1)</sup>	150	Property Control <sup>(1)</sup>	250
Payroll Processes – Workday	40	Tuition Waivers <sup>(2)</sup>	250
Grants – CCAS <sup>(1)</sup>	250	EI Centro Internal Controls Review	250
Revenue/Receivables <sup>(1)</sup>	250	CCIS – Internal Controls Review	250
P-Cards	250	Chrome River <sup>(1)</sup>	250
ESM (E-Procurement) <sup>(1)</sup>	250		
<b>Administrative &amp; Compliance Activities and Reporting</b>		<b>Administrative &amp; Compliance Activities and Reporting</b>	
FCIAA Certification Coordination	40	FCIAA Certification Coordination	40
Annual Planning/Risk Assessment	40	Annual Planning/Risk Assessment	40
Annual Report	20	Annual Report	20
Follow-up	40	Follow-up	40
Unplanned Activities	40	Unplanned Activities	80
Quality Assessment Review	30	Quality Assessment Review	30
External Audit Coordination	100	External Audit Coordination	100
<b>Total Hours for 2025</b>	<b>1,600</b>	<b>Total Hours for 2026</b>	<b>1,600</b>

<sup>(1)</sup>Audit areas listed in the State Accounting Manual (SAM) as part of the State of Illinois' internal control framework. Per FCIAA, major accounting activities should be considered for audit every two years. This factor has been considered as part of the risk ranking in the development of the annual planning risk assessment. Departmental/Center audits are anticipated to cover the majority of 11 functional areas identified in the Control Framework but will be further defined at the audit level risk assessment and the availability of audit resources.


<sup>(2)</sup>Tuition and Fee Waivers are required to be periodically reviewed based on IBHE Tuition and Fee Waiver Guidelines.

**Other Items for Audit Consideration:**

- |  |  |
|--|--|
| Petty Cash & Local Funds<br>Auxiliary Services-Parking, Rec. Center, etc.<br>Budget Process<br>Financial Aid | Student Services<br>Union Building Administration & Conferences<br>Capital Projects/Construction<br>Compliance Areas (Title IX, Cleary Act, PCI, Record Retention, Ethics, etc.)<br>Grading & Registrar Office |
|--|--|

Please note the plan is subject to change based upon staffing and unforeseen issues that may develop. Whenever possible, integrated audits will be performed to address technologies associated with the area under review. Any significant changes to the plan will be communicated to the NEIU Management and the Board of Trustees Audit Committee Chairperson.

**Approvals:**

 _____ Dr. Katrina E. Bell-Jordan Northeastern Illinois University Interim President	_____ Anna Meresidis Board of Trustees, Audit Committee Chairperson
Date	Date

**ACTION ITEM I. C. BOARD ACTION ON COMMITTEE RECOMMENDATION REGARDING THE FINAL FY25 OPERATING BUDGET**

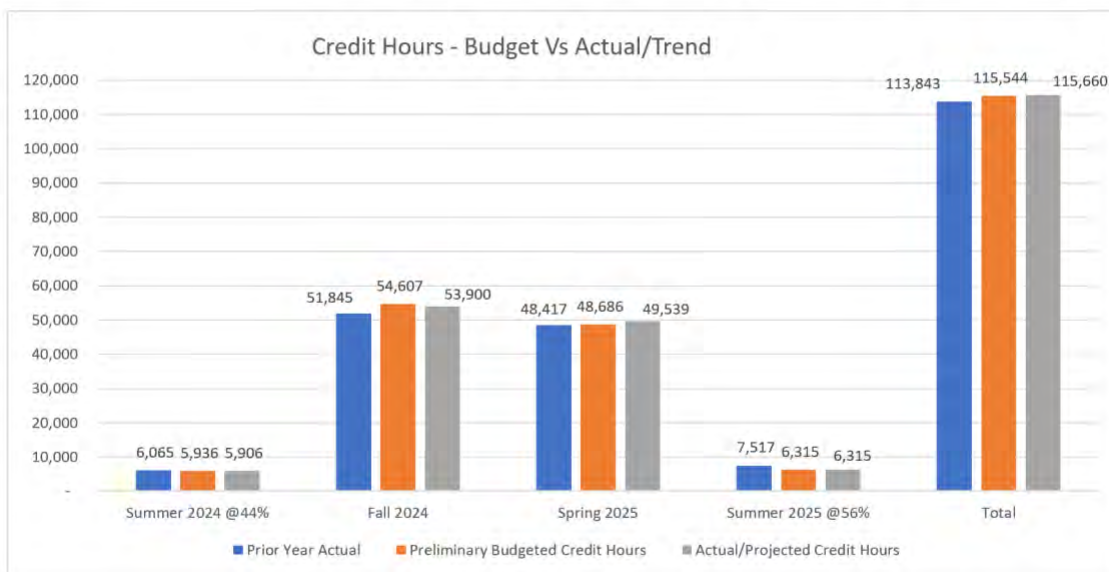
**Summary**

The University is requesting an operating budget of \$90,913,000 for Fiscal Year 2025. This represents an increase of 6.6 percent from FY2024, due primarily to stabilizing operations. The FY2025 budget is based on a 2.0 percent increase in the State appropriation and a 7.4 percent increase in projected tuition. The requested operating budget is balanced between revenues and expenditures, in part due to relying on favorable returns from investment income. This funding source may not be available in FY2026, and sustainability planning is necessary to address the gap.

The FY2025 Final Operating budget presented in this request is significantly similar to the FY2025 Preliminary Operating Budget approved by the Board of Trustees on May 28, 2024. The enrollment outcomes for the Summer and Fall semesters were sufficiently close to projections that there is no need to revise the projected credit hours or the resulting net tuition revenue for FY2025.

**Figure 1**  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**FY2025 Budget Vs Actual/Projected Credit Hours**

	Summer 2024 @44%	Fall 2024	Spring 2025	Summer 2025 @56%	Total
Preliminary Budgeted Credit Hours	5,936	54,607	48,686	6,315	115,544
Actual/Projected Credit Hours	5,906	53,900	49,539	6,315	115,660
Difference	(30)	(707)	853	-	116



- "Budgeted Credit Hours" reflects the FY2025 enrollment projections presented to the Finance, Building and Grounds Committee/Board of Trustees in May 2024.
- Spring 2025 is based on enrollment projections from trend model after Fall 2024 census. This is aligned with the historical Spring return rate as follows:

**ACTION ITEM I. C. BOARD ACTION ON COMMITTEE RECOMMENDATION REGARDING THE FINAL FY25 OPERATING BUDGET**

Term	Fall Actual	Spring Actual/Trend	Spring Return Rate from Fall	Enrollment	
				Student FTE (Fall and Spring)	Student Headcount (Fall and Spring)
FY2019	75,557	67,225	89%	9,846	15,329
FY2020	70,027	63,429	91%	9,246	14,186
FY2021	67,050	61,097	91%	8,944	13,736
FY2022	59,461	53,107	89%	7,874	12,202
FY2023	53,912	49,484	92%	7,214	11,076
FY2024	51,845	48,417	93%	6,989	10,709
FY2025	53,900	49,539	92%	7,210	11,009

<sup>3</sup> The Summer term is crossing fiscal years and related revenue is allocated between fiscal years based on the following percentages:

	Allocation	Budget	Actual/Forecast
Summer I	44%	5,936	5,906
Summer II	56%	6,315	6,315
	100%	12,251	12,221

Summer Term Total Budgeted Credit Hours: 12,251  
 Summer 2024 Actual Total Credit Hours: 13,423

**Overview**

The Northeastern Illinois University Board of Trustees is asked to approve the University operating budget that represents estimated spending plans for the current fiscal year beginning on July 1, 2024 and ending on June 30, 2025. A preliminary FY2025 budget was approved at the May 28, 2024 Board of Trustees 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 FY2025 internal budget.

Table 1 shows a breakdown of revenues between the Unrestricted and Restricted operating budgets. The breakdown in Table 1 is shown for the Final FY2024 Budget, (Unaudited) FY2024 Actuals, the FY2025 Preliminary Budget and the proposed FY2025 Final Budget. The University’s unrestricted operating budget, which is shown in the top portion of the table, comprises two main sources of (revenue) funding - State general funds appropriations (approximately 45 percent of operating revenues) and University income funds (approximately 55 percent of operating revenues). The Restricted operating budget has four

## **ACTION ITEM I. C. BOARD ACTION ON COMMITTEE RECOMMENDATION REGARDING THE FINAL FY25 OPERATING BUDGET**

primary sources which include student fees, auxiliary enterprises, grants (local, state and federal) and contracts (local, state and federal).

The budgeted revenues shown in Table 1 are the anticipated source of funding for the budgeted expenses for FY2025. The budgeted expenses are broken down between the Unrestricted operating budget (Table 2) and Restricted operating budget (Table 3). Within each of these tables, the expenditures are broken down by functional and line item categories. The breakdown by "functional category" mirrors the reporting structure used in the audited financial reports. Further details on the functional categories can be found in the text following Table 2.

The breakdown by "line item categories" is based on requirements from the Illinois Comptroller and the IBHE (see SAMS Manual)<sup>1</sup>. These categories are used by the University to communicate both budget and expenditure information to the State; for example, these categories are used in both the Resource Allocation and Management Program (RAMP) and Illinois State Legislature (ISL) reports.

### **Preliminary vs. Final Operating Budgets**

The Final Unrestricted Operating Budget has been set at \$90,913,000 which is an increase of \$82,474 or 0.1 percent over the approved Preliminary Operating Budget. This adjustment was necessary to accommodate a higher level of tuition differential due to the reconciliation of budgeted and realized enrollments in FY2024. As a practice, any tuition differential earned is utilized for its designated purpose. Each year, a reconciliation is conducted to ensure that the budgeted and realized tuition differentials align. Any variance is then adjusted in the following budget year to maintain accuracy. For FY2025, the additional revenue has been allocated between the College of Business and Technology (70.0 percent) and Academic Affairs (30.0 percent) to fulfill contractual obligations. Similarly, the Final Restricted Operating Budget has been set at \$64,059,075, marking an increase of \$4,642,166 or 7.8 percent over the approved Preliminary Operating Budget. This increase reflects the net impact of new grants received, including the IBHE Pell55 grant totaling \$2,240,000, an anticipated increase in MAP grant funding due to the additional funding allotted by the State to the program, and updates on projected spendings.

### **State appropriation**

In FY2024, the University received an appropriation of \$39,959,500. In June 2024, the Governor signed into law a budget that called for a 2.0 percent increase of \$798,700, to a total of \$40,758,700 for FY2025. The preliminary and final budget presented here includes this level of appropriation.

### **Net Tuition Revenue**

The unrestricted operating budget reflects the tuition and fee rates previously adopted by the Board and enrollment projections developed internally by the University. The forecast for FY2025 tuition revenues is based on an examination of the flow of new and continuing graduate and undergraduate students and was created in collaboration between the Budget Office and Enrollment Management.

The preliminary and final operating budgets both anticipate a total of 115,544 credit hours for FY2025. This projection represents an increase of 5,044 credit hours or 4.6 percent from the FY2024 final operating budget and an increase of 1,701 credit hours or 1.5% from realized credit hour enrollment in FY2024.

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<sup>1</sup>See pages 477 through 534 of the Statewide Accounting Management System (SAMS) manual, <https://illinoiscomptroller.gov/media/sites/comptroller/assets/File/Agencies/Sams/SAMSMasterManualMaster.pdf>

### **ACTION ITEM I. C. BOARD ACTION ON COMMITTEE RECOMMENDATION REGARDING THE FINAL FY25 OPERATING BUDGET**

Following the census date for Fall 2024 enrollment, an updated trend projection was created to evaluate if there was a need to revise the budgeted level of net tuition revenue for FY2025. Despite a slight shortfall of 737 credit hours or 1.2 percent in the Summer and Fall 2024 semesters compared to budgeted levels, the year-over-year comparison reveals a notable increase of 2,055 credit hours or 4.0 percent in Fall 2024. Looking ahead to Spring 2025 enrollment, the trend model is forecasting an increase of 853 credit hours, or 1.8 percent, from the budgeted level. This indicates that the current projections are on track, and there is no immediate need for a mid-year revision to the operating budget. Figure 1 provides a summary of the updated projections, as well as a comparison of the FY2025 budget to actual credit hours realized after the Fall 2024 census.

#### **Investment Income**

Investment income is derived from the interest paid on the University's cash balances. In recent years, the University has seen a steady increase in investment income due to rising short-term interest rates. In FY2024, the realized investment income reached \$4,631,473, exceeding the final Operating Budget by 203.4 percent. For FY2025, the University is cautiously budgeting for \$3.7 million in investment income, representing about 92% of the most recent projection. This decision reflects the volatile nature of investment returns, which can quickly change if the Federal Reserve decides to lower short-term rates. Despite the uncertainties, the University is relying on investment income to help balance the budget in FY2025.

#### **Others**

Other income sources include revenue from space rental and various miscellaneous fees and income (such as lab fees, transcript fees, NSF charges, late fees, etc.). The FY2025 budget for this category remains unchanged from FY2024 amounting to \$500,000, as forecasting income in this area is unpredictable and subject to fluctuations, other than the space rentals.

#### **Expenditures**

Expenditures for FY2025 are balanced to anticipated operating revenues of \$90,913,000 as outlined above. Relative to FY2024, expenditures covered by operating revenues are budgeted to increase by \$3.1 million or 3.5 percent in FY2025. The increase in expenses was primarily due to the costs previously covered by grants that are returning to the operating budget, and salary increases based on the assumed or contracted wage increases in FY2025.

#### **Restricted operating funds**

In addition to the unrestricted operating budget, the final plan includes forecasts for the restricted operating budget. The restricted operating budget includes expenditures from revenue sources that are restricted either by an external requirement or by internal accounting policy; these restrictions apply to student fee programs, auxiliary services, indirect costs and grant sources (local, State, federal and private). The budgets for Student Fee Programs reflect the student fee rates as approved by the Board of Trustees in November 2023.

The revenues for restricted operating funds are projected to total \$64,059,075 in FY2025. This represents an increase of \$16,295,875 or 34.1 percent from FY2024, primarily due to projected spending on grants based on award and/or historical spending as well as increased revenue from mandatory fees as a result of projected increase in credit hour enrollment.

The total FY2025 budget is summarized in Table 1. Resources available for operating purposes in FY2025 are estimated at \$154,972,075, an increase of \$21.9 million or 16.5 percent, from the final FY2024 budget.

**ACTION ITEM I. C. BOARD ACTION ON COMMITTEE RECOMMENDATION REGARDING  
THE FINAL FY25 OPERATING BUDGET**

**Recommended Action**

I request that the Board adopt the Finance, Buildings and Grounds Committee's recommendation to approve the final FY2025 budget as presented in Tables 1, 2 and 3 and as described above.

**ACTION ITEM I. C. BOARD ACTION ON COMMITTEE RECOMMENDATION REGARDING  
 THE FINAL FY25 OPERATING BUDGET**

Table 1  
 NORTHEASTERN ILLINOIS UNIVERSITY  
 Fiscal Year 2025 Final Operating Budget  
 (with comparable data provided for Fiscal Year 2024)

REVENUES	FY2024	FY2024	FY2025	FY2025 Final	Final vs	FY2025 Final Budget vs		
	Final Budget	Actual (Unaudited)	Preliminary Budget	Budget	Preliminary Dollar Δ	Dollar Δ	Percent Δ	
<b>Unrestricted Operating Budget</b>								
State General Funds Appropriations	\$ 39,960,000	39,959,500	\$ 40,758,700	\$ 40,758,700	\$ -	\$ 798,700	2.0	% (a)
University Income Fund - Tuition	41,874,400	42,531,461	45,134,178	45,134,178	-	3,259,778	7.8	(b)
University Income Fund - Tuition Differential	689,000	809,035	737,648	820,122	82,474	131,122	19.0	(b)
University Income Fund - Investment Income	2,276,600	4,631,473	3,700,000	3,700,000	-	1,423,400	62.5	(c)
University Income Fund - Others	500,000	856,393	500,000	500,000	-	-	0.0	
<b>Unrestricted Operating Budget</b>	<b>\$ 85,300,000</b>	<b>88,787,862</b>	<b>\$ 90,830,526</b>	<b>\$ 90,913,000</b>	<b>\$ 82,474</b>	<b>\$ 5,613,000</b>	<b>6.6</b>	<b>%</b>
<b>Restricted Operating Budget</b>								
Student Fee Programs	\$ 8,973,800	\$ 9,632,550	\$ 11,438,391	\$ 11,438,391	\$ -	\$ 2,464,591	21.5	% (d)
Sales & Services	2,755,000	2,689,363	2,551,750	2,551,750	-	(203,250)	(8.0)	(e)
Auxiliary Services	1,723,500	1,399,107	1,534,524	1,534,524	-	(188,976)	(12.3)	(e)
Indirect Costs Recovery	1,301,400	1,561,960	1,167,050	1,167,050	-	(134,350)	(11.5)	
State and Local Grants and Contracts	13,812,500	21,248,772	15,521,711	20,492,861	4,971,150	6,680,361	43.0	(f)
Federal Grants and Contracts	17,680,000	24,539,805	25,833,455	25,572,993	(260,462)	7,892,993	30.6	(f)
Non-governmental Grants and Contracts	1,517,000	1,482,544	1,370,028	1,301,506	(68,522)	(215,494)	(15.7)	(f)
<b>Restricted Operating Budget</b>	<b>\$ 47,763,200</b>	<b>62,554,101</b>	<b>\$ 59,416,909</b>	<b>\$ 64,059,075</b>	<b>\$ 4,642,166</b>	<b>\$ 16,295,875</b>	<b>34.1</b>	<b>%</b>
<b>Total Operating Budget</b>	<b>\$ 133,063,200</b>	<b>151,341,963</b>	<b>\$ 150,247,435</b>	<b>\$ 154,972,075</b>	<b>\$ 4,724,640</b>	<b>\$ 21,908,875</b>	<b>16.5</b>	<b>%</b>

**Explanation for significant changes:**

- {a} The change from FY2024 reflects a 2% increase in State appropriations for public universities' general operations, as approved by the Governor in June 2024.
- {b} The increase in budgeted net tuition and net tuition differential revenue is primarily attributed to the projected increase in credit hours, with FY2025 budgeted at 115,544 compared to 110,500 in FY2024. Additionally, the allowance for bad debt and tuition waivers has been reduced from 12% in FY2024 to 10% in FY2025, largely due to the positive impact of student initiatives like Assist to Persist and NEIU For You 2.0. The final FY2025 budget also includes an adjustment of \$82,474 in net tuition differential revenue to account for the higher level of tuition differential resulting from the reconciliation of budgeted versus actual enrollments in FY2024. Each year, this reconciliation ensures alignment between budgeted and realized tuition differentials. Any discrepancies are corrected in the subsequent budget year to ensure that funds are appropriately allocated for its designated purpose.
- {c} With short-term interest rates remaining elevated, the University anticipates that investment income will continue to be strong. Investment income will be monitored on a quarterly basis to ensure that it aligns with the budgeted projections.
- {d} Student fees revenues are based on projected credit hours (115,544) multiplied by \$85 (standard rate) and include certain pass-through transactions (i.e. student UPASS). Note that FY2024 final budget was updated to reflect the change in presentation of certain student fees (i.e. campus improvement and student union) from Auxiliary Services to Student Fee Programs. See table below for explanation of variance.

**ACTION ITEM I. C. BOARD ACTION ON COMMITTEE RECOMMENDATION REGARDING THE FINAL FY25 OPERATING BUDGET**

	<u>FY2024 Budget</u> <u>@110,500 CHs</u>	<u>FY2024 Actual</u> <u>@113,843 CHs</u>	<u>FY2025 Budget</u> <u>@115,544 CHs</u>	<u>FY2024 Budget vs FY2025 Budget Variance</u>	<u>Explanation for Change</u>
Student Fees	\$ 9,392,500	\$ 9,279,404	\$ 9,821,240	\$ 428,740	Increase in revenue is due to increase budgeted credit hours from 110,500 in FY2024 to 115,544 in FY2025.
UPASS	708,400	627,566	816,541	108,141	FY2024 and FY2025 budget were projected based on historical trends and anticipated results of
Bad Debts	(1,127,100)	(274,420)	(294,637)	832,463	Increase in revenue was due lower bad debt rate used to align with FY2024 actual bad debt @2.96% (from 12% in FY2024 to 3% in FY2025).
Carry-over Balance	-		1,095,247	1,095,247	Increase in revenue was due to carry-over balance to cover funding gaps on CDB projects
	<u>\$ 8,973,800</u>	<u>\$ 9,632,550</u>	<u>\$ 11,438,391</u>	<u>\$ 2,464,591</u>	

**(e)** Sales and auxiliary services revenues/expenses were projected by respective Finance Managers based on historical trends and anticipated results of operations.

**(f)** For FY2024, the budget projections were centered on tuition grants, including Pell Grants and MAP, and were based on the information available at the time of preparation. In contrast, the FY2025 budget projections were developed in collaboration with Grants Accounting Department, using an assessment of ongoing grants, current approved funding, and historical spending patterns. This approach does not account for any grants that may be awarded midway through the fiscal year or those currently under review. Consequently, the FY2025 projected figures closely mirror the actual results from FY2024.

For State and Local Grants and Contracts, the FY2025 budget incorporates tuition grants from the State (e.g. AIM HIGH, MAP) and other State grants. Additionally, the final FY2025 operating budget reflects adjustments for new grants, including the IBHE Pell 55 grant of \$2.24 million, an anticipated increase in MAP grant funding due to the additional funding allotted by the State to the program as a whole, and updates on projected spending.

For Federal Grants and Contracts, the FY2025 budget includes financial aid from federal grants (e.g. SEOG, FWS, TEACH, PELL) as well as research grants and other federal grants contracts.

To align with financial statement presentation, Grants and Contracts - Education and Private Grants and Contracts have been consolidated into Non-Governmental Grants and Contracts

**ACTION ITEM I. C. BOARD ACTION ON COMMITTEE RECOMMENDATION REGARDING  
 THE FINAL FY25 OPERATING BUDGET**

Table 2  
 NORTHEASTERN ILLINOIS UNIVERSITY  
 Fiscal Year 2025 Final Operating Budget - UNRESTRICTED  
 by Function and Line Item  
 (with comparable data provided for Fiscal Year 2024)

EXPENDITURES	FY2024			FY2025			FY2025 Final Budget vs FY2024 Final Budget		
	Final Budget	Adjusted Budget	Actual (Unaudited)	Preliminary Budget	Budget Adjustments	Additional Expenditures	FY2025 Final Budget	Dollar Δ	Percent Δ
<b>Functional Categories</b>									
Instruction	\$ 46,940,907	\$ 45,438,061	\$ 47,064,656 <sup>(a)</sup>	\$ 47,725,641	\$ 525,748	\$ 82,474	\$ 48,334,863	\$ 1,393,956	3.0%
Organized Research	199,227	199,227	199,253	205,206	-	-	205,206	5,979	3.0%
Public Service	788,804	854,484	808,856	820,150	3,541	-	823,691	34,887	4.4%
Academic Support	7,242,132	7,756,259	6,711,311	7,420,530	(44,164)	-	7,376,366	134,234	1.9%
Student Services	4,071,584	4,903,668	4,068,482	4,172,157	77,588	-	4,249,745	178,161	4.4%
Institutional Support	14,445,375	14,722,916	13,592,305	15,778,265	(659,213)	-	15,119,052	673,677	4.7% <sup>(b)</sup>
Operations and Maintenance	12,048,478	11,861,892	11,933,688	12,500,953	131,700	-	12,632,653	584,175	4.8%
Independent Operations	-	-	-	35,200	(35,200)	-	-	-	0.0%
Benefits/Social Security/Medicare	986,893	986,893	1,077,049	1,098,824	-	-	1,098,824	111,931	11.3%
Health Insurance Reserve Fund	1,076,600	1,076,600	1,072,600	1,072,600	-	-	1,072,600	(4,000)	-0.4%
<b>Total Expenditures</b>	<b>87,800,000</b>	<b>87,800,000</b>	<b>86,528,200</b>	<b>90,830,526</b>	<b>-</b>	<b>82,474</b>	<b>90,913,000</b>	<b>3,113,000</b>	<b>3.5%</b>
<i>BOT Reserve Allocation</i>	<i>(2,500,000)</i>	<i>(2,500,000)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>2,500,000</i>	<i>-100.0%</i>
<b>Net Expenditures</b>	<b>\$ 85,300,000</b>	<b>\$ 85,300,000</b>	<b>\$ 86,528,200</b>	<b>\$ 90,830,526</b>	<b>\$ -</b>	<b>\$ 82,474</b>	<b>\$ 90,913,000</b>	<b>\$ 5,613,000</b>	<b>6.6%</b>
<b>Line Item Categories</b>									
Personal Services	\$ 65,837,887	\$ 66,068,253	\$ 68,160,798 <sup>(a)</sup>	\$ 68,759,141	\$ (100,763)	\$ -	\$ 68,658,378	\$ 2,820,491	4.3%
Contractual Services	14,631,783	14,186,055	11,736,130	14,611,675	127,563	82,474	14,821,712	189,929	1.3%
Travel	197,750	293,691	201,855	193,650	-	-	193,650	(4,100)	-2.1%
Commodities	807,401	963,645	708,097	818,150	-	-	818,150	10,749	1.3%
Equipment	428,986	1,079,630	657,686	410,786	(26,800)	-	383,986	(45,000)	-10.5%
Telecommunications	176,700	175,705	122,358	176,700	-	-	176,700	-	0.0%
Operations of Auto	24,000	46,780	35,066	24,000	-	-	24,000	-	0.0%
Permanent Improvements	25,000	-	-	25,000	-	-	25,000	-	0.0%
Awards and Grants	1,299,000	528,592	396,297	1,299,000	-	-	1,299,000	-	0.0%
Benefits/Social Security/Medicare	986,893	1,077,049	1,077,049	1,098,824	-	-	1,098,824	111,931	11.3%
Health Insurance Reserve Fund	1,076,600	1,072,600	1,072,600	1,072,600	-	-	1,072,600	(4,000)	-0.4%
Other/Transfer Out/Debt Service	2,308,000	2,308,000	2,360,264	2,341,000	-	-	2,341,000	33,000	1.4%
<b>Total Expenditures</b>	<b>87,800,000</b>	<b>87,800,000</b>	<b>86,528,200</b>	<b>90,830,526</b>	<b>-</b>	<b>82,474</b>	<b>90,913,000</b>	<b>3,113,000</b>	<b>3.5%</b>
<i>BOT Reserve Allocation</i>	<i>(2,500,000)</i>	<i>(2,500,000)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>2,500,000</i>	<i>-100.0%</i>
<b>Net Expenditures</b>	<b>\$ 85,300,000</b>	<b>\$ 85,300,000</b>	<b>\$ 86,528,200</b>	<b>\$ 90,830,526</b>	<b>\$ -</b>	<b>\$ 82,474</b>	<b>\$ 90,913,000</b>	<b>\$ 5,613,000</b>	<b>6.6%</b>

**Notes:**  
 Overall, the increase in the budget between FY2024 and FY2025 relates to salary adjustments based on the University's current collective bargaining agreements with a similar increase for non-negotiated staff and any outstanding labor contracts; as well as increases related to faculty promotion and addressing overall equity and compression of salaries.

Final vs Preliminary FY2025 Operating Budget: The Final FY2025 Unrestricted Operating Budget incorporates several important adjustments from the Preliminary FY2025 Budget. Notably, it includes an increase in Net Tuition Differential due to higher enrollment figures in FY2024. This adjustment has led to an additional \$82,474 allocated to the unrestricted operating budget for FY2025. Additionally, the final budget reflects updates made after the preliminary budget's approval in May 2024, such as corrections to FOAP strings and reallocation of expenses.

Explanation of significant changes:

- (a) The budget to actual variance in the instruction functional category and personal services line item category is primarily due to substantial increases in faculty overload and summer instruction costs, increasing from \$1.9 million in FY2024 to \$4.1 million in FY2025.
- (b) The increase in institutional support primarily reflects expenses that were previously covered by pandemic funding, which has been completely depleted as of June 30, 2024.

**ACTION ITEM I. C. BOARD ACTION ON COMMITTEE RECOMMENDATION REGARDING  
 THE FINAL FY25 OPERATING BUDGET**

Table 3  
 NORTHEASTERN ILLINOIS UNIVERSITY  
 Fiscal Year 2025 Final Operating Budget - RESTRICTED  
 by Function and Line Item  
 (with comparable data provided for Fiscal Year 2024)

**EXPENDITURES**

Functional Categories	FY2024	FY2024 Adjusted	FY2024	FY2025			FY2025 Final Budget vs	
	Final Budget	Budget	Actual (Unaudited)	Preliminary Budget	Budget Adjustments	FY2025 Final Budget	FY2024 Final Budget	
							Dollar Δ	Percent Δ
Instruction	\$ 10,166,591	\$ 13,353,112	\$ 12,652,589	\$ 14,922,310	\$ (1,068,201)	\$ 13,854,109	\$ 3,687,518	36.3%
Organized Research	962,864	2,955,201	1,820,096	2,112,418	594,112	2,706,530	1,743,666	181.1%
Public Service	3,045,124	4,502,255	2,916,944	2,995,111	-	2,995,111	(50,013)	-1.6%
Academic Support	1,403,376	2,500,259	1,947,499	2,236,283	-	2,236,283	832,907	59.4%
Student Services	22,866,323	36,058,352	34,544,340	27,003,022	6,652,237	33,655,259	10,788,936	47.2%
Institutional Support	3,018,204	2,899,390	1,950,352	990,202	97,000	1,087,202	(1,931,002)	-64.0%
Operations and Maintenance	2,432,229	3,640,024	3,173,975	4,444,632	2,921	4,447,553	2,015,324	82.9%
Independent Operations	2,565,852	1,925,978	1,739,165	3,158,338	(1,636,477)	1,521,861	(1,043,991)	-40.7%
Benefits/Social Security/Medicare	1,302,637	2,112,496	1,410,711	1,554,593	574	1,555,167	252,530	100.0%
<b>Total</b>	<b>\$ 47,763,200</b>	<b>\$ 69,947,067</b>	<b>\$ 62,155,671</b>	<b>\$ 59,416,909</b>	<b>\$ 4,642,166</b>	<b>\$ 64,059,075</b>	<b>\$ 16,295,875</b>	<b>34.1%</b>

Line Item Categories	FY2024	FY2024 Adjusted	FY2024	FY2025			FY2025 Final Budget vs	
	Final Budget	Budget	Actual (Unaudited)	Preliminary Budget	Budget Adjustments	FY2025 Final Budget	FY2024 Final Budget	
							Dollar Δ	Percent Δ
Personal Services	\$ 7,972,622	\$ 11,571,622	\$ 8,816,181	\$ 10,490,361	\$ 27,276	\$ 10,517,637	\$ 2,545,015	31.9%
Contractual Services	13,450,104	15,703,228	12,978,270	14,087,999	794,561	14,882,560	1,432,456	10.7%
Travel	230,348	576,650	433,930	418,294	-	418,294	187,946	81.6%
Commodities	425,931	1,006,507	403,813	562,925	32,460	595,385	169,454	39.8%
Equipment	769,500	947,337	674,057	1,228,854	-	1,228,854	459,354	59.7%
Telecommunications	6,404	144,522	82,609	48,260	-	48,260	41,856	653.6%
Operations of Auto	-	9,008	808	5,680	-	5,680	5,680	100.0%
Awards and Grants	21,856,503	32,523,832	32,849,670	27,469,898	3,817,650	31,287,548	9,431,045	43.1%
Benefits/Social Security/Medicare	1,302,637	2,112,496	1,410,711	1,554,593	574	1,555,167	252,530	19.4%
Other/Transfer Out/Debt Service	1,749,152	5,351,864	4,505,622	3,550,045	(30,355)	3,519,690	1,770,538	101.2%
<b>Total</b>	<b>\$ 47,763,200</b>	<b>\$ 69,947,066</b>	<b>\$ 62,155,671</b>	<b>\$ 59,416,909</b>	<b>\$ 4,642,166</b>	<b>\$ 64,059,075</b>	<b>\$ 16,295,875</b>	<b>34.1%</b>

**Notes:**

The significant variations above reflect the dynamic and unique nature of grants and contracts. Grant spending is tightly regulated by the approved guidelines, and any modifications to the budget typically require approval from the granting agency to ensure compliance. Additionally, grants often operate on cycles that differ from the University's fiscal year, meaning that a grant might span across multiple fiscal years. This necessitates assumptions about how to allocate the grant funds across these periods. Moreover, grant funding levels can fluctuate, with potential increases, reductions, or even discontinuations of funding over time. Finally, grants frequently allow for unspent funds to be rolled over to the next period or offer no-cost extensions, which can further complicate budgeting and financial reporting.

**FY2024 final budget vs. FY2024 adjusted budget.** The FY2024 final budget projections primarily focused on tuition grants, such as Pell Grants and the Monetary Award Program (MAP), and incorporated anticipated changes based on available information at the time the budget was prepared. Conversely, the FY2024 adjusted budget for grants and contracts reflects the funding available for the current award period, which may not align with the University's fiscal year. For instance, the 21st Century Grant period is from July 1, 2023, to August 31, 2024, illustrating how grant periods can extend beyond the standard fiscal year.

**FY2024 adjusted budget vs. FY2024 actual (unaudited).** The reflected underspent on grant programs may be attributed to several factors:

**Grant Period vs. Fiscal Year Alignment:** The FY2024 adjusted budget for grants and contracts reflects the available funding for the current award periods, which may not align with the University's fiscal year. For example, one grant has a funding period from July 1, 2023, to August 31, 2024, with a total allocation of \$231K. However, as of June 30, 2024, only \$138K had been spent. This misalignment between grant periods and fiscal years can contribute to apparent underspending within the fiscal year.

**Slow or Delayed Spending:** Many grants allow for unspent funds to be rolled over to subsequent periods or offer no-cost extensions. This flexibility means that spending can occur beyond the fiscal year, leading to lower expenditures within FY2024 compared to the adjusted budget.

**FY2024 preliminary budget vs. FY2025 final budget.** Reflects the net impact of new grants received as of date of preparation of the final FY2025 budget, including the IBHE Pell55 grant totaling \$2,240,000, an anticipated increase in MAP grant funding to NEIU due to the additional funding allotted by the State to the program as a whole, and updates on projected spendings.

**FY2024 final budget vs. FY2025 final budget:** For FY2024, the budget projections were centered on tuition grants, including Pell Grants and MAP, and were based on the information available at the time of preparation. In contrast, the FY2025 budget projections were developed in collaboration with Grants Accounting, using an assessment of ongoing grants, current approved funding, and historical spending patterns. This approach does not account for any grants that may be awarded midway through the fiscal year or those currently under review. Consequently, the FY2025 projected figures closely mirror the actual results from FY2024.

**FY2025 final budget vs. FY2024 actual (unaudited).** The FY2025 final budget projects an overall increase of \$1,903,404, or 3.1%, compared to FY2024 actual (unaudited) figures. Key changes across functional and line item categories are as follows:

**Instructions:** The increase in instructions relate to net impact of closed grants or for which notices of award have not yet been received as of the FY2025 final budget preparation date (e.g. pandemic-related funding, NSF grants, certain State grants, etc.) and anticipated increases in spending on grants in FY2025 compared to FY2024. Actual spending will be contingent upon decisions made by program directors

**Organized Research:** The increase in organized research is mainly attributable to new grants received which includes additional funding from National Science Foundation (NSF) and National Institutes of Health (NIH) totaling \$970K.

**Institutional Support:** The decrease in institutional support is primarily due to the expiration of pandemic-related funding at the end of FY2024. This reduction reflects the end of temporary financial relief measures that were in place during the pandemic.

**Student Services/Awards and Grants:** The decrease is mainly driven by lower Pell grant awarded to NEIU for FY2025 (from \$12.2 million in FY2024 to \$10.9 million in FY2025).

**Operations and Maintenance:** The increase in the projected operations and maintenance expenditures is largely driven by anticipated increases in spending on certain grants in FY2025 compared to FY2024. The extent of this increase depends on the decisions and priorities set by program directors.

**ACTION ITEM I. C. BOARD ACTION ON COMMITTEE RECOMMENDATION REGARDING  
THE FINAL FY25 OPERATING BUDGET**

**Functional Categories (Table 2 and 3)**

Table 2 and 3 report expenses using the National Association of College & University Business Officers (NACUBO) functional categories. These categories were established to create a standard reporting structure for expenses according to the purpose for which the costs are incurred; that is these categories are intended to convey why an expense was incurred. These same categories are used to report and track expenses on the University's Audited Financial States (for example, see the "Statement of Revenues, Expenses, and Changes in Net Position").

Instruction: Expenses for all activities related to instructional programs including credit and non-credit courses but also conferences, workshops and seminars.

Organized Research: Expenses that are directly linked to activities that produce research.

Public Service: Expenses derived from activities that are intended to provide non-instructional services to individuals or groups external to the institution.

Academic Support: Expenses for activities that provide support to the institutions primary programs for instruction, research and public services. These activities include libraries, museums, galleries, academic administration, faculty development and course and/or curriculum development.

Student Services: Expenses for services or activities that support a student's development outside the formal instruction program. These services and activities can include counseling and career guidance, social or cultural development, administration of financial aide or loans, admissions and records support and health services.

Institutional Support: Expenses related to executive level management and planning activities for the entire institution. This would include expenses related to the President's Office, public relations, financial operations, investment management, and auditing.

Operations and Maintenance: Expenses related to the physical plant or physical assets of the institution. This would include all expenses supporting the administration, supervision, operation, maintenance, preservation, and protection of the institution's physical assets.

Independent Operations: Expenses related to operations that are independent but may enhance the institution's mission but are otherwise owned or controlled by the institution. For NEIU this would include expenses related to parking, the Student Union, conference operations, childcare, retail and concession operations, student housing and management of the Student U-Pass.

Benefits/Social Security/Medicare and Health Insurance Reserve Fund: Expenses related to payments to local governments.

**ACTION ITEM I. C. BOARD ACTION ON COMMITTEE RECOMMENDATION REGARDING  
THE FINAL FY25 OPERATING BUDGET**

**NACUBO Definitions from the “Financial Accounting and Reporting Manual for Higher Education”**

Instruction: The instruction classification includes expenses for all activities that are part of an institution's instruction program.

Expenses for credit and noncredit courses; academic, vocational, and technical instruction; remedial and tutorial instruction; and regular, special, and extension sessions are included. Expenses for departmental research and public service that are not separately budgeted are also included in this classification.

This classification excludes expenses for those academic personnel whose primary activity is administration—for example, academic deans.

Organized Research: The research classification includes all expenses for activities specifically organized to produce research, whether commissioned by an agency external to the institution or separately budgeted by an organizational unit within the institution. Subject to those conditions, the classification includes expenses for individual and/or project research as well as that of institutes and research centers. This classification does not include all sponsored programs, nor is it necessarily limited to sponsored research, since internally supported research programs, if separately budgeted, might be included in this classification.

Expenses for departmental research that are separately budgeted are included in this classification. However, the research classification does not include expenses for departmental research that are not separately budgeted. Departmental research that is not separately budgeted is included in the instructional category.

Public Service: The public service classification includes expenses for activities established primarily to provide non-instructional services for the benefit of individuals and groups that are external to the institution. These activities include community service programs (excluding instructional activities) and cooperative extension services. Included in this classification are conferences, institutes, general advisory services, reference bureaus, radio and television, consulting, and similar non-instructional services to particular sectors of the community.

Academic Support: The academic support classification includes expenses incurred to provide support services for the institution's primary programs of instruction, research, and public service. It includes activities such as:

- The retention, preservation, and display of educational materials, such as libraries, museums, and galleries.
- The provision of services that directly assist the academic functions of the institution, such as demonstration schools associated with a department, school, or college of education.
- Media, such as audio-visual services, and technology, such as computing support.
- Academic administration (including academic deans but not department chairpersons) and personnel providing administrative support and management direction to the three primary missions.
- Separately budgeted support for course and curriculum development

For institutions that currently charge some of the expenses; for example, computing support, directly to the various operating units of institution, this classification does not include those expenses.

**ACTION ITEM I. C. BOARD ACTION ON COMMITTEE RECOMMENDATION REGARDING  
THE FINAL FY25 OPERATING BUDGET**

Student Services: The student services classification includes expenses incurred for offices of admissions and the registrar and activities that, as their primary purpose, contribute to students' emotional and physical well-being and intellectual, cultural, and social development outside the context of the formal instruction program. This classification includes expenses for student activities, cultural events, student newspapers, intramural athletics, student organizations, intercollegiate athletics (if the program is not operated as an auxiliary enterprise), counseling and career guidance (excluding informal academic counseling by the faculty), student aid administration, and student health service (if not operated as an auxiliary enterprise).

Institutional Support: The institutional support classification includes expenses for central, executive-level activities concerned with management and long-range planning for the entire institution, such as the governing board, planning and programming operations, and legal services; fiscal operations, including the investment office; administrative information technology (when not accounted for in other categories); space management; employee personnel and records; logistical activities that provide procurement, storerooms, printing, and transportation services to the institution; support services to faculty and staff that are not operated as auxiliary enterprises; and activities concerned with community and alumni relations, including development and fundraising.

Appropriate allocations of institutional support should be made to auxiliary enterprises, hospitals, and any other activities not directly related to the primary programs, instruction, research, and public service, or their related support classifications.

Operations and Maintenance: The operation and maintenance of the plant category includes all expenses for the administration, supervision, operation, maintenance, preservation, and protection of the institution's physical plant. These expenses include items such as janitorial and utility services; repairs and ordinary or normal alterations of buildings, furniture, and equipment; care of grounds; maintenance and operation of buildings and other plant facilities; security; earthquake and disaster preparedness; safety; hazardous waste disposal; property, liability, and all other insurance relating to property; space and capital leasing; facility planning and management; and central receiving.

For external financial reporting purposes, independent institutions are required to allocate the costs assigned to this classification to the other functional categories. However, most independent institutions still use this functional expense category internally to capture costs prior to allocation. Consequently, although this category is necessary and important to an independent institution's general ledger structure—and a necessary cost pool for cost reporting under the Uniform Guidance—the expenses are not considered a functional expense category (for GAAP reporting) for independent institutions.

Independent Operations: The independent operations classification includes the expenses of separately organized operations owned or controlled by an institution that are unrelated to, or independent of, the institution's mission but that may enhance its mission. This classification generally is limited to expenses associated with commercial enterprises and specific federally funded research and development centers (FFRDCs) operated by the institution but not established to provide services primarily to students, faculty, or staff.

Activities operated as auxiliary enterprises (that is, those established to provide a service to students, faculty, or staff and charging a fee related to the cost of the service) are excluded from this classification, as are operations with commercial aspects that primarily support instruction, research, and/or public service. (For example, hospitals and ancillary support activities are excluded.) Also excluded are expenses associated with property owned and managed as investments of the institution's endowment funds.

**ACTION ITEM I. C. BOARD ACTION ON COMMITTEE RECOMMENDATION REGARDING  
THE FINAL FY25 OPERATING BUDGET**

The relationship between the institution and the independent operation needs to be carefully examined to determine the proper accounting. Independent institutions need to determine if the relationship requires consolidation of the independent operation or use of the equity method of accounting (if the independent operation is a corporation).

## **ACTION ITEM I. D. BOARD ACTION ON COMMITTEE RECOMMENDATION REGARDING THE FY26 OPERATING AND CAPITAL BUDGETS REQUEST**

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

Annually, public universities are required to submit operations and capital requests budgets to Illinois Board of Higher Education (IBHE) in October. IBHE then prepares a budget that they present to their board for approval in December/January, this is then submitted by IBHE to the Governor's Office of Management and Budget. The Governor introduces a state budget in February and the General Assembly begins the appropriations process which determines the operations and capital budgets the University receives for the fiscal year.

The budget requests brought before the Northeastern Illinois University (University or NEIU) Board of Trustees and summarized in this report are FY2026 requests, for the year beginning July 1, 2025 and ending June 30, 2026.

The FY2026 Unrestricted Operating Budget request is based upon the FY2025 Unrestricted Operating Budget for the University and the University's budget requests for new funding for FY2026. 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 FY2025 budget, the State appropriation comprises 44.8 percent of projected revenues, while tuition and other revenues comprised 55.2 percent. For the FY2024 budget, State appropriation comprised 46.8 percent of projected revenues and 44.5 percent of the FY2023 budget. This highlights the State's crucial role in funding higher education institutions as ongoing challenges to student enrollment continue to persist.

This budget request includes moderate funding requests for salary and cost increases, as well as University's strategic planning initiatives. The total of State appropriations and University Income Fund revenues represents the 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.

**FY2025 Budget Development Schedule:** Table 1 provides a schedule of the budget development process. The Board of Trustees receives the initial FY2026 budget request in September, 2024, and the Board is scheduled to take action on the University's FY2026 preliminary Operating Budget in June, 2025 and on the FY2026 final Operating Budget in September, 2025.

**Operations:** The University's Unrestricted Operating Budget request for FY2026 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 strategic planning initiatives for FY2026.

**Capital Improvements:** Table 5 summarizes the FY2026 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

**ACTION ITEM I. D. BOARD ACTION ON COMMITTEE RECOMMENDATION REGARDING  
THE FY26 OPERATING AND CAPITAL BUDGETS REQUEST**

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 FY2025 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  
FY2026 BUDGET DEVELOPMENT SCHEDULE  
FY2026 begins on July 1, 2025 and ends on June 30, 2026  
(Development schedule is subject to change)**

<b>September 2024</b>	Discussion and approval of the FY2026 operating and capital budget requests by NEIU Board of Trustees
<b>October 2024</b>	NEIU Board Finance Committee review and recommendation on FY2026 tuition and fee rates
<b>November 2024</b>	NEIU Board action on FY2026 tuition and fee rates
<b>January 2025</b>	Illinois Board of Higher Education action on FY2026 higher education operations, grants, and capital improvements recommendations
<b>February 2025</b>	Governor's FY2026 Budget Address
<b>May 2025</b>	General Assembly's action on FY2026 appropriations
<b>June 2025</b>	Governor's action on FY2026 appropriations
	NEIU Board of Trustees' action on preliminary FY2026 University Operating Budget
<b>September 2025</b>	NEIU Board of Trustees' action on final detailed FY2026 University Operating Budget

**ACTION ITEM I. D. BOARD ACTION ON COMMITTEE RECOMMENDATION REGARDING  
 THE FY26 OPERATING AND CAPITAL BUDGETS REQUEST**

**FY2026 OPERATING REQUEST**

Developing the FY2026 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.

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 to support faculty and staff salaries and unavoidable cost increases.

The University’s Unrestricted Operating Budget request for FY2026 totals \$104,410,900, an increase of \$13,497,900, or 14.8% percent, above the FY2025 Unrestricted Operating Budget. The FY2026 Unrestricted Operating Budget request includes salary and cost increases totaling \$10,047,900, and requests of \$3,450,000 for strategic planning initiatives. Table 2 summarizes the Unrestricted Operating Budget request.

**Table 2  
 FY2026 OPERATING BUDGET REQUEST  
 STATE APPROPRIATIONS AND UNIVERSITY INCOME FUNDS**

(in thousands of dollars)

<b>Base (FY2025 Budget)</b>	<b>\$ 90,913.0</b>
Projected Salary and Cost Increases	10,047.9
Strategic Program Initiatives	3,450.0
<b>FY2026 Operating Budget Request</b>	<b>\$ 104,410.9</b>
Dollar Change From Previous Year	13,497.9
Percent Change From Previous Year	14.8%

**ACTION ITEM I. D. BOARD ACTION ON COMMITTEE RECOMMENDATION REGARDING  
 THE FY26 OPERATING AND CAPITAL BUDGETS REQUEST**

**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 \$2,275,900 or 3.3 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; as well as increases related to faculty promotion and addressing overall equity and compression of salaries.

Non-salary cost increases include a 4.0 percent increase based on the 2023 Higher Education Price Index (HEPI). This is the most recent data available.

The request also includes additional fiscal pressures identified in FY2026 such as cost escalation of Capital Development Board (CDB) projects, impact of new Federal labor rules, and funding needed for a new academic program expected to launch in FY2026.

**Table 3  
 FY2026 OPERATING BUDGET REQUEST  
 SALARY AND COST INCREASES**

(in thousands of dollars)

	FY2025 Base	FY2026 Increase	
		Amount	Percent
Salary and Benefits Increases	\$ 69,757.2	\$ 2,312.3	3.3%
Additional Fiscal Pressures Identified in FY2026	-	3,289.4	3.0
Unfunded Mandates	2,786.0	58.5	2.1
All Other Operating Costs	18,369.8	4,387.7	23.9
<b>Total</b>	<b>\$ 90,913.0</b>	<b>\$ 10,047.9</b>	<b>11.1%</b>

**Notes:**

1. Increased amount does not include strategic priorities in Table 4.
2. Other operating costs include such items as maintenance and service contracts, equipment for instructional and support programs, and general supplies.
3. Additional fiscal pressures identified in FY2026 include the following:

Description	Amount
Cost escalation of CDB projects	\$ 2,580.0
Impact of new Federal labor rules	644.4
Cost of new academic program expected to launch in FY26 - Ed.D. in Leadership, Equity, & Inquiry	65.0
<b>Total</b>	<b>\$ 3,289.4</b>

**ACTION ITEM I. D. BOARD ACTION ON COMMITTEE RECOMMENDATION REGARDING  
 THE FY26 OPERATING AND CAPITAL BUDGETS REQUEST**

1. Unfunded mandates include the following:

Description	Amount
Health Insurance Reserve Fund	\$ 1,072.6
Paid Leave for All Workers	1,000.0
Wellness Kiosk	5.0
Feminine Hygiene Products	15.0
Mandatory Waivers:	
Veterans and National Guard Scholarship	276.7
Reserve Officers' Training Corps (ROTC)	50.2
Teacher Special Education	278.5
Department of Children and Family Services (DCFS)	19.9
Children of Employees	47.1
Senior Citizens	21.1
<b>Total</b>	\$ <b>2,786.0</b>

**ACTION ITEM I. D. BOARD ACTION ON COMMITTEE RECOMMENDATION REGARDING  
THE FY26 OPERATING AND CAPITAL BUDGETS REQUEST**

**President’s Strategic Planning Initiatives**

Table 4 presents an overview of the strategic planning initiatives included in the FY2026 budget request.

**Table 4  
FISCAL YEAR 2026  
PRESIDENT’S STRATEGIC PLANNING INITIATIVES**

**Student Success**

President’s Strategic Initiative: NEIU One-Stop Shop	\$ 2,200,000
The One Stop Center will serve all NEIU students by providing seamless, accessible services that reflect the diversity of our campus community. This includes not only the 48% of Latinx students, with dedicated bilingual support for advising, enrollment activities, and inquiries, but also extending our commitment to our African American students, low-income individuals, adult learners, and evening students. Our goal is to ensure that every student, regardless of background or circumstance, experiences equitable and comprehensive guidance in navigating their academic journey.	

**Academic Excellence and Innovation**

Nursing Program and Simulation Lab	1,250,000
Purchase necessary equipment and supplies for the development of the nursing simulation lab. Completion of the lab is an important milestone in moving the new nursing program forward for assessment and approval. Given NEIU’s Latino enrollment demographics, the program will respond to several nursing demands, including the need of more Latino nurses to serve the increasing number of Latinos in the U.S. which is projected to reach 30% of the nation’s population by 2050, according to the U.S. Census Bureau and Pew Research Institute.	

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<b>Total</b>	<b>\$ 3,450,000</b>
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Both of these initiatives are strategically designed to enhance student success, with a specific focus on supporting Latinx, Black, and Pell-eligible students, and also serve as a building block towards getting the Seal of Excelencia.

Further, as part of an NEIU multi-year strategic planning and development process, the University will include re-establishment of an annual integrated strategic planning into budget development process with NEIU’s University Planning and Budget Council (UPBC), and will review the last three fiscal years of proposed strategic planning initiatives.

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**TUITION AND FEES**

Timing the formal request for the approval of tuition and fee rates involves balancing the informational needs of students and parents to ensure they are fully informed of college cost when making enrollment decisions and the ability of the University to consider the available State funding. In November 2023, the NEIU Board of Trustees adopted tuition and fee rates for FY2025, the academic year beginning with the Fall of 2024 semester with no increase in tuition and fees. For FY2026, the tuition and fee recommendations will be brought to the Board Finance Committee for discussion in October 2024, and to the Board for action at the November 2024 meeting.

**CAPITAL IMPROVEMENTS**

Table 5 summarizes capital improvement requests for FY2026. Requested capital projects total \$399,143,355 with \$332,633,258 in Regular Capital projects and \$66,510,097 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 2026 REQUEST  
 CAPITAL APPROPRIATIONS**

(in thousands of dollars)	<u>Priority No.</u>	<u>Estimated Project Cost</u>
<b><u>REGULAR CAPITAL PROJECTS</u></b>		<b>\$ 332,633.3</b>
Education Building, furniture, fixtures & equipment	1	14,018.0
Mixed use facility	2	60,362.5
Science Building, planning	3	11,208.3
Science Building, construction	4	143,197.0
Science Building, furniture, fixtures equipment	5	27,129.0
Lech Walesa Hall, remodeling	6	21,235.9
Ronald Williams Library renovation	7	55,482.5
<b><u>CAPITAL RENEWAL PROJECTS</u></b>		<b>\$ 66,510.1</b>
Cogeneration and Efficiency	1	3,320.7
Campus Roof Replacement	2	13,030.2
PE Complex, Pool Leak Repair	3	9,398.4
ADA Restrooms	4	4,102.9
Parking lot D replacement	5	2,051.5
Masonry and Building Envelope, replacements	6	12,309.2
Building D and E exterior window wall, replacement	7	4,167.4
Five science lab renovations	8	6,431.7
Fume hoods	9	1,440.5
Lower Level Egress and Fire Separation	10	10,257.7
<b><u>TOTAL CAPITAL REQUESTS</u></b>		<b>\$ 399,143.4</b>

Note: All projects reflect FY2025 Capital Development Board cost guidelines.

## **ACTION ITEM I. D. BOARD ACTION ON COMMITTEE RECOMMENDATION REGARDING THE FY26 OPERATING AND CAPITAL BUDGETS REQUEST**

A brief description of each project follows. The projected cost of all projects reflects the FY2025 Illinois Capital Development Board cost guidelines for FY2026 budget preparation.

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

#### **2026-1 Education Building, Furniture, Fixtures & Equipment - \$14,018,000**

This request is for funds to provide moveable equipment in the new Education Building, which is slated to be completed by September 2026. Equipment includes classroom and office furniture, computer laboratory equipment and furniture, and general supportive equipment for the academic departments and support services.

#### **2026-2 Mixed Use Facility - \$60,362,534**

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 additional parking.

#### **2026-3 Science Building Planning - \$11,208,280**

#### **2026-4 Science Building Construction - \$143,197,001**

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.

#### **2026-5 Science Building Modernization, Furniture, Fixtures & Equipment - \$27,129,000**

This request is for funds to provide moveable equipment in the new Science Building, which are Capital Project requests 2026-3 and 2026-4. Equipment includes classroom and office furniture, wet and dry laboratory equipment and furniture, and general supportive equipment for the academic departments and support services.

#### **2026-6 Lech Walesa Hall Remodeling - \$21,235,935**

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 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.

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

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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 blocks. 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 spaces.

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

Gross abatement of all floor tile and mastic containing asbestos will be completed. Asbestos abatement consists of the removal of the floor tile and mastic.

**ACTION ITEM I. D. BOARD ACTION ON COMMITTEE RECOMMENDATION REGARDING  
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**2026-7 Ronald Williams Library Renovation - \$55,482,508**

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 wayfinding.

**B. Capital Renewal Projects**

**2026-1 Cogeneration and Efficiency - \$3,320,653**

Northeastern seeks to further its electrical upgrade, allowing for all campus spaces to continue modernization, security, and efficiency. This project would provide funds to rebuild the infrastructure needed to preserve our Cogeneration apparatus on campus, extending its life and improving its overall efficiency.

Additionally, this project would include efficiency upgrades campus wide to equipment from lighting to HVAC to lower our overall energy needs making our cogeneration more feasible on the days when we experience the highest need while also saving the university money annually in utility costs.

**2026-2 Roof Replacement - \$13,030,192**

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 existing roof):

- A. Building B (1989):
  - (i) Roof replacement and all associated work (including flashing, coping, etc. as required).
  
- B. Building C (1989):
  - (i) Roof replacement and all associated work (including flashing, coping, etc. as required).
  - (ii) Repairs to deteriorated exterior concrete overhang slabs and

**ACTION ITEM I. D. BOARD ACTION ON COMMITTEE RECOMMENDATION REGARDING  
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posts, which act as sunscreen.

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

**2026-3 Physical Education Complex, Pool Leak Repair - \$9,398,393**

The 35-year-old concrete pool structure in the has started to demonstrate significant water loss of up to 5,000 gallons/day due to degraded waterproofing membrane inside the supply/drainage trench, leaking joints in the pool floor and cracks in the pool walls and gutter, other areas of localized tile substrate deterioration on the pool walls and freshwater mortar supply trenches in the pool floor. The concrete surfaces of the south pool deck, crawl space underneath, and in the mechanical room have evidence concrete and steel deterioration in a form of delaminated concrete, leaking cracks in the walls and underside of the pool deck, section loss at steel pipe drains and scuppers and corrosion of steel platform supports. Structural settlement observed at the west pool deck and cracks in the CMU walls have appeared. For the pool to remain serviceable, the aforementioned deteriorated items should be repaired by conventional repair methodologies executed by an experienced specialty concrete repair contractor and the structural settlement issues addressed.

The scope will also include replacing the outdated water filtration system and associated piping, roof leaks due to structural settlement, and repairs of the steel sump pump pit will require a specialty contractor depending on the repair approach.

**2026-4 ADA Restrooms Renovations - \$4,102,932**

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

**2026-5 Parking Lot D Renovation - \$2,051,534**

**ACTION ITEM I. D. BOARD ACTION ON COMMITTEE RECOMMENDATION REGARDING  
THE FY26 OPERATING AND CAPITAL BUDGETS REQUEST**

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 lot was slated to be rebuilt in 2015.

**2026-6 Masonry and Building Envelope, Replacements - \$12,309,204**

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 curtain walls repairs and/or replacements to address these concerns.

**2026-7 Buildings D & E Exterior Window Wall Replacement - \$4,167,406**

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.

**2026-8 Five Science Lab Renovations - \$6,431,659**

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.

**2026-9 Fume Hoods - \$1,440,455**

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.

**2026-10 Lower Level Egress and Fire Separation - \$10,257,669**

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.

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**Recommended Action**

I request that the Board adopt the Finance, Buildings and Grounds Committee's recommendation to approve the FY26 Operating and Capital Budgets Request as presented.

**ACTION ITEM I. E. BOARD ACTION ON COMMITTEE RECOMMENDATION REGARDING  
THE SHORTFALL FUNDING OF CAPITAL DEVELOPMENT PROJECT  
NO. 871-010-082**

**Project Background and Scope**

The Capital Development Board (CDB) has appropriated funds in the amount of \$2,360,209 to upgrade the HVAC system located in the Science Building (BBH) at the University's main campus.

This Project will retrofit the ventilating system, including all exhaust hoods in the Science Building with new equipment and controls. This retrofit will ensure occupant safety, maintain compliance with current regulations, improve occupant comfort and energy efficiency, and provide flexibility for future change. The building, constructed in 1972, utilizes a constant velocity ventilation system with reheat coils.

This Project has a few major components. First the air handling system will be converted from a constant supply to a variable volume supply system. All of the existing mixing boxes will be replaced and variable drives will be installed on all main supply and return fans and exhaust hood fans. The second component will be to add controls connecting the new mixing boxes with the existing exhaust hoods in the rooms, allowing the required air supply to each room to meet the demand. The building vestibules will be constructed where possible to improve occupant comfort and energy efficiency.

After several project budget cost reviews, it was determined that the project will actually cost \$2,731,300 resulting in an appropriated funds shortfall totaling \$371,091. NEIU has been asked to fund the shortfall for this project.

Once the funding shortfall funding is approved, CDB will review work performed on the project, approve payment requests to the Illinois Comptroller for project costs using appropriated funds, and send payment requests to the University for project costs using University funds.

**Project Cost**

The revised total cost of the Project is \$2,731,300 as follows:

CDB Funds:	\$2,360,209
<b>NEIU Contribution:</b>	<b>\$371,091 (Shortfall)</b>
This agreement ends June 30, 2028	

**Source of Funds**

Academic Enhancement Fee

**Recommended action**

I request that the Board adopt the Finance, Buildings and Grounds Committee's recommendation to approve shortfall funding not to exceed \$371,091 toward the Science Building (BBH) HVAC renovation (CDB Project No. 817-010-082) with a contract expiration date of June 30, 2028.

## **ACTION ITEM I. F. BOARD ACTION ON COMMITTEE RECOMMENDATION REGARDING THE MARKHAM PRAIRIE**

### **Summary**

Northeastern Illinois University's (NEIU) Gensburg-Markham Prairie, a 100-acre remnant prairie, is a live picture of what once covered the state of Illinois. Saved from development by NEIU, The Nature Conservancy, and Natural Land Institute in the 1970's, the prairie is now a dedicated Illinois Nature Preserve and National Natural Landmark. This one-of-a-kind natural area is refuge to threatened and endangered species and provides student internship and research opportunities. The dedication of these parcels is consistent with Northeastern's long term objectives to enhance the quality of all areas of its preserve. Dedication of these parcels is also consistent with NEIU's commitment from a September 20, 2007 Board resolution. These parcels are already owned by NEIU and the dedication will not incur any cost.

The Illinois Nature Preserves Commission (INPC) serves as the state agency that assists private and public landowners, including Northeastern Illinois University, to protect high quality natural areas and habitats of threatened and endangered species, in this case the Gensburg-Markham Prairie. To dedicate the remaining parcels under NEIU possession as 'Nature Preserve Additions' or 'Nature Preserve Buffer Additions' will elevate their status and be afforded the highest level of legal protection available in Illinois under THE Illinois Natural Areas Preservation Act.

The University is requesting approval to move forward with the dedication process along with the Illinois Nature Preserves Commission of parcels within the Gensburg-Markham Prairie boundaries and three parcels owned by NEIU that are part of the larger Indian Boundary Prairies system in Markham, IL.

### **Background**

Northeastern Illinois University's Gensburg-Markham Prairie (GMP), located within the City of Markham, is a 100-acre remnant of the lake plain prairies on which the greater Chicagoland area is built. Gensburg-Markham Prairie is part of a conglomerate of prairies that have been collectively referred to as the Indian Boundary Prairies (IBP). These are surviving remnants of the vast prairie that once extended for miles along Lake Michigan and the Lake Plain Section of glacial Lake Chicago. The most pristine of five IBP sites, Gensburg-Markham Prairie supports several endangered and threatened species including the Eastern Prairie Fringed Orchid. The prairie is open to the public and used by Northeastern and local elementary classes, volunteer groups, environmental professionals and researchers, and other members of the general public. Its status as an Illinois Nature Preserve ensures its legal protection in perpetuity so its features may endure for future generations.

Four of the five IBP preserves are owned and managed by The Nature Conservancy (TNC), one of the largest non-profit environmental organizations in the country. For more than 40 years, Northeastern Illinois University has worked closely with TNC to expand, manage and protect the Indian Boundary Prairies.

### **Dedication Process and Requirements**

A complete written proposal detailing the site's natural resources and allowable uses is submitted to the Illinois Nature Preserves Commission for review. The proposal was written by Martha Lopez-Salazar, Naturalist for GMP, with help from INPC's Kim Roman, Region 2 Natural Areas Preservation Specialist, and TNC's Karl Gnaedinger, Site Manager for the Indian Boundary Prairies. The written proposal will be presented during a public meeting of the INPC for its 9-member board to vote on the site's suitability in the Illinois Nature Preserves system. If approved, the legal instrument of dedication will be prepared for the signatures representing NEIU, INPC, Illinois Department of Natural Resources, and the Governor of Illinois to be presented at another public meeting of the INPC.

**ACTION ITEM I. F. BOARD ACTION ON COMMITTEE RECOMMENDATION REGARDING THE MARKHAM PRAIRIE**

There is no cost to NEIU to dedicate land as a Nature Preserve. Individual parcel legal descriptions and maps have already been prepared. INPC and IDNR will cover the cost of recording documents with Cook County.

The dedication of these parcels is consistent with Northeastern's long term objectives to enhance the quality of all areas of the preserve. Dedication of these parcels is also consistent with NEIU's commitment from the September 20, 2007 Board resolution:

1. Northeastern agrees to accept to the inholdings of vacated property that is transferred to the University as the result of the vacation of the land previously dedicated for use as a public roadway, at no cost to the University.
2. Northeastern agrees upon vacation of land previously dedicated for use as a public roadway, the University will execute a dedication of such land as an Illinois State Nature Preserve under the Illinois Natural Areas Preservation Act, as the current adjacent University-owned parcels are already so dedicated.

**Recommended Action**

I request that the Board adopt the Finance, Buildings and Grounds Committee's recommendation to approve certain land parcels at the Gensburg-Markham Prairie to be dedicated as Illinois State Nature Preserve additions and Illinois State Nature Preserve buffer zones as provided for under the Illinois Natural Areas Preservation Act. This recommendation is made with the understanding that approval of such changes to the Gensburg-Markham Prairie does not financially bind the University.



## **INFORMATION ITEM II. A. NEW TENURE TRACK FACULTY**

### **Dr. Kyle Goodwin, Counselor Education**

Dr. Kyle Goodwin is a licensed clinical professional counselor (LCPC) in the state of Illinois. Dr. Goodwin is a military veteran who wishes to explore beneficial techniques for better help veterans, active-duty personnel, and first responders in coping with their traumatic experiences. Dr. Goodwin also specializes in men's issues, working with men of different backgrounds to process feelings and emotions to live beyond the social constructs placed on men.

### **Todd Irwin, Art+Design**

Todd Irwin earned his MFA from Ohio University with a concentration in Printmaking, Sculpture + Expanded Practice. His work moves between 2D prints, 3D objects, time-based media, and installation. He is an active member of the Chicago Printers Guild, and co-founder of Power Washer Zine, publishing and exhibiting work that explore themes of play, appropriation, and design.

### **Dr. Denana Miodragovic, Chemistry**

Dr. Miodragovic earned a Ph.D. in Chemistry at the University of Belgrade, Serbia. She conducted her postdoctoral studies at Northwestern University, where she developed and patented a new class of anticancer agents, which she named arsenoplatins. Dr. Miodragovic has taught undergraduate and graduate courses at NEIU since 2011 and received the Students Choice Award and Instructor Excellence Award. She continues her research on arsenoplatins, which are now being tested at the National Cancer Institute and in vivo at Northwestern University. Her work is funded through ChicagoCHEC.

### **Dr. Kirsis Pipre, Counselor Education**

Dr. Dipre earned a Ph.D. in Counselor Education and Supervision from Syracuse University and a master's degree from The Family Institute at Northwestern University. Her research and scholarly interests are focused on utilization of mental health services among Latine/x populations, mental health needs of Afro-Latine/x clients, and mentorship in counselor education programs.

### **Dr. Jennifer Ventimiglia, Educational Leadership**

Dr. Ventimiglia earned an Ed.D. in Education Policy, Organization & Leadership with a concentration in Global Studies in Education from the University of Illinois Urbana-Champaign; a master's degree in Educational Leadership from the University of California, Berkeley; and a master's degree in TESOL from American University. She has worked in the field of education for over 20 years as a school leader, instructional coach, and educator in the U.S. and abroad. Her research interests include educational leadership, international education, and equity and social justice.

### **Dr. Li Wang, Computer Science**

Dr. Wang earned his Ph.D. in Information Sciences and Technology from The Pennsylvania State University. His research focuses on cybersecurity, including network security, software security, and using emerging technologies to solve security problems. He has taught courses in computer science and cybersecurity. He previously served as an assistant professor at Fontbonne University, Clayton, Missouri.

### **Dr. Lizi Zhu, Computer Science**

Dr. Zhu, a computer scientist and financial economist, holds a Ph.D. from the Illinois Institute of Technology, where he focused on technological and financial innovation in the structured products market. Before joining NEIU, he worked as a quantitative researcher and software engineer in the finance industry, developing pricing models and automated trading systems. His research interests include data privacy preservation and fintech. He is committed to bridging academia and industry across both computer science and finance.

**INFORMATION ITEM II. B. FY24 4<sup>TH</sup> QUARTER BUDGET TO ACTUALS**

The Northeastern Illinois University Board of Trustees at its May 31, 2023 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 21, 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 fourth quarter spending in the unrestricted budget and is summarized in Table 1, which also includes a comparison with year-to-date spending for FY2023.

**Table 1**  
 NORTHEASTERN ILLINOIS UNIVERSITY  
 FISCAL YEAR 2024 BUDGET TO ACTUAL COMPARISONS  
 FOR THE PERIOD ENDED JUNE 30, 2024  
 UNAUDITED FIGURES

	FY2023 Q4			FY2024 Q4				
	Adopted Budget	FY23 Actual YTD	% of Budget	Adopted Budget	Current Budget	Actual Year to Date	% of Current Budget	FY2024 Actual vs FY2024 Budget
<b>Revenue</b>								
State Appropriations	\$ 37,345,300	\$ 37,345,300	100.0%	\$ 39,960,000	\$ 39,960,000	\$ 39,959,500	100.0%	\$ (500) i
Net Tuition Revenue	42,172,200	45,686,721	108.3%	41,874,400	41,874,400	42,531,461	101.6%	657,061 i
Net Differential Tuition Revenue	972,400	821,177	84.4%	689,000	689,000	809,035	117.4%	120,035 i
Investment Income	1,000,000	3,044,517	304.5%	2,276,600	2,276,600	4,631,473	203.4%	2,354,873 {A}
All Other Sources	2,450,100	606,832	24.8%	500,000	500,000	856,393	171.3%	356,393 i
<b>Total Revenue</b>	<b>\$ 83,940,000</b>	<b>\$ 87,504,547</b>	<b>104.2%</b>	<b>\$ 85,300,000</b>	<b>\$ 85,300,000</b>	<b>\$ 88,787,862</b>	<b>104.1%</b>	<b>\$ 3,487,862</b>
<b>Expenditures</b>								
Personal Services	\$ 67,142,441	\$ 67,957,468	101.2%	\$ 67,901,380	\$ 68,217,902	\$ 70,310,447	103.1%	\$ (2,092,545) {B}
Contractual Services	11,208,876	11,285,377	100.7%	14,631,783	14,186,055	11,736,130	82.7%	2,449,925 {C}
Equipment	846,410	451,482	53.3%	431,986	1,079,630	657,686	60.9%	421,944 i
Commodities	775,075	552,244	71.3%	807,401	963,645	708,097	73.5%	255,548 i
Telecommunications	176,422	174,139	98.7%	176,700	175,705	122,358	69.6%	53,347 i
Travel	168,841	190,874	113.0%	197,750	293,691	201,855	68.7%	91,836 i
Permanent Improvements	25,000	-	0.0%	25,000	-	-	0.0%	- i
Operation of Auto Equip	20,935	29,073	138.9%	21,000	46,780	35,066	75.0%	11,714 i
Tuition Scholarships	1,299,000	1,383,176	106.5%	1,299,000	528,592	396,297	75.0%	132,295 i
Debt Service and Other Transfers	2,277,000	2,206,109	96.9%	2,308,000	2,308,000	2,360,264	102.3%	(52,264) i
Total Expenditures	83,940,000	84,229,942	100.3%	87,800,000	87,800,000	86,528,200	98.6%	1,271,800
BOT Reserve Allocation	-	-	-	(2,500,000)	(2,500,000)	-	-	(2,500,000) {D}
<b>Net Expenditures</b>	<b>\$ 83,940,000</b>	<b>\$ 84,229,942</b>	<b>100.3%</b>	<b>\$ 85,300,000</b>	<b>\$ 85,300,000</b>	<b>\$ 86,528,200</b>	<b>101.4%</b>	<b>\$ (1,228,200)</b>
<b>Excess Revenue Over Expenditures</b>						<b>\$ 2,259,662</b>		

**Notes:**

1. Adopted Budget column reflects the FY2024 budget presented to the Finance, Building and Grounds Committee on September 21, 2023.
2. The Current Budget reflects budget transfers processed between organizations and accounts.
3. "Actual Year to Date" or "Actual YTD" is current year expenses recorded or booked through September 11, 2024 and does not include encumbrances.

**INFORMATION ITEM II. B. FY24 4<sup>TH</sup> QUARTER BUDGET TO ACTUALS**

**Northeastern Illinois University  
 FY2024 Budget to Actual  
 Explanation for Variance**

{A} The favorable variance of \$2.4 million in investment income is attributed to higher short-term interest rates.

It is important to note that, initially, the Preliminary FY2024 Operating Budget estimated investment income at \$1.5 million. However, as interest rates remained elevated, the investment income projection was revised to \$2.2 million in Final FY2024 Operating Budget. The revised budgeted amount of \$2.2 million represents approximately 75% of the updated projection at that time, serving as a conservative estimate for budgeting purposes. This approach was designed to ensure that any surplus in investment income could offset the Board’s allocation of reserves to support the operating budget, should the projected income be realized.

The increase in investment income mostly are income earned from the Illinois Funds. Note that reimbursements from the State are deposited to the Illinois Funds. See comparison below.

	<b>Investment Income Earned from the Illinois Funds</b>		
	<b>As of June 2024</b>	<b>As of June 2023</b>	<b>Difference</b>
July	\$ 315,902	\$ 96,636	\$ 219,266
August	301,428	130,298	171,130
September	313,904	145,887	168,017
October	373,045	190,579	182,466
November	366,970	226,813	140,157
December	375,115	257,126	117,989
January	375,299	285,186	90,113
February	337,144	259,532	77,612
March	392,238	311,399	80,839
April	389,012	351,245	37,767
May	381,826	355,997	25,829
June	361,700	332,020	29,680
	<u>\$ 4,283,583</u>	<u>\$ 2,942,718</u>	<u>\$ 1,340,865</u>

{B} The budget to actual variance personal services line item category is primarily due to substantial increases in faculty overload and summer instruction costs, increasing from \$1.9 million in FY2023 to \$4.1 million in FY2024.

{C} The favorable variance of \$2.4 million in contractual services primarily stems from the State grant that University received amounting to \$2.2 million (IBHE Pell55) designated for various student support initiatives. Of this grant, \$1.9 million was allocated to support initiatives that had originally been funded by the University’s FY2024 unrestricted operating budget, including contractual services and tuition scholarships. This reallocation enabled the University to direct unrestricted funds towards one-time initiatives in Academic Affairs, Enrollment Management, and Student Affairs, all aimed to benefit students and faculty.

{D} The University’s revenue exceeded expectations, eliminating the need to tap into the \$2.5 million Board of Trustees-approved reserves set aside for FY2024. This is mainly due to the increase in investment income totaling \$2.4 million over budget. See explanation in {A} above.

i Change from prior fiscal year is immaterial.

**INFORMATION ITEM II. B. FY24 4<sup>TH</sup> QUARTER BUDGET TO ACTUALS**

Table 2 provides relevant information on the projected credit hours used in the budgeting process. In FY2024, there was a decrease of 3% in overall credit hour enrollment compared to FY2023, equaling a decline of 3,908 credit hours. However, the realized enrollment for FY2024 exceeded the budget projections by 3%, with an increase of 3,343 credit hours. Of this increase, 28% can be attributed to new undergraduate student enrollment, while 72% is from continuing undergraduate students.

**Table 2**  
 NORTHEASTERN ILLINOIS UNIVERSITY  
 ENROLLMENT COMPARISON OF PROJECTION AND ACTUALS

FY2024 ACTUAL				
Enrollment (Actual)	Fall	Spring	Summer	FY
UG - New	14,692	3,962	1,249	19,903
UG - Continuing	28,014	35,300	7,374	70,688
Grad. - New	3,126	1,584	757	5,467
Grad. Continuing	6,013	7,571	4,201	17,785
<b>Total</b>	<b>51,845</b>	<b>48,417</b>	<b>13,581</b>	<b>113,843</b>

FY2023 ACTUAL					FY2024 BUDGET				
Enrollment	Fall	Spring	Summer	FY	Credit Hour Proj.	Fall	Spring	Summer	FY
UG - New	14,361	4,178	1,169	19,708	UG - New	14,762	3,128	499	18,389
UG - Continuing	29,732	35,815	8,092	73,638	UG - Continuing	27,724	33,726	6,528	67,978
Grad. - New	3,099	1,592	831	5,522	Grad. - New	3,337	1,675	1,025	6,037
Grad. Continuing	6,720	7,899	4,263	18,882	Grad. Continuing	6,312	7,888	3,896	18,096
<b>Total</b>	<b>53,912</b>	<b>49,484</b>	<b>14,356</b>	<b>117,751</b>	<b>Total</b>	<b>52,135</b>	<b>46,417</b>	<b>11,948</b>	<b>110,500</b>

FY24 % Diff. from FY23	Fall	Spring	Summer	FY	Actual % Diff. from Proj.	Fall	Spring	Summer	FY
UG - New	2%	-5%	7%	1%	UG - New	0%	27%	150%	8%
UG - Continuing	-6%	-1%	-9%	-4%	UG - Continuing	1%	5%	13%	4%
Grad. - New	1%	-1%	-9%	-1%	Grad. - New	-6%	-5%	-26%	-9%
Grad. Continuing	-11%	-4%	-1%	-6%	Grad. Continuing	-5%	-4%	8%	-2%
<b>Total</b>	<b>-4%</b>	<b>-2%</b>	<b>-5%</b>	<b>-3%</b>	<b>Total</b>	<b>-1%</b>	<b>4%</b>	<b>14%</b>	<b>3%</b>

**Notes:**

1. Enrollment represents credit hour enrollment as of the census date for each semester within a fiscal year.
2. Credit Hour Projection is built from a mixture of E.M. goals on new student enrollment (NFTF, Transfers) and model projections adjusted for estimates by E.M.

**INFORMATION ITEM II. C. PURCHASES OF AT LEAST \$150,000 BUT LESS THAN \$250,000**

Board of Trustees' Regulations require that the President report to the Board purchases of at least \$100,000 but less than \$250,000, 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>CONTRACT AMOUNT</b>
Stuckey Construction Co. (Non-BEP)	Recital Hall and Stage Center Renovations	\$208,934.50