



President's Report

to the

Board of Trustees

October 11, 2022

 **Northeastern**
ILLINOIS UNIVERSITY



ACTION ITEM I. A. APPROVAL OF RECOMMENDATION TO ADOPT FY2023 UNIVERSITY OPERATING BUDGET

Summary

The University is requesting an operating budget of \$83,940,000 for Fiscal Year 2023. This represents a decrease of 7.0% from FY2022, due primarily to a decrease in enrollment, both among new and continuing students. The FY2023 budget is based on an 11.1% decline in projected tuition revenue and a 5% increase in the State appropriation. The requested operating budget is balanced between revenues and expenditures, in part by relying on \$2.4 million in Federal COVID-19 relief funding that has been deferred from FY2022 and a transitory increase of \$650,000 in anticipated interest income. These transitory funding streams will not be available in FY2024, and sustainability planning is necessary to address the gap.

The operating budget presented in this request is substantially different from the FY2023 Preliminary Operating Budget request approved by the Board on June 9, 2022 and from the Final FY23 Operating Budget request presented to the Finance, Building and Grounds committee on August 15, 2022. After the August committee meeting, realized enrollments for the Fall 2022 semester have come in significantly below forecast. In response, the committee requested a revision to the final budget. The revised final budget is presented below.

Key differences in the budget presented here include increased reliance on lost revenue grants through COVID-19 relief funding, an increase in anticipated interest income, higher-than-anticipated NEST occupancy, delayed hiring of vacant positions, limited restructuring of operations, and some reduction in non-personnel expenses.

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, 2022 and ending on June 30, 2023. A preliminary FY2023 budget was approved at the June 2022 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 FY2023 internal budget.

The University's unrestricted operating budget is comprised of two main sources of funds – state general funds appropriations (approximately 43 percent of operating revenues) and university income funds, mostly tuition (approximately 57 percent of operating revenues).

State appropriation

In FY2022, the University received an appropriation of \$35,566,900. In April 2022, the Governor signed into law a budget that called for a 5% increase of \$1,788,400, to a total of \$37,345,300 for FY2023. The final budget presented here includes this level of appropriation.

ACTION ITEM I. A. APPROVAL OF RECOMMENDATION TO ADOPT FY2023 UNIVERSITY OPERATING BUDGET

Income fund

The unrestricted operating budget reflects the tuition and fee rates adopted by the Board in November 2021 for FY2023, and enrollment projections developed internally by the University. These tuition rates include no increase in undergraduate tuition, currently \$420.44 per credit hour for Illinois residents and a two percent increase for new graduate students from \$441.46 to \$450.29 per credit hour for Illinois residents.

The forecast for FY2023 tuition revenues is based on an examination of the flow of new and continuing graduate and undergraduate students.

The forecast for new student credit hours includes the impact of the NEIU for YOU program approved by the Board of Trustees during FY2022. This program is designed to reverse the declining trend in new student enrollment. The program established targets of 400 new first-time full-time freshmen, 900 new transfer students, and 538 new graduate students for Fall 2022. The FY2023 preliminary budget was built around these targets. However, actual fall enrollments were 516 freshmen, 581 transfers, and 449 graduate students. In total, this represents 16% fewer new enrolled students than anticipated.

For continuing students, declining enrollment in recent years leads to persistent future declines as well, and incoming classes are not sufficient to replace the flow of students who are graduating. For this reason, the preliminary budget anticipated a decline of 7.9% in continuing enrollment. Based on fall enrollments, the forecast has been revised to reflect an anticipated 14% decline.

The preliminary budget anticipated 128,300 credit hours for FY2023. The revised budget presented here is based on a projection of 112,900 credit hours. Based on the cohort mix of students, this translates into a decline in tuition revenue of 11.1% from the preliminary budget.

In the previous fiscal year, Other Income included \$2,788,000 in federal COVID-19 relief funding. Lower-than-anticipated spending during that fiscal year resulted in a reduced need to claim these funds and they have not to date been claimed. In addition, there has been an extension in the time period available to claim expenditures against the associated federal grants. As a result of these events, the University is budgeting for \$2,400,000 in COVID-19 relief funding during FY2023. This is reflected as part of Other Income in Table 1.

In addition to the appropriation and tuition revenue, the University generates some income from interest on cash balances and miscellaneous sales. A favorable interest rate environment has led to a larger than anticipated inflow in interest income, leading to an increase in projected interest of \$650,000 since the preliminary budget was prepared.

Expenditures

Expenditures for FY2023 are balanced to anticipated operating revenues of \$83,940,000 as outlined above. In response to the enrollment shortfall relative to the preliminary budget projections, financial managers were asked to identify both one-time and ongoing structural adjustments to ensure a balanced budget. Reductions included \$2.9 million in personal services costs, primarily through elimination of vacant positions and course scheduling adjustments, \$200,000 in reduced occupancy contributions due to increase enrollment in the NEST, and \$235,000 in non-personnel costs.

**ACTION ITEM I. A. APPROVAL OF RECOMMENDATION TO ADOPT FY2023 UNIVERSITY
OPERATING BUDGET**

Restricted operating funds

In addition to the unrestricted operating budget, this final plan includes forecasts for the restricted operating budget, which includes student fee programs, auxiliary services, indirect costs and grant sources. The restricted operating budget includes expenditures from revenue sources that are restricted either by an external requirement or by internal accounting policy. Preliminary student fee program budgets reflect the fee rates as approved by the Board of Trustees in November 2021. These restricted operating funds are projected to total \$59,279,300 in FY2023. This represents a decline of \$5,676,000 from FY2022, primarily due to the decline in federal COVID-19 support and a decline in student fee-supported activities, due to anticipated declines in credit hour enrollment.

The total FY2023 budget is summarized in Table 1. Resources available for operating purposes in FY2023 are estimated at \$143,219,000, a decrease of \$11.9 million or 7.7 percent, from the FY2022 budget.

Recommended Action

I request that the Board of Trustees accept the Finance, Buildings and Grounds recommendation to adopt the FY2023 budget as presented in Tables 1 and 2 and outlined in the narrative above.

ACTION ITEM I. A. APPROVAL OF RECOMMENDATION TO ADOPT FY2023 UNIVERSITY OPERATING BUDGET

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

	FY2022 Budget	FY2023 Preliminary Budget	FY2023 Budget	Annual Change	
				Dollar	Percent
<u>Unrestricted Operating Budget</u>					
State General Funds Appropriations	\$ 35,566,900	\$ 37,345,300	\$ 37,345,300	\$ 1,778,400	5.0 %
University Income Fund - Tuition	50,780,200	47,412,000	42,172,200	(8,608,000)	(17.0)
University Income Fund - Tuition Differential	692,000	972,400	972,400	280,400	40.5
University Income Fund - Other*	3,188,700	1,600,000	3,450,100	261,400	8.2
<i>Unrestricted Operating Budget</i>	\$ 90,227,800	\$ 87,329,700	\$ 83,940,000	\$ (6,287,800)	(7.0) %
<u>Restricted Operating Budget</u>					
Student Fee Programs	\$ 9,001,100	\$ 8,412,600	\$ 8,412,600	\$ (588,500)	(6.5) %
Sales & Services	2,817,100	2,463,800	2,463,800	(353,300)	(12.5)
Auxiliary Services	3,977,900	4,056,500	4,056,500	78,600	2.0
Indirect Costs Recovery	2,138,900	1,870,600	1,870,600	(268,300)	(12.5)
Grants & Contracts-Education	600,000	600,000	600,000	-	-
State and Local Grants & Contracts	12,704,400	12,028,100	12,028,100	(676,300)	(5.3)
Federal Grants & Contracts**	32,926,000	28,926,000	28,926,000	(4,000,000)	(12.1)
Private Grants & Contracts	790,000	921,700	921,700	131,700	16.7
<i>Restricted Operating Budget</i>	\$ 64,955,400	\$ 59,279,300	\$ 59,279,300	\$ (5,676,100)	(8.7) %
Total Operating Budget	\$ 155,183,200	\$ 146,609,000	\$ 143,219,300	\$ (11,963,900)	(7.7) %

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

ACTION ITEM I. A. APPROVAL OF RECOMMENDATION TO ADOPT FY2023 UNIVERSITY OPERATING BUDGET

**Table 2
 NORTHEASTERN ILLINOIS UNIVERSITY
 Fiscal Year 2023 Operating Budget
 by Function and Line Item**

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

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

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

ACTION ITEM I. B. APPROVAL OF RECOMMENDATION TO ADOPT THE PRELIMINARY FY24 UNRESTRICTED OPERATING AND CAPITAL BUDGETS REQUEST

Introduction

The Northeastern Illinois University Board of Trustees is asked to approve the University operating budget request that represents spending plans for the fiscal year beginning on July 1, 2023 and ending on June 30, 2024.

This FY2024 Unrestricted Operating Budget request presented to the Board of Trustees acknowledges the current financial constraints in the State of Illinois, as well as recent enrollment trends and actions taken to impact student recruitment. This budget is intended to advance the strategic goals developed by the University community and endorsed by the Board. This budget request includes funding for new and continuing items that address the strategic initiatives identified by the University community and support our Strategic Goals and Action Steps.

The University continues to incorporate strategic planning and shared governance into budget development. The University Planning and Budget Council (UPBC) is the Board-recognized governance body for providing input and counsel to the University administration in the planning, development, and implementation of the University budget. The UPBC has two elected representatives from each of the academic colleges, one faculty member from the Library, the current NEIU faculty representative on the IBHE Faculty Advisory Council, two representatives from the Administrative and Professional Council, two from the Civil Service Council, two students appointed by the Student Government Association, and one dean chosen by the Provost's Deans Council. A UPBC chair having a three-year appointment is selected. Also, the University President, the Vice President for Finance and Administration, and the Executive Director of University Budgets are ex-officio members.

This FY2024 request budget reflects structural and strategic initiatives identified by the UPBC. During FY2022, the UPBC focused on initiatives that would positively impact enrollment and residence. This budget reflects the results of those recommendations, as well as strategic initiatives previously identified by the UPBC but not previously funded.

Overview of Operating and Capital Budget Requests

The budget requests brought before the Northeastern Illinois University Board of Trustees and summarized in this report are FY2024 requests, for the year beginning July 1, 2023 and ending June 30, 2024

The FY2024 Unrestricted Operating Budget request is based upon the FY2023 Unrestricted Operating Budget for the University and the University's budget requests for new funding for FY2023. 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 prior year (FY2022) budget, the State appropriation comprised only 39 percent of projected revenues, while tuition and other local revenues comprised 57 percent and one-time federal funding related to the COVID-19 pandemic made up the remaining four percent. However, due to a favorable budget variance in expenditures, \$2,788,000 in federal funding related to COVID-19 relief funds were not used. A portion of that amount, \$2.4 million, has been deferred into the FY2023 budget. This is anticipated to be the final year that COVID-19 funds will be available.

ACTION ITEM I. B. APPROVAL OF RECOMMENDATION TO ADOPT THE PRELIMINARY FY24 UNRESTRICTED OPERATING AND CAPITAL BUDGETS REQUEST

This budget request includes moderate funding requests for salary and cost increases, and the strategic planning initiatives reviewed by the University Planning and Budget Council. These are the University's highest priorities. 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.

FY2022 Budget Development Schedule Table 1 provides a schedule of the budget development process. The Board of Trustees will receive the initial FY2024 budget request in September, 2022, and the Board is scheduled to take action on the University's FY2024 preliminary Operating Budget in June, 2023 and on the FY2024 final Operating Budget in September, 2023.

Operations The University's Unrestricted Operating Budget request for FY2024 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 priority strategic planning initiatives for FY2024. These represent the highest University priorities identified through collaboration with the University Planning and Budget Council.

Capital Improvements Table 5 summarizes the FY2024 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 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 FY2022 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
FY2024 BUDGET DEVELOPMENT SCHEDULE
FY2024 begins on July 1, 2023 and ends on June 30, 2024
(Development schedule is subject to change)

October 2021	Discussion of preliminary FY2024 strategic priorities with University Planning and Budget Council
May 2022	Review from the University Planning and Budget Council to address FY2024 strategic priorities
September 2022	Discussion and approval of the FY2024 operating and capital budget requests by NEIU Board of Trustees

ACTION ITEM I. B. APPROVAL OF RECOMMENDATION TO ADOPT THE PRELIMINARY FY24 UNRESTRICTED OPERATING AND CAPITAL BUDGETS REQUEST

October 2022	NEIU Board Finance Committee review and recommendation on FY2024 tuition and fee rates
November 2022	NEIU Board action on FY2024 tuition and fee rates
January 2023	Illinois Board of Higher Education action on FY2024 higher education operations, grants, and capital improvements recommendations
February 2023	Governor's FY2024 Budget Address
May 2023	General Assembly's action on FY2024 appropriations
June 2023	Governor's action on FY2024 appropriations NEIU Board of Trustees' action on preliminary FY2024 University Operating Budget
September 2023	NEIU Board of Trustees' action on final detailed FY2024 University Operating Budget

STRATEGIC GOALS

The University has identified six strategic goals that guide the budget planning process and implementation.

Strategic Goal One – Student Success

Advance student success from recruitment through graduation by engaging all members of the Northeastern community.

Strategic Goal Two – Academic Excellence and Innovation

Implement and support curricular and pedagogical best practices aligned with the mission of the institution, student needs, the standards of the disciplines, and career and civic engagement opportunities.

Strategic Goal Three – Urban Leadership

Build upon Northeastern's tradition of community partnership and engagement by collaborating with educational, social service, governmental, philanthropic, and business organizations in Chicago and the region.

Strategic Goal Four – Exemplary Faculty and Staff

Invest in and support faculty and staff to foster a nationally recognized urban university and create a thriving work environment that makes Northeastern an employer of choice.

Strategic Goal Five – Enhanced University Operations

Improve operating efficiencies, physical and technological infrastructure and systems, and environmental sustainability in order to provide a supportive learning, teaching and working environment.

Strategic Goal Six – Fiscal Strength

Enhance Northeastern's financial position by diversifying revenue sources and by strengthening institutional relationships with donors, public and private entities, and alumni.

ACTION ITEM I. B. APPROVAL OF RECOMMENDATION TO ADOPT THE PRELIMINARY FY24 UNRESTRICTED OPERATING AND CAPITAL BUDGETS REQUEST

These are the president's FY22 Strategic Priorities developed with the cabinet in alignment with the Illinois Board of Higher Education's new strategic plan.

Equity

Recruitment: Advance outreach and recruitment to reinforce NEIU as a diverse, inclusive “university of choice” for Latina/o/x, African Americans and other students from underserved backgrounds.

Retention: Develop and advance best practices for academic and social support structures that enhance student success and retention.

Sustainability

Fundraising: Increase affordability of and access to NEIU students by leveraging public and private philanthropy, partnerships and shared fiscal responsibility.

Growth

Graduation: Increase placement of NEIU graduates in high demand positions to diversify the workforce and address historical inequities. (education initiatives) (career education, inclusive talent development, innovations and job creation)

FY2024 OPERATING REQUEST

Developing the FY2024 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 recommended by the University Planning and Budget Council.

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 level to support faculty and staff salaries and unavoidable cost increases.

The University Unrestricted Operating Budget request for FY2024 totals \$86,817,600 an increase of \$2,877,600, or 3.4 percent, above the FY2023 Unrestricted Operating Budget base. The FY2022 Unrestricted Operating Budget request includes salary and cost increases totaling \$2,062,600, and requests of \$815,000 for priority strategic planning initiatives. Table 2 summarizes the Unrestricted Operating Budget request.

ACTION ITEM I. B. APPROVAL OF RECOMMENDATION TO ADOPT THE PRELIMINARY FY24 UNRESTRICTED OPERATING AND CAPITAL BUDGETS REQUEST

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

(in thousands of dollars)

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

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 \$1,625,400 or 2.5 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.

Non-salary cost increases reflect a 2.3 percent increase based on the 2021 Higher Education Price Index Preliminary forecast (HEPI). This is the most recent data available.

ACTION ITEM I. B. APPROVAL OF RECOMMENDATION TO ADOPT THE PRELIMINARY FY24 UNRESTRICTED OPERATING AND CAPITAL BUDGETS REQUEST

**Table 3
 FY2024 OPERATING BUDGET REQUEST
 SALARY AND COST INCREASES**

(in thousands of dollars)

	<u>FY2023 Base</u>	<u>FY2024 Increase</u>	
		<u>Amount</u>	<u>Percent</u>
Salary Increases	\$ 65,015.1	\$ 1,625.4	2.5%
Social Security/Medicare	1,005.0	25.1	2.5
Utilities			
Electricity	2,289.0	52.6	2.3
Natural Gas/Propane	415.0	9.5	2.3
Water/Sewer	<u>44.0</u>	<u>1.0</u>	<u>2.3</u>
Subtotal	2,748.0	63.1	
Library Books and Materials	465.0	10.7	2.3
All Other Operating Costs	14,706.9	338.3	<u>2.3</u>
Total	<u>\$ 83,940.0</u>	<u>\$ 2,062.6</u>	<u>2.5%</u>

Notes:

Other operating costs include such items as maintenance and service contracts, equipment for instructional and support programs, and general supplies.

Compensation increases are required by collective bargaining agreements and provided to non-negotiated employees.

Cost increases except for compensation are based upon the Higher Education Price Index (HEPI), most recent available data for existing inflation.

ACTION ITEM I. B. APPROVAL OF RECOMMENDATION TO ADOPT THE PRELIMINARY FY24 UNRESTRICTED OPERATING AND CAPITAL BUDGETS REQUEST

Strategic Planning Initiatives - Integrating Strategic Planning Into Budget Development

The budget recommendations presented to the Board again include the recommendations and priorities identified by the UPBC. The vice presidents submitted to the UPBC projects for their areas and outlined their proposed work plans for meeting those priorities. The UPBC then reviewed and discussed the project requests.

To support those recommendations, \$815,000 is included in this FY2024 operating budget request. This includes strategic planning initiatives totaling \$300,000 that were endorsed by the UPBC during the current year planning process, along with \$515,000 in unfunded initiatives from prior years. Last year, requests totaling \$2,927,500 were included in the requested operating budget, and items totaling \$2,412,500 have been completed or have funding identified through HEERF COVID Relief funding, Strategic Planning Development Fund, NEIU for YOU, or the base operating budget. Table 4 presents an overview of the strategic planning initiatives included in the FY2024 request budget request.

**Table 4
 FISCAL YEAR 2024
 STRATEGIC PLANNING INITIATIVES**

<u>Student Success</u>	<u>\$ 350,000</u>
NEIU Sports exploratory committee ¹	200,000
Online Center to support online certificates and programs ²	150,000
<u>Urban Leadership</u>	<u>\$ 50,000</u>
Recruitment of public-sector cohorts ¹	50,000
<u>Student Success and Academic Excellence and Innovation</u>	<u>\$ 75,000</u>
Open Educational Resources ²	75,000
<u>Exemplary Faculty and Staff</u>	<u>\$ 50,000</u>
Faculty Speakers Bureau ¹	50,000
<u>Fiscal Strength</u>	<u>\$ 290,000</u>
Capital Campaign Support Personnel (2)	240,000
Alumni Relations Coordinator ²	50,000
Total	<u>\$ 815,000</u>

1. Endorsed by UPBC during the current fiscal year planning process.
2. Prior year initiatives not yet funded or completed.

**ACTION ITEM I. B. APPROVAL OF RECOMMENDATION TO ADOPT THE PRELIMINARY FY24
UNRESTRICTED OPERATING AND CAPITAL BUDGETS REQUEST**

Strategic Planning Initiatives

NEIU Sports Exploratory Committee: In collaboration with the proposal initiated by Student Government Association, prepare an exploratory study around the potential to bring intercollegiate athletics to Northeastern Illinois University.

Online Center: Create a centralized unit to coordinate and standardize the development of online certificate and degree programs.

Recruitment of Public Sector Employees: Local public sector employees may have an education benefit (tuition reimbursement) to pursue relevant degrees. Proposal suggests creating degree programs to attract and serve them, but we may already have several relevant degrees. Cohort and/or contract course model also suggested as possible avenue.

Open Educational Resources: Fund program to incentivize faculty to use/create open educational resources (OER) to decrease student textbook costs

Faculty Speakers Bureau: Faculty experts speaking to the community through various off-campus venues could raise our visibility to potential students. Creating and marketing a database of speakers, stipends for faculty participation.

Capital Campaign Support Personnel: Recruit one capital Campaign Development Officer: Increase fundraising capability by adding a full-time fundraising professional to maximize NEIU's capacity for donor outreach.

Alumni Relations Coordinator: Hire Alumni Communications Manager to enhance Alumni Relations Office program offerings and to oversee the revenue-generating membership program, and to manage daily office tasks.

TUITION AND FEES

Timing the formal request for the approval of tuition and fee rates involves compromising, between early adoption, allowing students and their parents to better plan for college costs, and later adoption, allowing the University to consider available state funding in determining tuition rates.

In November 2021, the Northeastern Board of Trustees adopted tuition and fee rates for FY2023, the academic year beginning in the fall of 2022. A set of tuition and fee recommendations for FY2024 will be brought to the Board Finance Committee for discussion in October 2022, and to the Board for action at the November 2022 meeting.

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CAPITAL IMPROVEMENTS

Table 5 summarizes capital improvement requests for FY2024. Requested capital projects total \$338,245,700, with \$281,897,600 in Regular Capital projects and \$56,318,100 in Capital Renewal projects. The requests also include a priority number for each project, as requested by the Illinois Board of Higher Education. Priority order also reflects consultation with the NEIU Board of Trustees.

**Table 5
 FISCAL YEAR 2024 REQUEST
 CAPITAL APPROPRIATIONS**

(in thousands of dollars)	<u>Priority</u>	<u>Estimated Project Cost</u>
REGULAR CAPITAL PROJECTS		\$ 281,927.6
Education Building, equipment	1	11,546.0
Science Building, planning	2	10,072.2
Science Building, construction	3	128,649.0
Science Building, equipment	4	21,280.0
Mixed use facility	5	48,783.7
Lech Walesa Hall, remodeling	6	17,173.7
Ronald Williams Library renovation	7	44,423.0
CAPITAL RENEWAL PROJECTS		\$ 56,318.1
Renovate E and F - One Stop Shop	1	10,803.3
Campus Roof Replacement	2	8,960.0
Lower Level Egress and Fire Separation	3	8,212.7
ADA Restrooms	4	3,285.1
Asbestos Abatement	5	3,285.1
Fume hoods	6	1,153.1
Building D and E exterior window wall, replacement	7	3,354.5
Masonry and Building Envelope, replacements	8	9,855.8
Five science lab renovations	9	5,343.9
Parking lot D replacement	10	2,064.6
TOTAL CAPITAL REQUESTS		\$ 338,245.7

Note: Projects reflect FY2023 Capital Development Board cost guidelines and will be updated as new guidelines are established.

ACTION ITEM I. B. APPROVAL OF RECOMMENDATION TO ADOPT THE PRELIMINARY FY24 UNRESTRICTED OPERATING AND CAPITAL BUDGETS REQUEST

A brief description of each project follows. The projected cost of all projects reflects the FY2022 Illinois Capital Development Board cost guidelines for FY2022 budget preparation.

A. Regular Capital Projects

2023-1 Education Building, Equipment - \$11,546,000

This request is for funds to provide moveable equipment in the new Education Building, which is slated to be completed by January 2021. Equipment includes classroom and office furniture, computer laboratory equipment and furniture, and general supportive equipment for the academic departments and support services.

2023-2 Science Building Planning - \$10,072,165

2023-3 Science Building Construction - \$128,649,015

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.

The current Science Building was constructed in 1972. It is a 3-story concrete frame, masonry veneer building. The major laboratories and other teaching spaces are located in the center of the building, with the offices located around the perimeter. Most of the offices are constructed in a unique double deck fashion with a group of offices located a half story up and down from the main circulation corridor. All of these offices are not, and cannot be modified to meet ADA accessibility requirements.

Since the building was constructed, the University enrollment has tripled, science teaching technology has changed, and laboratory health and safety procedures and building code regulations have changed. In 2004, the University initiated an effort to plan a modernization of the existing Science Building. The planning took approximately 15 months and was a collaborative effort between University administrators, science faculty, students, facilities management, and two architectural consultants, LCM and Burt, Hill. This process resulted in a plan to modernize the occupied Science Building in five phases over seven years.

The extensive phasing is necessary to keep as many laboratories available as possible during all phases and would be extraordinarily disruptive to the programs resident in the Science Building. Up to half of the labs in a given discipline would be undergoing modernization during each phase, so the phasing would require reduction in scheduled classes and their associated labs. In order to continue to have sufficient general classrooms available to support a minimal science teaching program, portable temporary buildings would also have to be rented to house the classrooms and offices that would be displaced during each phase.

In 2007, this multi-phased modernization of the building and associated costs was estimated to cost \$42.2 million. This was projected to be \$6.9 million more than if the building was completely vacated and remodeled in a single phase. The resulting modernized Science Building would not have any significant expansion, the labs would be half the size of the current recognized lab standard size, and the offices would still be inaccessible to handicapped persons.

Due to the increased costs and time required to remodel the existing building in phases, a new Laboratory Building near the current Science Building was considered as an alternative to phased remodeling. This

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approach would provide larger new laboratories, a somewhat shorter construction period, increased classroom space as the current labs in the Science Building are converted to classrooms, and much less disruption of ongoing University Programs. A new lab building would of course be separated from the faculty offices and classrooms, and the faculty offices in the current Science Building would still be handicapped inaccessible. A new lab building location would need to be constructed on limited land close to the present Science Building. Construction in this area would disrupt other campus long-range plans and may not be the best use of limited real estate. A new laboratory building would cost an estimated \$39.8 million.

After looking closely at remodeling the existing Science Building, and the alternative of a separate Laboratory Building, a completely new building with classrooms, teaching labs, research labs and offices was decided to be the most cost and time efficient way to provide a state-of-the-art science building which would support not only current programs but future programs in an environment much more conducive to utilizing current and future pedagogies than the current outdated structure. A new science building would cost an estimated \$69.8 million.

Located in the city of Chicago with the most diverse student population in the Midwest, a new science building together with the new Education Building puts Northeastern in the forefront of providing a first-class educational environment for the 21st century. Northeastern Illinois University is uniquely positioned to continue to address the needs of elementary and secondary education by providing diverse and well-prepared new teachers and supporting the continuing educational needs of current teachers, in particular, those in the Chicago Public Schools. Providing and supporting teachers in the 21st century, however, calls for new pedagogies, state- of-the-art science labs and research labs to attract top quality faculty.

Northeastern is requesting funding for a new Science Building to enhance its ability to contribute to the State of Illinois in the training of new teachers and in providing professional development opportunities to current teachers. The University is a proven leader in successfully graduating Hispanics and Asians. Northeastern's programs exemplify success, diversity, innovation, service, growth, and results.

2023-4 Science Building Modernization, Equipment - \$21,280,000

This request is for funds to provide moveable equipment in the new Science Building, which are Capital Project requests 2020-6 and 2020-7. Equipment includes classroom and office furniture, wet and dry laboratory equipment and furniture, and general supportive equipment for the academic departments and support services.

2023-5 Mixed Use Facility – \$48,783,715

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 parking.

The parking spaces that need to be added back into the site 950 spaces @ \$27,973 each. An additional \$5,379,500 is required for the mixed used facility.

2023-6 Lech Walesa Hall Remodeling (formerly Classroom Building) – \$17,173,693

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

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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 replacing perimeter heating and cooling units; 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 has 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 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 block. 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 space.

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 space 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.

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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 restored. All of the other 33 classrooms in the building will be refurbished with new fixed equipment and provisions made for 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.

The hot water and chilled water is provided to the building from a central plant. Interior spaces are served by a constant velocity air system, and the perimeter is served by induction terminal perimeter heating and cooling units. These induction units have been a major source of problems because the condensate pan in each unit is not connected to a drain system. The pans frequently overflow, resulting in water damage to the ceilings, walls and the contents of the rooms. These units have been rebuilt numerous times and key components are no longer available. These units will be replaced and a drainage system for the condensate pans installed. Gross abatement of all floor tile and mastic containing asbestos will be completed. Asbestos abatement consists of removal of the floor tile and mastic.

2023-7 Ronald Williams Library Renovation – \$44,423,034

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 way finding.

The master plan calls for a phased implementation on the first floor, and independent project pieces for the lower level and floors two through four, with particular budgets as follows:

1. Phase 1A: Outfitting the first floor with a new diversity of individual and collaborative furnishings, and providing an "Information Commons" of centrally located public computers.
2. Phase 1B: The renovation of current administrative services space into a new Library services area with new furniture, building systems, and furniture. Provision of a new printing area.
3. Phase 1C – Renovation of the southern half of the first floor, including demolishing of current reference desk. Provision of renovated building systems and finishes.

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4. Lower Level – Construct a new seminar room, condense and combine the server room spaces, rearrange the Illinois Regional Archives Depository spaces, and install compact shelving.
5. Second floor – Renovate the existing technical services and ombuds space into an administrative suite, quiet study space, and a relocated ombuds office.
6. Third floor – Construct small meeting rooms adjacent to the Center for Teaching and Learning, provide 14 group collaboration spaces, add a library instruction room, several large group study spaces, and varied casual seating spaces.
7. Fourth floor – Convert or renovate existing space for TRIO Program and the Language Learning Lab. Renovate entire floor with building systems, finishes, and furniture.
8. General spaces and other – Refurbish restrooms, stairwells, main entry vestibule, and security systems (access control, security cameras), update audiovisual systems, and hazardous materials abatement.

B. Capital Renewal Projects

2023-1-CR One Stop Shop - \$10,803,339

Remodeling E and F is needed to address deferred maintenance and programmatic needs. Building E has an HVAC system past its life cycle which supports its Auditorium, Accounts Payable, Media Services and Bookstore spaces. Abatement, HVAC, and ADA upgrades are necessary. Changes in space assignments are required to create a One Stop Shop to meet student needs. Current and growing programmatic needs cannot be met. A renovation is required to create a One Stop Shop to meet student needs. Building F requires an electrical upgrade.

2023-2-CR Roof Replacement – \$8,959,861

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 roof):

- A. Bernard Brommel Hall (1990):
 - i. 2nd and 3rd Floor roofs replacement and all associated work (including flashing, coping, etc. as required) of small roofs.
 - ii. Repairs to exterior masonry walls and all associated work, as required to prevent moisture penetration.
- B. Building B (1989): Roof replacement and all associated work (including flashing, coping, etc. as required).

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- C. Building C (1988): Roof replacement and all associated work (including flashing, coping, etc. as required).
 - i. Repairs to deteriorated exterior concrete overhang slabs and posts, which act as sunscreen.
- D. Building D (1987): Roof replacement and all associated work (including flashing, coping, etc. as required).
- E. Building F (1987): Roof replacement and all associated work (including flashing, coping, etc. as required).
- F. Building J (1992): Roof replacement and all associated work (including flashing, coping, etc. as required).
- G. Library (1977): 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.

2023-3-CR Lower Level Egress and Fire Separation - \$8,212,746

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.

2023-4-CR ADA Restrooms Renovations – \$3,285,099

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

2023-5-CR Asbestos Abatement - \$3,285,099

This project provides abatement of encapsulated asbestos material. Currently, safe non friable asbestos flooring material is removed when a renovation project occurs in the space. This project would make the removal of asbestos flooring and asbestos containing materials a goal to be done at once. It would also provide the necessary new flooring and piping re-insulation.

2023-6-CR Fume Hoods - \$1,153,070

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.

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2023-7-CR Buildings D & E Exterior Window Wall Replacement – \$3,354,477

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.

2023-8-CR Masonry and Building Envelope, Replacements \$9,855,781

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 curtainwalls repairs and/or replacements to address these concerns.

2023-9-CR Five Science Lab Renovations - \$5,343,888

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.

2023-10-CR Parking Lot D Renovation - \$2,064,567

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 was slated to be rebuilt in 2015.