

President's Report to the Finance, Building and Grounds Committee
of the Board of Trustees of Northeastern Illinois University
October 24, 2022

Action Item: Recommendation for Purchases of \$100,000 or Greater: Bond Underwriting and Investment Banking Services - REVISED

Background

As the University earned a recent historic four-notch credit rating upgrade, the University is preparing to be in a position to refinance some of its long-term debt for more favorable terms, should market conditions dictate. By taking this action, the University reaps several benefits, including improved operational flexibility, more time and cash resources to execute business strategies, and a more attractive bottom line due to a decreased interest expense. Note that, at this time, interest rates are not favorable to initiate refinance. Approval is being requested at this time so that the University may take immediate action when interest rates become favorable.

Northeastern Illinois University's outstanding debt portfolio includes two series of Certificates of Participation (COP):

1) **COP "Series 2010"**, with an ongoing redemption option, Series 2010 was originally issued to finance Energy Conservation Projects on the main campus. The projects included upgrades such as automated control system, lighting and water efficiency upgrades as well as Physical Education Complex solar panels installation, etc. The Series 2010 COP currently has \$3,600,000 of principal outstanding.

2) **COP "Series 2012"** with an optional redemption date on October 1, 2022. Series 2012 was originally issued to finance the construction of the El Centro campus and currently has \$23,985,000 of principal outstanding. The table below shows the payment schedule of the callable certificates for each series:

Date	Series 2010		Series 2012	
	Principal	Net Coupon	Principal	Coupon
10/1/2022	\$395,000	3.517%	\$725,000	3.100%
10/1/2023	435,000	3.601%	775,000	3.250%
10/1/2024	470,000	3.685%	815,000	3.350%
10/1/2025	510,000	3.768%	865,000	3.400%
10/1/2026	550,000	3.852%	875,000	3.500%
10/1/2027	595,000	3.936%	915,000	3.500%
10/1/2028	645,000	4.020%	1,035,000	3.600%
10/1/2029			1,090,000	3.650%
10/1/2030			1,135,000	3.750%
10/1/2031			1,175,000	3.800%
10/1/2032			1,225,000	3.850%
10/1/2033			1,270,000	3.900%
10/1/2034			1,325,000	4.000%
10/1/2035			1,375,000	4.000%
10/1/2036			1,350,000	4.000%
10/1/2037			1,425,000	4.000%
10/1/2038			1,510,000	4.000%
10/1/2039			1,595,000	4.100%
10/1/2040			1,690,000	4.100%
10/1/2041			1,815,000	4.100%
	\$3,600,000		\$23,985,000	

Considerations

On March 30, 2022, Northeastern Illinois University advertised a request for proposal (RFP) for bond underwriting and investment banking services, via the Illinois Procurement Bulletin, to refinance two existing debts in its portfolio. Since market rates fluctuate daily, it is imperative that the University has the ability to expeditiously enter into long-term contracts to ensure vendor prices do not increase once the market again becomes favorable.

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On April 19, 2022, the evaluation committee members evaluated seven (7) responsive proposals. All seven of the qualified proposals received from the investment brokers successfully demonstrated their qualifications to serve as a senior-managing underwriter or co-manager on the bond transactions under consideration by the University. After thorough review and discussion of the proposals by the evaluation committee, five firms scored the highest points on the responsiveness elements:

- 1) Loop Capital Markets; 2) UBS Financial Services; 3) Stifel, Nicolaus & Co.; 4) Piper Sandler & Co.; and 5) Mesirow Financial, Inc.

These five firms presented the best combination of relevant experience, knowledgeable banking team, substantiated pricing execution, customized ideas and strategies, in depth credit analysis, commitment to the 30% BEP goal, and overall proposal quality.

The evaluation team recommends an award to the top five responsible firms to be in the best interest of the University. An award to a diversified group of investment brokers would provide the University an optimal level of flexibility as it considers any bond financings during the award period. The firms selected, in order of score ranking, include Loop Capital Markets, UBS Financial Services, Stifel, Nicolaus & Co.; Piper Sandler & Co., and Mesirow Financial, Inc.

The University is seeking Board approval to enter into five (5) year contracts with five-year renewal options with these five firms.

COST:

Loop Capital Markets, LLC	Not to exceed \$335,000*
UBS Financial Services, Inc.	Not to exceed \$335,000*
Stifel, Nicolaus & Company, Inc.	Not to exceed \$335,000*
Piper Sandler & Co.	Not to exceed \$335,000*
Mesirow Financial, Inc.	Not to exceed \$335,000*

* Note: Estimated quotes includes the following breakdown:

Breakdown of Fees Included	Amount
Underwriter Compensation Fee (approx)	137,000
Underwriter Counsel Fee (approx)	40,000
Agent Fee, if required (approx)*	158,000
TOTAL	\$335,000

*agent fee includes marketing and other ancillary costs.

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SOURCE OF FUNDS

Unrestricted reserves

RECOMMENDED VENDORS

- Loop Capital Markets, LLC:
 - BEP Subcontractor: Stern Bros & Co. (30%) (Caucasian Female)
- UBS Financial Services, Inc
 - BEP Subcontractor: Stern Bros & Co. (30%) (Caucasian Female)
- Stifel, Nicolaus & Company, Inc.
 - BEP Subcontractor: Valdes & Moreno, Inc. (30%) (Hispanic Male)
- Piper Sandler & Co.
 - BEP Subcontractors: Backstrom McCarley Berry 7 Co., LLC (15%) (African American Male)
 - BEP Subcontractors: Estrada Hinojosa & Company, Inc. (15%) (Hispanic Male)
- Mesirow Financial, Inc.
 - BEP Subcontractor: Cabrera Capital Markets, LLC. (30%) (Hispanic Male)

Recommended Action

I request that the Committee recommend approval for the University to engage with any of the following pool of qualified investment banks/underwriting firms to potentially lead, or participate in, a University financing (if any). If a financing opportunity arises, such as refinancing either of the certificate of participations mentioned above, the University would select from any of the five firms to lead the bond underwriting process.

- Loop Capital Markets, LLC and BEP Subcontractor: Stern Bros & Co.
- UBS Financial Services, Inc and BEP Subcontractor: Stern Bros & Co.
- Stifel, Nicolaus & Company, Inc. and BEP Subcontractor: Valdes & Moreno, Inc.
- Piper Sandler & Co. and BEP Subcontractors: Backstrom McCarley Berry 7 Co., LLC and Estrada Hinojosa & Company, Inc.
- Mesirow Financial, Inc. and BEP Subcontractor: Cabrera Capital Markets, LLC.

The University requests the ability to enter into five-year contracts with five-year renewal options for bond underwriting and investment banking services, not to exceed amounts listed above. Approval from the Board will allow the University to proceed when market interest rates again become favorable.

Action Item: FY2024 Tuition and Fees Recommendations

Beginning with the Fall 2023 semester, the University, in accordance with its sustainability planning, is recommending an increase in the undergraduate tuition rate of 2.5 percent, an increase in the graduate tuition rate of 5 percent, and a consolidation of all mandatory fees, which total \$83.50 in FY2023, into one general fee that will total \$85.00, in FY2024. These changes are presented in Table 1. Detailed information regarding the impact of these changes is contained in the Appendix.

In accordance with the sustainability plan discussed at the request of the BOT, and in light of potential structural deficits in future years, the University has considered several alternate ways to produce an ongoing balanced budget. These include both revenue enhancements and expense consolidation.

Revenue Considerations

- In response to the current fiscal surplus in Illinois, the University will also work to identify state-level funding opportunities over and above state appropriations; these include research and infrastructure support grants with the potential to generate indirect cost recovery and partnership opportunities.
- The University will seek to leverage investments in facilities and organizational capacity such as the Business, Innovation & Growth (BIG) Center that can provide opportunities for additional grant revenue to support faculty revenue-generating activity and scholarships.
- The University will examine expanded differential tuition to provide targeted support to critical and higher-cost programs.
- Implementing best practice early-warning systems through advanced technology has the potential to enhance retention and persistence to degree.
- In August 2022, and for the first time in recent history, the University established goals in the context of a strategic enrollment management plan for the Fall 2023 semester in order to address declining enrollments and increase student credit hour enrollment.

Expense Considerations

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

In FY2023, the University did not raise tuition for undergraduate students and increased tuition for graduate students by 2.0 percent. Under the tuition guarantee program in Illinois, undergraduate students are guaranteed the tuition rate they receive upon entering the university for four years, which means that the impact of tuition setting persists for several years. Cost increases related to general inflation, collective bargaining agreements, and non-negotiated personnel costs, as well as a narrow graduate tuition premium relative to our peers, justify a modest increase in tuition for FY2023.

Action Item: FY2024 Tuition and Fees Recommendations

Additionally, the University seeks to consolidate its mandatory student fees into one general fee. This will simplify and clarify the billing process for students. In addition, the general fee will address inequities in funding for fee-funded auxiliary and student operations that have arisen due to changes in the mix of online, remote-learning, and face-to-face instruction. The general fee is recommended to be set at \$85, an increase of \$1.50 from the FY2023 mandatory fees, and will cover the Green Fee, but move Student Parking from a mandatory fee (with opt-out) to an optional fee. The overall increase is approximately 1.75 percent, which will only partially offset anticipated cost inflation.

Finally, this document memorializes and clarifies tuition rates for students pursuing a second bachelor's degree. These students will be assessed tuition as a continuing student in their original cohort, and will be assessed any applicable tuition differential for courses affected by such a differential rate.

Recommended action 1:

I request that the Committee recommend approval of the Fiscal Year 2024 Tuition Rates as detailed in Table 1 providing for a 2.5 percent tuition increase for undergraduate students not covered by the guaranteed tuition program, and a 5 percent tuition increase for graduate students.

Recommended action 2:

I request that the Committee recommend approval of the Fiscal Year 2024 Fee Rates as detailed in Table 1 providing for a consolidation of student fees to one general fee of \$85.00.

Action Item: FY2024 Tuition and Fees Recommendations

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

Table 1
NORTHEASTERN ILLINOIS UNIVERSITY
Schedule of Proposed Tuition and Fees

	FY2022	FY2023	FY2024	Change FY23 to FY24	
				Dollar	Percent
TUITION (per credit hour)					
Undergraduate - post 6-year (enrolled prior to Fall 2018)*	\$ 420.44	\$ 420.44	\$ 430.95	\$ 10.51	2.5 %
Undergraduate - newly enrolled Fall 2018 ¹	396.19	404.11	404.11	-	-
Undergraduate - newly enrolled Fall 2019 ¹	404.11	404.11	412.20	8.09	2.0
Undergraduate - newly enrolled Fall 2020 ¹	412.20	412.20	412.20	-	-
Undergraduate - newly enrolled Fall 2021 ¹	420.44	420.44	420.44	-	-
Undergraduate - newly enrolled Fall 2022 ¹	-	420.44	420.44	-	-
Undergraduate - newly enrolled Fall 2023			430.95	n/a	n/a
CBT Undergraduate Differential	10% of Base Undergraduate Rate				
Graduate	432.80	441.46	463.53	22.07	5.0
CBT Graduate Differential	10% of Base Graduate Rate				
Non-resident Undergraduate - post 6-year *	840.88	840.88	861.90	21.02	2.5
Non-resident Undergraduate - newly enrolled Fall 2018 ¹	792.38	808.22	808.22	-	-
Non-resident Undergraduate - newly enrolled Fall 2019 ¹	808.22	808.22	824.40	16.18	2.0
Non-resident Undergraduate - newly enrolled Fall 2020 ¹	824.40	824.40	824.40	-	-
Non-resident Undergraduate - newly enrolled Fall 2021 ¹	840.88	840.88	840.88	-	-
Non-resident Undergraduate - newly enrolled Fall 2022 ¹	-	840.88	840.88	-	-
Non-resident Undergraduate - newly enrolled Fall 2023 ¹			861.90	n/a	n/a
Non-resident Graduate	865.60	882.91	927.06	44.15	5.0
MANDATORY FEES					
General Student Fee	\$ 81.95	\$ 83.50	\$ 85.00	1.50	1.80 %
Activity Fee	7.00	7.10			
Student Union Fee	9.25	9.80			
Campus Recreation Fee	5.70	5.80			
Performing Arts Fee	2.00	2.05			
Student Health and Wellness Fee	5.50	5.60			
Computer Resources Fee	22.25	22.80			
Academic Enhancement Fee	9.25	9.25			
Campus Improvement Fee	6.00	6.00			
Parking Fee (waivable)	10.00	10.00			
Library Fee	5.00	5.10			
Green Fee - rate per semester	3.00	3.00			
U-Pass (Full-time Students only)	155.00	155.00	155.00	-	-
TUITION AND FEES (based on 15 credit hours)					
Undergraduate - continuing *	7,693.85	7,717.10	7,894.25	177.15	2.3
Undergraduate - newly enrolled Fall 2018 ¹	7,330.10	7,472.15	7,491.65	19.50	0.3
Undergraduate - newly enrolled Fall 2019 ¹	7,448.90	7,472.15	7,613.00	140.85	1.9
Undergraduate - newly enrolled Fall 2020 ¹	7,570.25	7,593.50	7,613.00	19.50	0.3
Undergraduate - newly enrolled Fall 2021 ¹	7,693.85	7,717.10	7,736.60	19.50	0.3
Undergraduate - newly enrolled Fall 2022 ¹		7,717.10	7,736.60	19.50	0.3
Undergraduate - newly enrolled Fall 2023 ¹			7,894.27	n/a	n/a
Graduate	7,879.25	8,032.34	8,382.93	350.59	4.4
Non-resident Undergraduate - continuing *	14,000.45	14,023.70	14,358.50	334.80	2.4
Non-resident Undergraduate - newly enrolled Fall 2018 ¹	13,272.95	13,533.80	13,553.30	19.50	0.1
Non-resident Undergraduate - newly enrolled Fall 2019 ¹	13,510.55	13,533.80	13,796.00	262.20	1.9
Non-resident Undergraduate - newly enrolled Fall 2020 ¹	13,753.25	13,776.50	13,796.00	19.50	0.1
Non-resident Undergraduate - newly enrolled Fall 2021 ¹	14,000.45	14,023.70	14,043.20	19.50	0.1
Non-resident Undergraduate - newly enrolled Fall 2022 ¹		14,023.70	14,043.20	19.50	0.1
Non-resident Undergraduate - newly enrolled Fall 2023 ¹			14,358.53	n/a	n/a
Non-resident Graduate	14,371.25	14,654.18	15,335.86	681.68	4.7

* Post 6-year students in FY2024 are those enrolled prior to Fall 2018.

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

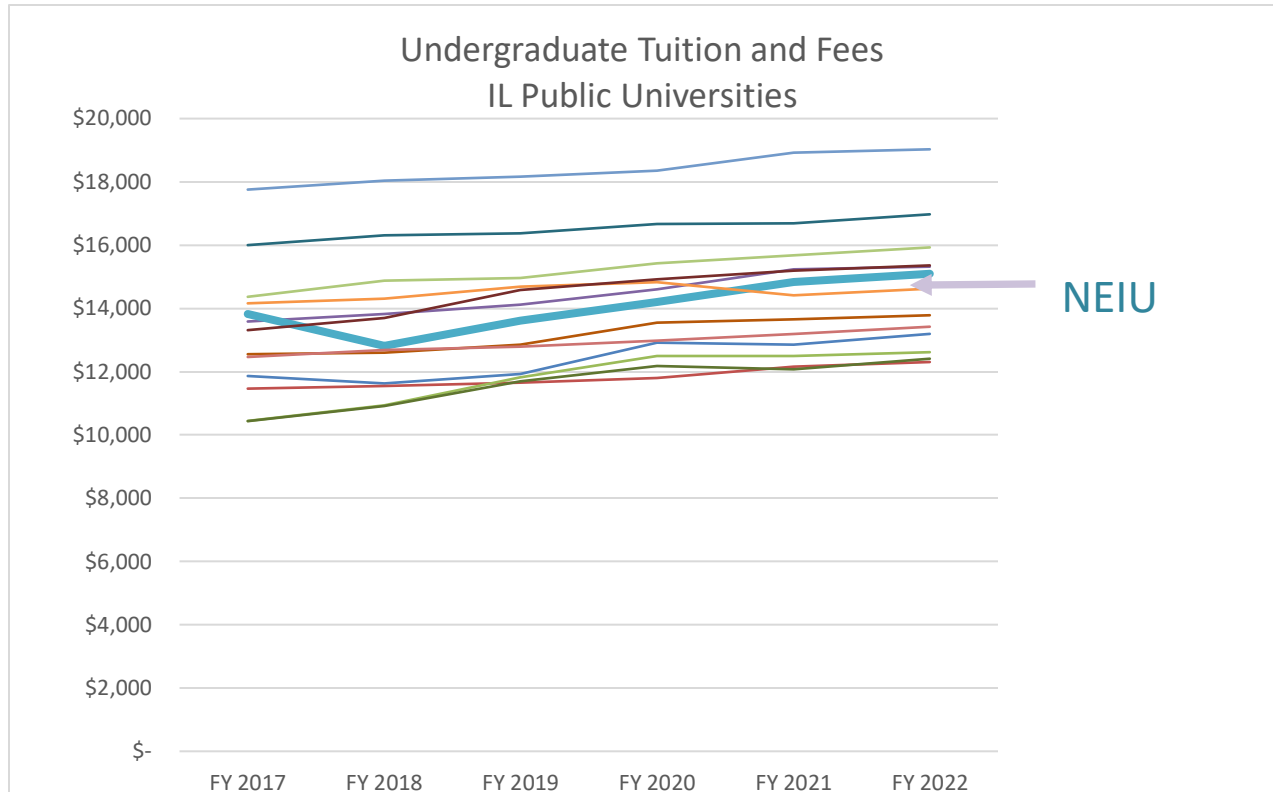
Note: Other than the Green Fee and Upass Fee, tuition and fees are charged on a credit hour basis for each credit hour enrolled per semester up to 16 credit hours. There will be no tuition and fee charges for credit hours enrolled above 16 hours per semester. Beginning with Fall 2023, the Green Fee will be consolidated in the general student fee.

Action Item: FY2024 Tuition and Fees Recommendations

Appendix

Market Analysis:

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

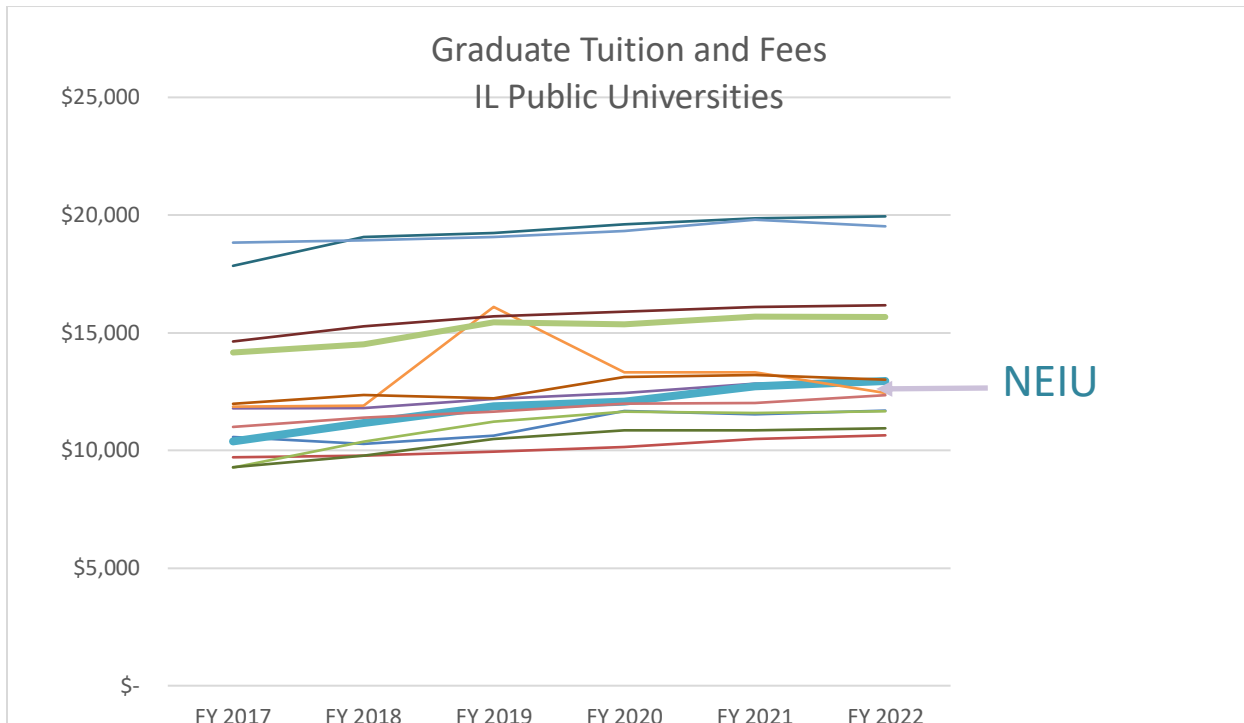


Tuition and Fees Combined						
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Chicago State University	\$ 11,858	\$ 11,628	\$ 11,927	\$ 12,926	\$ 12,857	\$ 13,194
Eastern Illinois University	\$ 11,464	\$ 11,537	\$ 11,655	\$ 11,806	\$ 12,156	\$ 12,305
Governors State University*	\$ 10,443	\$ 10,945	\$ 11,818	\$ 12,501	\$ 12,492	\$ 12,616
Illinois State University	\$ 13,585	\$ 13,822	\$ 14,127	\$ 14,597	\$ 15,237	\$ 15,319
Northeastern Illinois University	\$ 13,813	\$ 12,816	\$ 13,618	\$ 14,193	\$ 14,828	\$ 15,094
Northern Illinois University	\$ 14,160	\$ 14,299	\$ 14,693	\$ 14,828	\$ 14,404	\$ 14,631
<u>Southern Illinois University</u>						
Carbondale	\$ 13,312	\$ 13,701	\$ 14,578	\$ 14,920	\$ 15,186	\$ 15,359
Edwardsville*	\$ 10,436	\$ 10,921	\$ 11,690	\$ 12,169	\$ 12,082	\$ 12,409
<u>University of Illinois</u>						
Chicago	\$ 16,000	\$ 16,304	\$ 16,366	\$ 16,671	\$ 16,690	\$ 16,974
Springfield	\$ 12,552	\$ 12,610	\$ 12,844	\$ 13,554	\$ 13,645	\$ 13,783
Urbana/Champaign	\$ 17,755	\$ 18,032	\$ 18,160	\$ 18,348	\$ 18,924	\$ 19,029
Western Illinois University	\$ 12,464	\$ 12,687	\$ 12,782	\$ 12,977	\$ 13,189	\$ 13,421
State Weighted Average	\$ 14,366	\$ 14,870	\$ 14,967	\$ 15,420	\$ 15,674	\$ 15,928

Source: IBHE Weighted Average Tuition and Fees

Action Item: FY2024 Tuition and Fees Recommendations

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



Tuition and Fees Combined						
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Chicago State University	\$ 10,554	\$ 10,275	\$ 10,631	\$ 11,683	\$ 11,521	\$ 11,688
Eastern Illinois University	\$ 9,705	\$ 9,785	\$ 9,958	\$ 10,144	\$ 10,477	\$ 10,640
Governors State University*	\$ 9,268	\$ 10,372	\$ 11,215	\$ 11,651	\$ 11,600	\$ 11,662
Illinois State University	\$ 11,798	\$ 11,798	\$ 12,185	\$ 12,441	\$ 12,835	\$ 12,835
Northeastern Illinois University	\$ 10,381	\$ 11,174	\$ 11,879	\$ 12,063	\$ 12,731	\$ 12,948
Northern Illinois University	\$ 11,858	\$ 11,905	\$ 16,096	\$ 13,307	\$ 13,328	\$ 12,439
<u>Southern Illinois University</u>						
Carbondale	\$ 14,627	\$ 15,283	\$ 15,700	\$ 15,892	\$ 16,099	\$ 16,166
Edwardsville*	\$ 9,285	\$ 9,779	\$ 10,487	\$ 10,846	\$ 10,860	\$ 10,938
<u>University of Illinois</u>						
Chicago	\$ 17,841	\$ 19,075	\$ 19,232	\$ 19,617	\$ 19,871	\$ 19,942
Springfield	\$ 11,979	\$ 12,350	\$ 12,197	\$ 13,120	\$ 13,202	\$ 13,002
Urbana/Champaign	\$ 18,827	\$ 18,938	\$ 19,079	\$ 19,327	\$ 19,801	\$ 19,530
Western Illinois University	\$ 10,997	\$ 11,394	\$ 11,631	\$ 11,972	\$ 12,018	\$ 12,344
State Weighted Average	\$ 14,157	\$ 14,509	\$ 15,437	\$ 15,344	\$ 15,683	\$ 15,664

Source: IBHE Weighted Average Tuition and Fees

Action Item: FY2024 Tuition and Fees Recommendations

Academic Research:

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

Table A-1 examines the impact of the proposed increase on enrollments and tuition revenue based on the estimated relationship described above, using the fall entering cohort size as a baseline. Overall, an increase in tuition revenue would generate \$579,000 in additional tuition revenue from the FY2024 entering cohort, and would reduce new student enrollment by just four students.

Table A-1: Impact of Increase of Tuition on Enrollment & Revenue

	<u>New Freshmen</u>	<u>New Transfers</u>	<u>New Graduate</u>	<u>Overall 1-year impact</u>
Proposed Increase	2.50%	2.50%	5.00%	
	Before Adjustment			
Tuition (per credit hour)	\$ 420.44	\$ 420.44	\$ 441.46	
Enrollment	516	581	449	
Revenue	\$ 6,508,411	\$ 7,328,269	\$ 5,946,466	
	After Adjustment			
Tuition (per credit hour)	\$ 430.95	\$ 430.95	\$ 463.53	
Enrollment	515	580	447	
Revenue	\$ 6,655,144	\$ 7,493,486	\$ 6,213,882	
Net Change in Revenue	\$ 146,733	\$ 165,217	\$ 267,416	\$ 579,365

References

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

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

Action Item: Prior Year Strategic Planning Development Fund Report And Current Year Requested Transfer

Background

In September 2015, the Board approved the formation of a Strategic Planning Development Fund (SPDF). The SPDF is financed from prior-year unspent income from the unrestricted Income Fund. The purpose of the SPDF fund is to foster enrollment growth, improve retention, address equity gaps, support capital improvements, as well as funding projects established as priorities by our University Planning and Budget Council (UPBC). Last fiscal year, the Board approved a \$2.0 million transfer into the SPDF.

Prior Year SPDF Transfer Report

The University spent \$994,992 of the \$2.0 million transfer on the following initiatives:

Initiatives	Amount
Enrollment	366,126
Retention	622,394
Other	6,472
Total	\$994,992
*(See detail in Exhibit A)	

In addition, the University has the following anticipated initiatives that, if materialized, will fully deplete the balance of last year's \$2.0 million transfer:

Additional planned projects (in progress)	Amount
Enrollment	583,008
Other	422,000
Total	\$1,005,008
*(See detail in Exhibit A)	

New Transfer Request

Based on unaudited financial statements, the University will end the previous fiscal year with an estimated \$1.0 million in unspent income from the unrestricted Income Fund. The University requests a \$1.0 million transfer to the SPDF to support enrollment growth, as well as improve student engagement and retention. Upon consultation with various departments across campus, including Academic and Student Affairs, including feedback from the climate study, the University plans to use the funds to make an impact on the areas of enrollment, student engagement and retention with the following projects:

<u>Project Description</u>	<u>Amount</u>
Athletics/Pool Renov./Consultant	400,000
Capital Campaign	250,000
Nursing and EDD program	250,000
Fine Arts Theater renovation	100,000
Grand Total	1,000,000

Action Item: Prior Year Strategic Planning Development Fund Report And Current Year Requested Transfer

Recommended action

I request that the Committee recommend the approval of the transfer of \$1.0 million from the University's unrestricted Income Fund to the Strategic Planning Development Fund to support enrollment growth, as well as improve student engagement and retention.

EXHIBIT A

Detail of FY22 expenditures:

CATEGORY	DESCRIPTION	AMOUNT
Enrollment	Dual Enrollment Program	23,194
Enrollment	Hosting East St. Louis High School Students	1,442
Enrollment	Enrollment Services - Call Campaign	42,147
Enrollment	Enrollment Services -Antec (Custom Viewbook)	17,500
Enrollment	Enrollment Services -Cappex and Greenlight software	20,981
Enrollment	Enrollment Services -Intersect, customized recruitment package	37,640
Enrollment	Enrollment Services -College Bound Selection Service	22,903
Enrollment	Institutional Advancement/Carter Campaign Consultant	55,778
Enrollment	International Marketing 2022	39,706
Enrollment	Marketing 2022	78,750
Enrollment	Other Enrollment Management Special Projects	26,087
Retention	Starfish software annual licensing	93,000
Retention	Black Student Success Committee	7,968
Retention	CCICS Acclivus Pilot Program	52,152
Retention	Living Learning Community housing waivers	463,273
Retention	Seal of Excelencia virtual leadership training program	6,000
Other	Campus Signage CBT	6,472
	Grand Total	994,992

Additional planned projects (in progress):

CATEGORY	DESCRIPTION	AMOUNT
Enrollment	Dual Enrollment Program	175,008
Enrollment	Veteran's Lounge	63,000
Enrollment	Marketing - Website Improvement Project Phase II (Carnegie)	250,000
Enrollment	Institutional Advancement Campaign	95,000
Other	Presidential Lecture Speaker Keeanga-Yamahtta Taylor	10,000
Other	Peer Mentors, Off-campus outing, and annual Faculty Institute	88,000
Other	Association of College and University Educators (ACUE) faculty training- microcredentia	150,000
Other	Development of Strategic Plan Initiative	99,000
Other	Provost Search and Screen	75,000
	Grand Total	1,005,008

Information Item: FY23 First Quarter Budget to Actual Report

On June 9, 2022, the Northeastern Illinois University Board of Trustees approved the University preliminary operating budget which represented preliminary spending plans for fiscal year 2023 (FY2023). A revised final budget was presented to the Finance, Building and Grounds Committee on August 15, 2022. A second final revision was presented to a special meeting of the Finance, Building and Grounds committee on October 3, 2022. The information herein reflects a comparison of actual expenditures to the final FY2023 budget, as well as to previous year-to-date actual expenditures for the first quarter.

The operating budget for FY2023 totals \$143,219,300. Of that total, \$83,940,000 makes up the University's unrestricted general operating budget which is supported by the State appropriation and student tuition. The University's restricted funds budget amount of \$59,279,300 is supported by student fee programs, auxiliary services, grants, and contracts.

At the Board's request, quarterly reports are provided for the unrestricted operating budget. The unrestricted operating budget supports most University departments and ongoing operations. This report provides an update on FY2023 first quarter spending in the unrestricted budget, for the period of July 1 – September 30, 2022. The first quarter spending report is summarized in Table 1 at the end of this report. Table 1 also includes a comparison with year-to-date spending from FY2022.

Revenues

The FY2023 budget includes State support of \$37,345,300 for the University's unrestricted general operating budget, or 44.5 percent of that budget. University Income Funds are comprised primarily of tuition revenues. The FY2023 budget includes estimated tuition revenue of \$43,144,600, or 51.4 percent of the general unrestricted operating budget. Other income sources make up \$3,450,100, or 4.1 percent, and this includes an anticipated \$2,400,000 in federal COVID-19 relief funding.

Through the first quarter, the University has vouchered and received a total of \$14,090,488 of the state appropriation.

Through the first quarter, 53.3 percent of estimated tuition and income fund revenue was recorded and includes adjustments for anticipated waivers and bad debt. These amounts represent the second half of summer 2022 and fall 2022 enrollments. Because the summer term bridges two fiscal years, accruals are made to apportion the tuition revenues and operating expenses between those fiscal years.

It is important to note that for both the State appropriation and tuition income, revenues are recorded and reflected in this report as they are billed. Final revenue numbers will be available after the University makes all accounting adjustments during the year-end reconciliation period following June 30, 2023. These adjustments are required to account for activity such as class drop refunds, statutory waivers, bad debt allowances, and fees associated with outstanding account balances.

Expenses

Through the first quarter, the University spent \$16,912,768, or 20.1 percent of the total \$83,940,000 general operating unrestricted preliminary budget. This is a slight decrease compared to the prior year, which saw actual expenses well below budget due to hiring delays and the availability of federal COVID-19 relief funding to cover qualifying expenditures.

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

Information Item: FY23 First Quarter Budget to Actual Report

Table 1
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL YEAR 2023 BUDGET TO ACTUAL COMPARISONS
FOR THE PERIOD ENDING September 30, 2022
UNAUDITED FIGURES

	General Operating Budget				
	FY2022	FY2023			
	Actual Prior Year to Date	Actual Year to Date	Adopted Budget	Current Budget	% of Current Budget
Revenue					
State Appropriations	\$ 9,044,949	\$ 14,090,488	\$ 37,345,300	\$ 37,345,300	37.7%
Net Tuition Revenue	24,782,613	22,462,349	42,172,200	42,172,200	53.3
Net Differential Tuition Revenue	440,109	393,139	972,400	972,400	40.4
All other sources	157,401	617,730	3,450,100	3,450,100	17.9
Total Revenue	\$ 34,425,073	\$ 37,563,706	\$ 83,940,000	\$ 83,940,000	44.8%
Expenditures					
Personal Services	\$ 14,409,509	\$ 13,426,502	\$ 67,142,441	\$ 67,280,113	20.0%
Contractual Services	1,639,491	1,597,342	11,208,876	11,104,164	14.4
Equipment	8,211	77,304	846,410	706,293	10.9
Commodities	44,759	31,417	775,075	802,519	3.9
Telecommunications	17,122	8,345	176,422	184,563	4.5
Travel	554	6,508	168,841	198,213	3.3
Permanent Improvements	-	-	25,000.0	20,000.0	-
Operation of Auto Equip	2,222	6,053	20,935	30,635	19.8
Tuition Scholarships	496,481	627,394	1,299,000	1,336,500	46.9
Debt Service	558,250	1,131,903	2,277,000	2,277,000	49.7
Total Expenditures	\$ 17,176,598	\$ 16,912,768	\$ 83,940,000	\$ 83,940,000	20.1%

Notes:

1. Original Budget column reflects the FY2023 budget presented to the Finance, Building and Grounds Committee 10/3/22
2. Year-to-date expense activity does not include encumbrances.
3. The Current Budget reflects budget transfers processed between organizations and accounts.

Sustainability Analysis



Enrollment Targets

Targets:

- 400 new freshmen (up from 332 in Fall 2021)
- 900 new transfer students (up from 762 in Fall 2021)
- 538 new graduate students (down from 542 in Fall 2021)
- 4250 continuing students (down from 4614 in Fall 2021)

Actual Enrollment

Targets:

- 400 new freshmen (up from 332 in Fall 2021)
- 900 new transfer students (up from 762 in Fall 2021)
- 538 new graduate students (down from 542 in Fall 2021)
- 4250 continuing students (down from 4614 in Fall 2021)

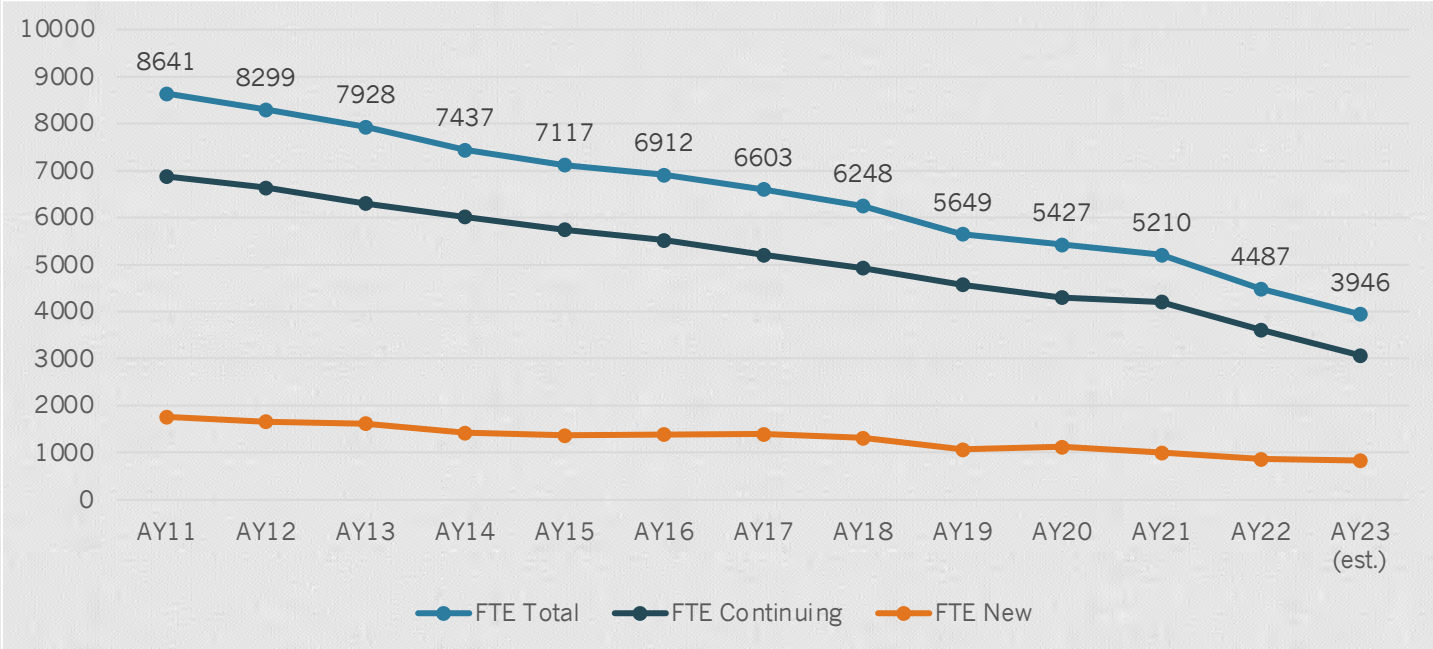
Actuals:

- 516 freshmen
- 584 transfers
- 452 graduate
- 3970 continuing

Credit Hour Budget Basis 2023

	Fall	Spring	Summer	Total
Undergraduate New	20,900	18,900	4,000	43,800
Undergraduate Continuing	29,600	26,700	5,600	61,900
Graduate New	3,600	3,200	700	7,500
Graduate Continuing	7,200	6,500	1,400	15,100
Total	61,300	55,300	11,700	128,300

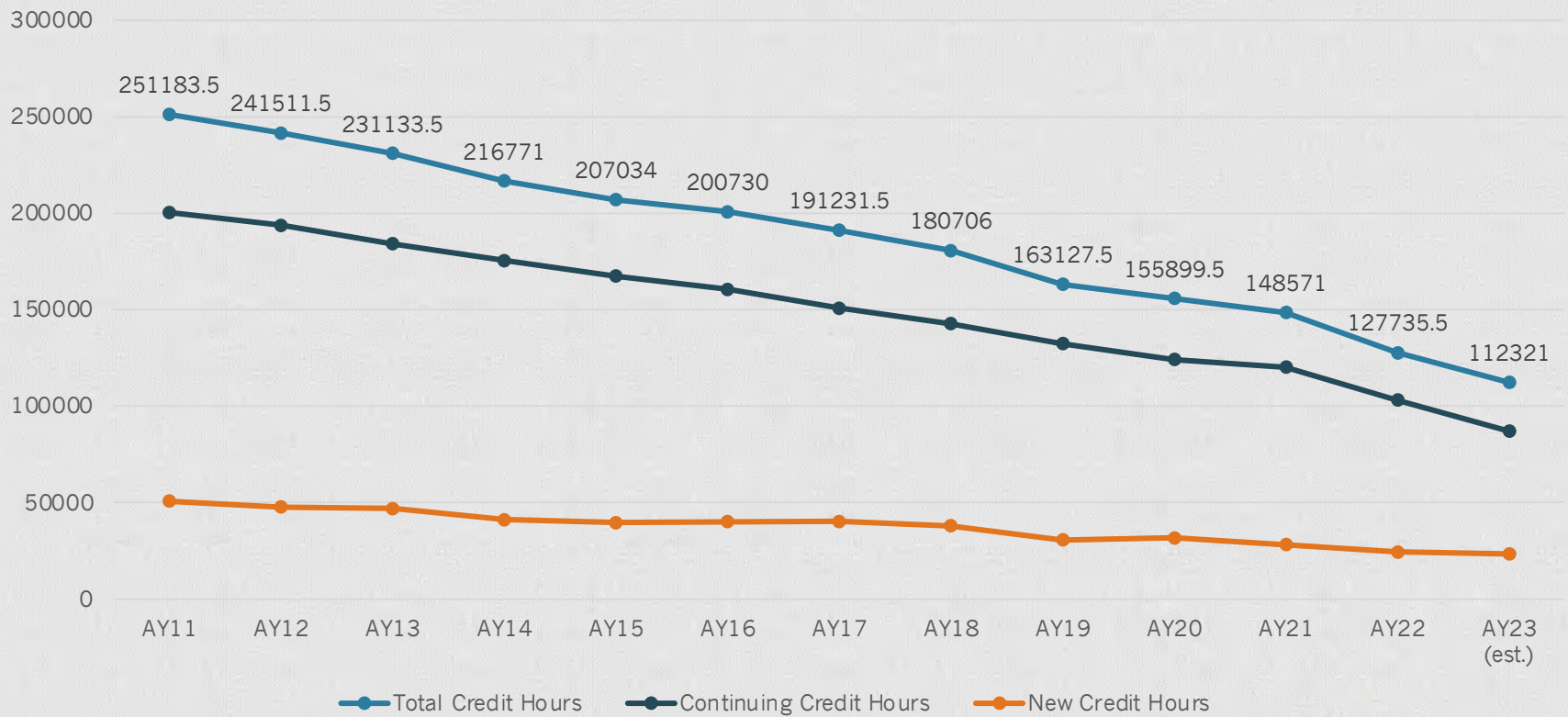
Student FTE Enrollment FY2011-2023



Credit Hour Updated Basis 2023

	Fall	Spring	Summer	Revised
Undergraduate New	17,460			38,500
Undergraduate Continuing	26,623			54,400
Graduate New	3,100			6,600
Graduate Continuing	6,719			13,300
Total	53,902	48,600	10,300	112,800

Student Credit Hours FY2011-2023



Fiscal Gap

	<u>Credit Hours</u>	<u>Tuition Revenue</u>	<u>Overall Budget</u>
Preliminary Budget Basis	128,300	\$ 47,412,000	\$ 87,329,700
Revised Budget Basis	112,800	\$ 42,172,200	\$ 83,940,000

FY2023 Preliminary-to-Final 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
Unrestricted Operating Budget					
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
Unrestricted Operating Budget	\$ 90,227,800	\$ 87,329,700	\$ 83,940,000	\$ (6,287,800)	(7.0) %
Restricted Operating Budget					
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
Restricted Operating Budget	\$ 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

Budget Balance 2023

- Preliminary Budget was reconciled to final budget by:

● Hiring delays and vacancy elimination	\$	2,900,000
● Non-personnel reductions	\$	300,000
● NEST Occupancy favorable enrollment	\$	200,000
● HEERF Lost Revenue Recognition	\$	1,200,000
● Interest Income favorable variance	\$	650,000

Total: \$ 5,250,000

Employment Trends, 2015-2023

	2015	2023	% Change
Administrative & Professional	230	157	-31.7%
Tenure/Tenure-Track Faculty	252	213	-15.5%
Civil Service	455	368	-19.1%
Academic Department Chairs	26	26	0
Credit Hours	207,034	127,735*	-38.3%

*AY 2022

Student-to-Faculty Ratios

Academic Year	Student to Faculty ratio	Number of students	Number of FTE faculty	Total number of instructional faculty		
				Full-Time	Part-Time	Total
Fall 2015	16/1	6417	396	359	250	609
Fall 2016	16/1	6198	389	323	274	597
Fall 2017	16/1	5907	375	302	265	567
Fall 2018	14/1	5257	378	299	272	571
Fall 2019	13/1	4805	375	297	266	563
Fall 2020	12/1	4728	393	311	247	558
Fall 2021	11/1	4133	380	294	259	553

Path Projection 2026

Scenario:	FY2026 Credit Hours	FY2026 Revenue	FY2026 Maintenance	Structural Gap
Recovery Path (10% UG/10% Grad Growth; 4% Retention Growth; 2% Tuition Growth)	139,050 \$	93,375,686 \$	93,663,664 \$	(287,978)
Stabilization Path (0% UG/0% Grad Growth; 4% Retention Growth; 2% Tuition Growth)	130,000	89,755,004	93,663,664	(3,908,660)
Current Path	112,800	83,673,958	93,663,664	(9,989,706)

Areas for Review

- Longer-run Strategies
 - Tuition study
 - Differential tuition
 - Coordinated approach to alternative course revenue
 - Credentialing for public-sector employees
 - Advising ratios
 - Student-faculty ratio and hiring plan
 - Academic program review
 - Efficient usage of physical plant
 - Student course load analysis
- Future strategic, enrollment management, and other plans, will incorporate a shared governance forum as part of the review process



Bryn Mawr Properties Public Offering & Development Schedule

Michael Nardini
CBRE

CBRE Schedule

Year	Task	Start	Completion Date	Comments
2022	Meet with Alderman to discuss project steps	Early August		6/22/22: Kickoff call with CBRE/NEU 7/1/22: contract execution, begin process. 7/21/22: CBRE called Alderman office to set Zoom call date. 7/25/22: Alderman call is set for August 3rd 8/3/22: spoke with Ward staff and outlined next steps.
	Develop marketing materials	August		7/15/22: CBRE marketing begins to create site aerials. 7/21/22: CBRE begins draft on public notice signage for two sites. 8/09/22: CBRE will order drone images of the blocks. 8/27/22: Survey received, Drone images completed.
	Post public meeting dates in ward bulletin and NEU website	late August		9/20/22: Project call to discuss community engagement and site signage.
	Host community presentation at NEU	late September		
	Create use restriction based on community input	mid October		
	Bid notification in Sun Times, Tribune, and NEU purchasing website	October		
	Public bid package released on NEU website and Aldermanic Ward site	October		6/30/22: CBRE sent ground lease income sensitivity analysis to Richard for review. 7/6/22: CBRE sent Ground lease and proposal draft to Richard for review. 8/21/22: sent John the lease sensitivity for review before call. 8/27/22: Lease terms draft and upfront cost draft completed.
Due date for bid established Target reach out to prospects	October October		7/21/22: CBRE gathers developer prospects from data base, create VTS.	
2023	Bid review and recommendations			
	Stakeholder approvals			
	Design development			
	Hire attorney, draft ground lease document, negotiate ground lease terms			
	Execute ground lease Site concepts			
2024/ 2025	Zoning & Municipal Approvals			
	Traffic reports			
	City intake meeting			
	Ward approval			
	University approval			
	NFR approval			
	Plan commission approval Council approval Building permit			
2026	Construction Year			
	Rent Commencement			
2027	Occupancy			
	Closeout			



Questions?



Information Item: EI Centro Property Tax Update

Two NEIU owned parcels adjacent to the EI Centro location were sold in error to a tax buyer for delinquent property taxes.

Numerous, duplicative notices of sale of the property taxes were widely sent by the tax buyer.

Upon receipt of the notice of sale of delinquent taxes, NEIU's Office of Legal Affairs immediately retained the law firm that had represented NEIU in the condemnation and acquisition process, and subsequent tax exemption process, concerning the two subject parcels.

NEIU's law firm believes the tax sale was an error by the Cook County Treasurer's Office, as Cook County should never have issued a tax bill for the exempt property.

On August 1, 2022, NEIU's law firm corresponded with the Cook County Treasurer requesting the initiation of the process to declare a sale in error for all property taxes for the two parcels.

On September 2, 2022, the Cook County Treasurer did send to the tax buyer an "Administrative Sale in Error" to which the tax buyer recently objected. NEIU's law firm does not know of any sustainable objection that the tax buyer could make given that the property is owned by a public body of the State of Illinois. NEIU's law firm seeks a quick resolution of the sale in error.

Northeastern Illinois University

New Entrance Signage



Daktronics and Poblacki

Ho-Chunk Casino

PAGE 11



Project Details:

- Design/Build
Exterior Pylon signs with digital displays & building letters
- Five locations:
 - Black River Falls, WI
 - Madison, WI
 - Nekoosa, WI
 - Tomah, WI
 - Wisconsin Dells, WI
 - Wittenberg, WI
- Project Costs: \$1,632,000

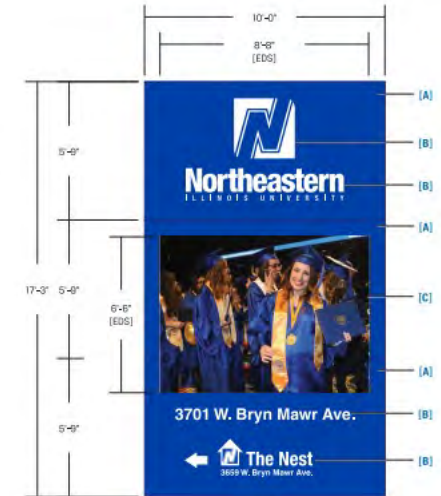


Scope of Project

- Purchasing through IPHEC Coop program
- Daktronics subcontracting Poblocki Sign Co for installation and manufacturing of signage (besides EMC from Daktronics)
- Signage to be placed on:
 - 3701 W. Bryan Mawr Ave
 - 3600 W. Foster Ave
- Dimensions labeled within the drawing
 - Overall – 17'3" H x 10'W
 - EMC – 6'6"H x 8'8"W



Existing Side A - NTS



Side A



Proposed Side A - NTS



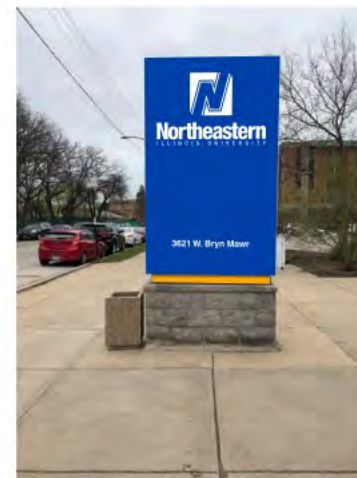
Side B

Scope of Project Cont..

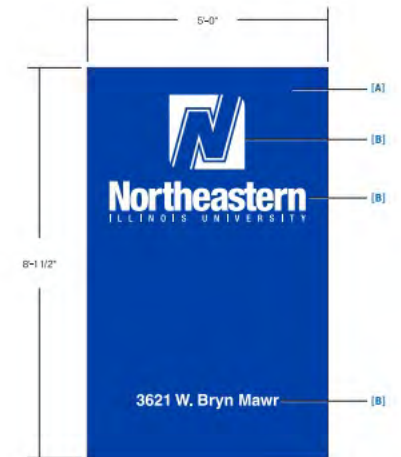
- Purchasing through IPHEC Coop program
- Daktronics subcontracting Poblocki Sign Co for installation and manufacturing of signage (besides EMC from Daktronics)
- Signage to be placed:
 - 3621 W. Bryn Mawr
 - Opposite corner of Campus (Address TBD)
- Dimensions labeled within the drawing
 - Overall – 8' 1 ½ "H x 5'W
 - No Electronic Message Center



Existing - NTS



Proposed - NTS



Timeline

- Wait on timeline for permitting 90-120 days
- PO issued before November 2022
- Manufacturing time from Poblocki?
- Manufacturing time from Daktronics?
- If purchased on November 1st, 2022 – When is install complete?

Functionality

- Venus Control Suite
- Who will be the one managing content/running the display?
- Wireless Cell Modem – Content stored in the cloud
- Ability to manage the display from anywhere with internet connection
- Text, pictures, graphics – what is permitted to be on the display?

Venus Control Suite

<https://www.daktronics.com/en-us/support/venus-control-suite/onboarding-professional>

- Display will come with access to this onboarding site to familiarize the content/display manager with the software
- Ability to do 1-on-1 Video Webinar with a software trainer

Technical Specifications

- Minimum viewing distance – 21'
- Color Capacity – 281+ Trillion colors
- Optimal Viewing Angle – 140 degrees Horizontal x 70 degrees Vertical
- Readability Angle – 160 degrees Horizontal x 90 degrees Vertical
- Character size Max. Viewing Distance
 - 3" - 150ft
 - 6" - 300ft
 - 9" - 450ft
 - 13" - 650ft
 - 18" - 900ft

QUESTIONS?

SIGN SPECIFICATIONS

[A] - CABINET

Lighting: Lit
 Description: SignComp Bleed Frame Cover
 Material: Flex Face (Digital Print)
 Depth: 23.12"
 Cabinet Color: Paint Black (satin)

[B] - EDS

Manufacturer: Daktronics
 Model: GS6 Series (Full Color)
 Resolution: 15.85mm
 Matrix: 60 x 275
 Installation: Built into Pylon Structure

[C] - POLES

Material: Steel Pipe
 Shape: Round
 Size: 12.75" O.D. x .375 THK
 Color: Black (satin)
 Installation: New Structure



Proposed Location



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Project

Northeastern University
El Centro Campus
 Chicago, Illinois

Scale: 1/4"=1'
 Original Page Size: 11" x 17"

Notes

Revisions

REV	DESCRIPTION	BY	DATE
01	color update	seb	07.28.22
02	Rmv option	IH	08.01.22

Rep.: Katie Conroy
 Drawn By: Sarah Biagioni Orig. Date: 07/27/22

Sign Loc. No.

MON-01
 S/F Monument
 Sign. Type

92803
 OPP - Project - Job No.

C13
 Design

Information Item: Construction Update

CDB Project - Electric Cable Replacement Project Phase 1

The Capital Development Board (CDB) has awarded the project to Linear Electric. The construction is anticipated to begin in Spring of 2023. Contractor is to submit a construction schedule by early October, and the team kick-off meeting is scheduled for mid-October.

CDB Project - Campus Roof Replacements

CDB has informed the University that the awarded contractor has decided to pull out. Due to escalating costs of labor and materials, the project will be re-bid to include new roofs for LWH and BBH only.

CDB Project - Campus Entrance and Walkway Repairs

CDB has approved 100% of the construction bid documents and the project is out for bid. A project kick-off meeting has been completed, and the University is currently awaiting a final schedule from the contractor.

CDB Project - LWH Upgrades to the HVAC Systems

Consultants have submitted preliminary drawings to CDB for review and approval. CDB is currently finalizing contract documents and will forward to the Illinois State Chief Procurement Officer for their review prior to the bid phase.

CDB Project - BBH Upgrades to the HVAC Systems

The project is underway. Consultants have begun field investigation and preliminary design. NEIU has provided sole-source letters to the CDB and is awaiting a project schedule.

EI Centro Pylon Sign

Berm construction is expected to be completed in late November 2022, after which the sign vendor will apply for a sign permit. Project completion is projected to be mid-May, 2023.

President's Report to the Finance, Buildings and Grounds Committee
of the Board of Trustees of Northeastern Illinois University
October 24, 2022

**Information Item: Notification to the Board of Certain Expenditures: Purchases of at
Least \$50,000, but Less Than \$100,000**

Board of Trustees' Regulations require that the President report to the Board purchases of at least \$50,000 but less than \$100,000 other than those exempt from Board approval (e.g., utilities). The following lists those purchases since the last Board meeting.

VENDOR	DESCRIPTION	PURCHASE ORDER AMOUNT
Fooda, Inc. (Non-BEP)	Cafeteria Food Service	\$72,000.00