



President's Report

to the Board of Trustees

Thursday, June 10, 2021

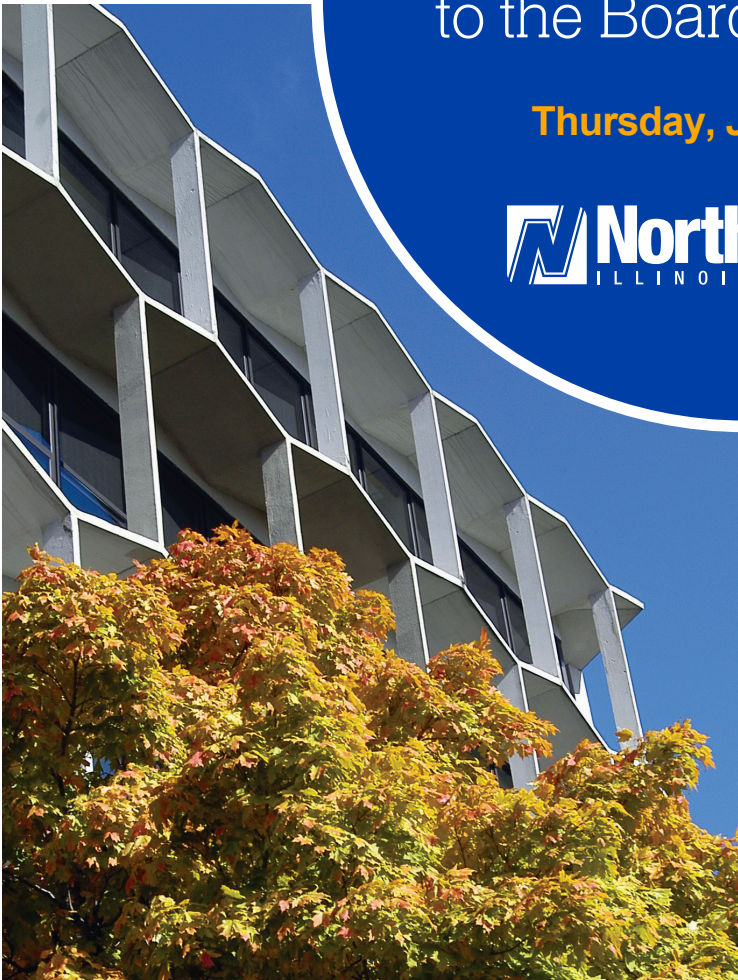


TABLE OF CONTENTS

I. ACTION ITEMS

A. Approval of Recommendation of Purchases \$100,000 or Greater: Grant Proposal Development Services	2
B. Approval of Recommendation of Purchases \$100,000 or Greater: Touchnet e-payment Services	3
C. Approval of FY22 Preliminary Budget Recommendations.....	4
D. Approval of Recommendation that the University proceed with the lease of the Bryn Mawr property on such terms and conditions, and at such time as determined by the Board, to be in the best interest of the University.....	9
E. Approval of Recommendation that the University extend its contract for consulting Services with Jones Lang LaSalle (JLL) to assist the University in the lease of the Bryn Mawr property subject to parameters to be established by the Board	10
F. Approval of Recommendation that the University proceed with the lease of the El Centro parcels on such terms and conditions, and at such time as determined by the Board, to be in the best interest of the University.....	11
G. Approval of Recommendation that the University extend its contract for consulting services with Jones Lang LaSalle (JLL) to assist the University in the lease of the El Centro parcels subject to parameters to be established by the Board	12
H. Approval of Recommendation to Accept and File the FY20 Compliance and Financial Audits	13
I. Approval of FY21 President's Evaluation.....	15
J. Delegation to Executive Committee to Finalize President's Annual Compensation for July 1, 2021 - June 30, 2022.....	16

ACTION ITEM I. A.: EXPENDITURE RECOMMENDATIONS FOR PURCHASES OF \$100,000 OR GREATER – GRANT PROPOSAL DEVELOPMENT CONSULTING SERVICES

Project Background

The University uses a firm to provide grant proposal development consulting services to increase the university's ability to raise external funds. Over the last few years, the University has faced decreasing revenue due to decreasing enrollment affecting tuition and budget cuts impacting state appropriation. Although the University has a good grant record for its size, the University determined that it could increase the number of major grant submissions and enhance the preparation and competitiveness of grants submitted for external funding through the services of a grant consulting firm.

Project Scope

The grant proposal development consulting services firm will develop a three-year strategic matrix for funding that meets Northeastern's priorities and needs, set up meetings with program officers of granting agencies as necessary, write and coach, review and edit four proposals to granting agencies per year over the next three years and provide technical assistance and support for up to eight others per year. In the renewal term, the same process will be implemented. The estimated return on the investment is approximately \$20 Million in grant awards to the University over the 6 years. Their Washington DC location is critical given strong relationships with federal granting agencies and program officers are extremely important. In addition, granting agencies often hold meetings on short notice regarding upcoming grant specifics and McAllister & Quinn will send a representative for NEIU and report back.

Recommended Consultant

McAllister & Quinn, LLC is recommended as the grant proposal development consulting services firm based on their proven track record of delivering millions of dollars in external funding to their higher education clients through competitive grants. McAllister & Quinn, LLC has a strong understanding of grant consulting practices in higher education, broad experience working with higher education clients, and an in-depth understanding of the grant development process.

McAllister & Quinn, LLC was the only firm reviewed by a committee via the Request for Proposals (RFP) competitive sealed process. The fee for the professional services has been negotiated, and upon Board approval a three-year contract with three one-year renewal options with McAllister & Quinn, LLC will commence on July 1, 2021 and will expire on June 30, 2024. The renewal term will commence on July 1, 2024 and will expire on July 30, 2027. The contract also includes 20% BEP participation with Maberry Consulting Services, LLC.

Project Cost

Years one, two and three: \$114,000 per year
Cost of Initial Term: \$342,000
Years four, five and six: \$119,700 per year
Cost of Renewal Terms: \$359,100
Total Cost: Up to \$701,100 for six years

Source of Funds

Indirect Costs
State General Fund, Provost Projects

Recommended Consultant

McAllister & Quinn, LLC
1030 15th Street NW Ste 590W
Washington, DC 20005

Recommended Action (as revised by the Finance, Buildings and Grounds Committee)

I request that the Board approve expenditures of \$342,000 for the initial three-year term and subject to legal review in successful future contract negotiations for the purchase of grant proposal development consulting services from McAllister & Quinn, LLC.

**ACTION ITEM I. B.: APPROVAL OF PURCHASES OF \$100,000 OR GREATER –
TOUCHNET E-PAYMENT SERVICES**

Project Background

TouchNet Information Systems, Inc.: The original 10-year agreement obtained via RFP from TouchNet Information Systems, Inc. expired on August 31, 2015. A Sole Source Justification for continued service with TouchNet Information Systems, Inc. for e-payment services was submitted to the State of Illinois Chief Procurement Office in 2015. At the June 18, 2015 meeting, the Board was informed that the Sole Source Agreement had been approved and would serve for six years expiring on June 30, 2021.

Project Scope

Northeastern Illinois University requires an e-commerce solution across campus and has utilized TouchNet Information Systems, Inc. Ellucian Banner is Northeastern's current Enterprise Resource Planning (ERP) system. TouchNet and Ellucian have formed a strategic partnership. The strategic partnership provides seamless technical integration between TouchNet and Banner, which eliminates coding modifications or custom programming by the University's IT staff. The partnership also provides Tier 1 level support, significantly minimizing any system downtime.

The strategic partnership between TouchNet and Banner provides real-time integration, resulting in a desired level of confidence in providing a safe and efficient e-commerce solution to Northeastern's students, faculty, staff and prospects.

TouchNet provides the following services to NEIU:

1. Payment Gateway Credit Card & ACH Engines (Box Office, Parking)
2. Bill+Payment Account Center
3. eRefunds, Payment client (Tuition & Recruiter)
4. Marketplace uPay, MarketPlace uStores.

Northeastern strongly believes that staying with TouchNet is in the best interest of the University and the only economically feasible source available to Northeastern at this time.

Considerations

The current contract expires on June 30, 2021. The University sought and received approval on April 19, 2021 from the State's Chief Procurement Officer of Higher Education (CPO) for the e-payment services as a Sole Source procurement. The procurement was approved based on economic feasibility and the CPO granted Northeastern a two-year extension with TouchNet through June 30, 2023.

Recommended Vendor

Touchnet Information Systems, Inc.
9801 Renner Blvd. Suite 150
Lenexa, KS 66219

Project Cost

Year 1: Not to Exceed \$164,400.00
Year 2: Not to Exceed \$180,840.00

Source of Funds

Technology Initiative

Recommended Action

I request that the Board approve expenditures of up to \$346,000.00 for two years for the purchase of e-payment services from TouchNet Information Systems, Inc.

ACTION ITEM I. C.: APPROVAL OF PRELIMINARY FY22 OPERATING BUDGET RECOMMENDATIONS

Overview

The Northeastern Illinois University Board of Trustees is asked to approve the University operating budget that represents preliminary estimated spending plans for the upcoming fiscal year beginning on July 1, 2021 and will be asked to approve the final Fiscal Year 2022 (FY2022) detailed budget at its September 2021 Board 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 FY2022 internal budget.

The University's unrestricted operating budget is comprised of two main sources of funds – state general funds appropriations (approximately 39 percent of operating revenues) and university income funds, mostly tuition (approximately 61 percent of operating revenues).

At the September 2021 Board meeting a final detailed budget for FY2022 will be presented for approval.

State appropriation

In FY2021, the University received an appropriation of \$35,566,900. In February 2021, the Governor presented a budget plan that called for the same level of funding, \$35,566,900, for FY2022. The final appropriation amount is still subject to approval by the state legislature and the University continues to monitor the state budget process. The preliminary budget presented here is based on a level appropriation for FY2022.

Over the next few weeks, as fall enrollments materialize, the final budget will consider any known changes to state funding and tuition revenues and high priority spending needs.

Income fund

The unrestricted operating budget reflects the tuition and fee rates adopted by the Board in November 2020 for FY2022, and enrollment projections developed internally by the University.

The preliminary FY2021 budget was developed at the beginning of the COVID-19 pandemic, a period of considerable uncertainty around enrollments in higher education. Enrollment trends for the Summer 2020 and Fall 2020 semesters were lagging significantly behind historical trends, and ultimately the University developed a budget based on a projected 10% enrollment decline. In fact, the decline in enrollment has been much smaller than the worst-case projections that were considered and FY2021 will likely see credit hour enrollment decline by just 4%.

**ACTION ITEM I. C.: APPROVAL OF PRELIMINARY FY22 OPERATING BUDGET
RECOMMENDATIONS**

For FY2022, the University is projecting a decline in enrollment equal to 3.7% of student credit hours. Projections for new Freshmen, new Transfers, and new Graduate students are forecast at level to FY2021, and the projected decline in credit hours is due entirely to a decline in credit hours among continuing students. These declines are a result of relatively small incoming classes in recent years, relative to the larger cohorts that preceded them and are moving through graduation. Increasing retention rates have helped offset some of this decline.

With these enrollment projections and the approved tuition rates, tuition revenue for FY2022 is projected at \$54,260,900. This represents an 8.5% increase from the FY2021 budgeted tuition revenues, due primarily to the fact that realized enrollment in FY2021 exceeded budgeted levels, and also due to the tuition increase and a more favorable tuition mix as graduate student enrollment continues to grow.

Other income is projected to decline to \$400,000 in FY2022, from an FY2021 budget of \$1,320,000. This reflects projected declines in interest income due to declining market interest rates and a loss in one-time COVID-related funding that had been allocated to lost tuition revenue in FY2021.

Restricted operating funds

In addition to the unrestricted operating budget, this preliminary 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 2020. These restricted operating funds are projected to total \$64,955,400 in FY2022.

During FY2021, the University received substantial federal support from several federal and state programs related to the COVID-19 pandemic. This funding allowed the University to cover expenses and recoup lost revenue related to the pandemic under the terms of these grant agreements. This budget anticipates that \$4,000,000 in COVID-19 related aid awarded during FY2021 will be expended during FY2022 for grants that cross the University's fiscal year reporting period. The University continues to monitor federal and state funding programs and seek available sources of support, as well as to evaluate how existing and potential new funds will impact the FY2022 budget.

The total preliminary FY2022 budget is summarized in Table 1. Resources available for operating purposes in FY2022 are estimated at \$155,183,300, an increase of \$1,237,500, or 0.8 percent, from the FY2021 budget.

**ACTION ITEM I. C.: APPROVAL OF PRELIMINARY FY22 OPERATING BUDGET
 RECOMMENDATIONS**

Table 1
NORTHEASTERN ILLINOIS UNIVERSITY
Fiscal Year 2022 Preliminary Operating Budget
(with comparable data provided for Fiscal Year 2021)

	FY2021 Budget	FY2022 Preliminary Budget	Annual Change	
			Dollar	Percent
<u>Unrestricted Operating Budget</u>				
State General Funds Appropriations	\$ 35,566,900	\$ 35,566,900	\$ -	- %
University Income Fund - Tuition	49,346,700	53,568,900	4,222,200	8.6
University Income Fund - Tuition Differential	643,000	692,000	49,000	7.6
University Income Fund - Other	1,320,000	400,000	(920,000)	(69.7)
<i>Unrestricted Operating Budget</i>	\$ 86,876,600	\$ 90,227,800	\$ 3,351,200	3.9 %
<u>Restricted Operating Budget</u>				
Student Fee Programs	\$ 8,946,500	\$ 9,001,100	\$ 54,600	0.6 %
Sales & Services	2,925,400	2,817,100	(108,300)	(3.7)
Auxiliary Services	4,011,800	3,977,900	(33,900)	(0.8)
Indirect Costs Recovery	2,221,100	2,138,900	(82,200)	(3.7)
Grants & Contracts-Education	600,000	600,000	-	-
State and Local Grants & Contracts	8,800,000	12,704,400	3,904,400	44.4
Federal Grants & Contracts*	39,064,300	32,926,000	(6,138,300)	(15.7)
Private Grants & Contracts	500,000	790,000	290,000	58.0
<i>Restricted Operating Budget</i>	\$ 67,069,100	\$ 64,955,400	\$ (2,113,700)	(3.2) %
Total Operating Budget	\$ 153,945,700	\$ 155,183,200	\$ 1,237,500	0.8 %

* Includes \$4,000,000 estimated carryover of FY2021 COVID-related awards

**ACTION ITEM I. C.: APPROVAL OF PRELIMINARY FY22 OPERATING BUDGET
RECOMMENDATIONS**

Expenditure Requirements

In September 2020, the Board approved an unrestricted request budget for Northeastern of \$92,304,100 for the current year. This budget included projected salary and cost increases of \$2,500,000 and the University Planning and Budget Council's (UPBC) recommended strategic initiatives of \$2,927,500. This compares to a revenue projection, outlined above, of \$90,227,800.

Beginning in the summer of 2020, the University embarked on a process of identifying revenue and cost efficiencies in anticipation of a significant budget gap for FY2022 as the pandemic continued and the State indicated the need to prepare for as much as a 10% decline in the appropriation. Fortunately, these downside risks appear to have lessened. However, this process, which engaged the university community through shared governance, produced recommendations for cost-saving and revenue enhancement that have informed this FY2022 budget and allowed us to close the funding gap that remained.

Through this process, the University is able to present a plan with expenditures balanced to anticipated revenues. Table 2, below, as required by the IBHE, provides estimated proposed expenditures by functional category (e.g., instruction, organized research) and object category (e.g., personal services, travel) by source of funds. Final categorical expenses will be provided in September when the final budget is presented for approval.

Recommended Action

I request that the Board of Trustees approve the FY2022 preliminary operating budget as presented in Tables 1 and 2 and as outlined herein.

**ACTION ITEM I. C.: APPROVAL OF PRELIMINARY FY22 OPERATING BUDGET
 RECOMMENDATIONS**

**Table 2
 NORTHEASTERN ILLINOIS UNIVERSITY
 Fiscal Year 2022 Preliminary Operating Budget
 by Function and Line Item**

Functional Categories	Unrestricted Operating Budget (State and Tuition)	Restricted Operating Budget	Total
Instruction	\$ 51,151,900	\$ 8,638,200	\$ 59,790,100
Organized Research	121,700	1,831,700	1,953,400
Public Service	739,800	15,176,800	15,916,600
Academic Support	6,406,100	2,584,400	8,990,500
Student Services	3,950,500	26,690,900	30,641,400
Institutional Support	13,532,500	1,787,400	15,319,900
Operations and Maintenance	12,197,700	3,269,800	15,467,500
Independent Operations	-	4,976,200	4,976,200
Benefits/Social Security/Medicare	1,005,000	-	1,005,000
Health Insurance Reserve Fund	1,122,600	-	1,122,600
Total	\$ 90,227,800	\$ 64,955,400	\$ 155,183,200

Line Item Categories	General Operating Fund (State and Tuition)	Restricted Funds	Total
Personal Services	\$ 69,251,100	\$ 14,835,500	\$ 84,086,600
Contractual Services	13,113,300	16,236,200	29,349,500
Travel	188,300	255,200	443,500
Commodities	840,300	888,000	1,728,300
Equipment	866,300	658,700	1,525,000
Telecommunications	236,300	62,500	298,800
Awards/Grants/Tuition Waivers	1,322,000	23,800,000	25,122,000
Permanent Improvements	49,600	124,800	174,400
Benefits/Social Security/Medicare	1,005,000	3,604,600	4,609,600
Health Insurance Reserve Fund	1,122,600	-	1,122,600
Indirect Costs	-	2,138,900	2,138,900
Other/Transfer Out (Debt Service)	2,233,000	2,351,000	4,584,000
Total	\$ 90,227,800	\$ 64,955,400	\$ 155,183,200

**ACTION ITEM I. D.: APPROVAL OF RECOMMENDATION THAT THE UNIVERSITY
PROCEED WITH THE LEASE OF THE BRYN MAWR PROPERTY
ON SUCH TERMS AND CONDITIONS, AND AT SUCH TIME AS
DETERMINED BY THE BOARD TO BE IN THE BEST INTEREST OF
THE UNIVERSITY**

This report will be delivered orally.

**ACTION ITEM I. E.: APPROVAL OF RECOMMENDATION THAT THE UNIVERSITY
EXTEND ITS CONTRACT FOR CONSULTING SERVICES WITH
JONES LANG LASALLE TO ASSIST THE UNIVERSITY IN THE
LEASE OF THE BRYN MAWR PROPERTY SUBJECT TO
PARAMETERS TO BE ESTABLISHED BY THE BOARD**

This report will be delivered orally.

**ACTION ITEM I. F.: APPROVAL OF RECOMMENDATION THAT THE UNIVERSITY
PROCEED WITH THE LEASE OF THE EL CENTRO PARCELS
ON SUCH TERMS AND CONDITIONS, AND AT SUCH TIME AS
DETERMINED BY THE BOARD TO BE IN THE BEST INTEREST OF
THE UNIVERSITY**

This report will be delivered orally.

**ACTION ITEM I. G.: APPROVAL OF RECOMMENDATION THAT THE UNIVERSITY
EXTEND ITS CONTRACT FOR CONSULTING SERVICES WITH
JONES LANG LASALLE TO ASSIST THE UNIVERSITY IN THE
LEASE OF THE EL CENTRO PARCELS SUBJECT TO
PARAMETERS TO BE ESTABLISHED BY THE BOARD**

This report will be delivered orally.

**ACTION ITEM I. H.: APPROVAL OF RECOMMENDATION TO ACCEPT AND FILE THE
 FY20 COMPLIANCE AND FINANCIAL AUDITS**

The University's 2020 Single Audit and Compliance Examination was released by Illinois Office of Auditor General 5/25/2021

The following summary provides the status of the individual finding and indicates if the audit is a recurring finding from previous years.

Here is the current status of the 2020 material findings:

- NEIU had 20 material audit findings.
- 13 of 20 findings were repeated findings.
- 10 of 20 findings have been reported as addressed; 10 findings are in progress.

#	Previous	Finding	Status	Expected Completion
001	New Finding 2020	Weakness in Census Data – inadequate review of pension and other postemployment benefits (OPEB) data.	Will develop an annual reconciliation process to monitor and audit the data reported to SURS and CMS.	6/30/2022*
002	19, 18, 17	Weaknesses over Computer Security – safeguarding access environment (granting user access rights, updating servers, installing encryption software).	Information Security Officer (ISO) hired. New hardware, supported operating systems and management/monitoring tools will replace systems that lacked controls.	9/30/2021
003	19	Lack of Adequate Controls over Review of Internal Controls over External Service Providers – monitor 3 rd party service providers to ensure data protection.	ISO to set up committee to periodically review vendor SOC reports.	12/31/2021
004	19	Student Notification of Disbursements of Direct Loans – did not timely notify students of loans credited to account.	Implemented a new workflow process.	Complete
005	New Finding 2020	Reporting of Disbursements to the Common Origination and Disbursement System – delay in submitting Pell data to Department of Education.	Developed a method of error reporting.	Complete
006	19	Information Technology Risk Assessment Not Performed – University did not conduct a risk assessment to identify risk to security, confidentiality, and integrity of student data.	ISO will compile annual reports to CIO and VP. External forensics team performed an examination on network control and found no evidence of a data breach.	Complete
007	19, 18	Noncompliance with the Federal Perkins Loan Cohort Default Rate – failure to maintain default rate below 15% (currently at 35%).	Getting a quote for assignment services from vendor (ECSI).	06/30/22
008	New Finding 2020	Student Financial Assistance Cost of Attendance - adequate documentation to support manual changes in the student's cost of attendance information.	Continues to provide ongoing training relating to cost of attendance documentation within the ERP system.	Complete
009	19, 18	Failure to Communicate Required Information to Subrecipients.	Implemented FDP form to include all relative information when contracting with subrecipients.	Complete

**ACTION ITEM I. H.: APPROVAL OF RECOMMENDATION TO ACCEPT AND FILE THE
 FY20 COMPLIANCE AND FINANCIAL AUDITS**

010	All years 19 - 05	Timesheets and Time and Effort Reports were not Submitted or Timely Submitted.	All salaried (exempt) employees now required to submit electronic time sheets. Continue to monitor and address employees not adhering to deadlines.	Complete
011	New Finding 2020	Noncompliance with Grant Report Requirements – late reporting to the Illinois State Board of Education.	The Principal Investigators will develop schedule to document when reports are due to ensure timely submission.	Complete
012	New Finding 2020	Weaknesses over Purchasing Credit Card Transactions – late review and approval of purchases.	P-Card manual and procedures were revised in fiscal year 2020. P-card usage monitoring continues.	Complete
013	19, 18	Inadequate Controls over University Property and Equipment.	Training is ongoing. Getting quotes for updated scanner technology to improve automation.	12/31/2021
014	19, 18	Weakness Regarding Clearing of Data from Electronic Devices – Clearing data before the EDP equipment is transferred to the Department of Central Management Services for surplus.	Property Control will not mark devices as surplus until UTS confirms data has been deleted.	Complete
015	19	Noncompliance with the College Student Immunization Act – student proof of adequate immunization.	Health Services informs students of the policy and noncompliance. Particular attention will be paid to new freshman admissions.	6/30/2024
016	19 - 13	Lack of Disaster Contingency Plan - contingency plan for critical applications to ensure the timely recovery of critical computer systems.	Ongoing infrastructure improvements procedures are being developed. The rebuild of the University's internal network will be completed in 2021.	12/31/2021
017	19, 18, 17, 16, 15	Noncompliance with Payment Card Industry (PCI) Security Standards - ensuring computer systems and cardholder data are protected from accidental or unauthorized disclosure.	Will engage an external consultant to perform an assessment of weaknesses in NEIU's PCI compliance and provide estimates for solutions, if any.	10/31/2021
018	19	Weaknesses in Cybersecurity Programs and Practices (GAS).- cybersecurity training for staff members was not completed.	ISO developing a comprehensive security awareness and training program. A comprehensive solution has been purchased (KnowBe4). Training to begin in June 2021.	10/31/2021
019	New Finding 2020	Weaknesses over Maintenance of Employment Eligibility Verification Forms – maintaining employee U.S. Citizenship and Immigration Services (USCIS) Employment Eligibility Verification Forms (Form I-9).	Has implement I-9 self-audit procedures and processes to ensure New Hires complete Sections one and two of the I-9 form on their first days of work.	Complete
020	New Finding 2020	Noncompliance with the Illinois Articulation Initiative Act – University did not submit minimum of one course per major under the Illinois Articulation Initiative (IAI) for some majors offered by the University.	Planning at least one course in every area, in the Fall. Needs to be reviewed internally, and then by IAI.	12/31/2021

* Dependent on SURS providing reporting data

Recommended Action

I request the Board approve the recommendation by the Audit Committee to accept and file the FY20 compliance and financial audits.

ACTION ITEM I. I.: APPROVAL OF THE PRESIDENT'S 2021 ANNUAL EVALUATION

The Board Chair will present this item following Closed Session.

**ACTION ITEM I. J.: DELEGATION TO EXECUTIVE COMMITTEE TO FINALIZE
PRESIDENT'S ANNUAL COMPENSATION FOR JULY 1, 2021 –
JUNE 30, 2022**

The Board Chair will present this item following Closed Session.