

**UNIVERSITY HOUSING OPERATING BUDGET FOR THE
FISCAL YEAR ENDING JUNE 30, 2020**

A Recommendation

1. **Division and Department:** Student Affairs and Diversity, Finance and Administration, and University Housing.
2. **Introduction:** The proposed budget for University Housing is presented for approval for the fiscal year ending June 30, 2020.

University Housing is an ancillary activity connected with and in support of the educational mission of Oakland University (University). Each ancillary budget is presented in a similar format, using common terminology and revenue, expense and University Support categories. The “all funds” budget model is used to construct the budget presentation. The all funds model provides a comprehensive picture of the financial activities of the unit. This format depicts operating and capital transactions in the General Fund, Auxiliary Fund, Designated Fund, Expendable Restricted Fund, and Plant Fund. Gifts are included, but the fund balances in permanent endowments are not included as there is no discretion with regard to their use. Distributions from these endowments are income in the Expendable Restricted Funds and are included.

3. **Previous Board Action:** The Board of Trustees (Board) approved the FY2019 University Housing budget on April 9, 2018.
4. **Budget Implications:** See program description for budget implications.
5. **Educational Implications:** See program description for educational implications.
6. **Personnel Implications:** See program description for personnel implications.
7. **University Reviews/Approvals:** The University Housing operating budget was prepared by the ancillary unit, reviewed by the Financial Performance Review Committee, Budget and Financial Planning Office, Vice President for Student Affairs, Vice President for Finance and Administration, and President.
8. **Recommendation:**

RESOLVED, that the Board of Trustees approves the FY2020 budget for University Housing, with expenditures and transfers not to exceed the expense total as reflected in the attached budget, except as set forth; and, be it further

**University Housing Operating Budget for the
Fiscal Year Ending June 30, 2020
Oakland University
Board of Trustees Formal Session
April 8, 2019
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RESOLVED, that all expenditures and transfers beyond the approved expense total must have the prior approval of the President or his/her designee and these amounts will be reported on a periodic basis to the Board of Trustees.

9. Attachments:

A. Description of Programs and Proposed Budget, FY2020

Submitted to the President
on 3/28, 2019 by

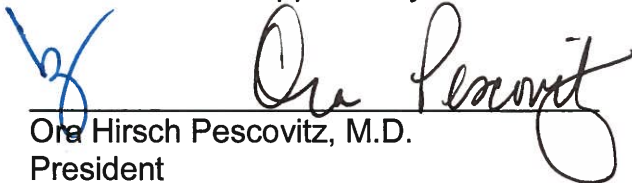


Glenn McIntosh
Vice President for Student Affairs and Chief Diversity
Officer



John W. Beaghan
Vice President for Finance and Administration
and Treasurer to the Board of Trustees

Recommended on 4/1, 2019
to the Board for approval by



Ora Hirsch Pescovitz, M.D.
President

Department of University Housing

Description of Program

The Department of University Housing has administrative oversight for on-campus housing operations including budget, facility operations, maintenance, programming, support services and personnel.

Key Performance Indicators

	<u>FY2017</u>	<u>FY2018</u>	<u>FY2019</u>
Opening Occupancy	2,738	2,619	3,071
Renovation and Refurbishing Projects	\$4,935,619	\$5,882,630	\$2,906,035
Chartwells Board Rate Increase	3%	3%	3%

FY2019 Explanation of Major Changes

1. Decrease in room and board operating revenue is due to a lower than budgeted student occupancy. A higher than normal number of contract releases occurred in late August 2018, impacting Fall occupancy. Key cross-departmental strategies have been developed and implemented to avoid such an experience in future years.
2. Decrease in conference revenue is the result of the Oakland Center renovation and expansion construction project during summer 2018.
3. Decrease in "other revenue" is due to lower room damage charges.
4. Increase in investment income is due to higher interest on reserves.
5. Decrease in compensation is due to delayed filling of anticipated positions and reduction in summer overtime.
6. Decrease in student programming & retention is due to lower occupancy.
7. Decrease in food services expenses is due to lower room and board contracts.
8. Increase in equipment is due to the classification of one-time purchases for the newly constructed Hillcrest Hall.
9. Decrease in "other transfers" is due to the classification of one time purchases for the newly constructed Hillcrest Hall.

Department of University Housing

FY2020 Budget Assumptions

1. The **Standard Residence Hall** budget reflects a 2.0 percent double room rate increase in room and board. The recommended rates are as follows:

Year	FY2018	FY2019	FY2020
Academic Year Rate (double room)	\$9,910	\$10,225	\$10,430
Academic Year Rate (single room)	\$10,775	\$11,130	\$11,350
Summer Semester – Base Rate (double room)	\$3,115	\$3,220	N/A
Summer Semester – Base Rate (single room)	\$3,365	\$3,475	N/A
Percentage Increase (Acad. Yr – double)	3%	3.3%	2%

2. The **Oak View Hall** budget reflects a 2.0 percent room rate increase in room and board. The recommended rates are as follows:

Year	FY2018	FY2019	FY2020
Academic Year Rate (freshmen double room)	\$10,425	\$10,755	\$10,970
Academic Year Rate (upper class single room suite)	\$10,940	\$11,290	\$11,515
Summer Semester Rate (freshmen double room)	\$3,650	\$3,770	\$3,845
Summer Semester Rate (upper class single room suite)	\$3,820	\$3,945	\$4,025
Percentage Increase (freshmen & upper class)	3%	3.3%	2%

Department of University Housing

FY2020 Budget Assumptions (continued)

3. The **Ann V. Nicholson Apartments** budget reflects a 2.0 percent rate increase. The recommended rates are as follows:

Year	FY2018	FY2019	FY2020
Academic Year Rate (3 and 4 Bedrooms)	\$8,250	\$8,520	\$8,690
Academic Year Rate (2 Bedrooms)	\$8,675	\$8,960	\$9,140
Summer Semester Rate (3 and 4 Bedrooms)	\$3,910	\$4,040	\$4,120
Summer Semester Rate (2 Bedrooms)	\$4,350	\$4,490	\$4,580
Percentage Increase (3&4 BR & 2 BR)	3%	3.3%	2%

4. The **George T. Matthews Apartments** budget reflects a 2.0 percent rate increase. The recommended rate is as follows:

Year	FY2018	FY2019	FY2020
Academic Year Rate	\$8,520	\$8,800	\$8,976
Summer Semester Rate	\$4,315	\$4,455	\$4,545
Percentage Increase	3%	3.3%	2%

5. The **Hillcrest Hall** budget reflects a room rate equal to that of Oak View Hall in room and board. The recommended rates are as follows:

Year		FY2019	FY2020
Academic Year Rate		\$11,290	\$11,515
Summer Semester Rate		\$3,945	-
Percentage Increase			2%

Department of University Housing

FY2020 Budget Assumptions (continued)

1. FY2020 operating revenue has been calculated on a more conservative 90% occupancy.
2. Increase in “other revenue” is an expected increase in food services commissions.
3. Increase in compensation is due to expected salary increases, new custodial and student academic support positions.
4. Increase in repairs and maintenance anticipates additional work on our aging residence halls as well as the addition of a new facility, Hillcrest Hall.
5. Increase in equipment costs is to service the recently opened Hillcrest Hall (290,000 square feet).
6. Increase in utilities is due to forecasted rate increases.
7. Major capital expenditures are for the Ann V. Nicholson Apartments interior rooms renovation project and the Residential Internet (Resnet) network upgrade.

Oakland University
Ancillary Activities Operating Budget
University Housing
Proposed Budget - All Funds
FY2020

	FY2019 BUDGET	FY2019 ESTIMATED ACTUAL	FY2020 PROPOSED BUDGET
Revenue:			
Operating Revenue	\$ -	\$ -	\$ -
Room & Board	31,569,946	28,510,344	30,665,272
Conferences	200,000	84,798	200,000
Other	416,200	339,063	442,820
Retail Sales	-	-	-
OU Purchased Services	135,072	135,072	127,041
Gifts and Grants	-	-	-
Investment Income	65,000	120,000	120,000
Total Revenue	<u>\$ 32,386,218</u>	<u>\$ 29,189,277</u>	<u>\$ 31,555,133</u>
Expenditures:			
Compensation	\$ 6,332,427	\$ 6,066,522	\$ 6,708,630
Supplies and Services	784,000	605,748	772,519
Student Programming & Retention	654,274	483,049	546,210
Food Services	6,455,935	6,210,866	5,951,923
Travel	38,000	33,818	38,000
Repairs and Maintenance	2,004,792	1,750,595	2,471,792
Cost of Retail Sales	-	-	-
Equipment	90,000	227,843	137,300
Insurance	137,988	121,749	133,156
Utilities	1,960,000	1,913,282	2,057,746
Debt Service	8,359,955	8,359,955	8,362,721
Overhead charged by OU	513,902	513,902	519,099
Other Transfers	447,500	162,500	50,000
Total Expenditures	<u>\$ 27,778,773</u>	<u>\$ 26,449,829</u>	<u>\$ 27,749,096</u>
Net Income	<u>\$ 4,607,445</u>	<u>\$ 2,739,449</u>	<u>\$ 3,806,037</u>
University Support:			
Bear Bus Operations	\$ 159,000	\$ -	\$ -
Scholarship Support	(1,000,000)	(1,000,000)	(1,000,000)
Total University Support	<u>\$ (841,000)</u>	<u>\$ (1,000,000)</u>	<u>\$ (1,000,000)</u>
Net Income with University Support	<u>\$ 3,766,445</u>	<u>\$ 1,739,449</u>	<u>\$ 2,806,037</u>
Ending Balances prior to Major Cap. Expenditures:			
Restricted Fund Balance *	\$ -	\$ -	\$ -
Unrestricted Fund Balance	9,479,300	7,452,303	7,352,305
Less: Major Capital Expenditures	3,021,856	2,906,035	855,000
Total Ending Fund Balance	<u>\$ 6,457,444</u>	<u>\$ 4,546,268</u>	<u>\$ 6,497,305</u>
Restriction 1		\$ -	
Restriction 2		-	
Restriction 3		-	
Restricted Fund Balance *		<u>\$ -</u>	

**Oakland University
University Housing
Proposed Major Capital Expenditures
FY2020**

Item Description	Estimated Cost
Resnet Backbone Upgrade Project	\$ 175,000
Ann V Nicholson Buildings 2000 and 6000 Renovations	680,000

FY2020 Total

\$ 855,000