

**Agendum
Oakland University
Board of Trustees Formal Session
April 20, 2023**

**UNIVERSITY HOUSING OPERATING BUDGET FOR THE
FISCAL YEAR ENDING JUNE 30, 2024**

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, 2024.

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 FY2023 University Housing budget on June 13, 2022.

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, Senior Vice President for Student Affairs and Chief Diversity Officer, Vice President for Finance and Administration, and President.

8. Recommendation:

RESOLVED, that the Board of Trustees approves the FY2024 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, 2024
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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.


RESOLVED, that subject to satisfaction of the requirements set forth in all applicable Board of Trustees policies, the Board of Trustees authorizes the President, the Vice Presidents, and their respective designees, to perform all acts and deeds and to execute and deliver all contracts, instruments and documents required by this resolution that are necessary, expedient and proper in connection with the FY2024 budget and the ongoing administration of the FY2024 budget; and, be it further

RESOLVED, that any and all such contracts, instruments and documents shall be reviewed by and be in a form acceptable to the Vice President for Legal Affairs and General Counsel prior to execution, and be in compliance with the law and with University policies and regulations and conform to the legal standards of the Vice President for Legal Affairs and General Counsel.

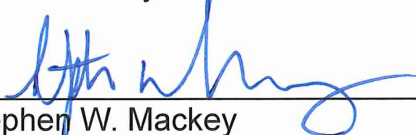
9. **Attachments:**

- A. Description of University Housing Budget Notes and Assumptions
- B. University Housing Proposed Budget

Submitted to the President
on April 13, 2023 by

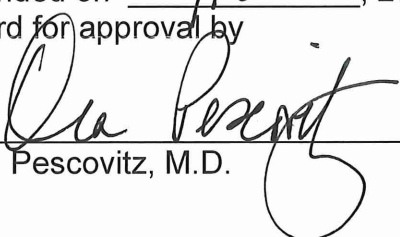


Glenn McIntosh
Senior Vice President for Student Affairs and
Chief Diversity Officer



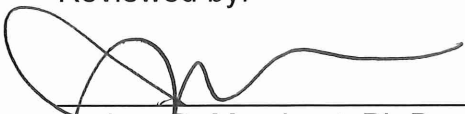
Stephen W. Mackey
Vice President for Finance and Administration,
And Treasurer to the Board of Trustees

Recommended on 4/16, 2023
to the Board for approval by



Ora Hirsch Pescovitz, M.D.
President

Reviewed by:



Joshua D. Merchant, Ph.D.
Chief of Staff and
Secretary to the Board of Trustees

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>FY2021</u>	<u>FY2022</u>	<u>FY2023</u>
Opening Occupancy	1,754	1,976	2,034
Renovation and Refurbishing Projects	\$235,000	\$208,348	\$104,000
Chartwells Board Rate Increase	1.5%	1.5%	1.5%

FY2023 Explanation of Major Changes

1. Lower than budgeted occupancy resulted in shortfalls in room and board operating revenues.
2. Increased summer camp, conference, and internship activity in the summer of 2022 resulted in increased revenue projections for summer 2023.
3. Lower than budgeted compensation is due to the elimination of three vacant positions.
4. Food service expenses are below budget due to fewer students participating in the board plan as a result of reduced occupancy. The board rate paid to Chartwells in FY2023 is pending renegotiation and may increase prior to the end of the fiscal year.
5. Debt service reduction due to refinancing savings from the 2013A series debt for Oak View Hall construction.
6. The presentation of housing scholarship funding has been changed to better reflect the structure of the housing scholarship program. The total amount of scholarship funding from the Housing Department remains unchanged at \$1.5M annually. The housing scholarship line item reflects the total dollar value of scholarships distributed to students in the period. The scholarship support line item reflects the general fund contribution to housing scholarships, net of the \$1.5M funded from Housing.
7. Reduction in short-term internal loan from general fund due to overall savings

discussed above.

FY2024 Budget Assumptions

1. The **Standard Residence Hall** budget reflects a \$500 reduction in room and board rate for double-style rooms, and establishes a new single rate to be offered in Van Wagoner House during FY2024. The recommended rates are as follows:

Year	FY2022	FY2023	FY2024
Academic Year Rate (double room)	\$10,639	\$10,852	\$10,352
Academic Year Rate (single room)	N/A	N/A	\$12,500
Summer Semester – Base Rate (double room)	N/A	N/A	N/A
Summer Semester – Base Rate (single room)	N/A	N/A	N/A
Percentage Increase (Academic year – double)	0%	2%	- 4.6%

2. The **Oak View Hall** budget reflects a 0.0 percent increase in room and board rates. The recommended rates are as follows:

Year	FY2022	FY2023	FY2024
Academic Year Rate (Freshman double room)	\$11,190	\$11,414	\$11,414
Academic Year Rate (Upperclassman single-room suite)	\$11,746	\$11,981	\$11,981
Summer Semester Rate (Freshman double room)	\$3,922	\$4,001	\$4,001
Summer Semester Rate (Upperclassman single-room suite)	\$4,106	\$4,189	\$4,189

Percentage Increase (Freshman and upperclassman)	0%	2%	0%
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3. The **Ann V. Nicholson Apartments** budget reflects a 0.0 percent increase in room rates. The recommended rates are as follows:

Year	FY2022	FY2023	FY2024
Academic Year Rate (3 and 4 Bedroom)	\$8,864	\$9,042	\$9,042
Academic Year Rate (2 Bedroom)	\$9,323	\$9,510	\$9,510
Summer Semester Rate (3 and 4 Bedroom)	\$4,203	\$4,288	\$4,288
Summer Semester Rate (2 Bedroom)	\$4,672	\$4,766	\$4,766
Percentage Increase (3 & 4 bedroom and 2 bedroom)	0%	2%	0%

4. The **George T. Matthews Apartments** budget reflects a 0.0 percent increase in room rates. The recommended rates are as follows:

Year	FY2022	FY2023	FY2024
Academic Year Rate	\$9,156	\$9,340	\$9,340
Summer Semester Rate	\$4,636	\$4,729	\$4,729
Percentage Increase	0%	2%	0%

5. The **Hillcrest Hall** budget reflects a 0.0 percent increase in room and board rates. The recommended rates are as follows:

Year	FY2022	FY2023	FY2024
Academic Year Rate	\$11,746	\$11,981	\$11,981
Summer Semester Rate	N/A	N/A	N/A
Percentage Increase	0%	2%	0%

Department of University Housing

FY2024 Budget Assumptions

1. FY2024 operating revenue assumptions include the following changes to increase occupancy, improve student affordability, and increase living options:
 - a. \$500 reduction in cost for standard residence hall double occupancy. This change represents a 4.6% reduction in cost from FY2023, and will be available to both incoming and returning students in our standard residence halls.
 - i. The projected loss of revenue from this initiative is estimated to be \$400K in FY2024 if occupancy remains constant. University Housing believes that this pricing change will increase occupancy in excess of the 3% increase required to cover the cost of the pricing change and will lead to increased revenue in future periods.
 - b. 0% increase in room and board rates for all other on-campus living options for both incoming and returning students.
 - c. Eligible incoming students can receive up to \$6,500 per year in housing scholarships in FY2024 to reduce the total cost of living in housing. Awards include:
 - i. \$5,000 per year OU Housing Grant for students with a 3.0 high school GPA and an expected family contribution less than \$8,000.
 - ii. \$1,500 per year Geographic Region award for students with a 3.0 high school GPA who live outside of Macomb and Oakland counties.
 - d. Newly created single room option offered in Van Wagoner House in FY2024.
2. FY2024 operating revenue includes opening occupancy of 2,250 students, or

75% of the total program capacity. This occupancy represents an 10.6% increase over FY2023 actual opening occupancy and a 2.6% increase over FY2023 budgeted opening occupancy.

3. Conference revenue has been increased to reflect increased summer camp, conference, and intern housing activity in FY2024. Summer activity increased in the summer of 2022 and is expected to continue to expand in summer 2023 and summer 2024. The main driver of increased revenue is the projected expansion of the internship program where guest students and recent college graduates live in campus housing while completing a summer internship at a local company.
4. The decrease in compensation is due to the elimination of three positions due to ongoing cost containment efforts and a reduction in planned overtime wages, partially offset by planned salary increases.
5. Increase in student programming and retention due to enhanced programming offerings to students in FY2024. Added programs include student housing specific programming and events as well as more funding for University wide collaborations with the Office for Student Involvement.
6. Increase in food service costs vs FY23 actual is due to the projected increase in occupancy for FY24. The agreement with Chartwells is pending renegotiation due to reduced student counts on campus as a result of the pandemic as well as rising food and labor costs.
7. Increase in repairs and maintenance due to additional summer cleaning costs to accommodate increased summer camp, conference, and intern housing activity.
8. Increase in insurance was determined by Risk Management.
9. Decrease in utilities was determined by Facilities Management.
10. Decrease in debt service due to refinancing savings from the 2013A series debt for Oak View Hall construction.
11. Increase in short-term internal loan interest due to realized interest on loan balance outstanding in FY2023.
12. Increase in housing scholarships and scholarship support due to more projected students becoming eligible for awards as occupancy increases.
13. Additional short-term internal loan from general fund in FY2024 to fund housing operations while occupancy recovers from pandemic student losses. All general fund loans shown are projected to be repaid within a 5-year period.

Oakland University
Ancillary Activities Operating Budget
University Housing
Proposed Budget - All Funds
FY2024

	FY2022 YEAR-END ACTUAL	FY2023 BUDGET	FY2023 ESTIMATED ACTUAL	FY2024 PROPOSED BUDGET
Revenue:				
Operating Revenue	\$ -	\$ -	\$ -	\$ -
Room & Board	20,251,134	21,498,991	20,910,172	21,467,871
Conferences	52,573	100,000	125,000	500,000
Other	145,594	75,000	145,000	75,000
Retail Sales	-	-	-	-
OU Purchased Services	102,140	102,140	102,140	112,150
Gifts and Grants	-	-	-	-
Investment Income	13,641	-	-	-
Total Revenue	<u>\$ 20,565,082</u>	<u>\$ 21,776,131</u>	<u>\$ 21,282,312</u>	<u>\$ 22,155,021</u>
Expenditures:				
Compensation	\$ 4,519,037	\$ 5,337,666	\$ 5,155,666	\$ 5,215,301
Supplies and Services	433,800	508,270	508,270	508,227
Student Programming & Retention	70,585	189,150	189,150	308,610
Food Services	4,960,821	5,471,502	4,691,525	5,057,600
Travel	-	16,000	16,000	16,000
Repairs and Maintenance	1,061,526	1,194,000	1,194,000	1,255,000
Cost of Retail Sales	-	-	-	-
Equipment	7,810	50,000	50,000	50,000
Insurance	177,733	228,128	228,128	243,642
Utilities	1,574,823	1,824,235	1,824,235	1,613,353
Debt Service	8,357,170	8,347,909	8,012,470	8,112,803
Short-Term Internal Loan Interest	-	-	-	97,545
Housing Scholarships	3,178,493	2,945,933	3,252,121	3,806,888
Overhead charged by OU	1,006,401	787,928	787,928	767,136
Other Transfers	44,479	50,000	50,000	50,000
Total Expenditures	<u>\$ 25,392,678</u>	<u>\$ 26,950,721</u>	<u>\$ 25,959,493</u>	<u>\$ 27,102,105</u>
Net Income	<u>\$ (4,827,596)</u>	<u>\$ (5,174,590)</u>	<u>\$ (4,677,181)</u>	<u>\$ (4,947,084)</u>
University Support:				
Cares Relief Funding	\$ 610,502	\$ -	\$ -	\$ -
Short-Term Internal Loan	-	4,286,801	2,295,176	2,640,196
Scholarship Support	1,678,493	1,445,933	1,752,121	2,306,888
Total University Support	<u>\$ 2,288,995</u>	<u>\$ 5,732,734</u>	<u>\$ 4,047,297</u>	<u>\$ 4,947,084</u>
Net Income with University Support	<u>\$ (2,538,601)</u>	<u>\$ 558,144</u>	<u>\$ (629,884)</u>	<u>\$ -</u>
Ending Balances prior to Major Cap. Expenditures:				
Restricted Fund Balance *	\$ -	\$ -	\$ -	\$ -
Unrestricted Fund Balance	942,232	1,292,028	104,000	-
Less: Major Capital Expenditures	208,348	104,000	104,000	-
Total Ending Fund Balance	<u>\$ 733,884</u>	<u>\$ 1,188,028</u>	<u>\$ -</u>	<u>\$ -</u>
Restriction 1			\$ -	
Restriction 2			-	
Restriction 3			-	
Restricted Fund Balance *			<u>\$ -</u>	