

**Agendum
Oakland University
Board of Trustees Formal Session
April 11, 2025**

**UNIVERSITY HOUSING OPERATING BUDGET FOR THE
FISCAL YEAR ENDING JUNE 30, 2026**

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, 2026.

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 FY2025 University Housing budget on April 4, 2024.
4. **Budget Implications:** See the 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, Senior Vice President for Finance and Administration, and President.
8. **Recommendation:**

RESOLVED, that the Board of Trustees approves the FY2026 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

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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 FY2026 budget and the ongoing administration of the FY2026 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 March 28, 2025 by



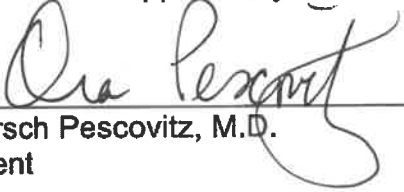
Glenn McIntosh
Senior Vice President for Student Affairs and
Chief Diversity Officer



Stephen W Mackey
Senior Vice President for Finance and Administration
and Treasurer to the Board of Trustees

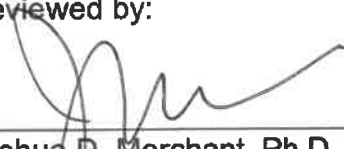
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Recommended on 4/4, 2025
to the Board for approval by



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>FY2023</u>	<u>FY2024</u>	<u>FY2025</u>
Opening Occupancy	2,034	2,139	2,238
Renovation and Refurbishing Projects	\$104,000	\$0	\$0

FY2025 Explanation of Major Changes

1. Total room and board revenues are forecasted to surpass budgeted expectations by approximately \$141k due to lower than budgeted melt and bad debt.
2. FY2025 was the pilot program of accepting Oakland Community College (OCC) students into University Housing. On average, about 35 OCC students were housed throughout the school year.
3. Summer camps and conferences are projected to exceed budgeted expectations by \$25k.
4. Compensation is forecasted to finish below budgeted expectations by \$36k due to positions being vacated during the year and not replaced.
5. This will be the second full year with Chartwells contract on the Cost Reimbursement Model. With the increased meal swipes over FY24, year-end results are expected to be over budget by approximately \$135k.
6. Debt service expense is in line with budgeted expectations of \$8.27M.
7. The Board approved a \$2.6M loan from the general fund to sustain Housing operations in FY2024 with \$175k interest budgeted in FY2025. Housing utilized only \$1.27M of this loan which resulted with an interest only payment of \$54k. Housing has restructured our loan with the CFO as of March 2025 to reflect interest only payments from FY2025 through FY2028. Principal plus interest payments will begin in FY2029.
8. Insurance premiums are estimated to be \$32k higher than budgeted

expectations.

9. Estimated Utility savings of \$25k are the result of Hill House remaining with the Facilities department during FY25.

FY2026 Budget Assumptions

1. The **Standard Residence Hall** budget reflects a 9.0 percent increase in room and board rate for double-style rooms; single room rates will continue to be offered in Vandenberg during FY2026. The recommended rates are as follows:

Year	FY2024	FY2025	FY2026
Academic Year Rate (double room)	\$10,352	\$10,662	\$11,621
Academic Year Rate (single room)	\$12,500	\$12,875	\$14,033
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)	-4.6%	3%	9%

2. The **Oak View Hall** budget reflects a 9.0 percent increase in room and board rates. The recommended rates are as follows:

Year	FY2024	FY2025	FY2026
Academic Year Rate (Freshman double room)	\$11,414	\$11,756	\$12,814
Academic Year Rate (Upperclassman single-room suite)	\$11,981	\$12,341	\$13,451
Summer Semester Rate (Freshman double room)	\$4,001	\$4,121	\$4,492

Summer Semester Rate (Upperclassman single-room suite)	\$4,189	\$4,314	\$4,702
Percentage Increase (Freshman and upperclassman)	0%	3%	9%

3. The **Ann V. Nicholson Apartments** budget reflects a 9.0 percent increase in room rates. The recommended rates are as follows:

Year	FY2024	FY2025	FY2026
Academic Year Rate (3 and 4 Bedroom)	\$9,042	\$9,313	\$10,152
Academic Year Rate (2 Bedroom)	\$9,510	\$9,795	\$10,677
Summer Semester Rate (3 and 4 Bedroom)	\$4,288	\$4,416	\$4,813
Summer Semester Rate (2 Bedroom)	\$4,766	\$4,908	\$5,350
Percentage Increase (3 & 4 bedroom and 2 bedroom)	0%	3%	9%

4. The **George T. Matthews Apartments** budget reflects a 9.0 percent increase in room rates. The recommended rates are as follows:

Year	FY2024	FY2025	FY2026
Academic Year Rate	\$9,340	\$9,620	\$10,486
Summer Semester Rate	\$4,729	\$4,870	\$5,308
Percentage Increase	0%	3%	9%

5. The **Hillcrest Hall** budget reflects a 9.0 percent increase in room and board rates. The recommended rates are as follows:

Year	FY2024	FY2025	FY2026
Academic Year Rate	\$11,981	\$12,341	\$13,451
Summer Semester Rate	N/A	N/A	N/A
Percentage Increase	0%	3%	9%

Department of University Housing

FY2026 Budget Assumptions

1. FY2026 operating revenue assumptions are projected to increase by \$946k over FY2025 estimated results with occupancy projected to remain flat to last year and rates increasing an average of 9%. These represent an opening occupancy of 2,238 students, or 66% of the total program capacity.
2. Single room options will continue to be offered in Vandenberg and OakView in FY2026.
3. Conference revenues are projected to be in line with the actual run rates of camps and conferences over the last 2 years, budgeting flat to FY2025 projected actuals.
4. Compensation has increased over FY2025 actuals by \$277k highlighted by salary increases in addition to filling the vacant positions that were open in FY2025.

5. Repairs and Maintenance budget has increased by \$150k for anticipated building roof repair costs and HVAC maintenance.
6. Debt service repayment of the \$1.2M loan necessary to sustain operations in FY2024 will consist of interest only payments starting FY2025 until FY2029, at which point principal plus interest repayment of this loan will begin. Any positive FYE fund balances prior to FY2029 will be applied to principal payments on outstanding loan balances.
7. The current food service contract will conclude June 30th, 2025. A new food service contract is currently being negotiated. At this time, it is anticipated that Housing and the Oakland Center will continue to operate under the current cost model agreement
8. The total amount of scholarship funding from the Housing Department has been modified to \$1.0M down from \$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 \$1.0M funded from Housing.
9. University Overhead cost allocations have been significantly reduced year over year, highlighted by the additional 50% removed in the FY2026 projections. This results in a year over year savings of \$229k.
10. As a result of the FY2024 modification to the food service contract, there are approximately \$5.3M of unamortized expenses due at the end of the current food service contract (06/30/25), shared between the Oakland Center and Housing. This amount is not included as FY2026 expense, this expense will be added into future Oakland Center and Housing budgets when the food service program is solidified.

Oakland University
Ancillary Activities Operating Budget
University Housing
Proposed Budget - All Funds
FY2026

	FY2024 YEAR-END ACTUAL	FY2025 BUDGET	FY2025 ESTIMATED ACTUAL	FY2026 PROPOSED BUDGET
Revenue:				
Operating Revenue	\$ -	\$ -	\$ -	\$ -
Room & Board	22,489,580	23,631,184	23,772,074	24,718,973
Conferences	396,952	350,000	375,000	375,000
Other	-	-	-	-
Retail Sales	-	-	-	-
OU Purchased Services	112,150	109,515	109,515	110,485
Gifts and Grants	-	-	-	-
Investment Income	-	-	-	-
Total Revenue	\$ 22,998,682	\$ 24,090,699	\$ 24,256,589	\$ 25,204,458
Expenditures:				
Compensation	\$ 4,881,391	\$ 4,756,348	\$ 4,720,973	\$ 4,998,659
Supplies and Services	387,863	442,600	455,889	460,459
Student Programming & Retention	149,380	65,900	110,245	110,500
Food Services	5,045,550	4,960,105	5,096,342	5,605,976
Travel	13,872	1,500	1,500	5,000
Chartwells Unamortized Investment	-	-	-	-
Repairs and Maintenance	1,252,090	1,094,611	1,094,611	1,244,755
Equipment	8,569	50,000	50,000	50,000
Insurance	220,409	310,018	342,819	418,731
Utilities	1,609,085	1,640,378	1,614,971	1,705,668
Debt Service	8,270,682	8,271,847	8,271,847	8,273,925
Short-Term Internal Loan Interest	57,236	175,000	54,460	54,460
Repayment of Short-Term Loan	-	-	120,540	683,608
Housing Scholarships	3,447,304	3,806,888	3,806,888	3,807,000
Overhead charged by OU	767,136	772,392	772,392	542,717
Other Transfers	50,000	50,000	50,000	50,000
Total Expenditures	\$ 26,160,567	\$ 26,397,587	\$ 26,563,477	\$ 28,011,458
Net Income	\$ (3,161,885)	\$ (2,306,888)	\$ (2,306,888)	\$ (2,807,000)
University Support:				
Short-Term Internal Loan	1,281,419	-	-	-
Scholarship Support	1,947,304	2,306,888	2,306,888	2,807,000
Total University Support	\$ 3,228,723	\$ 2,306,888	\$ 2,306,888	\$ 2,807,000
Net Income with University Support	\$ 66,838	\$ -	\$ -	\$ -
Ending Balances prior to Major Cap. Expenditures:				
Restricted Fund Balance *	\$ -	\$ -	\$ -	\$ -
Unrestricted Fund Balance	-	-	-	-
Less: Major Capital Expenditures	-	-	-	-
Total Ending Fund Balance	\$ -	\$ -	\$ -	\$ -