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

OAKLAND CENTER OPERATING BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2026

A Recommendation

1. **Division and Department:** Student Affairs and Oakland Center

2. **Introduction:** The proposed budget for the Oakland Center is presented for approval for the fiscal year ending June 30, 2026.

   The ancillary activity presented represents an operation 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 proposed budget. The all-funds model provides a comprehensive picture of the financial activities of each 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 endowments are included.

3. **Previous Board Action:** On June 28, 2024, the Board of Trustees (Board) approved the FY2025 Oakland Center budget.

4. **Budget Implications:** See the program description for budget implications.

5. **Educational Implications:** See the program description for educational implications.

6. **Personnel Implications:** See the program description for personnel implications.

7. **University Reviews/Approvals:** The Oakland Center budget was developed by the Director of the Oakland Center, reviewed by the Financial Performance Review Committee, Budget and Financial Planning office, Senior Vice President for Student Affairs, Vice President for Finance and Administration, and President.

8. **Recommendation:**

   RESOLVED, that the Board of Trustees approve the FY2026 Budget for the Oakland Center, with expenditures and transfers not to exceed the total as reflected in the attached budget, except as set forth; and, be it further

RESOLVED, that any expenditure level in excess of the approved amount that is not funded by a direct revenue increase must have the prior approval of the President or his/her designee and those amounts shall be reported on a periodic basis to the Board of Trustees; and, be it further

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 Oakland Center Budget Notes & Assumptions
   B. Oakland Center Proposed Budget – FY2026

Submitted to the President
on April 2, 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

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

Ora Pescovitz

Ora Hirsch Pescovitz, M.D.
President

Reviewed by:

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

Oakland Center

Description of Program

The Oakland Center serves as a community center for students, faculty, staff and university guests. It offers a wide-range of services and amenities such as: campus dining, university spirit shop, credit union, meeting and conference room facilities, departmental and student organization offices. The Oakland Center continues to experience strong and growing student utilization attracting diverse campus programs and external community interest.

Key Performance Indicators

Oakland Center Facility Use Trends

Academic Year	FY23	FY24	FY25*
Meeting/Event Rooms Used	3,624	3,775	3,942
University Departments	*2,057*	*1,955*	*1,883*
Student Organizations	*1,348*	*1,600*	*1,726*
*Contracted Vendor^*	*48*	*25*	*105*
Off Campus	*171*	*195*	*228*
Full Year	**FY23**	**FY24**	**FY25***
Meeting/Event Rooms Used	4,299	4,344	4,152
University Departments	*2,602*	*2,451*	*2,004*
Student Organizations	*1,374*	*1,618*	*1,728*
*Contracted Vendor^*	*59*	*40*	*109*
Off Campus	*264*	*235*	*311*

^Chartwells, eCampus.com, Oakland University Credit Union, University Gear Shop
*FY25: Data accurate through the end of February 2025 with projections for March through June.

- Room bookings during the academic year (New Student Convocation through Winter Commencement) continues to trend higher, with an anticipated 4.4% increase in use for FY2025.
- Student Organizations are continuing to return to the Oakland Center to host their meetings and events, showing a 7.9% increase in use over the academic year.
- Off Campus use is trending higher in FY2025, increasing by an estimated 32.3% in the full year for FY2025. Much of this increase is a result of the addition of the new Event Manager position hired in Summer 2024, adding to the Oakland Center's capacity to manage more of these types of clients.

Major Accomplishments

- FY2025 Conference and Event revenues are estimated to be up over 17% compared to FY2024.
- Esports interest continues to grow among Oakland University students. Active users increased by 38% with total time spent gaming increasing by 43%.
- Completed transition of support staff daily shift documents from paper to digital; this reduced printing in the Oakland Center by over 10,000 double-sided printed pages.

FY2025 Explanation of Major Changes

- Bookstore commissions decreased due to lower faculty adoptions and an increase in digital sales.
- Conference revenue increased due to focused efforts to promote external facility usage.
- On October 3, 2023 OU entered into an amendment to the food service contract with an effective date of July 1, 2023. Under the new cost model agreement, the Oakland Center receives all of the retail sales and catering revenue provided by foodservice activity. All expenses related to foodservice revenue, as well as fifty percent of the overhead costs of the vendor are paid by the Oakland Center. Retail sales and catering revenue increased 1% over FY2024 but exceeded budget by 7.3%. Cost of retail sales and catering remained flat as compared to FY2024, but exceeded budget by 36.1%.
- Compensation expenses were slightly lower than budgeted as a result of our decision not to hire a custodial temp and the elimination of a shared Esports staff.
- Equipment costs increased due to a FY2024 purchase not placed in service until August 2025. A mobile order system for food purchases was installed in Hillcrest Dining. This upgrade allows students and staff to place food orders electronically for pick up.
- It is estimated that a $651,500 internal loan will be necessary to balance FY2025.

FY2026 Budget Assumptions

- The Oakland Center expects an increase in conference revenue for FY2026 as we continue to promote external campus usage.
- The current food service contract will conclude June 30th, 2025. A new foodservice contract is currently being negotiated. At this time, it is anticipated that the OC will continue to operate under the current cost model agreement.
- Compensation expense is budgeted in anticipation of moderated wage and benefits cost increases.
- An additional loan for the FY2026 operating loss will result in an interest payment due of $102,526. Total loans from University to the Oakland Center for FY2025 & FY2026 is estimated to be $2,086,628.
- Total transfer activity annual food service amortization is $100,000.

Additional items.

- As a result of the FY2024 modification to the food service contract, approximately $5.3 million of unamortized expenses are due at the end of the current food service contract (6/30/25), shared between the Oakland Center and Housing. This amount is not included as FY2026 expense, this expense will be added into future OC and Housing budgets when the foodservice program is solidified.

Attachment B

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

	FY2024 ACTUAL	FY2025 BUDGET	FY2025 ESTIMATED ACTUAL	FY2026 PROPOSED BUDGET
Revenue:				
Operating Revenue				
Bookstore Contract	$ 264,078	$ 208,900	$ 168,650	$ 175,000
Conference/Camps	343,696	330,000	403,777	485,000
Other	1,680	-	1,027	-
Retail Sales & Catering	1,538,017	1,449,833	1,556,246	1,669,852
OU Purchased Services	262,433	271,044	271,044	276,904
Gifts and Grants	1,170	-	270	-
Investment Income	151,067	-	-	-
Total Revenue	$ 2,562,141	$ 2,259,777	$ 2,401,014	$ 2,606,756
Expenditures:				
Compensation	$ 1,072,528	$ 1,267,650	$ 1,235,803	$ 1,285,511
Supplies and Services	334,461	372,350	360,000	370,989
Repairs and Maintenance	223,329	250,900	240,000	247,380
Cost of Retail Sales & Catering	1,984,610	1,449,833	1,973,180	1,669,852
Equipment	32,926	25,000	49,561	24,400
Insurance	143,119	81,108	75,217	89,229
Utilities	528,997	584,959	584,959	644,096
Debt Service	80,866	80,866	80,866	80,866
Short-Term Loan Interest		38,955	13,844	102,526
Overhead charged by OU	310,667	321,903	321,903	269,897
Other Transfers	93,269	100,000	86,360	100,000
Total Expenditures	$ 4,804,772	$ 4,573,524	$ 5,021,693	$ 4,884,746
Net Income	$ (2,242,631)	$ (2,313,747)	$ (2,620,679)	$ (2,277,990)
University Support:				
Student Tuition Allocation	$ 802,726	$ 842,862	$ 842,862	$ 842,862
Short-Term Internal Loan	$ -	$ 1,000,000	$ 651,500	$ 1,435,128
Food Service Amortization Payment				
Total University Support	$ 802,726	$ 1,842,862	$ 1,494,362	$ 2,277,990
Net Income with University Support	$ (1,439,905)	$ (470,885)	$ (1,126,317)	$ -
Ending Balances prior to Major Cap. Expenditures:				
Restricted Fund Balance *	$ -	$ -	$ -	$ -
Unrestricted Fund Balance	2,566,222	655,432	-	-
Less: Major Capital Expenditures	-	-	-	-
Total Ending Fund Balance	$ 1,126,317	$ 655,432	$ -	$ -