

**UNIVERSITY HOUSING OPERATING BUDGET FOR THE
FISCAL YEAR ENDING JUNE 30, 2021**

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, 2021.

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 FY2020 University Housing budget on April 8, 2019.
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 and Chief Diversity Officer, Vice President for Finance and Administration, and President.
8. **Recommendation:**

RESOLVED, that the Board of Trustees approves the FY2021 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

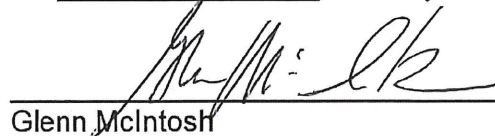
University Housing Operating Budget for the
Fiscal Year Ending June 30, 2021
Oakland University
Board of Trustees Formal Session
April 6, 2020
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RESOLVED, that all expenditures and transfers beyond the approved expense total must have the prior approval 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, FY2021


Submitted to the President
on _____, 2020 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 _____, 2020
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>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>
Opening Occupancy	2,619	3,017	3,004
Renovation and Refurbishing Projects	\$5,882,630	\$2,906,035	\$855,000
Chartwell Board Rate Increase	3%	3%	4%

FY2020 Explanation of Major Changes

1. Decrease in room and board operating revenue is due to a lower than budgeted student occupancy. In FY2019 we experienced higher than normal contract releases. Contract releases occurred at an even higher rate in late August 2019, impacting fall 2019 occupancy (FY2020). Further decrease in revenue reflects the reimbursements to students as a result of housing closures based on the "stay at home" Governor Whitmer's executive order.
2. Reduction in supplies and services, student programming & retention, travel, repairs and maintenance are intentional expenditure containment to meet the lower occupancy and resulting lower revenue.
3. Increase in food service is due to an after-budget change which introduced contract minimums.
4. Increase in overhead is due to a 50% budget increase to auxiliaries, after FY2020 Housing budget was approved.
5. Decrease in other transfers is to the result of cost savings on capital projects.
6. Scholarship Support is a portion of Housing financial aid awards allocated from the General Fund. The allocation was increased by 50% after the FY2020 Housing budget approval.

Department of University Housing

FY2021 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	FY2019	FY2020	FY2021
Academic Year Rate (double room)	\$10,225	\$10,430	\$10,639
Academic Year Rate (single room)	\$11,130	\$11,350	N/A
Summer Semester – Base Rate (double room)	\$3,220	N/A	N/A
Summer Semester – Base Rate (single room)	\$3,475	N/A	N/A
Percentage Increase (Acad. Yr – double)	3.3%	2%	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	FY2019	FY2020	FY2021
Academic Year Rate (freshmen double room)	\$10,755	\$10,970	\$11,190
Academic Year Rate (upper class single room suite)	\$11,290	\$11,515	\$11,746
Summer Semester Rate (freshmen double room)	\$3,770	\$3,845	\$3,922
Summer Semester Rate (upper class single room suite)	\$3,945	\$4,025	\$4,106
Percentage Increase (freshmen & upper class)	3.3%	2%	2%

FY2021 Budget Assumptions (continued)

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

Year	FY2019	FY2020	FY2021
Academic Year Rate (3 and 4 Bedrooms)	\$8,520	\$8,690	\$8,864
Academic Year Rate (2 Bedrooms)	\$8,960	\$9,140	\$9,323
Summer Semester Rate (3 and 4 Bedrooms)	\$4,040	\$4,120	\$4,203
Summer Semester Rate (2 Bedroom)	\$4,490	\$4,580	\$4,672
Percentage Increase (3&4 BR & 2BR)	3.3%	2%	2%

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

Year	FY2019	FY2020	FY2021
Academic Year Rate	\$8,800	\$8,976	\$9,156
Summer Semester Rate	\$4,455	\$4,545	\$4,636
Percentage Increase (Acad. Yr – double)	3.3%	2%	2%

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

Year	FY2019	FY2020	FY2021
Academic Year Rate	\$11,290	\$11,515	\$11,746
Summer Semester Rate	\$3,945	N/A	N/A
Percentage Increase		2%	2%

Department of University Housing

FY2021 Budget Assumptions (continued)

1. FY2021 operating revenue is calculated on 88% occupancy. We expect the substantive strategies put in place for FY2021 to correct the recent contract release rate. Revenue projections exclude Fitzgerald Hall occupancy capacity.
2. Increase in compensation is due to expected salary increases.
3. Reduction in supplies and services, student programming & retention, travel, equipment, repairs and maintenance are intentional expenditure containment as a precautionary measure until occupancy rebounds.
4. Increase in food service is due to a 3.5% increase as stipulated by contract.
5. Increase in insurance was determined by Risk Management.
6. Reduction in utilities is due to projected utility rate reduction and Fitzgerald Hall no longer being used for housing in FY2021.
7. Increase in overhead is due to an increased charge to University Housing.
8. Major capital expenditures are for the Ann V. Nicholson Apartment fire panel replacement and Residential Internet upgrades in Hamlin and Vandenberg Halls.

**Oakland University
Ancillary Activities Operating Budget
University Housing
Proposed Budget - All Funds
FY2021**

	FY2019 YEAR-END ACTUAL	FY2020 BUDGET	FY2020 ESTIMATED ACTUAL	FY2021 PROPOSED BUDGET
Revenue:				
Operating Revenue	\$ -	\$ -	\$ -	\$ -
Room & Board	29,098,229	30,665,272	24,615,025	29,439,009
Conferences	112,936	200,000	177,911	110,000
Other	397,488	442,820	435,320	471,780
Retail Sales	-	-	-	-
OU Purchased Services	135,072	127,041	127,041	120,556
Gifts and Grants	-	-	-	-
Investment Income	200,812	120,000	99,384	48,707
Total Revenue	<u>\$ 29,944,537</u>	<u>\$ 31,555,133</u>	<u>\$ 25,454,681</u>	<u>\$ 30,190,052</u>
Expenditures:				
Compensation	\$ 5,683,894	\$ 6,708,630	\$ 6,641,544	\$ 6,756,242
Supplies and Services	1,061,599	772,519	732,519	621,745
Student Programming & Retention	443,405	546,210	474,910	470,040
Food Services	6,137,884	5,951,923	6,222,734	6,440,530
Travel	38,392	38,000	8,000	20,000
Repairs and Maintenance	1,872,919	2,471,792	1,812,281	2,163,888
Cost of Retail Sales	-	-	-	-
Equipment	194,632	137,300	123,570	11,000
Insurance	123,135	133,156	147,370	188,808
Utilities	1,901,045	2,057,746	1,954,859	1,882,437
Debt Service	8,359,879	8,362,721	8,362,721	8,361,435
Overhead charged by OU	538,902	519,099	778,649	1,000,180
Other Transfers	75,326	50,000	(550,000)	50,000
Total Expenditures	<u>\$ 26,431,011</u>	<u>\$ 27,749,096</u>	<u>\$ 26,709,156</u>	<u>\$ 27,966,305</u>
Net Income	<u>\$ 3,513,526</u>	<u>\$ 3,806,037</u>	<u>\$ (1,254,475)</u>	<u>\$ 2,223,747</u>
University Support:				
Project A	\$ -	\$ -	\$ -	\$ -
Scholarship Support	(1,000,000)	(1,000,000)	(1,500,000)	(1,500,000)
Total University Support	<u>\$ (1,000,000)</u>	<u>\$ (1,000,000)</u>	<u>\$ (1,500,000)</u>	<u>\$ (1,500,000)</u>
Net Income with University Support	<u>\$ 2,513,526</u>	<u>\$ 2,806,037</u>	<u>\$ (2,754,475)</u>	<u>\$ 723,747</u>
Ending Balances prior to Major Cap. Expenditures:				
Restricted Fund Balance *	\$ -	\$ -	\$ -	\$ -
Unrestricted Fund Balance	8,226,381	8,126,383	2,565,870	2,434,617
Less: Major Capital Expenditures	2,906,035	855,000	855,000	475,000
Total Ending Fund Balance	<u>\$ 5,320,346</u>	<u>\$ 7,271,383</u>	<u>\$ 1,710,870</u>	<u>\$ 1,959,617</u>
Restriction 1			\$ -	
Restriction 2			-	
Restriction 3			-	
Restricted Fund Balance *			<u>\$ -</u>	

**Oakland University
University Housing
Proposed Major Capital Expenditures
FY2021**

<u>Item Description</u>	<u>Estimated Cost</u>
Ann V. Nicholson Apartment fire panel replacement	235,000
Residential Internet upgrades in Hamlin and Vandenberg Halls	240,000
FY2021 Total	<u><u>\$ 475,000</u></u>