

**OAKLAND CENTER OPERATING BUDGET FOR THE
FISCAL YEAR ENDING JUNE 30, 2024**

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, 2024.

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 13, 2022, the Board of Trustees (Board) approved the FY2023 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 FY2024 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

**Oakland Center Operating Budget
For The Fiscal Year Ending June 30, 2024
Oakland University
Board of Trustees Formal Session
June 26, 2023
Page 2**

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

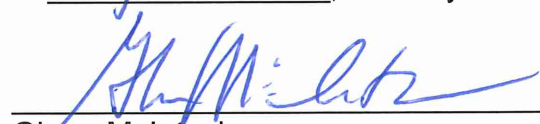
RESOLVED, that subject to satisfaction of the requirements set forth in all applicable Board of Trustees policies, the Board of Trustees authorizes the President, the Vice Presidents, and their respective designees, to perform all acts and deeds and to execute and deliver all contracts, instruments and documents required by this resolution that are necessary, expedient and proper in connection with the 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 Oakland Center Budget Notes & Assumptions
- B. Oakland Center Proposed Budget – FY2024
- C. Proposed Major Capital Expenditures

Submitted to the President
on 15 June, 2023 by



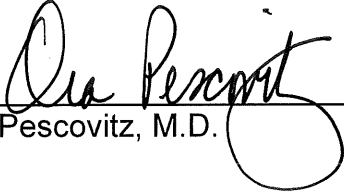
Glenn McIntosh
Senior Vice President for Student Affairs
and Chief Diversity Officer



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

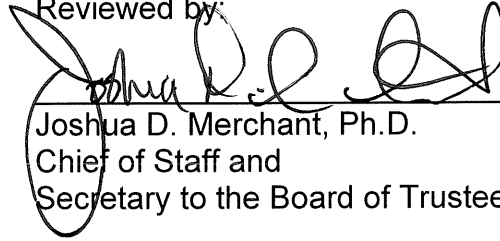
**Oakland Center Operating Budget
For The Fiscal Year Ending June 30, 2024
Oakland University
Board of Trustees Formal Session
June 26, 2023
Page 3**

Recommended on 6/22, 2023
to the Board of Trustees 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

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 wide food service, university bookstore, 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

	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>
Meeting/Event Room Reservations	1,450	4,101	4,813
Overall Foot Traffic	228,412	632,268	769,515

- Annual foot traffic is trending higher, an increase of nearly 22% year to year. Traffic is still approximately 50% of pre-pandemic levels.
- FY23 continued the trend of increased events, with a 17% increase in events. This is still not a full return to pre-pandemic levels, but trending in the right direction.

Intern Housing – No. of Beds	<u>2021</u>	<u>2022</u>	<u>2023</u>
	32	82	72

- Intern Housing is a newer program that is led by the Oakland Center, and combines the efforts of University Housing, the ID Card Office, and University Recreation & Well-Being to provide summer housing for guest students and recent college graduates who are interns with employers in the region.
- While the number of interns/beds is down in 2023, the revenue line is higher as we have provided an additional housing option, increased the possible length of stay by one week, and made a small nightly rate adjustment.

Major Accomplishments

- Starting in Fall 22 the Oakland Center coordinated with Purchasing and several individuals around campus, representing multiple areas, to conduct a full RFP for the bookstore operations. In February 2023 the recommendation was presented and approved by the Board of Trustees to contract with strategic partners eCampus.com and University Gear Shop (UGS). The strategic partnership of the two organizations will provide a modern interpretation on both course materials and the retail market. eCampus.com will operate a fully online course

materials bookstore, delivering items to the destination of students' choosing. Through the new agreement with eCampus.com it is our goal to provide lower cost course materials that benefits student outcomes in the classroom. University Gear Shop will operate the campus store in the Oakland Center, and provide a wider array of OU merchandise, including more affordable options that appeal to all audiences. Additionally, UGS will be able to provide customized items for university departments and student organizations.

- The Oakland Center has worked to update audio visual functionality throughout the building, and in the past year updated two of our more popular event spaces that receive regular use. The Gold Rooms received a full upgrade improving sound, video, and user experience. In the Banquet Rooms the OC updated the back-end controls, that include digital control displays and wireless tablet applications, to improve the overall function of a previous AV upgrade, and match the functionality with other spaces in the building like the Founders Ballroom.

Capital Projects Outlook – Next Five Years

- There are no planned capital projects for the coming year due to budgetary concerns. We continue to evaluate our facility for optimal utilization and maximization of space.
- The following significant projects have been identified as likely facility upgrades that need to be addressed within the next five years. None of these areas have witnessed catastrophic failure, but the expected remaining life makes these very pressing concerns.
 - Old roof (pre-2003 expansion)
 - Original HVAC penthouse (original to building/1969)

FY2023 Explanation of Major Changes

- Decrease in university support due to unanticipated Student tuition allocation reduction totaling \$221,869 (21.69%) because of university and division budget cuts.
- Conference revenue increased as we begin to recover from reduced gatherings due to the pandemic.
- Food service commissions continue to increase as campus activity increases. Commissions are received at seven percent of gross sales which includes resident student meal plans as well as retail sales.
- Investment income increased as a result of the Federal Governments rate increases.
- Compensation expenses were reduced due to staff vacancies and the decision not to hire an additional custodial supervisor.

- Supplies and services increased due to food services expenses related to conference events.
- Utility expenses increased as a result of increased building activity and usage.
- No capital expenditures were expended due to budget concerns.

FY2024 Budget Assumptions

- Bookstore contract commissions are expected to be lower in year one of the new bookstore/campus store contract. Over the life of the contract there are new programs and/or delivery models for textbooks that can reverse this course and show increasing commissions year over year.
- Conference revenue is expected to increase as we continue to promote external campus usage.
- The Chartwell's food service commission is calculated at 7% of estimated gross sales (8M) with an additional 1% of gross sales, estimated to be \$80K, which will be used for food service equipment repair across campus. Two-thirds of the annual commission are distributed to the Oakland Center and one-third to University Housing. Related expenses are included in repairs and maintenance.
- Compensation expense assumes all eight custodial staff positions are filled.
- Total transfer activity, year-eight, annual food service amortization is \$100,000.
- The projected net loss is directly related to student and campus related services increasing more quickly than financial returns since the pandemic, along with a permanent reduction to Student tuition allocation.

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

	FY2022 ACTUAL	FY2023 BUDGET	FY2023 ESTIMATED ACTUAL	FY2024 PROPOSED BUDGET
<u>Revenue:</u>				
Operating Revenue				
Bookstore Commissions	\$ 510,724	\$ 455,828	\$ 455,985	\$ 250,000
Conference/Camps	191,768	238,500	350,000	373,000
Food Service	388,014	338,018	430,200	453,000
Other	-	-	-	-
Retail Sales	-	-	-	-
OU Purchased Services	248,130	251,964	251,964	262,433
Gifts and Grants	450	-	135	-
Investment Income	10,992	1,000	93,673	75,958
Total Revenue	<u>\$ 1,350,078</u>	<u>\$ 1,285,310</u>	<u>\$ 1,581,957</u>	<u>\$ 1,414,391</u>
<u>Expenditures:</u>				
Compensation	\$ 932,765	\$ 1,241,074	\$ 1,042,145	\$ 1,185,000
Supplies and Services	204,023	196,608	308,000	317,500
Repairs and Maintenance	304,054	289,823	236,425	243,500
Cost of Retail Sales	-	-	-	-
Equipment	9,943	25,000	25,000	30,000
Insurance	44,010	57,213	48,527	61,461
Utilities	461,900	491,535	548,003	564,443
Debt Service	80,866	80,866	80,866	80,866
Overhead charged by OU	342,367	307,482	307,482	310,667
Other Transfers	94,537	100,000	100,000	100,000
Total Expenditures	<u>\$ 2,474,465</u>	<u>\$ 2,789,601</u>	<u>\$ 2,696,448</u>	<u>\$ 2,893,437</u>
Net Income	<u>\$ (1,124,387)</u>	<u>\$ (1,504,291)</u>	<u>\$ (1,114,491)</u>	<u>\$ (1,479,046)</u>
<u>University Support:</u>				
Student Tuition Allocation	\$ 1,022,916	\$ 1,022,916	\$ 1,022,916	\$ 801,047
Student Tuition Allocation Reduction			\$ (221,869)	\$ -
Total University Support	<u>\$ 1,022,916</u>	<u>\$ 1,022,916</u>	<u>\$ 801,047</u>	<u>\$ 801,047</u>
Net Income with University Support	<u>\$ (101,471)</u>	<u>\$ (481,375)</u>	<u>\$ (313,444)</u>	<u>\$ (677,999)</u>
<u>Ending Balances prior to Major Cap. Expenditures:</u>				
Restricted Fund Balance	\$ -	\$ -	\$ -	\$ -
Unrestricted Fund Balance	2,788,850	2,206,004	2,373,935	1,695,936
Less: Major Capital Expenditures	-	50,000	-	-
Total Ending Fund Balance	<u>\$ 2,687,379</u>	<u>\$ 2,156,004</u>	<u>\$ 2,373,935</u>	<u>\$ 1,695,936</u>