

**UNIVERSITY HOUSING OPERATING BUDGET FOR THE
FISCAL YEAR ENDING JUNE 30, 2025**

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, 2025.

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 FY2024 University Housing budget on April 20, 2023.
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, Vice President for Finance and Administration, and President.
8. **Recommendation:**

RESOLVED, that the Board of Trustees approves the FY2025 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, 2025
Oakland University
Board of Trustees Formal Session
June 28, 2024
Page 2

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; 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 FY2025 budget and the ongoing administration of the FY2025 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.

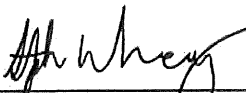
9. **Attachments:**

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

Submitted to the President
on 19 June, 2024 by

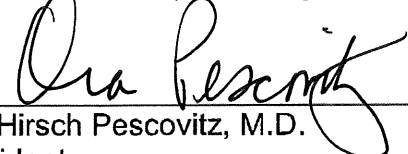


Glenn McIntosh
Senior Vice President for Student Affairs and
Chief Diversity Officer

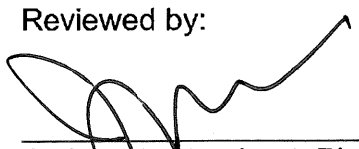


Stephen W. Mackey
Vice President for Finance and Administration
and Treasurer to the Board of Trustees

Recommended on 6/21, 2024
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>FY2022</u>	<u>FY2023</u>	<u>FY2024</u>
Opening Occupancy	1,976	2,034	2,139
Renovation and Refurbishing Projects	\$208,348	\$104,000	\$0
Board Rate Increase	1.5%	1.5%	0.0%

FY2024 Explanation of Major Changes

1. Total room and board revenues are forecasted to surpass budgeted expectations by approximately \$950k due to lower than budgeted melt and bad debt.
2. Summer camps and conferences are projecting a shortfall to budgeted expectations by \$150k.
3. Other revenue was recorded into the Room and Board section of the FY2024 budget, we have adjusted this to be reflected in the same section for FY2025.
4. Compensation is expected to finish approximately \$100k over budget due to the increase of minimum wage for student labor and increased grad assistant labor, which includes tuition assistance.
5. Debt service was increased due to a previously unfunded housing obligation. The total unfunded amount was \$989k and it is being funded over a 5-year period FY24-FY28. The annual amount is reflected in the debt service amount in future budgets.
6. The Board approved a \$2.6M loan from the general fund to sustain Housing operations in FY24. Housing is now projecting that the total loan to sustain operations will be reduced to \$2.1M, a reduction of \$0.5M.
7. Projected savings of \$19k due to insurance premiums negotiated by Risk Management.
8. Scholarship payouts was lower than expected by \$486k in FY2024, due to less students receiving scholarships. The net impact of this data remains unchanged to the Housing bottom line of a total contribution of \$1.5M.

FY2025 Budget Assumptions

1. The **Standard Residence Hall** budget reflects a 3.0 percent increase in room and board rate for double-style rooms, which will include a single rate to be offered in Vandenberg during FY2025. Even with this increase the Standard rate is still below the FY23 rate. The recommended rates are as follows:

Year	FY2023	FY2024	FY2025
Academic Year Rate (double room)	\$10,852	\$10,352	\$10,662
Academic Year Rate (single room)	N/A	\$12,500	\$12,875
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)	2%	-4.6%	3%

2. The **Oak View Hall** budget reflects a 3.0 percent increase in room and board rates. The recommended rates are as follows:

Year	FY2023	FY2024	FY2025
Academic Year Rate (Freshman double room)	\$11,414	\$11,414	\$11,756
Academic Year Rate (Upperclassman single-room suite)	\$11,981	\$11,981	\$12,341
Summer Semester Rate (Freshman double room)	\$4,001	\$4,001	\$4,121
Summer Semester Rate (Upperclassman single-room suite)	\$4,189	\$4,189	\$4,314
Percentage Increase	2%	0%	3%

(Freshman and upperclassman)			
------------------------------	--	--	--

3. The **Ann V. Nicholson Apartments** budget reflects a 3.0 percent increase in room rates. The recommended rates are as follows:

Year	FY2023	FY2024	FY2025
Academic Year Rate (3 and 4 Bedroom)	\$9,042	\$9,042	\$9,313
Academic Year Rate (2 Bedroom)	\$9,510	\$9,510	\$9,795
Summer Semester Rate (3 and 4 Bedroom)	\$4,288	\$4,288	\$4,416
Summer Semester Rate (2 Bedroom)	\$4,766	\$4,766	\$4,908
Percentage Increase (3 & 4 bedroom and 2 bedroom)	2%	0%	3%

4. The **George T. Matthews Apartments** budget reflects a 3.0 percent increase in room rates. The recommended rates are as follows:

Year	FY2023	FY2024	FY2025
Academic Year Rate	\$9,340	\$9,340	\$9,620
Summer Semester Rate	\$4,729	\$4,729	\$4,870
Percentage Increase	2%	0%	3%

5. The **Hillcrest Hall** budget reflects a 3.0 percent increase in room and board rates. The recommended rates are as follows:

Year	FY2023	FY2024	FY2025
Academic Year Rate	\$11,981	\$11,981	\$12,341
Summer Semester Rate	N/A	N/A	N/A
Percentage Increase	2%	0%	3%

Department of University Housing

FY2025 Budget Assumptions

1. FY2025 operating revenue assumptions are projected to increase by \$2.1M over FY2024 budget and \$1.2M over FY2024 estimated actual with increases in occupancy of 5% and rates of 3%. These increases represent an opening occupancy of 2,265 students, or 66% of the total program capacity in comparison to the opening occupancy of 2,139 in FY2024.
2. Van Wagoner has been closed and the single room option being offered will reside in Vandenberg in FY2025, where strong demand at the premium rate has been experienced.
3. Conference revenues are reflected to be in line to the actual run rates of camps and conferences over the last 2 years, budgeting at \$350k which is a \$150k decline to FY2024 budget.
4. Compensation has been reduced from FY2024 budget by \$458k highlighted by aggressively reduced hourly operations across all departments, 4 position eliminations, and elimination of Night watch program, condensed desk operations and re-purposing existing personnel to satisfy Housing operation.
5. Professional development and travel have been removed from FY2025 except for 1 event that was already purchased and reserved for.
6. Repairs and Maintenance budget reduced by \$142k.

7. Funding for the Academic Success Center has been removed, generating a savings of \$108k. The remaining Student Programming & Retention budget is significantly less expensive and is more in line with FY2023 actuals.
8. Debt service was increased to accommodate the repayment of the \$2.1M loan necessary to sustain operations in FY2024. Annual interest will be charged at 4.25%. This loan is scheduled to be repaid over the next 6 years, starting in FY2025 with an interest-only payments and then equal payments over the following 5 years concluding in FY2030.
9. In FY2025 a reduction in food service costs has been budgeted based on advanced discussion with Chartwells which will include eliminating management level staff, operational schedule changes, and hourly payroll modifications, partially driven by the new mobile dining option being added at Hillcrest for FY2025 which will also help with food waste. A savings of \$97k have been budgeted in FY2025 in comparison to FY2024 budget.
10. Other revenue has been budgeted as part of the Room & Board operating revenue section for FY25 budget.
11. As a result of the recent modification to our food service contract, there are approximately \$5.3M of unamortized expenses due at the end of the current food service contract (6/30/25), shared between the Oakland Center and Housing. It is not included as FY2025 expense, as it is anticipated that the existing or a new partner will take on that expense over the life of a new contract.

Oakland University
Ancillary Activities Operating Budget
University Housing
Proposed Budget - All Funds
FY2025

	FY2023 YEAR-END ACTUAL	FY2024 BUDGET	FY2024 ESTIMATED ACTUAL	FY2025 PROPOSED BUDGET
Revenue:				
Operating Revenue	\$ -	\$ -	\$ -	\$ -
Room & Board	21,609,834	21,467,871	22,422,520	23,631,184
Conferences	139,656	500,000	350,000	350,000
Other	-	75,000	-	-
Retail Sales	-	-	-	-
OU Purchased Services	100,057	112,150	112,150	109,515
Gifts and Grants	-	-	-	-
Investment Income	102,034	-	-	-
Total Revenue	<u>\$ 21,951,581</u>	<u>\$ 22,155,021</u>	<u>\$ 22,884,670</u>	<u>\$ 24,090,699</u>
Expenditures:				
Compensation	\$ 4,523,564	\$ 5,215,301	\$ 5,315,116	\$ 4,756,348
Supplies and Services	387,863	508,227	486,068	442,600
Student Programming & Retention	173,734	308,610	301,598	65,900
Food Services	4,291,705	5,057,600	5,024,895	4,960,105
Travel	4,947	16,000	16,587	1,500
Repairs and Maintenance	1,097,056	1,255,000	1,237,452	1,094,611
Equipment	43,010	50,000	36,000	50,000
Insurance	199,370	243,642	220,409	310,018
Utilities	1,576,644	1,613,353	1,610,966	1,640,378
Debt Service	8,012,482	8,112,803	8,269,158	8,271,847
Short-Term Internal Loan Interest	-	97,545	97,545	175,000
Housing Scholarships	3,241,901	3,806,888	3,320,297	3,806,888
Overhead charged by OU	787,928	767,136	767,136	772,392
Other Transfers	50,000	50,000	50,000	50,000
Total Expenditures	<u>\$ 24,390,204</u>	<u>\$ 27,102,105</u>	<u>\$ 26,753,227</u>	<u>\$ 26,397,587</u>
Net Income	<u>\$ (2,438,623)</u>	<u>\$ (4,947,084)</u>	<u>\$ (3,868,557)</u>	<u>\$ (2,306,888)</u>
University Support:				
Short-Term Internal Loan	-	2,640,196	2,115,098	-
Scholarship Support	1,741,901	2,306,888	1,820,297	2,306,888
Total University Support	<u>\$ 1,741,901</u>	<u>\$ 4,947,084</u>	<u>\$ 3,935,395</u>	<u>\$ 2,306,888</u>
Net Income with University Support	<u>\$ (696,722)</u>	<u>\$ -</u>	<u>\$ 66,838</u>	<u>\$ -</u>
Ending Balances prior to Major Cap. Expenditures:				
Restricted Fund Balance *	\$ -	\$ -	\$ -	\$ -
Unrestricted Fund Balance	37,162	(66,838)	-	-
Less: Major Capital Expenditures	104,000	-	-	-
Total Ending Fund Balance	<u>\$ (66,838)</u>	<u>\$ (66,838)</u>	<u>\$ -</u>	<u>\$ -</u>