

**UNIVERSITY HOUSING OPERATING BUDGET FOR THE
FISCAL YEAR ENDING JUNE 30, 2023**

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, 2023.

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 FY2022 University Housing budget on April 12, 2021.
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, Senior Vice President for Student Affairs and Chief Diversity Officer, Interim Vice President for Finance and Administration, and President.
8. **Recommendation:**

RESOLVED, that the Board of Trustees approves the FY2023 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, 2023
Oakland University
Board of Trustees Formal Session
June 13, 2022
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.

9. **Attachments:**

- A. Description of University Housing Budget Notes and Assumptions
- B. University Housing Proposed Budget
- C. Proposed Major Capital Expenditures

Submitted to the President
on June 9, 2022 by

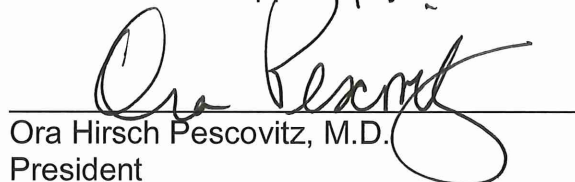


Glenn McIntosh
Senior Vice President for Student Affairs and
Chief Diversity Officer



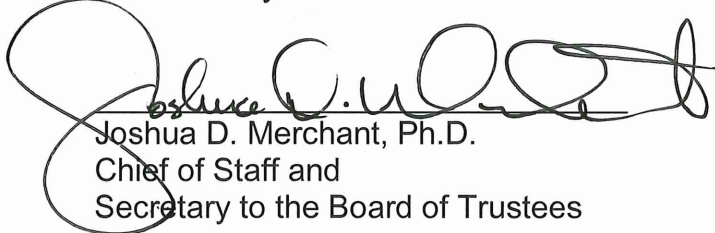
James L. Hargett
Interim Vice President for Finance and Administration
and Treasurer to the Board of Trustees

Recommended on 6/9, 2022
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

Attachment A

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>FY2020</u>	<u>FY2021</u>	<u>FY2022</u>
Opening Occupancy	3,004	1,754	1,976
Renovation and Refurbishing Projects	\$855,000	\$235,000	\$208,348
Chartwell Board Rate Increase	4.0%	1.5%	1.5%

FY2022 Explanation of Major Changes

1. The continuation of the pandemic had a negative effect on housing contracts. Lower than budgeted occupancy resulted in shortfalls in room and board operating revenues.
2. Utilities and Insurance were lower than budget, mainly as a result of the closure of Hill House and its subsequent *temporary* reclassification for use as a part of the core operations of the university.
3. Lower than budgeted compensation is due to reductions in Housing's custodial staff as a result of shifting Hill House to the general fund.
4. Food service expenses are significantly below budget due to lower than budgeted student counts, in addition to the impact of negotiated contract savings with Chartwells during FY2022.

Department of University Housing

FY2023 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	FY2021	FY2022	FY2023
Academic Year Rate (double room)	\$10,639	\$10,639	\$10,852
Academic Year Rate (single room)	N/A	N/A	N/A
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 (Acad. Yr – double)	2%	0%	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	FY2021	FY2022	FY2023
Academic Year Rate (freshmen double room)	\$11,190	\$11,190	\$11,414
Academic Year Rate (upper class single room suite)	\$11,746	\$11,746	\$11,981
Summer Semester Rate (freshmen double room)	\$3,922	\$3,922	\$4,001
Summer Semester Rate (upper class single room suite)	\$4,106	\$4,106	\$4,189
Percentage Increase (freshmen & upper class)	2%	0%	2%

FY2023 Budget Assumptions

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

Year	FY2021	FY2022	FY2023
Academic Year Rate (3 and 4 Bedrooms)	\$8,864	\$8,864	\$9,042
Academic Year Rate (2 Bedrooms)	\$9,323	\$9,323	\$9,510
Summer Semester Rate (3 and 4 Bedrooms)	\$4,203	\$4,203	\$4,288
Summer Semester Rate (2 Bedroom)	\$4,672	\$4,672	\$4,766
Percentage Increase (3&4 BR & 2BR)	2%	0%	2%

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

Year	FY2021	FY2022	FY2023
Academic Year Rate	\$9,156	\$9,156	\$9,340
Summer Semester Rate	\$4,636	\$4,636	\$4,729
Percentage Increase (Acad. Yr – double)	2%	0%	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	FY2021	FY2022	FY2023
Academic Year Rate	\$11,746	\$11,746	\$11,981
Summer Semester Rate	N/A	N/A	N/A
Percentage Increase	2%	0%	2%

Department of University Housing

FY2023 Budget Assumptions

1. \$2.7M in cost containment measures implemented by University Housing during the pandemic response in FY21 have been carried forward in the FY22 and FY23 budgets. Cost containment measures include reduced compensation, supplies and services, food service, and repairs and maintenance expenditures.
2. FY2023 operating revenue is calculated on 2% room and board increase and 70% occupancy (2,192 total students). This occupancy estimate is 11% higher than FY2022 occupancy, but still only at 73% of pre-pandemic levels as the reality of two years of fewer returning housing contracts continues to impact us.
3. Decrease in other revenue due to anticipated contractual reductions in commission revenues from Chartwells.
4. The decrease in compensation is due reduction in number of positions due to cost saving initiatives, partially offset by anticipated salary increases.
5. Reductions in student programming & retention are due to cost saving initiatives as a precautionary measure until occupancy rebounds.
6. Reductions in repairs and maintenance are due to cost saving initiatives.
7. Increase in food services is the result of the anticipated increase in number of students on campus using dining services, plus a pending contractual cost increase from Chartwells.
8. Increase in insurance was determined by Risk Management.
9. Increase in utilities was determined by Facilities Management.
10. Decrease in CARES/HEERF relief funding due to University grant ending in FY22.
11. Increase in short-term internal loan due to the general fund providing a short-term loan at 4.25% to provide liquidity for operations until occupancy rebounds.
12. Major capital expenditures are fire panel replacements for the Greek Cottages.

Oakland University
Ancillary Activities Operating Budget
University Housing
Proposed Budget - All Funds
FY2023

	FY2021 YEAR-END ACTUAL	FY2022 BUDGET	FY2022 ESTIMATED ACTUAL	FY2023 PROPOSED BUDGET
Revenue:				
Operating Revenue	\$ -	\$ -	\$ -	\$ -
Room & Board	15,193,194	25,609,236	19,580,948	21,498,991
Conferences	52,270	100,000	100,000	100,000
Other	13,219	239,143	239,143	75,000
Retail Sales	-	-	-	-
OU Purchased Services	120,556	102,140	102,140	102,140
Gifts and Grants	-	-	-	-
Investment Income	3,181	-	-	-
Total Revenue	\$ 15,382,420	\$ 26,050,519	\$ 20,022,231	\$ 21,776,131
Expenditures:				
Compensation	\$ 4,934,156	\$ 5,559,488	\$ 5,191,954	\$ 5,337,666
Supplies and Services	488,827	445,825	445,825	508,270
Student Programming & Retention	57,189	203,360	203,360	189,150
Food Services	4,918,306	5,949,411	4,275,776	5,471,502
Travel	-	16,000	16,000	16,000
Repairs and Maintenance	1,141,935	1,300,000	1,300,000	1,194,000
Cost of Retail Sales	-	-	-	-
Equipment	26,068	50,000	50,000	50,000
Insurance	156,716	199,294	180,483	228,128
Utilities	1,486,034	1,814,072	1,782,394	1,824,235
Debt Service	8,361,436	8,357,170	8,357,170	8,347,909
Overhead charged by OU	1,000,180	1,006,401	1,006,401	787,928
Other Transfers	13,122	50,000	50,000	50,000
Total Expenditures	\$ 22,583,969	\$ 24,951,021	\$ 22,859,363	\$ 24,004,788
Net Income	\$ (7,201,549)	\$ 1,099,498	\$ (2,837,132)	\$ (2,228,657)
University Support:				
CARES / HEERF Relief Funding	\$ 8,121,430	\$ 610,502	\$ 610,502	\$ -
Short-Term Internal Loan	-	-	-	4,286,801
Scholarship Support	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)
Total University Support	\$ 6,621,430	\$ (889,498)	\$ (889,498)	\$ 2,786,801
Net Income with University Support	\$ (580,119)	\$ 210,000	\$ (3,726,630)	\$ 558,144
Ending Balances prior to Major Cap. Expenditures:				
Restricted Fund Balance *	\$ -	\$ -	\$ -	\$ -
Unrestricted Fund Balance	3,715,834	2,210,000	(245,796)	104,000
Less: Major Capital Expenditures	235,000	210,000	208,348	104,000
Total Ending Fund Balance	\$ 3,480,834	\$ 2,000,000	\$ (454,144)	\$ -
Restriction 1			\$ -	
Restriction 2			-	
Restriction 3			-	
Restricted Fund Balance *			\$ -	

**Oakland University
University Housing
Proposed Major Capital Expenditures
FY2023**

Item Description	Estimated Cost
Greek Cottage fire panel replacements	104,000
FY2023 Total	\$ 104,000