Segregated Fee Narrative FY16

As part of the budget process, we met with each of the auxiliaries and completed a break-even analysis which calculated a fee rate that is equal to the current level of expenses. We extended this analysis to include forecasted rates for the next ten years, keeping the level of the fund balance in mind as we determined the rates.

University Centers:

Based on a break-even analysis of the current expenses, University Centers segregated fee should be between $250 - $255. Currently the rate is at $188. The deficit in the University Centers budget is currently supplemented by the Food Service budget. It is important to put a plan in place to realign Centers and Food Service Fees to match their expenses to spread the additional cost of University Centers across the entire student population, not just the meal plan students. This realignment is especially critical with the renovations planned to Residence Halls. Depending on the meal plan requirements for students displaced due to renovations, the Food Service revenue may decline and no longer be sufficient to supplement the University Centers deficit. If the fees are properly aligned, the impact from the renovations will be limited to Food Service. With the current political climate, correcting the issue in one year by making such a significant increase of $50 to University Centers, even with a decrease of $140 to Meal Plans doesn’t seem feasible. However, here are several options assuming enrollment of approximately 9,200.

Option 1: One Year Plan to Realign the Centers & Meal Plan fees

Segregated Fee increase $101.28 or 8.59%
Total Cost Undergrad Resident increase $480.48 or 3.10%

University Centers fee

- This option increases the fee by 26.6% or $50 from $188.00 to $238.00 and increases for next 10 years remain at or below 3%.
- The fund balance remains at approximately $1.1 million, which is approximately 33% of operating expenses.

Meal Plan Admin fee

- This option decreases the fee by 17.9% or $140 ($70/semester) from $780 ($390/semester) to $640 ($320/semester) for FY16 & FY17 and the increases over the next 10 years remain at or below 2%.
- The fund balance is approximately $590,000, which is 25% of operating expenses.
Option 2: Three Year Plan to Realign the Centers & Meal Plan fees

Segregated Fee increase $81.28 or 6.89%
Total Cost Undergrad Resident increase $465.48 or 3.00%

University Centers fee
- This option increases the fee by 16% or $30 from $188 to $218 in FY16, increases the fee by 4.6% or $10 from $218 to $228 in FY17, increases the fee by 4.8% or $11 from $228 to $239 in FY18, and increases the fee less than 3% FY19-25.
- The fund balance is reduced from $2.3 million to approximately $670,000 by FY2020, which is 20% of the operating expenses.

Meal Plan Admin fee
- This option decreases the fee by 17.9% or $140 ($70/semester) from $780 ($390/semester) to $640 ($320/semester) for FY16 & FY17 and the increases over the next 10 years remain at or below 2%.
- The fund balance is approximately $590,000, which is 25% of operating expenses.

Option 3: Five Year Plan to Realign the Centers & Meal Plan fees

Segregated Fee increase $63.28 or 5.36%
Total Cost Undergrad Resident increase $492.48 or 3.17%

University Centers fee
- This option increases the fee by 6.4% or $12 from $188 to $200 in FY16, increases the fee by 6.0% or $12 from $200 to $212 in FY17, increases the fee by 6.1% or $13 from $212 to $225 in FY18, increases the fee by 6.2% or $14 from $225 to $239, increases the fee by 5.9% or $14 from $239 to $253 and increases at or less than 3% from FY21-25.
- The fund balance drops to approximately $180,000, which is 5% of operating expenses for FY20 and FY21 before building back up to approximately $425,000, which is 12% of operating expenses in FY25.

Meal Plan Admin fee
- This option decreases the fee by 12.8% or $100 ($50/semester) from $780 ($390/semester) to $680 ($340/semester) for FY16-22 and increases around 1% for FY23-25.
- The fund balance builds to more than $1.0 million by FY2020 to cover the low fund balance in University Centers, bringing the combined balance to approximately $1.2 million, which is 21% of the combined operating expenses.
Option 4: Proposal from Director of Student Union

Segregated Fee increase $56.88 or 4.82%
Total Cost Undergrad Resident increase $586.08 or 3.78%

University Centers fee

- This option increases the fee by 3% or $5.64 from $188.00 to $193.64 FY16 and continues to increase the fee by 3% until FY25, at which time the fee is still $15 below the break-even rate.
- The fund balance becomes a negative $62,000 balance by end of FY18 and must continue to be supplemented by the Food Service budget.

Meal Plan Admin fee

- This option maintains the same fee of $780 ($390/semester) for FY16-25 and supplements deficit in University Centers.
- The fund balance grows to approximately $2.0 million in FY20 (including covering the deficit in University Centers), which is approximately 35% of the operating expenses of both University Centers and Food Service. The fund balance continues to grow to $2.6 million by FY25.

Meal Plans:

Based on a break-even analysis of the current expenses, the admin fee on Meal Plans should be between $330 - $350/semester. Currently the rate is at $390/semester. The surplus in the Food Service budget is currently supplementing the University Centers budget. See above for options to correct the imbalance between the University Centers and Food Services budgets.

Textbook Rental:

Based on a break-even analysis of the current expenses, the Textbook rental fee should be between $215-$235. Currently the rate is at $202.80. However, there is a significant fund balance that has been building over the last few years in anticipation of the move to the new Student Center. In order to decrease the fund balance, the proposed Textbook Rental rate for FY16 is $200, which is a slight reduction. Since the Textbook Rental rate will then need to build back up to a rate of approximately $235 over the next 10 years, the average increase will be approximately $3.50 per year (2% or less increase each year).