

## Budget Planning Council Meeting Notes

January 27, 2012

10:00 AM – 12:00 PM

Grover 303W

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**In attendance:** Joe McLaughlin, John Gilliom, George Cheripko, Greg Kremer, Howard Dewald, Kyle Triplett, Steve Golding, Danielle Parker, Pam Benoit, Renee Middleton, Lisa Kamody, Claudia Hale, Tracy Kelly, Kent Smith

**Absent:** Elizabeth Sayres, Randy Leite

**Staff:** John Day, Dawn Weiser, Katie Quaranta, Steve Flaherty, Craig Cornell, Chad Mitchell, Christine Sheets, Janet Howard, Diane Lucas, Gwyn Scott, Brian Thompson, Rich Neumann, Kathy Brooks, Marjorie Mora

Chad Mitchell, Interim Budget Director, shared that Residential Housing and Culinary Services auxiliaries will present their plans for rate increases and information about their FY 2013 budgets and 6 year capital plans.

### I. Residential Housing – Christine Sheets presented

- Underlying the financial plan is the university's commitment to the 2 Year Parietal Rule and maintaining an 8,000 bed capacity
- Benchmark information of room rates place Ohio 5<sup>th</sup> among the Ohio peers
  - Total room, board, tuition and fees Ohio ranks 3<sup>rd</sup> but Craig reminded that 2.5% room and 0% board increases last year placed us closer to Cleveland State (4<sup>th</sup>) and further away from UC (2<sup>nd</sup>)
- The FY2013 room increase request is 3.5% - based on a survey of peers we seem to be in the middle of the pack, with a high of 6% on room at OSU and a low of 0% at Toledo
  - Other schools are playing with additional fees such as laundry and technology as a way to secure more housing dollars
- Christine shared the 6 Year budget projection and discussed the impact of the 2.5% rate increase for FY2012 and 3.5% requested for FY2013
  - Every 1% = \$424K in revenue
  - Expense assumptions are in line with those being used by the Budget Office
  - Projected revenue for FY2013 would be \$44 million
  - Debt service is reflected based on servicing existing debt; the 6 Year capital sources and uses for the Housing Development Plan have not been built in at this point explaining the \$98 million FY2018 ending Capital Reserve balance
  - Housing builds several reserves into their budgeting including an operating reserve and the capital reserve
  - Major capital projects, aside from the Housing Development Plan, continue to be planned
- The Housing Development Plan totals \$281 million over 3 phases spanning 11 years; the plan calls for \$91 million funded with auxiliary cash and \$190 million debt
  - At the end of the third phase the auxiliary should be 68% complete with housing stock renovations
    - Will have 65% traditional rooms and 35% suite style versus 10% suite now; in line with our competitors
    - No apartment style rooms are built into the plan due to the community's supply of apartments

- Architecture and engineering firms are being reviewed for Phase I
- Planning for Wolfe Street demolition continues, Housing is working with Tracy Kelly on occupant displacement and looking at extensive site preparation due to flood plain issues

## II. Dining – Gwyn Scott, Brian Thompson, and Rich Neumann presented

- Rich Neumann reviewed meal plan offerings
  - Recently introduced has been a new Faculty/Staff Meal Plan – research has shown that fostering this type of meal time interaction enhances student retention
  - Meal Plan growth for all plans has been 11.1% versus enrollment growth of 8.4% - enrollment growth, flexible plans, and off-campus student sales are credited with the increase
  - 63% of plans are Flex Plan and records show students are more fully utilizing their plans than in the past – meals are not left unused which makes the plans ‘less profitable’ but also can be construed to be higher customer satisfaction with the newer / retail offerings
    - Labor costs are high and the minimum wage increase doubled the expected inflationary increase from 2% to 4%
    - Food costs went up 4% and increases for next year could be higher based on surveys of peers, impacts of rising transportation costs, etc.
    - Other costs are increasing more than CPI; health benefits are one example
- Brian Thompson discussed marketing and the usage of social media to advertise, gather information, focus on the venue offerings, freshness, and customer driven changes
  - Kent Smith applauded Culinary Services’ use of social media
- Dining long-range capital plan and strategy
  - The recently completed renovation of the Culinary support kitchen has pulled preparation back to one facility – controls costs and ensures consistency, allows for better introduction of new offerings and taking advantage of local materials
  - Nelson Commons renovation underway and scheduled to reopen Fall 2012 – will maximize seating environment to accommodate the planned housing in that area, and provide greater retail options
- Gwyn Scott discussed the budget and 6 year plan
  - There was a 0% increase for FY2012 and 1.5% is being proposed for FY2013
  - The costs are expected to rise at a 3.25% rate including the labor, food, and benefits as discussed previously
    - with cost containment and fewer service days, 233 down to 217.33 days, in a semester calendar, the 1.5% increase is expected to be sufficient
    - Culinary Services looked at all planned increases and the estimated cost avoidance to arrive at the 1.5% recommendation
  - Culinary Services continues to modify hours of operation to meet the student demands – they gather student input from their focus / advisory groups
  - Culinary Services also budgets an operating / enrollment reserve to deal with unexpected shortfalls
  - At the end of the 6 years, every dining facility will be renovated – this is viewed as a huge recruitment and retention benefit
  - West 82 has recovered from the early budgetary problems due to meal plan / flex spending changes and reworking of the retail model, effective marketing, revision of hours, etc – operating in the ‘black’ now
  - The new faculty/staff meal plan has been promoted at new staff orientations and only modestly up to this point due to capacity constraints; roll outs will be ramped

up with the opening of the renovated Nelson Dining Hall and the opening up of smaller dining rooms to accommodate small group interactions

- Feedback on proposed increases
  - Kyle T appreciated the holding back of increases by Culinary rather than simply passing through the magnitude of the cost increases they are experiencing
    - They have built in increases in retail to help offset their fixed costs
    - They are building depreciation into the model and can support the capital renovations over 6 years to arrive at a point of “fully renovated”
    - They are also poised to exploit some shared services opportunities with the upgrade of Central Food Facility
  - Joe McLaughlin stressed the importance of Residential Housing and Culinary Services making requests that preserve their self-funded model.

### III. Next Meetings

|                                |              |                                     |
|--------------------------------|--------------|-------------------------------------|
| <b>Budget Planning Council</b> |              |                                     |
| WINTER                         |              |                                     |
| F, February 10, 2012           | 10:00 – noon | Grover Center E303                  |
| F, February 24, 2012           | 10:00 – noon | Grover Center E303                  |
| F, March 9, 2012               | 10:00 – noon | Grover Center E303                  |
|                                |              |                                     |
| SPRING                         |              |                                     |
| F, March 30, 2012              | 10:00 – noon | Baker 2 <sup>nd</sup> floor MCC MPR |
| F, April 13, 2012              | 10:00 – noon | Baker 2 <sup>nd</sup> floor MCC MPR |
| F, April 27, 2012              | 10:00 – noon | Baker 2 <sup>nd</sup> floor MCC MPR |
| F, May 11, 2012                | 10:00 – noon | Baker 2 <sup>nd</sup> floor MCC MPR |
| F, May 25, 2012                | 10:00 – noon | Baker 2 <sup>nd</sup> floor MCC MPR |